



## BUILDING AN EVIDENCE BASE FOR COHESION POLICY POST-2020

### *Implementation of the provisions in relation to the ex-ante conditionalities during the programming phase of the ESI Funds*

#### **OVERALL OBJECTIVE**

The overall objective of this study was to assess how the provisions relating to *ex-ante* conditionalities have been implemented in all 28 Member States (MSs) during the programming of the ESI Funds.

#### **KEY MESSAGES**

- \* *Ex-ante* conditionalities have proved highly relevant for programming of ESI Funds.
- \* General and thematic *ex-ante* conditionalities enabled the bottlenecks in MSs' investment frameworks to be identified and addressed.
- \* The process and informal dialogue with the Commission has been assessed as useful, implemented efficiently and has provided added value in many MSs.

#### **STRENGTHS AND WEAKNESSES IDENTIFIED**

##### **Strengths:**

- \* The process increased awareness in the MSs about the necessary preconditions for effective implementation of public investments and addressed any shortcomings.
- \* The thematic *ex-ante* conditionalities related to smart specialisation in particular achieved their aim by addressing shortcomings in cooperation and connections among regional actors relevant to supporting innovation.
- \* Increased cooperation among the national and regional levels in the MSs as well as between the MSs and the Commission.
- \* The mechanism's usefulness was proved by the fact that improvements were made to the framework during the programming phase. A considerable number of conditionalities have been further elaborated and fulfilled.

##### **Weaknesses:**

- \* MSs needed to commit additional resources to manage the scope and workload of the process.
- \* Some MSs felt that the European Commission pressurised them throughout the process and in some cases the effort needed to fulfil *ex-ante* conditionalities was considerable and sometimes disproportionate.

## OBJECTIVES OF THE STUDY

### The study fulfilled the following specific objectives:

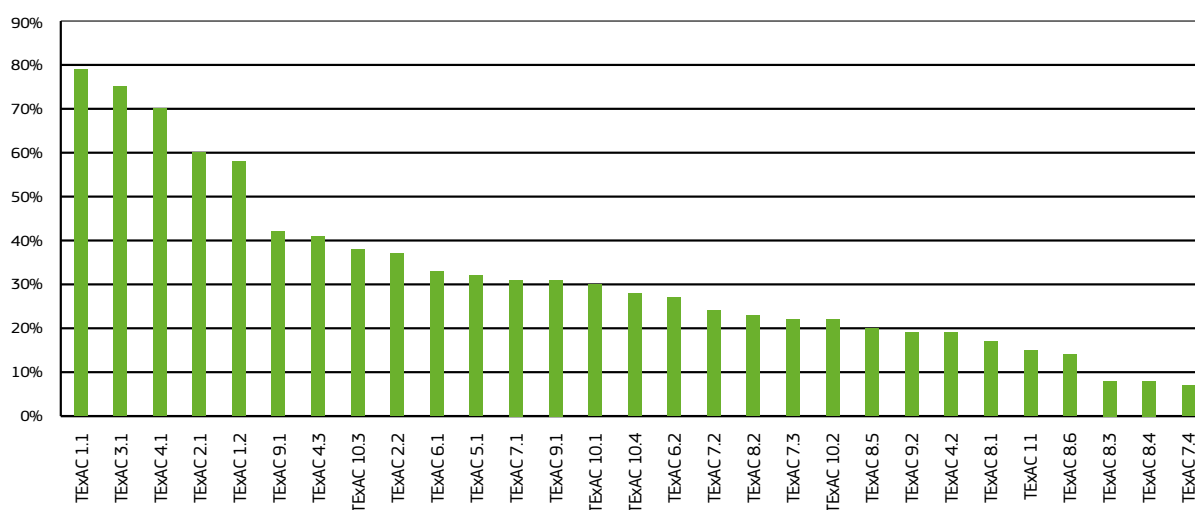
- Provide a synthesis of how provisions relating to the applicability and fulfilment of *ex-ante* conditionalities are reflected in Partnership Agreements (PAs) and Operational Programmes (OPs).
- Provide an assessment of how *ex-ante* conditionalities have been implemented during the programming phase.
- Provide conclusions on strengths and weaknesses regarding the application of the *ex-ante* conditionalities provisions during the programming phase, as well as first conclusions on the value of this new element in the regulatory framework.

## MAIN FINDINGS AND CONCLUSIONS

### *Ex-ante* conditionalities have proved highly relevant for the programming of ESI Funds.

All general and thematic *ex-ante* conditionalities were considered applicable in all MSs. Thematic *ex-ante* conditionalities related to smart specialisation (1.1), the Small Business Act (3.1) and energy efficiency (4.1) were considered the most applicable (in over 70% of OPs).

### Frequency of the applicable thematic *ex-ante* conditionalities in OPs



### General and thematic *ex-ante* conditionalities enabled the bottlenecks in MSs' investment frameworks to be identified and addressed.

#### ■ General *ex-ante* conditionalities

The application of **general *ex-ante* conditionalities** showed that statistical systems proved the most difficult to meet relevant regulatory, institutional or strategic preconditions for effective intervention during programme preparation. At the other end of the scale, the general *ex-ante* conditionalities relating to state aid implementation gave the best fulfilment rates. In OPs submitted by MSs, one-quarter of applicable general *ex-ante* conditionalities required them to set up an action plan for remedial actions. Among the activities defined in these action plans, implementing steps and capacity-building measures were important. Deadlines for implementing the actions varied although most were fixed for the end of 2015. For general *ex-ante* conditionalities related to public procurement and state aid, most action plans were to be implemented in 2016. For general *ex-ante* conditionality 7 (statistical systems), some action plans will be implemented in 2017.

## ■ Thematic *ex-ante* conditionalities

**Thematic *ex-ante* conditionalities** relating to renewables (4.3), co-generation (4.2) and self-employment (8.2) showed good fulfilment rates whereas the thematic *ex-ante* conditionalities smart energy infrastructure (7.4), health (9.3), transport master plan (7.1), other modes of transport (7.3), and water sector (6.1) proved most problematic. Three MSs (AT, DK, IE) were already able to fulfil all the applicable thematic *ex-ante* conditionalities when the programme was adopted. In general, around 40% of thematic *ex-ante* conditionalities required some type of remedial action following the submission of the OP.

Comparing the fulfilment of thematic *ex-ante* conditionalities by type of regions, the share of fulfilled and partially fulfilled thematic *ex-ante* conditionalities was highest for more developed and transition regions.

Around **500 distinct action plans** addressed the improvement of thematic framework conditions, **mainly related to research and innovation - smart specialisation (1.1)**. A considerable number of action plans were also reported for the waste sector (6.2), road transport (7.1), R&I infrastructure (1.2) and the water sector (6.1). Around 88% of action plans were set out by 14 MSs. Most of the action plans (around 80%) were due to be fully implemented **by the end of 2015** although a significant number related to thematic objectives for environment, transport, labour market and administrative capacity building were also due in 2016.

The largest variety of different actions is listed for administrative capacity (11) followed by social inclusion related to thematic objective 9. **The majority of conditionalities require implementation measures and approximately half of them require policy changes.** Most of the legal and policy changes foreseen were due in 2015, a time frame which appears to have been overambitious.

At the study cut-off date (end July 2015), the Commission had not applied the possibility to suspend payments at programme adoption due to the risk of significant prejudice for the MSs. Some of the cases which may have been problematic had already been resolved.

## ■ Interviews showed that the process and informal dialogue with the Commission was considered useful, implemented efficiently and provided added value in many MSs

The application and assessment of the *ex-ante* conditionalities has been **a learning process for all stakeholders involved**, with some difficulties at the start in terms of defining roles, responsibilities and understanding the scope and coverage of the analysis and information required by the Commission. From comments received, there were some initial inconsistencies in the approach and doubts about the interpretation of the draft Regulation from the Commission, which is to be expected when a new element is introduced to the programming.

According to the web survey, managing authorities rated the fulfilment phase of the *ex-ante* conditionalities **assessment process as more difficult than the applicability phase**. Despite difficulties in assessing the *ex-ante* conditionalities and some disagreements in terms of fulfilment, with some exceptions, there were no major disagreements between the Commission and MSs/Managing Authorities (MAs) in assessing the applicability of *ex-ante* conditionalities. Most of the issues were resolved following submission of additional information by the MSs/MAs.

The general opinion from the MSs is that **the *ex-ante* conditionalities process was very ambitious in terms of strategic reform for many of them and for their cooperation with the EC**. Although the MAs felt the communication with the EC was time consuming, they generally considered it had a positive impact. Almost 48% of respondents felt the informal dialogue was "very useful".

**Although the process was considered as very lengthy, equally, more time would have been needed to ensure higher-quality deliverables.** Some MSs' interviews stated that this lack of time to work on the *ex-ante* conditionalities had a negative impact on how the role of sound strategies and public policies was perceived and dealt with in terms of transparency and partnership, which ultimately could affect the quality of the strategies developed.

**In the MSs, a high number of different public authorities are involved in fulfilling the thematic *ex-ante* conditionalities.** The majority of MSs set up a centrally coordinated process. From the outcome of the survey, it would appear that national government and agency involvement was very important. To a certain extent, regional authorities are more involved in implementing action plans for thematic *ex-ante* conditionalities, particularly in fulfilling the criteria related to capacity building and monitoring systems. Coordination problems between regional and national levels were also highlighted by MAs in countries with a large number of OPs (e.g. FR, EL and IT).

**More than half the respondents thought that the *ex-ante* conditionalities mechanism would help to improve the effectiveness of their public investments.** However, about a fifth of respondents felt that there was no significant increase in effectiveness or efficiency, except for the innovation strategy. In some countries, including many of the EU-15 MSs, the process was seen as providing less added value, although the underlying logic was appreciated.

**Guidance material provided by the Commission was very much appreciated** although, due to differences in approaches to the programming, MSs did not follow this in the same way, which led to differences in implementation. Late publication of the guidance material also caused delays, frustration and duplication of work in many MSs, particularly for countries that were early developers of the PA and OPs.

## **METHODOLOGICAL APPROACH**

### **The study is based on:**

- ▶ Desk research covering 28 PAs and 216 OPs financed by the European Regional Development Fund and the Cohesion Fund, including multi-fund programmes co-financed by the ESF. The analysis reflects the situation at the end of July 2015 (13 screened OPs had not been approved at that date);
- ▶ 98 responses received through a web survey to all MSs/MAs;
- ▶ 58 interviews with the main relevant actors at EU and national levels.

### **More information:**

Full study: [http://ec.europa.eu/regional\\_policy/sources/policy/how/studies\\_integration/impl\\_pf\\_esif\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/policy/how/studies_integration/impl_pf_esif_report_en.pdf)  
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