



# **REGIO MANAGEMENT PLAN 2013**

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## TABLE OF CONTENTS

1.	MISSION STATEMENT .....	5
2.	CHALLENGES FOR 2013 .....	6
2.1	The challenges ahead of us.....	6
2.2	Rising to the challenges: our priorities for 2013 and beyond.....	8
3.	GENERAL OBJECTIVES OF COHESION POLICY .....	15
4.	SPECIFIC OBJECTIVES FOR OPERATIONAL ACTIVITIES.....	20
4.1	Management of the ERDF and other regional interventions.....	20
4.1.1.	Description and justification.....	20
4.1.2.	EU added value and evidence from evaluations.....	20
4.1.3.	Main policy / operational outputs for 2013 .....	21
4.1.4.	Specific objective and related indicators (multiannual perspectives).....	22
4.2	Management of the Cohesion Fund.....	26
4.2.1	Description and justification.....	26
4.2.2	EU added value and evidence from ex-post evaluations.....	26
4.2.3	Main outputs for 2013 (including policy outputs where relevant).....	26
4.2.4	Specific objective and related indicators (multiannual perspective).....	27
4.3.	Management of IPA and ISPA funds (Pre-accession assistance) .....	28
4.3.1	Description and justification.....	28
4.3.2	Main outputs for 2013 (including policy outputs where relevant) .....	29
4.3.3	Specific objective and related indicators (multiannual perspective).....	30
4.4	Management of the Solidarity Fund .....	33
4.4.1	Description and justification.....	33
4.4.2	Main policy / operational outputs for 2013 .....	33
4.4.3	Specific objective and related indicators .....	34
5.	SPECIFIC OBJECTIVES FOR HORIZONTAL ACTIVITIES.....	35
5.1	Policy Strategy, Co-ordination and Evaluation.....	35
5.1.1.	Preparing the implementation of EU Cohesion Policy 2014-2020 .....	35
5.1.2.	Administrative Capacity Building .....	38
5.1.3.	Smart, Sustainable and Inclusive Growth .....	38
5.1.4.	Urban and Territorial Development .....	39
5.1.5.	Strategic Planning and Programming:.....	40
5.1.6.	Evaluation and contribution to European Semester .....	40
5.1.7.	Inter-institutional relations / Relations with Civil Society Organisations .....	41
5.1.8.	Macro regional strategies .....	41
5.1.9.	Outermost regions .....	42
5.1.10.	International relations .....	42
5.1.11.	Northern Ireland Task Force (NITF).....	43

5.2	Legality and regularity of underlying transactions.....	44
5.2.1	Audit Strategy.....	44
5.2.2	Anti-Fraud Approach.....	46
5.3	Administrative and Management Support.....	47
5.3.1	Human Resources management .....	47
5.3.2	Financial management.....	48
5.3.3	Business Process Analysis, Design and Operational Efficiency .....	48
5.3.4	Information and Communication .....	49
5.3.5	ICT management: .....	50
5.3.6	Internal control .....	51
5.3.7	Document management.....	51
5.3.8	Internal audit:.....	52

## **1. MISSION STATEMENT**

*The mission statement of the DG will be updated beginning of 2013 together with the adoption of a REGIO corporate identity.*

## 2. CHALLENGES FOR 2013

### 2.1 The challenges ahead of us

Regional policy is the European Union's main policy for investment in growth and jobs within a new economic policy mix of fiscal consolidation, structural reforms and targeted investment for growth. 2013 will be a key year to demonstrate that our DG is up to the challenge and can deliver concrete results, in particular in preparing the next generation of programmes. In this perspective, the Management Plan for 2013 sets out the main objectives and tasks to be achieved and accomplished in 2013 and beyond.

I have discussed this Management Plan personally with the Senior Management and with some of you. Its content reflects agreed objectives, and ambitious, but realistic and measurable, targets. This is a common endeavour and you have my personal commitment as well as that of the Senior Management that we will do whatever we can to assist you and to guide you in implementing the Management Plan. We believe that the objectives set, the five priorities selected for 2013 and the outputs we have identified are indeed those on which REGIO should focus.

2013 will be a critical year in laying down the framework and the basic planning documents (Partnership Agreements) for the next generation of programmes to be implemented in 2014-2020. This will require much dedication and a clear commitment to our common purpose. We will be able to achieve this only with a precise timetable and a structured approach – and if we make the most of all the competences we have in the DG.

Our first common challenge is to take all the preparatory steps necessary for the adoption, by the end of 2013, of the new Partnership Agreements and to ensure that they are both up to the high standards that we have set with the Country Position Papers and that they will comply with the new regulations. The Programmes should be adopted in parallel to the Partnership Agreements or, at the latest, before the European elections next year.

These documents will be the basis upon which the Member States, for the next seven years, will prepare, agree upon and invest in a limited number of agreed priorities capable of achieving sustainable, smart and inclusive growth – and all of this with our active support. The documents will reflect the country specific recommendations made in the context of the European semester to which we, in REGIO, will participate in full.

Negotiating for better spending and result-orientation will build on the prompt and proper implementation of the on-going programmes. I see this as a continuous process: our dialogue and partnership with the Member States and regions has been evolving. We have shown how important it has been to adapt the on-going programmes to help Member States emerge from the crisis.

There is another important message in the Management Plan to which I wish to draw your attention. It concerns what we could call REGIO's "competences" challenge. It is necessary that all of you participate in strengthening the DG's capacity to contribute to giving sound and substantial policy advice, and to shaping policies that have an impact on Europe's regions.

I strongly believe that our competences are not "locked away" in a few units; they are spread out amongst all our units, and I am particularly impressed by the knowledge that some of you have of regional economic contexts, of the development capacities of the regions with which you deal: what are the regions' strengths and weaknesses, and the

impact of other policies at regional level. Making the new Competence Centres and the networks of the newly created light matrix organisation work ever more effectively will be key, together with improving our knowledge management.

This is why you will find several measures which address this and I intend for this to be an area of the Change REGIO project where we will make significant progress in 2013.

Finally, thank you very much for the attention you will devote to our Management Plan and for your active participation in its implementation. Let us strive together to make this Management Plan a reality in 2013 so that we can all be proud at the end of the year of what we have achieved together for the EU's regions and their citizens.

Walter Deffaa  
Director-General

## 2.2 Rising to the challenges: our priorities for 2013 and beyond

### A. GREATER INTEGRATION OF COHESION POLICY WITHIN EU GOVERNANCE MECHANISMS AND REINFORCED RESULTS ORIENTATION

- Cohesion policy will be firmly integrated into the new **economic governance of the EU** in the Multiannual Financial Framework (MMF) for 2014-2020. This will ensure that the policy will become more responsive to changing economic circumstances and emerging imbalances. Forthcoming negotiations between the Commission and the Member States on partnership contracts–will provide a unique opportunity to ensure that investments supported by the Common Strategic Framework (CSF) Funds will effectively contribute to addressing the structural challenges the Member States are confronted with. Against this background, DG Regional and Urban Policy will play an active role in the integration of the CSF funds in the **European semester**, together with the Secretariat-General, DG Economic and Financial Affairs and other partner DGs. In the preparation phase of the 2014-2020 period, DG Regional and Urban Policy will ensure that the Country Specific Recommendations (CSRs) are reflected in Member States' programme strategies, and will contribute to future CSRs when necessary. This will be crucial in ensuring a strong link between growth productivity-enhancing reforms and the related cohesion policy investments, hence in achieving a greater impact of EU intervention on the ground. In order to illustrate this new paradigm, DG Regional and Urban Policy will issue a joint communication in the autumn of 2013 with DG Economic and Financial Affairs and the DGs concerned by the CSF Funds, which will analyse how the CSF Funds will contribute to EU economic governance, their role in fostering economic growth, and the importance of a sound macroeconomic framework for the efficient use of the funds. It will also explain how the new concept of macroeconomic conditionality will be implemented in 2014-2020.
- In 2013, DG Regional and Urban Policy will publish the **second Strategic Report** summarising Member States' reports on the contribution of cohesion policy programmes towards achieving their objectives and delivering growth and jobs. By focusing on the results and impacts of the policy, this crucial report will be discussed with the Council and Parliament and will form an important input into the reflection process and negotiations on how to design the most effective programmes for the future.
- **Results orientation** is a key concept of the reformed cohesion policy for 2014–2020 (see below, under section B). However, greater emphasis on results has already been addressed in the current period. In 2013, DG Regional and Urban Policy will continue to synthesise evaluation evidence from the Member States in order to feed policy debate and provide evidence of cohesion policy performance and results. The DG will continue to support Member States to report alongside common indicators, so that the DG can report on aggregate achievements at EU level and carry out an appropriate quality check on the data transmitted by the Member States.
- Showing results and **evaluating their impact** will communicate to citizens and other stakeholders what our policy and funds deliver. The EU is at a turning point, and citizens have the tendency to associate Europe with austerity and perceive EU institutions as distant from their needs. Communicating and disseminating the results and impacts of programmes will contribute to building trust in EU policies,

particularly in cohesion policy, as an effective contribution to fostering investment and creating jobs.

## *B. PREPARING FOR THE 2014-2020 PERIOD*

- 2013 will be a crucial year for the adoption of the future legislative package, the preparation of formal **negotiations of partnership contracts** leading to the **post-2013 programmes**. The negotiations on the cohesion policy legislative package for 2014-2020 have already made significant progress. However, this is very much dependent on the outcome of the discussions on the EU's MFF for 2014-2020. DG Regional and Urban Policy will strive to convince the Council and the European Parliament of the importance of the key concepts of the reform (performance framework, ex-ante conditionalities, results orientation, thematic concentration, etc.) so that these can be reflected in the future programmes. In parallel, DG Regional and Urban Policy will prepare the **delegated and implementing acts** in 2013.
- Driving the process of negotiations on the legislative texts with the Council and the European Parliament in parallel with negotiations on partnership contracts and programmes with the Member States will be particularly challenging within the set timeframe. Informal negotiations, about to start, will be pursued on the basis of the position papers sent to all Member States in autumn 2012, in close co-operation with all Commission services, CSF DGs, DG Economic and Financial Affairs and the Secretariat-General. **Negotiation mandates** for the Partnership Contracts will be set up and adopted as a Commission decision, in order to ensure agreement at the highest Commission level and show Member States the seriousness of the issues covered. The main targets are: all partnership contracts in alignment with the Europe 2020 priorities adopted until end of 2013 and all programmes adopted under the mandate of this Commission so that the implementation of the post-2013 period can begin smoothly. However, this is dependent on the timing of adoption of the EU's MFF and of the legislative packages for 2014-2020 for all CSF funds, as well as on the timing of submission and the quality of the documents from the Member States.
- Efficiency gains must be obtained together with a distinctive approach: concretely this means that the DG shall aim at reducing the number of programmes and simplifying their structures and the DG shall also devise ways to differentiate its monitoring role on the basis of needs, expected impact and risk analysis.
- To support the negotiation with Member States and regions, relevant DG services will issue **guidance notes on key issues**<sup>1</sup> (e.g. ex ante conditionalities, thematic concentration, streamlining of implementation structures, etc.) and instruments (see specific point below for Financial Instruments). The newly set-up competence centres will play an important supportive role in preparing the ground for the 2014-2020 period. When negotiating, DG Regional and Urban Policy's officers will need to review compliance with ex-ante conditionalities and encourage Member States and regions to be ambitious - focusing primarily on priorities and actions which drive constructive change within the countries and regions concerned and to concentrate support on actions bringing the greatest added value in relation to smart, sustainable and inclusive growth.
- DG Regional and Urban Policy will support Member States in designing a strong results orientation within their programmes. This requires a stronger articulation than

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<sup>1</sup> Please note that all guidance to be prepared by the DG before the adoption of the regulation will be draft.



in the past on the intended results of programmes and a clear intervention logic which demonstrates how spending resources on certain actions will contribute to intended results. Fewer but clearer and more precise result indicators, plus the use of common output indicators and programme specific output indicators (all to be agreed in advance with the Member States), will lead to a clearer intervention logic in programmes. From the beginning of the negotiations on programmes, DG Regional and Urban Policy will ensure that appropriate **performance frameworks** are built into each programme. The performance frameworks, designed to ensure that programmes are implemented efficiently, will set mid-term and final financial and physical targets. The DG will ensure that these targets are both realistic and ambitious.

- This streamlined system of indicators incorporated into all programmes will facilitate a **proper monitoring and evaluation of 2014-2020 programmes** orientated on performance and results. The common indicators will allow us to aggregate achievements at the EU level, while the monitoring and evaluation systems will ensure that the results and impacts of programmes are demonstrated on an on-going basis.
- In addition, the Commission proposal for 2014-2020 recognised the **Financial Instruments (FIs) as a key driver** to enhance the impact of the EU Budget because of their revolving character and the multiplier effect they are potentially able to produce. As it is reasonable to expect a more extensive use of FIs by the Member States in the implementation of the future period, DG Regional and Urban Policy must prepare primary and secondary legislation and guidance, and improve its own intelligence and expertise on where such instruments should be used, in order to avoid replicating private sector financial instruments and to advise Member States on the design of appropriate financial instruments which can drive regional development.

### *C. IMPLEMENTATION OF REGIONAL INVESTMENT PROGRAMMES*

- The crisis continues to have a severe impact and recovery is expected to be very slow and imbalanced across Europe in 2013. Member States and, in particular, programme countries<sup>2</sup> are confronted with severe budgetary adjustments which might undermine their ability to secure the necessary matching funds for regional policy investments. For many countries and regions, particularly in those where regional policy investments represent a significant share of the total public investment, EU funding will continue to represent an important and stable source of investment in smart, sustainable and inclusive growth. 2013 is the final and thus pivotal year of the 7-year cycle of the 2007-13 multi-annual financial framework. Almost all Member States (especially Romania, Italy, Malta, Bulgaria, Czech Republic, Slovakia, Austria and Hungary) have to **accelerate** programme **implementation**, otherwise the desired impact on jobs and growth will not be attained, or only realised with a significant delay. This should translate to a significant increase of the rhythm of payment compared to the one observed so far, even if this raises the question of availability of sufficient payment credits. Acceleration could also help in addressing the question of automatic de-commitments at the end of 2013 under the application of the so-called N+2/N+3 rule detailed in Articles 93 to 97 of Regulation (EC) n°1083/2006. Hence, in 2013, DG

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<sup>2</sup> Programme countries so far have been Greece, Ireland, Latvia, Portugal, Romania and Hungary.

Regional and Urban Policy will continue to work with Member States to re-programme funds to support growth and concentrate on ensuring that all funds are allocated to specific projects in line with agreed priorities and favouring investments to boost employment and growth and promoting structural reforms. In parallel to this action, the Commission will plead for sufficient payment credits with the EU-Budget authorities to meet payment requests, otherwise, the Member States will suffer cash-flow problems deriving from insufficient availability of credit.

- In countries such as Bulgaria, Romania and Greece and in some regions (such as some convergence regions in Italy), **weak administrative capacities** and planning (e.g. concerning project preparation, planning and selection, the correct implementation and effective monitoring of public procurement and eligibility rules, environmental and state aid issues) constitute a major obstacle to absorption and the quality of spending. This is also valid for Croatia which will become a Member State on 1 July 2013. In these cases, pending additional staff reinforcement, DG Regional and Urban Policy intervention may need to go beyond the traditional scope of assistance in shared management (regarding Greece, the main tool will be the Task Force for Greece). More generally, DG Regional and Urban Policy, also through the set-up of the new Competence Centre “Administrative Capacity”, will provide additional advice in institutional building and adopt a more hands-on approach in 2013 (especially in those Member States having serious problems related to the application of the EU rules) in order to promote effective use of EU resources and speed up programme implementation.
- As **major projects** often represent key investments within programmes, an important priority will be to accelerate the screening of pending major projects, the DG will keep addressing the blockages which cause delays in major programme decisions and ensure that the majority of applications due are submitted by the Member States by the end of 2013. The process of adopting decisions needs to accelerate also in view of a further 170 projects anticipated to arrive for decision before the end of 2013. To support this, DG Regional and Urban Policy is committed to implementing an action plan, including: (i) to take specific actions with the Member States (including renewing the screening of existing projects with a long backlog in the decision process and either persuade Member States to withdraw projects or reject them due to quality reasons); (ii) to enhance cooperation with DG Competition and DG Environment; (iii) to continue and strengthen assistance from JASPERS to Member States and carry out targeted training on environmental and state aid questions in weak Member States. This implies also that a number of horizontal issues are solved at the same time (i.e. VAT, assessment of high profitability, large companies, etc.) Progress with major projects will be monitored regularly, including the quantification of financial risk at stake, in order to clearly identify bottlenecks and develop targeted actions.
- The gaps in terms of knowledge and implementation capacity at Member State level on **financial instruments** remain an important challenge to be addressed. Funds should be used where there is a genuine market failure and where support from the funds will fill a gap and drive regional growth and employment. DG Regional and Urban Policy will use the new reporting requirements to better monitor the use of these instruments, taking into account the results of the evaluation and the audit work carried out in 2012.
- It will be essential to go through the 2011 **budgetary discharge** and prepare the ground for the 2012 budgetary discharge in relation to the funds managed by DG Regional and Urban Policy and to address the issues identified by the European

Court of Auditors in previous annual reports. Hence, accelerating the programme implementation must be carried out hand in hand with reducing the error rate and improving the effective functioning of national management and control systems. DG Regional and Urban Policy will ensure that the identified weaknesses, especially when systemic in certain Member States, are tackled thoroughly. DG Regional and Urban Policy will also continue its rigorous interruption and suspension policy, including making the necessary financial corrections, with a view to improving management and control systems in the Member States and ensuring the protection of EU financial interests. DG Regional and Urban Policy will continue to work for the implementation of the single audit approach (through assessments of Audit Authorities' work for Article 73 application) in order to pave the way for simplified management and control systems in the Member States for 2014-2020.

- In 2013, it will be crucial to focus our action on the current period and ensure its optimised implementation. However, the **closure of the 2000-2006** period will continue to be addressed urgently with sufficient human resources being dedicated to the related tasks. DG Regional and Urban Policy needs to close all ERDF programmes (including making recoveries for unfinished projects, but keeping open commitments for unsolved legal and administrative proceedings) and close a high percentage of pending Cohesion Fund projects by 2013. For this purpose, the creation of the centralised Cohesion Fund Closure Task Force in August 2012 was fundamental as it aims to address the closure of Cohesion Fund projects more rapidly in turn enabling the operational directorates to focus on the current and future periods.

#### *D. COORDINATING SPECIFIC EU TERRITORIAL POLICIES*

DG Regional and Urban Policy has a leading role in EU policy-making issues relating to urban policy, macro-regions and outermost regions.

- DG Regional and Urban Policy plays a coordinating role within the Commission in the **area of territorial and urban development** and is responsible for the Inter-service Group on Urban Development and Territorial Cohesion. DG Regional and Urban Policy also represents the Commission in the intergovernmental dialogue on urban and territorial policies, led by the EU Council Presidency. In 2013, DG Regional and Urban Policy will work with other Commission services in order to increase coherence and consistency among Commission urban-related initiatives. In 2013 DG Regional and Urban Policy, while taking into account the limited resources available to the DG, will prepare the two new urban development instruments proposed in the legislative package 2014-2020, the Urban Development Platform and Innovative Actions on sustainable urban development. Both of them will be managed directly by the Commission and through outsourcing as much as possible. When negotiating on the content of partnership contracts and programmes, DG Regional and Urban Policy will encourage Member States and regions to dedicate specific **investment priorities targeted at urban areas**, such as low-carbon strategies, the environment, sustainable mobility and physical and economic regeneration of deprived communities in order to reinforce the urban dimension of future programmes.
- Co-ordinating the implementation of the **macro-regional strategies**, namely the EU Strategy for the Baltic Sea Region and the EU Strategy for the Danube Region, will continue to be a priority for DG Regional and Urban Policy. The aim of these strategies, covering a wide range of different EU policies, is to coordinate the efforts of various actors in the Region (Member States, regions, financing institutions, the

EU, pan-Baltic organisations, and non-governmental bodies) so that, by working together, they promote a more balanced development of the Region. The specific challenge in 2013 will be to assess the added-value of the concept of macro-regional approaches, on the basis of the reports on the implementation of the EU Strategy for the Baltic Sea Region and the EU Strategy for the Danube Region. The results of this assessment will feed into the Report on the broader concept of macro-regional strategies that will be addressed to the Council.

#### *E. TO IMPROVE EFFICIENCY AND QUALITY OF KEY INTERNAL PROCESSES*

DG Regional and Urban Policy is involved in a "change process", whose "REGIO Blue print" (June 2012) and new organisation chart (in force since 1 October 2012), represent the first expressions, thus constituting a framework toward the streamlining of our working methods, the optimisation of our workforce and improvement of our efficiency through measurable targets and results.

- In 2013, it will be necessary to ensure the successful functioning of the five competence centres and their matrix structure throughout the DG, with a view to bringing **thematic expertise closer to the implementation of the policy** and breaking down artificial barriers within the DG. With external partners, the objective is to raise our negotiation capacities on key Commission priorities (Europe 2020) for the design of programming documents for the 2014-2020 period and to deliver the highest quality advice and products (from briefings to programmes).
- Maximising the benefit from in-house expertise and delivering higher quality services and products also require **enhancing knowledge management** in 2013. DG Regional and Urban Policy has an extraordinarily rich variety of analyses and data relating to economic development, needs and bottlenecks of Member States and regions at its disposal, which is not fully exploited because it is not easily accessible. Hence, it is essential to provide for a better access to the information and to develop an efficient way of sharing knowledge amongst the officials in the DG.
- The continuous quest for potential economies of scales and **efficiency gains** is at the core process of change. This concerns: on the one hand, the streamlining of our decision-making processes and on the other, a stronger prioritisation, and the identification of areas where DG Regional and Urban Policy involvement could be reduced or deferred due to lack of time or resources. A Business Process Team (BPT) has been created with the mandate of screening existing procedures, and designing future ones, with a view to abolishing unnecessary complexities and redundancies. Furthermore, in 2013, fully operational new Information systems (new workflow WAVE and the SFC2014) must be ready in time for the reception of the programming documents for the 2014-2020 period and to enrich the DG with higher quality functionalities.
- High expectations on quality of spending and result orientation of the policy make it crucial to make the best use of the technical assistance allocations available. DG Regional and Urban Policy will develop a **multi-annual strategy** by mid-2013 on the use of **technical assistance** focusing on the smooth preparation and implementation of the 2014-2020 period.
- A "DG Regional Policy **Human Resources Rolling Plan**" designed to help ensure the optimal allocation of staff, in alignment with the DG priorities, will be subject to constant updates which will allow the DG to take into account, in addition to the HR constraints, potential savings deriving from progress made towards the achievement

of the multiple initiatives of the change process (streamlining of procedures, reflexion on shared services, phasing-out activities) as well as progressively integrating objective and agreed workload indicators. Depending on the workload, resources will be concentrated on identified priorities and on those Member States and programmes where an appropriate support from the DG is necessary to achieve an impact to programme implementation and in the end on growth and job-creation.

- Finally, since all the above-described activities fundamentally aim at improving efficiency towards the achievements of our objectives, we will put in place a system of transparent and regular **monitoring of DG's operational priorities** through indicators and measurable target set as part of a critical reflection on the core activities of DG Regional and Urban Policy which will help, in addition to the achievement of objectives, to enhance prioritisation and be equipped to adapt ourselves and our resources to upcoming evolving challenges in the most effective manner. Current internal reporting instruments, such as monthly reports, can evolve towards renewed reporting on Management Plan priorities set for 2013 and accompanying indicators.

### 3. GENERAL OBJECTIVES OF COHESION POLICY

The general objectives by policy area included in this chapter and the specific objectives for operational activities detailed in chapter 4 refer to the legal and multiannual objectives and implementation of Cohesion policy. These permanent objectives are directly linked to the budget allocated to Cohesion policy. They are presented here with their impact indicators and policy outputs related to the functioning and execution of the main financial instruments, as well as the horizontal activities. These general and specific objectives provide the framework for the accomplishment of the mission of DG Regional and Urban Policy, while strategic and operational priorities included in chapter 2 above indicate the focus for actions to be highlighted for the year 2013.

**The overall long-term objective of Cohesion policy** is set out in Article 174 of the Treaty:

"In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to **the strengthening of its economic, social and territorial cohesion**.

In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.

Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions."

Cohesion policy is a development policy aiming at improving the conditions for sustainable growth and jobs, well-being, and quality of the environment in the EU regions and at strengthening the integration of regional economies. In doing so, it allows EU citizens, wherever they live, to contribute to, and benefit from, the shared political project of a European space with a high degree of development, cohesion and solidarity.

This overall objective is served mainly by promoting investments in human, physical and productive capital which help to mobilise resources in regions where they are underutilised, remove bottlenecks where productivity is already high, improve regions' capacity to adjust to a constantly changing environment, encourage an innovative business environment, and support cooperation and exchanges.

#### **Cohesion policy's general objectives 2007-2013**

Cohesion policy in 2007-2013 pursues the following **general objectives**:

- 1) Stimulate the growth potential and employment of the least-developed Member States and regions (**the "Convergence" objective**);
- 2) Strengthen regions' competitiveness and attractiveness as well as employment by helping them to anticipate economic and social changes (**the "Regional competitiveness and employment" objective**);
- 3) Promote stronger integration of the territory of the EU to support balanced and sustainable development (**the "European territorial cooperation" objective**), by promoting cross-border cooperation and trans-national cooperation;
- 4) Assist candidate countries as well as potential candidate countries in their progressive alignment with the standards and policies of the European Union including cross-border cooperation (through **the Instruments for Pre-Accession Assistance – "IPA/ISPA"**).

## ***DG Regional and Urban Policy and the Commission's strategic long-term objectives (Europe 2020)***

Regional policy will help to lead regional economies out of the current crisis and to pave the way for a greener and more sustainable growth, focussing on high quality investments **that will generate more and better jobs**.

Regional policy will fully contribute to EU priorities as set out in the **Europe 2020 strategy**. DG Regional and Urban Policy **has developed and promotes** actions related to several **flagship initiatives** of Europe 2020, like the "Innovation Union" (Communication of 6/10/2010 "Regional Policy contributing to smart growth in Europe 2020"), "A digital agenda for Europe", "Resource efficient Europe" (Communication (2011) on "Regional Policy contributing to Sustainable growth in Europe 2020") and "An agenda for new skills and jobs".

### **Cohesion policy post -2013**

On 6 October 2011 the Commission adopted the legislative proposals for the period 2014-2020. Alignment with the Europe 2020 strategy, thematic concentration in order to maximise impact and increasing effectiveness of cohesion policy investment is at core of the proposals. More strategic programming; a stronger focus on results; performance frameworks with milestones and targets; and simplification (including harmonisation of rules for all structural instruments) are important elements in this respect. To reinforce performance, new conditionality provisions will be introduced to ensure that the conditions necessary for effective support are in place before implementation of programmes and that the effectiveness of cohesion expenditure is not undermined by unsound macro-fiscal policies.

Partnership contracts between the Commission and each Member State will set out the commitments of partners at national and regional level and the Commission. These will be linked to the objectives of the Europe 2020 strategy and the European Semester. In order to align cohesion policy with the Union strategy for smart, sustainable and inclusive growth a list of thematic objectives corresponding to the priorities of the strategy has been defined in the legislative proposals. These objectives are translated into investment priorities in the Fund-specific rules. To maximise impact Member States are supposed to concentrate support on those actions bringing the greatest added value in relation to smart, sustainable and inclusive growth, taking into consideration specific territorial challenges and development potentials.

The Common Strategic Framework (CSF) will provide strategic direction for the preparation of partnership contracts and programmes on how to achieve an integrated development approach using the Funds (CF, ERDF, ESF, EARDF and EMFF) coordinated with other Union policies and instruments, in order to achieve the objectives and targets of the Europe 2020 strategy.

### ***Impact indicators for Cohesion policy 2007-2013***

The table below highlights some impacts under each of the four general objectives of Cohesion policy. It should be noted that **cohesion policy is only one of the policies contributing to the impacts** in terms of reduction of the disparities between the levels of development of the various regions and it is difficult to isolate the influence of Cohesion policy from other contributing factors. Ideally, one would measure the impact of Cohesion policy by comparing the situation with the policy to one without – the counterfactual. As this is not possible in practice, models can help us. However, we must be aware that the estimates of impact delivered are to a large extent dependent on the assumptions built into these models. DG Regional and Urban Policy's latest approach to assessing impact is to evaluate thematically, use more rigorous methods adapted to different intervention areas and build up a picture over time of impact. This is in line with best international practice in evaluation.

The indicators used below mostly relate to economic impacts. Here work on harmonised statistics at EU level is most developed. However, it should not be forgotten that Cohesion policy has important social, environmental and territorial impacts, even if these cannot be easily measured. Work on developing EU level statistics is on-going but will take some years to mature. In addition, the impacts of the policy are often context specific (related to the needs of the regions and Member States concerned) and cannot be aggregated to the EU level.

In the context of shared management responsibilities for Cohesion policy, the data in the tables below relate to activity which is primarily the responsibility of the Member States. Furthermore, there is a time-lag to impacts being observed and possible to evaluate.



## POLICY AREA – COHESION POLICY

### Impact indicators for the period 2007-2013

<b>1. Convergence: stimulate the growth potential and employment of the least-developed Member States and regions</b>		
<b>Impact indicators<sup>3</sup></b>	<b>Latest known result</b>	<b>Target (result)</b>
Additional real GDP growth thanks to the implementation of the period 2007-2013	<p>Estimated overall increase in the level of GDP as compared to a scenario without Cohesion Policy:</p> <ul style="list-style-type: none"> <li>- baseline in 2006</li> <li>- by 2009: 1.3%</li> <li>- by 2010: 2.3%</li> <li>- by 2011: 3.6%</li> <li>- by 2012: 5.1%<sup>4</sup></li> </ul> <p>Estimated GDP increased by 12.6%<sup>5</sup> by 2012 due to the programming period 2000-2006<sup>6</sup></p>	<p>Expected overall increase in the level of GDP as compared to a scenario without Cohesion Policy<sup>7</sup>:</p> <ul style="list-style-type: none"> <li>- by 2016 by 12 %</li> <li>- by 2020 by 15.6%</li> </ul>
Net jobs created thanks to the implementation of the period 2007-2013	<p>Estimated increase in employment as compared to a scenario without Cohesion Policy:</p> <ul style="list-style-type: none"> <li>- baseline in 2006</li> <li>- by 2009: 1.3 million</li> <li>- by 2010: 2.2 million</li> <li>- by 2011: 3.2 million</li> <li>- by 2012: 4.3 million<sup>7</sup></li> </ul> <p>Estimated 6.0 million<sup>8</sup> net job years were created by 2012 due to the programming period 2000-2006<sup>8</sup></p>	<p>Expected increase in employment as compared to a scenario without Cohesion Policy:</p> <ul style="list-style-type: none"> <li>- by 2016 by 9.5 million</li> <li>- by 2020 by 11.5 million</li> </ul>
Lisbon index <sup>11</sup>	<p>48.2 (2006) 50.7 (2007) 52.6 (2008) 51.7 (2009) 52.7 (2010) for all regions eligible for the Convergence objective</p>	<p>Index 60 for all regions eligible for the Convergence objective by 2015</p>

<sup>3</sup> The first two indicators are based on estimates produced by the HERMIN model run by DG REGIO. Unless specified otherwise, the three indicators cover all the Member States eligible to the Cohesion Fund (including Spain) as well as Eastern Germany and Southern Italy. Note that the HERMIN results are in principle robust also in times of economic downturn. However, the current crisis does make projecting economic variables in the future more uncertain. Therefore, these figures should be interpreted with some caution.

<sup>4</sup> This implies that, between 2007 and 2012, GDP and employment in the main beneficiaries would have been on average respectively 0.84 % and 0.81% lower in the absence of the 2007-2013 cohesion policy programmes. This is not inconsistent with the fact that GDP and employment have recorded limited or even negative growth in recent years. In such case, GDP and employment would have fallen (by 0.84% and 0.81%) more without cohesion policy. Note also that the simulation is based on allocation and not on actual expenditure. Hence, it does not take possible absorption problems into account.

<sup>5</sup> Identically, the yearly annual impact of the 2000-2006 programmes between 2000 and 2012 is estimated at 12.6%/13 years = 0.97% for GDP and 0.62% for employment.

<sup>6</sup> For the period 2000-2006, the indicators cover the Member States eligible to the Cohesion Fund, i.e. the ten Member States who joined in 2004, Spain, Portugal, Ireland, Greece as well as Eastern Germany, and Southern Italy.

<sup>7</sup> In this model, the current economic downturn affects the baseline situation, but the percentage of increase due to EU Cohesion Policy remains unchanged.

<sup>8</sup> See Fifth report on economic, social and territorial cohesion, November 2010

**2 Regional competitiveness and employment: strengthen regions' competitiveness and attractiveness as well as employment by helping them to anticipate economic and social changes**

Impact indicators	Latest known result	Target (result)
Jobs created (gross)	71,000 in 21 MS, 2007-2009 <sup>9</sup>	757,000 gross jobs to be created in 2007-2013 in 21 MS <sup>10</sup>
Lisbon index	79.6 (2006) 80.9 (2007) 81.7 (2008) 80.6 (2009) 82.9 (2010) for all regions eligible for the Regional competitiveness objective	Index 90 for all regions eligible for the Regional competitiveness objective by 2015

**3 European territorial cooperation: promote stronger integration of the EU to support balanced and sustainable development**

Impact indicators	Latest known result	Target (result)
Average GDP/head disparities between border regions of EU15 and EU12 <sup>11</sup>	1.54 (2004) 1.52 (2005) 1.52 (2006) 1.47 (2007) 1.42 (2008) 1.45 (2009)	1.40 in 2013

**4 Pre-accession: assist candidate countries as well as potential candidate countries in their progressive alignment with the standards and policies of the European Union, including cross-border cooperation**

Impact indicators	Latest known result	Target (result)
Improved capacity of candidate countries; monitoring of the recommendations of the reports	Situation of each country as assessed in the 2008 progress reports published in November 2009.	Progress as reported in the annual progress reports of the Commission on candidate countries

**Comments**

The impact of the crisis can be observed in the Lisbon index. In the 2009, the Lisbon index dropped both for the convergence regions as for the regional competitiveness and employment regions. The Lisbon index in 2010 in the convergence regions was almost identical to that of 2008, indicating a fairly quick return to the 2008 on averages.

The regional competitiveness and employment regions bounced back faster with the 2010 index significantly higher than the 2008 value. Nevertheless, the impact of the crisis is likely to delay progress towards the Lisbon index of 60 and 90 respectively beyond the implementation of the current programming period.

As a consequence of the crisis the border disparities in GDP per head increased in 2009, after following a consistently downward trend between 2004 and 2008. Nevertheless, progress so far seems to be sufficient to ensure that the 1.4 target can be reached by 2013.

<sup>9</sup> Source: 2009 AIR for AT, BE, BG, CZ, DE, EE, EL, FI, FR, HU, IT, LU, NL, PL, PT, RO, SE, SI, UK. Please note that this figure refers to both objectives

<sup>10</sup> Based on 100 OPs (AT, BE, BG, CZ, DE, FI, FR, EE, EL, HU, IT, LU, MT, NL, PL, PT, RO, SE SI, SK and UK)

<sup>11</sup> Source: Eurostat, REGIO calculations. Values for earlier changed slightly due to data changes.

## 4. SPECIFIC OBJECTIVES FOR OPERATIONAL ACTIVITIES

### 4.1 Management of the ERDF and other regional interventions

#### 4.1.1. *Description and justification*

In accordance with Article 176 of the new (Lisbon) Treaty, Council Regulation (EC) No 1083/2006 and Regulation (EC) No 1080/2006 of the European Parliament and the Council, the European Regional Development Fund (ERDF) aims to **reinforce economic, territorial and social cohesion by redressing the main regional imbalances** through support for the development and structural adjustment of regional economies.

The more **strategic approach** adopted by European Cohesion policy for the 2007-2013 programming period will seek to deliver the key policy objectives of the Union, allocating EU funds (e.g. mainly ERDF) and, through co-financing arrangements, national budgetary resources. The programmes target expenditure in fields such as RTD, innovation, information technologies, renewable energies and energy efficiency, human resources and business development.

#### 4.1.2. *EU added value and evidence from evaluations*

The Expert Evaluation Network was established in 2010 and is now in its third year. Forthcoming findings on the performance of Cohesion Policy up to the end of 2011 suggest that Member States achieved visible progress in the implementation of projects on the ground – this progress is becoming visible in output figures. However, substantial lack of implementation still occurs in Romania, Bulgaria and Italy. Interviews with Managing Authorities on the ground support the view that providing national co-financing is becoming a real challenge for the implementation of the policy, as an effect from the crisis. DG Regional and Urban Policy alleviated the pressure by increasing SF co-financing rates, though as a result the overall investment effort has decreased impacting on the medium-term growth potential of the countries and regions concerned.

The network provided interesting results in 2012 on financial engineering instruments: The main conclusion was the need to ensure compatibility between the imperative of earning a financial rate of return so as to attract private capital and enable funds to be recycled and the pursuit of wider regional policy objectives. The aim must be to avoid these wider objectives linked to economic and social cohesion which the ERDF was established to help achieve, from being subordinated to purely financial goals.

A study on the long term contribution of 10 large scale transport and environmental projects co-financed in the 1994-99 period to economic development as well as the quality of life and well-being of society was completed in 2012. The evaluation identified a "list of ingredients" that can ensure maximum impact of public investment projects: successful investments are more likely in a context in which entrepreneurialism, professionalism, managerial discretion and accountability to government are in place to encourage project ideas, where there is the capacity to select the most promising ones, and prevent the project from being exposed to disruption, either during construction or operation. Appropriate incentives and accurate forecasting and monitoring activities can be important to favour the achievement of project goals. Finally, the establishment of formal mechanisms to ensure that all stakeholders' voices are listened to by project designers and managers can help to generate a sense of social pride and identity which, in turn, increases the likelihood of project success.

Two further studies that are underway seek to assess the effectiveness of two instruments, JASPERS and ESPON. JASPERS aims to improve the quality and accelerate decision making on major projects in Eastern Europe. Results from the evaluation on JASPERS indicates that assistance has been provided to almost EUR 64 billion worth of investments, the majority of which are major projects investments in key sectors such as rail, road, environment infrastructure, knowledge economy. The evaluation also found that providing JASPERS assistance to major projects has reduced their processing time within DG Regional and Urban Policy by a total of 86 days, when compared to similar projects which have not received Jaspers support.

ESPON is an inter-regional programme which aims to provide applied research on spatial development issues. In 2011, the Ministers responsible for Cohesion Policy asked DG Regional and Urban Policy to carry out an evaluation of the programme and the draft final report has been received. The main evaluation finding is that, while many of the reports are of good scientific quality, their policy relevance and impact should be reinforced. The terms of reference should be better focused on the needs of the target audience. In addition, the evaluation found that there is a high burden on project leaders, who typically spend 60% of their time fulfilling administrative requirements.

#### *4.1.3. Main policy / operational outputs for 2013*

Policy outputs: (see also section 5.1 and in particular 5.1.6)

- Annual Report on the implementation of Structural Funds in 2012
- Strategic Report on the implementation of Cohesion Policy 2007-2013

Operational/expenditure-related outputs:

DG Regional and Urban Policy role is to monitor the activity in the Member states through participation in monitoring committees and other technical meetings at Member States' level. Progress will be measured against the following objectives:

- All 2000-2006 ERDF programmes closed (target: 100%)
- 2007-2013 ERDF programme modifications submitted by Member States assessed (80% adopted in less than 6 months)
- All 2007-2013 ERDF commitments allocated to specific projects by the end of 2013 (Target: 100%)
- Annual implementation reports submitted by Member States assessed within the two months after submission (target 80% approved on time)
- All foreseen 2007-2013 major projects officially transmitted by the Member States to the Commission (Target for 2013: 90% as admissible)
- 2007-2013 major projects submitted before beginning of 2013 adopted or rejected at the end of 2013 (target 80%)
- Thematic meetings with Member States on quality of implementation, absorption, administrative capacity (target for 2013: at least 2 per Member State)
- Tripartite meetings between DG Regional and Urban Policy, Member State and JASPERS on implementation of major projects in sectors of transport, environment and energy (target for 2013: 14 meetings)

#### 4.1.4. *Specific objective and related indicators (multiannual perspectives)*

##### Related outputs and result indicators

It should be noted that the outputs and results in the table below relate to activity which is primarily the responsibility of the Member States, given the shared management responsibilities of cohesion policy. It is not a direct measure of the performance of DG Regional and Urban Policy. In addition, there is a time-lag to obtaining such information.

The information in the table below has been updated from last year to contain the latest available data. For 2000-2006, this includes data from a database which the DG Regional and Urban Policy has developed which contains all the indicators from the Final Implementation Reports which have been submitted by all Managing Authorities<sup>12</sup>. Data relating to 2011 comes from the reporting against core indicators by the Managing Authorities in their Annual Implementation Reports and checked by the DG Regional and Urban Policy for plausibility. Where there are obvious errors (e.g., incorrect measurement unit, non-cumulative reporting), desk officers in the DG revert to their contact points in the Member States to correct the data. Reporting against core indicators is undertaken on a voluntary basis by Member States. 2011 was the third year of reporting and there is a clear improvement in the quality of the data. That said, it will only be in the 2014-2020 period that there will be an obligation to report against common indicators.

In the table next page the DG reports for groups of countries where it has both reports on achievements and targets in order to allow some commentary below the table on performance against targets (although this cannot be exhaustive, given the variety of regional and national contexts in which the policy is implemented).

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<sup>12</sup> Spatial Foresight, OIR, T33: Analysis of the financial and physical data in the FIRs 2000-2006 (forthcoming).

<b>SPECIFIC OBJECTIVE 1</b>	<b>Supporting the generation of smart and sustainable growth and jobs through investments and services, including development of financing instruments, raising productivity, competitiveness and innovation capacities of enterprises, in particular of SMEs</b>	
<b>Result indicators</b>	<b>Latest known result<sup>13</sup></b>	<b>Target (result) for 2007-2013</b>
Number of SMEs receiving support and amounts provided to/invested by SMEs	€ 22.1 billion of ERDF support to SMEs over the period 2000-2008, additional € 9.8 billion on support for innovation and RTD <sup>14</sup>	€ 44.8 billion ERDF funds to support RTD, innovation, information society actions and entrepreneurship in SMEs <sup>16</sup>
	131,938 SMEs supported in 2007-2011 in 18 MS <sup>15</sup>	198,665 SMEs supported in 18 MS <sup>18</sup>
Setting up of enterprises	Number of start-ups supported in 2007-2011: 52,088 in 21 MS <sup>17</sup>	Number of start-ups supported: 70,123 in 21 MS <sup>20</sup>
<b>SPECIFIC OBJECTIVE 2</b>	<b>Improving accessibility and attractiveness of the regions and cities, through development of Research and Technological Development, communication (digital agenda) and energy, transport, environmental and social infrastructure</b>	
<b>TRANSPORT<sup>18</sup></b>		
Accessibility gain	Results for 2007-2011: Km of new road: 1,101 in 10 MS <sup>19</sup>  Km of reconstructed road: 11,528 in 14 MS <sup>20</sup>  Km of new rail: 302 in 10 MS <sup>22</sup>  Km of reconstructed rail: 737 in 12 MS <sup>21</sup>	Km of new road: 6,492 in 10 MS <sup>22</sup>  Km of reconstructed road: 20,951 in 14 MS <sup>22</sup>  Km of new rail: 812 in 10 MS <sup>22</sup>  Km of reconstructed rail: 6,342 in 12 MS <sup>24</sup>
<b>ENVIRONMENT<sup>23</sup></b>		
Additional population served by new/renovated: -Water projects	Result 2007-2011: 2.16 million in 10 MS <sup>24</sup>	16.2 million in 10 MS <sup>27</sup>
Additional population served by new/renovated: -Wastewater projects	Result 2007-2011: 3 million in 13 MS <sup>25</sup>	23 million in 13 MS <sup>28</sup>
Additional capacity of renewable energy production (MW)	Result for 2007-2011: 490,952 in 17 MS <sup>26</sup>	3,681,426 in 17 MS <sup>29</sup>
<b>ENVIRONMENTAL PROTECTION and RISK PREVENTION</b>		
Number of people benefiting from flood protection measures	Result for 2007-2011: 3.4 million in 11 MS <sup>27</sup>	10.1 million in 11 MS <sup>30</sup>
Number of people benefiting from forest fire protection and other protection measures	Result for 2007-2011: 12.6 million in 6 MS <sup>28</sup>	28.5 million in 6 MS <sup>31</sup>
<b>INFORMATION SOCIETY, RESEARCH and INNOVATION</b>		
Research jobs created	12,611 (2007-2011) in 17 MS <sup>29</sup>	56,044 in 17 MS <sup>32</sup>
Additional population covered by broadband access	2,529,183 (2007-2011) in 14 MS <sup>30</sup>	20,331,984 in 14 MS <sup>33</sup>

<sup>13</sup> Data are presented in this table for both "latest known results" and "target" columns when they are sufficiently consistent. Due to the practical constraints for data collection, as described in the 2010 Annual Report of the Court of Auditors (Chapter 8), it is often difficult to keep exactly the same parameters for the results mentioned. However, the Commission always presents the latest data for the most representative Member States.

<sup>14</sup> Source: Certified expenditure as available from REGIO databases ( expenditure codes 16 and 324)

<sup>15</sup> Source: 2011 AIRs for BE, CZ, DE, ES, FR, GR, IE, IT, LV, LT, NL, PL, PT, RO, SI, SE, SK, UK

<sup>16</sup> Source: programme documents, expenditure codes 1,2,3,4,6,7,9 (mainly ERDF expenditures for these categories). In addition to the target above, €15.2 billion ERDF funds for the information society should be mentioned. Source: programme documents, expenditure codes 10-15 (mainly ERDF expenditures for these categories)

<sup>17</sup> Source: 2011 AIRs for AT, BE, CZ, DE, DK, ES, FR, GR, IE, IT, LV, LT, MT, NL, PL, PT, RO, SI, SE, SK, UK

<sup>18</sup> The indicators on time savings are no longer disclosed on an annual basis, as their data are not considered to be sufficiently reliable.

<sup>19</sup> Source: 2011 AIRs for BG, CZ, DE, ES, HU, IT, PL, PT, SI, SK

<sup>20</sup> Source: 2011 AIRs for BG, CZ, DE, ES, GR, HU, IE, IT, LT, MT, PL, PT, SI, SK

<sup>21</sup> Source: 2011 AIRs for BG, CZ, ES, GR, FR, HU, IT, LT, PL, PT, SI, SK.

<sup>22</sup> Source: 2011 AIRs for BG, CZ, DE, ES, GR, HU, IE, IT, LT, MT, PL, PT, SI, SK.

<sup>23</sup> The indicator on reduction in greenhouse gas emissions is no longer disclosed on an annual basis, as its data are not considered to be sufficiently reliable.

<sup>24</sup> Source: 2011 AIRs for CZ, ES, FR, GR, IT, LV, PL, PT, SI, SK

<sup>25</sup> Source: 2011 AIRs for BG, CZ, DE, ES, GR, HU, IE, IT, LT, PL, PT, SI, SK.

<sup>26</sup> Source: 2011 AIRs for AT, BG, CZ, DE, FR, GR, HU, IT, LU, LV, LT, PL, PT, RO, SI, SK, UK

<sup>27</sup> Source: 2011 AIRs for AT, DE, FR, HU, IT, PL, PT, RO, SI, SK, UK

<sup>28</sup> Source: 2011 AIRs for AT, FR, GR, IT, PL, PT

<sup>29</sup> Source: 2011 AIRs for AT, BE, BG, CZ, DE, FR, IE, IT, LU, LV, LT, PL, PT, RO, SE, SK, UK.

<b>SOCIAL INFRASTRUCTURES</b>		
Number of benefiting students <sup>31</sup>	3,410,010 benefiting students (2007-2011) in 11 MS <sup>32</sup>	5,907,886 in 11 MS benefiting students (2007-2013) <sup>35</sup>
<b>SPECIFIC OBJECTIVE 3</b>	<b>Developing regional and local potential through encouraging integrated development approach, capacity building, cross border and transnational cooperation and supporting networking, exchange of experience and cooperation between regions, towns and relevant social, economic and environmental actors</b>	
Number of transnational co-operation projects developing RTD and innovation networks <sup>34</sup>	35 (2007-2011)	44 (2007-2013)
Number of people participating in joint education or training activities <sup>34</sup>	576,309 (2007-2011)	12,999 (2007-2013) <sup>33</sup>
<b>SPECIFIC OBJECTIVE 4</b>	<b>Supporting cross-border, transnational and interregional cooperation (European territorial cooperation) including cross-border cooperation between Member States and candidate or potential candidate countries</b>	
Number of people getting employment on the other side of the border (result of Cross-Border-Cooperation project)	2,046 (2007-2011) <sup>34</sup>	22,885 (2007-2013) <sup>37</sup>
Number of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	1,380 (2007-2011) <sup>35</sup>	2,997 (2007-2013) <sup>38</sup>

### Comments:

1. The slow start of implementation of programmes means that fewer projects than might have been expected were completed by the end of 2011, which is the period covered by the latest Annual Implementation Reports (AIRs). However, the significant increase in achievements reported in 2011 compared to 2010 shows that implementation speeded up considerably in this year.

2. The reports against the indicators in the AIRs demonstrate the marked differences that exist between Member States in the progress in implementing programmes up to the end of 2011.

3. The changes in the aggregate target values for the indicators in the tables above, compared to target values of the last year reporting, may be the result of the re-programming exercises. In fact, following encouragement from the European Council and the European Commission and with a view to counter the effects of the economic crisis, several MS proceeded to modify their programmes to target support on SMEs and youth unemployment.

4. In some cases, the significant current under-achievements of the targets are mainly or in part caused by values as reported by the Member States in the Annual Implementation Reports making up a large share of the aggregated target values and reporting NIL or low achievements. In addition, it should be noted that the targets were stated in Operational programmes in 2007. Some of them may become unrealistic due to the effects of the crisis on certain Member States. If necessary, DG might review these targets with Member States in 2013.

5. It is clear that outputs are below target in relation to most transport and environmental infrastructure projects. However, this is normal in view of the long lead time to the delivery of infrastructure. The reconstructed road figure is high, suggesting either low target setting or, indeed, that the nature of the intervention changed and less intensive reconstruction took place.

6. The environmental and risk prevention figures show high achievements, but this includes some double counting between regional and national OPs in Portugal in particular which the Portuguese authorities are aware of and can filter in their reporting, while the Commission cannot. In addition, it is often in the nature of such projects that the population benefits from the beginning of the project rather than outputs being delivered progressively over time.

<sup>30</sup> Source: 2011 AIRs for AT, BE, BG, ES, FR, GR, IE, IT, PL, PT, RO, SI, SE, SK.

<sup>31</sup> Name of the core indicator updated to reflect the 2011 AIRs report data

<sup>32</sup> Source: 2011 AIRs for BE, BG, DE, ES, FR, GR, IT, MT, PL, PT, SK.

<sup>33</sup> The significant overachievement of the target is due to under-estimation of the target value at the beginning of the period.

<sup>34</sup> Source: 2011 AIRs report

<sup>35</sup> Source: 2011 AIRs, where information is available; the amount includes projects respecting also three and four of the following criteria: joint development, joint implementation, joint staffing, joint financing.

7. In a few cases, the 'latest known result' and/or the 'target values' show a decrease compared to last year reporting. This may be due to the fact that figures were corrected by the Member States in the subsequent Annual Implementation Report or due to the re-programming exercise carried out by the Member States.



## 4.2 Management of the Cohesion Fund

### 4.2.1 Description and justification

The Cohesion Fund is enshrined in Article 177 paragraph 2 of the (Lisbon) Treaty and Council Regulation (EC) No 1084/2006 with the objective of contributing financially to interventions in the field of the **environment** (and areas related to sustainable development which clearly present environmental benefits), and the **trans-European transport networks**. Member States whose per capita GNP is less than 90 % of the Community average and which have a programme leading to the fulfilment of the conditions of economic convergence, as set out in Article 126 of the (Lisbon) Treaty, are eligible for assistance from the Cohesion Fund. The Cohesion Fund covers 15 Member States (including all new ones) with Spain phasing out from 2007 onwards. The Cohesion Fund will in particular help the recently acceded Member States to catch up with the current European standards and fulfil the "*acquis communautaire*" in the field of environment as well as completing the trans-European transport networks in their territories.

The Cohesion Fund will contribute to the convergence of less developed Member States and regions through financial participation in the operational programmes of the Convergence objective. Under the 2007-2013 implementation system of Cohesion policy, **Cohesion Fund interventions are integrated into the multi-annual programming of the Structural Funds (ERDF)**.

### 4.2.2 EU added value and evidence from ex-post evaluations

The ex post evaluation of the Cohesion Fund and ex-ISPA for the 2000-2006 period was finalised in 2012. The Synthesis Report highlighted the achievements of the Cohesion Fund in the period: there was construction of almost 1300km of motorway, upgrade of over 3000 TEN-T roads in the EU12, the upgrade of over 3500km of railways in EU12. With regard to environmental achievements, the investments co-financed had a significant effect in helping Member States comply with EU environmental legislation, both through connecting more people to the supply of clean drinking water and wastewater collection and treatment and by replacing old pipelines and plants. In both transport and environmental projects, however, it was difficult to assess the effect of the projects on economic development and cohesion of the countries concerned. This is because the intended effect was not clearly identified, and because it is hard to disentangle the effect from other factors.

### 4.2.3 Main outputs for 2013 (including policy outputs where relevant)

#### Policy outputs:

- Annual Report on the Cohesion Fund in 2012
- Strategic report on the implementation of Cohesion Policy 2007-2013

#### Operational outputs:

- Closure of Cohesion Fund projects (2000-2006) in 2013 in order to arrive at 75% CF projects closed out the total, including, if possible, through flat rate financial corrections for systemic issues
- All foreseen 2007-2013 major projects officially transmitted to the Commission (Target: 100%)
- 2007-2013 major projects submitted before beginning of 2013 adopted or rejected at the end of 2013 (target 80%)

- % of foreseen 2007-2013 Major Projects officially transmitted by Member States to the Commission (target: 90% as admissible)
- Continuing preparation of sectoral strategies and projects for the post-2013 programming period with JASPERS assistance in all EU 12 MS.

#### 4.2.4 Specific objective and related indicators (multiannual perspective)

The points made in *the relevant sections* (for ERDF) are equally valid for the Cohesion Fund. Some of the expected outputs and results reported here relate both to the ERDF and the Cohesion Fund, since from 2007, the ERDF and Cohesion Fund are integrated into the same programmes; a breakdown of outputs and results by ERDF and Cohesion Fund is not available in such cases. The table below presents 2007-2011 data from Member States that benefit both from the ERDF and the Cohesion Fund in the field of transport and environment.

<b>SPECIFIC OBJECTIVE 1</b>	<b>Strengthen the economic and social cohesion of the Community in the interests of promoting sustainable development by: Developing the trans-European transport networks and in particular strategic projects with high European added value</b>	
<b>Result indicators</b>	<b>Latest known result</b>	<b>Target (result)</b>
<b>TRANSPORT<sup>36</sup></b>		
Km of Road (new and reconstructed)	936 Km of new road in 8 MS <sup>37</sup> 11,219 Km of reconstructed road in 11 MS <sup>38</sup>	6,184 Km of new road (2007-2013) in 8 MS <sup>40</sup> 20,309 Km of reconstructed road (2007-2013) in 11 MS <sup>41</sup>
Km of Rail (new and reconstructed)	66 Km of new rail in 8 MS <sup>39</sup> 415 Km of reconstructed rail in 10 MS <sup>40</sup>	701 Km of new rail (2007-2013) in 8 MS <sup>42</sup> 4,768Km of reconstructed rail in 10 MS <sup>43</sup>
<b>SPECIFIC OBJECTIVE 2</b>	<b>Strengthen the economic and social cohesion of the Community in the interests of promoting sustainable development by: Supporting actions of Member States related to the environment and sustainable development clearly presenting environmental benefits (renewable energy, energy efficiency, clean urban transport...)</b>	
<b>SUSTAINABLE DEVELOPMENT<sup>41</sup></b>		
Additional population served by new/renovated: -Water projects	1.75 million in 8 MS <sup>42</sup>	14.9 million in 8 MS <sup>45</sup>
Additional population served by new/renovated: -Wastewater projects	2.4 million in 10 MS <sup>43</sup>	19.5 million in 10 MS <sup>46</sup>
Additional population served with improved urban transport	Please see the footnote <sup>44</sup>	Please see the footnote <sup>45</sup>

#### Comments (see ERDF)

The points made in for ERDF are equally valid for the Cohesion Fund. The expected outputs and results reported here relate both to the ERDF and the Cohesion Fund. A significant increase in outputs and results was reported by Member States in 2011. However, infrastructure projects which are co-financed by the Cohesion Fund are complex and take longer to complete than ERDF projects in other sectors, so in general Cohesion Fund results will be slower than ERDF.

<sup>36</sup> The indicators on time savings are no longer disclosed on an annual basis, as their data are not considered sufficiently reliable.

<sup>37</sup> Source: 2011 AIRs for BG, CZ, ES, HU, PL, PT, SI, SK.

<sup>38</sup> Source: 2011 AIRs for BG, CZ, ES, GR, HU, LT, MT, PL, PT, SI, SK

<sup>39</sup> Source: 2011AIRs for BG, ES, HU, LV, PL, PT, SI, SK.

<sup>40</sup> Source: 2011 AIRs in BG, CZ, ES, GR, HU, LT, PL, PT, SI, SK.

<sup>41</sup> The 2007-2013 period was enlarged compared to previous to also include new priority such as renewable energy, energy efficiency and clean urban transport. Therefore, there are no results expected on these areas for the 2000-2006 period.

<sup>42</sup> Source: 2011 AIRs in CZ, ES, GR, LV, PL, PT, SI, SK.

<sup>43</sup> Source: 2011 AIRs for BG, CZ, ES, GR, HU, PL, PT, SI, SK, LT.

<sup>44</sup> Only 2 Member States reported on achievements in the 2011 AIR, PL and PT, amounting to 1,500,000 additional population.

<sup>45</sup> Following plausibility checks, the target value was dropped because considered not plausible. Source: 2011 AIR in BG, CZ, GR, HU, LV, LT, PL, PT, SK.

### 4.3. Management of IPA and ISPA funds (Pre-accession assistance)

For the 2007-2013 programming period, in accordance with Council Regulation (EC) No 1085/2006 and Commission Regulation (EC) No 718/2007, the Instrument for Pre-Accession Assistance (IPA) aims to assist the candidate and potential candidate countries in their progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis* of the Union, with a view to membership.

The Commission's proposal for future pre-accession aims at making assistance more strategic, efficient and better targeted than has been the case so far, pointing towards more sustainable results in improving the readiness of these countries for membership. The new instrument will operate more flexibly and will leverage more funds from other donors or the private sector by using innovative financing instruments, while pursuing simplification and reduction of the administrative burden linked to managing the financial assistance.

For Croatia, the ratification process, by the Parliaments of all 27 EU member states, is expected to be concluded by the end of June 2013. Therefore, entry into force and accession of Croatia to the EU is planned to take place on 1 July 2013.

The Commission will closely monitor Croatia's fulfilment of all the commitments undertaken and its continued preparations to assume the responsibilities of membership upon accession.

#### 4.3.1 Description and justification

##### IPA in Candidate Countries

IPA "regional development" component is available only to candidate countries, with the exception of Iceland due to its already high level of integration with EU standards and rules. The general policy framework for IPA assistance is contained in the European and Accession Partnerships and takes account of the reports and strategy papers comprising the annual enlargement package presented by the Commission. This package includes a multi-annual indicative financial framework setting out the Commission's intentions for the allocation of funds, broken down by country and by component.

IPA introduces **multi-annual programming** and **decentralised management** by beneficiary countries, establishing therefore a close parallelism with Structural Funds. IPA will also help advance regional co-operation and prepare candidate countries for the management of Cohesion policy by the setting up of management and control authorities to whom the Commission will confer the decentralised management of assistance.

DG Regional Policy is responsible for the management of the "IPA regional development" component (7 regional development programmes adopted) in 3 Candidate Countries namely **Croatia** (up to June 2013), **Turkey** and **the former Republic of Macedonia** and the "IPA cross-border cooperation" component (actually 10 IPA-CBC programmes adopted between Member States and candidate or potential candidate countries).

For the remaining two candidate countries, Montenegro and Iceland, the state of play and objectives are as follows. Since it has been granted candidate country status in December 2010, **Montenegro** has made good progress in meeting the Copenhagen political criteria, achieving overall satisfactory results. Preparation for implementation of the Regional

Development Component is on-going both in terms of negotiating strategic documents (the Operational Programme "Regional Development" is being adopted) and developing project pipeline.

**Iceland's** accession process continues and screening of the Icelandic legislation is being completed. The Commission takes Iceland's specificities and expectations into account, within the existing approach on accession negotiations and fully safeguarding the principles and *acquis* of the Union. In general, Iceland maintains a good level of alignment with the *acquis*, in particular for political criteria. The Commission will continue to provide support in the field of information and people-to-people contacts.

### ***Potential Candidates***

In March 2012 **Serbia** obtained the status of candidate country, taking into account the progress achieved so far and on the understanding that Serbia reengages in the dialogue with Kosovo. In fact, the Commission concluded that Serbia continues on its way to sufficiently fulfilling the political criteria and the conditions of the Stabilisation and Association process. Some further progress was made in aligning legislation, policies and administrative capacity with EU standards. While the political criteria for the stability and functioning of institutions were sufficiently reached, Serbia needs to make significant efforts in restructuring its economy. Preparation for implementation of the Regional Development Component is on-going.

The Commission closely follows the progress made in **Albania**. Overall, sustained efforts are needed to strengthen administrative capacity for the implementation and enforcement of legislation. Additional efforts are required to ensure the timely implementation of commitments under the Stabilisation and Association Agreement. In the fields of concern for DG Regional Policy, there has been limited progress in the area of *regional policy and coordination of structural funds*, considerable efforts are needed to establish the necessary institutional and administrative capacity and to develop a mature pipeline of projects in the area of regional development.

In **Bosnia Herzegovina** and in **Kosovo**, the Commission continues to strengthen its support for the countries' institutions in implementing the objectives of the EU agenda, in line with the March 2011 Council conclusions, aiming at EU Accession even though the process is at a very early stage. No preparatory activity has started yet in the fields of concern for DG Regional Policy.

### ***ISPA***

Between 2005 and 2006, the Commission approved a total of 6 projects on the basis of proposals submitted by Croatia. Of these projects, 3 concern the environment sector, 2 the transport sector, and 1 horizontal TA measure (for the organisation of the statutory monitoring committees and supporting ISPA implementing agencies). Two ISPA projects have been completed and were closed in 2012. The other 4 projects will be closed at the beginning of 2013.

#### *4.3.2 Main outputs for 2013 (including policy outputs where relevant)*

##### *Policy outputs:*

- Annual Report on implementation of IPA (2012) (contribution for DG Enlargement)
- Annual Report on implementation of ISPA (2012)

Operational outputs:

- Conferral Management Decision for Montenegro to be adopted end of 2013
- IPA major projects submitted in 2013 assessed and approved (70% in less than one year)
- Implementation of JASPERS in Croatia (started in 2011) and planning to launch JASPERS in the FYROM, Montenegro and Serbia in 2013 (signature of 3 contribution Agreements with EIB in 2013)
- Closures of the remaining 4 ISPA projects in Croatia is expected to take place in 2013

4.3.3 Specific objectives and related indicators (multiannual perspective)

**IPA/ISPA**

SPECIFIC OBJECTIVE 1 <sup>46</sup>	To assist candidate countries in building capacity for management of pre-accession assistance aiming to prepare for Structural Funds (for IPA regional component and IPA-cross border cooperation component).	
Result indicators	Latest known result	Target (result)
<p>Full use of the financial resources available and projects (of 2007-2013 multi-annual operational programmes) fully operational</p> <p>Timely adoption of the Operational programme for Montenegro</p>	<p>7 multi-annual operational programmes adopted by the Commission, covering investments in "environment", "transport", and "regional competitiveness" amended in 2012 in order to add resources for 2012 and 2013.</p> <p>De-commitment of 2008 funds for 5 programmes.</p> <p>Operational Programme for Montenegro adopted on 7.12.2012</p>	<p>100% absorption of committed amount 70% of Major Projects decision adopted within one year</p> <p>By end 2012</p>
<p>Extension of multi-annual operational programmes to cover two additional years (2012-2013)</p>	<p>Financing agreements (triggering implementation of programmes) signed with all candidate countries for years 2007-2011;</p> <p>Adoption of 7 Commission Decisions for the extension of resources for 2012-2013</p>	<p>Signature of 7 amended Financing Agreements to match the extension of 2007-2011 programmes with additional resources covering years 2012 and 2013</p>
<p>Decentralised implementation system under IPA component III in place and fully operational</p> <p>Progress with the accreditation process in Montenegro to be able to confer management powers</p>	<p>Conferral of (decentralised) management powers decided by the Commission November 2008 for HR, July 2009 for MK and July 2009 and January 2011 regarding the operating structures in candidate countries responsible for the implementation of the programmes.</p> <p>Amended Decision for the Environment, Transport and Regional Competitiveness Operational Programme for in TR.</p>	<p>Compliance with public procurement and sound financial management (as verified by follow-up audits and monitoring activities)</p> <p>Conferral Management Decision adopted by end of first quarter 2013</p>
<p>Signature of financing agreement with candidate countries for IPA-cross border cooperation (CBC) programmes with Member States for the remaining allocation of 2012 and 2013</p>	<p>10 Financing Agreements signed by DG to be forwarded to beneficiary countries for their signatures.</p> <p>Two financing Agreements will not be signed in the future (for the cross-border programmes Greece-Turkey and Cyprus-Turkey, which are not functional).</p>	<p>Signature of 10 financing agreements for IPA-CBC programmes for period 2012 and 2013 allocations.</p>
<p>Joint Management Structures in place for the cross-border programmes (Joint Technical Secretariat, Joint Monitoring Committee and National Authority, National Contact Point, Group of Auditors) fully operational</p>	<p>All structures already set-up and all of them operational.</p> <p>Difficulties in absorption of funds. N+3 will not be met for all programmes</p>	<p>achievement of the initial objectives set in the IPA cross-border programmes under shared management system (which is very similar to the ERDF cross-border management system)</p>

<sup>46</sup> The formulation of the indicators and related targets under Specific Objective n°1 was updated in order to make the indicators more measurable and target(s) more quantified. Reporting on latest results was adjusted accordingly.

<b>SPECIFIC OBJECTIVE 2</b>	<b>To assist candidate countries to develop pipeline of mature projects to implement the strategy/priorities agreed in the multi-annual development programmes</b> <b>A. Enhancing transport infrastructure, in particular interconnection and interoperability with trans-European networks;</b> <b>B. Improvement of environment infrastructure, to promote compliance with the EU environment acquis, particularly waste management, water supply and urban waste water;</b> <b>C. Enhancing regional competitiveness and productive environment to achieve social and economic development and creation of sustainable employment.</b>	
<b>Result indicators</b>	<b>Latest known result<sup>47</sup></b>	<b>Target (result)<sup>48</sup></b>
<b>Rail sector</b>		
<i>Croatia (IPA transport):</i>		
increased average train speed on the corridor X	70 km/h	103 km/h (by 2014)
<i>Turkey (IPA transport):</i>		
completion high speed rail line Ankara/Istanbul	0	56 km additional (by 2014)
<b>Road sector</b>		
<i>Former Yugoslav Republic of Macedonia:</i>		
Km of new motorway completed	0	28.18 km (by 2014) <sup>49</sup>
<b>Environment</b>		
<i>Croatia (IPA environment):</i>		
population served by the new waste management centres	0 (baseline value 2007)	975 525 (by 2014)
population served by the waste water treatment plants	0 (baseline value 2007)	165 000 (direct and indirect effect) (by 2014)
<i>Turkey (IPA environment):</i>		
number of municipalities benefiting from drinking water network services;	3 159 (baseline value 2004)	3 163 (by 2014)
number of municipalities benefiting from improved wastewater services;	319 (baseline value 2004)	328 (by 2014)
additional population served by drinking water projects;	0 (baseline value 2004)	1 551 325 (by 2014)
additional population benefiting from improved wastewater services;	0 (baseline value 2004)	2 000 000 (by 2014)
additional population receiving integrated solid waste management systems	0 (baseline value 2004)	3 900 000 (by 2014)
<i>Former Yugoslav Republic of Macedonia</i>		
population served by waste water treatment plant	0 (baseline value 2007)	167 000 P.E. (designed capacity by 2014)
<b>Regional competitiveness:</b>		
<i>Croatia:</i>		
number of implemented projects for business related infrastructure development	0	30 (by 2014)

<sup>47</sup> The first set of projects is still under implementation, it is not yet possible to report results at this stage.

<sup>48</sup> The target results presented in the table are provided until 2014.

<sup>49</sup> The original target values had to be increased in order to be in line with the values in the Commission decision, taken in 2011.

<i>Turkey:</i>		
Number of SMEs benefiting from shared service facilities established or supported under the IPA funded Regional Competitiveness programme	0	1 100 (additional by 2014)
Number of new enterprises established industrial sites	0	730 (additional by 2014)
<b>IPA-cross border programmes:</b> <i>Programme "Slovenia-Croatia":</i>		
Number of projects developing joint use of infrastructure	17	5
Number of projects encouraging and improving the joint protection and management of the environment	18	40
<i>Programme "Bulgaria-Serbia":</i> Assistance for project preparation – Feasibility studies		
Assistance for project preparation – Preliminary and detailed design work	0	10
	0	7
<b>SPECIFIC OBJECTIVE 3</b>	<b>Provide assistance to the preparation for accession to the EU of Croatia in the area of economic and social cohesion, concerning environment and transport policies (ISPA Projects)</b>	
<b>Result indicators</b>	<b>Latest known result</b> <sup>50</sup>	<b>Target (result)</b>
<b>ENVIRONMENT</b>		
Population connected to water and wastewater networks (Croatia)	Resident population of Karlovac connected to the wastewater network increased from 65% (before project) to 68.4% (2012).  Drinking Water: Unaccounted for water: Relative decrease of 8,05% achieved.	Resident population of Karlovac connected to the wastewater network to be increased from 65% (before project) to 69% (after completion). <sup>51</sup>  Drinking Water: Unaccounted for water from 43% to 35% (Relative decrease of 8%) <sup>52</sup>
Population benefitting from new regional waste management centre (Croatia)	30,000 inhabitants covered by waste recycling schemes	At least 30.000 inhabitants covered by waste recycling schemes.
Railway average speed (Croatia)	Increase of the line speed capability from a designed speed of 120km/h (track) and 140km/h (signalling) to 160km/h on section Vinkovci to Tovarnik to State Border Railway Rehabilitation.  UIC track and gauging standards including electrification adjustment have been met	Improvement in the line speed capability from a designed speed of 120km/h (track) and 140km/h (signalling) to 160kni/h.  Meeting UIC track and gauging standards including electrification adjustment. <sup>53</sup>

## Comments

1. Generally, given the nature of the projects financed under IPA (mostly major infrastructures in the field of environment and transport) the main indicators will be available at the end of the implementation period.

2. The slow implementation of programmes means that fewer projects that might have been expected had been tendered and contracted by the end of 2012. In addition, the Annual Implementation Reports do not provide sufficient quantitative data and qualitative information to be used for the purpose of adequately monitoring the implementation of the programmes. These weaknesses are being addressed by DG Regional Policy mainly through the support of EU Delegations (for tendering and contracting) and additional guidance. Furthermore, JASPERS assistance is used in Croatia and will be used to support FYROM, Serbia and Montenegro in their efforts to prepare horizontal strategies and major projects.

<sup>50</sup> The reporting on latest known results, compared to the reporting made in the frame of the AAR 2011, was adjusted in order to align it better to the related indicators and targets.

<sup>51</sup> This target differs from that reported on the AAR 2011 to match information reported in the final report on the related project on targets set in the Financing Memorandum. The baseline target should have been 65%, with a final target of 95% by 2020; 69% is the intermediate target by the end of the eligibility period on ISPA

<sup>52</sup> This target, and related result, was added compared to the reporting in the AAR 2011 in order to align to the indicator.

<sup>53</sup> These two targets and related latest known results were modified, compared to the ones reported in the AAR 2011, in alignment with the Financing Memorandum of the ISPA project "Vinkovci to Tovarnik to State Border Railway Rehabilitation" and the final report.

## 4.4 Management of the Solidarity Fund

### 4.4.1 Description and justification

The **European Union Solidarity Fund (EUSF)** is an instrument distinct from those of Cohesion policy and was set up in 2002 to grant financial assistance to Member States and to countries negotiating their accession to the EU<sup>54</sup>, mainly in the event of **major natural disasters**. It is based on the subsidiarity principle and assists eligible countries in coping with disasters of such size and impact that they have difficulties facing them with their own means alone. EUSF aid comes in addition to national efforts as an act of European solidarity. The EUSF is not included in the EU budget as such but may be mobilised over and above the normal budget on a case by case basis through an amending budget. The maximum annual drawing right available to the Fund is EUR 1 billion.

Over the past 10 years, since its creation in 2002, a total number of 94 applications for EUSF financial aid were received<sup>55</sup> by the Commission. The mobilisation of the EUSF has been approved on a total of 29 occasions in the event of major disasters. A "major disaster" within the meaning of the Regulation means any disaster exceeding a threshold, specific for each country, of either EUR 3 billion in 2002 prices or of more than 0.6% of its gross national income (GNI), whichever is the lower.

In exceptional cases, where damage remains below these thresholds, the Fund may be activated for so-called "extraordinary regional disasters", if the major part of the population of the region concerned is affected and if there is evidence of serious and lasting repercussions on living conditions and on the economic stability of the region. In all, since 2002, the EUSF granted aid for 16 regional disasters meeting these exceptional criteria.

Proposals for improving the functioning of the EU Solidarity Fund were put forward by the Commission on 6 October 2011 in its Communication on The Future of the European Union Solidarity Fund which aims at making the fund more responsive in the face of disasters, more visible and its operational criteria clearer<sup>56</sup>. The Commission considers that important improvements to the operation of the EU Solidarity Fund could be achieved with only a minimum of adjustment to the current Regulation, thus maintaining its rationale and character and without touching on matters of finance and the volume of permitted spending. The adjustments to the Regulation would not lead to any change in the eligible operations financed from the Fund, such as the immediate repair of vital infrastructures and the costs of deploying response assets. Elements of the 2005 proposal such as the widening of the scope, the modification of the thresholds or abandoning the category known as regional disasters will not be included in the amending Regulation which is currently prepared by Commission services.

### 4.4.2 Main policy / operational outputs for 2013

#### Policy outputs:

- Annual Report on the Solidarity Fund 2012

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<sup>54</sup> Currently Turkey, Iceland, Montenegro and Croatia.

<sup>55</sup> State of play of November 2012: Number of applications: 94; of which 49 accepted, 40 rejected, 2 withdrawn, and 3 pending

<sup>56</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The Future of the European Union Solidarity Fund, COM(2011) 613 final of 6.10.2011.



- Presentation and adoption by the Commission of a legislative proposal to amend the Solidarity Fund Regulation

*Operational outputs:*

- Three applications received during the second half of 2012 (ES – Valencia fires, ES – Canary Island fires, RO – drought and fires) are likely to be decided by the end of 2012. Depending on the decision, and following the completion of the amending budget procedure (involving the Parliament and the Council), grants could be paid out early in 2013.
- At least 2 monitoring visits to beneficiary countries for 2012 cases (IT - earthquake Emilia-Romagna, IT - Liguria & Tuscany flooding).
- Closure of 5 EUSF operations foreseen (ES forest fires, DE Kyrill, IT Abruzzo, FR Klaus, RO floods).

*4.4.3 Specific objective and related indicators*

SPECIFIC OBJECTIVE	To grant assistance to Member States or countries negotiating their accession to the EU in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy for the financing of emergency operations undertaken by the public authorities in support of the affected population	
Result indicators	Latest known result	Target (result)
Number of population helped in overcoming a crisis situation where their living conditions have been affected	Inhabitants helped by the EUSF interventions in 2012:  of grants for "regional disasters" of 2011 to: IT (for 2 cases), ES for recovery measures in the areas of basic infrastructures mainly for transport (road, rail) and water management (securing of flood protection constructions), energy, cleaning up operations.  The combination of these measures covers 100% of the affected population. In terms of numbers, a cumulated total of over 1.14 million people were directly affected in the two beneficiary countries of 2012 (Italy and in Spain). <sup>57</sup>	100% of population affected and eligible under the EUSF Regulation 58 upon the Member States' request
Size of disaster-stricken area where rehabilitation has been assisted	Aid available for 100% of affected areas (choice of supported operations up to the beneficiary state)	100% of areas affected by the disaster and eligible under the EUSF Regulation upon the Member States' request

**Comments:**

1 Two result indicators have been chosen to measure the direct impact of EUSF interventions on population and territories affected by major natural disasters: the number and percentage of population helped in overcoming a crisis situation, and the percentage of the disaster-stricken area assisted through rehabilitation.

2. In 2012, payment of grants for "regional disasters" of 2011 were made to Italy (for two cases: Veneto & Liguria & Tuscany flooding), and Spain (Lorca earthquake) for recovery measures in the areas of basic infrastructures mainly for transport (road, rail) and water management (securing of flood protection constructions), energy, cleaning up operations. In 2012, there was only one major disaster relating to the earthquake in the area of Emilia-Romagna (Italy). The application from Italy for this disaster was accepted and the Commission decided to grant financial aid of over EUR 670 million to Italy. Once the amending budget procedure was completed and the implementation agreement with Italy is signed, the grant was paid out.

<sup>57</sup> As described in the MS application files

<sup>58</sup> Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund

## 5. SPECIFIC OBJECTIVES FOR HORIZONTAL ACTIVITIES

Horizontal activities carried out by DG Regional and Urban Policy cover policy strategy, coordination, evaluation, thematic support, information and communication, audit activities and administrative support and management. These activities fully support the coordination and delivery of the operational activities of the DG for 2013.

Due to the importance and the major activity expected to be carried out by the DG in 2013 for preparing the implementation of EU Cohesion Policy 2014-2020, a specific section encompassing all related specific objectives, tasks and outputs is dedicated here below (5.1.1.).

In addition, sections below were updated to ensure better alignment with the DG priorities set in Part 2 and where necessary new specific objectives were added to reflect the new organisation of the DG and in particular the creation of the competence centres (i.e. 5.1.2, 5.1.3 and 5.3.3 ). An effort was undertaken to improve the formulation of objectives and of indicators with quantified targets. Where applicable, indicators presented in Part 2 (the ones accompanying the operational priorities) were integrated below.

### 5.1 Policy Strategy, Co-ordination and Evaluation

#### 5.1.1. *Preparing the implementation of EU Cohesion Policy 2014-2020*

In 2013, following the decisions to be taken on the multi-annual financial framework, DG Regional and Urban Policy will devote much effort to preparing the ground for EU Cohesion Policy post-2013. The **country-specific negotiation mandates**, prepared after formal submission of the partnership contracts, will aim to ensure that the priorities supported through EU-funded investment are clearly targeted on growth and jobs.

#### **Specific Objectives**

*At inter-institutional/ legislative level:*

- To continue negotiation on the legislative package for EU cohesion policy 2014-2020 with the Council and the European Parliament for adoption and prepare and finalise the work on secondary legislation (delegated and implementing acts).

*At operational level:*

- To coordinate with SG and other services during the informal dialogue to ensure a Commission line to take on all negotiation issues that are not covered by the position paper.
- To develop country-specific negotiation mandates in a harmonized way across the DG and have them all adopted by the Commission (DG Regional and Urban Policy in agreement with partner DGs - DG Employment, Social Affairs and Inclusion, DG Maritime Affairs and Fisheries and DG Agriculture and Rural Development) in order to shape the priorities in Member States for public investment during the next seven years;
- To negotiate with the Member States the partnership contracts and subsequently the programmes, in order to ensure a smooth start of next period;
- To ensure that during the programmes' negotiations all issues and agreements on

the partnership contract are followed up;

- To define and agree with the Member States for each programme and each priority clear, measurable and relevant indicators of outputs and results, including common indicators, with baselines and targets, supported by a performance framework of financial and output indicators with milestones and targets for mid-term and end of programme achievements to allow aggregate achievements to be presented at EU level and to facilitate evaluation of the impact of the policy;
- To communicate on and explain the Commission's proposal on regional policy 2014-2020, i.e. how it will affect regions and how it will be implemented on the ground.

*At international/third country level:*

- To manage the preparatory action budget line 'Enhancing regional and local co-operation through the promotion of EU Regional Policy on a global scale' prior to its incorporation into the budget in 2014

*At support level:*

- To ensure support to geographical units both in the preparation of the negotiations (including informal dialogue) and in the negotiations themselves with the competence centres and relevant horizontal policy units providing guidance in close coordination with DG Employment, Social Affairs and Inclusion on the thematic issues with respect to smart, sustainable and inclusive growth issues;
- To ensure support to Geographic Units of DG Regional and Urban Policy for a stronger results focus in the design of new 2014-2020 programmes;
- To prepare and provide guidance on key issues of the new legislation;
- To offer adequate learning and development programmes allowing proper preparation for the future programming period, implementation of training being monitored by a Steering Committee;
- To ensure that all necessary coordination procedures are established for the steps of the official negotiations as regards the partnership contracts and the programmes;
- Designing the processes for the 2014-2020 period in order to ensure a smooth implementation in the supporting IT tools;
- To create new Information Systems dedicated to the funds management for programming period 2014-2020.<sup>59</sup>

#### **Main outputs in 2013\***

*At inter-institutional/ legislative level:*

- Adoption of the legislative package for EU cohesion policy 2014-2020 (less than 6 months after the decision on MFF)
- Adoption of all delegated and implementing acts for Cohesion Policy post 2013 within 6 months of the adoption of the regulations;

*At operational level:*

- Adoption of all negotiation mandates in agreement with EMPL, AGRI and MARE (no later than 3 months after the official submission of partnership contracts);
- Adoption of partnership contracts in alignment with the Europe 2020 priorities;
- Approval of programmes with clear indicators and targets;
- Communication materials on 2014-2020 partnership contracts and programmes;
- Conference with communication officers from managing authorities to prepare 2014-2020;

<sup>59</sup> The IS are called SFC2014 (Shared funds management system) and WAVE. SFC2014 Front Office will be dedicated to the exchange with Member States authorities. The SFC2014 Back Office is dedicated to financial management. WAVE will cover the management of internal workflows within REGIO.

<i>At support level:</i>	
<ul style="list-style-type: none"> <li>- Guidance notes for the 2014-2020 period, including guidance on the regulation post-2013<sup>1</sup></li> <li>- Contribution to the delivery mechanism in the Council and Parliament General Regulation for Cohesion Policy post 2013, including specificities for ETC in the audit field;</li> <li>- All process needed for the start-up of the 2014-2020 period defined and implemented;</li> <li>- Delivery in production of SFC 2014 Back office new application, implementing the commitment and the pre-financing;</li> <li>- Delivery of the new workflow system WAVE with the partnership contract and the operational programme 1<sup>st</sup> decision ERDF/CF</li> </ul>	
<b>Indicators</b>	<b>Target(s)</b>
<i>At inter-institutional/ legislative level:</i>	
Timely adoption of the EU 2014-2020 Cohesion Policy legislative package	By mid-2013
Timely adoption of delegated and implementing acts for EU Cohesion Policy 2014-2020	By 6 months after adoption of the regulations
<i>At operational level:</i>	
Adoption of partnership contracts and of 2014-2020 programmes	100% partnership contracts by end of 2013 and 100% programmes under the mandate of this commission (based on the assumptions described in Part 2)
Percentage of approved 2014-2020 partnership contracts and operational programmes communicated via the website and press materials.	100%
All priority axis in each programme including result and output indicators (including common indicators where appropriate) and targets agreed with MS before adoption of the 2014-2020 programmes and supported by a performance framework	100% OPs adopted with result and common output indicators and performance frameworks for each priority
<i>At support level:</i>	
Guidance notes for the 2014-2020 period made available	100% by early 2013 (according to DG timetable)
Learning and Development sessions preparing desk-officers for the future programming period as foreseen in the LDF and decided at the Steering Committee	All foreseen sessions are implemented in conformity with the decisions of the Steering Committee for training
SFC2014 Back office - Commitment and pre-financing	Q4 2013
WAVE Partnership Contract and Operational programme 1st decision ERDF/CF	July 2013
Delays to enter in production in absolute terms (for all other new 2014-2020 new processes mentioned in SD 2013 and after set-up of the deadline to be reached by the appropriate governance body)	0 months
Number of 2014-2020 processes implemented in WAVE	6 including variants, meaning 11 business processes
Finalising the “U:” drives replacement by Sharepoint and wiki	End of 2014 for document and knowledge concerning 2014-2020

Specific objectives, outputs, indicators and targets for horizontal activities described below (from section 5.1.2 to 5.3.5) with regards to the preparation of programming period 2014-2020 are reported in section 5.1.1.

### 5.1.2. Administrative Capacity Building<sup>60</sup>

<b>Specific Objectives</b>	
<ul style="list-style-type: none"> <li>To enhance the capacity of the Commission to help Member States and regions to overcome cohesion policy implementation bottlenecks linked to administrative capacity problems in order to accelerate the absorption of Funds and the quality of spending, prepare a better ground for the 2014-2020 programming period and achieve structural reforms.</li> <li>To pay special attention and perform actions for strengthening the administrative capacity in the case of some member states that have serious problems related to the application of the EU rules.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>Identification of the weaknesses, including in the Management and control systems, and the structural underlying causes in the Member States having weak administrative capacity.</li> <li>Definition of tailored action plans (with phasing) including when necessary structural reform with the national authorities to address having weak administrative capacity.</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Weaknesses and structural underlying causes identified in the Member States	100% for all MS having weak administrative capacity by end of 2013
Action plans (with phasing) defined to address the underlying causes of the weaknesses	100% for all MS having weak administrative capacity by end of 2014

### 5.1.3. Smart, Sustainable and Inclusive Growth

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To provide assistance to and foster thematic expertise of the DG staff and especially to the geographical units with respect to Smart, Sustainable and inclusive growth issues of the Europe 2020 Strategy and the territorial dimension by a close cooperation and exchange between the geographical units and the Competence Centres</li> <li>To ensure thematic coordination and a bridge between the thematic DGs and national and regional innovation actors and REGIO and to manage internal thematic networks in relation to smart, sustainable and inclusive growth</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>More thematic expertise in in the REGIO geographical units in the field of smart and sustainable and inclusive growth</li> <li>Renewed thematic networks (extended Competence Centres)</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Set up thematic networks with the participation of policy units, and competence centres and geographic units	thematic networks operational by March 2013
Regular meetings with the Social Inclusion Network team (SoCoNet)	6
Number of meetings of the thematic networks	25
Number of thematic trainings	10

<sup>60</sup> At end of 2012, the competence centre 'Administrative capacity building', created following the DG re-organisation of beginning of October 2012, was staffed only in minor part and was not yet operational. Hence, outputs, indicators and targets will be further defined in 2013 as soon as the centre will become operational.

Number of thematic correspondents in geographical and policy units	100
Number of ISG meetings	100

#### 5.1.4. Urban and Territorial Development

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To play a coordinating role within the Commission in the area of territorial and urban development and to work with other Commission services in order to increase coherence and consistency among Commission urban-related initiatives,</li> <li>Encourage Member States and regions to engage in strategic planning and programming for sustainable, integrated territorial and urban development.</li> <li>To promote innovative approaches and actions in urban and territorial development on the basis of the possible management modes by taking into account the limited resource available at DG level and the possibility of outsourcing.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>Completion of the EP preparatory action RURBAN- Partnership for sustainable urban-rural development – final reports of 2 studies and organisation of 2 European seminars and final OECD conference.</li> <li>Completion of the EP preparatory action 'Erasmus for local and regional elected representatives'</li> <li>Final report - PP Sustainable Regeneration in Suburbs – promoting social integration in deprived neighbourhoods through ERDF housing interventions (January 2013)</li> <li>Final report - Good practice in urban development: Projects and approaches supported by the European Regional Development Fund during the 2007-2013 programming period (January 2013)</li> <li>Support for dissemination of the Reference Framework for European Sustainable Cities (RFSC) across EU cities</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Finalisation of CLLD guidance for MAs and local action groups: common guidance by AGRI (chef de file), MARE, EMPL and REGIO (H1). Next phase: completion of guidance by DGA1.01 and contracted experts.	1) Target for guidance document to MAs: February 2013 2) Target for guidance document to local action groups: spring 2013
Number of UrbaNet meetings (internal urban and territorial network)	6-7
Number of cities which will participate at the "Capital Mayors" event	15
Number of cities which will participate in "Urban Innovative Actions Beyond 2020" event,	300
Number of cities which will use RFSC	250
Number of ISG meetings	4
Nr of European seminars and conference in the framework of EP preparatory action RURBAN - Partnership for sustainable urban-rural development	2
EP preparatory action RURBAN - Partnership for sustainable urban-rural development presentation of final report	1 report
Field visits - EP PA 'Erasmus for local and regional elected representatives'	5 field visits for ca 100 participants
EP PP Suburbs: presentation of final report	1 report
Study: Good practice in urban development: Projects and approaches supported by the European Regional Development Fund during the 2007-2013 programming period – presentation of the final report -	1 report
Budgetary execution for EP PP Suburbs	100%
EP PA: RURBAN	100%
EP PA 'Erasmus for local and regional elected representatives'	100%

5.1.5. *Strategic Planning and Programming:*

<b>Specific Objectives</b>	
<ul style="list-style-type: none"> <li>Determine, coordinate and evaluate the general strategy of DG Regional and Urban Policy's operational activities and give the necessary impulse and coordination to policy definition, preparation, implementation and review in accordance with the Commission and the DG's priorities so that the overall mission of the DG is coherently planned and fulfilled.</li> <li>Implement the Commission planning and programming process so that DG Regional Policy delivers its policy objectives contributing to the overall Commission strategy in an effective, timely, efficient and accountable manner. Ensure that the Annual Activity Report demonstrates adequately and effectively the proper use of the resources and the reasonable assurance.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>Annual Activity Report 2012</li> <li>Management Plan 2014</li> <li>Monitoring system of DG's key operational priorities in place and working by first semester 2013</li> </ul>	
<b>Indicators</b>	<b>Target(s)</b>
Rating of DG Regional Policy's SPP documents (Annual Activity Report and Management Plan) by the central services (SG, BUDG, Court of Auditors)	At least "good"
DG strategic operational priorities monitored each two months	100% for all 15 strategic priorities
DG all other operational priorities monitored each four months	90%

5.1.6. *Evaluation and contribution to European Semester*

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To provide evidence on the performance of Cohesion policy, through the reports of the expert evaluation network, as well as thematic evaluations;</li> <li>To enhance evaluation capacity in Member States and regions through methodological guidance and networking so that they will provide credible evidence on the performance of their programmes;</li> <li>To provide support to Geographic Units of DG Regional and Urban Policy to ensure a stronger results focus in the management of current programmes;</li> <li>To support Geographic Units of DG Regional and Urban Policy to define country specific recommendations related to Cohesion Policy to be adopted where relevant by the Commission.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>Adoption of the Communication on "The Common Strategic Framework Funds and EU economic governance" (before 01.10.2013)</li> <li>Adoption of the 8th progress report on economic, social and territorial cohesion (before 01.04.03)</li> <li>Adoption of the second strategic report (at the latest by 01.04. 2013)</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Evaluation Reports (accurate and timely)	> 90% / planning
Meetings with high level experts / representatives from Member States (exchange of experience, communication of results of Cohesion Policy to a large audience, guidance on issues for new programming period)	2 meetings of the Expert Evaluation network 3 meetings of the Evaluation Network with Member States Respond to requests for bilateral, guidance meetings:

	95%
Reporting against core indicators	More accurate reporting by MS, verified annually by Geographic Units (100%)

#### 5.1.7. *Inter-institutional relations / Relations with Civil Society Organisations*

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To secure effective and efficient representation of the DG's interests and strong involvement in internal Commission deliberations with other institutions, notably the Parliament's REGI Committee, reflecting the Parliament's increased role as co-legislator after the entry into force of the Lisbon Treaty, and other external fora so that the overall strategy and activities of the DG are reinforced.</li> <li>To strengthen DG Regional Policy's engagement in a structured dialogue with civil society organisations, social partners and organisations representing local/regional authorities.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>Parliamentary questions answered according to the deadline set by General Secretariat (target: 95%)</li> <li>Structural dialogue meeting on the Partnership principle in the Spring time</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Respect of deadlines in responses to parliamentary questions	More than 95% of parliamentary questions received sent according to the deadline set by General Secretariat.
Overall satisfaction level rating on the Structural Dialogue meetings by participants on the quality of event	"90% Positive feedback from the organisations shown in the evaluation forms conducted after the event and informal feedback."

#### 5.1.8. *Macro regional strategies*

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To coordinate the implementation of macro-regional strategies and to assess the added-value of the macro-regional approach, on the basis of the reports on the implementation of the EU Strategy for the Baltic Sea Region and the EU Strategy for the Danube Region.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>EC Communication on appraisal of macro-regional strategies.</li> <li>Commission staff working document accompanying the communication from the Commission to the EP, the Council, the EESC and the CoR concerning the EU strategy for the Baltic Sea Region Action Plan (2013)</li> <li>Report to the Council on the implementation of the EU Strategy for the Danube Region</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Implementation of the reviewed action plan of 35 projects/actions of the EU Strategy for the Baltic Sea Region to be carried out by participating countries	80% (26 projects/actions implemented)
Implementation of the Action plan of the EU Strategy for the Danube Region adopted in April 2011	50 projects receiving a letter for recommendation through the structures of the Danube



	Strategy, the participating countries; - Organisation of 1 annual forum - Organisation of 1 high level group meeting - Organisation of 1 coordination meeting with key stakeholders
Report on broader concept of macro-regional strategies to the Council	June 2013

### 5.1.9. Outermost regions

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To coordinate the work of the Commission for the outermost regions (OR) in order to ensure that the specific characteristics and constraints these regions face are taken into account in the European policies, as foreseen in Article 349 of the TFEU and in the context of the renewed strategy for the OR adopted in 2012.</li> <li>To coordinate with the other Commission services the necessary legislative proposals on derogations and transitional periods regarding the application of the <i>EU acquis</i> to Mayotte from January 2014 and assist in the implementation of the related preparatory action to support Mayotte in this transition.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<i>Legal acts</i>	
<ul style="list-style-type: none"> <li>Input to the legislative proposals to be adopted by the Commission following the European Council Decision adopted on July 11, 2012, regarding the change of status of Mayotte from an overseas territory to an outermost region as of 1 January 2014.</li> <li>Follow-up of the COM(2012)287 Communication: The outermost regions of the European Union: towards a partnership for smart, sustainable and inclusive growth</li> <li>Measures/actions in line with the Communication and in accordance with the Commission Work Programme for 2013;</li> <li>Support the OR in the elaboration of an action plan by region setting out, with targets and milestones, how they intend to implement the Europe 2020 agenda taking account of their individual situations, and the different instruments at their disposal.</li> </ul>	
<i>Studies:</i>	
<ul style="list-style-type: none"> <li>Finalisation and presentation of the study on the impact of climate change on OR (biodiversity, ecosystems, traditional agricultural and fisheries activities) (foreseen end date July 2013).</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s) to</b>
All necessary COM legislative proposals/measures adopted on the necessary temporary derogations and specific schemes on the application of the "EU acquis" to Mayotte as for January 2014	By end 2013
Action plans of OR stemming from COM(2012)287	June 2013
Finalisation of the study on climate change in OR	July 2013

### 5.1.10. International relations

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To contribute to the strategic partnership between the EU and third countries: EU regional and cohesion policies represent a model which is of interest to third countries because it seeks to bring about greater territorial integration while promoting growth and sustainable development, through a delivery system based</li> </ul>	

on multi-level governance.	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>- Developing closer relations and cooperation in the field of regional policy dialogue with the EU's priority partner countries and organisations and contributing to overall relations with them.</li> <li>- Activities which will contribute to promoting exchanges on EU cohesion policy such as studies, study visits, training courses, events, conferences, network building and contacts between EU and non EU regions.</li> <li>- Presentations to non-EU visitors and others dealing with the principles of EU regional policy, lessons learned and the practicality of applying them in non-EU environments</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Number of study visits in the field of regional policy organized in EU regions for third country representatives.	between 7 and 9
Number of third country and European representatives taking part in study visits	Between 75 and 135
Number of technical information seminars arranged on the subject of EU regional policy in third countries	Between 1 and 3
Number of economic and analytical studies on the subject of regional policy in third countries and regional groupings	Between 8 and 12
Number of presentations to non-EU/international visitors or groups of visitors	Between 40 and 50
Budgetary execution - PA: Enhancing regional and local cooperation through the promotion of Union Regional Policy on a global scale.	85% commitment appropriation 85% payment appropriation

#### 5.1.11. Northern Ireland Task Force (NITF)

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>• To support, in the frame of the Northern Ireland Task Force (comprising 17 DGs and operating under the authority of the Commissioner responsible for Regional and Urban Policy) the devolved institutions and find ways to help the region to become more economically competitive, to deepen its dialogue with EU institutions and thus to align its policies with Europe 2020, namely in the areas of innovation, employment, climate change/energy and social cohesion.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>- - Concrete engagement of the NI authorities in aligning their policies with Europe 2020";</li> <li>- - Major Peace conference in Brussels on 31 January 2013.</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
- Meetings of the NITF and their counterparts	At least 1 by end of 2013

## 5.2 Legality and regularity of underlying transactions

### 5.2.1 Audit Strategy

#### **Specific Objectives:**

- To seek reasonable assurance that the management and control systems in the Member States and beneficiary countries comply with the requirements of the EU Regulations and are functioning effectively, so as to prevent and detect errors and irregularities and assure the legality and regularity of the expenditure declared to the Commission.

#### **Audit activities in 2013**

The audit directorate contributes to the assurance process of the Directorate General.

The Member States are in the first instance responsible for preventing, detecting and correcting irregularities and for carrying out financial corrections. The reinforced role of the audit authorities, compared to the previous programming period, gives them a significant responsibility in ensuring that the national audit strategy is well implemented and its results properly reported to the Commission.

As regards the provisions on management and control in the legislative proposals for 2014-2020, the focus will be to ensure that the necessary delegated/implementing acts are adopted in time, accompanied by the relevant guidance notes for the Member States.

The following audit activities are set out in more detail in DG Regional and Urban Policy Audit Strategy for 2012-2013.

#### **Programming period 2007-2013:**

The audit directorate has elaborated audit enquiries for each audit activity based on updated risk-assessment. The main enquiries are:

- 1) The audit enquiry on the review of the audit authorities under which the Commission will assess the reliance which can be placed on the audit work of the audit authority and in particular to enable to adopt the provisions of Article 73, whereby the Commission can conclude that it can rely principally on the opinion provided by the AA and limit its own on-the-spot audits, thus freeing up audit resources for thematic audits to tackle identified risks and for performance audits.
- 2) The audit enquiry on bridging the assurance gap, under which the Commission carries out its own on-the-spot audits directly at the level of Managing Authorities/intermediate bodies, with a view to bridging any perceived assurance gap related to identified risks, e.g. on public procurement, management checks, State aid, financial instruments etc.
- 3) Audits on financial instruments specifically targeted to their functioning, aspects of legality and regularity as well as sound financial principles
- 4) Audits on recoveries, in order to determine if certifying authorities selected on a risk basis have satisfactory arrangements for keeping an account of amounts recoverable and for recovery of undue payments and for reporting such amounts, in line with the applicable EU regulatory requirements.

In addition, performance audits on a pilot basis and audits of the European Union Solidarity Fund are planned.

#### **Programming period 2000-2006:**

Contribute to the closure of Cohesion Fund projects (examination of winding-up declarations) and carrying out audits, based on the risk assessment carried out in 2012 on a sample of projects on-the spot. Contribute to the finalisation of closure of ERDF 2000-2006 by analysing the remaining winding-up declarations, by following-up additional work/information requested to the Member States and by supporting the process of financial corrections at closure, in particular as a result of closure audits.

#### **Contribution to the Annual Activity Report**

Analysis of all available audit information and in particular national system audit reports, annual control reports and the accompanying audit opinions and the underlying calculation of the cumulative residual risk

for each OP, which provide key input and to the assurance of the DG regarding legality and regularity. The examination of the annual summaries sent by Member States, as well as the examination of national declarations

**Capacity-building:** the contribution of the audit directorate to the strategy for capacity-building covers, for the audit authorities, the organisation of annual bilateral control meetings, technical meetings and the annual meeting with the "homologues" and focused actions targeted to all programmes authorities.

Other initiatives include: updating guidance notes (on sampling methods, guidelines for determining financial corrections for non-compliance with the rules on public procurement), as well as guidance to Member States for the implementation of 2014-2020 period.

**Relations with other institutions:** Follow-up of DAS cases of errors detected by the Court and arising from their annual reports, including actively contribute to the DAS 2012 contradictory process to defend the positions of the Directorate General.

**Main outputs in 2013 (including policy outputs when relevant)**

- Annual audit opinion on all operational programmes based on the analysis of all available national and EU audit results, in view of the assurance of the Director General in the AAR 2012
- Commission answers and follow-up to the ECA audit reports (SPFs), special reports and the ECA Annual Report, as well as EP and Council Discharge resolutions and recommendations
- Contribution to DGs' decisions on interruption and suspension of payments, through timely preparation of draft interruption and suspension letters
- Preparation of guidance notes for the attention of audit authorities as regards sampling and closure for 2007-2013
- Issuance of Article 73 letters for additional AAs
- Follow-up to ECA and discharge recommendations

Indicator(s)	Target(s)
<b>2007-2013 programming period:</b>	
Number of audit missions performed	95 % of the number of missions planned in Directorate C plan agreed by Board of Directors
Number of draft audit reports sent out within 3 months after the end of the on the spot audit	95% of the number of missions performed
Review of system audit reports submitted by MS	80 % within 3 months from receipt of the Member State report
Assessment of annual control reports (ACR) and opinions	within 2 months from receipt of ACR
Assessment of annual summaries submitted by the Member States	before completion of AAR
Financial corrections accepted by the Member States/decided by the Commission	within 24 months of the on the spot audit
Annual audit coordination meetings with the Audit Authorities	One per MS/year
<b>2000-2006 programming period:</b>	
Financial correction decisions	within 3 months from the hearing with MS
<b>Capacity building:</b>	
Horizontal meetings with audit authorities	twice per year
Specific targeted training to Member States with weak administrative capacity	According to needs
Internal directorate C training actions	at least 6 times a year
<b>Discharge process:</b>	
Follow up of DAS cases	> 80% of cases closed within 2 years after the publication of the report
Follow up of Discharge and ECA recommendations	> 80% of recommendations closed within the deadline set in RAD

## 5.2.2 Anti-Fraud Approach

<b>Specific Objectives:</b>	
<p><i>External fraud</i> as set out in the Joint Anti-Fraud Strategy 2012-2013:</p> <ul style="list-style-type: none"> <li>• to train the DGs desk officers and auditors in fraud prevention and corrective measures;</li> <li>• to raise awareness on fraud prevention, detection and corrective measures with the authorities responsible for management, implementation and control of structural actions in the Member States and to provide training sessions;</li> <li>• to provide more proactive guidance and support for Member States for fraud detection work, including the use of specific tools (such as ARACHNE), and to</li> <li>• ensure that appropriate measures and procedures are in place for co-funded programmes in Member States in order to report suspected fraud cases;</li> <li>• to reinforce the capacity of the Member States to carry out a fraud risk assessment and to strengthen anti-fraud measures in the 2014-2020 management and control systems by providing a methodology in this respect;</li> <li>• to ensure appropriate and timely follow-up to recommendations in OLAF Final Case Reports using all available legal procedures as appropriate (financial corrections, interruptions or suspensions of payments);</li> <li>• To envisage anti-corruption actions on the ground where a higher risk is detected. Such events will take into account all on-going actions in this area by other Commission services.</li> </ul> <p><i>Internal Fraud</i></p> <ul style="list-style-type: none"> <li>• As concern prevention and detection of internal fraud, to evaluate the efficiency of policies and procedures taking into account procedures at Commission's level - and on this basis to propose, if needed, proportionate measures to improve the existing procedures, including the definition of the needs in terms of IT tools and an OLAF correspondent.</li> <li>• To identify/ mitigate the risks related to the internal fraud</li> <li>• To raise staff awareness about ethics and internal anti-fraud actions.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>– reinforced fraud risk assessment in cooperation with OLAF;</li> <li>– more proactive guidance and support for Member States for fraud prevention and fraud detection work;</li> <li>– higher level of fraud awareness in the DG ;</li> <li>– higher level of fraud awareness in the Member States, including on anti-corruption;</li> <li>– follow-up of the recommendations resulting from OLAF's Final Case Reports.</li> <li>– Evaluation of the efficiency of policies and procedures, and if needed, adoption of proportionate measures to improve the existing procedures and awareness about ethics and antifraud strategy.</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
<b>External fraud:</b>	
Number of internal training /fraud-awareness events organised in the DG;	2
Number of external training /fraud-awareness events organised for the benefit of Member States;	3

Number of cases of suspected fraud transmitted by the DG to OLAF for evaluation (and possible investigation, based on OLAF's assessment);	Depending on denunciation and detection
Number of OLAF Final Case Reports for which financial follow-up has been finalised.	> 80% after 2 years of Final Case Report transmitted to REGIO
<b>Internal fraud:</b>	
Risk assessment screening related to internal fraud	1 risk assessment screening with proposed mitigating actions

## 5.3 Administrative and Management Support

### 5.3.1 Human Resources management

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To implement actions, aimed at supporting the REGIO Change Process, as described in the Blueprint, in particular those related to HR development and allocation and to DG re-organisation.</li> <li>To further develop and implement the REGIO HR Rolling Plan 2012-2017 in order to anticipate needs, have a tool to deploy staff where needed for a transparent staff allocation</li> <li>To offer a quality service; maintain a high level of competence; promote cooperation; favour conformity with relevant rules of the Commission related to human resources policy and management of premises and furniture, provide trainings in order to enhance skills and improve the staff's and organisation's efficiency.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>– HR Rolling Plan 2012 – 2017</li> <li>– Workload assessment of policy and geographic units</li> <li>– Learning and Development Framework for year 2013, in line with Blueprint needs</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
All published posts are occupied within 3 months from publication of vacancy notice;	80%
% of statutory staff leaving the DG before two years of employment in the DG	Less than 5%
Percentage of women of non-management AD officials	50% by 2014 <sup>61</sup>
Percentage of Senior and Middle management posts occupied by women	25% SM, 30% MM by 2014
Level of execution of the external staff budget	At least 95%
Level of execution of the learning and development budget	At least 95%
Regular verification of budget execution forecast for Missions and Experts budgets aiming at good absorption and sound financial use of resources.	Twice per year
Experts reimbursements treated and sent to PMO within the imposed deadline	95%
Number of average training days /year/person exclusive on-the-job training	6.0

<sup>61</sup> Target mentioned is the Commission target to be met by 2014

<i>Key indicators linked to the implementation of the REGIO Change Process and its HR Strategy</i>	
Meetings of the Professional Development Committee	At least 3/ year
Updates to the HR Rolling Plan	Quarterly updates

### 5.3.2 Financial management

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>To plan, perform, monitor and report on the spending of financial resources so that sound and regular management of them is assured throughout the DG's activities.</li> <li>To provide advice and support for the smooth implementation of Technical Assistance expenditure</li> <li>To provide regular advice to the units on budgetary execution with a view of ensuring a good absorption, respect of N+2 / N+3 rules and sound financial use of resources.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>– Training and coaching seasons on the New Financial Regulation</li> <li>– Reports on budgetary implementation</li> <li>– Guidance to units on prioritising of payments</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Respect of new regulatory deadlines for direct payments established by the new financial framework	Direct payments to the beneficiaries, contractors completed within the deadline agreed with BUDG.  90% direct payments made within the deadlines.
Internal accountancy framework implemented taking into account observations of the ECA:	Absence of material errors
Number of advice / training/coaching seasons and guidance organised by our Unit.	5 Training seasons Coaching seasons under request.
budgetary execution monitored on regular basis	Reports issued monthly
Reduction in number and/or level of risk of the recommendations/suggestions reported by Internal or External Auditor.	No critical recommendations reported by Internal and External Auditor

### 5.3.3 Business Process Analysis, Design and Operational Efficiency

<b>Specific Objectives:</b>
<ul style="list-style-type: none"> <li>Strengthening the alignment between the mission and priorities of DG Regional and Urban Policy and the underlying supporting IT tools and business processes in particular in a context of negative growth of human resources.</li> <li>To monitor the operational implementation of the Schema Directeur IT business projects and report to the DG Regional Policy Board of Directors on progress and risks.</li> <li>To design future procedures and ensure ownership.</li> </ul>

<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
– Process and report owners identified for all processes and reports	
<b>Indicator(s)</b>	<b>Target(s)</b>
Number of processes defined	- 11 processes 6 months in advance of their implementation date in 2013 - 6 process 6 months in advance of their implementation date in 2014
Percentage of processes without owner defined	<15%
Percentage of reports without owner defined	<10%

### 5.3.4 Information and Communication

<b>Specific Objectives:</b>
<i>External Communication</i>
<ul style="list-style-type: none"> <li>• Contribute to corporate communication priorities (Economy and Citizens) by showing how regional and urban policy makes a difference in terms of economic impact and in citizens' lives</li> <li>• Highlight the links between regional policy investments and Europe 2020</li> <li>• Contribute to the European Year of Citizens</li> <li>• Provide evidence and analysis of the impact and results of regional policy</li> <li>• Encourage networking and exchanges of experience between regions and cities</li> <li>• Cooperate on communication with other Structural Funds DGs</li> </ul>
<i>Internal Communication</i>
<ul style="list-style-type: none"> <li>• To contribute to a better sharing of knowledge within DG Regional and Urban Policy, in particular, through the intranet.</li> </ul>
<b>Main outputs in 2013</b>
<i>External Communication</i>
<b>Actions aimed at a wider audience:</b>
Growth for jobs: Investing in people:
<ul style="list-style-type: none"> <li>– Success stories that show how regional and urban policy makes a difference</li> <li>– Eurobarometer on attitudes to regional policy</li> <li>– Euronews economic magazine (in cooperation with COMM and other DGs)</li> <li>– European Week of Regions and Cities (“Open Days”)</li> <li>– “Europe in My Region” photo competition</li> <li>– European Cooperation Day (highlighting benefits of cross-border and inter-regional cooperation)</li> </ul>
Competitiveness and industrial policy:
<ul style="list-style-type: none"> <li>– Project of the Week, Region of the Week (online articles highlighting success stories)</li> <li>– RegioStars awards for innovative projects</li> </ul>
<b>Sector-specific, stakeholder oriented actions:</b>
<ul style="list-style-type: none"> <li>– External evaluation covering communication actions by managing authorities and Commission</li> <li>– Urban Forum, Danube Forum, Baltic Sea Forum</li> <li>– Online collaboration platform for EU regions and cities (migration to new platform)</li> </ul>
<i>Internal communication</i>



<ul style="list-style-type: none"> <li>– Migration of intranet to Sharepoint 2010</li> <li>– Further development of the DG's collaborative site in MyIntracomm</li> <li>– Development of a new wiki-based solution for knowledge management</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Number of success stories shared (via RegioStars awards, online database, interactive map, articles for website and Panorama magazine, press materials ...)	250
Number of Euronews economics programmes featuring regional policy	5
Number of participants in Open Days and other events	8000
Number of visits to the regional policy website	> 250,000 per month
Number of followers of @EU_Regional on Twitter	> 10,000
Number of subscribers to mailing lists	> 25,000
External evaluation	Interim report by end Q2 Final report by end Q3
Eurobarometer results	End Q2
Migration of intranet to Sharepoint 2010	End Q2
Deployment of infrastructure of the central wiki of knowledge and starting populating the wiki (production of some key areas)	End of 2013

### 5.3.5 ICT management:

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>• To maintain a high level of service related to Information Technology (IT) infrastructures, tools and services so that the staff is adequately supported in its work.</li> <li>• To integrate REGIO IT strategy with corporate IT entities and policies.</li> </ul>	
<b>Main outputs in 2013 (including policy outputs when relevant)</b>	
<ul style="list-style-type: none"> <li>– Running costs reduced by 5%, while maintaining the level of service</li> <li>– Publication of a report on flexibility and reusability of WAVE platform (metrics, conditions and comparison with previous system)</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Information Systems Servers' availability	≥ 98% on opening hours
IT Help Desk Call Answer time (averaged over one year)	> 80% of calls answered in < 30 sec
Incidents' resolution time (average over one year)	> 90% within 4 hours for incidents which remained within the ITIC group and which have been attributed a "normal" (not urgent) level
Staff satisfaction expressed in the end of year survey on the quality of IT support service	80% "satisfied" and above comments on average, with results taken into account only if at least 20% of IT users have replied
Active participation of DG REGIO to IT Governance corporate instances	Participation to 90% of ISPMBs and HLCIT

Progress made on the flexibility and re-usability of WAVE system	Publication of a report on flexibility and reusability (metrics, conditions and comparison with previous system) at the latest end of Q4.
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### 5.3.6 Internal control

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>Implement and maintain an effective internal control system so that reasonable assurance can be given that resources assigned to the activities are used according to the principles of sound financial management and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.</li> </ul>	
<b>Main outputs in 2013</b>	
<ul style="list-style-type: none"> <li>Full compliance and enhanced effectiveness of the internal control systems following DG re-organisation</li> <li>Increased coordination and cooperation with the ICS chef-de-files for initiatives in the field of internal control</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Level of compliance of internal control standards	100%
Level of effectiveness being satisfactory for majority of internal control standards	< 15% of ICS being partially effective or ineffective
Enhanced work on effectiveness measurement	Surveys for at least two ICS

### 5.3.7 Document management

<ul style="list-style-type: none"> <li>Put in place and maintain an effective document management system so that any document connected with the DG's official functions can be electronically filed, stored and retrieved at any moment irrespective of its original form and the document management system in place</li> </ul>	
<b>Main outputs in 2013</b>	
<ul style="list-style-type: none"> <li>Higher involvement of Middle management and Desk Officers</li> <li>Transfer to the Historical Archives campaign</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Error rate detected at ARES first check	< 10%
Residual error rate at ARES second check after contact with originator	< 1%
Respect of closure deadlines and ISC (inter-service consultations) filing	>80%
Transfers to Historical Archives	100% of ARP-expired

5.3.8 Internal audit:

<b>Specific Objectives:</b>	
<ul style="list-style-type: none"> <li>• Provide assurance services to the Director General of REGIO by providing an independent assessment of REGIO's governance, risk management, and control processes, based on a three-year rolling plan;</li> <li>• Provide advisory and related client service activities, the nature and scope of which are agreed-upon, are intended to add value and improve REGIO's governance, risk management, and control processes without assuming management responsibility, either ad-hoc or based on a three-year rolling plan</li> </ul>	
<b>Main outputs in 2013</b>	
<ul style="list-style-type: none"> <li>– To contribute to the Director-General assurance statement in the context of the 2012 Annual Activity Report by providing annual IAA overall opinion on the internal control system in place to support REGIO business objectives</li> <li>– To contribute to the IAS overall opinion on financial audit universe of the European Commission, supporting Commission's Synthesis of Management Achievements Report.</li> <li>– Completion of assurance assignments and consulting assignments, as per work plan</li> <li>– Participation in workgroups and relevant trainings</li> </ul>	
<b>Indicator(s)</b>	<b>Target(s)</b>
Execution against audit work plan	95% of audits planned in the year
Number of audit and advice engagements performed and concluded on time	80% of all audits planned for the year
Number of accepted recommendations / number of recommendations issued	95% of recommendations issued during the year