

INFORMAL MEETING OF MINISTERS RESPONSIBLE FOR COHESION POLICY

Gödöllő, 20 May 2011

HOW TO MAKE COHESION POLICY MORE EFFECTIVE IN ACHIEVING RESULTS?

Issue Note

Over the last two decades findings have clearly shown the **positive impact** and therefore the **effectiveness of Cohesion Policy in assisting the least developed territories of the EU** to progressively fill the gap with the most successful and innovative regions of the Union. Simultaneously they suggest that there is **still room for manoeuvre** to further develop the current programming and delivery system.

After the crisis it is more important than ever to ensure the **maximum value for public efforts** and that the desired results are achieved in a **more cost-effective manner**. On the other hand, the **close link with the Europe 2020 Strategy** makes it necessary for Cohesion Policy to measure its contribution to a smart, sustainable and inclusive Europe.

After the Conclusions of the Fifth Cohesion Report the Commission has presented a number of informal documents following this approach and suggesting new tools and mechanisms to increase the effectiveness of Cohesion Policy in delivering results, besides a more careful design preparation and strategic negotiation of programmes. Among them, due to its innovative nature and political sensitiveness, **conditionalities and incentives** should be highlighted. In order to discuss the concept and implementation process of these with the Member States, the Commission set up the Conditionality Task Force.

While Member States may apparently give certain support to the idea of introducing new mechanisms related to OP performance (conditionalities to ensure that pre-requisites are met in order that the operational programme can achieve its goals; incentives to reward good performance and internal discipline), conditionalities and incentives related to factors which might have only indirect influence on OP achievements seem to be more **controversial**.

In fact, regarding conditionalities like the adoption of **relevant strategies, economic and social structural reforms**, implementation of sectoral EU directives or agreement on pre-set list of investments, Member States argue that the causal effect of those conditionalities on the achievement of OP targets in many cases may be questioned. Moreover there is a risk that the introduction of such new instruments brings about increased associated administrative burden or the duplication of procedures already in place, such as the infringement procedure. The risks of discretionary elements in assessment and of having distinct conditionality systems according to Funds are other matters of concern.

The **legal implementation set-up** calls for some considerations as well: instead of assessing success factors in each Member State or region on the basis of its situation, the Commission suggests establishing in the Council Regulation the list

of conditionalities by theme/sector and the criteria to assess them. The exercise of assessing conditionalities would then consist of checking whether a number of EU-wide criteria are in place in each region before a programme is launched.

The proposed system may result in a **top-down approach** closely linked to the Europe 2020 Strategy and not necessarily to the actual success of the OP's. Furthermore, in most cases OP managers do not have the capacity and the legal competence to change those factors which are external to the OP and usually have a political nature.

This has raised a number of questions from Member States related namely with the role Cohesion Policy should have in enforcing sectoral legislation and reforms, the impact on **subsidiarity, accountability and ownership**, the uneven consequences on EU regions and the application of the proportionality principle.

Discussions on incentives have shown that Member States accept **positive incentives rather than negative incentives**, both as regards conditionality compliance and OP performance. However, for that purpose they called the attention to a necessary increased robustness and accuracy of the current **monitoring and evaluation systems**: methodological tools, set of indicators and comparable data.

Having this background in mind, Ministers are asked to address a number of **key questions** on how to make the Cohesion Policy more effective in achieving results:

- *Can you agree that conditionalities and incentives are appropriate tools to achieve greater effectiveness in Cohesion Policy? In your view, what types of conditionalities and incentives should be pre-requisites for the use of the Structural Funds assistance and become commitments? Under what conditions?*
- *How can the concept of conditionalities be harmonised with the current implementation system? What kind of changes in the present system do you find inevitable for the effective operation?*