



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Regional Development

2010/2160(INI)

11.2.2011

DRAFT REPORT

on the state of play and future synergies for increased effectiveness between
the ERDF and other structural funds
(2010/2160(INI))

Committee on Regional Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the state of play and future synergies for increased effectiveness between the ERDF and other structural funds (2010/2160(INI))

The European Parliament,

- having regard to Article 174, first paragraph, and Article 175, first paragraph, of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund¹, and in particular Article 9(4) thereof,
- having regard to Council Decision 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion²,
- having regard to its resolution of 21 October 2008 on governance and partnership at national and regional levels and a basis for projects in the sphere of regional policy³,
- having regard to its resolution of 11 March 2009 on Cohesion Policy: Investing in the real economy⁴,
- having regard to its resolution of 24 March 2009 on complementarities and coordination of cohesion policy with rural development measures⁵,
- having regard to its resolution of 24 March 2009 on the Green Paper on Territorial Cohesion and the state of debate on the future reform of cohesion policy⁶,
- having regard to its resolution of 20 May 2010 on the implementation of the synergies of research and innovation earmarked funds in Regulation (EC) No 1080/2006 concerning the European Fund of Regional Development and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union⁷,
- having regard to its resolution of 20 May 2010 on the contribution of the Cohesion policy to the achievement of Lisbon and the EU 2020 objectives⁸,
- having regard to its resolution of 20 May 2010 on delivering a single market to consumers

¹ OJ L 210, 31.7.2006, p. 25.

² OJ L 291, 21.10.2006, p. 11.

³ OJ C 15 E, 21.1.2010, p. 10.

⁴ Texts Adopted, P6_TA(2009)0124.

⁵ OJ C 117 E, 6.5.2010, p. 46.

⁶ Texts Adopted, P6_TA(2009)0163.

⁷ Texts Adopted, P7_TA(2010)0189.

⁸ Texts Adopted, P7_TA(2010)0191.

and citizens¹,

- having regard to its resolution of 7 October 2010 on EU cohesion and regional policy after 2013²,
 - having regard to its resolution of 12 December 2010 on good governance with regard to the EU regional policy³,
 - having regard to the Commission’s 20th annual report on implementation of the structural funds (2008), of 21 December 2009 (COM(2009)0617/2),
 - having regard to the communication from the Commission of 3 March 2010 on ‘EUROPE 2020 – A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
 - having regard to the communication from the Commission of 31 March 2010 on ‘Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013’ (COM(2010)0110),
 - having regard to the communication from the Commission of 6 October 2010 on ‘Regional Policy contributing to smart growth in Europe 2020’ (COM(2010)0553),
 - having regard to the communication from the Commission of 19 October 2010 on ‘The EU Budget Review’ (COM(2010)0700),
 - having regard to the Commission’s fifth report on economic, social and territorial cohesion: the future of cohesion policy (the ‘Fifth Cohesion Report’), of November 2010,
 - having regard to the communication from the Commission of 9 November 2010 on the conclusions of the fifth report on economic, social and territorial cohesion (COM(2010)0642),
 - having regard to the letter addressed to the President of the Commission by the Commissioners for Regional Policy, for Maritime Affairs and Fisheries, for Employment, Social Affairs and Inclusion, and for Agriculture and Rural Development,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development and the opinions of the Committee on Budgets and the Committee on Employment and Social Affairs (A7-0000/2011),
- A. whereas Article 174 TFEU provides that the Union, in order to promote its overall harmonious development, shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion,
- B. whereas recital 40 of Council Regulation (EC) No 1083/2006 states that programming

¹ Texts Adopted, P7_TA(2010)0186.

² Texts Adopted, P7_TA(2010)0356.

³ Texts Adopted, P7_TA(2010)0468.

should ensure coordination of the funds between themselves and with the other existing financial instruments, the EIB and the European Investment Fund (EIF), and that such coordination should also cover the preparation of complex financial schemes and public-private partnerships,

- C. whereas the Commission, in the Europe 2020 strategy, pledged to mobilise the EU financial instruments – namely the rural development and the structural funds, R&D programmes, Trans-European Networks (TENs), the Competitiveness and Innovation Framework Programme (CIP) and the EIB, among others – as part of a consistent funding strategy, pulling together EU and national public and private funding, in the context of the flagship initiative entitled ‘Resource efficient Europe’, thus reflecting the need for coherence between policies and instruments,
- D. whereas the Fifth Cohesion Report clearly acknowledges that pursuing regional development effectively requires close coordination of public policies at all levels,
- E. whereas the Council, in its conclusions of 14 June 2010 on the Commission’s Strategic Report 2010 on the implementation of cohesion policy programmes, stressed ‘the need to further improve the co-ordination of Cohesion policy and other EU and national policies, where necessary in order to increase the effectiveness in delivering common objectives in a common coordinated way’, as well as ‘the real added value generated by one strategic approach and by common implementation rules for the ERDF, the Cohesion Fund and the ESF, within the general framework of the cohesion policy’,
- F. whereas, in the letter they addressed to Commission President Barroso, the Commissioners for Regional Policy, for Maritime Affairs and Fisheries, for Employment, Social Affairs and Inclusion, and for Agriculture and Rural Development acknowledged ‘the need to strengthen the integration of the different EU policies to attain the sustainable and inclusive economic development the Union must achieve’, proposing the ‘drawing-up of a common EU-level strategic framework for the ERDF, the ESF, the Cohesion Fund, the EAFRD, and the EFF, for the period after 2013’,
- G. whereas the reform of structural policy for the 2007-2013 programming period led to the separation of rural development from the general framework of the structural funds,
- H. whereas the rationalisation of spending calls for greater effectiveness and efficiency of policies at EU level, as well as national, regional and local levels, and whereas closer coordination and complementarity are essential elements in the modernisation of cohesion policy in the future,
- I. whereas, without a supporting policy framework, actual synergies depend to a great extent on the beneficiaries’ organisational and strategic capacity to combine support from different EU instruments,
- J. whereas a local-development-based approach can contribute significantly to the efficiency and effectiveness of cohesion policy, while an exclusive emphasis on urban issues and the role of cities within cohesion policy could lead to imbalance in the development of urban and rural areas,

- K. whereas there is an acute need, and also pressure, for consolidation of public budgets, and this requires more innovative actions to enhance the impact of any available funding, and whereas effective coordination of policies and instruments will make for savings of time and resources and for real efficiency and effectiveness gains,
- L. whereas coordination and synergies have to be sought both horizontally (with consistency across different policies) and vertically (with cooperation and coordination between the various levels of governance),
- M. whereas a fragmented approach may lead to policy gaps, overlapping or even conflicting policies, contradictory public actions and duplication of resources, with consequences both for the regional effectiveness of public policies and for their national impact, and whereas the concept of an integrated approach appears to be insufficiently emphasised in the Commission's latest policy documents,
- N. whereas a more integrated, consistent, effective and efficient cohesion policy requires a greater effort to adapt EU policies to the specific needs and assets of the Union's various territories and regions,
- O. whereas the Strategic Guidelines – in the context of the general guideline of improving access to finance – require better coordination between funds,
- P. whereas the Strategic Guidelines explicitly call for the encouragement of synergies between structural, employment and rural development policies, stressing that, in this context, Member States should ensure synergy and consistency between actions to be financed on a given territory and in a given field of activity by the ERDF, the Cohesion Fund, the ESF, the European Fisheries Fund (EFF) and the European Agricultural Fund for Regional Development (EAFRD); and whereas they also provide that the main guiding principles in relation to the demarcation line and mechanisms for coordination between actions supported by the various funds should be defined in national strategic reference frameworks/national strategy plans,
- Q. whereas the mid-term review acknowledges that budgetary flexibility is limited and that obstacles exist to reprioritisation even within programmes, while also noting that inconsistencies between programmes and heavy administrative burdens hamper effectiveness,
- R. whereas, in the current post-crisis situation, it is more important than before to understand the processes in the Member States' economies and the results achieved through the use of EU resources,
- S. whereas it is important to ensure the visibility and 'European added value' of the EU contribution,
- 1. Calls for a single strategic framework to be proposed to ensure a common approach and to capitalise on synergies between all actions which serve on the ground to further cohesion policy objectives as defined by the Treaties and are funded by the ERDF, the Cohesion Fund, the ESF, the EAFRD and the EFF;

2. Welcomes the proposal in the Budget Review for the adoption by the Commission of a Common Strategic Framework in order to strengthen the integration of EU policies for the delivery of the Europe 2020 strategy; points out, however, that increased synergies between actions funded by the above-mentioned five funds within a Common Strategic Framework are pivotal not only for the achievement of Europe 2020 objectives but also and primarily for the achievement of cohesion policy objectives as set by the Treaty;
3. Welcomes the Fifth Cohesion Report which, although mostly focused on highlighting the contribution that regions and cohesion policy can make to meeting the Europe 2020 objectives, contains nonetheless a number of conclusions which prove the crucial role of increased synergies among the structural funds, including the Cohesion Fund;
4. Believes that expenditure in the field of cohesion policy must be rationalised by reducing fragmentation of funding instruments and channels, and welcomes the Commission proposal for better prioritisation and a thematic concentration of EU and national resources on a number of priorities in order to achieve reinforced coordination between the funds, with scope for enhancing the strategic nature of this policy; emphasises, however, that Member States, regional and local authorities still need sufficient flexibility to adapt priorities to their specific development needs;
5. Stresses that many economic development initiatives within the framework of cohesion policy do not simply create opportunities which it would be desirable to take up, but actually depend for their success on both human and physical factors being addressed (infrastructure improvements, for instance, do not lead automatically to higher growth if they are not combined with investment in education, enterprise, and innovation); believes, therefore, that increased synergies between the ERDF, the ESF and the Cohesion Fund will maximise the development effect of these funds;
6. Is of the opinion that the rural development actions under the EAFRD and the sustainable development actions for fisheries areas under the EFF should be integrated in a single framework with the other structural funds, namely the ERDF, the Cohesion Fund and the ESF; calls on the Commission, therefore, to assess to what extent a comprehensive approach to the development of rural and fisheries communities, in line with the territorial cohesion objective, might be guaranteed through a shifting of local development actions under the two funds in question to the ‘cohesion umbrella’, or, at the very least, through clearer synergies among all the funds; believes that such an approach would take into account the context of key policies with territorial impact, and would enable those actively involved in development processes at regional and local level to run an effectively place-based policy well-suited to the territorial needs of rural and fisheries areas or small islands;
7. Stresses that coordination should be further enhanced not only between cohesion policy instruments as such (the ERDF, ESF and Cohesion Fund) but also between actions financed by these instruments and activities carried out under TENs, the Seventh Framework Programme and the CIP;
8. Believes that this mutual reinforcement and coordination of EU policies can undoubtedly ensure the best possible results from the EU budget;

9. Highlights the fact, however, that many Member States face difficulties in coordinating the various funds and have apparently expressed anxiety about the lack of synergy, and even in some cases about overlap, between funds; emphasises, in this respect, that the funds' complex management rules require a high level of institutional capacity in order to overcome barriers and satisfactorily coordinate their implementation;
10. Considers that common rules on the management, eligibility, auditing and reporting of projects financed by the ERDF, the ESF, the Cohesion Fund, the EAFRD and the EFF (especially concerning measures to support the economic diversification of rural and fisheries areas) would not only play a key role in enhancing and facilitating more effective implementation of cohesion policy programmes but would also crucially assist simplification efforts; considers, moreover, that this would simplify both the use of funds by beneficiaries and the management of funds by national authorities, reducing the risk of error while providing differentiation, as needed, to reflect the specificities of policies, instruments and beneficiaries, and also facilitating participation in cohesion policy programmes by smaller stakeholders, as well as easier absorption of available funding;
11. Stresses, therefore, the need to maintain and reinforce the model of a single general regulation, covering management, eligibility, audit, control and reporting rules, combined with short and focused fund-specific regulations reflecting the particular policy goals of each fund; emphasises, furthermore, that coordination must take place at all levels of policy making, from strategic planning through delivery and payments to closure, audit, control and evaluation;
12. Stresses, at the same time, the importance of increasing administrative capacity in the Member States, at regional and local level as well as among stakeholders, in order to overcome barriers to effective synergies between structural funds and other funds and to support effective policy design and implementation; insists on the essential role the Commission has to play in this regard;
13. Calls on the Commission to examine the most effective ways of increasing synergies on the ground; suggests, in this respect, that consideration be given to the possibility of allowing the Member States to choose to have a single operational programme per region, encompassing different funds (ERDF, ESF, Cohesion Fund, EAFRD and EFF) with a single managing authority;
14. Calls on the Commission to put forward proposals for reviewing the provisions on cross-financing and reducing the barriers to their application, in the light of reliable and comprehensive data on their use and impact, in order to ensure greater simplification and legal certainty in their application by comparison with the situation currently observed;
15. Calls on the Commission to encourage the Member States to extend the cohesion policy governance mechanisms (i.e. programming, funding and implementation in partnership between national, regional and local levels) to those funds covered by the planned Common Strategic Framework, in order to increase the efficiency and effectiveness of public spending;
16. Calls on the Commission, when establishing the new Common Strategic Framework and bringing forward proposals for regulations, to include provisions enabling local and

regional partnerships (cities, towns, functional regions, groups of local authorities) to incorporate the various EU funding streams into a consistent and integrated framework in their respective territories;

17. Instructs its President to forward this resolution to the Council, the Commission and the Member States.

EXPLANATORY STATEMENT

The time and place for greater co-ordination and synergies

Your rapporteur believes that the rationale for a greater attempt to co-ordinate the efforts from EU funds and programmes stems more critically from the post-crisis era that Europe has entered. It is clear that in the coming years, the need to consolidate the public budgets will force us to be more innovative and seek a bigger impact from the available funding¹. This is the opportunity for that as many have recognized.

The Parliament has consistently insisted in several resolutions on the "need for synergies and an integrated approach between the different sectoral policies in order to achieve the optimal result for growth and development on the ground" and that "there should be a commitment to a single, flexible EU policy"². Focusing the funds' joint action at regional and/or local level enhances their added value and permits local stakeholders to fine-tune specific actions to the real economic and social needs, and thus to the employment situation in each specific region (local development strategy, place-based development plans, etc).

Co-ordination of funds, the track record so far

As far as the ESF is concerned, the experience clearly demonstrates that the ERDF funding of economic actions (innovation, research, SMEs, environment, etc.) can be more effective if closely coordinated and integrated with the actions undertaken by that fund, especially taking into account that the success of most programmes and measures largely depends on the successful combination of several factors, among which human development is of utmost importance. The enhancement of the European added value of both structural funds is linked to the progress in achieving synergy between economic and social intervention.

The reform of structural policy for the 2007-2013 programming period led to the separation of the Rural Development Fund from the general framework of Structural Funds. It was stressed that this separation shouldn't result in the duplication or the omission of objectives, and development opportunities should be ensured in both rural and urban areas alike, but there is conflicting evidence from the ground. Efficiency of rural development policies requires close coordination with the implementation of measures under the EAFRD and regional policy instruments alike. In this context, the European Parliament has consistently insisted on the need for close monitoring of the separation of rural development from cohesion policy in order to evaluate its true impact on the development of rural areas. The results of the separation of the EAFRD from the field of cohesion policy should be carefully assessed.

The call for greater flexibility in the use of funds, on one hand, and for an administrative culture that promotes a multidisciplinary approach and simplification of the administration of funds, on the other, is not new. In the field of synergies between the Structural funds, the 7th Framework Programme for research, technological development and demonstration activities, and the Competitiveness and Innovation Framework Programme, the European Parliament has insisted on the need to avoid high concentration of capacity in economic clusters and top

² European Parliament resolution of 24 March 2009 (P6_TA(2009)0163).

EU regions, regretting that synergies in funding are still not well known.

Yes to synergies, but how?

Important elements for coordination are already in place, but can be further enhanced for the benefit of greater synergies. The EU Cohesion Policy instruments (ERDF, ESF and CF) are managed in a common framework which stretches from the Strategic Guidelines down to payments and reporting. Nevertheless, this is not enough. Co-ordination can be enhanced between the Cohesion Policy instruments and beyond.

An integrated planning and delivery system can encompass all policy areas, for instance in a National Development Plan, or it can include several policy areas in order to tackle individual complex problems (i.e. EU2020 strategy). The virtue of integrated planning is in the understanding that one cannot solve complex problems by just approaching them from one side – unemployment cannot be solved just with training of the unemployed, you also need to put in place job creation policies, like support to SMEs, start-ups, etc. If a country/region is underdeveloped and the goal is that it would catch up, then putting in place separately managed sectoral policies, such as transport or environment infrastructure will not achieve a significant effect in its overall development¹. A fragmented approach may lead to overlapping or even conflicting policies, contradictory public actions and duplication of resources, having consequences both for the regional effectiveness of public policies and for their national impact².

In the context of the EU Cohesion Policy, this means that the current planning and delivery system that brings together policies (and funding for them) for human resources development, for enterprise development, especially SMEs, for infrastructure development, etc., serves the purpose of catching up of the assisted regions. Each of these policies separately would achieve less than they currently achieve jointly in an integrated planning and delivery system. Keeping together the planning and implementation of the Structural Funds and Cohesion Fund and re-integrating them better with the Rural Development Fund and Fisheries Fund is key to unlocking the potential of the lagging behind regions.

Synergies and coordination do not imply one size-fits-all solutions. Instead they call for close strategic coordination between instruments, policies and actors in order to produce carefully designed interventions and programmes which take into account the territorial specificities and comparative advantages or special features of each region in an integrated place based approach³.

In view of the above, your rapporteur believes that the current moment, which complex as we are slowly overcoming the results of the financial and economic crisis, has presented us with an opportunity to use the time of the upcoming negotiations on the next MFF to achieve greater synergies from the EU funds and programmes by **putting in place an even more far-**

¹ OECD Publication, *Regions matter: economic recovery, innovation and sustainable growth*, 2009, p. 125.

² Idem.

³ Study *Applied Research Project of EDORA -European Development Opportunities for Rural Areas*, conducted within the framework of the ESPON 2013, July 2010, Part B, p. 48.

reaching co-ordination mechanism. This will have to include taking the current Strategic Guidelines on a new level of strategic planning by establishing a single Strategic Framework and complementing the general framework for EU Cohesion Policy instruments with additional links to other, EU related programmes.