DRAFT REPORT

on the Report 2010 on the implementation of the cohesion policy programmes for 2007-2013
(2010/2139(INI))

Committee on Regional Development

Rapporteur: Miroslav Mikolášik
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Report 2010 on the implementation of the cohesion policy programmes for 2007-2013 (2010/2139(INI))

The European Parliament,

– having regard to the Treaty on the Functioning of the European Union, and in particular Articles 174 to 178 thereof,


– 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 Fund\(^1\),

– having regard to the Council Decision of 6 October 2006 on Community strategic guidelines on cohesion (2006/702/EC)\(^2\),

– having regard to its resolution of 24 March 2009 on the implementation of the Structural Funds Regulation 2007-2013: the results of the negotiations on the national cohesion strategies and the operational programmes\(^3\),

– 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 Union\(^4\),

– having regard to the Commission’s Information Paper No 1: Earmarking of 28 February 2007 (COCOF/2007/0012/00),

\(^1\) OJ L 210, 31.7.2006, p. 25–78.
\(^3\) Texts adopted, P6_TA(2009)0165.
having regard to the Commission’s information note ‘Indicative structure for the national strategic reports 2009’ of 18 May 2009 (COCOF 09/0018/01),


– having regard to the opinion of the Committee of the Regions on ‘Cohesion policy: strategic report 2010 on the implementation of the programmes 2007-2013’ of 1-2 December 2010 (CdR 159/2010),

– 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, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism and the Committee on Women's Rights and Gender Equality (A7-0000/2010),

A. whereas, according to Article 174 of the Treaty on the Functioning of the European Union, in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion,

B. whereas the strategic dimension of cohesion policy guaranteeing consistency with the European Union priorities is provided and highlighted through Council Regulation (EC) No 1083/2006 (hereinafter: General Regulation), the Community strategic guidelines on cohesion (hereinafter: Strategic Guidelines), the National Strategic Reference Framework (NSRF) and the Operational Programmes (OP),

C. whereas the strategic reporting exercise represents a new feature of cohesion policy, introduced in the present programming period through the General Regulation as an instrument for examining the implementation of Strategic Guidelines, aiming at increasing the strategic content and promoting the transparency and accountability of cohesion policy,

D. whereas Lisbon earmarking is the exercise whereby subsets of the agreed 86 priority schemes were identified as specific priorities under the Lisbon Growth and Jobs Agenda and whereas, for the Convergence objective regions, 47 priority themes were identified as earmarked priorities, while in Regional Competitiveness and Employment objective regions, only 33 priority themes were identified,

E. whereas for the 2009 national strategic reports, the Commission and the Member States agreed to exchange data only on the priority themes by objective, with a target date of 30 September 2009 for extraction,

F. whereas European regions are still facing striking economic, social and environmental disparities, partly as a natural consequence of the last two enlargements and also due to the direct effects of the global financial and economic crisis, even though these disparities
have shrunk over the past decade through the active contribution of cohesion policy,

G. whereas cohesion policy has been a key element of the European Economic Recovery Plan (EERP), demonstrating the importance of the Structural Funds as tools of economic stimulus, in particular for small businesses, sustainability and energy efficiency and whereas the Commission was asked to present a report in 2010 about the uptake of measures adopted as part of Europe’s response to the crisis,

1. Congratulates Member States on their efforts to prepare their first national strategic reports, which have proved to be a valuable source of information on implementation;

2. Points out that, when making comparative analyses, it should be taken into consideration that five Member States extracted their data at a more recent date and one at an earlier date; considers that it is more appropriate to compare the progress made by individual Member States with the EU average;

3. Considers that transparency in the allocation of funds fosters correct implementation and is a key precondition for achieving the overall objectives of cohesion policy and as such needs to be reinforced; takes the view that setting Community guidelines and introducing strategic reporting as a new instrument have contributed to increased accountability in delivering policy objectives;

**Implementation**

4. Notes that the reported financial volume of projects selected is EUR 93.4 billion, representing 27.1% of available EU resources in the current period, and that this average rate applies to the three cohesion policy objectives as well as to the Lisbon earmarking categories and to the progress in implementing the Community Strategic Guidelines; underlines, however, that progress varies widely between countries and across themes, with aggregate selection rates above 40% in the case of 9 Member States and below 20% for 4 Member States;

5. Notes with satisfaction that a total of EUR 63 billion is reported as allocated to Lisbon earmarking projects and that project selection under Lisbon earmarking is at the same level or slightly faster than selection for other actions;

6. Notes that the progress rate among CSG themes is highest in the Territorial Dimension theme (30%), above average for ‘Improving knowledge and innovation for growth’, but below 27.1% in the case of the other two guidelines and that, moreover, selection rates are above average for Lisbon earmarked projects in both Convergence and Regional Competitiveness and Employment objectives, but amount only to 20.5% in the European Territorial Cooperation objective; regrets that, in the absence of output and result indicators for all Member States, the analysis of policy performance as presented in the strategic report has proved to have serious limitations;

7. Regrets the delays in project selection for strategic areas such as the rail sector, certain energy and environmental investments, the digital economy, social inclusion, governance and capacity building, and calls for a thorough analysis of the causes of these delays; highlights on the other hand higher absorption of environmental projects in European
Territorial Cooperation programmes, and points to the clear added value of cooperation in this context;

**Challenges in implementation**

8. Underlines the fact that effective selection and implementation of projects in some areas is hampered by missing relevant preconditions, such as the lack of clear national priorities for certain areas of intervention, belated transposition of EU laws and lack of institutional and administrative capacity;

9. Recalls with regret that the substantial delay in policy implementation results mainly from the following factors: late conclusion of the negotiations on the multiannual financial framework and the legislative package of the policy, resulting in belated completion of the national strategies and operational programmes, changes in the rules on financial control, overlap with the closure of the period 2000-2006 and scarce public resources available for cofinancing in Member States;

10. Deplores the fact that, although the Strategic Report should highlight the contribution of the programmes cofinanced by the Structural Funds towards implementing the objectives of cohesion policy, it does not provide comprehensive data on the situation regarding regional disparities up to 2009;

**Response to the economic crisis**

11. Welcomes the publication of the Commission Staff Working Paper 'Cohesion Policy: Responding to the economic crisis', a review of the implementation of cohesion policy measures adopted in support of the European Economic Recovery Plan; highlights that this review draws primarily on the information provided in national strategic reports;

12. Notes that the current framework of cohesion policy has proven to allow a flexible and appropriate response to the rapidly deteriorating socioeconomic environment; underlines that Member States appreciated that the crisis measures could be tailored to their specific needs;

13. Takes note of the difficulty of measuring the overall impact of specific cohesion policy-related measures under the EERP, and regrets that the review therefore can only give limited insights into concrete examples at national level; nevertheless, welcomes the analysis of good practices and first conclusions presented in the report;

**Creating synergies and avoiding the sectoral dispersion of regional policy resources**

14. Shares the view of the Council expressed in the Council Conclusions on the Strategic Report 2010 on the real added value generated by one strategic approach and common implementation rules for the ERDF, ESF and Cohesion Fund; stresses, as well, the need in the post-crisis era to consolidate public budgets and increase synergies and the impact of all available funding sources (EU, national, EIB instruments) through effective coordination;

15. Highlights the particular added value of more synergies between ERDF and ESF, since
experience clearly proves that successful performance of ESF-financed programmes is essential in order to maximise the effectiveness of ERDF funding for economic actions;

**Monitoring and evaluation**

16. Notes that monitoring and evaluation should stimulate policy learning and, together with financial control, should constitute an incentive to improve the quality of performance;

17. Regrets that only 19 Member States reported on core indicators and therefore at this stage it is impossible to have a first clear EU-wide picture of the impact of the policy on the ground; strongly encourages Member States to use core indicators in the next round of the strategic reporting exercise in 2012-2013;

18. Calls on the Commission to enhance the coherence and quality of monitoring of the progress made by Member States by making obligatory the use of a minimum set of core indicators in national strategic reports in the next programming period to facilitate comparison and by providing more detailed guidance;

**Good practices**

19. Considers that good practices in policy implementation must be highlighted and promoted in order to improve efficiency and avoid repeating past mistakes;

20. Encourages good practices related to national reporting such as using core indicators, reporting on results and outputs, reporting on synergies between national policies and EU policies, organising public debates and consultations with stakeholders, submitting the reports to national parliaments for opinions and publishing the reports on governmental websites, as these practices improve the quality of the reporting exercise and increase the ownership of stakeholders within Member States;

**Conclusions and recommendations**

21. Strongly believes that good governance at European, national, regional and local level is fundamental to ensuring the quality of the decision-making process, strategic planning and the successful and efficient implementation of cohesion policy; encourages the Commission and the Member States to strengthen multi-level governance in accordance with the Treaty and the partnership principle;

22. Believes that simplification of provisions and procedures at EU and national level should continue without creating major difficulties for beneficiaries and should contribute to increased efficiency; regrets that, due to superfluous bureaucracy, overcomplicated rules and a lack of harmonised procedures, many funds remain unused;

23. Encourages Member States to enhance capacity-building and, in particular, to ensure the cofinancing of projects by national contributions and with financial engineering support, in order to increase the absorption of the funds and to avoid further major delays in investing;

24. Stresses that the Strategic Report 2013 should be result-oriented and focused more on
qualitative analysis of outputs, outcomes, early impacts and the effectiveness of cohesion policy programmes rather than on excessive presentation of statistical data;

25. Calls on all EU institutions and Member States to facilitate speedier conclusion of key documents, such as the multiannual financial framework and regulations, in the next round of negotiations with a view to overcoming the start-up difficulties that might arise at the beginning of the next programming period;

26. Instructs its President to forward this resolution to the Council, the Commission and the Member States.
EXPLANATORY STATEMENT

Introduction

Implementation reports analyse the transposition of EU legislation into national law and the implementation and enforcement thereof in the Member States. In the case of cohesion policy, the legislative framework consists of directly applicable regulations.

With the publication of the Communication from the Commission ‘Cohesion Policy: Strategic Report 2010 on the implementation of the programmes 2007-2013’ a first real analysis of the implementation process of the Operational Programmes can finally be accomplished by the European Parliament.

Thus, this Report analyses whether legislation has been properly applied by the Member States as well as the way in which the Member States have understood and followed the Community Strategic Guidelines when implementing their National Strategic Reference Frameworks and Operational programs.

The report has been elaborated mainly on the basis of two following documents: Communication from the Commission to the European Parliament, the Council and the Court of auditors entitled Cohesion Policy: Strategic Report 2010 on the implementation of the programmes 2007-2013 (hereinafter Strategic Report) and the Commission Staff Working Document accompanying the Communication.

General background

The strategic reporting exercise represents a new feature of cohesion policy introduced in the present programming period through the General Regulation as an instrument of examining the implementation of Strategic Guidelines. The aim of this exercise, as stated in Recital 36 of Council Regulation 1083/2006 (General Regulation), is to increase the strategic content and promote the transparency of cohesion policy through integration with the Community's priorities.

Articles 29(2), 30(1) and 30(2) of the same Regulation provide a legal basis for the strategic reporting. According to this Regulation, the Member States were required to provide the first national strategic reports at the latest by the end of 2009. The data presented in the Strategic Report is based on these national strategic reports.

Core assessments

Implementation of the Programmes

First of all, it has to be noted that the Commission and the Member States agreed to exchange data for the 2009 national strategic reports with a target date of 30/09/2009 for extraction, but some Member States extracted data on other dates. Thus, the differences of several months must be taken into account while making comparative analysis, because it could influence the volume of allocations made to a particular sector.
The reported financial volume of projects selected is **93.4 billion EUR** representing **27.1 %** of available EU resources in the current period. This average rate applies to the three cohesion policy objectives as well as to the Lisbon earmarking categories and to the progress in implementing the Community Strategic Guidelines. A total of **63 billion EUR** is reported as allocated to **Lisbon earmarking projects** and that project selection under Lisbon earmarking is at the same level or slightly faster than selection for other actions.

The abovementioned average progress made by the Member States can be considered rather reasonable given the context of serious deterioration in the socio-economic situation in 2008-2009 due to the global crisis, but also the reform made to the policy for the period 2007-2013, as both of these factors have had strong impact upon implementation.

At the same time, the crisis has also proved the relevance of the Structural Funds, in particular, the European Social Fund turned out to be very useful in tackling daunting challenges in many regions. The evidence is provided in a review of the implementation of cohesion policy measures adopted in support of the European Economic Recovery Plan (*Commission Staff Working Paper ‘Cohesion Policy: Responding to the economic crisis’*), which draws primarily on the information provided in national strategic reports.

There is still an obvious gap between the less developed and highly developed EU regions in many respects and progress varies significantly between countries and across themes, with aggregate selection rates above 40% in the case of 9 Member States and below 20 % for 4 Member States. The lagging-behind regions need further support in their efforts to overcome their socio-economic difficulties.

According to the Rapporteur, certain strategic areas are facing particular delays in project selection. The areas of special concern, where an in-depth analysis of the reasons should be accomplished, are the following: rail sector, certain energy and environmental investments, digital economy, social inclusion, governance and capacity building.

Therefore, additional efforts are needed to avoid excessive delays, strengthen performance of the implementation and to ensure higher financial discipline. On the other hand, the Rapporteur highlights higher absorption of environmental projects under European Territorial Cooperation programmes as it is a positive development suggesting a clear added value of cross-border, transnational and interregional cooperation.

**Strategic Reporting Exercise**

The strategic reporting exercise provides timely evidence of the progress in implementation throughout the EU-27 offering a basis for high-level debate, peer review, policy learning and an incentive to improve the quality of performance.

Nevertheless, some important limitations have been observed. For instance, only 19 Member States reported on core indicators. Therefore, at this stage it is impossible to have a first clear EU-wide picture of the impact of the policy on the ground. In Rapporteur’s opinion, Member States should use core indicators in the next round of the strategic reporting exercise in 2012-2013 to facilitate comparison at EU level. Furthermore, in order to enhance the coherence and quality of monitoring of the progress, Member States should increase the strategic content of
their respective reports and the Commission should provide more detailed guidance to improve the quality of strategic reporting exercise.

Reporting exercise is supposed to increase the accountability to the public on achievements of the policy; therefore presentation of findings needs more publicity. Moreover, exchange of experiences should be promoted so that Member States can benefit from good practices that contributed to the delivery of positive results. Rapporteur highlights following good practices that contribute to enhanced quality of the reporting exercise and increased ownership of stakeholders within Member States:

- using core indicators,
- reporting on outputs and results,
- reporting on synergies between national policies and EU policies,
- organising public debates and consultations with stakeholders,
- submitting the reports to national parliaments for opinion, and publishing the reports on governmental websites.

Reflections and Conclusions of the Rapporteur

Cohesion policy continues to prove its relevance as it considerably contributes to the improvement of the socio-economic environment. The Member States have embraced new requirements in a positive way and they are making progress in delivering cohesion policy objectives, as evidenced by facts and figures provided in national reports - though with certain inherent heterogeneity at the level of states and regions. However, cohesion policy is a long-term mechanism and most of the results are visible later in the programming period. Indeed, the full picture for the 2007 - 2013 programming period will be visible only in 2015, two years after the second Strategic Report, since certain countries have two years after 2013 to use all the committed funding.

The Rapporteur draws attention to the fact that effective selection and implementation of projects in some areas is hampered by many factors, such as late conclusion of the negotiations on multi-annual financial framework and the legislative package of the policy resulting in belated completion of the national strategies and operational programmes, changes in the rules on financial control, scarce public resources available for co-financing in Member States as well as the lack of clear national priorities for certain areas of intervention, and deficient institutional administrative capacity. These factors need to be promptly addressed at both EU and Member States’ level. Member States are also advised to accelerate and facilitate the use of Structural Funds on the ground and especially to take corrective measures in the areas with weak performance to avoid late delivery of agreed results.

Of course, key preconditions for achieving the overall objectives of cohesion policy are sound financial discipline and the transparency in the allocation of funds. The strategic reporting as a new instrument can contribute in this sense to increase the accountability in delivering policy objectives. Another important issue ensuring quality of the decision-making process, strategic planning as well as the successful and efficient implementation of cohesion policy, is the efficiency of public administration. Therefore, good governance at European, national, regional and local level should be further strengthened in accordance with the Treaty and partnership principle. The simplification of the cohesion policy management and
implementation remains highly desirable, because it is surely not welcome that due to superfluous bureaucracy, onerous rules and procedures funds remain unused.

In this context, the absorption of the funds can be increased by targeted capacity building and by mobilising all appropriate national resources to obtain the available co-financing from the Structural funds. The instruments of financial engineering can also provide necessary support.

Finally, cohesion policy aims at reducing disparities between levels of development of European regions, facilitates the pursuit of modernisation and sustainable growth and demonstrates European solidarity. As such, it has proved to be essential to the progress of European integration while establishing strong synergies between all European policies. Reality shows that European regions are still facing striking economic, social and environmental disparities. Some of them are consequences of the last two enlargements (suggestion: accession of historically and economically disadvantaged countries), other have been accentuated by the direct effects of the global financial and economic crisis.

The issue of the architecture of the future cohesion policy for the period 2014-2020 will be in the centre of the political debate in the next years. The risk exists that shortcomings of the Lisbon Strategy could repeat themselves in the implementation of the Europe 2020 Strategy. The Rapporteur reiterates, in the context of upcoming negotiations for the future programming period, that the cohesion policy should continue to address all European regions and societal challenges, both helping the poorer ones to catch up, and delivering smart, sustainable and inclusive growth. Your Rapporteur also strongly believes that within the context of persisting territorial imbalances and a lingering crisis, strong and well-financed EU regional policy is a condition sine qua non for achieving social, economic and territorial cohesion, therefore the budget allocated for the cohesion policy in the next programming period should definitely not be decreased.