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INTERACTIONS BETWEEN EU FUNDS: COORDINATION AND COMPETITION

IQ-Net Thematic Paper No. 28(2)

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***Improving the Quality of
Structural Funds Programme Management
Through Exchange of Experience***

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PREFACE

The research for this paper was undertaken by EPRC in preparation for the 30th IQ-Net meeting held in Swansea, Wales on 20-22 June 2011. The paper was written by Sara Davies.

The paper was the product of desk research and fieldwork visits during Spring 2011 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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Austria

- State Government of Niederösterreich (Lower Austria), Economic and Tourism Department
- State Government of Steiermark (Styria), Economic Policy Department

Belgium

- Enterprise Flanders Agency

Czech Republic

- Ministry for Regional Development

Denmark

- Danish Enterprise and Construction Authority

Finland

- Länsi-Suomi (Western Finland Alliance) and the Ministry of Employment and the Economy

France

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- Sachsen-Anhalt (Saxony Anhalt), Ministry of Finance

Greece

- Management Organisation Unit of Development Programmes S.A.

Hungary

- Hungarian Enterprise Development Centre (MAG), in association with the National Development Agency (NDA)

Italy

- Ministry of Economic Development and Promuovi Italia SpA

Latvia

- Ministry of Environmental Protection & Regional Development, in association with the State Regional Development Agency

Poland

- Śląskie Voivodeship (Marshal's Office of Silesia)

Portugal

- Financial Institute for Regional Development (IFDR)

Spain

- País Vasco (Basque Country), Provincial Council of Bizkaia, Department of Economy and Finance

Slovenia

- Government Office for Local Self-Government and Regional Policy, EU Cohesion Policy Department

Sweden

- Tillväxtverket, Swedish Agency for Economic and Regional Growth

United Kingdom

- Department of Communities and Local Government
- Scottish Government
- Welsh European Funding Office

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Disclaimer

It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.

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EXECUTIVE SUMMARY

Introduction

EU Cohesion policy is implemented through three different EU Funds, which interact with one another and also with other EU funding sources, particularly the rural development fisheries funds, but also in fields such as research, development and transport. This paper examines how EU Cohesion policy Funds are coordinated with one another and other EU funds in 2007-13 and also looks to the future period of 2014+. It focuses on three dimensions:

- Coordination between the three EU Funds that co-finance Cohesion policy in 2007-13, namely the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund;
- Interactions between the Cohesion policy Funds and the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF);
- Relations between Cohesion policy and other EU budgetary instruments or funding streams (e.g. the Framework Programme and the Competitiveness and Innovation Programme).

EU-level coordination across the Funds

Key drivers of changes in relationships between Funds in the 2000s have been: debates over the strategic role of the EU budget; reforms of the Common Agricultural Policy and the Common Fisheries Policy; and the increased administrative complexity of EU implementation rules. The main changes introduced in 2007-13 were:

- A mono-Fund approach for ERDF and ESF programmes;
- The integration of the Cohesion Fund with the ERDF in thematic programmes;
- The shift of the EAFRD and EFF out of Cohesion policy; and
- Increased awareness of overlaps between Cohesion policy and other EU budget lines.

Various efforts were made to ensure coordination between Funds in 2007-13, notably the agreement of similar framework documents for Cohesion policy, the EAFRD and the EFF, which set out common statements of principle on the need for complementarity and demarcation between Funds; the introduction of the cross-financing option for the ERDF and ESF; and steps to demarcate the roles of each Fund in programme documents. Further mechanisms, particularly within Cohesion policy, are EU-level committees, as well as procedures that ensure coordination between European Commission Directorates General.

Cross-Fund coordination in the IQ-Net partner programmes

IQ-Net partners take varying approaches to coordinating the different EU Funds, with some Member States and regions sharing core managing/certifying/audit authorities between Funds, and others separating out all core administrative tasks. All partners have some form of cross-Fund coordination mechanisms, ranging from personal communication between implementing staff to formal ministerial committees and coordinating bodies. Some Member States and regions go further and integrate EU funding streams into broader domestic coordination mechanisms.

A key focus during the ex ante phase was often the demarcation of tasks, activities and beneficiaries between Funds. During implementation, some partners coordinate activities such as financial control, monitoring and evaluation across Funds, although there is considerable variation in approach. Many partners also coordinate advice and procedures for project applicants. Experiences with ERDF/ESF cross-financing vary widely, with some partners making extensive use of this option (as well as other forms of project-level coordination) and others not engaging in cross-financing at all. Some partners also endeavour to coordinate Cohesion policy with other EU budget streams such as the Framework Programme or the Competitiveness and Innovation Programme.

The future of cross-Fund coordination in 2014+

The EU Budget Review and the Fifth Cohesion Report of November 2010, which set out draft proposals on the future of the EU budget, including Cohesion policy, include elements that relate to interactions between EU Funds, notably:

- The idea of introducing new forms of strategic coordination, including an EU-level common strategic framework plus a development and investment partnership contract between the Commission and each Member State;
- Endeavours to find ways of harmonising or aligning implementation rules across EU funding streams.

Many Member State responses to the public consultation following the publication of the Fifth Cohesion Report in November 2010 included comments on these aspects of the Commission's draft proposals.

IQ-Net partners noted a range of constraints on coordination and cooperation between EU Funds in 2007-13. While some of these obstacles were seen to be rooted in factors at EU-level, other difficulties were instead perceived to be generated by national/regional institutional and political frameworks. While partners voiced a wide range of views on the problems faced and on the Commission's proposals, a clear majority argued in favour of:

- Introducing shared implementation rules across all EU Funds;
- Enhancing coordination among European Commission Directorates General; and
- Increasing coordination between Funds during the ex ante strategic planning phase.

Questions for discussion

Key questions for discussion include:

1. What is your view of proposals to create a common strategic framework at EU level and a development and investment partnership contract at Member State level in 2014+?
2. Which implementation rules need to be harmonized, and across which Funds (within Cohesion policy; between Cohesion policy and the EAFRD and EFF; or across all EU Funds)?
3. Should more be done to improve coordination between the ERDF and ESF (e.g. via multi-Fund programmes; extended cross-financing; or a clearer thematic demarcation between the ERDF and ESF)?
4. Should steps be taken to improve coordination between Cohesion policy and the EAFRD and/or EFF?
5. Is there a need to increase coordination between Cohesion policy and other EU funding streams such as the Framework Programme or the Competitiveness and Innovation Programme?

INTERACTIONS BETWEEN EU FUNDS: COORDINATION AND COMPETITION

1. INTRODUCTION

Some of the key issues in discussions over the future of Cohesion policy in 2014+ relate to questions of coordination. On the one hand, EU Cohesion policy is implemented through a three different EU Funds which need to be coordinated with each other. On the other hand, Cohesion policy interacts with other EU budgetary instruments, as well as national/regional policies, and these relationships also need to be managed. This paper examines how EU Cohesion policy Funds interact with each other and with other EU funds in 2007-13 and also looks to the future period of 2014+. It focuses on three dimensions:

- First, it explores relations between the three EU Funds that co-finance Cohesion policy in 2007-13: the European Regional Development Fund, the European Social Fund and the Cohesion Fund;
- Second, it assesses how the Cohesion policy Funds interact with the European Agricultural Fund for Rural Development and the European Fisheries Fund;
- Third, it describes the interactions between Cohesion policy and other EU budgetary instruments (such as the Framework Programme and the Competitiveness and Innovation Programme).

EU budgetary instruments are institutionalised in diverse organisations, legal frameworks and procedures at EU, Member State and regional levels. These institutional mechanisms create divisions between funding streams (e.g. in terms of different strategic goals, time-frames, implementation procedures and eligibility rules), even if coordination and communication mechanisms are also set up to facilitate a more integrated approach to policy-making. Divisions between EU budgetary instruments, for example, are institutionalised via the EU financial regulation which has different financial management rules for funds under shared versus centralised or joint management,¹ as well as in the different regulations and guidelines agreed for each funding stream.

Institutional divides are also inherently political, with different sectoral interest groups claiming ownership over certain budgetary instruments, and governmental organisations at different geographical levels perceiving an interest in maintaining certain funding streams, laws/rules/procedures, and relationships with recipients. Within the EU, institutional frameworks may also reflect tensions among the Member States (and EU institutions) on the appropriate role and scale of EU funding for certain themes and sectors.

¹ European Council (2007) Consolidated version of the Council Regulation (EC, Euratom) No 1605/2002 of 25/06/2002 on the Financial Regulation applicable to the general budget of the European Communities, Brussels, 27.12.2007. See also: European Commission (2008) *European Union Public Finance*, 4th Edition, Luxembourg: Office for Official Publications of the European Communities.

Nevertheless, economic studies and policy practice suggest that more integrated approaches to policy-making (e.g. combining investment in physical and human capital) are more effective. There have been calls for more ‘integrated’ or ‘place-based’ approaches to regional development policy in recent years,² although different actors use these terms in varying ways and for different purposes. In the context of EU support for regional development, calls for a more ‘integrated approach’ is often seen to indicate the need for stronger coordination and cooperation, not only within Cohesion policy but also with other EU and national/regional funding sources.

The remainder of this paper is structured as follows: The next section provides an overview of inter-Fund coordination at EU level, including a description of the evolution of relations over time; an outline of financial allocations across the five Funds (ERDF, ESF, Cohesion Fund, EAFRD and EFF) in 2007-13; and an assessment of EU-level approaches to coordination in the ex ante planning and implementation phases in 2007-13. The third section describes interactions between EU funding streams in the IQ-Net partner programmes in 2007-13. The fourth section then turns to the future of EU funding, and begins by outlining EU proposals for coordination in 2014+, before outlining the views of the Member States (as set out in their responses to the Fifth Cohesion Report) and also the views of IQ-Net partners of the current approach to coordination and areas where improvements are needed. The final section concludes and provides questions for discussion.

2. EU-LEVEL COORDINATION IN 2007-13

2.1 The evolution of EU Funds for development

EU Funds for economic development have changed over time, in line with EU political and strategic priorities, as well as broader debates on the EU budget. One key driver of change in the 2000s has been the debate over the strategic role of the EU budget and attempts to make the budget more coherent with core EU objectives.³ Related to this, some steps have been taken to reform the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP), and to shift these instruments away from financial support for producers towards funding for broader economic, social and environmental goals. A further driver of change has been the stronger emphasis on ensuring the effective financial management, control and audit of all EU funding, which has increased administrative complexity and generated new questions over the disparate EU rules for different funding streams.

² E.g. F. Barca (2009) *An agenda for a reformed Cohesion policy: a place-based approach to meeting European Union challenges and expectations*, Independent report prepared at the request of Danuta Hübner, Commissioner for Regional Policy

³ J. Bachtler, F. Wislade and C. Mendez (2007) *New budget, new regulations, new strategies: the reform of EU Cohesion policy*, European Policy Research Paper No. 63, European Policies Research Centre, University of Strathclyde, Glasgow

Box 1: The five EU Funds in 2007-13: ESF, ERDF, Cohesion Fund, EAFRD and ESF

The **European Social Fund** (ESF) was established in 1957 with the Treaty of Rome, initially with the aim of promoting employment and increasing the geographical and occupational mobility of workers. Its forerunner was the European Coal and Steel Community (ECSC) Fund for the Retraining and Resettlement of Workers, set up in 1951.⁴

The **European Regional Development Fund** (ERDF) was set up in 1975, following the accession of Denmark, Ireland and the United Kingdom, and initially aimed to correct regional imbalances due to predominance of agriculture, industrial change and structural unemployment.⁵

The **Cohesion Fund** was created in 1994 to fund large transport and environmental infrastructure projects in poorer Member states and was explicitly linked with progress towards nominal convergence in economic and monetary union, with recipient Member States required to submit a convergence programme to the Council and to avoid excessive budgetary deficits.⁶

The **European Agricultural Fund for Rural Development** (EAFRD) has existed since 2007 and supports rural development, although mainly activities related to agriculture and forestry. It builds on the European Agriculture Guidance and Guarantee Fund (EAGGF), which was established in 1962 to support agriculture and rural development related to agriculture. Measures with a rural development dimension may be funded under Axis 1 (Improving the competitiveness of the agricultural and forestry sector), Axis 3 (Quality of life in rural areas and diversification of the rural economy) and Axis 4 (LEADER).

The **European Fisheries Fund** (EFF) was set up in 2007 and has a number of goals including the 'promotion of an integrated sustainable development of the fisheries areas by fostering their inherent potential and improving quality of life'.⁷ It builds on the Financial Instrument for Fisheries Guidance (FIFG) that was created in 1999. Support for local development is mainly channelled through Axis 4 (Sustainable development of fisheries areas).

The re-negotiation of the EU Financial Perspective for the 2007-13 period involved attempts to rethink the scale and structure of the EU budget, as well as the role of different EU financial instruments. Core changes in the institutional framework for interactions between Cohesion policy and other EU funding streams in 2007-13 are as follows:

First, most Cohesion policy programmes in 2007-13 are funded by only one EU Fund.

This change was introduced because in 2000-06 some managing authorities found multi-Fund programmes difficult to administer in the context of tighter rules on speedy financial absorption (n+2) and more stringent financial management and control. In earlier periods, regional Objective 1 programmes typically drew on resources from the ERDF, ESF, EAGGF and (in 2000-06) the FIFG, while regional Objective 2 programmes (and, in 1989-93, also Objective 5b and 6 programmes) were also usually co-financed by multiple EU Funds. There were also, however, mono-Fund programmes in these periods, notably national/sectoral

⁴ http://ec.europa.eu/employment_social/esf/discover/esf_en.htm

⁵ http://ec.europa.eu/regional_policy/policy/history/index_en.htm

⁶ European Council (1994) Regulation No. 1164/94 of 19 May 1994 establishing a Cohesion Fund, Official Journal L130

⁷ European Council (2006) Regulation 1198/2006 of 27 July 2006 on the European Fisheries Fund, Official Journal of the European Union L 223, 15.8.2006, Article 17

ERDF/ESF programmes, as well as programmes funded under Objective 3 (ESF) in all three periods, and Objective 4 (ESF) and Objective 5a (EAGGF) in 1989-93.

Second, the one exception to the mono-Fund rule in 2007-13 is that **the Cohesion Fund is now integrated with the ERDF in thematic programmes**. In contrast, in 1994-99 and 2000-06 it was not incorporated into the programming framework but instead co-financed individual large transport and environmental projects.⁸

Box 2: Other EU funding streams in 2007-13

The EU budget co-finances a wide range of other Funds that potentially overlap with some of the interventions funded by the five Funds e.g.:

The **European Solidarity Fund**, which is managed by DG Regional Policy and funds emergency aid and clear-up activities in Member States affected by natural disasters, http://ec.europa.eu/regional_policy/funds/solidar/solid_en.htm

The **European Globalisation Adjustment Fund**, which is managed by DG Employment and funds active labour market measures and short-term allowances for workers who lose their jobs due to changing global trade patterns, <http://ec.europa.eu/social/main.jsp?catId=326&langId=en>

The **European Agricultural Guarantee Fund (EAGF)**, which is managed by DG Agriculture and Rural Development and funds direct payments to farmers and measures to regulate agricultural markets such as intervention and export refunds, http://ec.europa.eu/agriculture/fin/index_en.htm

The **Seventh Framework Programme**, which is managed by DG Research and funds research projects and infrastructure on a competitive basis, http://ec.europa.eu/research/fp7/index_en.cfm

The **Competitiveness and Innovation Framework Programme**, which is managed by DG Enterprise and supports innovation, access to finance and take-up of information and communication technologies in SMEs, http://ec.europa.eu/cip/index_en.htm

Various **programmes for education**, which are managed by DG Education e.g. Erasmus for higher education, Leonardo da Vinci for vocational training, Comenius for school education, Grundtvig for adult education, a Transversal programme for horizontal interventions, and the Jean Monnet programme for higher education in European integration, http://ec.europa.eu/education/lifelong-learning-programme/doc78_en.htm

The **Trans-European transport and energy network programme**, which is managed by DG Transport and DG Energy, and funds major infrastructure networks and associated studies, http://ec.europa.eu/transport/infrastructure/funding/funding_rules/funding_rules_en.htm

Various Funds managed by **DG Home Affairs**, notably the European Fund for the Integration of Third Country Nationals, and the European Refugee Fund, http://ec.europa.eu/home-affairs/funding/intro/funding_intro_en.htm

LIFE, which is managed by DG Environment and supports environmental and nature conservation projects, <http://ec.europa.eu/environment/life/index.htm>

Third, **Cohesion policy was narrowed to include only the ERDF, ESF and Cohesion Fund**, whereas in earlier periods (1989-93, 1994-99 and 2000-06), the European Agricultural

⁸ European Council (2006) Regulation 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 and repealing Regulation (EC) No 1260/1999, Article 34

Guidance and Guarantee Fund (EAGGF) was also part of Cohesion policy, providing support for agriculture, forestry and related activities. In addition, the Financial Instrument for Fisheries Guidance (FIFG) acted as a fourth Structural Fund in 2000-06. The 2003 agreement on CAP reform included the creation of a rural development strand within the CAP which, in 2003-06, operated in parallel to the rural development component of the Structural Funds. In order to reduce this duplication, the 2007-13 negotiations split the EAGGF into two new Funds (namely the EAFRD and the European Agricultural Guarantee Fund or EAGF)⁹ and shifted primary responsibility for rural development out of Cohesion policy. In addition, the FIFG was restructured into the EFF and also shifted out of Cohesion policy.

Fourth, the 2007-13 budget negotiations emphasised that **Cohesion policy should contribute directly to the Lisbon strategy (now reformulated as the Europe 2020 strategy)**, and this intention was embodied in the ‘Lisbon expenditure targets’ and in monitoring and reporting requirements. This shift of emphasis in the role of Cohesion policy also drew attention to potential overlaps with other EU budgetary instruments that also contribute to the Lisbon / Europe 2020 strategies, in fields such as R&D, innovation, transport and environment (see Box 2) - particularly because, for the first time in 2007-13, Cohesion policy was applied to the entire EU territory, rather than only to ‘problem’ Member States and regions. The main feature that now distinguishes Cohesion policy is its method of implementation, namely via ‘shared management’ between the EU and Member States, rather than via ‘centralised management’ by the European Commission and its agencies.

Table 1 shows the different **scale of the five EU Funds in different Member States** in 2007-13. While the EFF accounts for only a small percentage of funding in all Member States, the scale of the EAFRD varies significantly, from only eight percent of total funds in Malta, to 55 percent in Finland.

While the 2007-13 negotiations aimed to introduce a more strategic dimension and also to address problems in the implementation of EU funding, the final shape of the EU financial framework in 2007-13 raised new issues. In particular, the agreement created a more strongly institutionalised divide between the ERDF and the ESF, and also generated scope for ongoing overlaps between the ERDF, Cohesion Fund, ESF, EAFRD and EFF. The next section examines how EU institutions and Member States tried to find solutions to these issues during the ex ante planning and the implementation of the 2007-13 period.

⁹ European Council (2005) Regulation No. 1290/2005 of 21 June 2005 on the financing of the common agricultural policy, Official Journal L209

Table 1: The ex ante allocation of EU financial resources across the five Funds in 2007-13, as a percentage of the Member State total

	Coh. Fund	ERDF	ESF	EAFRD	EFF	Total
BE	0.0	39.3	42.2	17.5	0.9	100
BG	23.8	34.8	12.9	27.7	0.8	100
CZ	29.8	47.4	13.0	9.7	0.1	100
DK	0.0	23.2	23.2	43.5	10.1	100
DE	0.0	46.8	27.3	25.5	0.4	100
EE	27.0	44.7	9.3	17.0	2.0	100
IE	0.0	13.2	13.2	72.3	1.2	100
EL	15.0	50.5	17.8	15.8	0.8	100
ES	8.2	53.2	18.1	18.0	2.5	100
FR	0.0	36.4	28.4	34.2	1.0	100
IT	0.0	57.3	18.1	23.5	1.1	100
CY	26.0	36.4	15.6	19.7	2.4	100
LV	26.5	43.3	9.8	18.3	2.2	100
LT	26.4	40.5	12.1	20.4	0.6	100
LU	0.0	20.3	20.3	59.3	0.0	100
HU	29.3	44.6	12.8	13.3	0.1	100
MT	30.1	48.7	12.1	8.3	0.9	100
NL	0.0	37.4	37.4	23.2	1.9	100
AT	0.0	15.0	11.6	73.4	0.1	100
PL	27.1	43.0	12.5	16.5	0.9	100
PT	11.8	46.2	25.2	15.7	1.0	100
RO	23.4	33.2	13.6	29.0	0.8	100
SI	27.1	39.8	14.8	17.9	0.4	100
SK	28.5	45.3	11.4	14.8	0.1	100
FI	0.0	26.9	17.0	55.1	1.0	100
SE	0.0	27.9	20.6	50.1	1.4	100
UK	0.0	37.9	31.4	29.8	0.9	100
EU27	15.5	44.3	17.7	21.5	1.0	100

Notes: 1) See Annex 1 for an equivalent table in constant 2004 euro

2) The percentages are based on data are in 2004 prices.

Source: EPRC calculations based on Council regulation 1083/2006 and on Commission decision of 22 October 2009 amending Decision 2006/636/EC fixing the annual breakdown by Member State of the amount for Community support to rural development for the period from 1 January 2007 to 31 December 2010, L278, 23.10.2009. The breakdown between ERDF and ESF is based on NSRF data.

2.2 Coordination during ex ante strategic planning for 2007-13

A number of steps were taken to promote coordination both within Cohesion policy and between Cohesion policy and other EU budgetary instruments during the ex ante strategic planning process for the 2007-13 period. First, a similar set of strategic documents was developed for each of the five Funds. Second, these documents included statements of

principle on the need to demarcate, coordinate and ensure complementarity across different EU funding sources. Third, the Cohesion policy regulations included rules on cross-financing between the ERDF and ESF, with the aim of allowing projects to include elements that would normally be co-financed by the other Fund. Fourth, efforts were made to ensure demarcation and, at times, complementarity between the different Fund programmes. Last, Commission staff coordinated their approach to the negotiation the national strategic documents and programmes at Member State and regional levels, although the degree of active cooperation varied across Funds and programmes.

The first step taken was to ensure that a **similar set of framework documents was produced at EU and Member State levels in the case of Cohesion policy, the EAFRD and the EFF**, namely EU-level regulations, EU-level strategic guidelines, national strategic documents, and national/regional programmes. However, although a coordinated approach was taken to the negotiation of the Cohesion policy documents, the EAFRD and EFF were negotiated separately. Moreover, the EAFRD regulations were agreed earlier than the Cohesion policy and EFF regulations (e.g. the EAFRD regulation was published in the Official Journal in September 2005, but the Cohesion policy general regulation and the EFF regulation appeared in the Official Journal in July 2006).¹⁰ Thus, although the EAFRD follows the same structure as the other regulations, there are some inconsistencies, for example in the terminology used for the three main administering bodies (managing, certifying and audit authority in Cohesion policy and the EFF; managing authority, paying agency and certifying body in the EAFRD).

The second step was the inclusion of **statements of principle relating to coordination** in the regulations and Community strategic guidelines of all Funds. All the 2007-13 regulations emphasise the need to ensure complementarity and consistency with other EU financial instruments (with particular mention in each case of the five Funds), as well as with national/regional/local policies.¹¹ In particular, the regulations state that complementarity between the Funds shall be indicated in the Community strategic guidelines, the national strategic reference frameworks (or, in the case of the EAFRD and EFF, the national strategic plans) and the operational programmes.¹² These statements are repeated, but are not further elaborated, in the separate Community strategic guidelines documents for Cohesion policy¹³ and the EAFRD.¹⁴

¹⁰ European Council (2006) Regulation No. 1083/2006, Op. Cit. ; European Council (2006) Regulation No. 1198/2006 Op. Cit.; and European Council (EC) Regulation No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), Official Journal L277

¹¹ European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 9; European Council Regulation No 1698/2005, Op. Cit., Article 5; and European Council (2006) Regulation No. 1198/2006 Op. Cit. Article 6

¹² European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 9; European Council (2006) Regulation No. 1198/2006, Op. Cit., Article 6, Article 20 and Annex 1; and European Council Regulation No 1698/2005, Op. Cit., Articles 5 and 16

¹³ European Council (2006) Decision of 6 October 2006 on Community strategic guidelines on cohesion (2006/702/EC), Official Journal L291

Third, the Cohesion policy regulations set out the **mono-Fund approach for the ERDF and the ESF, as well as the integrated approach for the ERDF and the Cohesion Fund**, and also establish the **cross-financing** rule, namely that up to ten percent of Community funding for each priority within the ERDF and ESF programmes may be used to co-finance actions that usually fall within the scope of the other Fund.¹⁵

Fourth, the regulations and guidelines emphasise the need for **demarcation and complementarity across the five Funds**. The regulations state that the programme documents must include criteria for demarcating the programme's interventions from those co-financed by other EU Funds, with specific mention being made in each case of Cohesion policy, the EAFRD and the EFF.¹⁶ In addition, the regulations note that, under the Convergence Objective, the national strategic documents and the programmes shall include information on appropriations provided by the EAFRD and the EFF, and that the national strategic reference frameworks of the Convergence countries shall include information on the mechanisms for coordinating the Cohesion policy programmes with the EAFRD, EFF and other relevant financial instruments.¹⁷ In addition, the Community strategic guidelines for Cohesion policy also emphasise that Cohesion policy "can also play a key role in support of the economic regeneration of rural areas", particularly by supporting "the restructuring and diversification of the economy in Europe's rural areas".

Further, staff in the European Commission coordinated their approaches to the negotiation of the NSRFs and programmes with national and regional authorities. Cooperation was strongest within Cohesion policy, not least at the level of the NSRF (which covers all Cohesion policy Funds), with staff in DG Regional Policy and DG Employment agreeing joint negotiating mandates at NSRF level and conducting coordinated negotiation processes. The degree of coordination at programme level varied, depending largely on whether ERDF / Cohesion Fund and ESF programmes shared managing authorities and other core administering bodies. Broader coordination across all Commission Directorates General occurred in the context of inter-service consultations within the Commission (see Section 2.3.2 on coordination during the implementation process).

2.3 Coordination of implementation in 2007-13

Apart from requiring Member States to include information on the complementarity and demarcation of EU Funds in the national strategic documents and programmes, the EU regulations do not pose any obligations to coordinate programme implementation more actively, for example in terms of joint committees, administering authorities, national/

¹⁴ European Council (2006) Decision of 20 February 2006 on Community strategic guidelines for rural development (programming period 2007 to 2013), (2006/144/EC) Official Journal L55

¹⁵ European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 34

¹⁶ European Parliament and European Council (2006) Regulation No. 1080/2006 of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999, Article 9; and European Council Regulation No 1698/2005, Op. Cit., Article 60; and European Council (2006) Regulation No. 1198/2006 Op. Cit., Annex 1.

¹⁷ European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 27; European Council Regulation No 1698/2005, Op. Cit., Articles 11 and 16; European Council (2006) Regulation No. 1198/2006 Op. Cit., Article 20

regional strategies, or implementation systems or procedures. Nevertheless, there are some coordination mechanisms at EU-level, particularly within the context of Cohesion policy.

2.3.1 EU-level coordination via committees

One of the main formal EU-level mechanisms for coordinating the ERDF, Cohesion Fund and ESF (but not the EAFRD and EFF) in 2007-13 is the Coordination Committee of the EU Structural Funds (COCOF), which is a permanent committee of the European Commission. It meets on a monthly basis, is chaired by the European Commission and involves staff from all EU Member States.¹⁸ The COCOF provides opinions on legislation and guidance proposed by the Commission; acts as a working group for the preparation of Commission guidance; works as an information forum on Cohesion policy; and is an arena where Member States can raise problems and gain answers to questions on the implementation of Cohesion policy.

There are two separate committees that provide similar coordinating roles, one for the EAFRD and the EAGF,¹⁹ and the other for the EFF.²⁰ However, there are no mechanisms for coordinating the work of the COCOF with the work of the EAFRD/EAGF committee and the EFF committee.

2.3.2 EU-level coordination within the Commission

A further set of EU-level coordination mechanisms operates within the Commission. Although the intensity of cooperation between staff in various parts of the Commission varies, there are a number of procedures that underpin mutual communication, cooperation and coordination between Directorates General (DGs) and thus between different EU funding streams.

In the context of the five Funds, coordination is closest in the case of DG Regional Policy and DG Employment, not least because the ERDF, Cohesion Fund and ESF are governed by the same EU general and implementing regulations, as well as by the community strategic guidelines and COCOF guidance notes. Moreover, in each Member State there is a joint annual meeting involving all ERDF and ESF managing authorities, which is attended by staff from DG Regional Policy and DG Employment.²¹ In addition, because of the tradition of multi-Fund programmes from past periods, some Member States and regions retain cross-Fund structures and/or coordination mechanisms, which in turn shape the approach taken by Commission staff to these programmes. In regions and Member States with shared ERDF and ESF managing authorities and monitoring committees, there tends to be more cooperation and coordination between Commission DGs than in cases where these structures are not shared. In a minority of cases (e.g. Mecklenburg-Vorpommern in Germany), the managing authority and monitoring committee is common to the ERDF, ESF

¹⁸ European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 103

¹⁹ European Council (2005) Regulation No. 1290/2005, Op. Cit., Article 41

²⁰ European Council (2006) Regulation 1198/2006, Op. Cit., Article 101

²¹ European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 68

and EAFRD, so that close cooperation and communication tends to involve DG Agriculture, as well as DG Employment and DG Regional Policy.²²

Cross-Fund coordination in the context of the monitoring committees has decreased since the early periods of Cohesion policy, not only due to the shift to mono-Fund programmes but also because of changes in the role of the Commission in monitoring committee meetings. In the 1989-93 and 1994-99 periods, the Commission and Member State participated equally in the monitoring committees, and a number of Commission DGs (particularly the four Fund DGs but often also DG Environment, DG Economic and Financial Affairs and others) attended at least the Community Strategic Framework monitoring committee meetings in the Cohesion countries and large Objective One regions. In contrast, in 2000-06 and 2007-13, the regulation states simply that “a representative of the Commission shall participate in the work of the monitoring committee in an advisory capacity”.²³

Further coordination between DGs occurs on specific thematic activities, such as financial control and evaluation. In the case of audit, for example, DG Employment and DG Regional Policy (and sometimes also DG Agriculture and DG Fisheries) staff dealing with audit for a particular Member State meet twice annually to discuss the results of their audit work. If common issues arise in relation to audit across Funds within a Member State, inter-DG coordination can also take place more frequently, and in any case the results of audit work are exchanged across DGs.

In addition, inter-service groups and taskforces (i.e. between Directorates General) and formal inter-service consultations play an important role in ensuring communication and coordination among Commission DGs. As part of the broader impact assessment process within the Commission, a formal inter-service consultation must be undertaken if a DG proposes a significant new legislative proposal or non-legislative initiative.²⁴ More broadly, when preparing a new initiative, a DG must set up a consultative inter-service group to gain feedback and support from other DGs, with a number of groups, for example, currently preparing different aspects of proposals for the 2014+ period. Similarly, the lead DG must undertake formal, written inter-service consultations if important policy changes are being made; in the case of Cohesion policy, these consultations occur not only on programme adoption but also when any changes are being made to programme documents.

²² K. Huelemeyer and S. Schiller (2010) Coordination of EU policies in Mecklenburg-Vorpommern: Case study on the joint administrative authority, Institute for Rural Development Research, Johann Wolfgang Goethe University, Frankfurt/Main

²³ European Council (2006) Regulation No. 1083/2006, Op. Cit., Article 64.

²⁴ http://ec.europa.eu/governance/impact/index_en.htm

3. INTERACTIONS BETWEEN THE FUNDS IN THE IQ-NET PARTNER PROGRAMMES

3.1 Institutional responsibilities and coordination

3.1.1 Institutional responsibilities

The IQ-Net partner Member States and regions vary in terms of the degree to which managing authorities and other core administering bodies are shared across EU Funds. These differences depend in part on the number of EU programmes and their financial scale, but are also shaped by the domestic institutional framework.

In a limited number of cases, single institutions are responsible for certain tasks for all four/five Funds (the ERDF, ESF, EAFRD, EFF and, where relevant, the Cohesion Fund). This is most often the case of the audit authority tasks, which are undertaken by a single entity in a number of countries and regions (France, Poland, Portugal, Sachsen-Anhalt, Spain, Sweden, Vlaanderen).²⁵ Elsewhere, all Funds share some of the same intermediate and implementing bodies (Finland, Greece). In the UK, the Welsh and Scottish governments are managing authorities for the ERDF, ESF and EAFRD, and are also intermediate bodies for the UK-wide EFF OP. In Poland, there is a single managing authority for the national Cohesion Fund / ERDF and ESF programmes and, at regional level, the managing authorities for the ERDF regional OPs are also intermediate bodies for the national ESF, EAFRD and EFF programmes.

More frequently, there are shared institutions for the Cohesion Fund / ERDF and ESF, notably the managing authority (Denmark, Finland, Hungary, Latvia, Sachsen-Anhalt, Scotland, Slovenia and Wales), certifying authority (Czech Republic, Greece, Hungary, Latvia, Poland, Sachsen-Anhalt, Scotland, Slovenia and Wales), audit authority (Czech Republic, Denmark, Greece, Hungary, Latvia, Nordrhein-Westfalen, Sachsen-Anhalt, Scotland, Slovenia and Wales) and other core institutions such as oversight groups (e.g. Structural Fund regional partnerships in Sweden), programme secretariats (Finnish regions, Scotland and Wales), and shared implementing bodies (Denmark, Hungary, Scotland, some Portuguese OPs).

In many cases, there are also common structures for the EAFRD and EFF, whether the managing authority (Austria, Denmark, Finland, France, Hungary, Latvia, Nordrhein-Westfalen, Poland, Sachsen-Anhalt and Slovenia), certifying authority (Austria, Finland, Greece, Pais Vasco, Poland, Portugal, Slovenia), audit authority (Austria, Denmark, Greece, Slovenia) or intermediate and implementing bodies (Denmark, Hungary, Sweden).

Lastly, at least some of the core authorities may be separate for each Fund (except the ERDF and Cohesion Fund), whether the managing authorities (England, France, Portugal, Spain, Sweden, German national programmes), the certifying authority (England, France,

²⁵ This text uses the terms ‘certifying authority’ and ‘audit authority’ in accordance with the Cohesion policy regulations, even though the EAFRD regulation uses different terms for these entities, namely ‘paying agency’ (SF CA) and ‘certifying body’ (SF AA).

Spain, Sweden) or the audit authority (England). In other cases, the authorities are shared across the EAFRD and EFF, but these differ from the ERDF authorities and also from the ESF authorities (Nordrhein-Westfalen, Vlaanderen, all Austrian regions except Burgenland). In Greece, for example, three national ministries are managing authorities for four national and all regional Cohesion Fund / ERDF programmes, while three other ministries are managing authorities for three national ESF programmes, and two other ministries are managing authorities for the EAFRD and EFF programmes respectively.

3.1.2 Coordination mechanisms

The degree of formality in coordination mechanisms varies across countries and regions. Some rely mainly on informal channels of communication between staff in different administering bodies, while others have an extensive range of formal coordinating bodies, committees and protocols. The level of formality depends in part on the scale of EU funding and, linked to that, the number of domestic entities involved in managing the programmes, but it also depends on domestic institutional frameworks, as well as the extent to which potential overlaps are addressed by strict demarcation or by more active coordination.

In all countries and regions, there is some degree of informal communication and/or regular meetings between staff in managing authorities and intermediate bodies responsible for different programmes (Denmark, Nordrhein-Westfalen, Slovenia, Sweden) and this is sometimes seen as the most important coordination mechanism at an operational level (Vlaanderen).

At the other end of the spectrum, a ministry or other high-level entity may take on the role of coordinating the different programmes. Some of these entities operate only in the context of Cohesion policy (e.g. the Czech Republic's National Coordinating Authority) but others cover all four/five Funds (the *Land*-level State Chancelleries in Nordrhein-Westfalen and Sachsen-Anhalt, DATAR in France, ÖROK in Austria, Portugal's NSRF Observatory, and the National Coordinating Authority in Greece's Ministry of Economy, Competitiveness and Shipping). These bodies may, for example, distribute information from the EU level (Czech Republic), produce methodological guidelines (Czech Republic) or deal with issues relating to demarcation, annual reporting and strategic revisions to guidelines and funding allocations (Greece). In some countries, a separate entity is responsible for coordinating all interventions within the ESF (Czech Republic, Greece).

Box 3: Coordination committees in Germany and Sachsen-Anhalt

Coordination is multi-layered in Germany, due to its federal structure. Although most programmes are managed at a *Land* level, there is also one programme per Fund that is managed at a federal level (although the federal ERDF OP only covers the eastern *Länder*).

In Cohesion policy, the core coordinating mechanisms at a federal level are:

1. The NSRF monitoring committee, which meets annually and is made up of representatives of the European Commission, the Federal Ministry units responsible for the ERDF and ESF, the ERDF and ESF programme managing authorities, federal-level socio-economic partners and the chairs of the working groups on environment and equal opportunities linked to the NSRF committee.
2. Thematic working groups linked to the NSRF monitoring committee and which involve both ERDF and ESF e.g. electronic monitoring systems; communication and publicity.
3. Annual meetings of all managing authorities with the Commission, which are held separately for the ERDF and the ESF. The ESF meetings are particularly important because there is a federal as well as *Land* programmes with similar goals and fields of intervention.
4. ERDF and ESF working groups, which are coordinated by the relevant federal ministry, and are attended by all managing authorities, as well as the European Commission. Similar meetings are held for all certifying authorities and (separately) all audit authorities.

In Sachsen-Anhalt, there are three committees that deal with the coordination of the different Fund programmes and meet on a quarterly basis, namely:

1. The regional monitoring committees (one for ERDF/ESF and another for EAFRD), which also include representatives of all Fund managing authorities;
2. The Fund managers' group which is made up of the ERDF/ESF and EAFRD managing authorities, the State Chancellery, the Finance Ministry, implementation bodies and sometimes the certifying and audit authorities.
3. The EU Funds inter-ministerial working group is made up of the ERDF/ESF and the EAFRD managing authorities, as well as the State Chancellery, the ERDF/ESF certifying authority, the ERDF/ESF audit authority and representatives from those *Land* Ministries involved in implementing the programmes as intermediate bodies.

Higher level decisions of principle relating to the programmes are taken in the *Land's* State secretaries' meetings (*Staatssekretärskonferenz*) or *Land* cabinet meetings, particularly when no agreement can be reached in the meetings of the quarterly working groups.

In addition, many countries and regions have committees, working groups or networks that undertake coordinating functions, although they operate at different levels and have different types of task e.g.:

- **Political, strategic decision-making:** committees made up of ministers or State secretaries (Greece, Hungary, Portugal, Nordrhein-Westfalen, Sachsen-Anhalt);
- **Overseeing programme implementation:** committees composed of the heads of managing authorities and other senior administrators (Czech Republic, Greece, Hungary, Portugal, Sachsen-Anhalt, Śląskie, Spain, Sweden);
- **Taking formal decisions on project selection:** groups including administrators and partners (France, Scotland);

- **Exchanging experience on specific themes**, such as the environment (Greece) and also R&D+I, gender equality, local/urban development, social inclusion (Spain): groups mainly involving administrators.

In Latvia, for example, a coordination council has been set up for the priority on polycentric development within the infrastructure and services programme, which funds projects that contribute to integrated local development strategies. The council brings together representatives of nine national ministries (including those which are managing authorities for the ERDF / ESF / Cohesion Fund and for the EAFRD and EFF), as well as the five planning regions, and associations of local, regional and urban authorities. This approach is seen to have improved coordination across sectors and EU Funds.

In addition, monitoring committees often include representatives of the managing authorities of other Fund programmes (e.g. Finland, France, Hungary, Latvia, Nordrhein-Westfalen, Poland, Portugal, Sachsen-Anhalt, Scotland, Slovenia, Sweden, Wales). In some cases, there is stronger coordination, with cross-Fund monitoring committees being held for the ERDF, the ESF and (where relevant) the Cohesion Fund (Latvia, Sachsen-Anhalt, Scotland and Wales).

Box 4: Coordination of EU and domestic funding in Finland

In Finland, steps taken in 2008-10 have improved coordination at both national and regional levels, notably the creation of a new national Ministry of Employment and the Economy in 2008, and the regional reform project (ALKU) in early 2010. ALKU reduced the number of State authorities responsible for regional development from six to two: the new authorities are the agencies for regional administration (AVIs) and the centres for business, transport and environment (ELYs), with the latter playing the key roles (alongside the Regional Councils) in the field of regional economic development.

The national Negotiation Committee for Regional and Structural Policy was set up in March 2010, merging two existing committees, and is now responsible for coordinating regional development activities throughout Finland, including the coordination of the ERDF, ESF, EAFRD and EFF with domestic funding streams. The committee is chaired by a senior civil servant from the Ministry of Employment and the Economy; other participants include senior staff from the Ministries of Finance, Education, Agriculture & Forestry, Transport & Communications, Social Affairs & Health, and Environment, as well as representatives from the regional councils, the ELY centres, the association of local and regional authorities, socio-economic partners and environmental and equality organisations.

At the regional (NUTS 3) level, the Regional Management Committees (RMC) are responsible for strategic coordination between the EU Funds and domestic funding sources. Each RMC is made up of representatives from the regional council, national funding ministries and other socio-economic partners. The RMC develops a regional cooperation document, which draws on the four EU Fund OPs and domestic programmes. The RMC's tasks include steering funding towards activities which are central to the region's development. The RMC may also have a specific unit that coordinates interventions funded by the SF and EAFRD. Each RMC also has a project group which deals with practical coordination issues and overlaps at project level, whether funded by EU Funds or domestic programmes.

Moreover, some countries have important national and/or regional coordination mechanisms that not only include all EU Funds but also extend to domestic instruments and funding sources (Denmark, Finland, Hungary, Poland). In Hungary, for example, the

Development Policy Steering Committee, made up of State secretaries from the Prime Minister's Office, coordinates strategic planning across EU and domestic funded programmes, including calls for proposal and priority projects. Similarly, in Denmark, the domestic Regional Growth Fora are responsible for managing domestic funding streams as well as the ERDF and ESF, and the Regional Growth Fora are also represented on the boards of the Local Action Groups that manage the EAFRD and EFF.

3.2 Ex ante strategic planning for the 2007-13 period

3.2.1 Strategic planning processes

All IQ-Net partner Member States and regions took some form of cross-Fund coordinated approach to the ex ante strategic planning phase of the 2007-13 period. In some cases, national or regional governments agreed strategic documents that went beyond the NSRF and OP documents required by the EU regulations (Nordrhein-Westfalen, Sachsen-Anhalt, Vlaanderen). In Nordrhein-Westfalen, for example, the *Land* government agreed a strategic framework plan for all the EU co-funded programmes, which identified key priorities to which all Funds were expected to contribute. In Sachsen-Anhalt, the *Land* State Chancellery, in cooperation with the *Land* Finance Ministry and the *Land* Agriculture Ministry, negotiated a shared strategy and core goals for all Funds, and these were approved by the *Land* government cabinet and a high level group of civil servants. In the Czech Republic, the domestic authorities agreed a comprehensive strategy for all EU Funds, which was shaped by the domestic institutional framework, notably the Competency Act which defines the responsibilities of individual ministries and other public authorities.

In all Member States and programmes, the NSRF and programme documents noted the need for coordination and demarcation between Fund OPs, with the Cohesion policy NSRFs and the EAFRD and EFF National Strategic Plans setting out broad mechanisms, principles and criteria, and in some cases also the steps taken at national level to negotiate and agree on coordination and demarcation, and specifying the information to be included in the OP documents. The OPs then elaborated the approach to coordination and demarcation in more detail. In many countries and regions, there were parallel processes for developing and consulting on the different programmes. Agreements on coordination and demarcation procedures were often reached in cross-Fund working groups (Austria, Greece, Scotland, Sweden, Wales) or via negotiations between managing authorities on specific themes (Czech Republic, Portugal, Sweden). In Austria, for example, the national body ÖROK brought together all EU managing authorities to agree on a table demarcating areas of potential overlap, which was subsequently included in all programme documents.

3.2.2 Demarcation lines

All NSRF and programme documents include descriptions and often tables that set out the criteria for demarcating the four/five Funds. The level of demarcation is often quite detailed, particularly as there are grey areas between Funds and also because it is difficult to divide geographical areas neatly into urban, rural and fisheries categories. In some countries, particularly in Convergence countries with multiple national and regional programmes, the focus was not simply on demarcating and coordinating the different Funds

but instead on the relationships between all the programmes, national and regional, ERDF and ESF.

IQ-Net partners used various different types of criterion when drawing up demarcation lines, notably:

Size of project: In some countries, the Cohesion Fund finances international infrastructure (e.g. in roads or ports), while the ERDF funds national and urban infrastructure, and the EAFRD funds local infrastructure in rural areas (Czech Republic, Latvia, Slovenia, Spain). Similarly, the ERDF may fund community-scale renewable energy or biomass projects (Czech Republic, Niederösterreich, Scotland, Steiermark), while the EAFRD funds micro (e.g. farm-level) projects. In Spain, large projects relating to irrigation infrastructure or fish processing/marketing are funded by the ERDF, while smaller projects are funded respectively by the EAFRD and EFF.

Project stage: In some cases, the EAFRD supports early-stage projects, relating to environmental protection (Scotland) or broadband (Wales), while the ERDF supports later-stage projects. Conversely in Spain, an ERDF national OP funds research projects and infrastructure, while the EAFRD and EFF fund the implementation of innovative technologies in agricultural and forestry business.

Size/age of final beneficiary: In some countries, the ERDF funds well-established SMEs or start-ups, while newer and/or micro firms are funded by the ESF (Portugal, Vlaanderen) or by the EAFRD in rural areas (Finland, France, Portugal, Scotland and Slovenia). However, the reverse holds in Germany, where the federal ESF OP funds advice for new and growing start-ups, while the *Land* ERDF OPs provide advice to pre-start-ups. In the case of tourism, the ERDF sometimes funds larger SMEs, while the EAFRD targets micro-enterprises (Latvia, Steiermark) or start-ups and small firms in small municipalities (Czech Republic).

Type of final beneficiary: In the Czech Republic, the EAFRD funds the management of forests owned by individuals or municipalities, while the ERDF funds similar projects when forests are owned by legal entities that manage State-owned forests. In Niederösterreich, the ERDF funds flood protection measures for businesses and households, while the EAFRD funds other flood protection measures.

Location: The ERDF sometimes only funds projects in urban areas (some French regions). In other countries/regions, the ERDF funds urban regeneration projects in larger settlements while the EAFRD funds similar projects in smaller settlements (Czech Republic, Sachsen-Anhalt). This division may also be applied to support for SMEs (Hungary).

Level of specialism: Although Structural Funds programmes are often prohibited from funding farmers and others engaged in the primary processing of agricultural, fisheries or forestry products (France, Hungary, Nordrhein-Westfalen, Scotland and Wales), there are sometimes exceptions for certain activities, such as more specialist training for farmers (ESF in Austria), food processing projects that involve knowledge and research institutions (ERDF and ESF in Slovenia), or RTD projects that relate to fisheries (ERDF in Portugal).

Project theme: The ERDF is sometimes used to fund environmental and rural infrastructure in Natura 2000 sites (Greece, Spain), as well as land reclamation in rural areas and the restoration and conservation of coastal eco-systems (Spain) or non-agricultural interventions relating to water (Greece).

Specific calls: In France, EAFRD funding for broadband infrastructure can only occur via a 2009 project call on a case-by-case basis.

3.3 Implementation in 2007-13

3.3.1 Financial control and audit

The degree of cross-Fund coordination in financial control and audit depends in part on whether unified management and control systems have been set up for all Funds within a Member State or region, and in part on the allocation of responsibilities between domestic authorities. In some Convergence countries (Greece, Latvia), there is a single national management and control system for the Cohesion Fund, ERDF and ESF programmes, even though the programme managing authorities are in different ministries. In Latvia, for example, the three Cohesion policy Funds are governed by a shared law on the management of European Union Structural Funds and the Cohesion Fund, as well as by a number of general regulations (e.g. on the implementation of on-the-spot checks) and specific regulations (e.g. defining applicant and funding eligibility).

In other countries and regions where there is a single managing authority for the ERDF and ESF programmes, the procedures and systems for verifying financial expenditure and ensuring compliance for financial control purposes are generally also shared across these programmes (Sachsen-Anhalt, Scotland).

Similarly, some Member States have allocated certain tasks to a single body across all four/five Funds, even though EU regulations on financial control and audit differ between Cohesion policy, the EAFRD and the EFF. This is seen particularly in the case of audit authority functions (France, Poland, Portugal, Sachsen-Anhalt, Spain, Sweden, Vlaanderen).

3.3.2 Monitoring

Some partners (Czech Republic, Denmark, Finland, Greece, Hungary, Latvia, Sachsen-Anhalt, Scotland, Slovenia and Wales) have a shared monitoring system for the ERDF, ESF and Cohesion Fund. They may also have a separate but shared system for the EAFRD and EFF (Denmark, Greece, Hungary, Latvia). Others go further, and have a shared monitoring system for the ERDF, ESF and EFF but a separate system for the EAFRD (France).

However, some countries and regions implement a separate monitoring system for each Fund (Austria, Nordrhein-Westfalen, Poland, Portugal, Sweden, Vlaanderen). Austria, for example, currently has a separate system for the ERDF, ESF and EAFRD, although the ERDF system is in the process of being extended to cover the ESF. In Portugal, each Fund has a separate monitoring system but the coordinating body, the NSRF Observatory, collects and brings together the monitoring information from the managing authorities of all the ERDF, Cohesion Fund and ESF programmes.

3.3.3 Evaluation

In the context of Cohesion policy, evaluation activities may be coordinated by a lead authority (Denmark, Finland, Greece Poland, Sachsen-Anhalt, Scotland, Slovenia, Wales) and/or through joint evaluation working groups, committees or networks (Czech Republic, France, Greece, Spain). In some cases, there is also a shared evaluation plan and common guidance documents on evaluation for the ERDF, Cohesion Fund and ESF (Greece, Spain). Nevertheless, even where joint evaluation groups or networks exist, evaluation activities may not be well coordinated in practice between the different Funds.

Coordination may extend across all EU Funds. In Portugal, evaluation is coordinated through a national evaluation network in which representatives of all Funds participate. In Śląskie and Wales, staff from one Fund are represented on the evaluation steering groups of other Funds. Similarly, in Austria, the results of ERDF, ESF and EAFRD evaluations are all presented at an annual evaluation event (STRAT.EVA).

Box 5: The coordination of evaluation activities in Portugal

In Portugal, evaluation activities are coordinated across all five EU Funds through a national evaluation network which involves representatives of all Funds and programmes. A number of cross-Fund evaluations are being planned on themes such as:

1. The contribution of the ERDF and EAFRD to human resource development;
2. The implementation of gender equality mainstreaming in the Structural Funds;
3. Investment in social infrastructure by a range of Funds and OPs;
4. Technology centres and other clusters;
5. Interventions in territories with low population density and limited resources;
6. Social inclusion;
7. Environmental protection and enhancement and the consolidation of environmental standards (with a particular focus on coastal erosion, environmental liability, biodiversity, and urban solid waste);
8. The modernisation and improvement of the effectiveness and efficiency of the public administration.

Some countries and regions have also commissioned shared evaluations, although elsewhere evaluations are undertaken separately at the level of each OP (Nordrhein-Westfalen, Vlaanderen). IQ-Net partners have undertaken joint evaluations of the ERDF, ESF and sometimes the Cohesion Fund on the following themes:

- the macroeconomic impact of the Funds (Latvia and other Convergence countries and large Convergence regions);
- the impact of Cohesion policy on regional economic development (Latvia) or on the revitalization of parts of the region (Śląskie);
- the urban dimension (Sachsen-Anhalt);
- implementing organisations (Sweden);
- the simplification of implementation procedures (Latvia);

- strategic evaluations of the 2007-13 period (Denmark) or of 2000-2013 and with a view to 2014+ (Germany).

In a limited number of cases, evaluations have covered the EAFRD and/or EFF as well as Cohesion policy (see Box 5 on Portugal), for example:

- the effectiveness of EU funding, either through a long-term analysis (e.g. Austria's study of the ERDF, ESF and EAFRD in 1995-2007) or in the context of a mid term evaluation (Sachsen-Anhalt);
- cross-Fund coordination and demarcation (France).

3.3.4 Publicity and communication

Some Member States and regions have a shared approach to publicity and communication across the Cohesion policy FUNds, particularly where these programmes are administered by a common managing authority (e.g. Sachsen-Anhalt, Scotland). However, these tasks may also be coordinated where there are a number of different managing authorities. In Spain for example, a national network coordinates publicity and communication activities for the ERDF, ESF and Cohesion Fund, aiming in particular to ensure the implementation of a strategy for joint communication, as well as to facilitate discussion between staff involved in communication work across programmes and Funds.

Communication work may also be coordinated across all four/five Funds (see Box 6 on France). In Sweden, for example, the four managing authorities have produced a joint brochure with overview of synergies and demarcations between the four Funds, and this has been disseminated via a joint conference. Similarly, in Śląskie, a regional information working group has been set up with representatives from the ESF, ERDF and EAFRD, and has produced various publicity outputs such as television programmes and brochures.

Box 6: Coordination of publicity and communication in France

The French authorities have agreed a joint communication plan for all Funds which complements the programme-level communication plans. Coordination in this field is seen to be facilitated by a shared understanding among communication professionals.

DATAR coordinates a national cross-Fund committee, which also involves the Ministry of Employment, the Ministry of Agriculture and the Ministry for Outermost Regions and which meets on a monthly basis. The committee has developed a common strategy and a shared communication support network. Activities include a national media campaign, a website (<http://www.europe-en-france.gouv.fr/>), a publicity tool-kit for beneficiaries, and seminars. Coordination is stronger for the ERDF and ESF and is facilitated by a formal agreement, while the EAFRD does not participate in all activities.

At a regional level, joint ERDF and ESF communication networks (and sometimes steering committees) have been set up. The EFF is also involved in regions (such as Bretagne) with relatively large EFF funding allocations, but the EAFRD is not generally involved in inter-Fund communication activities at the regional level.

3.3.5 Training and advice for implementing staff

Some countries and regions have organised joint training events for staff in intermediate and implementing bodies, for example on audit methods and risk assessment. In Sweden, a shared ERDF, ESF and EAFRD conference was held in February 2010 on the theme ‘Learning for employment and regional growth’, in cooperation with the national association of local authorities and regions. The conference aimed to encourage exchange of experience between staff, and was attended by 350 people, including politicians, OP implementing staff and final beneficiaries.

Other Member States and regions provide joint advice for staff in implementing bodies. In France, for example, an EU regulation support group was set up at the end of 2009 to provide ERDF and ESF programme managers with advice on Structural Funds’ regulations. The group is coordinated by DATAR and the Ministry of Employment, in cooperation with a steering committee made up of other relevant ministries, the Structural Funds audit authority and programme managers.

3.4 Projects and beneficiaries

3.4.1 Project-level advice, application and selection

Although the NSRF and OP documents generally provide considerable detail on the demarcation of eligible activities under the different Fund programmes, certain grey areas often remain (see Box 7). The authorities responsible for managing or implementing the different EU co-funded programmes therefore need to cooperate to avoid double-funding and to facilitate the application process for the final beneficiaries.

Box 7: Areas of ongoing overlap between programmes

Despite efforts at demarcation, there remain some types of intervention in many Member States and regions which can potentially be funded by more than one programme:

ERDF and ESF: short-time working measures (Austria); innovation-oriented training (Austria);

ERDF and EAFRD: LEADER-type local development strategies (France); broadband (France); tourism (France, Nordrhein-Westfalen); agro-food and the wood sector (France); renewable energies and energy efficiency (France); business development (France); local service provision (France); risks such as fire and floods (France); biodiversity (France); water (France).

ESF and EAFRD: training measures for agricultural employees (Austria);

ESF and EFF: training for people employed in fisheries (Vlaanderen);

EAFRD and EFF: aquaculture (Vlaanderen);

National and regional ERDF OPs: support for innovation (Poland).

In some Member States and regions, the managing authorities of the different Fund programmes cooperate to provide advice to potential applicants, whether in the form of joint written guidance (Wales) or via joint information dissemination meetings (Sweden). In many cases, however, these kinds of activity are organised at the level of the intermediate

bodies or other implementing organisations. In Poland, for example, the regional network of European Funds' Information Points for the ESF, ERDF and EAFRD (which is coordinated by the national Ministry of Regional Development) provides information on funding opportunities and application rules and procedures for potential beneficiaries. In many cases, potential overlaps and conflicts at project level are resolved via direct communication between staff in intermediate or implementing bodies, rather than at managing authority level (Austria, Finland, France, Wales).

Project calls may also be coordinated or shared, either across the ERDF and ESF (Finland) or between Cohesion policy and the EAFRD, for example in the case of broadband infrastructure and SME support (Slovenia). In Scotland, applicants can submit linked ERDF/ESF applications for some types of project, and these are assessed by a joint ERDF/ESF advisory group (see Section 3.4.4). In some countries, applicants can submit applications under different Funds to a single organisation, either because the Funds share managing authorities or intermediate/implementing bodies (e.g. Sachsen-Anhalt, Scotland) or because a single contact point has been set up for project submission (France).

Box 8: Coordination by intermediate and implementing bodies in Austria

In Austria, intermediate bodies are responsible for ensuring that there is no duplicate funding before they approve projects. Some intermediate bodies are responsible for actions under different EU programmes and so are able to check potential overlaps directly. For example, the Niederösterreich ERDF OP and the EAFRD OP share four intermediate bodies, namely the Austrian Business Chamber (*Wirtschaftskammer*), the business agency of Niederösterreich (ecoplus), the Niederösterreich *Land* government department for water management, and KPC (*Kommunalkredit Public Consulting*). Similarly, in Steiermark, one department in the *Land* government is managing authority for the *Land* ERDF OP, while another department is an intermediate body for the ERDF and EAFRD Axis 4 (LEADER).

In addition, staff in the various bodies involved in the implementation of EU Funds are usually aware of other funding options and are able to refer project applicants to other institutions when necessary. For example, the regional management offices act as local one-stop-shops for project applicants, since they have an overview of the range of funding opportunities available, including not only EU Funds but also domestic schemes, and so can help applicants to access the most appropriate funding sources.

In many Member States and regions, the project application and selection process includes procedures that relate to demarcation and coordination. For example, project applicants are often required to state formally whether they will receive funding from another EU Fund (e.g. Latvia, Poland, Sachsen-Anhalt). In addition, managing authorities or intermediate/implementing bodies check the validity of these statements against information in the programme monitoring systems, as part of the project selection process. Further, project selection criteria related to one Fund may have a bias in favour of projects that are seen as priority locations or sectors under other Funds. In Poland, for example, ESF project selection criteria in some regions favour applications for training projects in sectors or locations that are identified as ERDF or EAFRD priorities.

3.4.2 Cross-financing between the ERDF and ESF

The approach to cross-financing varies significantly, with some partners regularly taking up this option, and others not using it at all, although for a variety of reasons.

Partners who have not yet used ERDF/ESF cross-financing include Länsi-Suomi, Niederösterreich, Nordrhein-Westfalen, Pais Vasco, Sachsen-Anhalt and Vlaanderen. In some cases, cross-financing is not needed because the ERDF and ESF programmes are managed by a single managing authority in a coordinated way, so that the only reason to use cross-financing would be to facilitate financial absorption if one of the programmes were experiencing n+2 pressures (which is not currently the case) (Sachsen-Anhalt). In other regions, such as Vlaanderen, cross-financing has not been exploited because of administrative difficulties in managing a multi-Fund programme in 2000-06. Lastly, some regions have agreed OP changes to allow cross-financing in principle but have not yet implemented this option (Nordrhein-Westfalen).

Box 9: Cross-financing in Wales

In Wales, the ERDF/ESF managing authority has published a guidance note on cross-financing

(<http://wales.gov.uk/docs/wefo/publications/developingguidance/090915guidanceflexibilityfacilityen.pdf>) and uses cross-financing extensively. Projects include:

1. An ESF grant of c. €2.2 million promotes educational achievement and skills for employment among young members of the gypsy/traveller population, and includes funding for equipment and the refurbishment of premises.
2. An ESF grant of c. €1.4 million supports young people to participate in science, technology, engineering and mathematics in employment and education, and includes funding for equipment and technology.
3. An ERDF grant of c. €17.2 million funds state-of-the-art computing capability in universities, and includes c. €4.8 million for skills development.
4. An ERDF grant of c. €6.0 million provides grants to micro-businesses, SMEs and social enterprises to invest in renewable wood-fuel heating, combined heat and power, and electricity generation technology, and includes funding for training.
5. An ERDF grant of c. €5.5 million supports the creation or expansion of around 20 social enterprises in community renewable energy projects, including c. €6200 for training.

In other countries and regions, cross-financing is being used but only to a limited extent. In France, less than three percent of ERDF funding has been used for cross-financing, although DATAR is planning to issue a guidance note in cooperation with the ESF managing authority in summer 2011. In Scotland, only one project has used cross-financing so far, although the option has been agreed for the core implementing bodies. In England, only one ERDF programme (North East England) applied for this option and they have struggled to implement it. In Steiermark, cross-financing has been used to support Territorial Employment Pacts, which aim to link employment policies with other policy fields. In Portugal, cross-financing accounts for only a relatively small amount of funding: in the ERDF, it is mainly used in the case of two business aid schemes, relating respectively to innovation and to SME training and internationalisation, as well as in the case of support for

public administration modernisation. Cross-financing can in principle also be used in the Portuguese ESF programmes, particularly under measures focused on equipment of schools and training centres, as well as support for social integration.

In other programmes, cross-financing is more widely employed:

- In Norra Mellansverige, cross-financing support training in 5-10 percent (of c.300) projects under the ERDF programme. On the ESF side, out of the approximately 1800 ESF projects that had been approved or finalised by March 2011, 40 included cross-financing.
- Cross-financing in the Śląskie regional OP focuses on measures relating to the development of electronic public services; waste management; natural heritage; and environmental educational campaigns. Cross-financing can also be used under all priorities of Poland's national ESF programme for human capital.
- In Denmark, cross-financing is employed on a regular basis.
- In Latvia, cross-financing is seen as a means of incorporating ESF-type activities in projects relating to sustainable urban development under the national infrastructure and services OP (co-funded by the Cohesion Fund and the ERDF).
- The Czech authorities draw on cross-financing in the ESF OPs, for example in the case of training projects that include the purchase of equipment.
- In Greece, cross-financing is often used in the regional operational programmes (for example in integrated urban and rural regeneration projects), as well as in interventions relating to education, health and childcare infrastructure.
- In Hungary, cross-financing is included in the national ERDF programme on economic development and the regional ERDF programme for Central Hungary.

3.4.3 Other forms of funding for linked projects

Apart from cross-financing, some partner programmes find other ways to coordinate funding for interventions. In Scotland's Highlands & Islands programme, for example, applicants can submit separate but linked applications under Priority 3 of the regional ERDF OP (Community economic development) and Priority 1 of the ESF OP (Support for those outside the workforce to secure employment, particularly among the most disadvantaged groups). These applications are assessed by a joint ERDF/ESF advisory group which can make joint awards.

A number of other programmes provide linked ERDF and ESF funding for different components of broad interventions which are treated as separate projects from an EU funding perspective but are strongly integrated on the ground. These include:

- ERDF business capital investment plus ESF training for staff (Finland) or training for business managers or start-ups (Scotland);

- ERDF investment in housing for marginalised communities plus ESF support for individuals in these communities (France);
- ERDF investment in university R&D plus ESF funding for researcher training and student education (Scotland);
- ERDF funding for the creation of a community enterprise centre and provision of advice to community enterprises plus ESF training for these enterprises (Scotland);
- ERDF funding for land reclamation plus ESF funding for related training activities (Nordrhein-Westfalen);
- ERDF funding for school buildings plus ESF funding for training and other current expenditure (Sachsen-Anhalt).

Some programmes also link funding at project level from the EAFRD as well as the Structural Funds (Norra Mellansverige in Sweden):

- EAFRD funding for bio-energy production plus ESF funding for knowledge development (Länsi-Suomi);
- EAFRD funding for wood biomass and ERDF funding for capital investment in plant/equipment (Scotland);
- ESF funding for ICT training for individuals employed in agriculture and EAFRD funding for broader agriculture projects (Wales).

3.5 Coordination between the five Funds and other EU budget streams

The degree of coordination between the five Funds and other EU funding streams varies considerably across IQ-Net partners, as does the level at which any such coordination occurs. While coordination with other EU funding sources is limited in some Member States and regions (e.g. France), others have clear mechanisms that aim to ensure such coordination. These may operate at a regional level (such as the project groups of the Regional Management Committees in Finland - see Box 4) or at a national level (such as ÖROK's STRAT.ATplus process in Austria which brings together staff from the ERDF, ESF and EAFRD on a regular basis).

The extent of coordination between the five Funds and the Solidarity Fund (managed by DG Regional Policy) or the European Globalisation Adjustment Fund (managed by DG Employment) varies. In some cases, these two 'emergency' Funds may be managed by one of the Cohesion policy managing authorities (e.g. the EGF is administered by the ESF managing authority in Sweden) but in other countries they are not explicitly coordinated with Cohesion policy (Czech Republic, Hungary).

In contrast, a number of programmes have some form of coordination with the Framework Programme and/or the Competitiveness and Innovation Programme, although experiences vary. In Sweden, for example, the authorities placed a strong emphasis on coordinating the

ERDF/ESF and EAFRD with the Framework Programme and the Competitiveness and Innovation Programme during the planning phase of the 2007-13 period, and oriented the ERDF and ESF strongly towards research and innovation. In practice, however, cooperation has occurred mainly at a relatively small-scale and in the case of individual projects, rather than at a programme-wide level.

In some Member States and regions, Cohesion policy programmes may include priorities or actions that are explicitly linked to the Framework Programme and allow for combined funding for projects (Niederösterreich, Sachsen-Anhalt). In others, ERDF/ESF programmes may include the aim of encouraging participation in the EU Framework programme (Portugal). Similarly, some Member States have held joint events on the relationship between the Structural Funds, the Framework Programme and the Competitiveness and Innovation Programme (Austria).

There are some limited but positive experiences of coordination between the ERDF and the Framework Programme, such as:

- ERDF support for the creation of an innovation centre, which has since become a beneficiary of a research project funded by the Framework Programme (Steiermark);
- ERDF funds the first phase of a project and the Framework Programme funds the next phase (this has occurred in five projects in Nordrhein-Westfalen);
- ERDF co-finances a *Land* institute that provides advice to SMEs and others on issues relating to innovation, including on gaining Framework Programme funding (Nordrhein-Westfalen).

4. LOOKING TO THE FUTURE

4.1 EU level discussions and proposals

Discussions on the future of Cohesion policy and other EU budgetary instruments in 2014+ are focusing on two main strands:

- The introduction of new forms of strategic coordination, notably an EU-level common strategic framework plus a development and investment partnership contract between the Commission and each Member State;
- More harmonised implementation rules across EU funding streams.

A range of working groups, task-forces and other forms of consultation are currently underway in the Commission on issues relating to the preparation of the 2014+ period, notably on the common strategic framework; the future of the centrally managed funds; and the harmonisation of eligibility rules across funding streams.

4.1.1 New forms of strategic coordination

In 2010, the Commission's EU budget review and the conclusions of the Fifth Cohesion Report proposed a new EU-level common strategic framework for all five Funds in 2014+, based on Europe 2020 and the EU Integrated Guidelines.²⁶ Similar shared strategic frameworks could also be agreed for other groups of EU budgetary instruments (e.g. research and innovation).²⁷ In addition, it is possible that some instruments (e.g. the ESF and the European Globalisation Adjustment Fund; or all DG Home's Funds) could be merged together.

These EU documents also proposed that each Member State would agree a development and investment partnership contract with the Commission, which would be linked to the existing National Reform Programme. Although the Fifth Cohesion Report proposes that this Contract would focus solely on Cohesion policy, it is still possible that it could also cover the EAFRD and the EFF.

4.1.2 Harmonising implementation rules

(i) Within Cohesion policy

Issues currently under discussion include:

- The possibility of allowing Member States and regions to include whether to have multi-Fund programmes or mono-Fund programmes, given the different views across Member States and regions;
- Alternatives to cross-financing e.g. one option would be to have a clearer thematic split between the two Funds, while another would be to find new ways of facilitating integration between the two Funds.

(ii) Between Cohesion policy and the EAFRD and EFF

If the development and investment partnership contract were to cover, not only Cohesion policy but also the EAFRD and EFF, the regulations for all five Funds would need to be coordinated more closely than they were in 2007-13.

One issue concerns the eligibility of value added tax (VAT). In 2007-13, VAT does not count as eligible expenditure under Cohesion policy,²⁸ but does under the EAFRD - although only

²⁶ European Commission (2010) Communication on the EU budget review, Brussels, 19.10.2010, COM(2010) 700 final, p.13; European Commission (2010) Communication on the conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy, Brussels, 9.11.2010, COM(2010) 642 final, p.3.

²⁷ For example, the Commission has recently consulted on its Green Paper: European Commission (2011) From challenges to opportunities: towards a common strategic framework for EU research and innovation funding, Brussels, 9.02.2011, COM(2011) 48.

²⁸ European Parliament and Council (2006) Regulation (EC) 1080/2006 Op. Cit., Article 7; and European Parliament and Council (2006) Regulation (EC) Regulation 1081/2006 of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999, OJ L210, Article 11

when it is “non-recoverable VAT [and] when it is genuinely and definitively borne by beneficiaries other than non-taxable persons”.²⁹ This difference is seen to introduce distortions, as some beneficiaries (e.g. local authorities and non-governmental organisations - who are seen as particularly important under the ESF) may prefer to access EAFRD funding. In the ERDF and Cohesion Fund, however, there are concerns that, if VAT were eligible, Member States could *de facto* gain extremely high EU co-financing rates.

(iii) *Between the five Funds and other EU funding streams*

Within the Commission, an inter-service working group was set up in July 2010 aimed at improving demarcation between different EU funding streams and at harmonising eligibility rules between the five Funds and other EU funds. A formal inter-service consultation within the Commission was launched on the outcomes of this group in April 2011.

Areas where change could occur include:

- A revised division of tasks between Cohesion policy and the Framework Programme, so that, for example, RTD capacity-building interventions could in future be funded solely via Cohesion policy rather than by both funding streams;
- Clearer coordination between the Cohesion Fund and the Trans-European Network (TEN) fund, so that Cohesion Fund resources would be focused on EU priority projects (such as border crossings) and funding from the TEN fund would be conditional on progress on these EU priority projects.

One area where difficulties remain concerns overheads, which are eligible and often significant under the Framework Programme as it finances specific research projects where indirect staff and running costs can be important. However, overheads are not currently eligible under the ERDF because its R&D funding focuses mainly on the provision of facilities (plus associated projects) which have a longer term life of their own. However, overheads may be eligible under the ESF (such as salaries and indirect costs) because these types of expenditure are often necessary under ESF projects.³⁰

4.2 Member State responses to the Fifth Cohesion Report

Following the publication of the Fifth Cohesion Report in November 2010, the Commission launched a public consultation, which closed in January 2011. This section summarises the responses of the Member States which relate to the theme of cross-Fund interactions.³¹ The

²⁹ European Council (2005) Regulation (EC) No 1698/2005 Op. Cit., Article 71

³⁰ European Parliament and Council (2006), Article 11.

³¹ This summary does not include responses from Bulgaria or Romania, where contributions were provided only in Bulgarian/Romania, nor Slovenia, where no contribution is available http://ec.europa.eu/regional_policy/consultation/5cr/answers_en.cfm

Commission has already published a broader summary of all the results across all themes and from all respondents.³²

4.2.1 EU proposals on strategic documents

Member State statements in response to the Commission's on proposals relating to the common strategic framework vary. Some support the introduction of such a framework (Italy, Lithuania, Netherlands), and argue that it should not only cover Cohesion policy but also agriculture and fisheries policies (Cyprus, Estonia, France, Germany, Hungary, Ireland, Latvia, Slovakia, Sweden, United Kingdom) or also RTDI policies (Austria) or more generally other EU policies (Belgium, Portugal), such as transport, energy and RTDI (France) or even RTDI, employment, education, social exclusion, poverty, climate change and energy (Poland). Other Member States are interested in the idea of a common strategic framework but would like clarification on which policies would be covered and how binding it would be, and also note that it should not be allowed to generate delays in programme negotiations (Czech Republic) or to increase the overall administrative burden (Germany).

Finland, however, seriously questions the proposal for such a framework and indeed the entire architecture proposed in the Fifth Cohesion Report, arguing that it could make coordination more complicated, and that it would be preferable for each Member State to establish its own strategic framework in the context of Europe 2020. Finland also questions the proposals for a development and investment partnership contract and argues that it should not create an additional layer of management or additional monitoring or reporting arrangements.

Some other Member States are also sceptical about the introduction of a development and investment partnership contract, which is seen as likely to add another layer of administration and controls, and thus to delays in negotiations (Netherlands, Spain, Sweden). Others argue that more information is needed on the Commission proposals (Cyprus, Finland, Germany, Luxembourg, Malta, Sweden) particularly the legal status of the contract (France, Hungary, Luxembourg, Netherlands). In contrast, some Member States support the idea of the contract (Austria, Cyprus, Ireland, Latvia, Poland, Portugal, Slovakia) or are at least open to this approach (Denmark, Estonia, France). Some argue that any such document should be confined to Cohesion policy (Germany, Greece, Netherlands), while also defining coordination with other policies in fields such as rural development (France, Italy) and RTDI (Czech Republic), although others would like it also to cover the EAFRD and EFF (Austria, Hungary, Ireland) or other EU policies (Austria, Cyprus, Ireland, Portugal). Other concerns relate to subsidiarity and the needs of federal Member States (Belgium, Germany).

More generally, some note the need to deepen integration between the ERDF, ESF (and where relevant) also the Cohesion Fund (Belgium, Cyprus, Czech Republic, France, Greece,

³² European Commission (2011) Results of the public consultation on the conclusions of the fifth report on economic, social and territorial cohesion, Staff Working Paper, SEC(2011) 590 Final - 13/05/2011

Hungary, Poland, Slovakia), as well as between Cohesion policy and other EU and Member State policies (Czech Republic, Finland, Netherlands, United Kingdom).

4.2.2 EU proposals on funding allocations, instruments and regulations

Many Member States emphasise that decisions on the allocation of resources between EU Funds should be taken via negotiation between the European Commission and national/regional authorities, rather than set at EU level (Belgium, Cyprus, Estonia, Ireland, Latvia, Lithuania, Slovakia, Sweden).

A number of Member States argue that the ESF (Czech Republic, Denmark, Finland, France, Germany, Hungary, Lithuania) must remain an integral part of Cohesion policy. Hungary also notes the need to maintain the Cohesion Fund (Hungary) but Germany calls for a review of the Cohesion Fund and its contribution to Europe 2020. Hungary also states that the demarcation between the five Funds should be reviewed. The United Kingdom calls for a rationalisation of the range of EU budgetary instruments, not only in the context of Cohesion policy but also looking to the Trans-European Networks, the Framework Programme and the Competitiveness and Innovation Programme. Poland emphasises the need to integrate the European Globalisation Fund more closely with the ESF, while Latvia note the need to define the EGF's support criteria more clearly.

Poland argue that the Commission should present the draft regulations for Cohesion policy at the same time as the draft regulations for the EAFRD and EFF and the draft regional aid guidelines.

4.2.3 EU proposals on implementation rules

While a number of Member States argue for **more harmonised implementation rules** across the five Funds (Estonia, France, Greece, Germany, Ireland, Italy, Latvia, United Kingdom) or also with RTDI (Portugal), Austria feels that changes should only be adopted if they clearly increase simplification. Other Member States are also concerned that the harmonisation of rules could increase complexity (Germany, Ireland), notably the Commission's proposal to apply the agricultural system for financial management and control to Cohesion policy (Austria, Czech Republic, Ireland, Latvia, Poland, Slovakia, Spain). Hungary argues that the Commission should provide Member States with a tool-kit for coordinating policies and resources at a territorial level.

Many note that decisions on whether programmes should be **multi-Fund or mono-Fund** should be left to the individual Member States (Cyprus, Estonia, Hungary, Lithuania, Poland, Portugal, Sweden), also with the option to integrate the EAFRD with Cohesion policy at programme level (Hungary). Denmark argues that EU-level rules should allow Member States to have a common management system across the Cohesion policy Funds.

A major focus is on the need to **align eligibility rules** (Ireland, Italy) between the Cohesion policy Funds (Denmark, Poland) and with other EU funding sources (Belgium, Czech Republic, Finland, Hungary, Italy, Poland), particularly the EAFRD and EFF (France, Latvia) or the Framework Programme (Germany). While many argue that detailed eligibility rules should be set at Member State level (Czech Republic, Estonia, Finland, Germany, Hungary,

Ireland, Italy, Malta), some also call for stronger alignment across EU instruments on issues such as VAT and indirect costs (Czech Republic, Finland, Italy, Poland, Sweden), overheads (Germany), flat-rate costs (Hungary), State aid (Sweden) and public procurement (Luxembourg, Sweden). However, Estonia emphasises that VAT should remain eligible under Cohesion policy.

Some Member States argue in favour of continuing **cross-financing** or similar flexibility between the ERDF and ESF (Czech Republic, France, Malta, Netherlands, Slovakia) or across all four Funds (Hungary), particularly if cross-financing could be made easier (Germany) or if cross-financing rates could be raised (Hungary). ERDF/ESF integration is seen as particularly important in the case of integrated urban projects (France, Italy).

Various other issues are also raised, notably the need to simplify and harmonise **audit and control** work across funds (Ireland, Italy, Sweden United Kingdom); to share **core indicators** across Funds (France), including the EAFRD (Hungary); to have a common **financial and physical monitoring system** across all five Funds and Member States (France, Hungary); to reinforce cross-Fund **publicity and communication** work (France); and to allow **financial engineering instruments** to be funded jointly by the three Cohesion policy Funds (Poland).

4.3 IQ-Net partners' views of coordination in 2007-13

The views of IQ-Net partners on the current EU and domestic approach to coordination also vary, depending, for example, on the existing institutional set-up at Member State and regional levels, and also on whether they refer to coordination within Cohesion policy, between Cohesion policy, EAFRD and EFF, or between all EU funding sources.

Few of the Convergence country partners note significant difficulties in coordinating the Cohesion Fund and the ERDF. The only exception was Greece, which argues that implementation might improve if the ERDF and the Cohesion Fund were merged - although also that this should not lead to a reduction in total EU funding for infrastructure in the Convergence countries.

Some partners feel that all Funds have been closely coordinated in 2007-13 due to the Member State's own institutional structures and efforts (Finland). Others - particularly in ex-Objective-One regions which had previously had multi-Fund OPs - note strong links between ERDF and ESF programmes, particularly due to the existence of shared managing authorities and implementation frameworks, although relations with the EAFRD are generally seen to be weaker (Sachsen-Anhalt, Wales).

However, other partners state that the approach taken in 2007-13 has predominantly been one of demarcation between the Funds and of relatively limited information-sharing (e.g. via participation in other Funds' monitoring committees), rather than active cooperation and coordination (e.g. Nordrhein-Westfalen).

4.4 Views of constraints on coordination

Partners note that some of the constraints on coordination and cooperation between Funds are linked to factors at EU-level, yet also recognise that some difficulties are rooted in domestic institutional and political frameworks (Czech Republic, Denmark, France, Nordrhein-Westfalen, Poland, Sweden).

4.4.1 Factors linked to EU policies

Many partners identify aspects of EU Cohesion policy, the EU budget or other EU frameworks that they feel have hindered effective coordination and cooperation across Funds in 2007-13, including:

EU funding levels: Some Member States and regions saw a significant fall in EU financial allocations for at least some Funds in 2007-13, and this has tended to mean that domestic authorities were keen to focus the remaining funding on core sectoral priorities, so that it has been more difficult to find scope for cross-Fund cooperation (Nordrhein-Westfalen).

Existence of multiple EU instruments with overlapping goals: The creation of the EAFRD alongside Cohesion policy is seen by some to have created problems, as areas and projects cannot neatly be divided into 'rural' and 'non-rural' (Sachsen-Anhalt). This is exacerbated by the fact that the EAFRD was set up in the context of the political reform of the Common Agricultural Policy and is sometimes seen as compensation for farmers' losses under Pillar 1 of the CAP, rather than as a genuine rural development instrument.

Increased risk due to multiple funding sources: If more than one EU Fund is involved in a group of projects, there is seen to be greater likelihood that delays will arise or that one of the EU Funds or providers of domestic co-funding will pull out, not least because of the complexity and different timescales of the different Funds (Scotland).

Financial control rules: Coordinated projects are perceived as potentially difficult from a financial control perspective (Sachsen-Anhalt).

A number of partners note persistent problems relating to demarcation, notably:

Delegating demarcation decisions: In some countries, decisions on demarcation are seen to have been pushed down to the next level and decided on a case-by-case basis, rather than at strategic EU or NSRF levels level (France, Sweden).

Errors in demarcation: In some programmes, funding for certain interventions was excluded from all programmes at the beginning of the period, due to the mistaken view among both EU and domestic authorities that these would be included in other programmes (e.g. funding for forestry and food training in Scotland).

Differences in timetabling across EU Funds: Some Member States and regions experienced difficulties in negotiating and coordinating a coherent cross-Fund approach to demarcation due to time constraints and differences in time-tabling across Funds, particularly where the

shape of regional ERDF/ESF programmes depended in part on the agreement of national ERDF/ESF programmes (France, Germany).

Persistent overlaps between programmes: Even where there have been extensive efforts to ensure effective demarcation, there remain cases where multiple programmes fund the same types of beneficiary and activity, and where this can lead to tension between programmes, either because recipients prefer funding for infrastructure rather than training (Śląskie), or because different EU Funds have different co-financing rates (Scotland).

4.4.2 Factors within Member States or regions

While some partners feel that domestic coordination mechanisms are working very well (Finland, Slovenia, Wales) or that appropriate reforms are planned for 2011 (Poland), others note a number of domestic obstacles to coordination across EU Funds, including:

Well-established domestic institutional frameworks with entrenched divisions and accountability relationships along sectoral lines (Denmark, Nordrhein-Westfalen, Sachsen-Anhalt), particularly where domestic funding for particular instruments is larger than EU funding and/or where EU funding is subsumed into domestic funding streams.

Location of managing authorities at different geographical levels, typically with the ESF, EAFRD and EFF being managed at national level, and the ERDF at a regional level (Austria, France, Poland). These difficulties may be exacerbated where regional authorities lack sufficient decision-making capacities to develop integrated strategies.

Domestic eligibility rules vary across EU Funds, either because of *ad hoc* decisions taken by domestic authorities (Poland) or because EU funding is subsumed into domestic instruments which have more stringent rules than those of the EU Funds (e.g. the federal-Land Joint Task for the improvement of agricultural structure and coastal protection which co-funds the EAFRD OP in Sachsen-Anhalt).

Lastly and fundamentally, the EU-level ambiguity over the role of the EAFRD is often mirrored at Member State and regional levels. Bodies responsible for the EAFRD sometimes lack enthusiasm for broader, non-farm-based rural development interventions, even in some Member States and regions with large EAFRD funding allocations and/or where rural areas are facing significant socio-economic problems. This can lead to tensions, particularly if bodies responsible for Cohesion policy feel that some interventions could be funded by the EAFRD, rather than the ERDF/ESF. Alternatively, it may mean that the EAFRD is perceived solely as an agricultural instrument, so there is only limited common ground with Cohesion policy and, for example, staff see little rationale in attending one another's monitoring committee meetings.

4.5 IQ-Net partners' views of reform in 2014+

An overview of the types of change that IQ-Net partners would like to see in the frameworks that shape interaction between EU Funds is provided in Graphs 1 and 2. A clear majority of the 21 responses collected was in favour of:

- Better coordination between Commission DGs;
- Shared implementation rules for all Funds;
- A more coordinated approach to implementation procedures; and
- A more coordinated approach to ex ante strategic planning.

In contrast, only a minority of partners saw the need for changes in management responsibilities, or for changes in the approach towards final beneficiaries.

4.5.1 Multiple Funds and mono-Fund OPs

Some partners feel that the current approach to EU Fund programmes, with multiple EU Funds and mono-Fund programmes, is not ideal, for example because it is seen to:

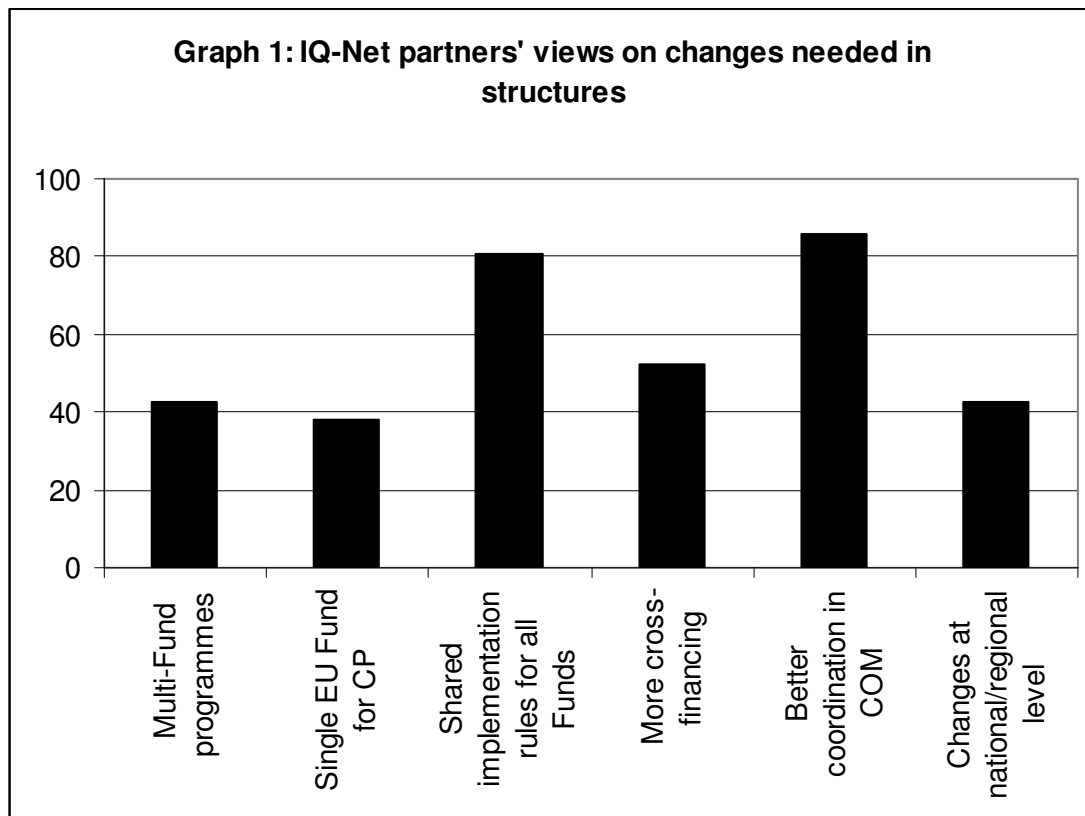
- Hinder a broad-based approach to regional development, as each Fund takes a sectoral approach (Czech Republic, Finland, Greece, Latvia, Scotland, Sweden);
- Constrain projects that combine ‘hard’ and ‘soft’ components (Czech Republic, Poland), as well as complementarity in fields such as R&D and energy (Wales);
- Complicate the coordination of programming, implementation and evaluation (Czech Republic, Poland);
- Increase the risk of duplication (Poland, Scotland);
- Have narrowed the membership of the monitoring committee (Scotland);
- Increase administrative work unnecessarily (Sweden), for example due to the existence of separate monitoring systems for different Funds (Sachsen-Anhalt);
- Make implementation more difficult from an applicant viewpoint, due to different rules across Funds (France, Scotland).

Some partners **support the re-introduction of multi-Fund programmes** in 2014+ (Finland, Greece, Latvia, Poland, Portugal). The Finnish partners feel that the core advantage of multi-Fund programmes is that they mean that the different Fund representatives must meet around a table to discuss strategic choices and to decide on individual projects and that, without a multi-Fund approach, such cooperation remains optional.

Others argue that **a single EU Fund for Cohesion policy would be better** than multi Fund OPs (Czech Republic, Denmark, Finland, Steiermark, Sweden, Vlaanderen), for example because it would allow for greater flexibility when making changes to programme priorities, and would simplify administrative procedures. In this sense, at least some components of the ERDF and ESF could be merged, for example issues relating to workforce training, rather than training for unemployed people or social inclusion interventions (Finland, some Swedish partners), or the Cohesion Fund and ERDF could be merged (Hungary). Some also

feel that a return multi-Fund programmes would increase complexity, either for administrators or for beneficiaries (Denmark, Vlaanderen).

Other partners are more **sceptical of such changes** (France, Greece, Niederösterreich, Slovenia) and would prefer to retain mono-Fund programmes (Hungary). The French partners argue that separate EU Funds are justified; that the scope for coordination depends on the shape of the EU regulations and domestic institutional factors, rather than on the existence of mono-Fund or multi-Fund programmes; and that theme-specific funding allocations would still be needed below the level of the single Fund (or multi-Fund) programme. However, the French authorities also feel that there could be scope to introduce local or multi-regional multi-Fund programmes (e.g. for urban or mountainous areas) based on global grants. Partners in Niederösterreich do not support either a return to multi-Fund programmes or the introduction of a single Fund for Cohesion policy. Even those partners who would in principle like to see a single EU Fund with a single set of rules sometimes see this as politically unrealistic due to institutional and political factors at EU and Member State levels (Czech Republic, Denmark).



Moreover, some IQ-Net partners do not have a clear view on whether multi-Fund programmes or a single EU Fund should be introduced, largely because they argue that such **radical changes could generate new, unforeseen issues** (England, Nordrhein-Westfalen, Sachsen-Anhalt, Wales). In Wales, for example, the main priority for partners is simplification and there is little desire for a radical change in Funds' management. Nevertheless, these partners agree that is scope to improve integration between EU Funds, for example by aligning core rules across Funds (Sachsen-Anhalt, Wales) or by developing specific shared goals and core indicators to which different EU Funds could then contribute

in different ways (Nordrhein-Westfalen). Others argue that there is not necessarily a need for a multi-Fund programme, as long as there is a single managing authority, so that practices and legal interpretations do not vary across programmes, and so that a single set of people are engaging with Commission DGs (Sachsen-Anhalt). Lastly, some argue that, if any major changes in approach are introduced in 2014+, managing authorities will need sufficient preparation time and will thus need to be informed of any such changes very soon (France, Scotland).

4.5.2 Coordinating Cohesion policy with the EAFRD and EFF

There are divided views among IQ-Net partners as to whether **the EAFRD and EFF** (or at least the regional development-oriented components of these Funds) **should be reintegrated into Cohesion policy**. Some argue in favour of reintegration (Czech Republic, Finland, Greece, Niederösterreich, Nordrhein-Westfalen, Poland, Sachsen-Anhalt, Slovenia, Steiermark, some Swedish partners, Regional Councils in France), for example because the separation of these Funds is seen to have made policy coordination more difficult (Poland) and to have had a negative impact on the development and diversification of rural areas.

Other partners argue that the **EAFRD and EFF should remain separate from Cohesion policy** because they are sectoral instruments (some Swedish partners; EAFRD managing authority in Austria), or note that the EAFRD funding is seen domestically as compensation for financial losses incurred by farmers due to reforms of Pillar 1 of the Common Agricultural Policy (France). Some call for efforts to focus on eliminating overlaps between Cohesion policy and the EAFRD, so that the EAFRD focuses only on farms and similar entities, rather than also on community projects (Scotland) but others feel that all Funds should continue to finance projects in rural areas (France). However, even those actors who see a rationale for maintaining separate Funds also argue that there is scope for greater coordination between the EAFRD and Cohesion policy, for example by unifying the EU regulations and by cooperating on specific themes such as in the promotion of green economy (Finland's Ministry of Agriculture and Forestry; Latvia).

More pragmatically, some partners note that, while there would be advantages to managing the EAFRD alongside the ERDF and ESF (e.g. potential to link projects), this would be **difficult in administrative terms**, as the Funds have such different implementation systems (Nordrhein-Westfalen, Wales). In fields such as monitoring and evaluation, the EAFRD is much less developed than Cohesion policy so that a common approach would either imply a heavier burden under the EAFRD or a lighter approach under Cohesion policy. Others are concerned that a merger of these Funds could lead to a net reduction in EU funding (Greece).

4.5.3 Coordinating the five Funds with other EU funding streams

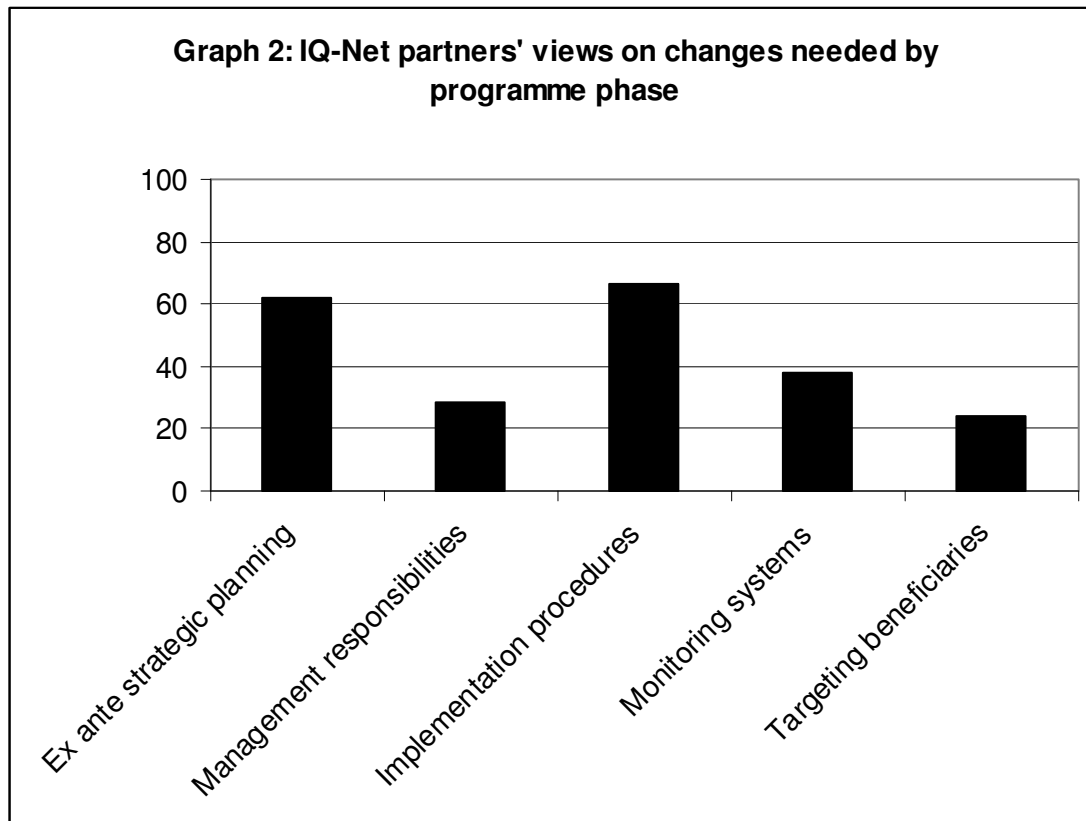
Some partners note confusion among potential applicants about the availability of funding from different EU sources (Wales) and also that the multiplication of EU Funds can lead to overlaps between Funds with different procedures, legal bases and electronic data management systems (Sachsen-Anhalt). However, partners vary in terms of the extent to which they see a need for stronger integration or coordination between funding streams.

Some argue that **there should be stronger coordination between Cohesion policy and other EU budget lines** (Sweden, Vlaanderen), particularly with the Framework Programme (Hungary), the Competitiveness and Innovation Programme (Finland) or a range of areas, including transport policy (France).

Others state that, although different EU Funds should remain separate, there should be **stronger efforts to harmonise implementation rules** between Cohesion policy and the Framework Programme, for example relating to flat-rate staff costs (Austria) and overheads (Denmark). Others note that steps could be taken domestically to improve coordination, for example, by bringing in the ERDF systematically either as a linked funding source or as a back-up in case an application to the Framework Programme is unsuccessful, or by using the ERDF to strengthen the capacities of actors in weaker regions to tender for the Framework Programme (France).

Others are **more sceptical**, either arguing that this is not a major issue (Finland, Sachsen-Anhalt) or that the strong legal and procedural differences in approach between ‘shared management’ Funds (such as Cohesion policy, the EAFRD and EFF) and ‘centrally managed’ funds (such as the Framework Programme) constrain cooperation (France). Some also feel that Cohesion policy and the Framework Programme are rooted in the very different ways of thinking and that the Framework Programme approach is too complicated for the kinds of entity that apply to Cohesion policy programmes, particularly SMEs (Nordrhein-Westfalen). Others argue that efforts to encourage coordination could generate new problems in planning and implementation (Sachsen-Anhalt).

Few partners see the operation of **the Solidarity Fund or the European Globalisation Adjustment Fund** as problematical (Sweden), arguing that it is justifiable to provide *ad hoc* funding in the case of natural disasters or unforeseen economic difficulties (Nordrhein-Westfalen). However, partners in Greece argue that, if the ESF regulation allowed greater flexibility, there would be no need for a separate European Globalisation Adjustment Fund.



4.6 Changes needed at EU-level

4.6.1 Strategic changes

Some partners **voice support for EU proposals to establish a common strategic framework** across all five Funds in 2014+ and that the framework should define the intervention fields of each of the Funds (France), or at least set out shared strategic objectives and strategies across the different Funds (Finland). Others argue that a common single programme document for the whole country and for all EU Funds would help to ensure integrated programme design (Greece).

However, some partners are concerned that this type of shared strategic framework **risks leading to a more top-down approach to Cohesion policy**. However, they agree that there is a need for more cooperation between Funds at regional level during the ex ante strategic phase, including the development of a shared strategy and the agreement of a number of common core indicators, at least across the ERDF and ESF (Nordrhein-Westfalen).

Other partners argue that Member State or regional authorities should be able to decide on the division of financial resources between the five Funds (Sachsen-Anhalt). In contrast to the 2000-06 period, the distribution of resources between the ERDF, ESF, EAFRD and EFF in 2007-13 was partly decided at EU level because a specific pot of money was agreed for the EAFRD at EU level, and this was then divided between the Member States and subsequently between the regions. It would be preferable if Member States or regions could themselves decide on the balance of funding between the EAFRD and the ERDF/ESF.

4.6.2 Changes in implementation rules and procedures

Partners argue for a number of specific changes to the current institutional and regulatory set-up at EU level:

- Shared implementation rules (particularly between the ERDF/ESF and EAFRD), particularly relating to financial control (France, Sachsen-Anhalt, Wales), VAT (Sachsen-Anhalt) and monitoring (Poland, Scotland, Sweden) - with the simpler and more pragmatic rules from different Funds generally being adopted (Czech Republic, Finland, France, Latvia, Niederösterreich, Nordrhein-Westfalen, Poland, Portugal, Sachsen-Anhalt, Steiermark, Sweden, Vlaanderen, Wales);
- A single managing authority across all four/five Funds (Sachsen-Anhalt, Sweden);
- A requirement to operate multi-Fund committees (France);
- Demarcation on a thematic or case-by-case basis rather than on the basis of beneficiary-type (France);
- Shared terminologies across Funds (France, Sachsen-Anhalt) e.g. the term 'certifying authority' is used differently by ERDF/ESF/EFF and by the EAFRD;
- Similar EU co-financing rates across EU Funds to reduce distortions due to competition for beneficiaries (Scotland).

4.6.3 ERDF/ESF cross-financing

Some partners **feel that the ERDF/ESF cross-financing option is useful** and argue that it should be maintained or extended (Czech ESF authorities, Denmark, Greece, Hungary, Latvia, Poland, Scotland, Slovene ESF authorities, Sweden, Wales). Among the benefits of this approach are that:

- Activities such as training courses and information campaigns add considerable value when coordinated with infrastructure investments (Poland);
- It provides needed flexibility in relation to the availability of co-financing (Poland);
- It allows more complex, integrated projects to be funded without leading to overly complex administrative procedures (Greece).

In Wales, partners note that, in 2000-06, under the multi-Fund Objective 1 programme, projects would have had to bid into separate Funds, so it is now easier for these projects to use cross-financing in order to build in complementary activity than it would have been in the past.

Some argue that the ceiling on cross-financing should be raised, for example to 20 percent of programme funding (Greece) and also that cross-financing should be extended to incorporate the EAFRD and EFF (Greece).

Others feel that the principle is good but have not yet used the facility either because they feel that the current rules are too complex (Niederösterreich) or because of outstanding questions such as whether the 10 percent of cross-financing can take place within a project, within a priority, or within a programme (Finland). Cross-financing would be particularly good if it could be applied in a flexible manner within a project (Finland).

Others state that cross-financing is too complex and is not well-suited to the domestic institutional context, for example because EU funding is channelled into existing domestic funding streams (France). It is argued that, if better coordination between Funds could be achieved in future, including an EU-level strategic framework, cross-financing would be unnecessary (France). Others feel that cross-financing is not useful due to the different rules at EU level for the different EU Funds (Vlaanderen) or that this option is unnecessary if programmes are well-coordinated by a single managing authority (Sachsen-Anhalt). A further criticism is that cross-financing is not useful for ERDF programmes because they already have insufficient funding for capital investment (rather than ESF-type spending) and also because of the more complex approach needed in the financial management, control and audit of ESF spending (ERDF authorities in the Czech Republic).

4.6.4 The Commission's working practices

A number of partners argue that there is a need for better coordination between Commission Directorates General (Czech Republic, Finland, Niederösterreich, Nordrhein-Westfalen, Poland, Steiermark, Vlaanderen, Wales) or even that a single Commission Directorate General should be responsible for (England) or take the lead on (France) all Cohesion policy funding. Some partners note that different DGs sometimes provide different answers to the same question posed by national authorities (Czech Republic).

Some also argue that it would be helpful if fewer Directorates General were involved in decision-making processes at EU level (Czech Republic, Finland, Greece, Sachsen-Anhalt) or if the influence of the sectoral Commission Directorates General were more limited (e.g. DG Environment, DG Market, DG Competition) (Nordrhein-Westfalen). Some feel that, while it is important that programme design and implementation takes account of consultation with different sectoral interests, this type of consultation already occurs at national and regional levels and so a further layer of consultation is not needed at EU level (Sachsen-Anhalt).

5. CONCLUSIONS AND QUESTIONS FOR DISCUSSION

While the Commission's formal proposals for the multi-annual financial perspective for 2014+ are still awaited, some elements of the package are likely to be similar to those principles outlined in the Commission's Budget Review and Fifth Cohesion Report. Key issues are likely to relate to the strategic coordination of EU Funds and budget lines at EU and Member State / regional levels, as well as efforts to harmonise or align implementation rules more strongly across Funds.

Key remaining questions for discussion are as follows:

1. What is your view of proposals relating to a common strategic framework at EU level and a development and investment partnership contract at Member State level?

- Should the common strategic framework and the development and investment partnership contracts cover only Cohesion policy or all five Funds or also other funding streams?

2. Which implementation rules need to be harmonized, and across which Funds (within Cohesion policy; between Cohesion policy and the EAFRD and EFF; or across all EU Funds)?

3. Should more be done to improve coordination between the ERDF and ESF?

- Should (the option of) multi-Fund programmes be re-introduced?
- Should ERDF/ESF cross-financing be continued and/or extended?
- Should there be a clearer thematic demarcation between ERDF and ESF?
- Should other forms of integration and cooperation be developed?

4. Should steps be taken to improve coordination between Cohesion policy and the EAFRD and/or EFF?

- Should the negotiation of the regulations be coordinated?
- Should all implementing rules be harmonised?

5. Should steps be taken to improve coordination between Cohesion policy and other EU funding streams such as the Framework Programme?

- Should there be common strategic frameworks or documents?
- Should all implementing rules in the Cohesion policy, EAFRD and EFF regulations and guidelines be harmonised?

ANNEX 1

Table 1a: The ex ante allocation of EU financial resources across the five Funds in 2007-13, in million Euro at constant 2004 prices

	Coh. Fund	ERDF	ESF	EAFRD	EFF	Total
BE	0	971	1043	432	23	2469
BG	2010	2936	1086	2339	70	8441
CZ	7810	12411	3417	2537	24	26199
DK	0	272	272	510	119	1172
DE	0	14784	8607	8046	138	31575
EE	1017	1683	351	642	75	3767
IE	0	406	406	2218	37	3068
EL	3280	11009	3882	3450	185	21806
ES	3242	21034	7182	7105	1005	39568
FR	0	7137	5567	6708	192	19604
IT	0	19428	6155	7956	377	33915
CY	193	270	116	147	18	743
LV	1360	2219	501	937	110	5128
LT	2029	3120	932	1570	48	7699
LU	0	29	29	84	0	142
HU	7570	11519	3306	3428	31	25854
MT	252	407	101	69	7	835
NL	0	846	846	524	43	2259
AT	0	733	565	3585	5	4887
PL	19513	31007	9028	11919	645	72113
PT	2715	10601	5783	3605	219	22923
RO	5755	8166	3352	7142	203	24618
SI	1236	1819	675	817	19	4565
SK	3424	5445	1370	1775	12	12025
FI	0	935	593	1918	35	3482
SE	0	965	713	1736	49	3463
UK	0	5167	4276	4068	121	13633
EU27	61404	175321	70154	85266	3809	395955

Source: EPRC calculations based on Council regulation 1083/2006 and on Commission decision of 22 October 2009 amending Decision 2006/636/EC fixing the annual breakdown by Member State of the amount for Community support to rural development for the period from 1 January 2007 to 31 December 2010, L278, 23.10.2009. The breakdown between ERDF and ESF is based on NSRF data.