



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL POLICY

HIGH LEVEL GROUP REFLECTING ON FUTURE COHESION POLICY

REPORT OF EIGHTH MEETING, 15 – 16 FEBRUARY 2011

1. INTRODUCTION

On 23-24 April 2009, Ministers responsible for Cohesion policy met in Mariánské Lázně to discuss future policy directions and delivery systems. Danuta Hübner, then Commissioner for Regional Policy, also attended this meeting at which she presented a Reflection Paper on future Cohesion policy and announced the establishment of a High Level Group reflecting on future Cohesion Policy (HLG) to provide an informal platform for discussion between Commission services and Member State policy makers.

The eighth meeting of this HLG took place on 15-16 February 2011 and was attended by national government experts from the Member States, by observer national government experts from Croatia and Iceland, by members of Commissioner Hahn's Cabinet and by representatives from the Directorates-General for Agriculture and Rural Development; Budget; Competition; Climate Action; Employment, Social Affairs and Inclusion; Energy; Enterprise and Industry; Environment; Home Affairs; Mobility and Transport; Research; Regional Policy; and the Secretariat-General. Representatives of the Council Secretariat and European Court of Auditors also attended.

The meeting focused on three topics:

- Outcome indicators;
- Strategic programming; and
- European Grouping of Territorial Cooperation.

2. OUTCOME INDICATORS

Special Advisers to Commissioner Hahn Fabrizio Barca and Philip McCann presented their proposals for a system of outcome indicators for future cohesion policy, drawing on experience of cohesion policy implementation to date and emphasising the need to ensure a more results-driven approach. The aim would be to create a system where Member States and regions could choose appropriate performance indicators according to agreed methodological principles. Both outcomes and measurable aspects of these outcomes would be chosen ex-ante as part of the programme preparation process, and

reporting and monitoring would take place against these agreed outcomes. The proposed approach would need to go hand in hand with increased thematic concentration and the establishment of baselines and, where possible, targets in order to become an effective managerial tool.

The main points made by the Member State experts were as follows:

- There was in general a very positive response to the work, with experts welcoming the concrete suggestions on how to move to a more results-oriented approach and the opportunity to debate these ideas well in advance of the future programming period. Several experts underlined that, in addition to a better focus on results by those directly involved in programme implementation, an improved system would also help to support communication activities to the wider public.
- Several experts highlighted that any new system should build on successful or important elements of the current system. In this context, particular mention was made of core output indicators, which can be aggregated beyond regional and national borders and are therefore an essential reporting and communication tool at EU level.
- A few experts raised questions about the choice of indicators, either indicating that the list was too broad and should be limited strictly to cohesion policy aims as set out in the Treaty on the Functioning of the European Union or warning against an over-thematic approach or sectoralisation. However, the main message from experts was that the future system should provide enough flexibility to allow Member States and regions to choose the indicators most appropriate to their socio-economic situation and planned implementation of cohesion policy.
- Several experts referred to the challenges of measuring progress, in particular disaggregating results which can be attributed to cohesion policy from results attributable to other factors such as the global economic context and national policies. In this regard, several experts expressed caution about possible peer review or linkage of payments to results, arguing that this would lead to lower target-setting.
- In this context, several experts referred to the importance of considering stakeholders such as politicians and auditors and their future use and understanding of the system. Concern was expressed in particular that auditors should not use this as an additional tool leading to financial corrections and that the possibilities and constraints of any indicator system are fully understood. Evaluations will continue to be the only method of determining to what extent outcomes can be attributed to cohesion policy interventions.
- Many experts raised questions about administrative costs for public authorities and administrative burden for beneficiaries. Concern was expressed in particular regarding the latter, and experts emphasised the importance of beneficiaries' ownership of any future system. In this context, some experts suggested that the increased focus on results and increased resources dedicated to this aspect of implementation should be off-set by a move away from focus on spending and control. In addition, proportionality should be applied, with Member State and regional choices of indicators being informed *inter alia* by the cost of their application.

- In addition to these concerns about administrative cost, a few experts indicated that in some cases administrative capacity might be a problem and that support would be required.

The Directorate-General for Regional Policy confirmed that Member State experts would be kept informed of ongoing work on this issue and invited them to submit their comments and ideas in writing.

3. STRATEGIC PROGRAMMING

The Directorate-General for Regional Policy presented the general logical framework of strategic planning, highlighting that the aim is to ensure focus on the priorities of the Europe 2020 Strategy and to provide adequate flexibility to take into account national and regional specificities. The basic structure would consist of: a Common Strategic Framework (CSF) translating the targets and objectives of Europe 2020 into investment priorities; a Development and Partnership Investment Contract (DIPCO) setting out for each Member State the investment priorities, allocation of national and EU resources between priority areas and programmes, agreed conditionalities and targets to be achieved; and operational programmes (OP), which would remain the main day-to-day management tool as in the current programming period.

The main points made by the Member State experts were as follows:

- Experts welcomed the opportunity to discuss this topic and raise questions in regard to potential future arrangements. Many experts expressed a general view that the development of a framework for strategic programming should be guided by the objectives of achieving more strategic focus and simplification, and that the creation of new management layers, duplication between documents and additional administrative costs should be avoided.
- Experts agreed that the thematic focus of the CSF should be closely linked to Europe 2020; however, that it should also be sufficiently flexible in order to enable tailor-made approaches at Member State and regional level. The view was expressed on the one hand that the CSF should be adopted as soon as possible after the Regulations in order to enable the timely start and implementation of the programmes, but on the other hand that Member States should be involved in its preparation and possibly its adoption.
- Several experts raised questions about the links between the DIPCO and the National Reform Programmes (NRP), with some suggesting that the NRP could not constitute the only basis for the DIPCO in view of their differing scope and review provisions.
- A number of experts emphasised the importance of subsidiarity in the process of strategic planning, stating that preparation and signing of documents should be undertaken at an appropriate level, and taking into consideration the division of competences in each Member State. In this context, some experts recalled that it would not be possible for central government authorities to assume commitments and responsibility for fulfilment of these commitments in areas under the jurisdiction of the regions (and vice versa).
- Some experts raised questions about the timeline for the preparation of the different documents in the context of the European semester and others pointed out that, in the

particular circumstances of their Member State, DIPCO and OPs would need to be drafted and negotiated sequentially rather than simultaneously.

- Several experts consider that the DIPCO should have a broad coverage encompassing rural development and fisheries policies in addition to cohesion policy. Some experts also stated that it could be a mechanism for coordination of national and EU policies.
- Several experts suggested that an alternative to the term 'contract' might be found for the DIPCO unless it would be a 'contract' in the usual meaning of the word, establishing rights and obligations for all parties involved, including the Commission. Clarification would also be needed regarding the actors who would be party to the contract. One or two experts also suggested that any Commission decision should apply either to the DIPCO or the operational programme but not to both.

The Directorate-General for Regional Policy thanked the experts for their feedback and suggested that a further session could be organised for the next HLG based on a revised document following this discussion and further feedback which may be available from other discussions organised on this topic (e.g. by the Hungarian Presidency).

4. EUROPEAN GROUPING OF TERRITORIAL COOPERATION (EGTC)

Article 17 of Regulation (EC) No 1082/2006 of the European Parliament and the Council of 5 July 2006 requires the Commission to report by 1 August 2011 to the European Parliament and the Council on the application of the Regulation and proposals for amendment, where appropriate. In this context, the Directorate-General for Regional Policy presented a short overview of the implementation of the EGTC Regulation to date and areas for consideration of improvement. Issues raised included procedures for establishment of EGTCs, membership of third countries, questions of liability and day-to-day implementation issues.

The main points made by the Member State experts were as follows:

- In general, the discussion revealed a mixture of experience of and views on the EGTC instrument. Some experts reported that their Member States have positive experience of establishment of EGTCs (in at least one case, national funding has been provided to support the establishment of EGTCs), some experts reported that attempts to establish EGTCs proved complex and time-consuming and some experts said that EGTCs were not relevant to their Member State who already had well-established tools for cross-border cooperation on programmes, projects and other issues. Some experts said that they considered the overall take-up of the EGTC instrument to be disappointing, while others emphasised that its scope had extended beyond the original concept.
- Experts gave a number of different possible reasons for the mixed experience of the application of the EGTC instrument, including: the regulation and transposition of the regulation came too late for 2007-2013, there is a need for further guidance or clarification; stakeholders had unrealistic expectations as to what the EGTCs could deliver; and the perception by some national authorities that EGTC may impinge on national competences.
- Most experts were favourable as regards facilitating the participation of third countries and there were some requests for more detailed and explicit rules in this

regard. A few experts either saw no need for a change or were negative about the idea, considering that it would further complicate the application of the instrument.

- Several experts agreed that more could be done to simplify the procedures for establishment of EGTCs. Some also suggested that steps needed to be taken to address day-to-day implementation issues including, for example, through the establishment of more detailed rules at Union level for particularly complex issues such as staff employment rules. Others suggested that it might be useful to provide further clarification, for example on how EGTCs could be used to manage cross-border programmes.
- Several experts specified that the establishment of EGTCs has been difficult in their Member States due to different national legal approaches concerning limited or unlimited liability. Some of these experts expressed an interest in further exploring potential solutions to this technical problem together with the Directorate-General for Regional Policy.

There will be a further opportunity to discuss EGTC at the Conference on EGTC and multi-level governance being organised by the Hungarian Presidency in Gödöllő on 21-23 March 2011. In addition, the Directorate-General for Regional Policy will organise a technical meeting in April in Brussels on the issue of liabilities. The report on EGTC is currently under preparation and will be published by 1 August 2011.

5. NEXT STEPS

The next meeting of the HLG will take place in April, probably the day before or after the final meeting of the Conditionality Task Force. The agenda will include the following topics: a further discussion on strategic programming, performance orientation and aid to large enterprises.