

panorama

inforegio

41

Spring 2012

Targeting results
Fine tuning cohesion policy

en

EDITORIAL

Johannes Hahn

3

4-11

SPECIAL FEATURE – FUTURE COHESION POLICY

A stronger focus on results

Performance framework – what does it mean?

Testing the new approach – results in practice

12

CORE INDICATORS: HELPING TO CHART PROGRESS IN OUR REGIONS

13-15

OUTERMOST REGIONS – INNOVATION IN THE OUTERMOST REGIONS

16-17

DANISH EU PRESIDENCY: EU2012.DK

18-23

SIMPLIFICATION – SIMPLIFYING FUTURE COHESION POLICY

24-25

INTERVIEWS

Constance Angela Krehl & Lambert van Nistelrooij,
Members of the European Parliament

26-29

PROJECTS

Examples of projects in Estonia, the Netherlands, Poland and Spain

30-31

REGIOSTARS AWARDS

32

ERDF SUPPORTS eGOVERNMENT – BUT MORE TO BE DONE

33

PROVIDING 'FUNDING, FLEXIBILITIES AND FOCUS' TO SPECIFIC EU REGIONS

34-35

MAPS

Road fatalities per million of inhabitants, 2010

Potential increase in road accessibility: high speed scenario relative to current situation

36

AGENDA

Photographs (pages):

Cover: © Fotolia

Pages 2, 4-8, 12-13, 15, 17, 20-21, 23, 32-33: © Shutterstock

Pages 3, 30-31: © European Commission

Page 9: © Balázs Pichler/Shutterstock

Page 10: © Regione Marche/Shutterstock

Page 11: © Erik Schuss/Shutterstock

Page 14: © Dayglow editions/Shutterstock

Page 16: © Stefan Emanoil Ilcus/Shutterstock

Page 21: © Fotolia

Page 24: © Jehnichen

Page 25: © European Parliament/Shutterstock

Page 27: © Paul Tolenaar

Page 28: © Ministry of Economy, Poland

Page 29: © Patronal CECOT

This magazine is printed in English, French and German on recycled paper.

It is available online in 21 languages at http://ec.europa.eu/regional_policy/information/panorama/index_en.cfm

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the European Commission.



A key objective of the new approach to cohesion policy which we unveiled in October 2011 is to make it smarter and more focused. In this way cohesion policy can become the main investment strategy of the European Union post-2013 and the central tool for achieving jobs and growth – the objectives of the Europe 2020 Strategy.

It is important that we extend this smarter thinking across other closely related policy areas. On 14 March the Commission presented the elements of the Common Strategic Framework (CSF) for 2014-2020 – a framework which integrates the implementation of cohesion policy with strategies for rural development, fisheries and maritime policy.

These policy areas are currently governed by separate sets of strategic guidelines and the CSF, which has been jointly developed by the Commission departments responsible for these sectors, will help ensure that the new investment priorities and key actions will receive maximum support not only from the Cohesion and Structural Funds but also where possible from the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

Piloting results indicators

Key features of future cohesion policy are a much stronger focus on thematic concentration and the achievement of results. To learn how these policy changes will work in practice, a series of pilot tests were run by the Commission in partnership with 12 managing authorities in eight Member States.

From this action research we have already learned that our new approach is indeed feasible but not without demanding a significant change in the practice of those designing programmes. To achieve the desired thematic concentration there has to be a far reaching process of deliberation and policy choice. This highlights the importance of engaging in political debate about the choices which should drive programme design.

In this issue of *Panorama* we talk with some of those involved in the pilot programmes to gather their feedback.

Positive progress is being made in our discussions with the European Parliament about the Commission's proposals for cohesion policy 2014-2020. In this issue, leading members of the European Parliament's Committee on Regional Development, Constanze Angela Krehl and Lambert van Nistelrooij, give us their assessment of the new approach post-2013.

I also bring to your attention our extended guide to the simplification goals of the new cohesion policy where we offer a few useful tips for putting simplification into practice.

A handwritten signature in black ink, appearing to read 'J. Hahn'.

Johannes Hahn

Member of the European Commission in charge of Regional Policy

FUTURE COHESION POLICY – A STRONGER **FOCUS ON RESULTS**

The European Commission's proposals for the future of cohesion policy have a much stronger focus on results than has been the case in the past. In a time of economic crisis it is more important than ever that available resources are spent in a way that delivers maximum value for EU citizens.

There is a growing awareness among policymakers that a focus on the correct expenditure of public money is not sufficient. Money can be spent correctly but have limited results. The challenge now is to spend correctly *and* deliver results.

Impact is the change that can be credibly attributed to an intervention. 'Effect of an intervention' or 'contribution of an intervention' are alternative expressions for this idea.

Intervention logic of a programme as starting point

The starting point in designing any public intervention is to identify a problem to be addressed. As there will be always a multitude of needs, the decision on which should be tackled is the result of a process including a political decision. It is part of this process to also define the direction of the desired change and sometimes the desired situation that should be arrived at (a target).

Results, results indicators and output indicators

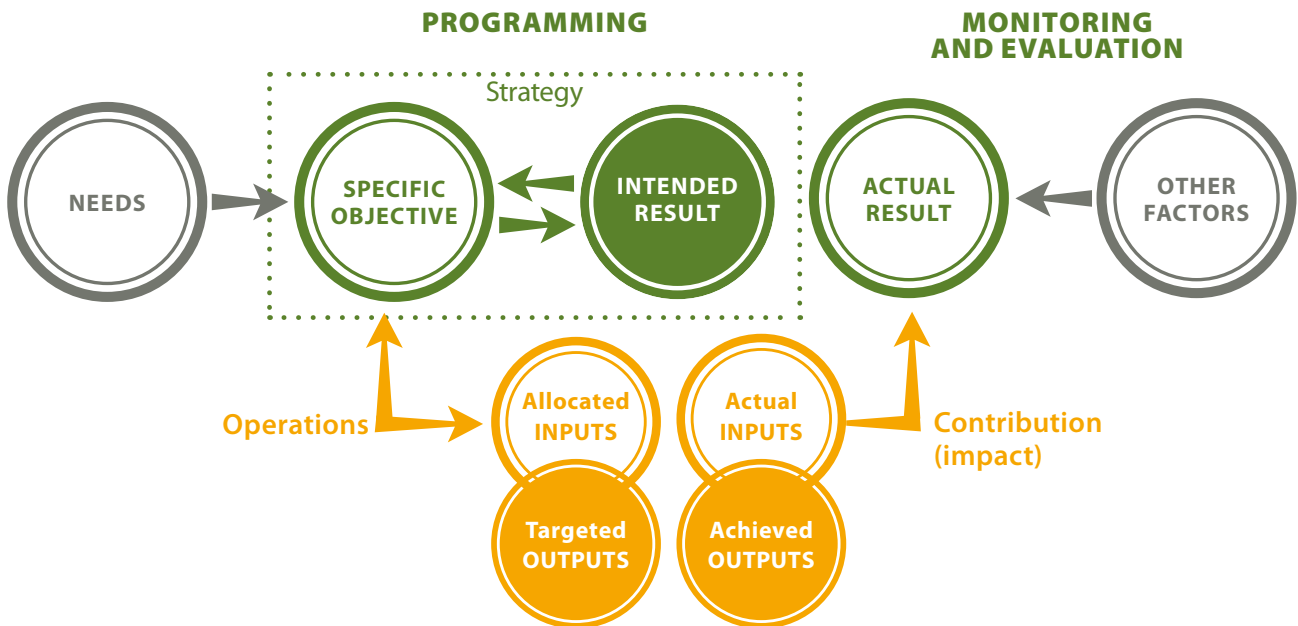
The intended *result* is what is intended to be changed, with the contribution of the interventions funded.

Once an intended result has been selected, an indicator should be identified that will measure its progress. Selecting clear results indicators facilitates understanding of the problem and the policy needs, and allows for a later judgement on whether or not objectives have been met. In this context it is useful to set targets for results indicators.

Having identified needs and a desired result a policymaker must decide on the factors that will be the object of public policy. These factors will form the actions financed by the programmes, leading to *outputs*. Outputs are the direct products of programmes and are intended to contribute to results.



It can be useful to illustrate an intervention graphically by using a *logical framework*:



Monitoring

To monitor is to observe. *Monitoring outputs* means to observe whether intended products are delivered and whether implementation is on track.

Cohesion policy programmes are implemented in the context of multilevel governance. The actors in this system – implementing agencies, managing authorities, the national and EU levels – differ in their information needs. A task at European level is to aggregate information across all programmes to be accountable to the Council, Parliament, the Court of Auditors and EU citizens on what cohesion policy resources are spent on. This is the task of *common indicators* defined at EU level. These indicators relate to activities most frequently supported by the Structural and Cohesion Funds.

Monitoring also observes changes in the results indicators. Tracking the values of results indicators allows a judgement on whether or not the indicators are moving in the desired direction. If they are not, this can prompt reflection on the appropriateness and effectiveness of interventions and on the appropriateness of the results indicators chosen.

The values of results indicators for baselines, i.e. the value for the indicator before the intervention, and at later points in time can in some cases be obtained from national or regional statistics. In other cases it might be necessary to carry out surveys or to use administrative data, such as registers of enterprises or unemployment benefit recipient data.

Evaluation

Changes in the results indicators are due to the actions co-financed by the public intervention, for example by the Cohesion Funds, as well as *other factors*. The difference between the situation before and after the public intervention does not equal the effect of public intervention:

$$\begin{aligned}
 &\text{CHANGE IN A RESULT INDICATOR} \\
 &= \\
 &\text{CONTRIBUTION OF INTERVENTION} \\
 &+ \\
 &\text{CONTRIBUTION OF OTHER FACTORS}
 \end{aligned}$$

Impact evaluation – capturing effects

To disentangle the effects of the intervention from the contribution of other factors and to understand the functioning of a programme is a task for impact evaluation. Two questions need to be answered:

- Did the intervention have an effect and, if yes, how big – positive or negative – was this effect? *Does it work? Is there a causal link?* These are the questions that *counterfactual impact evaluations* aim to answer.
- Why did an intervention produce certain intended (and unintended) effects? To answer the *‘why and how does it work?’* questions is the aim of *theory-based impact evaluations*.

The questions should not be addressed in isolation. Each evaluation asking the ‘does it work’ question needs to assume basic elements of a theory of change (how and why?) to determine which changes should be looked at and attributed to a cause. Similarly, every evaluation asking ‘why it works?’ will assume – maybe implicitly – a counterfactual situation. Ideally, *counterfactual and theory-based approaches should complement each other*.

Implementation evaluation – the management side

Implementation evaluations look at how a programme is being implemented and managed. Typical questions are whether or not potential beneficiaries are aware of the programme and have access to it, whether the application procedure is as simple as possible, whether there are clear and relevant project selection criteria, whether there is a documented data management system, and whether the results of the programme are effectively communicated. Many, if not most, cohesion policy evaluations in the past have been of this type.

IS THERE AN IDEAL EVALUATION GUARANTEEING VALID ANSWERS?

All evaluations should:

- be adapted to the specific question to be answered, to the subject of the programme and its context;
- whenever possible, respond to evaluation questions from different viewpoints and using different methods. This is the *principle of triangulation*; and
- take account of the costs of evaluation in view of the possible knowledge gain. When deciding on an evaluation what is already known needs to be considered.

In sum: Choice and combination of methods need to be decided on a case-by-case base. A range of methods is available and there is no ‘best’ method for all circumstances.

What is new?

Experience of evaluating current and previous cohesion policy programmes highlights the challenge of concluding whether programmes have been successful when they do not clearly articulate what they want to change. Many programmes are clear on what they intend to spend money on but not what should change as a result. Indicators in programmes are often too numerous and do not reflect the intended change. Many programmes have spread resources too thinly – either geographically or thematically – which reduces the chance of obtaining measurable results. For these reasons, an essential starting point for the new results focus is the clear articulation of objectives and their expression in a small number of indicators with available baseline data and a plan for gathering data on progress made and evaluating impact.

A further significant change is that evaluation will become more focused on the *effects* of cohesion policy. To date, evaluations have tended to focus more on implementation issues than capturing the effects of interventions.

Piloting results indicators

In order to learn how the new focus on results might work in practice, 12 managing authorities in eight EU Member States tested the new approach in their current programmes with the support of the Commission. Lessons learnt included the following:

- the new approach is *feasible* but not without a significant change in the practices of those designing programmes;
 - none of the pilot regions currently use results indicators in the manner proposed by the EU Commission. The objectives of the priorities examined were expressed in very general terms and in most cases *current indicators do not capture the intended effects* of the programmes;
 - the results focus must become part of the development of the programme; it cannot be added afterwards;
 - the main change required is *concentration*. Many of the priorities examined were in fact an amalgamation of more or less related sub-priorities, which could not be expressed in only one or even two results indicators;
 - concentration has to be the outcome of a process of *deliberation and policy choice*. This emphasises the importance of political debate on the choices that should drive programme design and starting such a process urgently;
 - if there is concentration there will be *fewer indicators*. Some pilot regions had very many indicators – but none captured the motivations for policy action;
- whatever result indicator is selected, *baselines and targets are essential*. These can be *quantitative or qualitative*;
 - in some cases (e.g. large enterprise support measures), *counterfactual impact evaluations* would be possible, comparing the performance of supported enterprises with that of similar unsupported enterprises. In others, *theory based impact evaluations* would be more suitable, using case studies, interviews and focus groups. In transport, *before and after data* on traffic counts and types of traffic could capture impact;
 - as a final point, it is important to recall that *indicators do not tell us everything*. The evolution of the result indicator should prompt a debate; it is not the last word on the performance of the policy.

Interviews with some of the pilot regions are included in this edition of *Panorama* on pages 9-11.

FIND OUT MORE

Guidance documents:

http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#2



PERFORMANCE FRAMEWORK – WHAT DOES IT MEAN?

The proposed regulation ⁽¹⁾ for 2014-2020 suggests a 'performance framework' as part of the strengthened results orientation of cohesion policy. The idea behind it is to agree some key milestones for each programme that will be closely monitored by Member States and European Commission, the achievement of which can lead to financial consequences, both positive and negative. Milestones will be set for 2016, 2018 and 2022 and can include implementation steps such as the publication of Calls for Tender as well as financial and output indicators.

Under the Commission proposals, Member States and the Commission will monitor the progress towards the achievement of milestones in the programmes' annual reports. In case of slow progress, the Commission may issue recommendations.

The Commission and the Member States will undertake a first formal review in 2017, in order to identify any parts of programmes falling behind their milestones. This can again lead to recommendations by the Commission. Member States should then react in order to accelerate implementation or to re-programme funds.

(1) Common provisions regulation, Articles 18-20.

Following the 2019 review the Commission will allocate the performance reserve. The performance reserve consists of 5 % (by Member State, category of region and Fund) that is not allocated to programmes at the beginning of the programming period. Member States will propose to the Commission the successful priorities to which the reserve should be allocated. The reserve can only be allocated among priorities that have achieved their milestones.

The Commission will also have the possibility to suspend all or part of a priority where there is evidence, resulting from the performance review in 2019, that a priority has failed to achieve the milestones. Suspension of payment is a measure that will not be applied automatically merely because the milestones have not been achieved. The Commission will suspend the payments only in cases where the Member State has failed to take corrective measures in due time.

A last element is financial corrections. These could be applied only on the closure of the programme in serious cases of underperformance. The determination of serious failure will take into account whether the underachievement of the targets was due to unavoidable circumstances, or significant unforeseeable external factors, and whether corrective actions were taken or not by the Member State concerned. Details on this will be set out in an Implementing Act by the Commission.



TESTING THE NEW APPROACH – RESULTS IN PRACTICE

The stronger results orientation of cohesion policy 2014-2020 will require some strategic changes at the operational level. Result indicators will be agreed and monitored for each programme. To test out the new approach in practice, the European Commission invited a representative number of regions to take part in a pilot programme. *Panorama* talked to some of the participants about the practical challenges involved in this new results-oriented approach.

BALÁZS PICHLER, NATIONAL DEVELOPMENT AGENCY, HUNGARY

The biggest challenge from my perspective in Hungary is clearly to focus our resources, our funds, on a limited number of themes where we want to achieve change and ultimately results.

This clearly means a marked shift away from the current 'absorption-centred' cohesion policy, in which the emphasis is on using all the available funds. A consequence of this is that in the current programming period, funds are spent on various interventions and the results of cohesion policy are sometimes hard to measure.

By focusing our funds on a limited number of changes which we want to deliver on, we will create a lot of challenges. First of all, the changes and results we expect from cohesion policy must rely on a broad agreement of stakeholders, since in the future some development needs won't be satisfied by cohesion policy, which in turn can create dissatisfaction.

Secondly, to achieve this broad agreement, preparation of the next period's programmes has to start early enough.

Maybe the biggest challenge for us will be finding the right balance between ambitious and realistic changes.

Stakeholder involvement

The new results-oriented approach clearly calls for greater stakeholder involvement. To start this process we are planning to continue the pilot project with the involvement of the European Commission. We plan to organise a one-day pilot for each Managing Authority in Hungary.

The biggest challenge of the new approach, apart from finding the right changes and results we want to achieve, is to plan how we will measure the contribution to them which is made by cohesion policy.

Reliable results indicators

A first step will be to select reliable and stable result indicators that are sufficiently close enough to our interventions and can measure the change we want to achieve.

There will however always be external factors that influence the values of our result indicators. Therefore, we must plan in advance how we will decouple the effects of these external factors from the general effects and clearly identify the contribution made by cohesion policy. This will require early planning and close cooperation between programming, monitoring and evaluation.





MAURO TERZONI, REGIONE MARCHE
REGIONAL COUNCIL, ANCONA, ITALY

In my opinion this new approach is not a dramatic change but rather a smart fine-tuning of cohesion policy. Indeed, we have been dealing with indicators, target, results, impacts, evaluation, etc. for almost 30 years. Now we are in a new stage, where results matter and we can build on what we have already have tried and tested in the past.

I see it more as a change of 'mindset'. We need to begin to think first about how and what we want change in our Region – what it is possible to do – rather than focus only on mechanisms and procedures. And this is the biggest challenge.

Bringing programme stakeholders on board

Since the very beginning of the cohesion policy, our Region has benefited from having a strong committee of socio-economic stakeholders. Cities, counties, social and economic actors and various stakeholders are involved in the different phases of the programming period and not only just the managing authority but all the regional services involved in programme implementation.

The new challenge is the need for a more focused policy as indicated by the thematic priorities and the establishment of targets. Such a clear setting of results involves, in my view, a greater degree of involvement by the stakeholders and establishing clear targets requires a clear definition of strategy. In this process all the stakeholders can more easily understand which part of their 'stake' will be affected and how. Setting targets defines even more sharply 'the magnitude' of the results you want to achieve.

A results-oriented programme will call for a strong partnership because now it will measure not only the efficiency of the administration but also the capacity of our *Regione Marche* as a whole.

One of our approaches will be to make transparent the results achieved in the past. We have designed an evaluation plan to be undertaken at the start of the programmes. This will allow partners and stakeholders to understand what we have done in the past, what it is possible to do, which difficulties we found; so they will have precious insights from past experiences to calibrate their future suggestions and recommendations.

Future activity must also be planned in good time. This is not only to be consistent with the *ex ante* conditionality, but also to give time for stakeholders and partners to help build the strategy.

The biggest challenges

At the administrative level the future will be less about process – as in the past – but more about results; less about spending and more on how it is spent. In future, the efforts of the Managing Authorities will be less on controls and auditing and more on the quality/quantity of the programme's effects.

To have a correct assessment of programme results, it will be necessary to have evaluation/monitoring systems capable of capturing the added-value of the funded intervention. This will call for improved statistics (context indicators), allowing the baseline and targets to be set so as to measure the 'change'.

Measuring policy also implies accountability and it makes policies comparable. This can make the setting of a results-oriented programme an even more delicate and sensitive process.





CHRISTIAN LINDELL,
REGION SKÅNE, SWEDEN

A clear challenge from our perspective in Region Skåne, Sweden, is to actually define the goals for the intervention areas, particularly when we are not able to measure the direct effects on the number of enterprises or on employment.

It should also be appreciated that not all of the important effects are necessarily best measured using indicators. Ongoing evaluation and case studies are often better instruments.

In the past we have probably had an over-reliance on the measurability of the overall effects on the macro economy. We need to realise that we don't necessarily create new jobs and firms. What we are actually doing is building structures and networks that promote growth. Understanding this makes it easier to focus on key factors, namely to measure the number of nodes in the networks and use surveys to ask participants to estimate the usefulness of the links.

Bringing stakeholders on board

Among the project owners and among us who, in practice, have to deal with the current indicator system, I believe that a new indicator policy will be met with enthusiasm and relief. We will not have to continue to try to measure things that most people agree are difficult, if not impossible, to measure.

However, we must still find ways to respond to legitimate questions from our politicians about the impact their actions have had. We have to offer our politicians sources of information other than indicators to answer their questions about the impact of the programme. In our region we have extensively used ongoing evaluation as an instrument to give such information.

New challenges

If we want to change the indicator structure, we will need a strong political sense of ownership and an acceptance that certain issues cannot just be measured with indicators, but must be handled with other tools, such as case studies and ongoing evaluation.

It also requires programme authors and sponsors of the projects to be better at making it credible that the efforts will ultimately lead to increased growth and employment, even if the effects of the individual contributions are difficult to measure.

Many of the projects are aimed at building networks and creating new structures for collaboration, and although we cannot directly measure the effects on new businesses and jobs, we need to make an analysis in which we can demonstrate that it is likely that we will have such beneficial effects. We also need to gain acceptance to that the programmes in northern Europe are small relative to GDP, and that we will hardly be able to measure effects at the macro level.

We also need to take into account that conditions differ widely between regions and that this should guide the choice of challenges and indicators. Since many things happen in the world that cannot always be predicted, I think that regions would be more interested in developing more strongly-focused programmes if they were more flexible and if it was easier to change the programmes.



CORE INDICATORS: HELPING TO CHART PROGRESS IN OUR REGIONS

Hundreds of programmes and projects are being implemented under the European Union's cohesion policy. To allow the Commission to stay informed about key achievements and milestones, a set of so-called 'core indicators' are applied to cohesion policy programmes. These indicators provide near real-time information underpinning for key regional policy messages and show the progress towards objectives.

Cohesion policy is a decentralised policy. EU Member States and regions decide what their objectives are, design the Operational Programmes to meet these objectives, negotiate with the European Commission, and implement the programmes. This ensures that cohesion policy supports what people in a given region need, in line with the Union's subsidiarity principle.



The hundreds of programmes contain a very wide range of activities. This is an essential asset of cohesion policy, but it also leaves the Commission in a situation where the simple question 'What are the achievements of cohesion policy?' has no simple answer. Listing all the results created by the programmes is practically impossible, since every programme works for the needs of its region in a different way.

That is why in 2006 the Commission introduced some common indicators – or 'core indicators' – into cohesion policy, which measure some of the more usual operations. Although they cannot capture everything, they can allow the EU Commission – and all interested parties – to stay informed about some key achievements in EU's regions.

Although core indicators are not obligatory, most Operational Programmes use them in their annual reports. We know, for example, that by the end of 2010, the current generation of programmes created 185 000 jobs, gave broadband Internet access to more than 850 000 people, and connected an additional 3.5 million people to wastewater treatment systems.

The quality and reliability of reporting against core indicators is improving every year. This is crucial since common indicators will be an important feature of the future regulations governing cohesion policy. In future, the Commission will be able to report every year to the European Parliament, the Court of Auditors and the general public on what is being achieved with cohesion policy resources and help inform the debate on its results.

FIND OUT MORE

http://ec.europa.eu/regional_policy/sources/docoffic/2007/working/wd7_indicators_en.pdf

INNOVATION IN THE OUTERMOST REGIONS

Sustainable economic growth is increasingly related to the capacity of regional economies to change and to innovate. Despite their various constraints linked to factors such as the distance from continental Europe, small markets or lack of critical mass, most of the eight European outermost regions have made it a priority to broaden the range of their economic activity by encouraging their business sector to create more added-value goods and services.

Several examples of innovative projects being implemented show that the outermost regions have clear strengths and potential for research and innovation, based on their particular geographical location and morphological characteristics. Excellent work is being carried out, particularly in the following areas:

- renewable energy;
- marine research;
- tropical health; and
- biodiversity.

According to Article 349 of the Treaty on the Functioning of the European Union (TFEU), as modified by the European Council Decision of 29 October 2010 amending the status with regard to the EU of the island of Saint-Barthélemy, there are eight 'outermost regions' of the EU: the four French overseas departments and regions (Guadeloupe, French Guiana, Martinique, and Réunion); one overseas collectivity (Saint Martin); the two Portuguese autonomous regions (the Azores and Madeira); and one Spanish Autonomous Community (the Canary Islands). From 1 January 2012, Saint-Barthélemy is no longer an outermost region since it has become one of the 'overseas countries and territories' (OCTs). Lastly, it should be noted that, under Article 355(6) of the TFEU, France made a formal request on 26 October 2011 to the European Council with a view to changing the EU status of Mayotte, currently an OCT, to become an outermost region from January 2014.

However, several other areas can be further developed such as:

- agricultural and agri-food research;
- mitigation of climate change effects;
- astrophysics and aerospace; and
- volcanology and seismology.

Making efficient use of available funding to support Research, Technological Development and Innovation (RTDI) actions is a continuous effort being undertaken both by regional and national governments and at European level. The economic, social and environmental benefits of these investments are important not only for these regions themselves, but also for the EU as a whole. Several conferences and seminars held in Martinique, the Azores and Réunion have shown a genuine dynamism and interest from the stakeholders to find support and better use of European Funds to increase investment in research and innovation.

There is no 'one size fits all' innovation policy: regional diversity is an asset that advocates for different routes to growth through 'smart specialisation'. For the outermost regions to succeed, they must connect their own mix of assets, endogenous advantages, skills and ideas to compete in a global market and develop untapped potential.

EXAMPLES OF PROJECTS



RENEWABLE ENERGY

Canary Islands – El Hierro 100 %

This project consists of three different programmes that are to be developed and implemented:

1. 100% Renewable Energy Sources for the Electricity Supply Programme
2. Energy Saving Programme
3. Transport Programme (conversion from fossil fuels to clean transport)

During the first phase, the project aims to meet 70-80% of the electricity demand of the island by means of several activities. The most innovative one will consist of the implementation of a Wind-Hydro Power Station (WHPS), with the target of covering and achieving 30% direct wind penetration into the grid.

Project duration: 2003 – ongoing
Total cost: EUR 64 600 000
EU funding: EUR 500 000

FIND OUT MORE

www.goronadelviento.es/index.php



BIODIVERSITY AND CLIMATE CHANGE

Madeira – Solid Waste Evaluation Unit

As defined in the island's Regional Solid Waste Management Strategy Plan, this solid waste management facility project consists of the installation of the necessary infrastructures and equipment for the adequate integration and optimisation of activities surrounding waste collection and transport, selective collection and recycling, valorisation, treatment and final disposal.

Project duration: 1996-2009
Total cost: EUR 152 576
EU funding: EUR 102 081

FIND OUT MORE

www.valorambiente.pt/etrs-meia-serra



INNOVATION/AGRICULTURAL TRANSFORMATION

Martinique – FIBandCO

FIBandCO gives a second life to banana plant trunks. Using an innovative technology and an eco-responsible process, they produce a natural veneer. Valorising an unexploited, rapidly renewable resource – while avoiding deforestation – FIBandCO's products are highly acclaimed as aesthetic, unique and sustainable.

Project duration: 2010-2012
Total cost: EUR 1 211 000
EU funding: EUR 500 499

FIND OUT MORE

www.fibandco.com

SMART SPECIALISATION

The outermost regions launched the drafting of their Regional Innovation Strategies and started a proactive participation in the Smart Specialisation Platform (S³ Platform). A seminar on smart specialisation will be held in June 2012 in the Azores with the support of the Institute for Prospective Technological Studies (IPTS). This event will provide an opportunity for all interested parties to exchange views on these strategies and make the best choices at regional level.

The S³ Platform is a network of European regional representatives and experts that aim to assist regions to develop, implement and review Smart Specialisation Strategies. Smart specialisation is an important policy rationale and concept for innovation policy. First of all, it is based on a sound analysis of the assets of each region (remarkable laboratories for biodiversity, renewable energies, marine resources, etc.). Then, by focusing scarce human and financial resources in a few specific promising areas that have global competitive advantages, it supports countries and regions in strengthening their innovation capacity. The overall aim is to promote efficient, effective and synergised use of public investments towards the achievement of innovative growth, by building multi-annual strategies that are supervised and advised on by a team of experts to facilitate the sharing of good practices among regions.

The outermost regions are among the first EU regions to be committed to Regional Innovation Strategies within this new economic concept. It will be an opportunity for them to demonstrate their political commitment and enthusiasm for fostering smart, sustainable and inclusive growth through the valorisation of their assets and their regional innovation capacity.

This engagement will certainly help to increase productivity and competitiveness, bringing jobs and a better quality of life for the region's citizens. Of course, this shift towards innovation has to be accompanied by a change of business culture, where efficient innovation systems mobilise the intellectual and entrepreneurial capacities necessary to create innovation-friendly business environments for SMEs in particular, not only in high-tech industry, but in all sectors.

THE SECOND FORUM OF THE OUTERMOST REGIONS will be held on 2 and 3 July 2012 in Brussels, Belgium.

The first Forum in 2010 brought together over 500 participants. It was attended by representatives of the outermost regions, politicians at European, national and regional levels, as well as key figures from civil society, academia and the private sector.

This second Forum will be held in the same spirit, at a time when proposals for future EU policies are being discussed in several areas that have a major impact on the outermost regions. It also comes shortly after a new European Commission Communication on the future strategy for the outermost regions, which will be adopted in June 2012.

The discussions will focus on major issues for the development of the EU's eight outermost regions in the context of the Europe 2020 Strategy for smart, sustainable and inclusive growth. The Forum will provide an opportunity for all interested parties to exchange views on topics such as the potential of 'blue growth' (a long-term strategy to support growth in the maritime sector), the modernisation of agriculture, environmental challenges, societal issues, employment, innovation and business competitiveness.

For more information, visit:
http://ec.europa.eu/regional_policy/conferences/rup2012/index_en.cfm

FIND OUT MORE

<http://s3platform.jrc.ec.europa.eu/home>

DANISH EU PRESIDENCY: EU2012.DK



« A key challenge for the Danish Presidency is to consolidate the financial situation while creating economic growth and jobs. »

The first half of 2012 sees Denmark holding the Presidency of the Council of the European Union. Stefan Emanoil Ilcus, First Secretary at the Danish Representation to the EU and Chair of the Structural Actions Working Party, outlines the Danish Presidency priorities for cohesion policy.

We live in difficult times in Europe. What in general are the main Presidency priorities and what can be done to restore market confidence and economic growth?

The Danish Presidency has four overall priorities: ensuring (1) a responsible Europe, (2) a dynamic Europe, (3) a green Europe, and (4) a safe Europe. A key challenge is to consolidate the financial situation, while creating economic growth and jobs. The consolidation will come from enhancing EU macro-economic coordination, where all Member States' economies are better monitored and all Member States draw up national stability and convergence programmes as well as national reform programmes. In addition, the Danish Presidency is working to further improve the coordination measures for Eurozone countries and regulation of the financial sector to minimise the risk of a new crisis. Growth and jobs will be recreated through structural reforms in Member States, a new seven year budget that supports growth and job creation, and a revitalisation of the internal market, including the creation of a digital single market.

What are the priorities of the Presidency in the field of cohesion policy?

Despite the economic crisis, we should remember that cohesion policy is one of the great success stories of European integration and solidarity. It has played – and continues to play – an important role in creating convergence between the various EU regions and countries. The Danish

Presidency considers the policy an important element in preparing Europe for current and future challenges. We, therefore, have to work in the same direction: increase competitiveness, growth, and employment per euro spent, and make sure the policy is up to the task.

Cohesion policy *must* be focused and results-oriented. This also applies to the negotiation process and we intend to advance negotiations as far as possible. The cohesion package is very comprehensive and we intend to advance in parallel with both the Multiannual Financial Framework (MFF) and the cohesion policy regulation, although the cohesion policy legislation cannot be finalised until a final Council agreement on the MFF.

Indeed, the MFF is on the agenda at five of the six General Affairs Council meetings during the Presidency, reflecting the emphasis on pushing ahead with these negotiations.

The negotiation on the cohesion policy legislative package post-2014 is a multifaceted process involving a range of actors. How do you seek to advance the process and reach compromises? Which are the elements of the package which you find particularly important?

We should not let ourselves be overwhelmed by some of the new concepts in the Commission's proposals – *ex ante* conditionality, performance framework and thematic concentration – not to mention strategic programming, management and control, and financial management. All are of course important elements. There is a method to the proposed changes and I am confident that we can find practical solutions and focused improvements to what at first seems like a complex proposal. And at the end of the day, focus and results orientation can never be a bad thing.

Despite the economic crisis, we should remember that cohesion policy is one of the great success stories of European integration and solidarity.

In conjunction with the previous Polish and future Cypriot Presidencies we have divided the negotiation process into a number of thematic blocks. During the first months of the Presidency we have discussed a number of these such as simplification, management and control, major projects, revenue generating operations, strategic programming, and thematic concentration. This has proved to be an efficient approach. However, ultimately we can only deliver the progress that national delegations are ready to deliver.

How do you cooperate with other Members of the Trio Presidency, namely Poland and Cyprus?

Cooperation between the three is very close and based on a constructive approach and close coordination. This has played an important role in the smooth shift between the Polish and Danish presidencies without a loss of momentum in the negotiation process and will hopefully prove itself again when the Cypriots will take over from us on 1 July. At that stage we should be quite far in the negotiations and it is vital to keep the momentum.

How do you envisage cooperation with the European Parliament?

Since cohesion policy is subject to the ordinary legislative procedure, the Council will have to work very closely together with the Parliament. We have taken a solid approach on the Council side with focused working group meetings, bilateral meetings with delegations, and discussions foreseen in both the April and the June General Affairs Council. But in order to prevent unnecessary divergence between the co-legislators as well as improving the chances of reaching an agreement as soon as possible, we will stay in close contact with Parliament throughout the entire negotiation process.



SIMPLIFYING FUTURE COHESION POLICY

Simplification has been one of the most popular expectations for the new cohesion policy for 2014-2020.

The European Commission has made specific proposals to achieve greater simplification in different policy areas. In cohesion policy, some of the proposals build on changes already introduced, while others are new.

The value of simplification

The overriding aim of the simplification proposals is to ensure the smooth delivery of policy and ensure an efficient use of administrative resources at regional, national, and EU levels.

Simplified rules, it is recognised, will cut the time and costs of reaching objectives and permit better focus on results. They will also be more easily understood by the actors involved, which will reinforce legal certainty.

A further benefit will be the reduction in mistakes and an increase in the assurance given by the national delivery systems.

The EU Commission aims to achieve simplification through *inter alia* the harmonisation of the rules governing several Common Strategic Framework funds, increased flexibility and proportionality, the clarification of rules to improve legal certainty, and the digitalisation of documents and processes.

Challenges

The effective delivery of these measures will rely on the efforts of numerous authorities, organisations and enterprises across the European Union.

It is clear, however, that due to differences in national situations, changes that in some Member States may be considered simplifications, could be viewed as complications in others. The challenge is to try to find enough common ground and introduce flexibility to simplify the management of cohesion policy.

Experience has also shown that mistakes are sometimes made because rules from previous programming periods are changed, but managing authorities or beneficiaries continue to apply the old rules in the new programming period.

For this reason many stakeholders have cautioned against a radical overhaul of the rules. The Commission's proposals take account of this by proposing only changes that can deliver simplification in practice.

Implementation

Member States and all authorities involved have a key role to play in ensuring simplification is achieved for the beneficiaries.

The main aim behind the Commission's proposals is simplification for the beneficiaries. Some elements of simplification also reduce administrative effort at all levels and some are targeted at national and regional administrations. In some cases investment by the public administration in new information systems, procedures and training is necessary to ensure simplification for beneficiaries.

Simplification is a joint responsibility

The Commission has assessed its proposals and the results suggest that there is potential for considerable reduction of administrative burden for beneficiaries. This is mostly associated with a strong shift from paper-based management towards e-Governance.

Simpler and more harmonised eligibility rules, as well as shorter deadlines for the retention of documents, can also have a notable effect on the overall burden of beneficiaries.

The legislative changes at EU level need to be complemented by efforts at national and regional levels to curtail complexity for beneficiaries.

It is therefore proposed that each Member State commits to clear targets in this respect.



Realising the potential

With a combined effort at EU, national and regional levels it will be possible to reduce by 25 % the overall burden of beneficiaries at EU level compared to the 2007-2013 period.

However, all parties involved will need to contribute in order to reach the full potential of simplification.

Stakeholders, through the partnership, can play their part in ensuring adequate attention is paid to simplification in the design and implementation of operational programmes.

Managing authorities, certifying authorities or audit authorities can participate to ensure that the national legislation and rules in place take full advantage of the simplification elements and take action to prevent overcomplicating the rules at the national/regional level.

National authorities can undertake a thorough analysis and take action at the national level to unleash the potential of simplification in light of the new and improved possibilities presented in the Commission's proposals for the cohesion policy regulations for 2014-2020. In addition to introducing the new methods to the system, activities such as promoting good practices, learning from other Member States, and training staff will have a positive impact on simplification.

Key proposals

1. Harmonisation of rules with other Common Strategic Framework (CSF) Funds

The Commission's proposed new Regulation sets down common rules for cohesion policy, the rural development policy and the maritime and fisheries policy in terms of strategic planning, eligibility and durability.

The number of strategic documents *will be reduced* by having only one EU and one national strategic document for the five CSF Funds (1).

(1) European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

2. More flexibility in the set-up of programmes and systems

SAME RULES FOR ALL CSF FUNDS

Previously, there have been instances where different eligibility rules have been applied to the different CSF Funds for similar types of projects.

This requires familiarisation with multiple sets of rules and runs the risk of mistakes being made with financial consequences for the beneficiaries.

The proposals for 2014-2020 set common eligibility rules for the CSF Funds to reduce this complexity. These rules at EU level should be complemented by national rules, which adhere to the same principle.

To allow for flexibility in the set-up of national and regional arrangements, the implementation of CSF Funds should take place at the appropriate territorial level, in accordance with the administrative framework of the Member State.

A number of new options are proposed to cater for more flexibility. Member States and regions can plan operational programmes relating to the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF) either separately or jointly; adjust the financial allocation by up to 2 % between categories of regions; combine financing for one project from several EU-funded instruments; finance horizontal technical assistance activities from one Fund; and merge the functions of the managing and certifying authorities.

They are also free to set up joint monitoring committees and annual review meetings for programmes financed from the CSF Funds. Eligibility of equipment from ESF will also facilitate integrated planning at the project level.

Integrated programming is also facilitated by the possibility to use various tools such as Integrated Territorial Investments, Community Led Local Development or, the possibility for a project to be supported by several Funds.



NEW OPTION OF MULTI-FUND PROGRAMMES

In 2014-2020, Member States will have the choice of preparing and implementing either mono-Fund or multi-Fund programmes combining the ERDF, the ESF and the CF according to their national practices.

The establishment of joint monitoring committees and joint monitoring and reporting systems can lead to cost savings for national authorities.

Joint planning will facilitate an integrated approach to the delivery of cohesion policy.

3. Increased proportionality

Repeated audits can place a significant administrative burden on beneficiaries. The proposal limits the intensity of project audits.

All arrangements for the reporting, evaluation, management and control of the CSF Funds should be proportionate in financial and administrative terms to the level of support allocated.

Annual review meetings between the Commission and the Member State may not always be necessary. Since programmes take time to launch, the first implementation report and clearance of accounts documents will have to be sent only in 2016.

The Commission's audit work will also be focussed on the more risk-prone areas. In the case of well performing audit authorities, the Commission will limit its audits where national delivery systems work well.

LIMITED AUDIT FOR SMALL PROJECTS

In the 2014-2020 programme, operations for which the total eligible expenditure does not exceed EUR 100 000 shall normally not be subject to more than one audit by the audit authority and the Commission combined for its duration.

This will eliminate the possibility of beneficiaries of smaller projects facing multiple audits and diverting them from the project's main activities.

4. Legal certainty through clearer rules

Clear and straightforward rules can be a great source of simplification. Based on lessons learnt, several of the 2007-2013 rules have been readjusted with the goal of clarity. More varied types of financial instruments can be made available in the next period, while more standardised rules will be provided to reduce the necessity of making national rules. The conditions under which it is possible to finance projects outside the programme area are clarified. An optional flat rate approach has been added to the rules on revenue generation.

NEW RULES ON REVENUE GENERATION

The 2014-2020 proposals set out a more proportionate approach to the treatment of revenue-generating projects and simplify their management. It provides for flat rates to determine the costs that can be supported by the Funds linked to the type of project. Member States can decide whether they wish to apply the flat rate or, alternatively, they can still opt for the earlier method of funding gap analysis where they consider that the flat rate is not appropriate.

The exemption remains in place for all ESF projects and those ERDF, CF, EAFRD and EMFF ones under EUR 1 million to limit burdens associated with these obligations.



5. More efficient delivery and lighter reporting

In several cases simplification will also bring about a direct reduction in administrative costs.

The intention of the Commission is to ensure proportionate reporting by the managing authorities, limiting it to essential elements.

For the 2014-2020 period, the regular annual reports will be significantly lighter than in 2007-2013, focusing only on the essential data on progress made. The first annual report would be submitted only in 2016.

The report would consist in large part of automatically available data from the information system and less on elaborate text.

Only twice during the programming period (and for the final implementation report), would the managing authorities be requested to submit more comprehensive reports.

6. Reducing the administrative burden for beneficiaries

Beneficiaries' administrative burden will be reduced by wider possibilities for the use of simplified costs while maintaining and extending the simplified costs options already introduced in 2007-2013. This will ensure that:

- the simplified costs can be applied to the five CSF Funds;
- current methods to establish simplified costs are maintained;
- some of the flat rates, unit costs and lump sums are established at EU level;
- the maximum grant for lump sums will be increased to EUR 100 000;
- the use of flat rates will be allowed for a variety of costs; and
- simplified costs options from existing EU and national funding instruments for similar types of projects can be used.

The introduction of rolling closure will shorten the period for document retention from the current maximum of over 10 years to around five.

POSITIVE EXPERIENCE IN DENMARK USING THE SIMPLIFIED COSTS

The City of Aalborg, Denmark, which manages a number of projects funded by the European Regional Development Fund (ERDF), has found immediate benefits in switching to the simplified costs approach in project management.

Until 2011 all ERDF projects were subject to the rules on real cost, according to which all indirect costs had to be supported by external payment documentation.

'This was a very voluminous task in our organisation since it required the reporting of millions of invoices covering expenses such food, travelling, printing, advertising expenses and so on,' explained Jonas Kromann, Project Manager, City of Aalborg.

In early 2011 the Commercial Department of the City of Aalborg converted its projects and started using flat rate.

'The conversion of the projects was not without effort, since real cost and flat rate options come with different charts of accounts. But the conclusion is that the simplifications that followed from usage of a flat rate, has made the administration of the projects hosted by the City of Aalborg much easier,' Kromann says.





Simplifying Cohesion Policy for 2014-2020

This report is available in Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Lithuanian, Latvian, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish.

7. Towards results-based management: the Joint Action Plan

A Joint Action Plan (JAP) is a part of one or several priority axes or operational programmes implemented by a results-based approach, in order to achieve specific objectives agreed jointly between the Member State and the Commission. The JAP is a tool to move the focus of management more to outputs and results. The areas where it can be applied are not defined, but it can cover technical assistance as well as sustainable integration of young people into employment. The criterion to use a JAP will mean the possibility to define reliable output and result targets.

The financial management of the JAP is exclusively based on outputs and results, reimbursed via standard scales of unit costs or lump sums applicable to all types of projects. The audits by the Commission and the audit authorities of a JAP will therefore exclusively aim at verifying that the conditions for reimbursement have been fulfilled, e.g. the achievement of agreed outputs and results.

When a JAP is used, the Member State may apply its usual financial rules to reimburse the projects. These rules shall not be subject to audit by the audit authority or the Commission. In order to provide legal certainty, the JAP is approved by the Commission.

8. e-Cohesion

e-Cohesion constitutes an area of great potential for the reduction of administrative burden.

The 2014-2020 proposals from the Commission foresee a maximum utilisation of existing databases, as well as the development of interfaces and other tools to allow the beneficiaries to submit data only once and to keep all documents in electronic form.

If applied, these changes would reduce mistakes in data insertion and reduce the administrative burden for beneficiaries in terms of obtaining and resubmitting existing documents. It will also decrease risks of document loss and in the long run will reduce archiving costs.

9. Simplification of European Territorial Cooperation

A separate regulation has been proposed that allows for more tailor-made provisions and provides authorities implementing European Territorial Cooperation (ETC) with a clear overview of applicable rules.

The main developments include the possibility to cover 15 % of staff costs with a flat rate payment, more harmonised eligibility rules, and the fusion of the functions of the managing authority and certifying authority.

10. Simplification of the European Social Fund

Specific possibilities for simplification are proposed for the European Social Fund (ESF) due to its nature (numerous small grants, core expenditure consisting of staff costs, relatively standard types of projects). The main development includes additional possibilities for simplified costs.

Most of the expenditure supported within an ESF project relate to staff costs. As a consequence the Commission proposed the possibility for the ESF to calculate the total eligible costs of the project on the basis of direct staff costs, by adding 40 % to the amount of these costs. This rate is established by the regulation, and therefore does not have to be justified for use by the national authorities.

Some lighter procedures for small grants are also introduced to facilitate the use of simplified cost options established on a transparent basis.

TIPS ON HOW TO KEEP IT SIMPLE

1. FOCUS

A clear strategy and focus on well defined areas will ensure that support schemes can be developed in due time. A clearer focus may also mean that fewer support schemes are designed and fewer authorities are involved, which may enable costs to be cut.

2. EXPLOIT SYNERGIES

Integrated programmes and projects, a common legal framework at national or regional level, joint monitoring committees, common management and control systems: all these possibilities facilitate a tailor-made approach in terms of systems.

3. GO DIGITAL

The implementation of cohesion policy entails handling vast amounts of information needed for management but also for reporting. While Member States have made progress towards electronic information exchange within administrations, communication with beneficiaries is still mainly paper based. Apart from imposing a burden on beneficiaries, this also entails the transcription of vast amounts of data by the administration and thus additional costs that could be avoided. For this reason the Commission proposals set out an obligation for Member States to provide for possibilities for electronic data exchange with beneficiaries by the end of 2014. Further efficiency gains can be achieved by going beyond regulatory requirements, i.e. through the development of common e-Services for the beneficiaries of CSF Funds (and national funds) and the efficient use of public registers (business registers, tax databases, etc.).

4. USE FINANCIAL INSTRUMENTS

Once set up, financial instruments allow for greater leverage, effectiveness and efficiency in the use of Funds, especially with the appropriate involvement of the private sector. Complexity can be further reduced by using financial instruments set up at EU level, or using standard conditions set out by the Commission.

5. APPLY SIMPLIFIED COSTS

In some areas, reimbursement based on real costs remains the best and the simplest approach available. However, in many other cases, simplified costs provide a more efficient alternative. The flat rates and unit costs established at EU level may facilitate the cost-effective use of these options, as the development methodologies at national level are not required. The possibility to use simplified costs applied to EU policies and national support schemes, and to use draft budgets (in the case of ESF), also limits the initial investment of effort required from Member States.

6. TRY JOINT ACTION PLANS

Joint Action Plans represent a leap towards results-based management, built on an extension of simplified costs principles to all types of operations. Opting to implement at least pilot operations in the form of Joint Action Plans may therefore be helpful in the long term.

7. ASSESS THE RISKS INVOLVED AND ADAPT

The Commission proposal envisages a system where administrative effort is linked to the risks involved. This applies in particular to management controls and audit, which shall both be adjusted to risks. While in the case of audit, adjustments shall be based on common rules at EU level and agreements with the Commission, the frequency and coverage of management controls shall be determined by each managing authority.

FIND OUT MORE

http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/simplification_en.pdf

Panorama talks to leading members of the European Parliament's Committee on Regional Development about the role of cohesion policy and the progress of the new legislative package proposal.



COHESION POLICY IS A TRUE INVESTMENT POLICY

Constanze Angela Krehl, Member of the European Parliament, Group of the Progressive Alliance of Socialists and Democrats, Member of the Committee on Regional Development Co-Rapporteur Common Provisions Regulation European Funds.

Economic growth and cohesion policy

From one Council Summit to the next, citizens might get the impression that it is fiscal consolidation that will rescue Europe. But this is not the case – not at all. Every business person knows that he/she has to keep expenditure low – but what will make the company grow is investment. And this is the same for our continent. It is true that unnecessary expenditure can be really harmful to an economy, but it is investment that will restore growth in a country such as Greece.

European cohesion policy is a true investment policy. By supporting projects tailored to the needs of the European regions, it rebuilds economies and strengthens their position in the worldwide markets.

In the European Parliament, we are currently working on the design of cohesion policy for the next programming period. But in addition to this long-term planning, we are also reacting to today's needs in Europe's hardest hit regions. For instance, we are now discussing a change to a current regulation, in order to increase the impact of cohesion spending in countries such as Greece.

Role of the European Parliament

We are aware of the important responsibility that we are carrying, given the European Parliament's role as co-legislator for cohesion policy and the fact that the General Regulation sets rules for five different Funds⁽¹⁾.

We hope for close cooperation with the Council and aim at an intensive exchange of views with the regional actors.

I want to achieve a strong position of the regions, for instance, in the negotiations on partnership contracts.

It is our plan to adopt the legislative package by the end of this year – if the Multiannual Financial Framework (MFF) negotiations are finished by then.

Cohesion policy legislative package post-2014

I am confident that we will find satisfactory compromises on all relevant issues. We are keeping close ties with the different stakeholders and with the European institutions. As the *rapporteurship* on the General Regulation is being shared by the coordinators of the two biggest political groups in the European Parliament, we will propose a report that should find wide support in the Parliament.

Results and performance

It is the right decision to focus the relatively scarce resources on a limited number of priorities. And yes, we want a successful policy that delivers on its promises. Nonetheless, one should not forget that the weak performance of a region might be due to factors from outside cohesion policy. And weak performance often indicates that a region needs more support instead of less.

I am therefore very critical regarding the introduction of a performance reserve, which only serves the well-performing regions, using money that could have been spent in more demanding projects.

(1) Five Funds: European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).



TOWARDS A BETTER BALANCE IN EUROPE

Lambert van Nistelrooij, Member of the European Parliament, Group of the European People's Party (Christian Democrats), Member of the Committee on Regional Development Co-Rapporteur Common Provisions Regulation European Funds.

Europe 2020 for all regions

Europe's Member States face a common challenge. The Lisbon Treaty reaffirms the cornerstones of Europe: its community of values, its single internal market and its aspiration to strive towards an ever closer political union. The cohesion policy is founded on all three of these. Close to half of the Union's expenditures are directed towards this policy. It concerns both investments in R&D (research & development) and competitiveness as well as structural support for weaker regions.

The key challenges of the coming years will be how to achieve a better synergy between the five regional Funds and the R&D Funds. We need this new approach, taking onboard the untapped capacity in the newer Member States.

I welcome the European Commission's proposals, taking the view that an 'umbrella regulation' for instruments of structural policies incorporated with the Europe 2020 Strategy goals represents a big step forward towards increased coherence, impact and visibility on the ground, all over Europe. It safeguards the integrated approach and the effectiveness of policy implementation.

The common provisions for strategic planning and programming and the common list of thematic objectives pave the way for the shared ownership of the Europe 2020 targets. The knowledge driven economy will generate jobs in the upcoming decades. Therefore we need to coordinate the supportive programmes so that the added benefit is multiplied – i.e. by creating more synergy between the Cohesion Funds and Horizon 2020. This new approach is the focus of the 'Stairway to Excellence'. It is not acceptable that the older Member States absorb around 90% of the EU research funding.

Balancing solidarity and self-interest

Territorial Cohesion facilitates Europe to simultaneously develop leading regions and developing regions that manage to qualify. Put in other words, this rewards the leading regions and should protect the developing regions from the 'winner takes it all' approach. Solidarity and self-interest will be balanced in an equitable fashion. We need new instruments by which Europe as a whole benefits, while less developed regions have a better chance to secure employment now and in the future.

In practice we will work with the three core concepts of Territorial Cohesion: Concentration, Cooperation and Connection. The '3 C's' are an important carrier of the Stairway to Excellence. Leading research will remain the prerogative of the most excellent applicants. However, regions and consortia in the newer Member States that promise high potential can count on direct support from the Structural Funds to build on excellence in their regions.

The new approach aims to invest in R&D and knowledge infrastructures as a solid basis for future competitiveness and the creation of jobs. Structural Funds are doing exactly what they should do: building on a Europe in territorial balance.

Parliament on track

The legislative package post-2014 is extremely important for further European integration. We cannot accept to come out of the current crisis with an even more unbalanced Europe. The European Parliament stresses the need for a Europe-wide cohesion policy. This policy has proven to be very effective. Of course we have to achieve more synergy within the framework of all Funds. The proposal from the European Commission gives us a stable basis. We expect a first vote in the plenary session of the European Parliament in September 2012.

BOOSTING ESTONIA'S SEA RESCUE CAPABILITY

The Gulf of Finland, a busy stretch of water that lies between Estonia and southern Finland, has seen a heavy increase in merchant shipping and leisure boating traffic in recent years, yet it has suffered from an inadequate level of maritime search and rescue resources. A cross-border project funded under the European Regional Development Fund [ERDF⁽¹⁾] has sought to upgrade the sea rescue capability in the area and make the coast a safer place.

The VOMARE (VOLuntary MARitime REscue) project, which began in September 2008, is led by the Finnish Lifeboat Institution (Helsinki), the umbrella organisation for voluntary maritime rescue associations in Finland comprising 2 000 sea rescue volunteers and 150 rescue vessels. It has been working closely with the Municipality of Vihula in Estonia to jointly enhance cooperation between the Finnish and Estonian voluntary maritime search and rescue systems.

International standards

A key aim of the project has been to raise the preparedness of the rescue services on the Estonian coast to the level required under international agreements to make the rescue services sufficient for the country's own needs and those of international visitors.

During the project, which was completed in June 2011, numerous joint training sessions were conducted to standardise the processes and enhance communication and co-operation.

The project has involved 60 Estonian volunteers and four partner cities: Toila, Vihula, Lohusuu and Mustvee. New search and rescue units in Estonia have been set up and manned by newly-trained volunteers. Much of the training has taken place on the conveniently-located Bagaskär Island.

Furthermore, four fully-equipped rescue vessels, supported by comprehensive user training, were provided to the Estonian rescue groups as well as a further three that went to the Finnish rescue organisations.

'Finland's tradition of voluntary maritime rescue goes back 100 years. Now we're taking the same type of rescue service to Estonia,' said Jori Nordström, Operations Manager at the Finnish Lifeboat Institution.

The primary objective of the VOMARE project is to revive voluntary maritime search and rescue operations in Estonia based on the natural desire in individuals to offer their help to one another. Improving the self-sufficiency of Estonia to provide rescue services also reduces the need for Finland to participate in rescue missions in Estonia. Of the Finnish Lifeboat Institution's 1 000 search and rescue missions each year, some 23% of these operations are in the Gulf of Finland.

FIND OUT MORE

www.centralbaltic.eu/component/content/article/6-project-info/296-vomare-voluntary-maritime-rescue

‘VOMARE has helped train and equip Estonia's lifeboat teams, helping them to make the coast a safer place.’



Total cost:
EUR 990 000
EU contribution:
EUR 645 000

(1) Central Baltic INTERREG IV A Programme 2007-2013.

LOCAL ENERGY STORAGE SOLUTION FOR RURAL AREAS

The ability to generate and store energy in rural areas could be the solution to the costly problem in many parts of the world of having to extend power grids to remote locations. This is the strategy behind the EU-funded SOPRA project – Sustainable Off-Grid Powerstations for Rural Applications – which is developing a stand-alone energy storage system that can receive and manage locally-generated power from various sources, including solar, hydro and wind sources.

While providing a cost-effective solution for providing electricity in remote rural areas in Europe and throughout the world, the technology which is being developed in the Netherlands can also make a valuable contribution to Europe's goal of increasing the share of renewables in its energy mix.

In some rural areas the distance to the electricity grid is frequently too far, making a physical connection impractical or not economically viable. The conventional alternative for locals to receive their electricity is by using diesel generators, which are increasingly expensive to run and often noisy.

Under the ERDF-funded⁽¹⁾ SOPRA project, which is led by the Dutch specialist in electrical power conversion technology, ALFEN b.v., two prototypes of hybrid off-grid systems are being developed; one stationary system and one transportable system in a 20 ft container. This will mean that local energy sources need not to be used instantly, but can be stored as required to provide a reliable source of energy on demand for schools, villages, hospitals and construction sites in remote areas.

☪ SOPRA is aiming to provide a cost-effective technology that will make maximum use of local energy sources whether solar, wind or hydro. ☪

Evert Raaijen,
Manager business
development
at ALFEN b.v.



Total cost:
EUR 1 991 100
EU contribution:
EUR 497 800

Throughout the world some 1.6 to 2 billion people do not have access to electricity, since connecting to public utilities is often not economically viable. Off-grid storage using clean, local power opens the door to many new market areas.

Indeed, one of the key factors holding back the development of solar energy usage is the need to develop current storage solutions still further, in order to apply them to remote, off-grid situations.

The prototype will be ready in June 2012 and will be extensively tested in remote areas that are representative of the target areas. Production will start in the Netherlands in parallel with acceptance testing, providing many job opportunities.

The new technology has a variety of applications and there are many market opportunities in Europe and the developing world.

FIND OUT MORE
www.sopra-project.com/

(1) Regional Operational Programme for East Netherlands for the period 2007-2013.

ONE-STOP ONLINE BUSINESS REGISTRATION SYSTEM FOR POLAND'S ENTREPRENEURS

Poland's Ministry of Economy has launched a state-of-the-art online business registration system which offers a one-stop-shop for registration, updating and for finding information about other businesses.

The Central Registration and Information on Economic Activity (CEIDG) system has been built with support under the European Regional Development Fund (ERDF) Innovative Economy Operational Program 2007-2013.

The main objectives of the project were to build a centralised database of business activities in Poland and to allow online registration of business activity. A key objective has been to harmonise the rules and systems relating to entrepreneurs and to provide them a one-stop-shop for high quality services.

While reducing the time needed for business registration, the new service also aimed to permit electronic exchange of relevant data between all the institutions involved in the process of registration.

Using a trusted electronic profile or an electronic signature (with a qualified certificate) a citizen can go online to complete the formalities needed for business registration in Poland. After creating an account on the official website (www.firma.gov.pl) the entrepreneur then only has to follow the step-by-step wizard to fill in the required information and register his new business.

If desired the entrepreneur can just prepare his application on the website and visit a municipal office to sign in person.

Clicking the button to submit the CEIDG form triggers registration with the national tax office, the central statistical office and the social insurance department. This means that the entrepreneur is automatically applying for both the taxation and statistical registration numbers (NIP and REGON). The new business registration is published within 48 hours on the national website www.firma.gov.pl, but business can be started immediately after application confirmation.

After creating an account on the official website, the entrepreneur then only has to follow the step-by-step wizard to fill in the required information and register his new business.

Once registered in CEIDG, the entrepreneurs can go online to change their registry entries, temporarily suspend activity and even close the business, without having to visit any government offices.

The platform offers the possibility to search for other firms and find the information needed for potential cooperation with other entrepreneurs. The system came on line in July 2011 and is now running at a rate of more than 20 000 transactions per day.

FIND OUT MORE
www.ceidg.gov.pl



Total cost:
EUR 6 900 000
EU contribution:
EUR 5 800 000

MATCHMAKING AGENCY HELPS SPANISH SMEs CONTINUE UNDER NEW MANAGEMENT

'Re-enterprising' (Reempresa) is a new approach being implemented in the Catalunya region of Spain for supporting the transmission and successful continuation of small businesses by assisting new entrepreneurs to take over the helm.

Around 95 000 micro enterprises and SMEs in Catalunya close their doors every year and it is expected that at least 15% will survive – providing continued employment for their workforce – thanks to the innovative Reempresa process.

The Centre for Reempresa of Catalonia was launched in 2010 and is supported by the Catalan Employers Association (Cecot) and a private foundation promoting self-employment in Catalunya (CP'AC). It is cofinanced by the Catalunya Region (Generalitat de Catalunya Departament d'Economia i Coneixement) and the European Regional Development Fund (ERDF).

It is both a physical and virtual matchmaking and support service which helps bring small companies looking for new owners together with potential entrepreneurs. The target companies are small, often family-owned businesses, with transmission or continuation difficulties.

The Centre is the focal point of data and knowledge for the matchmaking process and supports potential owners with its 're-enterprising' methodology. It organises extensive information programmes to highlight the benefits of the Reempresa approach for companies seeking to divest their interests, and for potential 're-entrepreneurs'.

In 2011 the Reempresa Centre helped engineer 13 'SME matches'. As a result, around 145 jobs were preserved. In the first months of 2012 the number of 'SME matches' is already higher, indicating the success of the project.

The Centre is helping potential entrepreneurs find a new business to get involved in and receive guidance on the business transfer process. The 're-entrepreneurs' can purchase or lease the assets of an existing company as an alternative to creating a new business from scratch.

FIND OUT MORE

Reempresa: www.reempresa.org/?idioma=2

Cecot (Catalan Employers Association, co-initiator of the project): www.cecot.org

CP'AC: www.autoocupacio.org

Generalitat de Catalunya Departament d'Economia i Coneixement: www.gencat.cat

Reempresa on twitter: @Reempresa

Reempresa on LinkedIn: www.linkedin.com/groups/Reempresa-3945960

Existing companies with continuation problems are helped exit their business ensuring its continuity and bringing a secure future for their employees.



Total cost:
EUR 1 700 000
EU contribution:
EUR 850 000

REGIOSTARS AWARDS

GATHER MOMENTUM

On 16 January 2012 the 24 finalists of the RegioStars 2012 Awards came to Brussels (BE) and presented their projects in person to an independent, high-level jury convened by the European Commission.

The 2012 edition of the RegioStars Awards saw a record number of entries, with a total of 107 applications received from across the European Union.

This is a sign that not only is the competition achieving its objectives of highlighting good practices in urban and regional development, but also that all participants – winners and finalists – benefit greatly from being put in the European spotlight. When the RegioStars 2012 Award winners are announced in June 2012 all the finalists are likely to be hailed as winners.

Independent jury

For the 2012 edition, the President of the jury is Luc Van den Brande, former President of the Committee of the Regions (2008-2010), who leads a 11-person team that brings together specialists from industry, academia and consultancies.

The qualities that the jury are looking for include:

- the innovative character of the project;
- the impact (or expected impact) of the project, in terms of initial objectives;
- the expected sustainability of the project; and
- the project's results in enhancing local, regional and interregional partnerships.

The 2013 edition of the RegioStars Awards is also already underway, with many applications received in advance of the 20 April 2012 closing date.

THE COMPETITION

The RegioStars Awards has been running for five years as part of the EU Commission's 'Regions for Economic Change' initiative. It aims to identify good practices being developed in regional development and to highlight original and innovative projects which could be attractive and inspiring to other regions.

The competition is divided into a number of categories: Smart Growth, Sustainable Growth, Inclusive Growth, the CityStar category, and the Information and Communication category.

Following a first screening by the jury, the most promising 24 projects are invited to a one-day event to present their projects to the jury and respond to questions before the winners in each category are selected.

To be eligible, projects must be co-financed by EU Structural Funds* and delivered through a variety of national, regional or cooperation programmes.

Applications are submitted on behalf of the project leader or developer by (or with the endorsement of) the national or regional Managing Authority responsible for the co-funding.

* The European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) or the Instrument for Pre-Accession Assistance (IPA) after 1 January 2000.



The winners of **REGIOSTARS 2012** will be announced at the award ceremony in **Brussels on 14 June.**



Tangible benefits for winners and finalists

The European Commission recently contacted all the previous winners and finalists to see what they felt about the competition and what benefits it had brought.

The universal response has been that they would all certainly recommend others to present their projects in future RegioStars Awards.

Most of them clearly felt there had been 'tangible benefits' from their participation, with 93% of the winners confirming this and 73% of the listed finalists stating they had the same positive experience.

Both winners and finalists highlighted benefits in terms of visibility and prestige, finding partners, sharing experience with similar projects, and even personal motivation. They felt the competition was a great experience, which helped give their projects tremendous exposure and publicity. Many felt it also gave them great confidence to go forward.

One contestant said: 'It was a chance to reinforce our local and regional strategy to improve sustainable urban transport. It gives international recognition to a good regional practice which can be up-scaled across all of Europe.'

Many found they got more attention from the regional and national media, and more political support. All appreciated the high profile it gave them with government, local communities and potential partners.

Some participants thought the Awards also had a positive effect on staff morale. One winner said: 'We are now a team with an award.' Another saw it as an interesting experience 'that inspired and animated the staff'.

Some pointed to the positive experience of meeting other projects' teams, which they found valuable and learnt lessons from. 'It was a great way to collaborate and share skills, knowledge and best practice, and learn from others,' said one participant.

Many companies participating have enjoyed clear benefits on the business front: 'The Award helped us secure our future plans and the Award is still being used as a good news story for our current bids for structural funds,' said one contented winner. Another said that the accolade helped bring in new partners and stimulated interest from private funding.

One pragmatic finalist said it was very helpful in raising their company's standing with funding agencies and among political and university bodies.

FIND OUT MORE

http://ec.europa.eu/regional_policy/cooperate/regions_for_economic_change/regiostars_en.cfm



RegioStars 2012 finalists and jury members

ERDF SUPPORTS eGOVERNMENT – BUT MORE TO BE DONE

The European Regional Development Fund has contributed to the development of electronic public services in Europe, according to a Court of Auditors report. However, the benefits to date have been lower than expected.

The Court of Auditors report, entitled 'Have the eGovernment projects supported by ERDF been effective?' focused on projects co-financed by the ERDF in the 2000-2006 period, aimed at the development of eGovernment services in four Member States: France, Italy, Poland and Spain.

The Court examined the relevant strategic and programming documents and visited 28 administrative projects developing eGovernment services, examining whether these projects met assessed needs, were well designed and delivered as planned, and were useful and durable. An online survey sent to a sample of project managers supplemented this work.

Public administrations in the period covered by the report saw eGovernment as a means of lessening the administrative burden on citizens, businesses and other administrations, and improving the services they deliver. These steps aimed also to reduce barriers to the internal market, assist the mobility of citizens across Europe and help meet the EU 2020 goals of competitiveness and innovation.

The Court's report concluded that whilst the eGovernment projects supported by the ERDF have contributed overall to the development of electronic public services, and though the majority of projects were technically operational, the benefits obtained were less than could have been expected, due to a failure to focus sufficiently on projects results.

Whilst endorsing the projects for generally delivering their outputs and being technologically sound and financially sustainable, the Court observed that projects were often delivered late or with a reduced scope due to poor design or implementation, and did not address priority needs. Furthermore a lack of measurement of project benefits meant it was not possible to evaluate projects or accumulate knowledge for future programmes.

The report concludes with a series of recommendations for managing authorities and the European Commission to ensure that future ERDF support for eGovernment projects is based on identified needs, clear objectives and cost-benefit, with effective evaluation of results and impacts.

In response, the European Commission welcomed the Court's positive assessment of the ERDF's contribution to eGovernment services in the four Member States and, whilst acknowledging the identified shortcomings, was supportive of the recommendations for improved assessment, delivery and evaluation.

The full report may be downloaded at:
<http://eca.europa.eu/portal/pls/portal/docs/1/9288731.PDF>



PROVIDING 'FUNDING, FLEXIBILITIES AND FOCUS' TO SPECIFIC EU REGIONS

European regions with specific geographical features – islands, mountains, or sparse populations – are often faced with challenges affecting their economic performance and the successful implementation of policies. A recent study explored the issue and demonstrated the crucial role played by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) in such regions.

With its entry into force on 1 December 2009, the Treaty of Lisbon reinforced the need for attention to be given to regions facing specific development challenges, in particular those with 'severe and permanent natural and demographic handicaps such as the northernmost regions with very low population density, and island, cross-border and mountainous regions'.

The study – 'Relevance and effectiveness of ERDF and Cohesion Fund support to regions with specific geographical features – islands, mountainous and sparsely populated areas' – carried out by ADE (Analysis for Economic Decisions) covered two funding periods (2000-2006 and 2007-2013) and was based on analysis of ERDF/CF impact on 15 NUTS 2 regions, and six NUTS 3 areas (see box)(¹).

A number of common characteristics emerged among these regions and areas, including:

- an outflow of young people, low natural birth rates and ageing local populations;
- reliance on particular 'assets', including natural resources, climate, landscapes and the development of tourism or related activities; and
- a lack of 'critical mass' in terms of the size of domestic markets, the number of skilled workers, access to training, and potential for inward investment.

The study found that ERDF and CF offer significant added value by:

- providing a long-term, stable financial framework in which regions can develop a range of projects;
- acting as an important catalyst to attract domestic funding for important projects;
- providing a flexible tool to meet specific needs and challenges, while remaining complementary to other domestic and EU Funds; and
- improving strategic focus, stakeholder involvement, and levels of 'good governance'.

15 NUTS 2 REGIONS COVERED BY THE STUDY:

Steiermark (AT), Rhône-Alpes (FR), Castilla la Mancha (ES), Balearic Islands (ES), Itä-Suomi (FI), Corse (FR), Sicilia (IT), Sterea Ellada (EL), Voreio Aigaio (EL), Śląskie (PL), Centro (PT), Hovedstaden (DK), Övre Norrland (SE), Vzhodna Slovenija (SI), and Highlands and Islands (UK).

6 NUTS 3 AREAS COVERED BY THE STUDY:

Cuenca (ES), Norrbotten (SE), Lesbos (EL), Bornholm (DK), Ardèche (FR), and Western Isles (UK).



Nevertheless, the study suggested that the two financial instruments could become even more effective by highlighting geographical specificities at each stage in the funding process and not perceiving them as 'problems'. A further finding was that the policy should move beyond infrastructure development as the main funding objective, instead concentrating on a limited number of priorities that have already proven advantageous for the region – namely an asset-based approach. In addition, more supple multi-level governance arrangements would be advantageous for the success of regional policy in these regions and areas.

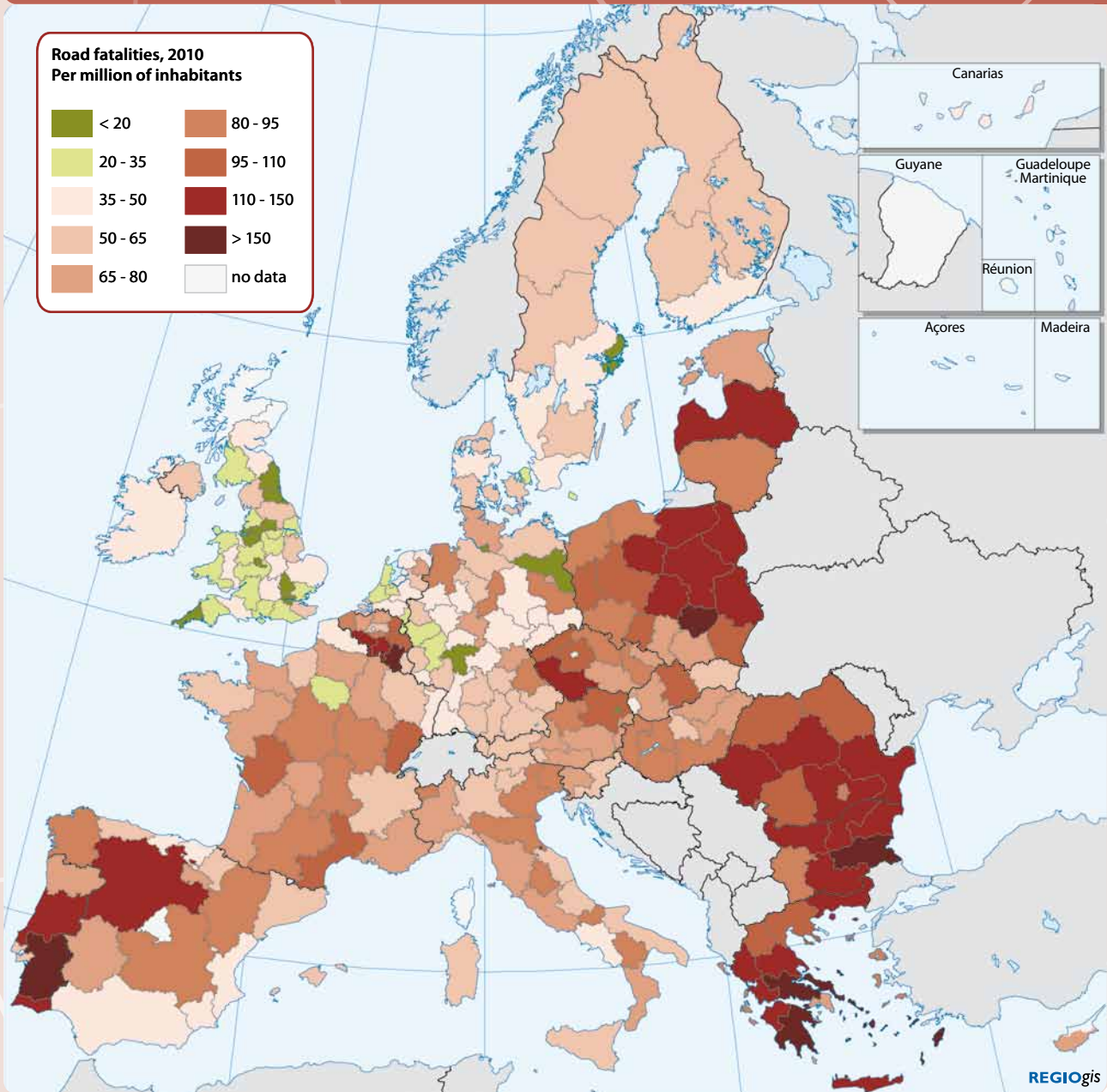
The study concluded that ERDF and CF are appropriate tools for the development of regions with specific geographical features, providing the necessary funding, flexibilities and focus to encourage the realisation of effective projects.

Read the study in full:

- http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/geographical_final1.pdf
- http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/geographical_final2.pdf

(1) The NUTS classification subdivides each EU Member State into three levels (NUTS 1, 2 and 3), with the second and third levels subdivisions of the first and second levels respectively.

ROAD FATALITIES PER MILLION OF INHABITANTS, 2010



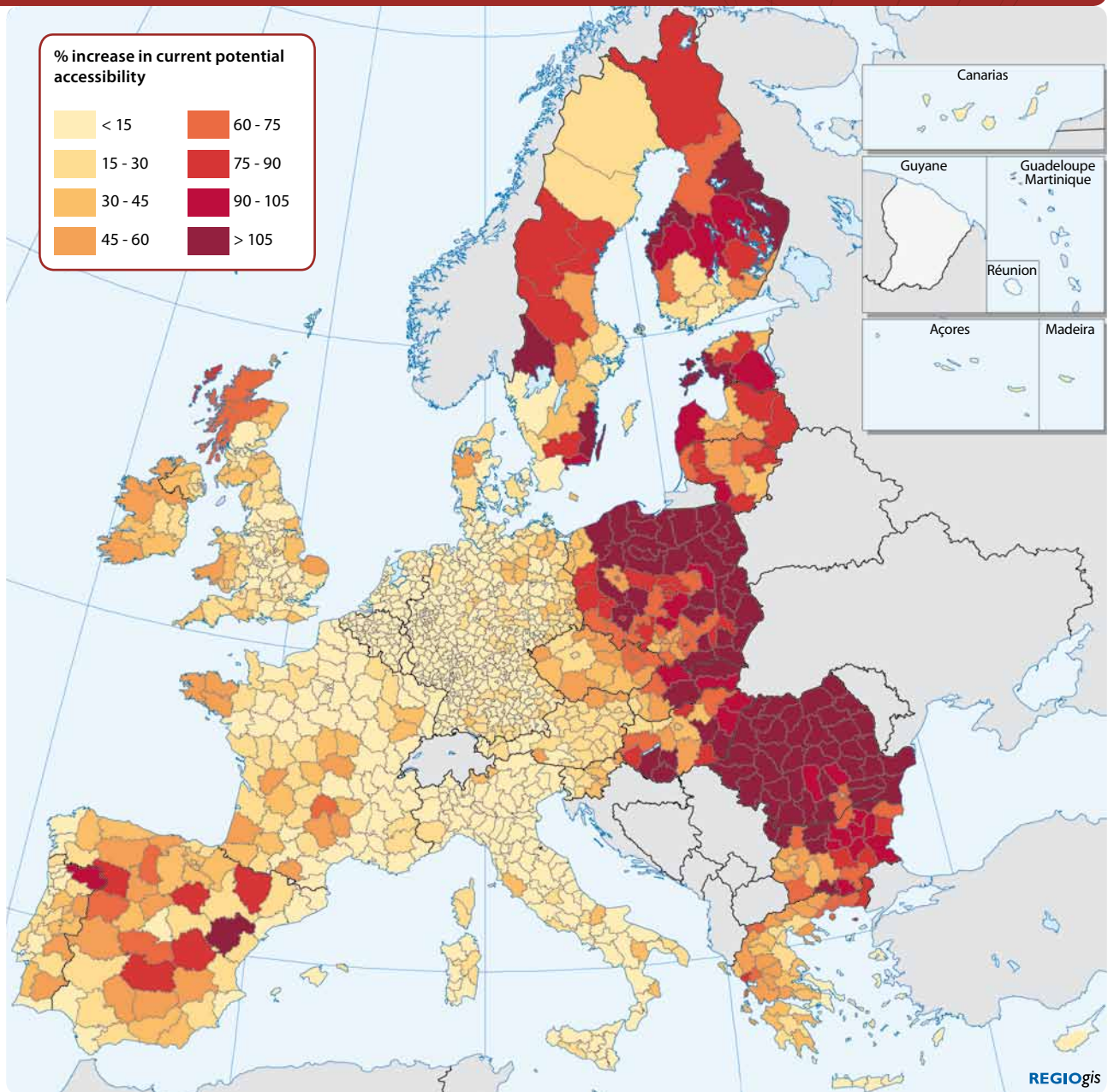
EU-27 = 61.4 | The European 2020 strategy target = 33.8 | BE, BG, CZ, DE, LV, NL, SE: 2009
 Source: DG Mobility and Transport, DG for ENERGY, DG for Regional Policy.

© EuroGeographics Association for the administrative boundaries

In 2010, the Netherlands, Sweden and the UK had only 32 road fatalities per million inhabitants, compared to more than 100 in Poland, Greece, Romania and Bulgaria. The EU wants to reduce the number of traffic fatalities in 2020 by 50% compared to 2010. This means 34 road fatalities per million inhabitants in 2020. The Netherlands, Sweden and the UK cut the number of fatalities in half between 2001 and 2010 and are currently below the EU target for 2020. Many Member States and regions, however, are still a long way from

achieving that target. Seven regions have more than 150 road fatalities per million inhabitants each year: one region each in Bulgaria, Poland and Portugal, three in Greece and one in Belgium (Province of Luxembourg) with the highest road fatality rate in the EU at 258 per million inhabitants. Although improving road infrastructure can help to reduce fatalities, changes in law enforcement and driver behaviour are likely to have a far greater and faster impact.

POTENTIAL INCREASE IN ROAD ACCESSIBILITY: HIGH SPEED SCENARIO RELATIVE TO CURRENT SITUATION



Potential accessibility calculates the inverse-distance weighted population that can be reached within approximately four hours travel time. The high-speed scenario assumes an ample provision of motorways. | Source: DG for Regional Policy, Spiekermann & Wegener.

© EuroGeographics Association for the administrative boundaries

REGIOgis

This map shows in progressively darker colours the regions where improving road infrastructure would substantially increase the number of people that can easily be reached within around four hours' drive. It compares how many people can be reached at present with how many more could be reached if more roads allowed high speeds. It shows that in most of the developed regions, additional transport infrastructure would change little. In most regions in the east of the European Union, however, the number of people or the potential market would more than double.

The number of people that can be reached is important not only for companies trying to sell products and services. It also changes how many hospitals, schools and other public service points you need. Poor road infrastructure means that either people have to travel much longer to get to these public services or that authorities need to build far more to serve a smaller population.

DIARY DATES

10 MAY 2012 Regions and cities for integrated territorial development _Brussels (BE)

14 JUNE 2012 RegioStars Awards _Brussels (BE)

15 JUNE 2012 Regions for Economic Change Conference _Brussels (BE)

17-19 JUNE 2012 3rd Annual Forum of the EU Strategy for the Baltic Sea Region _Copenhagen (DK)

2-3 JULY 2012 2nd Forum for Outermost Regions _Brussels (BE)

21 SEPTEMBER 2012 European Cooperation Day _Brussels (BE)

8-11 OCTOBER 2012 OPEN DAYS European Week of Regions and Cities _Brussels (BE)

27-28 NOVEMBER 2012 1st Annual Forum of the EU Strategy for the Danube Region _Regensburg (DE)

More information on these events can be found in the Agenda section of the Inforegio website:

http://ec.europa.eu/regional_policy/conferences/agenda/index_en.cfm

In *Panorama 41* you have read about the Commission's plans to simplify the rules for future cohesion policy and focus strongly upon results.

If you would like to share your views on how these proposals will impact your region or area of interest, or wish to ask some pertinent questions, contact us at:

regio-panorama@ec.europa.eu

MAKE YOUR VOICE HEARD

ISSN 1608-389X

© European Union, 2012

Reproduction is authorised provided the source is acknowledged.



■ Publications Office

European Commission, Directorate-General for Regional Policy
Communication, Information and Relations with Third Countries
Raphaël Goulet
Avenue de Tervuren 41, B-1040 Brussels
E-mail: regio-panorama@ec.europa.eu
Internet: http://ec.europa.eu/regional_policy/index_en.htm