European Commission

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The EU welcomes Croatia

Its 28th Member State

- Cohesion policy helps weather the crisis
- Ensuring EU Funds are properly spent
- State aid and regional policy

Regional and Urban Policy

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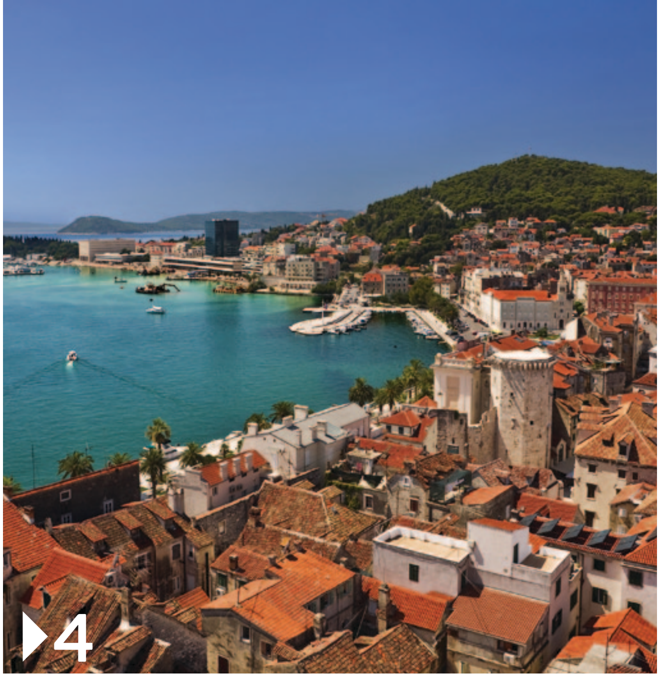

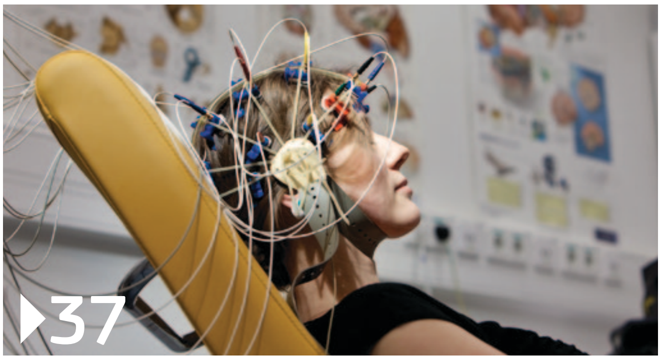

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EDITORIAL

Johannes Hahn
Member of the European Commission
in charge of Regional Policy

On 1 July 2013 we welcome the Republic of Croatia as the 28th Member State of the European Union. For the past 12 years the country has undertaken a far-reaching programme of reforms and adaptation of its legislation to the EU's body of law – the so-called *acquis communautaire*.

Upon accession, the EU Structural and Cohesion Funds available to Croatia will amount to EUR 450 million. This investment is expected to account for a large share of the country's development budget in the years ahead, and presents an important opportunity to address Croatia's needs. It can contribute towards the development of a modern and competitive economy that will both benefit from and be an asset to the EU.

In this issue of Panorama you can see some of the work already undertaken with EU support.

Strategic Report on the Implementation of Cohesion Policy

Croatia will join the other 27 Member States in reporting on evaluation as required in the new regulations. The Commission's 'Strategic Report' on how EU Structural Funds have been working in the EU 27 in 2007-2013 has recently been published. Based on reports submitted by the Member States at the end of 2012, this is the first significant opportunity to report on outputs and results and the policies' contribution to the EU's economic recovery during a programme period.

The report provides an invaluable snapshot of policy delivery and shows we are providing support to new innovative business and creating good sustainable jobs for the future, giving remote regions broadband, tackling the brain drain, and building vital transport links that contribute to regions' competitiveness. It also helps identify those investment areas and programmes where action must be taken.

Evidence that cohesion policy is capable of great flexibility and, in times of economic crisis, adapting to the changing needs of people and their communities is also presented in the report.

Audit teams – the 'unsung heroes'

Ensuring that the Funds of the EU budget are properly spent are the unsung heroes of the EU's regional support process – the Commission's auditing teams. Cohesion policy accounts for some one-third of the EU budget, and the auditors have a vital role in overseeing complex and largely decentralised spending programmes.

The EU auditors work very closely with national audit bodies under a system of 'shared management'. Through this process, compliance has improved year on year. Learn more about their important work in the article on page 24.

Collectively, they are the watchdog for the EU taxpayer and ensure the money is spent in line with the principles of legality, regularity and sound financial management.

FEATURE

CROATIA'S SUCCESSFUL ROAD TO EU ACCESSION

On 1 July, the Republic of Croatia celebrated almost 20 years of economic and social progress since declaring independence by becoming the 28th Member State of the European Union. The negotiations launched in 2005 were officially concluded in June 2011, and were followed by the signing of the EU accession treaty in December 2011.

The city of split on Croatia's Adriatic coast.

The EU accession process which has taken some 12 years provided Croatia with the impetus to undertake far-reaching reforms and harmonise its legislation with the EU's *acquis communautaire.*

'Croatia is now a different country than it was at the start of the accession process,' commented Štefan Füle, European Commissioner for Enlargement and European Neighbourhood Policy. 'It also joins the European Union better prepared than some other acceding countries. This is the result of a long and thorough process and the country should be congratulated. EU membership offers substantial opportunities and these opportunities now need to be used so that Croatia's participation in the EU will be a success and a benefit to Croatia, its people, but also to the benefit of the Western Balkans and of the EU as a whole.'

A long and successful road

The process of integrating Croatia into the European Union started with the EU's Stabilisation and Association Process for the Western Balkans launched in 2001, after which it applied for EU membership in 2003. The accession talks were formally opened in spring 2005.

Though negotiations were held up by a set of issues, the process was completed in 2011. The Treaty between Croatia and the 27 EU Member States was signed on 9 December 2011.

A referendum in Croatia on 22 January 2012 showed that 66 % of voters were in favour of joining the EU.

Throughout the interim period until the accession, Croatia had an active observer status in the European Institutions to allow its officials to become familiar with the working methods of the EU institutions and to be involved in the decision-making process.

Being competitive

Before the global financial crisis of 2008-2009, the Croatian economy was growing at a rate of 4-5 % annually during which incomes doubled and economic and social opportunities dramatically improved. The prolonged crisis has however put this progress and Croatia's aspirations to the test with unemployment rising to over 14 % at the end of 2012. Youth unemployment in the country remains high.

EU accession offers a major opportunity to strengthen the competitiveness of the country through reinforcing the competitive advantage of the country and its regions and take full benefit from the expanded market.

CROATIA: KEY FACTS

- Total surface area: **87 661 km²**
- Population: **4 290 000**
- Capital: **Zagreb**
- Political system: **Parliamentary democracy**
- Territorial organisation: **20 counties and the City of Zagreb**
- Urban centres: **the population is concentrated in urban centres and 49 % of all citizens live in the 5 largest counties – City of Zagreb and County of Zagreb, Split-Dalmatia, Osijek-Baranja and Primorje-Gorski Kotar**
- Official language: **Croatian**
- Currency: **Kuna (HRK) – 1 EUR = 7.58 HRK**
- Key trade partners: **Italy, Austria, Germany, Slovenia, Serbia**
- Major export commodities: **transport equipment, machinery, textiles, chemicals, foodstuffs and fuels**
- Main import commodities: **machinery, transport and electrical equipment; chemicals, fuels and lubricants, and foodstuffs**
- Main airports: **Zagreb, Split, Dubrovnik, Pula, Rijeka**

Industry and trade patterns

About half of Croatia's trade is with the eurozone, primarily with Germany and Italy, and the euro area is the source of about three-quarters of foreign-direct investment (FDI) flows into the country. Croatia also has a high concentration of banks whose ownership indirectly exposed them to the euro-area crisis.

The industrial sector, which accounts for over 27 % of GDP, is dominated by shipbuilding, food processing, pharmaceuticals, information technology, biochemicals and the timber industry.

The agriculture sector accounts for just 4 % of GDP but employs 14 % of the labour force. With 42 % of the country's population living in rural areas, agriculture is an important source of livelihood. In the lead up to EU accession Croatia's Ministry of Agriculture has been working intensively on the harmonisation and adoption of a number of regulations in the area of agriculture, food safety, veterinary and phytosanitary policies, and fisheries.

Transport networks

Croatia lies along three pan-European transport corridors between the European Union and South-eastern Europe, and the Croatian authorities have invested heavily in developing their transport network primarily through public funding, focusing mainly on roads, motorways and ports.

Croatia's railway sector faces major challenges, and will require investments if it is to be integrated with the EU network. A major upgrading of the infrastructure of Zagreb station was launched with EU support in the pre-accession period and is a step in this direction (see article p. 17).

Natural heritage and tourism

Croatia's territory is ecologically among the best preserved in Europe, with 47 % of its land and 39 % of its sea designated as specially protected areas and areas of conservation. Croatia boasts 19 national and nature parks, with some of them, such as the Plitvice Lakes National Park, designated as UNESCO World Heritage sites. Croatia's natural beauty draws in millions of tourists each year, with tourism revenues representing around 15 % of the country's GDP. Preservation of the environment is high on the development agenda and a requirement for European Union membership.

Ongoing structural reforms

As a member of the EU, Croatia will continue to focus on structural reforms, not only because it plans to join the eurozone in the future, but also to enhance the competitiveness of the economy. Croatia will benefit from investment through the EU Structural and Investment (ESI) Funds which will aid the implementation of these ongoing structural reforms.

INTERVIEW

***Panorama* speaks to Branko Grčić, Deputy Prime Minister of Croatia and Minister of Regional Development and EU Funds about the country's accession to the EU.**

What positive changes has the integration process already brought to Croatia?

First of all, I have to say that we are excited about the accession of our country to the EU, for which we have been waiting too long. Actually, we feel as like we are coming back home, considering that our territory, history, culture and traditions have for centuries been an inevitable part of Europe.

If we look back at the 35 very demanding chapters we had to negotiate with the EU, we can see that we have really made considerable progress in all of these different segments.

We had to undertake very deep reforms in a very sensitive period over the past 20 years. It was a longer path, but it has helped us to prepare ourselves better, particularly if we talk about the EU market and the EU structures.

However, our accession to the EU will definitively be a great stimulation for our future prosperity, but we also hope and believe that we, ourselves, can bring a new quality to Europe.

What are the challenges that you anticipate in being an EU Member State?

The challenges of membership are many. Further work on fiscal consolidation and the implementation of national reforms in different sectors will become an even more challenging task after the accession due to the much bigger involvement of the EU institutions in these areas.

We will very soon face the increased competition of companies from other Member States at a very difficult and sensitive moment for the Croatian economy due to the recession. At the same time Croatian companies will lose part of their price competitiveness on the CEFTA market as they will have new tariffs when exporting to CEFTA countries.

Participating in the EU policy making process will certainly require a more efficient administration capable of actively contributing to the decision making process and able to ensure proper and effective implementation of EU policies in the Croatian context. A particular challenge will represent the management of European Structural Investments and achieving the set goals deriving from the Europe 2020 strategy. Building a pipeline of high quality projects that truly contribute to the fulfilment of the adopted strategies is our primary target, along with strengthening administrative capacity that will ensure timely and effective programme implementation.

How do you think Croatia can contribute to the sustainable, competitive growth of the European Union?

Croatia's economy has been in recession since 2008. As the recession was continuing in Europe, Croatia couldn't be spared from that since it is not an island. The government's strategy for economic recovery is based on fiscal consolidation, structural reforms and stimulating investments, especially private investments which are the key to preserve existing jobs and new employment. We believe that the government actions undertaken so far, as well as those in coming years, particularly with regard to the reforms in areas like social security, health, labour market and public administrations, will secure the necessary stability of the overall macroeconomic framework and improve our competitiveness.

Croatia's growth potential in certain areas like tourism, transport and logistics, renewable energy sources, metal processing and production of machinery and vessels is significant and we see there excellent opportunities for investors. It is our task to continue improving conditions for investments since this is the only way to secure long term economic and financial stability.

How do you think that the CSF can contribute to the future development of Croatia, both nationally and in its regions?

ESI Funds will be one of the most important instruments to tackle the main development challenges for Croatia in the coming years and to implement the objectives of the Europe 2020 strategy in Croatia. But the value of ESI is not only in the availability of the funding, but for Croatia it is much more important that using ESI will help us build a coherent strategy based deeper on national development policy than is the case today. For some areas, like R&D, which have so far been underfunded in State budgets, ESI will represent a great opportunity to catch up with other Member States. We will concentrate the investments in the areas with the most potential to contribute to the competitiveness and value-adding capabilities of the Croatian regions.

PREPARING FOR MEMBERSHIP AND COHESION POLICY

During the pre-accession period the EU provided specific and targeted financial aid for Croatia to support its efforts to enhance political, economic and institutional reforms during its preparation for membership.

From 2000 until 2006, Croatia received around EUR 530 million from EU sectoral pre-accession programmes.

Since 2007 Croatia has benefited from the Instrument for Pre-accession (IPA), which replaced all earlier sectoral assistance programmes. In the period 2007-2012 the countries received some EUR 997 million, i.e. roughly EUR 150 million per year. One IPA programme was devoted to political and economic reforms and four others prepared the country for the cohesion and agricultural policies.

The workings of EU regional policy are thus nothing new for Croatia. Officials have already gained hands-on experience in the management of programmes which follow cohesion policy rules.

Regional and local stakeholders have used the funds to develop innovative projects in the fields of transport, environment, as well as the economic, social and rural development.

Neighbourhood cooperation

Under the IPA (Component 2, EUR 98 million) cross-border cooperation has been expanded with other Member States – Hungary, Italy and Slovenia – and with neighbouring Balkan countries Bosnia and Herzegovina, Montenegro and Serbia.

As part of regional development action (Component 3, EUR 345 million), transport projects supporting the railway infrastructure and inland waterway have been launched (see page 8). Environment programmes have invested in waste and water integrated projects, and various business and research programmes have been initiated to promote regional competitiveness.

A variety of projects aimed at enhancing access to employment and reinforcing social inclusion of people were developed under the IPA Component 4 ('Human Resources', EUR 94.5 million).

The IPA funds have helped Croatia build capacity and resources for the absorption of significant Structural and Cohesion Funds that will be made available upon membership.

IPA procedures for the selection of projects, tendering, and contracting are similar to the procedures under the Structural Funds, and the use of IPA funds have provided invaluable experience for the country's institutions as they prepare for future use of much larger post-accession funds.

PROJECTS

During the pre-accession period, investment to promote regional competitiveness and to support major infrastructure in the areas of transport and environment have been important priorities. Zagreb main railway station is one example of this (see article on page 17) – several others are illustrated below.

INFRASTRUCTURE

Water supply and sewerage system with wastewater treatment plant for Slavonski Brod

The objective of this environmental investment is to improve the water system in the Danube River Basin, by improving the security of water supply to existing consumers and connecting approximately 4 300 additional inhabitants. A modern wastewater treatment plant in line with EU requirements will allow more effective treatment of the waste water. The project will also increase the number of inhabitants (9 950) connected to the discharge system. The project will also help protect the environment and ensure conformity to EU environmental standards.

PROMOTING COMPETITIVENESS

Biosciences technology centre

On the campus of Zagreb University a Biosciences Technology Commercialisation and Incubation Centre (BIOCentre) is being built. This centre will provide support to biotechnology and life sciences start-up businesses in Croatia. It will provide R&D and business facilities, expertise, and the services necessary for business incubation and support. It will link to Croatian, regional and international R&D institutions and companies. The overall project objective of the BIOcentre is to the develop technology transfer and commercialisation capacities of the higher education institutions and public research organisations. This will in turn promote sustainable regional development and industrial competitiveness in the high value added sectors of the economy and knowledge-based SMEs. The long-term aim for Croatia is to become a leader in biosciences and technology in south east Europe. The start-up companies will be recruited firstly from Croatia, secondly from south east Europe and thirdly (if possible) central and eastern Europe.

PROMOTING COMPETITIVENESS

Marasca – developing food technology

A further competitiveness project has focused on the application of sophisticated technologies (freeze drying, spray drying) in the production of food products and semi-product preparations based on Marasca cherries. A 'cluster' has been created to bring together the target producer groups and related organisations including the Biotechnical Faculty in Zadar and University of Ljubljana. The programme includes awareness-building and training curricula, and a new laboratory and pilot production facility for freeze-dried Marasca sour cherries and Marasca sour cherry juice powder have been developed. Transfer of knowledge and technology to small and medium enterprises (SMEs) in the region will improve the competitiveness of the local agri-food industry, create partnerships between local producers, the local food processing industry and scientific community, and inform the wider community about the beneficial properties of Marasca sour cherries.

MANAGING COHESION PROGRAMMES AFTER ACCESSION

Upon accession, the EU Structural and Cohesion Funds available to Croatia will amount to EUR 450 million – EUR 150 million of Cohesion Funds, and EUR 300 million of Structural Funds. These funds present a remarkable opportunity to address Croatia's needs in the areas of transport and the environment, not to mention innovation and the modernisation of production.

Eligibility under new programmes

As a full EU member Croatia's regions will be eligible for assistance under the Convergence and Territorial Cooperation objectives.

The pre-accession IPA programmes will automatically be converted into ERDF, ESF and Cohesion Funds. The total financial allocation of these programmes will almost double, as EUR 450 million of ESF, ERDF and Cohesion Funds will be added to the EUR 537 million of former IPA funds.

The absorption period for the EUR 450 million new funds will be remarkably short – just 3.5 years. In view of this, the national authorities and the European Commission have agreed to reinforce the management structures and focus on the same sectoral priorities, and to prepare a 'pipeline' of mature projects.

Future 2014-2020 programmes

In parallel to the preparation and implementation of these first Cohesion programmes, Croatia is currently preparing its Partnership Agreement, setting out the framework for the 2014-2020 European Structural and Investment Funds.

Some EUR 8 000 million is being proposed for Cohesion programmes in Croatia by the MFF 2014-2020 draft. This represents a major share of future investment in the country.

Considerable efforts have already been made by the Croatian authorities to adapt sectoral strategies and the programming of public financial resources in line with the Europe 2020 targets.

LEFT TO RIGHT:
Branko Grčić, Croatian Deputy Prime Minister and Minister for Regional Development and EU Funds, meeting Johannes Hahn, European Commissioner for Regional Policy, on a visit to Zagreb.

Intense consultations are taking place throughout the country to decide on funding priorities and identify appropriate projects for the country.

In its January 2013 position paper, the European Commission suggested that the cohesion support be invested in the development of competitiveness through vigorous support to SMEs and research and innovation. It also calls for programmes to adapt the employment and labour market systems, to best exploit natural resources, enhance public administration efficiency and strengthen social dialogue.

The experience in the most recent Member States has shown that the European Structural and Investment funds can play a key role in their economic growth. It is expected that these funds will provide a stable and valuable support to the competitiveness and well-being in Croatia and strengthen the partnership with the European south-eastern region, the Central Europe region and all Member States.

▸FIND OUT MORE
Representation of the European Commission in Croatia:
http://ec.europa.eu/croatia/index_hr.htm

WEATHERING THE CRISIS WITH COHESION POLICY SUPPORT

On 18 April the European Commission presented a report on how cohesion policy is working in Member States in this period of crisis. In a nutshell the key messages are that there is clear and growing evidence of programmes delivering across many policy priorities and Member States. Cohesion policy programmes have shown that they have the flexibility to respond to the crisis but there is much still to be delivered and there are risks in some strategic areas. The Commission is willing to consider further reprogramming and reductions in national co-financing where justified and where targeted on growth and jobs. There are important lessons to be drawn from the current programmes. Evaluation and the use of indicators need to be strengthened in order to support programming for the future.

The 'Strategic Report' on the implementation of 2007-2013 cohesion policy programmes pulls together available data, mostly from end-2011, from all 27 Member States and the cooperation programmes (1). This is a major coordination exercise across the 434 programmes, 273 regions and 27 Member States covering the three funds – the European Regional Development Fund, the European Social Fund and the Cohesion Fund. Through these Funds EU cohesion policy is investing EUR 347 billion or 35 % of the total EU budget in 2007-2013.

The Strategic Report obligation applies to the Commission and the 27 Member States, which were asked to deliver their national reports by end 2012 and account for their role in managing this very large budget.

Effects of the crisis and response

From the National Reports it emerges that the economic and financial crisis has had effects everywhere, but the timing and severity of the effects have varied. The role that cohesion policy assumes in Member States' national development strategies also varies.

In general, the more developed Member States have relied on cohesion policy to support medium and long investments in innovation, SMEs and labour markets. They have reported some changes in investment needs but have chosen mainly national programmes to address punctual shocks linked to the recession. Reprogramming has been limited in these countries as the original strategic objectives are viewed as still valid.

The less developed Member States and those still benefitting from 'convergence' support have widely recognised the importance of cohesion policy in supporting public investment. However, this is not an homogeneous group. A small number of them have weathered the recession and are back on a growth path. Others have needed 'programme' support in order to re-establish macroeconomic stability – Ireland, Greece, Latvia, Portugal, Romania. In these latter countries the Commission reacted to the exceptional economic climate by significant reprogramming and reducing national co-financing to address the twin challenges of changing socio-economic needs and reduced capacity for co-financing by national authorities.

(1) European Territorial Cooperation – transnational, cross-border and cooperation programmes.

Thanks to EU support, Europe's largest maize processing company Hungrana has slashed its carbon dioxide emissions by investing in a biomass-based steam generating energy system. The project, located in Hungary's Central Trans-Danubian region, was one of several case studies featured in the Strategic Report.

Across the EU-27 some EUR 36 billion has been reassigned to meet changing socio-economic needs – 90% of these transfers were adopted in 2011-2012. In parallel, the obligation to provide around EUR 15.5 billion of national public co-financing has been removed from programmes in some Member States in order to speed investment of EU resources.

Still, in many Member States the specific challenges in managing the programmes have included: decline in demand for measures supporting innovation in SMEs and for ICT; difficulties in raising matching co-financing amongst beneficiaries leading to smaller projects in many areas; and, longer implementation periods.

Contribution to European priorities

Many National Reports relay a clear narrative on the role of cohesion policy in supporting European priorities of smart sustainable and inclusive growth. This message comes across clearly in relation to ESF support for both labour market and human capital investments and reforms. ▸▸

THE EU STRATEGIC REPORT
THE TIP OF THE ICEBERG

The Member States National Reports are a major effort to make programme management and implementation more transparent. The 27 Member States have:

- provided over 2000 pages of reports with summaries accompanied by more than 1600 pages of annexes: the average report is 75 pages;
- submitted reports in 22 official languages of the EU, often with English translations of the full report or of a summary;
- identified nearly 270 examples of good practices in the areas of smart, sustainable and inclusive growth;
- six Member States presented their reports in early 2013 to their peers and their presentations are available on line.

Each National Report provides an in-depth view on the economic and national institutional specificities and more detail on the progress towards the programme objectives. The Commission has gathered the 27 national reports on line and used the contents to prepare its Synthesis Report.

There are also many examples of how the ERDF supports research and innovation, addressed access to finance for SMEs but also supports energy efficiency programmes and sustainable development more widely.

Anecdotal evidence of the role of EU funding is also provided in the project examples while the data from core indicators and beneficiaries provides for the first time some aggregate evidence on achievements.

With four more years of data until the programmes finish in 2015, investments under the European Regional Development Fund, Cohesion Fund and European Social Fund have already led to progress and improvement for many citizens. But, in view of the volume of investments and lags in completing projects, much more is still expected. Also, those programmes not using the voluntary core indicators when they are relevant will have another chance in the 2012 annual reports to better reflect their results.

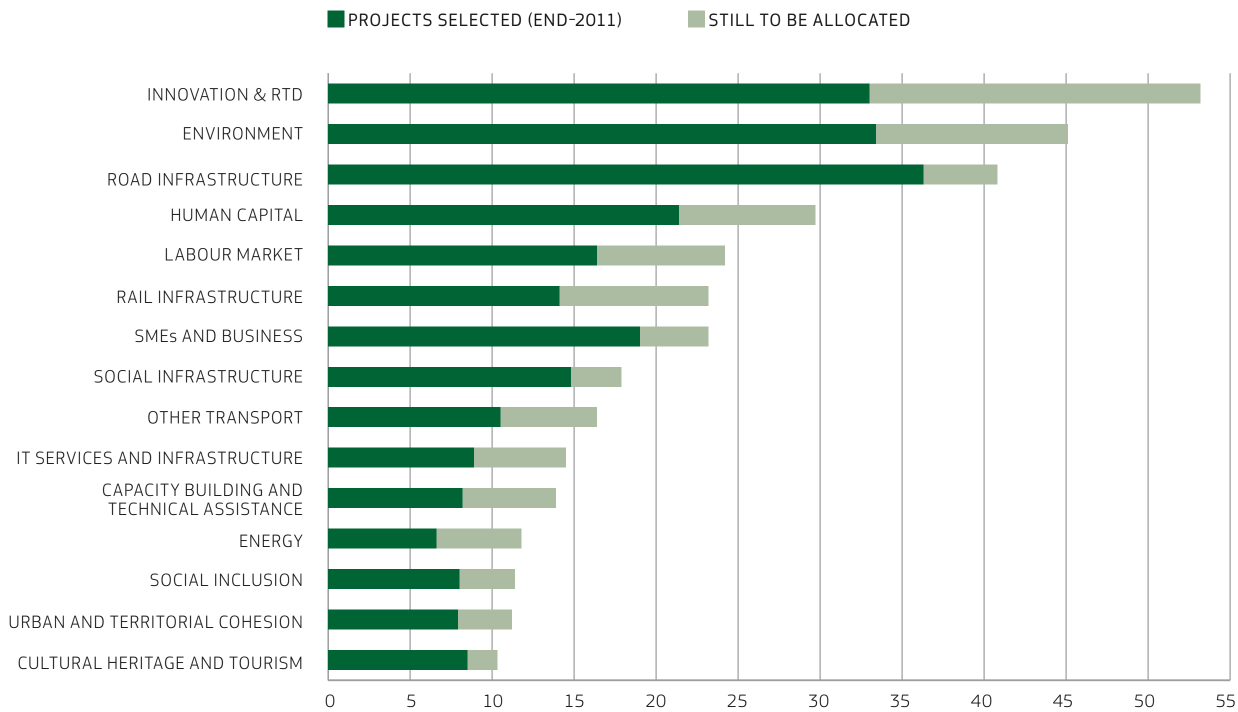
DELIVERING RESULTS

The stand out 'big numbers' derived from the National Reports on activity and outputs so far include the following:

- Innovation and small business are receiving a boost from ERDF investments:
  - **53 240 RTD** projects supported;
  - **16 000 business-research projects** received investment;
  - **53 160 start-ups** have been supported.
- Under the ERDF **almost 400 000 jobs were created** (half of these in 2010-2011) including 15 600 research jobs and 167 000 jobs in SMEs.
- **1.9 million additional** people are now served by **broadband** networks funded by the ERDF.
- **2.6 million** more people have access to EU standard water supply and **5.7 million** more are served by waste water treatment (mainly Cohesion Fund supported).
- **460 km of TEN-T roads and 334 km of TEN-T rail have been completed** in addition to other road and rail projects (mainly CF).
- **2.4 million people** assisted by the European Social Fund found a new job within 6 months of support (from EC evaluation study).
- Under the ESF the number of people supported annually – under all policy objectives – rose from **10 million annually before 2010 to some 15 million each year since**.

These figures are mostly based on completed projects in the period 2007-2011 (five Member States provided data up to June 2012). More details by Member States are published in the staff working document and the 13 thematic factsheets available online.

Overview of EU funding by objectives – projects selected and funds still to be allocated (2007-2011)



Measuring progress

This Report is the first opportunity, during a programming period, to assess interim progress in delivering outputs and results. Such data was never before available to the Commission in a way that could be analysed and presented.

Looking across the data on outputs, spending and project selection we have a clearer – though still imperfect – picture on progress in delivery. Rates of project selection and spending are not following identical patterns across the different Member States. Some programmes have selected all projects but have low rates of spending. Others have still to select a volume of projects but show high rates of expenditure.

While identical patterns should not be expected (the mix of investments, selection criteria and institutional capacity differs) it does point to a need for caution. Project selection alone is not a guarantee of financial implementation or of delivering the right outputs and results which will lead to growth and jobs.

In the Report the Commission identifies the investment areas where action must be taken to speed up the selection and execution of projects co-financed in 2007-2013 in order to meet the objectives set. In particular there are apparent delays in different groups of Member States in key strategic sectors, such as research and innovation, ICT investments, rail, renewable energy and capacity building. In some cases slow progress in certain themes is accompanied by rapid progress in others. This suggests that, without correction, the original strategies and objectives will not be respected.

‘This report provides an invaluable snapshot of a policy that is delivering across most of the EU’s priorities and investing in growth when it is most desperately needed. We are providing support to new innovative business and creating good sustainable jobs for the future, giving remote regions broadband, tackling the brain drain, and building vital transport links that contribute to regions’ competitiveness. The policy has also shown itself capable of great flexibility, responding to the crisis and adapting to the changing needs of people and their communities.

But we also have lessons to learn: results are sometimes patchy and Member States need to speed up their efforts to use the EU resources. As we look ahead to the new programming period, we expect Member States and regions to focus the policy even more on results and priorities that will have the greatest impact.’

Johannes Hahn – Member of the European Commission in charge of Regional Policy

Room for improvement

In its conclusions the Commission emphasised two main messages.

The Member States must focus clearly on the delivery of the current programmes. Too much is at stake. More than 50% of the available funds have still to be claimed based on investment activity in the real economy. The Commission will work with Member States and consider reprogramming where that will help to contribute to growth and jobs.

The Report also underlines the relevance of the profound reforms currently being negotiated between the European Parliament and EU governments for cohesion policy from 2014-2020, including a more strategic concentration of resources on key priorities and more focus on results and evaluation.

The synthesis report summarised in the following article provided additional independent analytical material in support of the Commission analysis of the National strategic reports.

The Strategic Report will now be the subject of debate with the relevant EU institutions.

▸FIND OUT MORE
http://ec.europa.eu/regional_policy/how/policy/strategic_report_en.cfm

EU cohesion policy has helped bring superfast fibre optic broadband to The Lizard, the United Kingdom's most southerly point. The ERDF-funded Superfast Cornwall project was one of several successful project case studies featured in the EU's 'Strategic Report' on the implementation of 2007-2013 cohesion policy programmes (see also article on pp. 10-13).

AN INDEPENDENT VIEW ON COHESION POLICY PROGRESS, 2007-2011

Informed and evidence-based decisions should be at the heart of every policy making process. For this reason the Commission is welcoming the Expert Evaluation Network's latest report on the performance of cohesion policy across all 27 Member States.

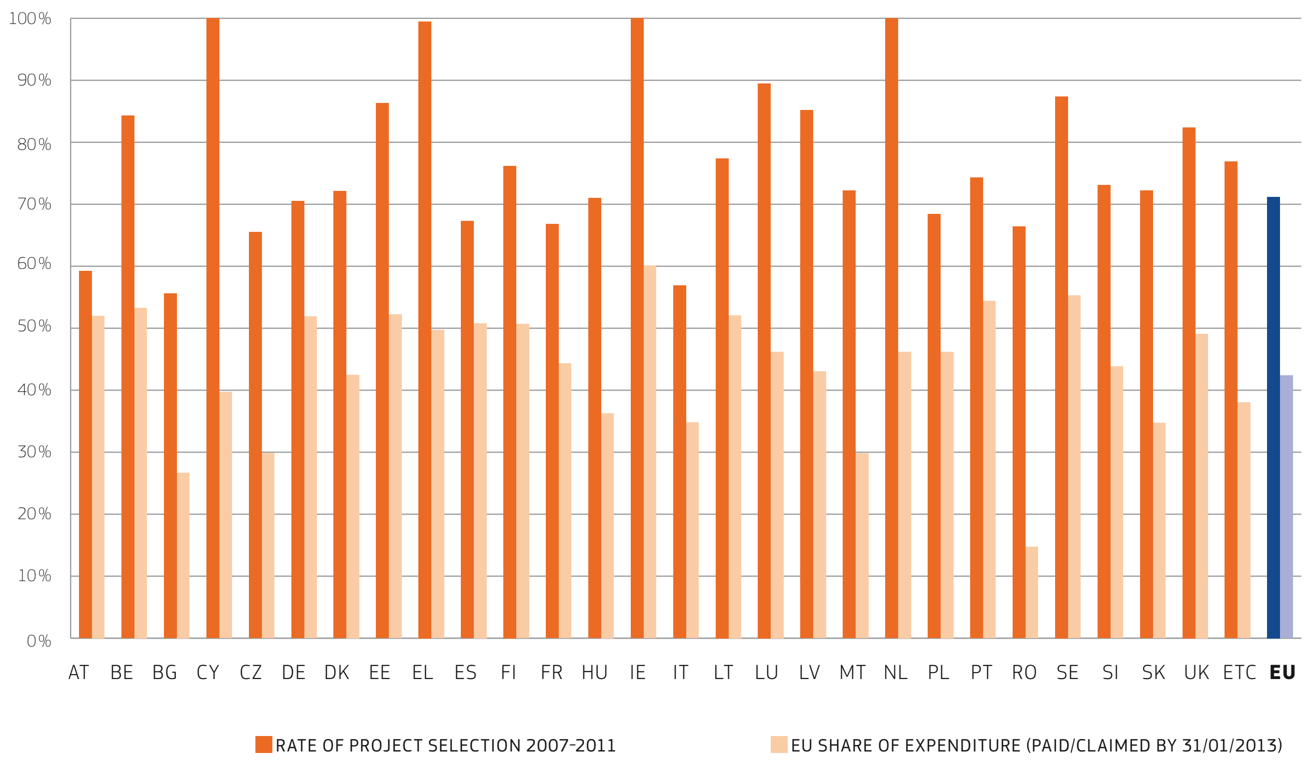
Every year a group of independent evaluation experts is called on to examine the achievements reported by every Member State in the implementation of the programmes co-financed by the ERDF (European Regional Development Fund) and Cohesion Fund. This Synthesis Report is an update of the report produced at the beginning of 2012 and summarises developments during the 2007-2013 programmes up to the end of 2011.

FIND OUT MORE

Expert evaluation network 2012
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/expert_innovation/2012_evalnet_fei_synthesis_final.pdf

Financial Engineering Instruments
http://ec.europa.eu/regional_policy/archive/funds/2007/jjj/doc/pdf/cocof_guidance_note3_en.pdf

ALL EU FUNDS – PROJECT SELECTION (2007-2011) COMPARED TO PAYMENTS DECLARED (2007-2013)



The Synthesis Report 2012 highlights six main areas:

1 ▸SOCIO-ECONOMIC SITUATION

The Report highlights the critical situation in which the programmes are taking place, underlining the poor economic performance of most European countries (with the exception of the Baltic States, Poland and Slovakia). The forecast for 2013 only envisages a very slight improvement while the state of public finances will remain weak, influenced by austerity programmes implemented in many countries. This scenario is likely to be an obstacle to the pace of expenditure planned over the remaining period.

2 ▸THE SCALE OF THE FINANCIAL SUPPORT

The ERDF and Cohesion Fund together amount to EUR 270 billion for the 2007-2013 period, representing an average of 0.3% of EU GDP a year but over a third (37.7%) of government capital expenditure yearly for EU-12 countries. These figures demonstrate the critical importance of EU funding to development expenditure for EU-12 [1] countries. However, the Report shows that less than half of the total funds available have been claimed by Member States. This calls into question the ability of some Member States to absorb the amount available in the next three years and the report warns of the risk of possible loss of resources by some countries [2]. In response to the difficulties experienced by some Member States, the EU has approved reductions in the level of national co-financing while maintaining at a stable level the amount of EU funding provided.

(1) EU-12 countries: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovenia and Slovakia.
(2) Bulgaria, Italy and Romania.

3 ▸ CHANGING COMPOSITION OF INVESTMENTS

The Report observes a notable shift in the distribution of funding, amounting to some 10 % of the total funding available. This change has to be seen in light of the deterioration in the economic situation of most Member States. The Report points out a tendency to reprogramme funding from measures such as enterprise support and areas with limited co-financing capacity (e.g. local authorities), to measures less affected by the crisis. As a result, in the EU-12 Member States the majority of the funding is allocated to investment in transport networks and environmental infrastructure, while in the EU-15 (3) countries there has been a tendency towards RTD (research and technological development) infrastructure and innovation, and business investment, as well as towards environmental infrastructure. As a measure to help SMEs ride out the credit crunch, programmes have implemented Financial Engineering Instruments (FEIs): repayable investment directed to enterprises.

4 ▸ FINANCIAL PROGRESS IN IMPLEMENTING COHESION POLICY PROGRAMMES

The Report identifies payments made to Member States as the most reliable source of data available to provide information on the pace of programme implementation. Compared to the previous programming period, 2000-2006, the Synthesis Report records a marked delay in ERDF expenditure for the EU-15: while payments in the current programming period amounted to 46 % of the budget agreed, the payments at the same stage of the preceding period were 10 % higher, meaning a reduction of EUR 10.8 billion in absolute terms. The rate of payments was faster in EU-12 Member States (49 %) than EU-15 Member States (45 %), despite the shorter experience of the former in managing Structural Funds. The Report also recognises that the slow start of the programmes at the beginning of the programming period was the main reason for the delay. Nevertheless, adverse economic conditions, problems in public procurement, and administrative delays have further slowed down the subsequent implementation.

5 ▸ ACHIEVEMENTS

The Report notes that the rate of completion of projects increased significantly in 2011. However, assessment of the outcomes and achievements of the programmes is difficult because of two factors: the limited number of schemes completed, which reduces the evidence of tangible outcomes; and the deficiency of the information reported in the Annual Implementation Reports. Some conclusions can be drawn: programmes in Competitiveness Regions are at a more advanced stage of implementation compared to the programmes in Convergence regions; job creation (383 000 full time jobs) and business start-ups support (53 000) have achieved a notable increase, thus demonstrating an acceleration in implementation; enterprise support projects have been oriented towards RTD and business start-ups, with 148 500 investment projects implemented by SMEs, 14 700 science-industry research cooperation projects financed and nearly 15 000 R&D related jobs created (4).

6 ▸ EVALUATIONS UNDERTAKEN BY MEMBER STATES

The average number of evaluations has been almost one per programme but with wide variations across Member States. Most of the evaluations (83 %) focused on programme implementation and assessment of procedures, and the use of qualitative methods has prevailed (53 % compared to quantitative methods, 11 %). Evaluations indicate positive results concerning RTD and innovation interventions, especially in terms of networking and cooperation, and also in enterprise support. Similarly, evaluations of local development initiatives found that they promote cooperation between different level of government and increase participation of local authorities. Unfortunately, the Report found that the use of evaluation findings has tended to remain largely informal and disconnected from the policy-making process. Only the Baltic States have established formal procedures to ensure that the monitoring and evaluation system feed in to the policy-making process.

A final report of the expert network on the 2007-2013 period is expected in late 2013. Reports like this will help the Commission to meet the expectation of Council and Parliament to receive annual reports on the achievement of cohesion policy starting in 2014. Evidence is gaining ground for the shaping of cohesion policy.

(3) EU-15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden, UK.

(4) There are some differences in data reported between the European Commission Strategic Report and National Strategic Reports. This is because data in the National Strategy Reports were updated for some Member States.

Total cost:
EUR 12 800 000
EU contribution:
EUR 9 800 000

ZAGREB, CROATIA

ZAGREB CENTRAL STATION

MAJOR UPGRADING AS AN INTERNATIONAL JUNCTION

The capital city of Croatia, Zagreb, is located at an important junction of the Trans European Network (TEN). Croatia is a bridge between the north and the south and its railways link Central Europe via Salzburg, Zagreb and Belgrade, to Thessalonica in Greece (TEN Corridor X). Another TEN corridor links Budapest via Zagreb with the Adriatic port of Rijeka and is one of the most important rail corridors in Croatia.

Due to the age and poor condition of the signalling system on that route – more than 70 years old – the rail speed at Zagreb Central Station has been limited to 30 km/h.

An upgrading project supported by the EU has set out to renovate and upgrade the signalling and interlocking infrastructure within the area of the main railway station of Zagreb. This is a priority before any further track or platform reconstruction work can be undertaken.

The upgrade work helps to ensure the free flow of international rail traffic through Zagreb station. Safety and reliability of the signalling and interlocking equipment is also being improved and maintenance costs reduced. At the same time the permitted train speed will be increased and the capacity of the station developed.

Upon completion, the project will eliminate the severe speed restrictions on the route which causes a major bottle neck for the free flow of international rail traffic through the station. The upgrading will bring immediate benefits to the 50 000 commuters that use the railway in the Croatian capital every day.

The project is helping to improve the line capacity and speed capability while facilitating growth in national and international passenger and freight traffic (46 % of Croatia's rail freight is export oriented).

As part of the upgrade, the interfaces to the existing systems in the neighbouring stations and railway line sections are being modernised and this upgrading will open the way to a series of projects aimed at revamping the railway infrastructure and corridors in Croatia. The work will be completed by the end of 2013.

Commented Zrinka Ivanović Kelemen of Croatian Railways Infrastructure: 'Croatia's rail transport system is an important bridge in the international rail network while also being vital for connecting the country's rich agricultural regions with its large industrial and consumer centres of central Croatia. The important upgrading work at Zagreb station will open to further modernisation across the network which will be of great benefit to the economy of Croatia.'

FIND OUT MORE
www.hzinfra.hr/homepage

POHJOIS-SUOMI, FINLAND

CREATION OF ROKUA GEOPARK PROVIDES A BOOST FOR TOURISM AND LEARNING

The Rokua Geopark in northern Finland is a throwback to the ice age and offers a unique combination of geology, nature, and culture about life in the frozen far north.

Located just 200 km south of the Arctic Circle, the Rokua Geopark is the world's most northerly Geopark and its unusual geology has been attracting an increasing number of visitors from around the world in recent years.

Since 2010 the park has formed part of a global network of 91 Geoparks, half of which are in Europe including one in Iceland and two in Norway. The European Geoparks Network is made up of 54 European territories working together to conserve and enhance their geological heritage through integrated and sustainable development.

What they all have in common is the capacity to share experience and best practice on teaching natural sciences, geological heritage conservation, and the promotion of sustainable geological tourism.

Since the Geopark's creation in 2010, various projects funded through the European Regional Development Fund have been underway to help develop the park's potential to the full. These include projects to boost the Geopark's web presence, branding and marketing. The most recent round of projects, running until the end of 2013, include a project to organise and fine-tune the Geopark's operating model and involves the production of new educational and outreach materials.

Total cost:
EUR 522 350
EU contribution:
EUR 261 175

Rokua Geopark consists of an area of 1 326 km^2, and includes within its territory the smaller Rokua National Park, which was established in 1956. The characteristic features of the Rokua area are the dramatic landforms such as glacial ridges shaped by the ice age. The park is criss-crossed by hiking and skiing trails.

Many visitors come to see park's natural wonders and the information centre includes an exhibition describing the formation of the Geopark area along with presentations on geology, human history, nature and the present day.

'The establishment of the park has provided a significant boost for tourism in the area,' says Vesa Krökki, Project Manager and Executive Director of Rokua Geopark. 'Although the park has been popular for some time, it is now being visited in larger numbers by people from around the globe, in addition to the traditional visitors from Finland, Germany and Sweden.'

FIND OUT MORE
www.rokuageopark.fi

SPODNJEPOSAVSKA, SLOVENIA

ENERGY EFFICIENCY MAKE-OVER FOR SLOVENIAN HOSPITAL

Total cost:
EUR 2 041 000
EU contribution:
EUR 1 183 000

The general hospital in Brežice, a city in eastern Slovenia, is one of the oldest in the country dating back to 1872. With 300 employees and more than 150 beds it provides a full range of medical services for a regional community of more than 70 000 people and, as part of its government's anti-crisis programme, has undergone a far-reaching cost-cutting programme focused on energy efficiency.

With support from the EU's Cohesion Fund the six main buildings in the hospital complex have undergone extensive energy savings renovations.

As part of the EUR 2 million programme of improvements, ceilings, facades, walls and floors have been thermally insulated and roofs upgraded. All the doors and windows have been replaced and energy-saving light bulbs have been fitted everywhere.

A new air-conditioning system to provide cooling and ventilation in the operating theatres has been installed and hot water is now provided through solar heating.

Part of the hospital's energy supply has been switched to renewable energy sources, notably solar energy alongside heat pumps which have been installed to extract energy from groundwater.

The programme of energy upgrades together with earlier work such as the replacement of the boiler (2006) and the renovation of the kitchen (2008) has had a notable impact. The renovations have resulted in a 41 % reduction in total consumption of energy compared to 2005. Total energy costs have decreased by 14 % and now represent just 1.44 % of the hospital's total operating cost.

In addition, the hospital has reduced CO_2 emissions by 27 % and water consumption has fallen by 11 %.

Alongside lower energy consumption the hospital now also has a more reliable energy supply to ensure uninterrupted operation and has minimised the negative impacts on the environment.

A central energy control system has been introduced to enable the hospital to have a continuous overview of energy use and performance.

'The investment in energy savings measures and renewable energy sources has transformed our hospital complex into a fully "green" institution and reduced operating costs considerably,' commented Drazen Levojevic of the Brežice General Hospital.

FIND OUT MORE
www.sb-brezice.si

NEWS
[IN BRIEF]

CONNECTING VIA THE **YAMMER NETWORK**

Have you ever wished that there was a more efficient way of working with your partners than long meetings or endless email exchanges? Could you do your job better if you were able to share experiences with people who face similar challenges?

RegioNetwork is an online community for professionals working on EU regional and urban policy. Participation is free and provides access to a wide range of features designed to support you in your work:

- use groups to collaborate and work towards specific objectives;
- easily search and filter information and conversations that are relevant to you;
- share your achievements and connect with other professionals who share similar interests;
- test different opinions or options by organising a poll.

Examples of professionals from the EU regional and urban policy community that are already using RegioNetwork include the communication officers from the Managing Authorities, as well as the evaluators who assess the impact of the operational programmes.

Go ahead and join RegioNetwork today!

FIND OUT MORE
https://www.yammer.com/regionetwork

EUROPE IN MY REGION PHOTO COMPETITION

We want to hear – and see! – how EU investments are being used where you are and celebrate projects that are making a real difference to local communities.

To enter, all you need to do is take a photo of a project receiving EU funding that you know or have seen, with the plaque or billboard with funding information and the EU flag somewhere in the picture.

Then share your photos here for a chance to win EUR 1 000 to spend on digital camera equipment and a trip for two to Brussels in October 2013. The deadline to submit your entry is 23 August 2013, noon Central European Time.

In this year's Europe in my Region photo competition we will not only accept photos of projects co-financed by the ERDF or Cohesion Fund but also from other EU funds, if the photo provides evidence of the EU co-funding.

Did you know that thousands of projects across Europe receive regional funding from the EU each year? They could be anything from improved public transport to greener energy use or a support programme for small businesses. Find out more about the EU's Regional policy and other EU funds.

FIND OUT MORE
https://www.facebook.com/pages/Europe-in-my-Region-Community/243923382392812?sk=app_386310531430573

Máire Geoghegan-Quinn, European Commissioner for Research, Innovation and Science, speaking at the Week of Innovative Regions Europe event in Cork, Ireland.

WEEK OF **INNOVATIVE REGIONS EUROPE**

The 4th Week of Innovative Regions Europe (WIRE) took place at University College Cork, in Cork, Ireland on 5-7 June. Co-organised by Enterprise Ireland and the European Commission and supported by FP7, the 7th Framework Programme for Research and Technological Development, the event focused on regions and their leading role in the economy. The high-profile conference was launched under the auspices of the Irish Presidency of the Council of the European Union and it brought together 500 delegates from 20 countries to focus on the regional aspects of the EU's Framework Programme for Research and Innovation, Horizon 2020.

As a highlight of the event, European Commissioner for Research, Innovation and Science Máire Geoghegan-Quinn announced the 9 winners of the European Prize for Innovation in Public Administration, celebrating the most innovative, forward-looking public initiatives. The winners come from Croatia, Spain, Portugal, Slovakia, Sweden, Finland, the UK and the Netherlands. 'These initiatives prove that innovation is not just happening in the world of business and that the public sector, which accounts on average for half of EU gross domestic product, is also embracing change,' said the Commissioner.

▸FIND OUT MORE
http://wire2013.eu/

2ND EDITION OF **EUROPEAN COOPERATION DAY**: BE PART OF IT!

Last year the European Cooperation Day campaign reached out to thousands of Europeans who participated in one of the 281 local events taking place in 36 countries. With such a success, the campaign will be repeated this year. Coordinated by the INTERACT programme and supported by the European Commission, the European Parliament and the Committee of the Regions, all cooperation programmes are invited to participate in celebrating people working together across borders. Through the local events, programmes will showcase the best project results of the current programming period in a fun and accessible way that allows everyday citizens to engage in territorial cooperation. This year we can expect European film festivals, university contests, music performances, food tastings and much more! The main day of the campaign will be 21 September 2013, but events will also take place throughout the whole month of September. If you want to be part of it, follow the campaign on Facebook, Twitter or the dedicated campaign website.

▸FIND OUT MORE
www.ecday.eu

OPEN DAYS 2013

EUROPE'S REGIONS AND CITIES TAKING OFF FOR 2020

OPEN DAYS, the successful annual forum jointly organised by the Directorate General for Regional and Urban Policy and the Committee of the Regions, will be held this year from 7 to 10 October, under the slogan 'Europe's regions and cities taking off for 2020'.


Each October, OPEN DAYS welcomes some 6000 participants to more than 100 workshops, debates, exhibitions, and networking events.

A shift of priorities, a shift of themes

During 2014-2020, cohesion policy will have to tackle the challenges of the current economic situation and to meet the priorities of the Europe 2020 strategy. It will have to capitalise on the strengths of the EU's regions and cities to a greater extent and target its investment to growth-enhancing projects in a sustainable manner. In order to reflect the need for such a change and the momentum before the start of the new programming period, OPEN DAYS 2013 will be organised around the following three themes:

- Managing change 2014-2020;
- Synergies and cooperation;
- Challenges and solutions.

Workshops/debates: organisers and content

One hundred workshops/debates and two associated events will be organised in Brussels by the Commission, the Committee of the Regions, 200 regions regrouped in 25 regional partnerships and other partners. In addition, some *400 local events* are expected to be launched between September and November all over Europe.

- **Managing change 2014-2020:** Sessions addressing this issue will mainly be organised by Commission experts and will be devoted to the new features of the 2014-2020 programming period, such as the *performance framework* or *Joint Action Plans.*
- **Synergies and cooperation:** Workshops/debates will seek ways for ensuring synergies between different EU, national and regional policies and funds.
- **Challenges and solutions:** The most popular of the three themes, these sessions will exchange ideas on practical solutions to common regional and urban challenges, such as *youth unemployment, demographic change, and mobility.*

Special associated events related to the third theme will go beyond the borders of the EU and will focus on regional policy co-operation between the EU and global economies, namely the 'VIII EU-China High-level Seminar on regional policy co-operation' and 'EU-Japan programme exchange on sustainable urban development'.

OPEN DAYS University and the Master Class Programme

The OPEN DAYS University, organised by the Commission and the Regional Studies Association, presents new research on regional and urban development. It enables academics and practitioners to exchange views and test new academic concepts. Eight University workshops will centre around the

third thematic priority which will be devoted to topics such as urban issues, governance, and innovation policies.

One of the highlights of OPEN DAYS 2013 will be the *Master Class Programme,* launched for the first time. This will bring together up to 75 students and early career researchers in the field of regional policy from both the EU and non-EU countries. A specific programme with renowned academics will be prepared for them. The opening session outlining the rationale and outcome of the policy's recent reform as well as its future after 2020 will be open for registrations to all OPEN DAYS participants.

'100 EUrban solutions' exhibition

An exhibition entitled '100 EUrban solutions' is being planned, which will comprise displays inside the Committee of the Regions and numerous regional partners' offices, as well as an outdoor section linking them, organised by the Directorate General for Regional and Urban Policy. The exhibition will showcase inspiring urban development projects from all over the EU. Information on the exhibition may be found on the dedicated exhibition website to be launched by mid-2013.

PRACTICAL INFORMATION

OPENING OF THE ON-LINE REGISTRATION
8 July 2013

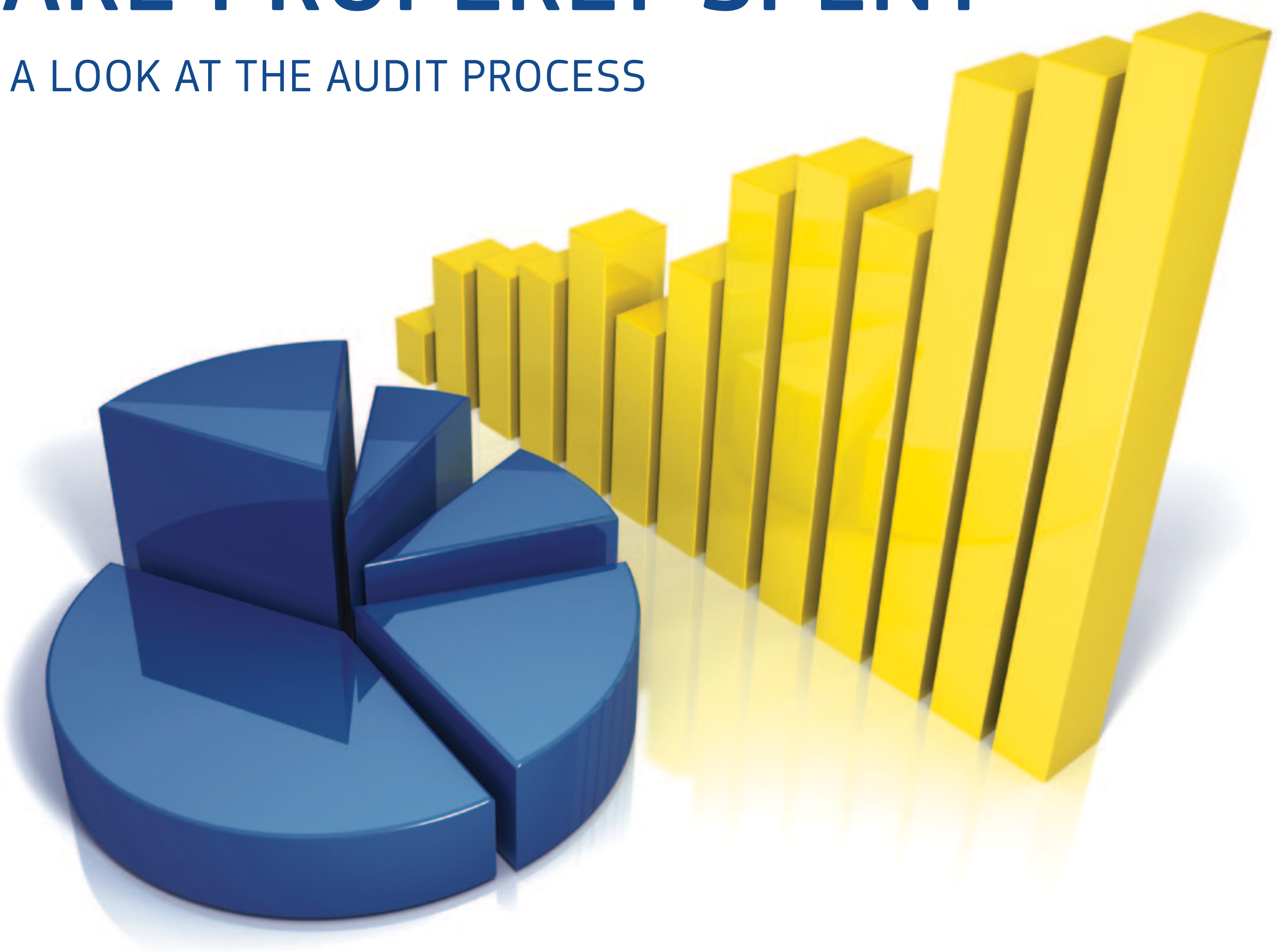
CONTACT
European Commission – **regio-opendays@ec.europa.eu**
Committee of the Regions – **opendays@cor.europa.eu**

FOLLOW US ON SOCIAL MEDIA
On Twitter, follow **@EU_Regional** and **@EU_CoR**
with the hashtag **#euopendays**
Flickr: **http://www.flickr.com/photos/opendays/**

▸FIND OUT MORE
OPEN DAYS 2013 website:
www.opendays.europa.eu
Regional Studies Association:
http://www.regionalstudies.org/news/article/open-days-2013

ENSURING EU FUNDS ARE PROPERLY SPENT

A LOOK AT THE AUDIT PROCESS



Cohesion policy accounts for approximately one third of the EU budget – some EUR 350 billion in the 2007-2013 period. Out of this amount, regional policy is the largest Fund provider. To ensure this funding is properly spent, the European Commission and national authorities have a joint auditing process which in recent years has been achieving significant results.

One of the key factors in the success of cohesion policy is its decentralised approach and reliance on project management at the regional and local level where it can be most effective.

While this approach is important in helping Member States deliver EU support effectively and reduce disparities in regional and social development, it increases the number of bodies involved and makes the control chain longer. As a consequence, effective control systems have to be put in place and constantly monitored.

Overseeing the spending programmes and ensuring that this money is properly spent in compliance with the rules are the audit teams primarily at national level but also at EU and national level.

Shared responsibility

Cohesion policy spending is managed in partnership between the Commission and the 27 Member States, under a system called 'shared management'. The management and control of the proper use of the money is shared between the two parties.

An essential element of cohesion policy funding is that it is decentralised, with the Member States and the regions taking the lead role in deciding how the money should be used and bearing the responsibility for managing it properly.

PROCUREMENT AND ELIGIBILITY – CALCULATING THE ERRORS IN ERDF AND COHESION FUND PROGRAMMES

An error is any breach of rules in using the cohesion policy funds. But an error does not mean that funds have disappeared, been lost or wasted. An error does not mean fraud.

While errors are in essence unintentional mistakes, fraud implies intentional deception. Only a marginal percentage (0.26% for 2000-2006) of cohesion policy funds has been subject to fraud suspisions.

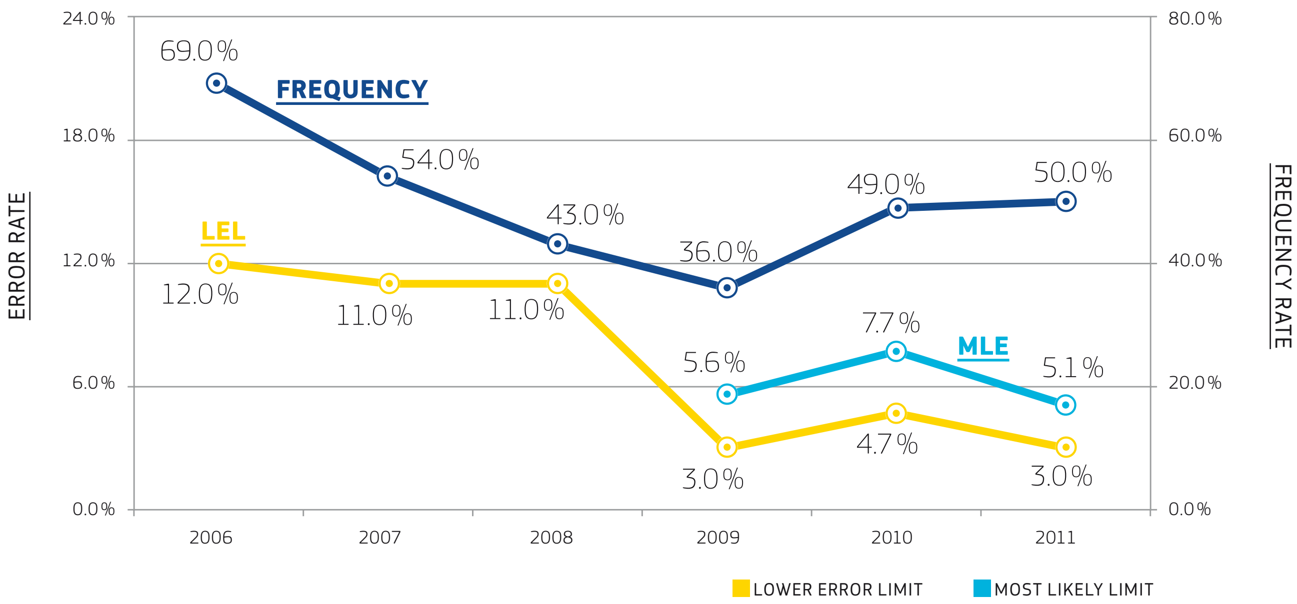
Regarding the ERDF and Cohesion Fund, errors are mostly found in the areas of public procurement and eligibility. As reported by the European Court of Auditors in its Annual Reports, these types of errors represent:

- public procurement: 44% of quantified errors in 2011 (40% average 2006-2010);
- eligibility: 56% of quantified errors in 2011 (60% average 2006-2010).

Typical errors in spending ERDF and Cohesion Fund relate to:

- in the area of public procurement: the inadequate assessment of bids, the absence of tendering or the use of inappropriate tendering procedures;
- in the area of eligibility: the inappropriate selection of projects or the declaration of ineligible costs, including costs incurred prior to project inclusion in co-funded programmes ('retrospective projects').

Results for cohesion 2006-2011 (ERDF, Cohesion Fund, ESF) as reported by the Court of Auditors



The key to making this partnership efficient is the high level of training and guidance provided by Commission experts to ensure that all involved in the funding programmes properly understand the rules which apply. There also have to be effective controls to detect and correct any irregularities and deter attempted fraud.

Inherent risk

Since the programmes are delivered by numerous organisations and involve a large number of diverse projects, there is an inherent risk of mistakes being made.

The audit and control function is a key part of the funding process to ensure that any errors are detected in a timely way. Where they are found, they are corrected and the EU budget is protected.

Management and control systems have been set up by Member States to ensure compliance with the funding rules and to achieve the policy objectives of the programme concerned.

The Commission has considerably reduced the error rate in 2011 compared to the previous programming period (2006-2008), as reported by the European Court of Auditors (see box), and efforts continue to maintain the good development.

'The Commission is responsible for the implementation of the EU budget. Within the area of the Structural Funds, programmes are implemented under a system of shared management where the Commission has a joint responsibility with Member States for ensuring that EU funding is properly spent.

Some 90 audits are undertaken each year by our team of 50 operational auditors. The support we provide to national audit teams in training and advice is, we believe, greatly appreciated.

As highlighted by ECA during the Homologues Group meeting last year in Vilnius where all Audit Authorities were present, the feedback from the Audit Authorities indicated the positive and collaborative relationship we have developed with our colleagues in Member States to jointly ensure that taxpayers' money is properly and efficiently used.'

Lena Andersson Pench – Audit Director, Directorate-General Regional and Urban Policy, European Commission

This has been possible so far thanks to the close cooperation and coordination with audit authorities to ensure the timely detection and solution of problems already at national level, to actions towards the most risky programmes and/or Member States, and to a strict Commission approach to the systematic use of interruptions and suspensions, and towards financial corrections when necessary.

Reducing the error rate to zero is probably an unrealistic target or in practice too costly in administrative terms to attempt. However, the Commission has a 'zero tolerance' approach as soon as an irregularity is detected.

Audit selection through risk assessment

With 27 national administrations (soon to be 28 with the accession of Croatia), hundreds of thousands of projects and many levels of regional and local management, the European Commission's audit team in Brussels has to carefully select where to focus its time and resources and this is decided through a risk assessment process.

This process carried out by each Commission department involved in the Structural Funds identifies the riskiest programmes and regions where resources should be concentrated, taking also account of national audit strategies, capacities and results.

As above illustrated experience has shown that the majority of errors tend to occur in the areas of public procurement and eligibility and these receive special attention.

Limited resources

This selective approach is essential since the Commission has limited audit resources. For the Directorate General for Regional and Urban Policy alone there are 317 Operational Programmes over the 2007-2013 period and the Directorate General has just 50 operational auditors to cover the Structural Funds activity in the area of regional policy. In addition considerable resources are required for dealing with co-ordination, horizontal issues, relations with the European Court of Auditors, legal issues, interruptions/pre-suspensions procedures, and the discharge process.

Audit in action

As the funding programmes are multi-annual (2007-2013), controls and audits take place before, during and after money is spent throughout the period of several years.

The approach of using a selective 'risk based' auditing strategy combined with the training of national audit teams has proven to be efficient and effective.

Between other types of audits, more than 160 on-the-spot audit missions were undertaken by auditors from the Directorate General for Regional and Urban Policy during the years 2009-2012 to verify the reliability of the audit work carried out by the national audit authorities. Working alongside national audit teams also significantly helps develop their understanding, build capacity in the targeted audit authorities and significantly improve the quality of their work, and reliability of their results (see next).

This process in itself also helps reduce errors over the medium term by strengthening competence at national level.

Key actors in the Management and Control System

Any programme Managing Authority at national or regional level is the first level of control and has the key responsibility for making sure that the programme is effectively and correctly implemented.

This Authority has to advise beneficiaries on what they have to do to meet the funding requirements, and put in place internal controls to check that expenditure presented by beneficiaries is in order.

It has the front-line responsibility to monitor the implementation of the programme, check documents such as lists of invoices and reports accompanying payment claims from project promoters, and send the Commission annual reports on performance.

The second core level of control in the Member State is the Certifying Authority, which has to certify to the Commission that the expenditure being declared for reimbursement is accurate and complies with applicable Community and national rules.

The Audit Authority of an operational programme is responsible in particular for ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme; and that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared.

At the next level auditing is undertaken by EU bodies to examine the overall functioning of national control systems. Audits, however, cannot make up for ineffective first-level controls or lack of checking before the certification of expenditure, so the work at national level is critical.

Single audit concept – relying on national audits

Considerable audit resources were devoted by the Directorate General for Regional and Urban Policy between 2009 and 2012 to an audit enquiry assessing the reliability of 41 national audit authorities which are responsible for the audit of more than 96 % of ERDF funding.

Knowing where the national management and control systems are effective, enables the Commission to focus its relatively limited audit resources where it is needed most.

As a result of this assessment, some 51 programmes under the audit responsibility of 15 of these audit authorities were found to meet the required standards and thus be designated as a low audit priority. As a result the Directorate General for Regional and Urban Policy has fully implemented the Single Audit Concept for these programmes in accordance with EC Regulations (Article 73 of (EC) Regulation No 1083/2006).

The decision to rely on the audit opinion provided by the national audit authority does not prevent the Commission carrying out audit work on the spot in the future for these programmes.

The Directorate General's audit process has clearly led to a significant improvement in the work of the audit authorities and hence considerably lowered the control risk of the reviewed audit authorities, as demonstrated by the reduced error rates.

Furthermore, these audit recommendations have required some audit authorities to better cover specific known risk areas such as, for example, public procurement, financial instruments, and State aid.

The Commission has provided the audit authorities with specific guidelines such as thematic checklists or audit frameworks (systems audits, financial instruments), which will help harmonise the audit methods used in these high risk areas.

Sharing internal audit resources

To make best use of the Commission's own audit resources, the expertise and experience gained in other funding areas such as employment and fisheries (Directorate Generals for Employment, Social Affairs and Inclusion, and Maritime Affairs and Fisheries), is being pooled through closer cooperation. ▸▸

EXAMPLES OF THE TYPE OF FRAUD CASES WHICH HAVE BEEN ENCOUNTERED IN THE STRUCTURAL FUNDS

- **'False declaration or false documents' – false or falsified documents or absence of supporting documents'.**
- **'Double funding' – intentional charging of expenditure simultaneously from two funds.**
- **Conflict of interest – an undisclosed financial interest in an operation or contract.**
- **Infringement of public procurement rules – projects knowingly awarded without adhering to EU and national rules.**
- **Action not implemented, or not completed, or not carried out in accordance with the rules.**

The objective is to increase synergies between audit teams by sharing risk assessment, audit plans and resources. This will result in shared audit work in selected areas.

Taking action – the 'Interruptions Committee'

Where problems are found, the Commission has a progressive 'cascade' of actions it can take to protect EU funds. These range from warning letters to suspension of payments, imposing financial corrections where necessary.

These are monitored on a weekly basis by the internal 'Interruptions Committee' on matters relating to the Directorate General for Regional and Urban Policy. It is able to act rapidly and consistently in all cases, regardless of whether the problem was identified by the Commission or Member State auditors.

It monitors on-going cases, addresses problematic cases, and ensures the timely adoption of decisions. It affords equal treatment of Member States.

In 2012, 136 programmes were affected by the Committee's rulings, with 189 warnings or interruptions of payments issued for these programmes. 66 pre-suspension letters were issued, meaning programmes were one step away from a formal suspension decision. Out of these 189 warnings or interruptions, 119 cases were resolved before the end of the year. 2 suspension decisions have been adopted in 2012.

As indicated previously, the firm line taken in terms of interruptions is a key factor in reducing the regional policy error rate.

New Member States

It is important to provide new Member States with the skills and capacity to properly implement spending and auditing activities. This is where capacity building is required and, as in the case of the forthcoming accession of Croatia, the Commission has been working closely with national audit teams to make them fully familiar with the processes.

2014-2020 – an improved delivery system

During the 2014-2020 programming period the Commission wishes to reduce the number of authorities involved. It is proposed that Member States bear even greater responsibility and accountability for the proper use of financing.

The Commission will continue to rely on the audits of the better performing national authorities and concentrate its own audit operations on the weaker ones.

Where problems are found the Commission will continue to interrupt and correct payments, where necessary, and hold on to 10% of interim payments until suitable assurance is obtained through the yearly acceptance of programme accounts.

In addition, electronic data management at all levels will cut the administrative burden for beneficiaries and help decrease the number of mistakes, as should the wider use of simplified costs.

Fraud Prevention in cohesion policy

It is essential that managing authorities adequately manage any fraud risks through risk assessments, and through prevention, detection and corrective measures.

Clearly fraud is by its nature secretive and hidden, and may go undetected or unreported. In relation to total spending its impact is small and the ever-increasing efficiency of control and monitoring measures is keeping it in check. The Commission encourages Member States to have a zero tolerance to fraud.

Under current provisions, Member States are required to report cases of irregularities involving more than EUR 10 000 of EU funding at quarterly intervals to the European anti-fraud office, OLAF, and to indicate suspicions of fraudulent cases.

Once a year Member States also have to provide the Commission with aggregate figures on all corrections made in the previous year, including those below the threshold for reporting to OLAF.

Fraud indicators

A set of 'red flags' – or fraud indicators – has been drawn up by the Commission, which highlights situations where there is a risk of irregularities or suspect fraud. There are around 20 types of common and recurring fraud schemes listed. These relate to the contract and public procurement process, labour charges and consultancy services.

This can involve, for example, splitting a purchase into segments to avoid the obligatory thresholds for competitive bidding. Another red flag could be the contracting employee who has a side-interest in an operation being co-funded which can lead to a conflict of interest.

Risk assessment

Based on risk assessments OLAF has developed a fraud risk assessment methodology. This assessment enabled national authorities and OLAF to identify several suspected cases of fraud and to open investigations.

Supporting Member States in their fraud prevention and detection efforts

On a voluntary basis, the Commission will offer a specific data mining tool it has designed, called ARACHNE, to managing authorities starting from 2013, in order to identify projects which might be susceptible to fraud risks. ARACHNE is a risk scoring tool which can increase the efficiency of project selection, management verifications and further strengthen both fraud prevention and detection. The tool will be gradually rolled out in 2013.

Joint Anti-Fraud Strategy

The operations of Commission services for regional policy, employment and fisheries (Directorate Generals for Regional and Urban Policy, Employment, Social Affairs and Inclusion, and Maritime Affairs and Fisheries), have an important role to play in protecting the EU against possible fraud and have set up a Joint Anti-Fraud Strategy.

This Strategy focuses on fraud prevention but also addresses other aspects in a holistic approach that is necessary for fighting fraud successfully. The Strategy involves the pooling of all their resources and an action plan with operational measures.

The strategic objective of the joint plan is to reinforce fraud risk assessment and fraud awareness while providing guidance and support to Member States.

The combination of this analysis, with OLAF's own operational experience, results in valuable information that helps the authorities responsible for management of the EU Funds prevent and detect fraud.

It recognises that the high profile investigation of potential fraud acts as a deterrent to fraudsters. And denying fraudsters the opportunity to commit fraud is the most cost-effective way to diminish the impact of fraud on society.

▸FIND OUT MORE
Available in 22 languages
http://ec.europa.eu/regional_policy/sources/docgener/presenta/audit2009/audit2009_en.pdf

Development at Frankfurt airport, Germany.

A BALANCING ACT

STATE AID CONTROL AND REGIONAL POLICY

EU State aid rules are currently undergoing a substantial review process. By the end of 2013 almost all State aid regulations, guidelines and frameworks will be replaced by new rules incorporating common compatibility criteria. This State aid modernisation process offers the opportunity to further align State aid rules and cohesion policy and to simplify the rules. The new laws have to strike the right balance between the Europe 2020 strategy for growth and employment, and the need for limiting distortions of competition.

Co-financed projects are subject to State aid rules

It is a key feature of EU regional policy that Member States and/or regional authorities select the funding projects that promote social and economic cohesion in their territories. Since EU financing is made available to Member States under shared management, it is treated, for State aid purposes, like national resources. As a consequence, co-financed projects have to comply with State aid rules.

When designing programmes and projects, Member States have to keep in mind that implementation is subject to State aid rules.

Aims of State aid modernisation

Against the background of the Europe 2020 agenda for jobs and growth, the objective of the on-going State aid modernisation process is to promote well-designed aid targeted at market failures and objectives of common European interest, to focus enforcement on cases with the biggest impact on the internal market, to streamline State aid rules, and to have a faster decision making process.

To this end, it is intended to implement 'common principles' on State aid compatibility in all State aid regulations, guidelines and frameworks. The common principles include checks to ensure that:

- aid is targeted at a common objective;
- a proven market failure exists;
- the aid has a real incentive effect;
- is limited to what is necessary; and
- the most appropriate aid instrument is chosen.

The review of the Regional Aid Guidelines

All areas of State aid law are relevant for the implementation of regional policy. It is however beyond doubt that the

Regional Aid Guidelines are of particular importance since they lay down the rules under which State aid to promote economic development of disadvantaged areas is assessed.

The European Commission Directorate General for Competition has published a first draft of the new Regional Aid Guidelines. It is intended that adoption should take place in the summer of 2013. The new rules should become applicable in 2014.

The draft Regional Aid Guidelines include a number of simplifications for cohesion policy measures compared to the requirements for other regional aid. In particular, it is recognised that regional development strategies defined in the context of the European Funds contribute to a common objective. Also, for regions on the regional aid map it is considered that a market failure exists. The draft further foresees that no additional checks for the appropriateness of an aid instrument are needed when the aid/project implements an Operational Programme.

How to address the specificities of European Territorial Cooperation

European Territorial Cooperation is one of the cohesion policy objectives; it aims at strengthening cross-border, transnational and interregional cooperation. It is a specificity of European Territorial Cooperation that partners from at least two countries are involved – leading to a number of practical difficulties for programmes to ensure State aid compliance.

It is therefore welcomed that the proposed new Regional Aid Guidelines seek to address these difficulties by setting a common aid ceiling for projects. This will allow programmes to set uniform aid intensities for all partners of a European Territorial Cooperation project, including commercial enterprises.

The new General Block Exemption Regulation

The review of the General Block Exemption Regulation is another important part of State aid modernisation. The regulation is an important tool for simplifying the application of State aid rules since support for projects does not need to be notified for State aid clearance if it complies with the rules of the General Block Exemption Regulation.

The Commission has recently published a first draft of the new Block Exemption Regulation. It is intended to adopt the new Block Exemption Regulation in 2013 or early 2014.

A new Framework for Research Development and Innovation

The State aid Framework for Research Development and Innovation is highly relevant for ensuring an effective implementation of the Europe 2020 strategy for smart, sustainable and inclusive growth. In particular, the Commission objectives on supporting smart specialisation strategies, including, if relevant, Key Enabling Technologies (KETs) are going to be implemented within the boundaries set by this framework. It is therefore appropriate to take the opportunity of State aid modernisation to examine effective means for implementing KETs as well as research development and innovation projects.

The Directorate General for Competition has published an Issues Paper with reflections on the reform of the Research Development and Innovation Framework. A first draft of the new Framework should become available in summer 2013.

And what about infrastructure projects?

The European Court of Justice confirmed that support for the construction of infrastructures is subject to State aid control if the infrastructure is used for economic purposes. Consequently, it is required to verify State aid compliance of a large number of infrastructure projects.

The Commission services are aware that the review of infrastructure projects needs to be streamlined and simplified. So-called analytical grids can help managing authorities in assessing whether an infrastructure project needs to be notified for State aid clearance. In addition, it can be expected that the current State aid modernisation process will further limit the need for notifications of infrastructure projects and facilitate the State aid assessment.

▸FIND OUT MORE

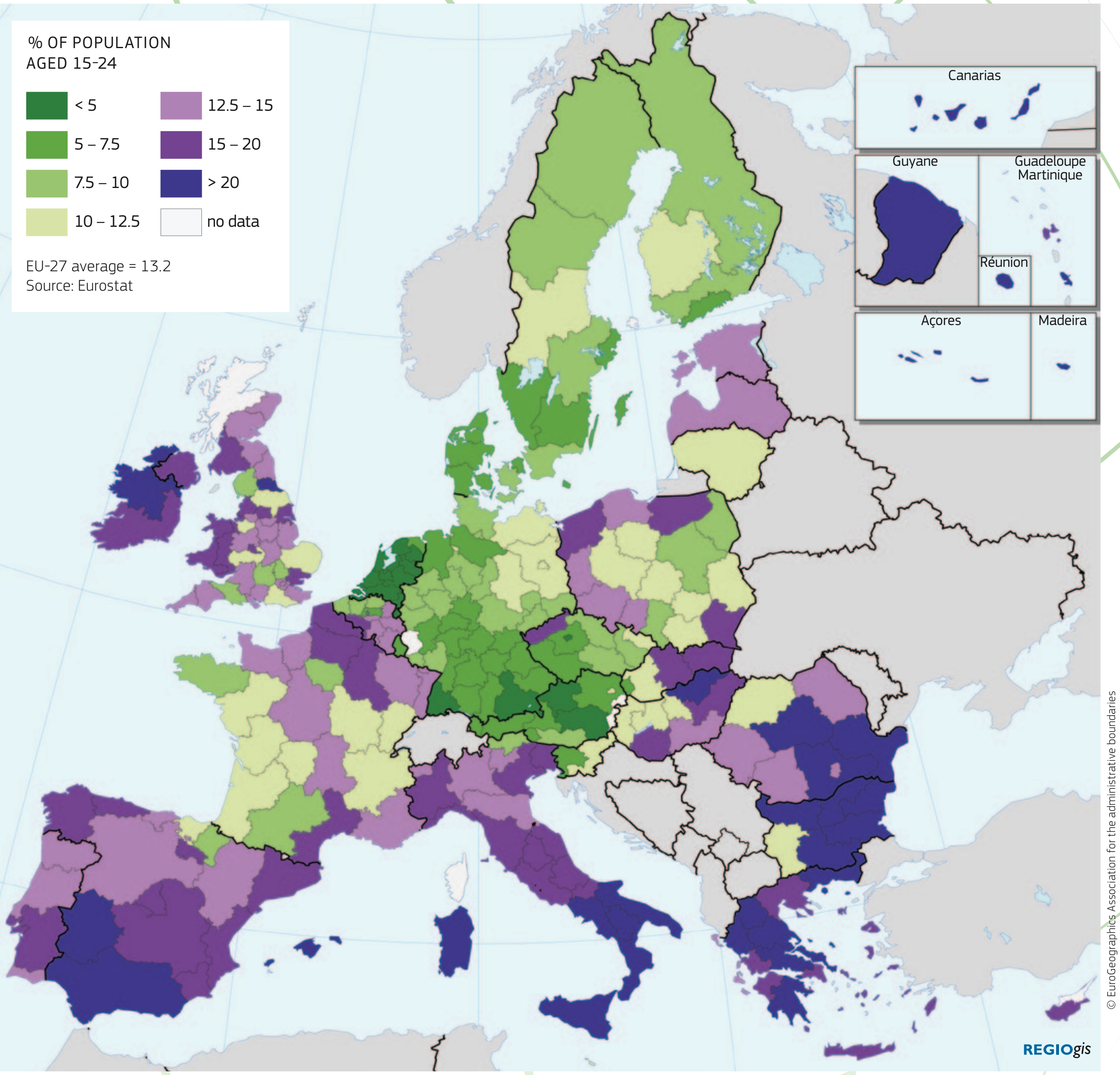
Draft Regional Aid Guidelines:
http://ec.europa.eu/competition/consultations/2013_regional_aid_guidelines/paper_en.pdf

Draft General Block Exemption Regulation:
http://ec.europa.eu/competition/consultations/2013_gber/index_en.html

Issues Paper on the reform of the Research Development and Innovation Framework:
http://ec.europa.eu/competition/state_aid/legislation/rdi_issues_paper.pdf

‘NEET’ RATE 2012

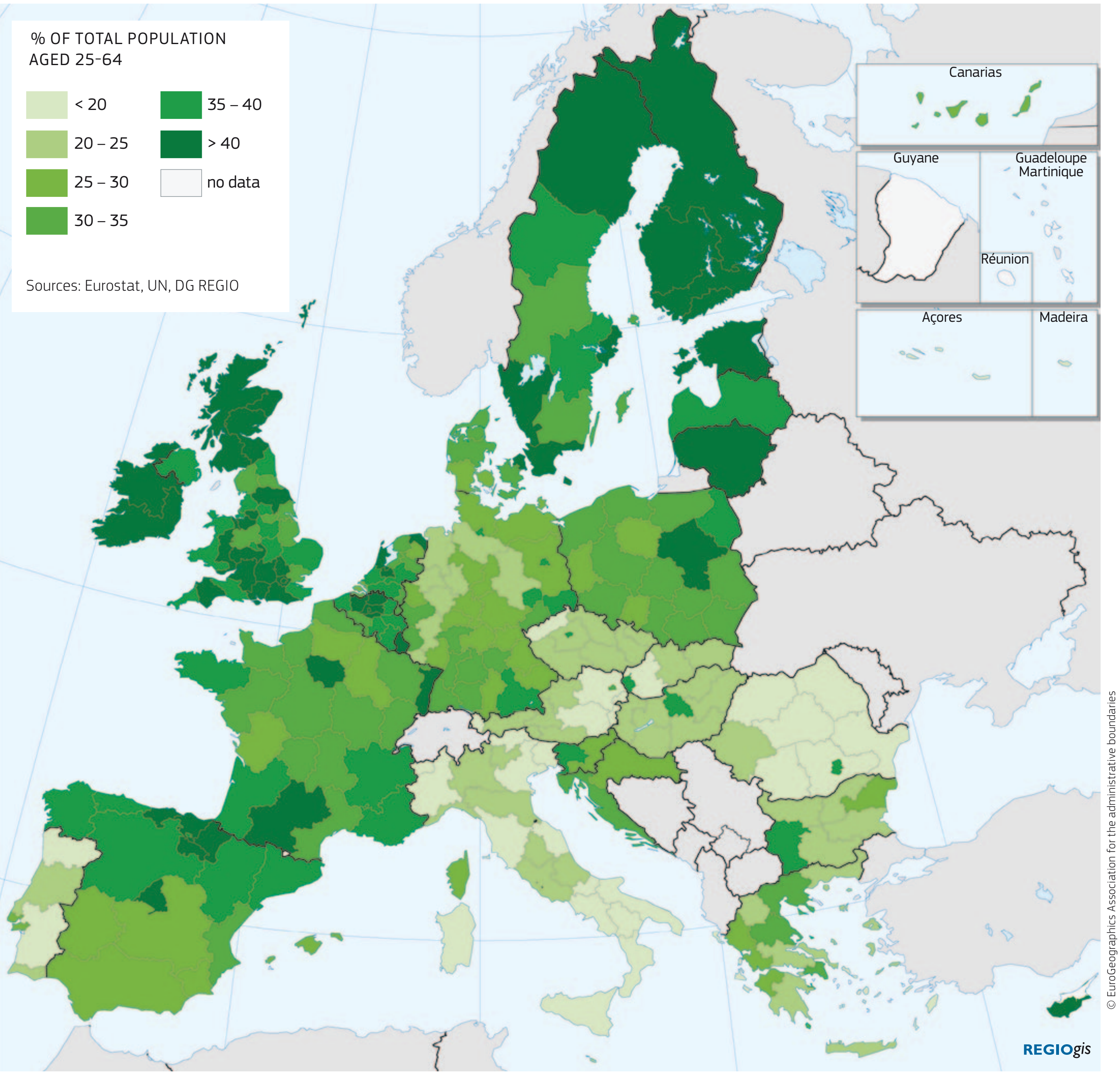
NOT IN EMPLOYMENT, EDUCATION OR TRAINING (NEET) POPULATION AGED 15-24



This group are likely to be early school leavers and unlikely to have completed tertiary education. Europe 2020 aims to reduce the share of early school leavers and increase the share of tertiary educated by 2020. Disparities in NEET rates among the EU-27 regions are pronounced – with differences up to 12 times between regions experiencing the highest (36 % Severozapaden in Bulgaria) and the lowest NEET rates (3 % in Praha, Czech Republic). The regions where at least 1 out of 5 young people are classified as NEET can be found in Bulgaria and Romania as well as southern Italy, southern Spain and Greece. Only 16 out of the 268 regions have NEET rates below 5 %. These are mainly located in the Netherlands, Austria and Germany.

EDUCATIONAL ATTAINMENT

PROJECTED SHARE OF POPULATION AGED 25-64 WITH A TERTIARY EDUCATION, 2020



This population group is projected to grow from 26% in 2010 to 32% in 2020. In 2020, seven regions will have shares of more than 50%: Inner London, the UK regions including Oxford and Aberdeen, the two regions surrounding Brussels, País Vasco in Spain and Stockholm. These regions will be particularly attractive for firms looking for a highly educated labour force. At the other extreme, 32 regions will have a share below 20% in 2020. These regions are primarily located in Italy, Portugal, Austria and Romania. Capital city regions tend to have the highest share of tertiary educated and, in some countries, the gap to the region with the second highest share is very large. This gap is more than ten percentage points in nine countries. This makes the capital region far more attractive for knowledge-intensive firms.

IN YOUR OWN WORDS

NATIONAL AND REGIONAL PERSPECTIVES ON COHESION POLICY

Panorama welcomes your contributions!

In Your Own Words is the section of *Panorama* where the key 'consumers' of cohesion policy at the national and regional level are invited to make their voices heard and give their feedback on European policy in action at the local level, whether on current achievements and successes, or an insight into preparations for the next programming period.

With more than 270 regions across the 28 EU Member States, each with its own specific economic and cultural history and needs, it is important that policy makers, administrators and officials at all levels are aware of the real impact that cohesion policy is having at the grass roots level.

In this edition, *Panorama* presents the views from four Member States and regions who have given their perspectives on cohesion policy. Moravia-Silesia in the Czech Republic and Flanders in Belgium are looking ahead to their plans for the implementation of Structural Funds in the next programming period from 2014 to 2020, whilst building on their experience of current programmes. Meanwhile, Saxony in Germany and Sweden present their approach, with a focus on particular successful initiatives.

Panorama welcomes your contributions which we may feature in future editions:

regio-panorama@ec.europa.eu

CZECH REPUBLIC

MORAVIA-SILESIA REGION BETS ON SMARTER INVESTMENT IN ITS FUTURE

European investment is assisting the Moravia-Silesia Region in its fundamental socio-economic transformation. The region has undergone substantial industrial restructuring in recent years, the consequences of which are still being felt, and it is looking for a new image. Economic recovery is benefiting from funding from the Regional Operational Programme (ROP) Moravia-Silesia, which is being invested effectively, giving an economic return of 11%. As the region heads towards the future, it will make even smarter use of European funds. The Smarter Region Programme is there to help it on its way.

The region is known for its contrasts – the beautiful landscapes of Jeseníky, Beskydy and Poodří, and the polluted environment around former mines and steelworks. The past has left a tangible and intangible industrial heritage here. Industrial monuments stand next to brownfields; unemployment is high, and yet much of the workforce is highly skilled and relatively cheap. Education is provided by universities, with the College of Mining – Ostrava Technical University at the forefront.

Funds from the ROP Moravia-Silesia in the period 2007-2013 are being used to improve basic infrastructure, services and social life. An example is the restoration of one of the most significant monuments and symbols of the metropolis of Ostrava. The former industrial area of the


Architectural and development project in the post-industrial area of New Vitkovice in the city of Ostrava, Moravia Silesia.

Lower Area of Vítkovice now hosts major cultural and educational events, while the interactive World of Technology makes science and technology more attractive for young people. The Integrated Safety Centre, which coordinates the activities and operations of all safety and rescue units in the region, is a unique regional investment.

Today, the Regional Council of Moravia-Silesia, which decides on project funding, is not afraid to embark on innovative activities. It was the first body in the Czech Republic to implement the instrument JESSICA. It was also the first Czech organisation to achieve the gold level of the internationally recognised standard, Investors in People. For its systematic approach and implementation of good business practice in public administration, the organisation has received the European Public Sector Award.

In the upcoming programming period, the organisation intends to build on the experience and knowledge it has gained in the current period. To this end, it has drawn up the Smarter Region Programme: Moravia-Silesia 2020. It aims to pave the way, in cooperation with regional partners, for the effective implementation of European funds oriented both towards regional needs and to national and European goals.

Smarter Region aims to provide the region with timely and high-quality preparation for the future effective use of Structural Funds from 2014, which will make a significant contribution to improving the competitiveness of the region. The programme is based on three pillars. The objective of the first pillar is to prepare people professionally by means of conferences, seminars and training sessions. In the second pillar, new cohesion policy pilot instruments for the Moravia-Silesia Region are under preparation. The Regional Council – in close cooperation with the city of Ostrava and the largest regional towns – is preparing an Integrated Territorial Investment for the Ostrava conurbation. Meanwhile, the Moravia-Silesia Region and the Association for the Development of the Moravia-Silesia Region are preparing a joint action plan, or an integrated strategy for increasing the employment and training of local people. It should create a new, results-oriented joint action plan, fully in line with European legislative proposals. The third pillar aims to verify and support the absorption capacity of the major regional players and small potential beneficiaries so that they are prepared for the upcoming 2014-2020 programming period.

All these activities have also been discussed and coordinated at the national level, for example at roundtables in constructive discussions with representatives of future national managing authorities, using the first results of mapping the absorption capacity of the region and the preparedness of applicants for the coming programming period.

In the future, the Moravian-Silesian Region wants to be a good address. It is investing in the conditions needed for new investments in infrastructure and the quality of services provided. It is also establishing itself in the field of cultural and leisure activities. Some events, such as the music festivals Colours of Ostrava and Ostrava Days, the prestigious Golden Spike athletics competition and the 2015 World Hockey Championships, are famous far beyond the region's boundaries. Local people and visitors are also attracted by the beautiful countryside, the range of spa centres, and the newly-built network of cycle paths.

Daniel Konczyna
Analyst, Regional Operational Programme
Moravia-Silesia
Regional Council of the Moravia Silesia
Cohesion Region

▸FIND OUT MORE
http://www.rr-moravskoslezsko.eu
http://www.smarterregion.com

BELGIUM

EUROPE INVESTS, FLANDERS GROWS…

This was the motto under which Flanders launched its Objective 2 programme 2007-2013. The budget of EUR 201 million was divided among four priorities: innovation, entrepreneurship, improvement of the economic environment, and sustainable urban development. With the programme coming to its end, more than 450 projects have been funded which created or preserved more than 9 800 jobs. The European Regional Development Fund (ERDF) support also created additional financial leverage of more than EUR 375 million to be found at Flemish regional, provincial, local and private levels.

Europe invests, Flanders grows: the recently-launched book of EU-funded projects.

Due to the foreseen thematic concentration of objectives, the programme 2014-2020 will, to an extent, resemble the current programme and create some continuity. The four chosen priority axes for the new programme are: innovation, entrepreneurship, the shift towards a low carbon economy, and sustainable urban development. The concepts of additionality and complementarity are leading principles in the preparation and implementation of the new programme. Through this the ERDF will help Flanders to become a more innovative, sustainable and inclusive region by 2020.

The first priority axis, innovation, is led by the premise of smart specialisation. The region of Flanders is often cited as a case study, where an evolutionary process, with the 'Flanders in Action' programme and the 'Pact 2020', around the topic of innovation has already occurred. In the new programme period Flanders will invest in gaps that exist within the area of innovation and which are not addressed in Flemish policy or instruments.

In the current period of 2007-2013 more than 2 700 SMEs were involved in projects funded by the ERDF. This involvement was important for the current programme and entrepreneurship will remain an important priority axis for Flanders with a focus on the stimulation of entrepreneurship and the growth and internationalisation of SMEs.

Measures to stimulate the shift towards a low carbon economy will be complementary to the different existing initiatives at a Flemish region and local level. The focus will be on the largest sectors that are responsible for the emissions of greenhouse gasses: the housing and transport sector. Special attention will be also paid to SMEs to stimulate them in the field of energy-efficiency and renewable energy.

Given the strong urbanisation in Flanders, the efforts in the field of sustainable urban development are continuing. In the priority axis of urban development, Flanders will work anew with the thirteen main cities on different topics which are important for urban welfare. Attention is being paid to the adaptation to climate change, the protection of the living environment, and the revival of deprived neighbourhoods.

Werner Van den Stockt
Head of the Managing Authority of the ERDF Programme Flanders 2007-2013
Division Europe Economy, Enterprise Flanders, Flemish Government

FIND OUT MORE
http://www.agentschapondernemen.be/themas/erdf-flanders

GERMANY

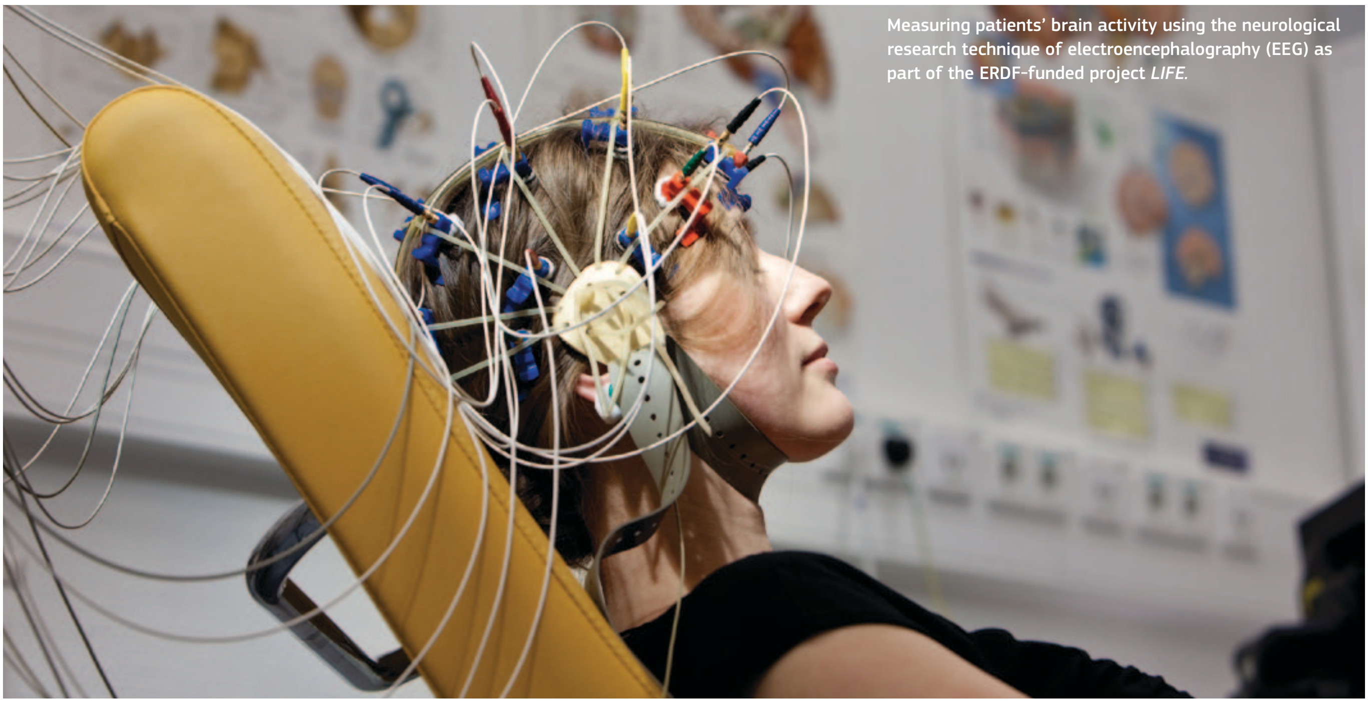
SAXONY TO CONTINUE ITS FOCUS ON INNOVATION, GROWTH AND EMPLOYMENT IN 2014-2020

Saxony is a state where things have developed particularly positively since the peaceful revolution of 1989 – despite its difficult starting point. The Free State of Saxony today enjoys an outstanding reputation as an industrial state that is home to innovative businesses and growth areas such as micro- and nanotech, biotech and the development of new materials and clean technologies.

Saxony is the engineers' state. We do innovation here with a capital 'I'. Saxony has its spirit of research and a pronounced spirit of entrepreneurship to thank for its healthy position, despite all the structural problems that we still face. Saxony has used its economic policy to strengthen this spirit through a wide variety of incentives and support schemes, and in so doing has placed the focus on the sustainable promotion of competitiveness and employment.

To a great extent, funding from the European Regional Development Fund (ERDF) has been used in this process. Over the 2007-2013 grant period, the Free State of Saxony has EUR 3.1 billion worth of ERDF funding at its disposal. The state has used this funding in order to invest in innovation, the economy, infrastructure, education and the environment. A great deal of attention is being paid to bolstering Saxony as a centre for research. In the 2007-2013 grant period alone, Saxony is investing over a billion euros of ERDF funding into supporting innovation, science and research. Scientific bodies and businesses benefit from this in equal measure, as research projects and technology transfer are promoted and venture capital is made available for new technology companies. The profusion of research institutions and complexes of such institutions and of universities being established in Saxony demonstrates how innovation activity is on the rise here. Crucial support from the ERDF is being given to five projects known as 'State excellence initiatives'. One of these excellence initiatives is the research complex 'Life'.

'Life' is a large-scale health study looking into how lifestyle diseases arise. The aim of the study is to establish why many people suffer from such diseases while others do not. The work of the over 150 researchers involved focuses on



Measuring patients' brain activity using the neurological research technique of electroencephalography (EEG) as part of the ERDF-funded project *LIFE*.

diseases of the cardiovascular system, the consequences of obesity, allergies, diabetes, dementia and depression. Between 2009 and mid-2014, 26 500 healthy and sick participants, adults and children are being studied and questioned within the scope of the project, using the latest clinical and bioanalytical methods. In their work, the researchers take account not only of the genetic predispositions of the participants but also of their lifestyles and various environmental factors. The aim is to discover how these factors interact to bring about lifestyle diseases. Around EUR 38 million is being spent on supporting the project, roughly EUR 24.2 million of which is coming from the ERDF.

With the support of the European Union, the Free State of Saxony has successfully developed its economy, infrastructure and its education and research landscape over the last 20 years. Despite this, we still have quite some way to go in order to close the gap on other EU Member States. That is why our focus in Saxony is on a sound budgetary policy with no new debts, on sustainable investments and on EU funding for the 2014-2020 period.

Saxony's future challenges are reflected in the key themes of the Europe 2020 strategy: globalisation, climate change, energy security and, in particular, demographic change. With the help of continued support from the European Union, a successful 'Saxony 2020' will be focused on the sustainable maintenance of local competitiveness and bolstering its entrepreneurial foundations, including its infrastructural qualities, expanding the capacity for innovation in its economy, universities, administration and society, developing its potential skilled labour pool, ensuring a secure and affordable energy supply and providing education on an equal opportunities basis. This objective forms the basis of the strategic concept according to which the operational programme for 2014-2020 within the ERDF will be developed.

ERDF Managing Authority
Saxony State Ministry of Economic Affairs, Labour and Transport

FIND OUT MORE
http://life.uni-leipzig.de/

SWEDEN

COMMERCIALISING THE RESULTS OF RESEARCH AND INNOVATION

Giraffe is a telepresence robot which helps older people in their contact with the outside world. It has been developed under the Robotdalen project, supported by the European Regional Development Fund and other bodies. Having been sold to seven different EU countries, Giraffe is an example of the results of innovation and research also reaching out into production.

Commercialising the results of research and innovation and getting them to reach out to the market is one of the challenges facing Sweden ahead of the next programming period. This is one of the conclusions of the impact evaluation of the eight regional Structural Funds programmes in Sweden during the period 2007-2013, which was recently presented.

Many projects have obviously already achieved this in the current period, and Robotdalen is a good example. The project's mission is to make commercial successes possible for new ideas and research in robotics and automation, with a focus on solutions for industry, heavy vehicles and the health sector.

Health robotics will become increasingly important with an ageing population, which is a challenge in Sweden as in many other EU countries. This is where the Giraffe robot, which can be remotely controlled via a normal PC, may be an aid. It rolls along and has a video screen as its 'face'. This enables the home help service, for example, to make more frequent visits, without going to the patient on every occasion.

Eight regional programmes

The Robotdalen project operates within the East Mid-Sweden programme, one of eight regional Structural Funds programmes for regional competitiveness and employment in Sweden. All eight are managed by one authority, the Swedish Agency for Economic and Regional Growth, and have a common support function.

The Swedish government has decided to keep the same geographic subdivision and management of the regional Structural Funds programmes in the coming programming period.

Giraffe being tested in the home in the city of Västerås.

The management has proven effective, with low administrative costs, while beneficiaries across the country have a simple and clear picture of the conditions of support eligibility.

Preparations for the 2014-2020 programming period have been in progress since early 2012, both at national and regional level. The regional Structural Funds programmes are written in a broad partnership, which encompasses representatives of the public sector at local and regional level, industry and the academic world. According to a directive from the government, the programmes' focus will be on research and innovation, the green economy and entrepreneurship.

Green economy strengthening

In the North Mid-Sweden programme area, for example, intensive efforts are in progress to write a programme, with Maria Gelin Axelsson at Region Gävleborg as the coordinator of this work. She sees some changes in the orientation of priorities in the coming period.

'The main focus is on the green economy,' she says. The Europe 2020 strategy for smart, sustainable and inclusive growth permeates the proposed thematic areas for the Structural Funds. There is a clear link to employment and growth through the development of a low-carbon economy, as well as by innovation, information technology, entrepreneurship and investment in skills.

However, Maria Gelin Axelsson sees a lack of emphasis on transport systems and IT-infrastructure, which are priorities for regional development areas in North-Mid Sweden.

'But this may well be channelled through funding options other than the Structural Funds instead,' she says.

Simplification and coordination

The Swedish government has made it a priority to make project management easier in the next programming period. Consequently, the mandate of the Swedish Agency for Economic and Regional Growth and the Swedish ESF Council, which is the managing authority for the European Social Fund, includes proposing measures for simplification and coordination in implementing the programmes.

Managing Authority
Tillväxtverket – The Swedish Agency for Economic and Regional Growth

▸FIND OUT MORE
www.tillvaxtverket.se

KN-LR-13-046-EN-C

AGENDA

21 SEPTEMBER 2013
_Europe-wide

European Cooperation Day

7-10 OCTOBER 2013
_Brussels (BE)

OPEN DAYS 2013

28-29 OCTOBER 2013
_Bucharest (RO)

2nd Annual Forum of the EU Strategy for the Danube Region

8 NOVEMBER 2013
_Brussels (BE)

Regions as Motors of New Growth through Smart Specialisation

9-10 DECEMBER 2013
_Brussels (BE)

Conference 'Telling the story'

31 MARCH 2014
_Brussels (BE)

RegioStars

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**

MAKE YOUR VOICE HEARD

We would like to hear about cohesion policy's achievements in your region, highlighting results and tangible benefits for citizens, and your views on preparations for the next programming period.

Selected contributions will be featured in the next edition of *Panorama* magazine. Please send your submissions (maximum length of 600-700 words) to:

regio-panorama@ec.europa.eu

Publications Office

European Commission,
Directorate-General for Regional and Urban Policy
Communication – Ana-Paula Laissy
Avenue de Beaulieu 1 – B-1160 Brussels
E-mail: regio-panorama@ec.europa.eu
Internet: http://ec.europa.eu/regional_policy/index_en.cfm