



EUROPEAN COMMISSION  
Impact Assessment Board

Brussels,  
D(2011)

## Opinion

### Title

**Impact assessment on legislative proposal for the ERDF & cohesion fund regulation; REGIO**

**(draft version of 28 July 2011)**

#### **(A) Context**

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) for EU spending on 29 June 2011, fixing the overall budget, allocations across high-level headings and key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. This Impact Assessment report will accompany one such proposal for the European Regional Development Fund (ERDF) and Cohesion Fund Regulation for the post 2013 programming period. It is closely related to another draft Impact Assessment for the General Regulation of the ERDF, European Social Fund (ESF) and Cohesion Fund which addresses most cross-cutting issues. Three problem issues are covered, namely how best to define the scope of investments eligible for ERDF enterprise support funds, CF infrastructure funds and ERDF territorial cooperation funds in order to deliver more EU added value and coordination. Spending by these Funds has a clear Treaty basis and aims to promote growth and prosperity and reduce economic, social and territorial disparities.

The IAB has focused on the policy choices not yet fixed in the MFF June package.

#### **(B) Overall assessment**

**The report provides a sufficient evidence base to inform decisions on the scope of ERDF enterprise support and support for territorial cooperation. Certain elements should, however, be further improved, particularly the explanation and justification of the chosen infrastructure option and the rationale for only re-examining the scope of funding in limited areas. First, the report should better demonstrate the seriousness of the problems. Second, the context should be more clearly explained with a summary of evaluation findings and details on why no other problems or issues are addressed here. Third, the chosen infrastructure option should be better explained and justified through explaining the intervention logic and predicted effects. Fourth, an effort should be made to strengthen the analysis of impacts in terms of enterprise support including by more fully discussing the use of financial instruments other than grants.**

## **(C) Main recommendations for improvements**

**(1) Better demonstrate the seriousness of problems.** The report should incorporate further evidence, using quantitative data where possible, showing why the identified problems require a response. Recent information should be used where available, with appropriate qualifying statements. On infrastructure, a strong effort should be made to underpin the claims about differing progress on cross-border and national sections of projects with data. The concrete shortcomings of the previous approach to financing transport links (TEN-T) via ERDF and CF should be shown too. On the territorial cooperation issue, extracts from the evaluations should be incorporated to better substantiate the arguments and an annex could be used for context and a summary of evaluations. The reports that prompt concerns about the added value of ERDF enterprise support when used for generic grants for large firms should be more clearly summarised and perhaps quoted, not simply referenced in footnotes.

**(2) Clarify the context explaining why only these aspects of rules are re-examined.** The report should open with a short summary of evaluation findings on ERDF and the Cohesion Fund. Where identified problems are being tackled via other proposals, this should be mentioned. The rationale for not re-examining the scope of funding for certain other objectives within this report should be explained. Evidence should be used to show why it is not worth adjusting ERDF rules to strengthen synergies between, on the one hand, environment and climate change investments and, on the other hand, investments with different objectives (as suggested in evaluation).

**(3) Better explain and justify the chosen infrastructure option.** The infrastructure options should be carefully rewritten to remove technical jargon and to clarify their practical implications, including coordination arrangements and changes that will be seen from a beneficiary viewpoint. For the preferred option, the key rules that will govern scope and other matters should be separately listed for: the share of CF to be ring-fenced in the Connecting Europe Facility, other CF allocation, other EU instruments. It should be clear which funds will be governed through the standard cohesion policy mechanism of the partnership contract. It should also be recalled that CF is restricted to less developed Member States. The impact analysis on these options should outline the intervention logic perhaps using a diagram, e.g. changes to CF rules, expected shifts in the mix of types of supported projects, expected changes in delivered outputs (roads), subsequent impacts in travel terms, impacts over the relevant pillars. Tentative predictions should be made about the likely outputs or effects where possible, or a stronger justification for not attempting this should be supplied.

**(4) Justify the chosen enterprise support option with more reference to evidence.** The predicted advantages of the selected enterprise support option are underpinned by logical reasoning with reference to evaluations which judged large firms as being more able to invest than SMEs in the absence of public support. The report should clarify the methodology used in the evaluations concerned, including whether any empirical evidence was found about whether funded firms would have probably been able to find funding from elsewhere. As problems with competition are mentioned in the problem section, likely impacts in this regard should be mentioned too. The report should also provide arguments under the baseline option about why the established mechanisms that direct programme supervisors to make proven growth-enhancing investments would be insufficient. A fuller analysis should be supplied about the use of financial instruments other than grants, to clarify the aims of interventions that would use these, the likely nature of these instruments (e.g. loans, guarantees, equity investments) and the expected results.

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.*

**(D) Procedure and presentation**

Operational objectives should be formulated in more specific terms, consistent with the appraisal criteria used. The baseline option should be scored as zero, with other options shown as relatively better or worse than this.

**(E) IAB scrutiny process**

Reference number	2011/REGIO/001
External expertise used	No
Date of IAB meeting	31 August 2011