Report 2010 on the implementation of the cohesion policy programmes for 2007-2013

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The Committee on Regional Development adopted the own-initiative report by Miroslav MIKOLÁŠIK (EPP, SK) on the implementation of the cohesion policy programmes for 2007-2013.

Generally, Members welcome the Commission's report and congratulate Member States on their efforts to prepare their first national strategic reports, which have proved to be a valuable source of information on implementation. They consider that transparency in the allocation of funds fosters correct implementation and believe that disclosure of the list of beneficiaries should be continued, notably online. They also take the view that setting Community guidelines and introducing strategic reporting as a new instrument have contributed to increased accountability in delivering policy objectives, and call for regular political debate in order to improve transparency, accountability and assessment of the effects of cohesion policy.

I**mplementation**: the report notes that the reported financial volume of projects selected is EUR 93.4 billion, representing 27.1% of available EU resources in the current period, and that this average rate applies to the three cohesion policy objectives. It underlines, however, that progress varies widely between countries and across themes, with aggregate selection rates above 40% in the case of 9 Member States and below 20% for 4 Member States. Members appreciate the national efforts resulting in average allocation of expenditure for the achievement of the Lisbon agenda of 65% of the available funds in the convergence regions and 82% in the regional competitiveness and employment regions, exceeding the levels originally requested. A total of EUR 63 billion is reported as allocated to Lisbon earmarking projects. Members want to continue in future to earmark resources for projects supporting the EU 2020 Strategy.

They go on to make several observations on the themes financed by cohesion policy (particularly the Territorial Dimension theme with 30%) and welcome the progress already made in implementing projects relevant to the 'More and better jobs' Guideline. They recommend, however, that the Commission introduce methods for delivering social and territorial cohesion and poverty reduction.

The committee discusses the following issues with regard to cohesion policy:

- labour market reforms through the ESF;
- the fight against gender segregation and inequalities (the pay gap and under-representation of women in decision-making positions);
- improving infrastructure and services for disadvantaged microregions with a high concentration of socially marginalised people (e.g. the Roma);
- the importance of transport in general and particularly investment in the rail sector, which is not progressing according to plan. Members note that of the Cohesion and Structural Funds allocation for 2007-2013 intended for transport, only half of it will be spent on TEN-T projects);
- investment in energy efficiency and renewable energy in housing construction and housing projects for marginalised communities.

Members call for more effective implementation of programmes in the environmental sector, especially in cross-cutting areas which provide European added value, such as action to combat, mitigate and adapt to climate change, investment in cleaner and low-carbon technologies, action to combat air and water

pollution, action for biodiversity protection, the expansion of railway networks. They call for the relevant funds to be used for environmental disaster prevention and/or rapid reaction and speeding up investment in prevention and in the rehabilitation of industrial sites and contaminated land.

The report regrets the delays in project selection for strategic areas such as the rail sector, certain energy and environmental investments, the digital economy, social inclusion, governance and capacity building. It calls for a thorough analysis of the causes of these delays. Rapid project selection and implementation and an overall better use of the allocated funds is particularly needed for the activities aimed at improving human capital, promoting health and fostering disease prevention, ensuring equal opportunities, supporting labour markets and enhancing social inclusion.

Challenges in implementation: Members underline the fact that effective selection and implementation of projects in some areas is hampered by missing relevant preconditions such as simpler application procedures at national level, and by excessive national red tape. They note the need to adapt the legal framework in the field of state aid, public procurement and environmental rules and pursue institutional reforms. They recall with regret that the substantial delay in policy implementation results mainly from late conclusion of the negotiations on the multiannual financial framework, resulting in belated completion of the national strategies and operational programmes.

Response to the economic crisis: the report notes that, in the context of the global financial and economic crisis and the current economic slowdown, the EU cohesion policy decisively contributes to the European Economic Recovery Plan. It calls for greater flexibility and reduced complexity in the rules to combat crisis. The committee considers that the signs of recovery from the crisis are fragile, and that in the coming years Europe has to tackle its structural weaknesses, including through Cohesion Policy interventions and targeted investments notably in research and development, innovation, education and technologies that are beneficial for all sectors in acquiring competitiveness. It stresses therefore the need for a thorough analysis of the impact of measures aimed at counteracting the crisis and the necessity to provide for accessible structural funding.

Creating synergies and avoiding the sectoral dispersion of regional policy resources: Members stresses the need in the post-crisis era to consolidate public budgets and increase synergies and the impact of all available funding sources (EU, national, EIB instruments) through effective coordination. Synergies between structural funds and other sectoral policy instruments, and between these instruments and national, regional and local resources, are vital. Members also highlight the benefits of synergies between ERDF, ESF and EAFRD, and note that successful performance of ESF-financed programmes is essential in order to maximise the effectiveness of ERDF funding.

Monitoring and evaluation: the report regrets that only 19 Member States reported on core indicators and therefore at this stage it is impossible to have a first clear EU-wide picture of the impact of the policy on the ground. They strongly encourage Member States to use core indicators in the next round of the strategic reporting exercise in 2012-2013. They underline the need for the Commission to ensure efficient and constant monitoring and control systems in order to improve governance and effectiveness of the delivery system of the Structural Funds.

Good practices: Members encourage good practices related to national reporting such as using core indicators, reporting on results and outputs, reporting on synergies between national policies and EU policies, organising public debates and consultations with stakeholders, submitting the reports to national parliaments for opinions and publishing the reports on governmental websites. They also call on Member States to act without delay, invest more in sustainable development and smart growth, social inclusion and gender equality in the labour market and use funds more effectively. The Commission is asked to launch a debate to elaborate further on how cohesion policy can, over the current period 2007-2013, contribute to the objectives of the Europe 2020 strategy.

Conclusions and recommendations: Members make the following observations and recommendations:

- the role of SMEs as innovative players in the economy is underlined, as is the need to facilitate SMEs' access to financing and operating capital and encourage SMEs to become involved in innovative projects with a view to strengthening their competitiveness and potential for greater employment. Members stress the effective use of all existing resources, including the financial engineering instruments (Jeremie);
- good governance at European, national, regional and local level and effective cooperation between the various levels of government are fundamental. Members stress the importance of a genuine partnership strategy, both vertically and horizontally, and recommend that the quality of partnership involvement be assessed, recalling that partnership may lead to simplification, particularly in the project selection procedure;
- simplification of provisions and procedures should contribute to the speedy allocation of funds and payments, and that it should therefore continue and should result in improved rules in the post-2013 period, both at EU and national level without creating major difficulties for the beneficiaries;
- Member States and regional authorities to enhance capacity-building and reduce the administrative burden, in particular to ensure the cofinancing of projects by national contributions and, when relevant, to introduce financial engineering support, in order to increase the absorption of the funds and to avoid further major delays in investing;
- strategic reporting creates a basis for peer review and strategic debate at EU level; and the Strategic report 2013 should be result-oriented and focused more on qualitative analysis of the effectiveness of programmes, outputs, outcomes and early impacts rather than on excessive presentation of statistical data;
- the Commission and Member States should use the opportunity of the mid-term review of the financial perspective 2007-2013 and of cohesion policy to ensure increased absorption of European funding in the period 2011-2013;
- all EU institutions and Member States must to facilitate speedier conclusion of key documents, such as the multiannual financial framework and regulations, in the next round of negotiations with a view to overcoming the start-up difficulties that might arise at the beginning of the next programming period.

Lastly, the future cohesion policy must benefit from adequate financial resources.