



Management Plan 2016

DG Regional and Urban Policy

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The role and responsibilities of DG Regional and Urban Policy in delivering the goals of the Commission's Agenda for Jobs, Growth, Fairness and Democratic Change, focusing on ten priorities, have been defined in REGIO's Strategic Plan 2016-2020. This multiannual document illustrates how the DG plans to contribute to the delivery of Commission objectives, identifying the areas where its contribution will be more significant. The specific objectives and indicators associated with the activities included in REGIO Strategic Plan constitute the framework for assessing the achievement of the DG's policy and organisational management objectives throughout the mandate of the Juncker Commission.

This Management Plan clarifies how REGIO's work throughout 2016 will be conducive to the achievement of the DG's multiannual specific objectives, by identifying the main focus areas for its activities and the main outputs that should be delivered.

REGIO framework for monitoring the DG performance in 2016

In order to ensure a more focused monitoring of the performance expectations set out in this Management Plan, DG Regional and Urban Policy has defined **a more focused set of indicators**, among those included in its 2016 planning document, **which will support the monitoring of the DG performance throughout 2016**.

These indicators are linked to six multiannual priorities and 23 operational priorities for 2016. They are presented in an **overview table provided in Annex 1**.

Since most of DG Regional and Urban Policy's policy objectives are pursued through the implementation of ERDF/CF programmes, which are delivered through shared management, **policy achievements are the result of a combination of factors** – the policy, the quality of implementation by the implementing bodies, the regulatory context, the economic context, etc. - on which the DG has limited control. The identification of annual operational priorities results from a careful analysis of the elements the DG can and seeks to influence in order to create the conditions that are to be the basis of an effective delivery of the policy.

The priorities and targets set in the 2016 Management Plan will be cascaded down at Directorate and Unit level through Unit Management Plans.

PART 1. Overview of main outputs for the year

General objectives 1, 2 and 3

1 - A new boost for jobs, growth and investment

2 - A Connected Digital Single Market

3 - A Resilient Energy Union with a Forward-Looking Climate Change Policy

The DG Regional and Urban Policy contributes to the Commission general objectives 1, 2 and 3 mainly through the funding delivered by the 2014-2020 ERDF/CF programmes in key investment areas, as shown below:

EC General Objectives		REGIO Specific Objectives (delivered through ERDF/CF funding)	Corresponding ERDF/CF thematic objective
1	Jobs, Growth and Investment	RTD and innovation	TO1
		Competitiveness of SMEs	TO3
		Protection of environment, resource efficiency	TO6
		Sustainable transport	TO7
		Employment and labour mobility	TO8
		Social inclusion	TO9
		Education, skills and lifelong learning	TO10
		Institutional capacity and effective PA	TO11
2	Digital Single Market	Information and communication technologies	TO2
3	Energy Union and Climate	Shift towards low-carbon economy	TO4
		Climate change adaptation, risk prevention and management	TO5

By providing effective support to Member States towards the effective and efficient implementation of the ERDF and CF, REGIO will concretely contribute to the delivery of the specific objectives associated with the Commission priorities 1, 2 and 3.

A- To deliver jobs, growth and investment

As the **main EU investment instrument for supporting the delivery of Commission priorities**, Cohesion Policy has become a key part of Europe's economic governance and an increasingly important means of tackling the effects of the crisis in the short term and of enhancing the regions' endogenous potential for development in the medium term. Our interventions will focus on strengthening the basis for economic competitiveness and job creation, particularly in SMEs, thanks to their capacity to adjust to and to address specific national, regional and local contexts, with all levels of governance joining forces to contribute to our shared European objectives. In doing so, they will contribute to the Investment Plan for Europe and complement the European Fund for Strategic Investments (EFSI). This will be done in several ways: by leveraging public and private investment, supporting structural reforms, and improving access to funding. All ESIF investment ultimately targets boosting jobs, growth and investment across Europe, with a focus on the least developed areas. They also contribute to addressing together shared challenges and exploiting common potential via territorial cooperation and the macro-regional strategies.

In order to maximize the annual contribution of DG Regional and Urban Policy to the Commission's goal of creating jobs, growth and leveraging investments, **all our efforts in 2016 will focus on ensuring that the 2014-2020 programmes start delivering quickly the intended objectives on the ground.**

This will require embracing **the following main challenges:**

1. Accompanying and supporting programme authorities so as to speed up the fulfilment of outstanding conditionality provisions and to ensure that the necessary structures and procedures for 2014-2020 are put in place at national level to quickly start delivering projects on the ground, to reach our SMEs, our researchers and our priority infrastructures as soon as possible.
2. Setting up the instruments that will be used throughout the programming period to: (1) ensure the focus and quality of investments in line with the political priorities of the Commission and of the European Semester, (2) monitor the benefit of actions at EU level, (3) review and report on the effectiveness of spending programmes and (4) drive successful programme implementation and effective delivery of the intended results.
3. Further encouraging the uptake and effective use of financial instruments by programme authorities to achieve the overall doubling in the use of financial instruments compared with the 2007-2013 period. Assistance to Member States will notably be delivered through the Fi-Compass, a unique platform for advisory services on financial instruments designed to support managing authorities, EaSI microfinance providers and other interested parties, by providing practical know-how and learning tools. The increased use of such instruments will further enhance the efficiency of our investments in the growth and development of people and businesses across the EU, while ensuring complementarity with the European Fund for Strategic Investments (EFSI).
4. Supporting programme authorities as effectively as possible so as to ensure an efficient use of the Funds and of the tools at their disposal. In particular, targeted actions will be directed towards Member States with weaker administrative capacity. Among the main 2016 targets, it is worth mentioning (1) the implementation of Action Plans on public procurement and state aid, (2) the implementation of the pilot phase of TAIEX REGIO PEER2PEER, an exchange tool for regional policy experts in Member States and (3) the rolling out of the lagging Regions Initiative, which will identify and tackle key bottlenecks so as to make cohesion policy work more effectively in lagging/underperforming regions and to deliver better results. Through these actions, we aim at helping Member States increase the quality and the legality of spending and accelerate the absorption of Funds.
5. Specific efforts will also continue to be deployed to support Member States so that they can make the best use of the tools at their disposal, notably as regards territorial instruments. In particular, the focus will be in 2016 on ensuring that a significant number of Integrated Urban Development Strategies are approved or selected for financing. This will allow cities to shift from implementing individual, isolated projects to investing in comprehensive strategies to address their particular urban challenges. It will also enable them to exploit synergies and mitigate externalities between policy fields, thus ensuring a more effective long-term impact on growth and jobs creation.

The main 2016 expected outputs in relation to these areas are illustrated in the table below.

Relevant general objective(s):			
1. A new boost for jobs, growth and investment			
Specific objectives: 1.1 RTD and innovation; 1.2 Competitiveness of SMEs; 1.3 Protection of environment, resource efficiency 1.4 Sustainable transport; 1.5 Employment and labour mobility; 1.6 Social inclusion; 1.7 Education, skills and lifelong learning; 1.8 Institutional capacity and effective PA			Related to spending programme(s) ERDF, CF
Relevant general objective(s):			
2. A Connected Digital Single Market			
Specific objective: 2.1 Information and communication technologies			ERDF, CF
Relevant general objective(s):			
3. A Resilient Energy Union with a Forward-Looking Climate Change Policy			
Specific objectives: 3.1 Shift towards low-carbon economy; 3.2 Climate change adaptation, risk prevention and management			ERDF, CF
Main outputs in 2016:			
Policy-related outputs			
Description	CWP/AP Ref.	Indicator	Target
Amending IA Regulation 964/2014 (examination procedure, no opinion, no action) – FI standard terms and conditions	2015/REGIO+/007	Adoption	2016-Q1
Main expenditure outputs			
Description	Indicator	Target	
Support to delivery by Member States of the 2014-2020 programmes' objectives	Ensuring progress towards achievement of milestones / targets included in the Performance Framework for each priority axis	Monitoring in place for assessing progress of all priority axis by end-2016	
	Assessment of the relevance of actions implemented in relation to ex-ante conditionalities (ExAC)	100% by end 2016	
	Implementation of actions foreseen for completion in 2016 in relation to ExAC (MS responsibility)	100% by end 2016	
	- Timely adoption of Major Projects (MP)	- 100% of MP submitted by end-09/2016 adopted within 3 months	
	- Submission of foreseen MPs to the Commission (MS responsibility)	- 40% of all MPs (220 out of 550)	
	Timely adoption of PA/OP modifications	80% adopted on time	
	- Selection of projects on the ground (% allocated to the operations selected for support / total allocation for ERDF and CF for 2014-2020) (MS responsibility)	- At least equal to MS forecast by end 2016 (baseline: 4.6% at end 2015)	
	- Financial implementation % claimed by MS /overall allocation by Commission for ERDF and CF for 2014-2020) (MS responsibility)	- At least equal to MS forecast by end 2016 (baseline: 0.4% at end 2015)	
Focus and quality of cohesion policy investment	Reporting on aggregate spending for key EU priorities and on contribution of Cohesion Policy	Monitoring arrangements in place and 1st report produced by end 2016	

in line with the political priorities of the Commission and of the EU Semester	REGIO's contributions to country reports	100% - All geographical units contributing to the Country reports
	Launching of synergy frameworks	3 - Seal of Excellence with Horizon 2020, Broadband Competence office, S3 Energy Platform by end 2016
Uptake of financial instruments and complementarity with EFSI	FI- Compass: Delivery of assistance in accordance with the 2016 work programme	100% of products agreed for the period delivered
	Amounts paid to financial instruments (MS responsibility)	EUR 5bn at end Dec 2016 (baseline: EUR 500m at end 2015)
Support to MS' capacity to administer and implement the Funds	Implementation of action plans on Public Procurement and State Aid	Launch 12/14 action plans; completion of 5/14 (remaining are ongoing) by end 2016. i.e.: Update of guide on how to avoid the most common errors in PP; follow up to stock taking study on administrative capacity linked to PP; launch of 17 integrity pacts (pilot projects).
	Completion of 2 country seminars on state aid and organization of 4 expert seminars on specific sectors and state aid by	End 2016
	Successful roll-out of Lagging Regions Initiative	Completion of Pilot phase with PL and RO regions and definition of an action plan by mid-2016; Report containing recommendations on how to improve performance of lagging regions by end 2016
	Successful implementation of TAIEX REGIO PEER 2 PEER pilot phase	80 to 100 exchanges until mid-2016 followed by evaluation and possible continuation of exchange system for cohesion policy experts
Support implementation of new territorial instruments (Art 7, CLLD, ITI)	Number of Integrated Urban Development Strategies (art.7) approved or selected for financing	300 IUDSs by end 2016

B- To demonstrate the added value of cohesion policy

The programming period 2014-2020 shifts the focus beyond absorption of funding towards the achievements of results, thanks notably to new regulatory tools: clear objectives in programmes, reporting, monitoring and evaluation, and a performance reserve among others.

Throughout the negotiations, DG REGIO ensured that the new programmes fully reflected the new focus on performance. After the approval of quality programmes, our geographical desks will ensure that meaningful evaluation plans are approved by programme authorities and will start monitoring the progress against the approved performance frameworks.

In addition the competence centres contribute in the overall work on the Commission general objectives 1, 2 and 3 by reflecting the impact of cohesion policy in Commission policy documents, via

input in discussions in other EU Institutions and with our partners, and in participating in the inter-service steering groups tasked with specific aspects of the work on these objectives.

Two important actions will be carried out in 2016 in this respect:

1. Preparation of the first annual report to the Council and Parliament summarising the Annual Implementation Reports and evaluation result, as required by Art 53.1 CPR.
2. Starting of the Commission supervisory work to ensure the reliability of member States' reported performance data. For this purpose, an audit methodology will be defined and first system audits will be carried out by end 2016.

These actions will contribute to the effective supervision and steering of the performance of 2014-2020 programmes, while also ensuring a closer link between the EU and its citizens and a more transparent European Union.

In addition, the DG will finalise in the second quarter of 2016 the **ex-post evaluation of activities and actions supported by ERDF and Cohesion Fund in 2007-2013**. Further details on the ex-post evaluation activities are provided under section 2.3 Better Regulation.

Furthermore, the DG will seek to deepen the contribution of cohesion policy (including smart specialisation) to the Commission general objectives through a series of events with its key partners and in close collaboration with other Commission services, including a major conference on smart regions in mid-2016, as well as ongoing work on better synergies with other EU policy and funding instruments.

The main 2016 expected outputs in relation to these actions are illustrated in the table below.

Relevant general objective(s):			
1. A new boost for jobs, growth and investment			
Specific objectives: 1.1 RTD and innovation; 1.2 Competitiveness of SMEs; 1.3 Protection of environment, resource efficiency 1.4 Sustainable transport; 1.5 Employment and labour mobility; 1.6 Social inclusion; 1.7 Education, skills and lifelong learning; 1.8 Institutional capacity and effective PA			Related to spending programme(s) ERDF, CF
Relevant general objective(s):			
2. A Connected Digital Single Market			
Specific objective: 2.1 Information and communication technologies			ERDF, CF
Relevant general objective(s):			
3. A Resilient Energy Union with a Forward-Looking Climate Change Policy			
Specific objectives: 3.1 Shift towards low-carbon economy; 3.2 Climate change adaptation, risk prevention and management			ERDF, CF
Main outputs in 2016:			
Policy-related outputs			
Description	CWP/AP Ref.	Indicator	Target
ERDF and Cohesion Fund 2007-2013 ex-post evaluation	2016/REGIO/001	Adoption	2016-Q2
Main expenditure outputs			
Description	Indicator	Target	
Demonstration of the added value of cohesion policy	Production of evidence on the results of Cohesion Policy programmes and their effectiveness and added value	Synthesis report of ex-post evaluation finished by mid-2016	
	Annual report to Council and Parliament summarising the AIRs and evaluations	by end 2016	
	Thematic audits on the reliability of Member States' systems for the reporting of	Audit methodology defined by mid-2016; 6 systems audit carried out by end	

	performance data	2016
	Use of evidence on the results of cohesion policy in contributing to realisation of the Commission general objectives	I. Conference on smart regions mid-2016; II. Input in similar events in partnership (e.g. CoR, regional initiatives, S3 Platform etc.)

General objective 4 - A Deeper and Fairer Internal Market with a Strengthened Industrial Base

By supporting the effective implementation of the 2014-2020 programmes by Member States, REGIO will ensure that the funds are conveyed swiftly to regions, sectors and economic actors which constitute the basis of the internal market. In particular, through most of their contributions towards the Commission priority "Jobs, growth and investment", as well as towards the development of the regions lagging behind, the ESI Funds will also help to achieve a deeper and fairer internal market with a solid industrial base.

In this respect, the following two areas are particularly noteworthy:

1. Close monitoring of the fulfilment by end 2016 of outstanding conditionality provisions and supporting of programme authorities to this end. This will ensure that the best possible environment is in place for maximising the efficiency of investments and fostering the smooth functioning of the Internal Market. In particular, the enforcement of ex-ante conditionalities on (1) Public procurement - which is essential to spend taxpayer money efficiently; (2) State aid and (3) Comprehensive plans for transport Investments, will enhance the creation of a real culture of compliance for Single Market rules and foster efficient investments.
2. Reviewing and assessing the designation documents submitted by the MS on a risk basis. This will ensure that the necessary structures and procedures are in place at national level to support the effective and efficient implementation of the Funds on the ground.

In addition, the DG will focus on a number of areas which will support more specifically territorial cohesion in Europe. The main elements of this territorial approach will be the following:

- Supporting the implementation of the four macro regional strategies (EU Strategies for the Baltic Sea Region, for the Danube Region, for the Adriatic and Ionian Regions and for the Alpine Region), will continue to be a priority for the DG. These strategies cover a wide range of different EU policies and aim to coordinate the efforts of various actors in the Region (Member States, neighbouring countries, regions, financing institutions, the EU, pan-Baltic organisations, and non-governmental bodies) in order to promote a more balanced development of the macro region. In this respect, a report on the implementation of the adopted macroregional strategies will be prepared in 2016. The monitoring activities will notably include 1 annual forum for 3 of the strategies, 1 launching event for the Alpine Region, 1 common High Level Group.
- Enhancing policy coordination and dissemination of good practices in the area of territorial and urban development will continue to be a focus. The main areas of work will be the implementation of the EU Urban Agenda, with the operational start of the 4 pilot partnerships, and the Urban Innovative Actions, with the selection of the first projects to be funded.
- In response to persisting intangible obstacles to cross-border activities, and as a complement to what is being done with the financial allocations to the Cross-Border Cooperation (CBC) programmes across Europe, the CB Review, aimed at reducing the border burden, will continue to be implemented in 2016. The main expected outputs will be the publication of the summary of the 2015 Public Consultation, 3 stakeholders' workshops and the finalisation of the study on legal and administrative obstacles, including Issues Paper (final results in Jan 2017).

Relevant general objective(s):			
3. A Deeper and Fairer Internal Market with a Strengthened Industrial Base			
Specific objectives: 4.1 Strengthening of Single Market and EU industrial base through spending under TOs 1, 2, 3, 6, 7, 8, 9 and 10;		Related to spending programme(s) ERDF, CF, IPA	
4.2 Development of regional and local potential through territorial cooperation; 4.3 Adoption and implementation of specific measures in all EU policies for the 9 Outermost Regions; 4.4 Instrument for Pre-Accession assistance (IPA)			
Main outputs in 2016:			
Policy-related outputs			
Description	CWP/AP Ref.	Indicator	Target
Report on the implementation of the adopted macroregional strategies (EUSBSR, EUSDR, EUSAIR and EUSALP)	2016/REGIO/002	Contribution	2016-Q4
Main expenditure outputs			
Description	Indicator	Target	
Support to delivery by Member States of the 2014-2020 programmes' objectives	Assessment of the relevance of actions implemented in relation to ex-ante conditionalities (ExAC)	100% by end 2016	
	Implementation of actions foreseen for completion in 2016 in relation to ExAC (MS responsibility)	100% by end 2016	
Focus and quality of cohesion policy investment in line with the political priorities of the Commission and of the EU Semester	Launching of synergy frameworks	3 - Seal of Excellence with Horizon 2020, Broadband Competence office, S3 Energy Platform by end 2016	
To enhance policy coordination and dissemination of good practices in the area of territorial and urban development	Implementation of Urban Innovative Actions	Selection of the first projects for an amount of 80 million by end 2016	
	Implementation of the EU Urban Agenda	Initial work of the 4 pilot partnerships by mid-2016	
To support the implementation of macro regional strategies	Monitoring implementation of the action plans of 4 on-going macro regional strategies i.e. for the Baltic Sea, the Adriatic and Ionian, the Danube and the Alpine Regions	1 annual forum for 3 of the strategies, 1 launching event for the Alpine Region, 1 common High Level Group covering all 4 strategies by October 2016	
To identify and implement measures to address remaining cross-border obstacles	Implementation of the CB Review	(a) Publication of the summary of the 2015 Public Consultation by March 2016;	
		(b) 3 stakeholders' workshops by end-2016	
		(c) Results of the study on legal and administrative obstacles, including Issues Paper; Advanced draft by Nov 2016, Final results by Q1 2017	

General objective 8 - Towards a New Policy on Migration

Actions supported by 2014-2020 ERDF programmes will address the needs created by the exceptional flow of migrants to Europe by focusing on the effective integration of legal migrants and asylum seekers in the field of employment, social inclusion and education. This will be done in the context of the thematic objectives employment (TO8), social inclusion (TO9) and education (TO10).

While the managing of the related funds is primarily the responsibility of Member States, DG Regional and Urban Policy will work closely with programme authorities in 2016, ensuring a swift processing of programme modifications proposed by Member States for which the challenges are more acute, in order to reinforce measures for migrants.

In addition, in response to the first call of the Urban Innovative Actions launched in December 2015 (total sum of EUR 80 million), the first wave of innovative projects aiming among others at the inclusion of migrants and refugees will be submitted by March 2016. These projects will serve as a lab to identify and test new solutions in cities.

Relevant general objective(s):		
8. Towards a New Policy on Migration		
Specific objective: 8.1 To support Member States in identifying possible scope for assistance towards effective integration policies through ERDF 2014-2020 programmes		Related to spending programme(s) ERDF
Main outputs in 2016:		
Main expenditure outputs		
Description	Indicator	Target
Production of guidance/supporting documents for Member States highlighting possibilities for supporting effective integration of third country nationals	Guidance/supporting documents produced	1 by end 2016
Support to delivery by Member States of the 2014-2020 programmes' objectives	Timely adoption of PA/OP modifications	80% adopted on time
Submission of projects in response to the first call of the UIAs (EUR 80 million)	Submission by	March 2016

PART 2. Organisational management outputs for the year

DG Regional and Urban Policy stays committed to continuously streamlining its working methods, optimising allocation of its workforce and improving its efficiency by clearly establishing measurable targets and demonstrating results. Significant results were already achieved in recent years. This purpose is notably pursued through a dedicated DG's multiannual priority aiming at improving the performance of internal processes and addressing human resources management, knowledge and information management, IT services and internal performance.

In addition, the DG also devotes particular attention to ensuring sound financial management of the funds and effectiveness of its internal control mechanisms. This objective is pursued through a dedicated multiannual priority addressing sound closure procedures for ERDF and CF assistance and safeguarding of EU funds (assurance in relation to legality and regularity; interruption and suspension of payments in case of deficiencies; completeness, accurateness and reliability of accounts).

These objectives will continue to be pursued throughout 2016. The related performance expectations and corresponding outputs are illustrated in the five sections below.

2.1 Human Resource Management

In the context of shrinking resources (approximately 45 posts in the foreseeable future), DG REGIO aims to deploy its resources effectively by strictly focusing on the delivery of the Commission's priorities and core business, and other vital areas where it is best placed to deliver most efficiently.

To ensure this, DG REGIO uses various tools for adequate HR planning and allocation: 1) The Workforce Planning exercise, to identify the optimal staff to task allocation, 2) the Training Plan and Competency Gap analysis, to help better match the skills of the staff with the needs and areas where skills should be further developed, 3) the REGIO Mercato, to facilitate staff mobility and give them the opportunity to develop their skills and their careers and 4) the HR Rolling Plan, which provides a full overview of the deployment of resources.

Decisions about the allocation of resources are taken at the level of the REGIO HR Strategic Committee, which is composed of the Director-General, both Deputy Directors-General and the Resource Director. The HRSC decides on the use of each vacant post, taking into account the strategic priorities and needs and the results from the HR planning tools indicated above.

Recruitment decisions are considered to be of strategic importance for the DG. All recruitments of administrators are subject to a multi-layered recruitment process where the final stage consists of an interview with the High Level Panel (which always comprises a Deputy-Director General and other senior management). The recruitment decisions take into consideration the overall alignment of the applicants' individual qualities with the strategic needs of the DG.

With 40% female representation in middle management, REGIO is a front-runner in the context of gender-balance in management positions and aims to maintain a leading position.

DG REGIO will also in 2016 continue to deliver actions to enhance staff satisfaction, as specified in REGIO's Action Plan on Staff Satisfaction, and which include, but are not limited to, well-being actions aligned with the fit@work EC-wide initiative, such as yoga, pilates and reiki sessions and lunch-time conferences.

Taking into account the results of the last staff satisfaction survey, we will continue to promote internal communication in order to engage staff in decision-making and to ensure that all members of the DG are aware of important developments at the DG and corporate levels. Actions will include the updating and improvement of the DG's intranet, communication support for the knowledge management project (see Section 2.4), video messages and reports from senior management, the

organisation of internal exhibitions and events, and further exploration of the use of participatory techniques and online tools to promote exchanges with staff.

The main outputs which should result from all the actions to be carried out in 2016 are presented in the table below, accompanied by indicators & targets. However, the list of outputs presented is not exhaustive: a more detailed annual work programme will be defined by the responsible unit in its 2016 Unit Management Plan, cascading down the DG-level annual objectives.

Main outputs in 2016:		
Description	Indicator	Target
Implementation of the Optimal Staff Allocation Plan	First Workforce Planning (2015) exercise finalised Implementation of the conclusions of the 2016 Workforce Planning exercise	January 2016 Temporary reallocation of 5-10 staff members in 2016; 15% increase in Senior specialists in 2016
Training plan addressing the competency gaps in the DG	Approval of Training Plan 2016	February 2016
REGIO Mercato	Number of mobile staff for whom a mobility solution is identified, whereby mobile staff is defined as follows: Staff that have been 5 years or more in the same post, after deduction of consecutive absences of at least five months and excluding recognised specialists, staff that are on long-term sickness absence, at the time of the exercise, and staff aged 58 and over who indicate imminent retirement	25%
REGIO Mercato	Number of REGIO staff members that reply to the call for expression of interest of REGIO Mercato (with 100% mature questionnaires)	At least 50
Wellbeing (Fit@work) programme	Number of wellbeing sessions organised (sport activities, lunchtime conferences, other related actions)	At least 60 collective wellbeing actions

2.2 Financial Management

Objective 1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

In order to minimize legality and regularity risks, DG Regional and Urban Policy will continue to ensure that appropriate preventive and corrective mechanisms are in place as a matter of high priority. Three permanent actions will serve this purpose:

- A continued rigorous and efficient policy of interruption and suspension of payments, which will safeguard the EU funds while encouraging the Member States to timely adopt appropriate corrective measures in case of significant deficiencies in the management and control systems;
- Maintenance of our audit activities both desk and on-the-spot, with an increased focus on situations at risk. These activities will provide assurance regarding the legality and regularity of expenditures declared to the Commission, while making full use of the single audit approach and

ensuring an efficient use of audit resources. These efforts will also facilitate the granting of the discharge from the European Parliament.

- Application of financial corrections, when needed.

In addition, 2016, DG Regional and Urban Policy will also focus its efforts on:

- Supporting the preparation of the closure process for 2007-2013 programmes. While continuing to provide guidance and assistance to Member States in view of a smooth closure process, the DG will focus on ensuring timely adoption of the last requests for Major Projects' modifications, thus helping Member States reach their implementation targets.
- Complete the outstanding closure activities of the 2000-2006 period in line with sound financial management, focusing notably on pending Cohesion Fund projects, as well as on the timely processing and closure of open irregularities.

As regards the 2014-2020 programmes, a specific audit approach will be implemented. This will notably include a review of a selected number of "designation packages" (i.e. report and opinion of the independent body that assesses the fulfilment by the designated authorities of the necessary criteria) for 51 programmes considered at higher risk. This review may also trigger on-the-spot fact finding missions to assess more closely certain aspects.

Main outputs in 2016:		
Description	Indicator	Target
Support to the preparation of closure of 2007-2013 programmes	Timely adoption of Major Projects modifications MS responsibility % paid by COM / total EU allocation for 2007-2013 % of the FEI funds delivered to final recipients and as management cost and fees MS responsibility	80% of modifications adopted on time 95% ceiling reached for 22 MS; 92% for 5 least performing countries (BG, CZ, IT, RO, SK); 80% for HR by end-2016 80% at end 2015, 100% at closure
Closure of the 2000-2006 CF projects and the remaining open 2000-2006 ERDF programmes and pre-2000 open irregularities	% of 2000-2006 CF projects closed out of the total 2000-2006 CF projects (Combined responsibility) Closure of open irregularities in open 2000-2006 ERDF programmes within 1 year of their submission Processing of pre-2000 open irregularities within applicable deadlines	100% at end 2016 excluding judicial proceedings or OLAF follow-up 100% 100%
To obtain reasonable assurance that the expenditure declared to the Commission is legal and regular by ensuring that the audit authorities can be relied upon (single audit approach) and by focusing DG resources	No. of 2014-2020 OPs for which the Commission has finalised the examination of the designation documents Implementation of the audit plan	All 51 programmes at risk through desk review and/or through on-the-spot missions by Dec 2016 80% of audit reports issued within 3 months

on identified risks	Designation packages sent to the Commission (MS responsibility) Combined responsibility % of annual control reports received from audit authorities with opinion and error rate that can be relied upon for the AAR Budgetary discharge	100% 85% for 2007-2013 + 2014-2020 Obtained for the year 2014
To obtain complete, accurate and true accounts for the accounting year	% of 2014-2020 programmes annual accounts assessed	100% by end-May 2016
To safeguard EU funds through a rigorous policy on interruption and suspension of payments	80% Timely issuance of initial interruption letters Timely issuance of pre-suspension letters % of the AAR 2015 reservations cases lifted in 6/9/12 months MS responsibility	80% within 2 months of discovery of issue 80% within 4 months of discovery of issue 25%; 50%; 70%

Objective 2: Effective and reliable internal control system in line with sound financial management

REGIO key priority for 2016 in this area will be to ensure a swift implementation of the new guidelines on internal control systems which are being defined by BUDG following the update of the COSO framework.

This should help ensure a more flexible internal control architecture reflecting the DG's specific challenges and risks, as well as a strengthened internal control function.

In addition, specific work will be carried out in 2016 by REGIO auditors in order to define and implement an audit methodology for assessing the reliability of Member States' systems for reporting performance data. This will address a crucial component of the result orientation of the new 2014-2020 programmes, allowing the DG to monitor more effectively the performance of the funds.

As regards measures relating to cost-effectiveness of controls, a study has been launched to assess the cost of controls carried out in the Member States reflecting the new regulatory provisions for the implementation of the 2014-2020 programmes. The study, which will be finalised by the end of 2016, will allow a better estimation of the cost-effectiveness of controls (the previous estimate as regards cost of controls in the Member States had been carried out in 2010), which will be reflected in the AAR 2016 as well as in future Management Plans.

The full application of differentiation¹ across geographical units throughout 2016 is also expected to produce efficiency gains which will also impact control activities.

Main outputs in 2016:		
Description	Indicator	Target
Cost-effectiveness of controls	Finalisation of the ongoing study aiming at assessing the costs of controls in the Member	By end 2016

¹ This encompasses a minimum service level to be provided by each implementing unit for each MS, and differentiated efforts and supervision to be provided based on the need of each individual Member State.

	States	
Control efficiency	% of Commission payments on time	80% (taking into account cash flow and budgetary constraints)
Reliability of Member States' systems for reporting performance data	Thematic audits on the reliability of Member States' systems for the reporting of performance data	Audit methodology defined by mid-2016; 6 systems audit carried out by end 2016
Adaptation of COSO	Implementation of the new corporate guidelines on internal control	By end 2016 (provided the revised guidelines are issued by June 2016)

Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and correction of fraud.

In 2016 REGIO will concentrate its efforts on (1) qualitative analyses of Member States' fraud risk assessments and related anti-fraud measures with the aim to identify Member States, regions or programmes which are particularly vulnerable to fraud and/or where national authorities are not taking sufficient action to mitigate risks through reinforced management and control systems; (2) increasing the use by Member States of IT tools (such as ARACHNE) to prevent and detect potential fraud.

It will also ensure the dissemination of information on fraud prevention and detection within the DG and to Member States' authorities through e.g. the provision of guidance, training and best practises as well as efficient and timely follow-up of and reporting on OLAF's final reports.

In addition, 17 pilot Integrity Pacts² will be set up as from 2016 in cooperation with Transparency International to help governments, businesses and civil society to make procurement procedures more transparent and efficient and reduce the risk of fraud and corruption.

Main outputs in 2016:		
Description	Indicator	Target
REGIO assessment of managing authorities' compliance with the requirement under Article 125(4) c CPR for putting in place effective and proportionate anti-fraud measures, taking into account the risks identified	Examination of compliance for risky OPs	15 OPs examined by end 2016
Awareness raising on fraud issues	Trainings delivered to REGIO Staff	100% of newcomers to REGIO trained in fraud awareness raising

2.3 Better Regulation

² An Integrity Pact is an agreement between a contracting authority and economic operators bidding for public contracts that they will abstain from corrupt practices and will conduct a transparent procurement process. To ensure accountability and legitimacy, a civil society organisation will monitor that all parties comply with their commitments.

Objective: Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently

This objective will notably be pursued through the DG's work in the framework of its multiannual priority 5 "To adapt and develop our policy".

DG Regional and urban Policy is continuously looking for ways to further enhance the effectiveness of Cohesion Policy investments. This objective will be pursued in 2016 through activities linked to three main areas:

1. The preparation of the legislative proposals for post-2020 EU Cohesion Policy is a lengthy exercise which is underway since 2014, when the first studies were launched, supporting the preparation of the first internal discussion papers, policy documents and communications related to the future of Cohesion Policy. The main purpose of such activities is to contribute to building an evidence base and to reinforce the DG's analytical capacity.
Throughout 2016, the DG will continue to implement the study program, as approved by REGIO management, which addresses issues of great significance: architecture and budget, the added value of the policy and its contribution to broader Commission priorities, the effectiveness of the policy (measuring performance, role of institutions, etc.), a greater efficiency (e.g. simplification/reduction of administrative burden, harmonisation, etc.) and a reinforced assurance (error rates, Annual Activity Report). Evidence drawn from this analysis will be discussed with policy-makers in Member States, the EP, consultative bodies, stakeholders and academics, and will also involve cooperation with international organisations (e.g. OECD, World Bank). This work will notably allow assessing how the new regulatory elements have been taken up by programmes and led to a change in the way the policy is implemented.
2. The mid-term review of the EU budget in 2016 will also be used to orient the EU budget further towards jobs, growth and competitiveness. It will also consist of a review of Member States' financial allocations for cohesion policy in 2014-20. Member States which were hit particularly hard by the crisis may receive a top-up of EU funding for the years 2017-20, thus opening up new opportunities for enhancing growth in the regions which need more help.
3. Contribution to the simplification and streamlining of the rules governing the implementation of Cohesion Policy in 2014-2020. Simplification will also play a major role in the debate about the MFF review. The Commission has set up a High Level Group on Simplification for beneficiaries, whose objective is to provide the Commission with recommendations. Debates about simplification are also ongoing in other fora and the engagement of all stakeholders is welcomed. DG REGIO, together with the DGs responsible for the other ESI Funds, has launched a series of studies about the implementation of the different reform elements during the programming and the early implementation stages as well as on simplification in particular in order to collect evidence and provide analysis for different policy options in the current period (2014-2020) and for the post 2020 discussions. In view of the preparations for the post-2020, it will be crucial to demonstrate that the policy delivers concrete results on the ground.

In addition, as regards evaluation activities, the DG will finalise in the second quarter of 2016 the ex-post evaluation of activities and actions supported by ERDF and Cohesion Fund in 2007-2013. Thanks to the 4 cross-cutting and 10 thematic studies carried out, a clear picture will be drawn on the overall outputs, effects and lessons to be learned from the 2007-2013 programmes. The evidence generated by the ex-post evaluation and the conclusions drawn will be a vital element in the preparation of the proposals for the post-2020 cohesion policy and may also provide valuable elements for the 2014-2020 programme implementation and the 2016 budget review.

The main 2016 expected outputs in relation to these actions are illustrated in the table below.

Main outputs in 2016:		
Description	Indicator	Target
To adapt and develop our policy	Support to the preparation of the policy post-2020 by building a robust evidence base: implementation of study programme	As approved by the Board by Nov 2016
	Contribution to the mid-term review of the MFF: - Revision of the CPR in the context of the mid-term review of the MFF (simplification, financial instruments, etc.) Revision of the financial provisions of the CPR (co-financing, top up, financial allocations, CF eligibility)	by end 2016 proposal by June 2016
	To simplify and streamline the implementation of cohesion policy: Report on actions taken upon the recommendation of the High Level Group	Periodic reporting
Demonstration of the added value of cohesion policy	Production of evidence on the results of Cohesion Policy programmes and their effectiveness and added value	Synthesis report of ex-post evaluation finalised by mid-2016

2.4 Information management

Objective: Information and knowledge in DG REGIO is shared and reusable by other DG. Important documents are registered, filed and retrievable.

As regards knowledge management, DG REGIO is strongly committed to better and fully exploiting the knowledge related to cohesion policy, so as to increase its staff efficiency, have better informed policy making and achieve better programme implementation on the field in collaboration with Member States.

As part of its Knowledge Management (KM) initiative launched at the end of 2012, the DG has set-up a REGIO WIKI which is being rolled out in phases. The objective for 2016 will be to deploy the remaining pillars and to ensure that all five pillars are actively used by REGIO staff, so as to embed more effective working methods in the daily activity and business processes of the DG.

With respect to document management, a comprehensive Paper Archival Action Plan involving all REGIO units is being implemented and should be completed by May 2016. This will be followed by the launch of the Electronic Archival Action Plan which will be presented to the Board in May 2016 with the aim to reduce the number of non-filed documents and optimising the quality of filing. It will be the opportunity to request/analyse the necessity to give access to files to other DGs; for instance DGs with common goals (AGRI, EMPL, MARE) or to the entire Commission. This would require a Board decision. The impact on information access would be immediate as these are the files with the majority of reusable information.

With respect to document management, key actions in DG REGIO in 2016 will include:

- Completing the paper archival action plan by May 2016
- Launching an electronic archiving action plan in Spring 2016
- Eliminating blue ink signatures unless legally required
- Board of Directors endorsement on the list of files to be opened for other DG's access

- Reduction of the number of non-filed documents
- Ensuring that all managers and administrators are aware of their responsibilities in respect of Document Management (updating job descriptions and trainings).

Main outputs in 2016:		
Description	Indicator	Target
Knowledge Management		
To improve internal communication and collaborative working methods	WIKI fully operational and actively used	Steady increase of usage throughout the year (baseline: 250 end Dec-2015)
Document Management		
Filing of documents created by DG REGIO	Number of non-filed documents	Less than 1%
Request for opening access to files to other DG's	Number of files accessible for the whole EC /other ESIF DG's	70%
Finalisation of paper archival action plan	All paper files are listed and prepared for transfer to HAS	100% of closed paper files are either transferred or prepared.
Closure of all electronic and paper files that should be closed.	Answers from all CF units on all files	100% of files that should be closed are closed.
Implement e-signature unless legally obliged to have it hand-signed	No superfluous blue-ink signatures	100%

2.5 External Communication

Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.

With a budget of EUR 454 billion for 2014-2020, the European Structural and Investment Funds are a key component of the Commission's drive to fulfil its first political priority of investing in jobs and growth. The reform for 2014-2020 has made the Funds resolutely performance-orientated.

Our communication efforts in 2016 will aim to take this message to the national and regional level, supporting the implementation of the 2014-2020 programmes which are now all in place. Actions will include the production of communication materials tailored to the context in each Member State, "going local" workshops on communicating EU funds in several countries, outreach to regional and local media, as well as "town hall" style meetings involving the Commissioner and stakeholders during her missions to priority Member States.

REGIO will continue to cooperate closely with COMM and the Corporate Communication Steering Group during 2016, in order to ensure that corporate communication actions reflect the important contribution of ESI Funds to growth and jobs.

REGIO will contribute to the focus on the EU Budget for Results, including input to the conference organised by BUDG in September. The new ESIF open data platform will be further developed during 2016 in order to encourage debate on the performance of the 2014-2020 programmes. The 2016 edition of the RegioStars will again recognise the achievements of innovative EU funded projects. We

will continue to promote and share good practice examples, including through the organisation of project “open days” across Europe in cooperation with our managing authorities. The ex-post evaluation of the 2007-2013 period will produce data and analysis on impacts and results that will be discussed at a major conference in June.

The themes chosen for the 2016 European Week of Regions and Cities in October will focus on smart, sustainable and inclusive growth (including opportunities in the global economy, the circular economy, migration ...). This will be an important opportunity for dialogue between the Commission, regions and cities on the delivery of the Commission’s political priorities.

The evolving EU urban agenda will feature prominently in our communication actions in 2016, particularly under the Dutch Presidency during the first half of the year.

The results of the public consultation and review on cross-border cooperation will become available during 2016, which will help to focus attention on the contribution of regional policy to the functioning of the internal market. Cooperation between regions on common challenges linked to the Commission’s political priorities (investment for growth and jobs, energy union, digital single market etc.) will also be the focus of Forums on the EU’s macro-regional strategies (Alpine, Adriatic-Ionian, Baltic, Danube).

Finally, the debate on the future of the policy after 2021 will be kicked off with a conference at the LSE in April.

In the field of international relations, our 2016 work programme includes an International Urban Cooperation Programme (budget €20 million), the further implementation of two preparatory actions from the European Parliament (EU-CELAC and World Cities) and dialogues based on the written agreements between REGIO and 13 third countries.

Main communication actions in 2016:		
Description	Indicator	Target
Launch of EU Strategy for the Alpine Region (Slovenia, January)	N° participants Media reach	500 >1 million
First Forum of the EU Strategy for the Adriatic-Ionian Region (Dubrovnik, Croatia)	N° participants Media reach	500 >1 million
Europe in My Region “project open days” (Europe-wide, May)	N° participating countries N° projects open to visits N° members of the College visiting projects Media reach	>15 >500 >10 >1 million
Europe in My Region photo competition (May-July)	N° photos submitted N° votes cast Visits to competition app/site	>1000 >10,000 >100,000
Conference on evaluation of regional policy (June)	N° participants Media reach	500 >1 million
High level conference on smart specialisation (June)	N° participants Media reach	300 >1 million
European Week of Regions and Cities (Brussels, October)	N° participants N° journalists attending Media reach	>5000 >100 >5 million
RegioStars Awards (Brussels, October)	N° of submitted projects N° participants Awards ceremony N° views of videos (winning projects) Media reach	>100 >1500 >300,000 >1 million
Annual Forum of the EU Strategy for the Danube	N° participants Media reach	500 >1 million

Region (Bratislava, Slovakia)		
Annual Forum of the EU Strategy for the Baltic Sea Region (Stockholm, Sweden)	N° participants Media reach	500 >1 million

2. Communication spending

In line with applicable reporting and transparency requirements, an estimate of REGIO's **overall communication spending**³ for 2016 is provided below.

Annual communication spending (based on estimated commitments):	
Baseline (Year n-1):	Target (Year n):
EUR 6.8m: REGIO communication actions	EUR 7.7m: REGIO communication actions
EUR 3: Contribution to corporate communication	EUR 6.5: Contribution to corporate communication

2.6 Initiatives to improve economy and efficiency of financial and non-financial activities

Enhancing efficient implementation of the Funds through the improvement of Member States' administrative capacity

Having the necessary administrative capacity in Member States and regions is a key element for a smooth implementation of the ESI Funds. That is why DG Regional and Urban Policy has started and will continue to implement a range of activities in order to support and help the public administrations managing and auditing EU funds.

Actions to support administrative capacity building for the management of ESI funds are carried out by DG REGIO in close coordination with other Commission services and also in cooperation with external organisations such as the World Bank, the European Investment Bank, the European Bank for Reconstruction and Development and the OECD. The competence centre for administrative capacity building has been established in DG REGIO in 2013 to provide support to other units that address issues of weak administrative capacity, in particular the country desk that are in regular direct contact with Member States and regions. The main actions coordinated by the competence centre in 2016 will notably include the following:

- The implementation of the pilot phase of "TAIEX REGIO PEER2PEER", a new tool for peer-to-peer exchange of expertise between authorities managing the programmes. This tool has been set up in cooperation with DG NEAR, making use of the TAIEX instrument, following a demand/supply analysis among authorities implementing the funds. It will offer short term study visits, expert missions and workshops.
- The implementation of specific actions in the framework of a public procurement action plan (including publication of Public Procurement Guidance for Practitioners on the avoidance of errors in ESI- funded projects, stock-taking of good practices in MS) and a state aid action plan (including identification and dissemination of good practice, country-specific and thematic

³ This figure corresponds to amounts which have already been decided/budgeted. Additional spending is expected to result from other actions for which precise estimates are not yet available.

seminars, customised assistance to MS not fulfilling the ex ante conditionalities on state aid). Both action plans will be implemented in close cooperation with other Commission services.

- The rolling out of the lagging Regions Initiative, which will identify and tackle key bottlenecks so as to make cohesion policy work more effectively in lagging/underperforming regions and to deliver better results. Two different groups of regions will notably be covered: lagging regions featuring low growth (predominantly located in Southern Europe) and low income regions with a very low level of GDP/head located in the eastern periphery of the EU). A report containing recommendations on how to improve the performance of these regions will be issued by end 2016.

Through these actions, the DG aims at helping Member States increase the quality and the legality of spending and accelerate the absorption of Funds.

Actions aiming at increasing the efficiency of internal processes

In order to explore possible ways of enhancing the effectiveness and efficiency of its technical assistance (TA) delivery process, DG Regional and Urban Policy has launched a study in 2016. This study will notably (1) map the current system for delivering TA within DG REGIO (including the resource intensity of key processes); (2) assess its effectiveness and efficiency; (3) identify alternative options for delivering TA and (4) assess their potential impact in terms of effectiveness, efficiency as well as their potential impact on assurance.

The following components will notably be analysed:

- The programming process: from the multiannual DG-wide TA strategy, to the annual prioritisation of tasks to be included in the annual financing decision;
- The tendering/contracting process: from the preparation of tendering procedures, to the implementation of procurement, the verification of its legality and regularity through DG REGIO's Internal Committee on Public Procurement and Grants (CIMS), to the budgetary commitment and contract signature;
- The implementation of contracts: including contracts' monitoring and the validation of milestones/deliverables, quality control mechanisms and payment processes;
- The closure of contracts and reporting on individual and overall achievements.