TURNING STRATEGIES INTO PROJECTS: 
THE IMPLEMENTATION OF 2007-13 
STRUCTURAL FUNDS PROGRAMMES

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Improving the Quality of Structural Funds Programming through Exchange of Experience

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PREFACE

The research for this paper was undertaken in preparation for the 22nd IQ-Net meeting in Magdeburg, Sachsen-Anhalt, Germany, on 18-20 June 2007. The paper was written by Dr. Martin Ferry, Frederike Gross, Professor John Bachtler and Dr. Irene McMaster.

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**Austria**
- State Government of Niederösterreich, Economic and Tourism Department
- State Government of Steiermark, Economic Policy Department

**Belgium**
- Agency for the Economy of Vlaanderen, Europe Economy

**Denmark**
- Nordjylland County Council, Industrial Policy Division
- National Authority for Enterprise and Construction

**Finland**
- Keski-Suomi Alliance
- Ministry of the Interior

**France**
- Délégation interministérielle à l’aménagement et à la compétitivité des territoires (DIAct)
Germany
- Nordrhein-Westfalen, Ministry of Economy, SMEs and Energy, EU Affairs Unit
- Sachsen-Anhalt, Ministry of Finances

Greece
- CSF Management Organisation Unit, Ministry of Economy and Finance

Italy
- Lombardia Region, Presidency, Central Directorate for Integrated Programming
- Ministry of Economic Development and Institute for Industrial Promotion (IPI)

Poland
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Portugal
- Ministry for Environment, Spatial Planning and Regional Development, Financial Institute for Regional Development

Spain
- País Vasco, Provincial Council of Bizkaia, Department of Economy and Finance

Sweden
- NUTEK, Swedish Agency for Economic and Regional Growth

UK
- Government Office North East
- Department of Communities and Local Government
- Welsh European Funding Office
- Scottish Executive

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

INTRODUCTION

With the majority of Operational Programmes (OPs) now submitted to the European Commission, and the first OPs beginning to be adopted, attention is shifting to the implementation of the new programmes. This is a challenging time across the EU, with major tranches of Convergence funding being spent in the EU12, new programme types in some southern EU Member States and ‘whole-region’ programmes under the Regional Competitiveness & Employment Objective.

Systems for implementing the Structural Funds have always been crucial to the impact of the policy. As the impact and added value of Cohesion Policy come under scrutiny once again, as part of the forthcoming budget review, it is essential that the programmes are implemented effectively.

The aim of this paper is to examine the implementation of the Structural Funds in the 2007-13 period. The paper reviews the different implementation structures across the EU and specifically the various types of system for resource allocation. It focuses on the methods used for project generation, appraisal and selection, discussing the different ways that project decisions are made.

THE MANAGEMENT AND IMPLEMENTATION OF STRUCTURAL FUNDS

Implementation systems are vital to the achievement of Cohesion Policy goals, for the efficient delivery of quality projects and as an area where Community resources can add value. The combination of regulatory reforms, changing economic development concepts and programming experience has contributed to the evolution of implementation approaches through successive programming periods. Over the past 15-20 years, implementation systems have become more sophisticated, less centralised and more integrated. The concept of partnership has widened, and the involvement of the private and voluntary sectors has become stronger. Project appraisal and selection systems have become more pro-active and strategic.

However, advances in approaches to management have been uneven across time and across Member States and programmes. Important challenges include: developing better and longer-term partnerships; investing in human resources; simplifying systems and clarifying the roles of programme Implementing Bodies; and ensuring effective monitoring and evaluation.
IMPLEMENTATION ARRANGEMENTS IN THE MEMBER STATES

Management and implementation structures vary considerably across Member States. This variation can be explained by factors such as domestic systems of regional policy governance, the scale of EU funding, the scope and orientation of programmes, and administrative experience of managing programmes.

Implementation systems are dynamic. Across Member States, approaches to programme implementation continuously adapt and respond to domestic reforms or the changed circumstances of new programming periods. Processes underway for the 2007-13 period include the following:

- **Decentralisation.** In some EU12 Member States in Central and Eastern Europe, the use of multi-regional Operational Programmes is being replaced by region-specific programmes. However, national governments still play a strong role, particularly in coordinating ‘top-down’ and ‘bottom-up’ interventions.

- **Organisational change at central level.** In some countries, rationalisation of central government administration is evident. This is driven by reduced levels of Cohesion Policy receipts, a smaller number of OPs and management and implementation bodies, and the goal of simplifying or standardising implementation systems.

- **Organisational change at sub-national levels.** Processes of rationalisation also involve reallocating management and implementation responsibilities to higher administrative levels. This is partly attributable to efforts to improve efficiency and flexibility in a context of reduced funding but it is also caused by the desire to align programmes with domestic development programmes, increase the strategic overview of interventions or limit the scope for fragmentation and complexity.

The factors driving change include: changes in levels of funding; new regulations (e.g. mono-funding); new domestic regional policy reforms and fiscal or institutional constraints; the timescale over which successive Structural Funds programmes are implemented; changes to the overall strategic approach; the size and type of projects targeted by a programme or to the way it addresses a particular theme or policy area; and changes in territorial eligibility.

ALLOCATING RESOURCES AT PROGRAMME LEVEL

Member States also differ in the way that resource allocation decisions are made at programme level. A key factor is the relationship between the decision-making system used for EU funding and that for national funding. It is possible to classify administrative systems into three categories, each with associated benefits and challenges.

- **Integrated systems.** Decisions on EU and national funding allocations are made together as part of the same decision-making process, and most Structural Funds are allocated through existing channels for administering domestic economic
development interventions. Where the proportion of EU funding is less than the proportion of national funding, EU funding could be regarded as being subsumed or subordinated to the policy objectives and decision-making priorities of the national funding. In situations where the scale of EU funding is much larger than national funding, as in the new Member States, it could be argued that the system is integrated, but it is the EU funding which is dominant. Integrated systems can boost the political weight and finances of regional policy, improve the coherence of timetables and objectives, offer efficiency gains and increase the scope for transfer of innovative ideas. On the other hand, efforts to unify different systems/funds can create complexity. Problems associated with one funding stream can spread to the other when systems are integrated. There may also be institutional resistance to change and limits to the visibility of EU funding.

• **Differentiated systems.** Separate decision-making processes are established specifically for the allocation of Structural Funds, distinct from the decision-making systems for national funding. This approach strengthens coherence across a programme and ensures that its strategic objectives are maintained. It also ensures good visibility and transparency of Structural Funds activities. On the other hand, establishing dedicated systems involves administrative costs, and this approach provides limited strategic overview beyond programmes. There may be less scope for diffusion of innovative approaches or exchange of experience.

• **Aligned systems.** These systems lie between the integrated and differentiated systems. Here, separate decision-making systems for EU and national funding are in place, but they operate in parallel or in some other coordinated manner. Programme Implementing Bodies are located within specific departments or secretariats in domestic policy organisations and funds are allocated in coordination with domestic instruments. This produces greater strategic alignment of domestic and EU policies, increases the scope for exchange of experience and offers value for money. However, there is a danger of administrative overload and problems with transparency and complexity where responsibilities are concentrated in one organisation and different funding streams are being coordinated.

**IMPLEMENTATION PRIORITIES FOR 2007-13**

Programme managers across Member States have been taking stock of their arrangements for allocating Structural Funds for the 2007-13 period. Some key trends are as follows.

• **Improvements to the strategic management of programmes.** This reflects Commission requirements for a more strategic approach by Member States, increasing emphasis on the harmonisation of interventions and ‘value for money’ considerations. A greater distinction between strategic and (delegated) operational responsibilities is emerging among Managing Authorities, and the work of Monitoring Committees in 2007-13 is anticipated to be much more ‘content-based’ than technical, attempting to oversee the implementation of programmes from a more strategic perspective.
• **Investment in capacity for programme delivery.** There are cases where reductions in funding and the reorientation of programmes are prompting a more selective approach to the use of Implementing Bodies and a reduction in their number. However, in many cases there is increasing investment in the administrative capacity of organisations involved in the implementation process. In several examples, the role of Intermediary Bodies in the management and implementation of programmes is set to increase.

• **Changes to partnership arrangements.** There is a general trend of increased participation of economic and social partners in the implementation process. In particular, this refers to the involvement of social actors and NGOs. The strategic framework of the Lisbon Agenda is prompting the involvement of the private sector not only in advisory bodies and Monitoring Committees but as active participants in the implementation of OPs.

• **New coordination arrangements.** Coordination remains a crucial issue for programme management and implementation systems. For 2007-13, the challenges posed by new regulations, changing levels of funding and the restructuring of programmes is prompting the emergence of a range of coordination mechanisms. Processes include: the strengthening of horizontal or vertical partnership structures; new organisational arrangements to coordinate different EU funding streams; efforts to develop thematic or sectorally-based structures to boost the coordination of interventions; and the establishment of central guidelines, contracts and agreements.

**ALLOCATING FUNDING TO INTERMEDIARIES AND PROJECTS**

In order to allocate EU funding to beneficiaries, Managing Authorities face a number of important questions: Do they channel the funding directly to projects? Do they use intermediaries? Should the allocations be managed thematically or geographically? Should they open up the funding to competitive bids? Should they identify strategic projects?

Among the mechanisms for resource allocation, it is possible to make a distinction between programmes which divide up the funding envelope at the start of the programme and programmes where resources are directly allocated to projects by the Managing Authority.

**Allocating funding to intermediaries**

For allocating funding to intermediaries, several mechanisms may be used, each presenting advantages and challenges.

• **Single-stream budgets** which are created by combining Structural Funds with domestic funding to set up a co-funded budgetary stream or programme. This approach tends to be more streamlined but can present challenges in terms of coordination and transparency.
• **Allocation of funding ‘blocks’** to specific administrative organisations, which are then responsible for managing and allocating funding. Funding can be allocated to pre-determined co-financing organisations, based on a competitive approach or via global grants. This devolved approach can allow for more integrated and coordinated programme implementation, but capacity and accountability issues need to be considered.

• **Strategic thematic or geographic partnerships** may be allocated parts of the programme budget. Under this approach, sub-national or sub-regional groups of partners take on responsibility for delivering specific strategic objectives of the programme. While this approach can encourage partnership and lead to more coordinated project ideas, it may prove to be time-consuming and exclusive of organisations lacking the capacity to become active members of the partnerships.

• **New financial instruments.** Within a programme, specific allocations can also be made to a fund managed by a financial intermediary in order to provide capital to businesses on an ongoing basis. At the EU level, this type of instrument is being supported through the JEREMIE and JESSICA initiatives which are being taken up by a number of Member States while others set up similar instruments independently.

### Allocation of funding to projects

Whether through Managing Authorities or Intermediary Bodies, the allocation of funding to specific projects can be approached in various ways. Different procedures have evolved to invite applications or stimulate project ideas, determined, for instance, by the amount of funding available and the degree to which resources are targeted at different themes, areas or groups.

• **‘Call systems’** are likely to be used to invite individual and smaller projects. They can help to target groups of potential beneficiaries, raise awareness for a certain initiative, introduce elements of competition or allow programme managers to gain an overview of the interest generated in a certain field. A range of factors determine the use of the call system in different programmes, including: the timing of calls; the extent to which they are open or restricted according to different criteria; and the extent to which they target particular themes.

• **More strategic or complex projects** are, in most cases, pre-selected at the programme level or developed through a negotiation process or by grouping projects. In allocating substantial funding to such projects, programme authorities can improve their control over the course of the programme to a certain extent. They can also ensure the inclusion of certain actor groups in the programming process or the coherent targeting of overarching development issues.

### PROJECT GENERATION, APPRAISAL AND SELECTION

Mechanisms of project generation, appraisal and selection vary across programmes and Member States and are more or less closely related to domestic procurement systems.
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There may be considerable variation within programmes: while similar procedures may apply across a whole programme, there may also be several different systems given the scale of funding or the diversity of priorities being implemented.

The approach to project generation, appraisal and selection is subject to several contextual factors. First, the EU has decentralised more responsibility to Member States for implementing funding in the 2007-13 period. Second, at national level, some Member States have produced guidance for programme managers. Third, at programme level, the strategic priorities for the new period are important; in some programmes, it is intended to concentrate funding on specific themes (e.g. ‘Lisbon’ and urban projects) or territories, such as growth poles and lagging regions.

PROJECT GENERATION

Project generation involves the mobilisation of project applicants and the development of projects in line with programme objectives and requirements. A coherent approach to information and communication is important, especially at the start of the programme period, to ensure overall transparency and inclusiveness.

Information and communication efforts may be based on a number of channels, such as implementation documents, domestic information channels, websites and help-lines. Additionally, targeted publicity campaigns, specific meetings and training events and the use of Official Journals and the press can be used to increase stakeholders’ awareness of new Structural Funds opportunities.

Support for project development may be provided through project promoters and advisers at different levels of programme administration. This helps to improve application quality in order to facilitate the work of appraisal and selection bodies; it also minimises the chances of projects being turned down at the expense of the applicant. Another option is to enhance project development via specific funding arrangements. This is especially useful for potential applicants who are not prepared to face the risk of spending substantial resources on a project they cannot be sure to receive funding for in the end.

PROJECT APPRAISAL AND SELECTION

While procedures of project appraisal and selection were rarely carried out in an integrated way in the first years after the 1988 reform, mechanisms have become increasingly systematic and professional over time. Nevertheless, challenges remain regarding the efficiency, transparency and flexibility of processes. A coherent approach to all stages of the project cycle is required - from project submission, appraisal and selection to the integration of after-care arrangements that support beneficiaries with project delivery.

For the management of project submission, simple and clear requirements make procedures more accessible and easier to follow for applicants. At the same time, this facilitates the processing of applications and can help to avoid delays in the start phase of the programme.
Project appraisal is undertaken using various procedures, covering the way in which applications are developed or invited, the type and size of projects and involved actors. Differentiated treatment of projects is possible, such as the fast-tracking of smaller projects or distinguishing between core and supporting interventions. The stages of appraisal begin with the initial scrutiny of applications for their completeness and legality, followed by detailed appraisal which may range from technical considerations to a more strategic assessment. At this stage, expertise can be invited, such as from specific working groups or committees, through expert consultation or via local representatives’ input. Recommendations can be made in order to prioritise projects; actors involved at this stage may be programme administrators, delegated bodies, dedicated project advisors or specific groups.

With respect to the management of project selection, selection criteria play an important role in that they guide technical project assessment which then informs more strategic and political deliberations. There are several basic types of selection criteria: eligibility criteria, entry criteria and quality criteria. Of particular interest are the quality criteria likely to be used in future by partner programmes; these relate to strategic fit, anticipated impacts, horizontal themes and efficiency.

In applying selection criteria, it is not only important which criteria are used but also how they are applied, including the relative weight allocated to different criteria and the way in which qualitative indicators are employed. Funding can be allocated following an automatic procedure in some programmes. In others, more complex approaches are used such as scoring or weighting systems. Elsewhere a more holistic, ‘qualitative approach’ can be applied.

The final issue concerns the timetable of the appraisal and selection stages and efforts made by programme managers to make processes overall more efficient. This leads on to the question of project after-care which, in some programmes, already plays an important role during project appraisal and selection. Efforts made in this direction reflect a learning process of programme managers who were facing difficulties with incomplete applications in previous programming rounds leading to delays, only partial completion or even the withdrawal of projects.
1. **INTRODUCTION**

With the majority of Operational Programmes now submitted to the European Commission, and the first OPs beginning to be adopted, attention is shifting to the implementation of the new programmes. This is a challenging time across the EU, with major tranches of Convergence funding being spent in the EU12, new programme types in some southern EU Member States and ‘whole-region’ programmes under the Regional Competitiveness & Employment Objective. As the impact and added value of Cohesion Policy come under scrutiny once again, as part of the forthcoming budget review, it is essential that the Structural Funds programmes are implemented effectively.

The delivery method and governance of Cohesion Policy has often been regarded as part of the added value of the policy, in particular because of the multi-annual, strategic approach, and the incentives for cooperation between organisations and across policy sectors. Yet, achieving that added value has often proved to be difficult. Although there are many examples of ‘good practice’ in the administration of Structural Funds, successive rounds of evaluation have noted that the performance of programmes was being undermined by the structures or systems used for managing and delivering the interventions.

Systems for implementing the Structural Funds have always been crucial to the impact of the policy. Studies on the performance of Cohesion Policy have often noted the critical role of institutional capacity in making optimal use of the Funds. As noted by the recently published Fourth Cohesion Report:¹

> “A sound institutional framework and effective administration in Member States and regions are preconditions for the success of Cohesion Policy”

A distinctive feature of Cohesion Policy is that there is no single model of implementation. Within a common regulatory framework, Member States can determine their own approach to management and delivery. Consequently, there is considerable variation between - and sometimes within - countries in the administrative structures and resource allocation systems. In each Member State, the European Commission, national government and sub-national actors can have different roles in the implementation process. Systems may involve centralised or regionalised approaches to implementation, depending on the allocation of competences between national, regional and local levels, political interests and linkages, the financial

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strength and thematic orientation of the programmes and experience of administering Structural Funds.

Such variability can be regarded as a strength. According to Commissioner Hübner:

“There is no successful policy with one-size-fits-all solutions. Cohesion Policy promotes flexibility that allows each region and city to design and implement its own strategy”.

The differences in approach also provide scope for learning - across countries, regions and jurisdictions - about different methods for administering the Funds and of promoting economic and social development.

As the 2007-13 programme period gets under way, programme management authorities in the Member States have been taking stock of their experience of administering Structural Funds and reviewing their management and implementation systems, to adapt them to the new budgetary and regulatory environment and also, in some cases, to reflect changes to domestic administrative structures and procedures. In many countries, this will lead to changes to management arrangements or to the specific systems for delivering the Funds.

For some, the focus is on how to design management and implementation systems that will help fully realise the potential benefits of increased funding. For others, the emphasis is on assessing their experience of implementing Structural Funds and preserving beneficial elements of the system in the context of reduced funding. For all programmes, developing an implementation system that balances the need for efficient delivery with increasing emphasis on the strategic impact of Structural Funds activities is a crucial challenge. An important variable in this context concerns the extent to which structures and systems for allocating programme resources are organised within domestic administrative frameworks or whether parts of the implementation process are carried out by dedicated administrative structures.

Methods used for generating, appraising and selecting projects are at the heart of any implementation system. It is these methods that determine the allocation of resources and the quality of projects. Looking back over the history of the Funds since 1988, it is evident that systems for project generation, appraisal and selection have generally become more sophisticated. However, in the new programming period, these systems face new challenges to deliver quality projects that meet strategic objectives and quantified targets. At the same time they must ensure the efficient absorption of funding through simplified approaches and guaranteeing transparency in order to meet monitoring and control obligations.

Against this background, the aim of this paper is to examine the implementation of the Structural Funds in the 2007-13 period. The paper reviews the different implementation

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structures across the EU and specifically the various types of system for resource allocation. It focuses on the methods used for project generation, appraisal and selection, discussing the different ways that project decisions can be made.

Following this introduction, the paper is structured in the following sections:

- **Section 2** presents a broad overview of the evolution of implementation systems. It charts the increasing complexity of implementation systems and the challenges arising.

- **Section 3** explores how responsibilities for managing and implementing the Structural Funds are mapped onto administrative systems in different Member State contexts. Short summaries of programme-level structures in different Member States are followed by a categorisation which distinguishes between centralised and regionalised systems. Finally, an assessment of current trends is presented.

- **Section 4** focuses on structures for decision-making at the programme level. This section includes a typology of programme-level decision-making arrangements according to their relationship with domestic administrative systems. A brief synthesis draws out some of the key themes for programme-level structures in the 2007-13 programming period.

- **Section 5** gives an overview of resource allocation mechanisms in different funding contexts. A distinction is made between programmes which divide up the funding envelope at the start of the programme and programmes where resources are directly allocated to projects by the Managing Authority.

- **Section 6** looks at contextual factors shaping approaches to project generation, appraisal and selection. The paper briefly explores the reduced role of the EU level, guidance provided at the national level and strategic priorities at the programme level.

- **Section 7** considers different aspects of project generation. It covers information provision and publicity as well as support provided to applicants in the form of project advisers or financial assistance.

- **Section 8** assesses appraisal and selection mechanisms. After focusing on project submission, appraisal procedures and different appraisal stages it identifies a number of selection criteria and gives initial insights into their future application. The section concludes with an outlook on time management and after-care arrangements.

It should be borne in mind that the focus of the paper is predominantly on the IQ-Net partner countries and regions, although material relating to other countries is included where available from EPRC research.
2. THE MANAGEMENT AND IMPLEMENTATION OF STRUCTURAL FUNDS

2.1 The importance of effective management and implementation

Implementation systems determine how policy inputs, in terms of strategic decisions and allocated resources, are to be translated into policy outputs and results. A fundamental aim of implementation arrangements, therefore, is to ensure, as far as possible, congruence between anticipated and actual policy outcomes. The Commission lays particular emphasis on the development of appropriate delivery systems. Implementation systems for Cohesion Policy must have the capacity to deliver quality projects efficiently on the ground, spending funding in accordance with agreed profiles, monitoring and reporting outcomes and maintaining strict standards in the management and control of public expenditure. Beyond this, the Commission regards implementation as an area where the mobilisation of Community resources can provide important benefits and develop added value:

“The value added of Community involvement in regional development is not only related to the expenditure incurred as such. Benefits also stem from the method of implementation developed in the 1988 reform of the Structural Funds, which was revised in each subsequent programming period”.

A ‘Community method’ of implementation has evolved to address the related goals of achieving the effective and efficient translation of specific Structural Funds objectives into tangible outcomes and having a broader, beneficial impact on policy implementation systems. This general implementation method is based on some core principles that have become entrenched in all Member States’ management and implementation systems, regardless of the details of their approach.

- Multi-annual programming offers a guarantee of sufficient duration, concentration and stability to achieve significant impacts. Moreover, it has encouraged participants in programmes to adopt a ‘strategic’ approach leading to more effective selection and greater coherence of co-financed projects.

- The principle of partnership encourages the establishment of delivery mechanisms that include arrangements to exchange information and experience amongst actors from different institutions and organisational cultures, encouraging more coherent and inclusive policies and shared objectives. This refers not just to coordination of

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different levels of public administration but to the participation of partners from the private and voluntary spheres. The monitoring and evaluation obligations associated with the implementation of Structural Funds programmes have also improved the efficiency and transparency of programme implementation.

- The growing importance accorded to the evaluation of EU Cohesion Policy can be seen as part of a broader international ‘boom’ in policy and programme evaluation, reflecting a perceived need to legitimise and justify government intervention.

2.2 How the implementation of Structural Funds has evolved, 1989-2006

Since the reform of the Structural Funds in 1988, there have been significant changes in the way that the Funds are managed and delivered across the EU. Although the main principles of the reform have remained the same, the combination of regulatory change, the evolution of economic development thinking and programming experience has led to a process of evolution in the implementation of programmes.

In the first programme period (1989-93), the principles of the reformed Structural Funds presented new challenges to the Commission services and to the Member States. Designing and negotiating the programmes involved new administrative demands and was associated with some institutional resistance at Member State level. When the programmes were launched, the priority was to establish the basic systems for managing the Funds and to spend the money. The pressures of understanding and accommodating a new type of policy in a short space of time allowed limited opportunity for adding value in areas such as strategic thinking, integrated programme management, partnership etc.

At this stage, arrangements for the implementation of Structural Funds programmes tended to be ad hoc, fragmented and dominated by central government authorities, except in federal states. Programme management was essentially department or agency based, with each administering department operating programme measures through established structures and with little cross departmental liaison or communication. Box 1 below summarises the

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conclusions of the evaluation of the Objective 2 programmes in the 1989-93 period, concerning management issues.

Box 1: Evaluation of the implementation of Objective 2 programmes, 1989-93

According to the evaluation of Objective 2 programmes in the period 1989-93, the need to commit resources quickly at the outset of the programming period meant that authorities began to introduce formal project appraisal and selection procedures relatively late in the process. Programme monitoring and evaluation practices were generally regarded as very weak. The 1988 Structural Fund reforms had provided a strong impetus to the process of partnership building and a variety of partnership models were emerging, with varying degrees of success. A considerable adjustment in the Objective 2 strategies took place during the programming period, but this was often done in order to maximise the absorption of available funds rather than because of changing regional development priorities.  

During the 1994-99 period, the value of Structural Funds programmes became more widely understood among partner organisations and the basic structures and systems associated with their implementation evolved. The strength and direction of this evolution varied according to a range of factors such as the content and level of resources of the programmes involved, domestic systems for implementing regional development and the maturity of programming experience. Generally, however, there was increasing scope for developing more sophisticated systems of programme management and implementation.

The centralism in Structural Fund management tended to lessen. The number of organisations involved in the management and implementation of programmes and the range of administrative tiers increased significantly as Member States adapted the principles of Structural Funds programming to their own institutional contexts. To varying degrees, Member States utilised intermediate public bodies, the private sector and independent management units in the management and implementation process. A parallel trend of decentralisation was also evident. In some cases, national governments maintained a high level of control over the implementation arrangements, particularly under Objective 1 which was dominated by major national and sectoral programmes. However, even in countries with a tradition of centralised structures, steps were progressively taken to devolve decision-making powers and administrative autonomy to regional administrative tiers.

Furthermore, approaches to implementation became somewhat more integrated. In the 1993 Regulation (EEC) No. 2052/88, the Commission argued strongly for coordination between the activities of the various Funds and for the integration of different forms of assistance. Similarly, Member States addressed (at least in part) the institutional boundaries between organisations active in the implementation process with the aim of increased efficiency. This

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9 Ernst & Young (1997) op. cit.
involved strengthening the coordination of management and delivery bodies active in different funding streams. It also included the establishment of coordination mechanisms across and between administrative tiers, for instance through the creation of cross-departmental coordination structures or the integration of government offices at the regional level.\textsuperscript{10} Related, the principle of partnership became more embedded. The concept of partnership was widened during the 1990s to include ‘the economic and social partners designated by the Member State’ and the engagement of the private and voluntary sectors generally became stronger as a result. Thus, systems for implementing programmes have become more sophisticated over successive programming periods. Evaluation of the Objective 2 1994-99 programmes highlighted some of the key trends (see Box 2 below).

\begin{table}[h]
\centering
\caption{Evaluation of the implementation of Objective 2 programmes, 1994-99}
\begin{tabular}{|l|}
\hline
Evaluation of the 1994-99 Objective 2 programmes noted improvements in partnership working and programme management practices. The period saw responsibility for operational aspects of programmes increasingly devolved to regional and sub-regional levels. This strengthened local participation but presented coordination challenges. There was also more developed partnership working with an increased involvement of the private, education, and voluntary sectors. New management structures had emerged, including secretariats within departments of the regional authorities but also semi-independent programme executives. Varied approaches to project development had emerged, ranging between a large number of small projects as opposed to fewer but larger (‘flagship’) initiatives. However, some shortcomings remained. A general criticism was that Structural Fund procedures were unduly complex and time consuming to administer compared with national and regional programmes.\textsuperscript{11} \\
\hline
\end{tabular}
\end{table}

These developments were, however, not universal and more progress appears to have been made in some Objective 2 regions than under Objective 1, where the ex post evaluation of the 1994-99 programmes was often critical of the quality of implementation mechanisms (see Box 3).

\textsuperscript{10} Bachtler J and Taylor S (1999) \textit{op. cit.}

\textsuperscript{11} CSES (2003) \textit{op. cit.}
Box 3: Evaluation of implementing Objective 1 programmes, 1994-99

According to the ex post evaluation of Objective 1 programmes in 1994-99, implementation systems had progressed significantly from the previous period. A more integrated and inclusive approach to programme management and implementation was developing. The principle of partnership was increasingly reflected in programme structures. Monitoring Committees and evaluation activity had developed considerably. However, several ongoing challenges were identified. Evaluation found that the focus of activities had largely been on financial management and, particularly, the absorption of funds. Programmes had been implemented with a lack of strategic coherence, supporting too many different activities with no overarching development concept. In some cases the division of responsibilities between organisations and between administrative tiers remained unclear and deficiencies in project appraisal and selection systems were also noted.\(^\text{12}\)

The above developments continued into the 2000-06 programming period. Mid-term evaluations of the 2000-06 programmes found that implementation systems not only respected formal requirements but had also improved considerably compared to the past. This applied to all aspects of the implementation process - from the overall management of programmes to the processes of implementation, better financial control and evaluation and enhanced monitoring systems. In some cases, improvements related to better project appraisal, auditing and monitoring. Elsewhere, innovative approaches to evaluation were developed (e.g. Austria). Mid-term evaluation updates also noted the increased importance of coordinating the activities of the main actors involved in programmes and ensuring their commitment. Progress was also made concerning the development of programme partnerships and particularly the involvement of the private sector in partnerships. However, updates to the mid-term evaluations concluded that the development of more and longer-term partnerships is an ongoing challenge. Moreover, increased investment in human resources is seen as a basic requirement for the efficient implementation of programmes, particularly in the new Member States. Finally, updates of the mid-term evaluations noted that simplification is needed in respect to partnership working, the clarification of the roles of the different bodies implementing Cohesion programmes, monitoring and evaluation, and data collection and transmission.\(^\text{13}\)

A crucial element in the development of programme management over the past 15 years has been the evolving role of project appraisal and selection systems. Structural Funds programmes are ultimately delivered through the generation, appraisal, selection and then implementation of project proposals. As part of increasingly sophisticated implementation systems, provisions for project appraisal and selection have progressively become more pro-active, attempting to take a more integrated, developmental approach to the generation and selection of projects.

\(^{12}\) ECOTEC (2003) \(\text{op. cit.}\).

\(^{13}\) CEC (2004) \textit{The Mid-Term Evaluation in Objective 1 and 2 Regions: Growing Evaluation Capacity} p43 and CEC (2007) \(\text{op. cit.}\).
Approaches have gradually evolved from a ‘list of projects’ approach to a more sophisticated and co-ordinated method of allocating resources to projects that has incorporated processes of decentralisation, the establishment of partnership-working, the introduction of coordination mechanisms and the strengthening of the strategic dimension. Programme Monitoring Committees have played an increasingly significant role in many regions. Supporting mechanisms such as secretariats, advisory groups, steering groups and local delivery mechanisms have been introduced in an attempt to promote synergies, raise quality and create integrated approaches in project appraisal and selection systems.\textsuperscript{14}

A somewhat idealised overview of the evolution of implementation is given in Table 1 which breaks the implementation process down into different stages and summarises progress under three phases that correspond broadly with the 1989-1993, 1994-1999 and 2000-06 programming periods.

Table 1: The evolution of Structural Funds implementation systems 1989-2006

<table>
<thead>
<tr>
<th>Implementation process</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Exclusive</td>
<td>Responsive</td>
<td>Interactive</td>
</tr>
<tr>
<td>Strategic direction</td>
<td>Passive</td>
<td>Active</td>
<td>Intensive</td>
</tr>
<tr>
<td>Management/administration</td>
<td>Disjointed</td>
<td>Consultative</td>
<td>Integrated</td>
</tr>
<tr>
<td>Partnership</td>
<td>Exclusive</td>
<td>Semi-exclusive</td>
<td>Inclusive</td>
</tr>
<tr>
<td>Project delivery</td>
<td>Opportunistic</td>
<td>Pro-active</td>
<td>Strategic</td>
</tr>
<tr>
<td>Monitoring/evaluation</td>
<td>Unsystematic</td>
<td>Systematic</td>
<td>Comprehensive</td>
</tr>
</tbody>
</table>

Source: Bachtler, J (2003) \textit{The Implementation of EU Regional Policy: Experiences from EU-15 Member States International Conference 'Readiness of the Candidate Countries for EU Regional Policy', Hotel Danube, Bratislava, 3-5 November 2003}

Despite this progress, evaluations of programmes from the 1994-99 and 2000-06 periods have identified some persistent challenges to the design of effective implementation systems. A broad concern is the complexity and time involved in implementing programmes through increasingly complicated systems. Processes of decentralisation and increased partnership-working in the implementation of programmes have strengthened the involvement of a range of private sector actors and social partners, as well as regional and local authorities. While this has produced more targeted activities and more innovative projects, incorporating a range of actors and agendas has also led to additional complexity in programme management and implementation.

\textsuperscript{14} Bachtler J and Taylor S (1999) \textit{op. cit.} p27
In some cases, the effort required to implement complex programming procedures (partnership processes, selection, monitoring, evaluation) has created an administrative burden that has tested the capacity of organisations drawn into the system by decentralisation processes. In addition, the coordination of implementation arrangements for the different Funds has been challenging. Funds have maintained their own operational structures and own decision-making procedures.\(^{15}\) The Fourth Cohesion Report also notes the need to address complexity, clarify the roles of different bodies involved in implementation and coordinate different funding streams.\(^{16}\)

The consequences of this increased complexity for systems of project appraisal and selection have been significant. First, decision-making times on resource allocation have lengthened, and payment procedures have slowed. Second, complexity, time constraints and limited administrative capacities have had an impact on the quality of project appraisal and selection systems. The focus has been on financial issues rather than strategic ones, increasing the likelihood that funds will be allocated according to where they can be most easily absorbed instead of where they might have the most effective strategic impact. The strategic orientation of structures involved in the process of resource allocation can be influenced by a range of factors, including time and capacity constraints and interaction with social and economic actors.

### 2.3 Issues for management and implementation, 2007-13

The new programming period, 2007-13, presents a variety of opportunities and challenges for programme management and implementation systems. In some cases, the level of Structural Funds available is significantly lower and this is prompting reassessment of the implementation frameworks. Reduced levels of funding are demanding more focussed, streamlined approaches to implementation. This can mean a concentration of management and implementation responsibilities in a narrower range of organisations and a reduction in the scope of partnership arrangements. In other cases, mostly concerning Convergence regions, increased funding is creating the potential for expansion and increased sophistication of implementation systems, although this can put a strain on administrative capacity at sub-national levels and coordination mechanisms.

Changes to the regulations governing programmes and changing emphases from the Commission are also having an impact. This includes the following:

- A more **strategic approach** to Cohesion Policy for 2007-2013 has been introduced. This new approach is reflected in the way that the programmes are conceived via the Community Strategic Guidelines (CSG) and the National Strategic Reference Frameworks, and with reference to the Lisbon agenda. Changes to the overall strategic

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\(^{15}\) DG Regio (2004) *op. cit.*

\(^{16}\) CEC (2007) *op. cit. p129.*
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approach, the size and type of projects targeted by a programme or to the way it incorporates a particular theme or policy area can have an impact on how the programme is implemented. For instance, as programmes respond to the Community Strategic Guidelines and the Lisbon agenda and more funding goes into business development, innovation etc, there is a need for a more spatially-differentiated approach, that argues for more involvement of the regional level in the delivery process.

- In some programmes, changes in strategic orientation are being matched by changing geographical coverage and adjustments in territorial eligibility are having an impact on arrangements for management and implementation. Reflecting the emphasis of the Lisbon agenda on the competitiveness of regional economies, programmes are attempting to strengthen their territorial focus on areas regarded as drivers of the regional economy. Adapting to this new territorial orientation can create some challenges for implementation systems, particularly in cases where links with the private sector, cities or agglomerations are limited.

- Increased stress on decentralisation. Since 1988, responsibility for the management and delivery of the Funds has been increasingly decentralised to Member States and this trend has continued into the new programming period. For instance, for 2007-13, nationally-set eligibility rules will now apply, rather than two sets (one for Community co-financed projects and one for nationally-funded projects) as in the past.

- The principle of simplification is also emphasised. The aim here is to clearly divide responsibilities between the different actors charged with management and implementation: the Member States, regions and Implementing Bodies on the one hand, the Commission on the other. Payments and financial management will be carried out at the level of priorities rather than measures and increased confidence will be placed in the national systems of financial control and certification of expenditure.

- The principle of proportionality will enable the Commission to limit its own controls and audits. These related processes of decentralisation, simplification and proportionality mean that the implementation obligations on Member State authorities and programme managers are significantly greater than before.

Thus, the new programming environment raises key issues for Structural Funds management and implementation systems. There is renewed focus on: finding the optimal method of implementing programmes within domestic administrative contexts; establishing implementation approaches at programme level that balance the need for efficient delivery

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17 EC regulation 1083/2006, Article 56, transfers increasing responsibility to Member States in establishing implementation structures and procedures at different levels.
with increasing emphasis on the strategic impact of Structural Funds activities; and developing systems of project generation, appraisal and selection that deliver strategic and innovative projects while ensuring efficient and transparent procedures. The remaining sections of the paper look at these themes in turn, moving from issues at Member State level to programme-level processes and finally to issues concerning project generation, appraisal and selection.
3. IMPLEMENTATION ARRANGEMENTS IN THE MEMBER STATES

As noted above, there is considerable variability in the way that responsibilities for managing and implementing the Structural Funds are accommodated in the administrative systems of different Member States. The following section develops a categorisation of systems based on degrees of centralisation and regionalisation and an assessment of how arrangements are responding to the challenges of the 2007-13 period.

Under the regulations, all Member States are required to have certain common elements as part of their implementation arrangements.

- Responsibility for programme management lies with the Managing Authority, the functions of which include: setting up a system for financial and statistical information, adjustments to programme documents, organising programme reviews, evaluation and reports, ensuring the provision and maintenance of an accounting system, ensuring the correctness of operations, ensuring compliance with Community policies and, ensuring the implementation of information and publicity requirements.

- Managing Authorities can delegate management tasks, including decisions on resource allocation, to Intermediate Bodies. Programme Managing Authorities may also delegate administration of Structural Funds programmes to Implementing Bodies, organisations with responsibility outside of resource allocation decisions. They can organise project selection, advise applicants, process project applications, grant aid, receive claims for payment and monitor project implementation.

- Monitoring Committees have been in place since the first programme period, but their tasks have been elaborated in increasing detail in successive programming periods. Their main function is to monitor the progress of the programme, review and approve criteria for project selection, propose programme changes to the Managing Authority and approve evaluations and reports.

- Implementation systems must also include a Certification Authority to certify the statement of expenditure and the payment applications before their transmission to the Commission and an Audit Authority to oversee the efficient running of the management and monitoring system.

Despite this common regulatory framework, management and implementation structures for programmes can vary considerably. EU legislation does not compel the Member States to adopt an explicit delivery model and the EU does not dictate the structure and status of national or sub-national institutions involved in management and implementation in the Member States. In each Member State, the European Commission, national government and sub-national actors have different roles in the implementation process. This variation is explained by factors such as the existence of regional institutions, the allocation of competencies between national,
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Regional and local levels, political interests and linkages. A key factor is the range of domestic systems of regional policy governance on to which implementation systems are mapped. This includes:

- **Federalised or regionalised systems of government** where regions with elected parliaments and significant budgetary, legislative and fiscal powers play important roles in regional policy-making (e.g. federal systems such as Germany, Austria, Belgium or regionalised systems such as Spain and Italy).

- **Devolving unitary systems of government** where regions have limited powers, with elected parliaments, some budgetary and fiscal powers and substantial funding for regional policy from central transfers. Regions exercise some authority in regional policy-making but only within a framework set by the centre. This can be applied, for instance, to the case of the devolved administrations in the UK.

- **Unitary systems of government**, where government may regionalise its organisation but not its authority. Regional entities have no elected parliament, no budgetary or fiscal powers and all financial resources are transferred from the centre. Regional policy is controlled by the national administration with government offices acting as implementing authorities in the regions (e.g. Denmark and Finland).

Another variable is the scale of EU funding. The large amount of resources devoted to Cohesion Policy in a territory can justify strong central control over the implementation system. Conversely, in some cases, increasing levels of funding have been used as arguments for easing the strain on central implementation systems and introducing more decentralised approaches (as in EU12 Member States such as Poland). Reduced levels of funding can be a factor in streamlining and centralising implementation systems.

Related, the scope and orientation of programmes can influence implementation systems: the balance between national and regional Operational Programmes has implications for the choice of the number and location of the Managing Authorities for programmes and for the weight that they carry within the administrative system. The need for sectoral or multi-regional interventions, for instance dealing with large-scale infrastructure development, to tackle factors contributing to under-development, argues for centralised implementation systems. On the other hand, the focus on business development, innovation etc, may call for a more spatially-differentiated approach that, in turn, argues for the regionalisation of some implementation responsibilities. This can produce variation in implementation approaches within countries, as in the case of Italy with the regionalised implementation of programmes in the Centre-North and the central coordination of programmes in the South.

Finally, administrative experience of managing Structural Funds can be an influential factor. As noted in the previous section, an evolutionary cycle can be detected as experience of
programme implementation builds, with organisations involved in the implementation process developing the experience and expertise to play more prominent roles.\textsuperscript{18}

As a result of these factors, over time, significant variation has emerged between and within Member States in the decision-making structures used for the implementation of programmes. Brief summaries of systems among selected Member States in EU12 and EU15 countries, contained in Annex 1, give some idea of the range of implementation structures involved.

3.1 Typology of implementation arrangements in Member States

Against this background, it is difficult to present a typology of institutional arrangements for implementing the Funds. The proliferation of participants and their multiple interactions produce a variety of implementation arrangements between (and sometimes within) countries which inhibits generalisation. As in previous IQ-Net reports, a basic three-fold typology of implementation structures can be developed according to centralised, mixed central-regional and regionalised systems.\textsuperscript{19} However, it is important to note that this categorisation serves as an overview and that strong variation exists across but also within countries. It is also important to note the potential for interaction between domestic and Structural Funds implementation systems. Setting a mechanism for the implementation of Structural Funds can increase the profile of the regional level and influence the evolution of policy coordination models in the regional policy field. In some countries, the implementation of Structural Funds has stimulated the creation of specific frameworks and institutions which can fill an institutional void at the regional level, provide practical experience in the design and steering of regional development programmes and encourage a multi-level perspective to the coordination of regional policy. An example of this type of interaction is provided by the creation of Regional Management Committees for Structural Funds in Finland which, for the first time, provided a regional arena for coordinating development initiatives in a context of traditionally strong municipalities.\textsuperscript{20}

3.1.1 Centralised implementation systems

Centralised systems include those that involve management by national ministries and other national bodies and where there is a limited degree of decentralisation and partnership. In almost all EU Member States, central government plays an important role in Structural Fund implementation. National ministries are prominent in negotiating with Commission services and designating assisted areas, but also in supervising strategy formulation, expenditure,

\textsuperscript{18} Bachtler, J. and Taylor, S. (1999) \textit{op. cit.}


monitoring and evaluation. However, in some countries, the role of the national level in the implementation process is particularly strong. This includes Member States where domestic systems for implementing regional development interventions have traditionally accorded a prominent role to the centre. Here, although some implementation responsibilities have been delegated to other authorities through time, national authorities continue to play the dominant role as Managing Authorities and in organising and leading Monitoring Committees and in taking responsibility for final decisions on the allocation of resources.

- For instance, in Finland, Managing Authorities are located in central ministries, matching overall responsibility for the design and coordination of national regional policy and the Structural Funds, although this is increasingly shared with the regional level.

- In Denmark, the National Agency for Enterprise and Construction (NAEC) is the Managing Authority and the Certifying Authority and provides the secretariat for the Monitoring Committee, as well as being the responsible body for legal control and financial administration in relation to individual projects.

This category also includes Member States where regional administrative levels are absent or weak or where administrative experience of managing economic development is confined largely to the national administrative level. For instance, in some smaller EU12 Member States, such as the Baltic States and Slovenia, the capacity of sub-national structures to make an effective contribution to programme implementation is limited. Here, the lack of strong regional administrative tiers means that sub-national input is necessarily restricted, although efforts are under way to give sub-national Implementing Bodies more of an involvement in the Structural Funds administration process, for instance through associations of cities and municipalities. Centralised approaches are also evident where Structural Funds investments involve a limited number of predominantly large-scale sectoral Operational Programmes at national level. Examples of these countries are: Estonia, Latvia, Lithuania, Malta, Cyprus and Luxembourg.

- In Latvia, for instance, virtually all aspects of implementation, from negotiation with Commission services to the management of programmes, are undertaken by central government departments. The Ministry of Finance as the Managing Authority oversees line ministries which act as Intermediary Bodies. The country has established five planning regions that have a role in coordinating the implementation of funds and also participate in the Monitoring Committees, but they do not play a direct part in the allocation of resources.

### 3.1.2 Mixed central-regional systems

Mixed central-regional systems can be identified where implementation responsibilities are divided between administrative tiers. Arrangements here may include a combination of Managing Authority responsibilities amongst national and regional levels, with sectoral or multi-
regional Operational Programmes the responsibility of national line ministries operating alongside regional Operational Programmes that are the responsibility of regional-level organisations.

- For instance, in **Poland**, the Ministry for Regional Development is responsible for sectoral Operational Programmes and the multi-regional programme for the Development of Eastern Regions, while units of regional self-government will be responsible for the implementation of individual regional Operational Programmes.

Mixed systems can also develop through the sharing of management responsibilities for different parts of individual programmes between levels. For instance:

- In **France**, territorial authorities retain the possibility of applying for global grants up to 40 percent of the regional programme envelope. The formalisation of procedures concerning the use of global grants in the 2007-13 period means that, while the centrally appointed *préfet* still plays the key role in management and implementation, regional-level intermediary bodies in charge of global grants have some formal say in the allocation of resources.

- In **Spain** central government authorities are directly responsible for the management and implementation of more than 60 percent of overall ERDF funding, although the share is significantly lower under the Regional Competitiveness and Employment objective (RCE) (35 percent). The MA for all OPs is the central government Ministry of Economy and Finance, but in co-responsibility with the regions. The regions and central level are both responsible for MA functions and tasks in relation to interventions within their own institutional remit. The exceptions are large projects and multi-regional actions which are the responsibility of central government.

### 3.1.3 Regionalised systems

In a final group of Member States, implementation is devolved largely to units of regional self-government. Programming responsibilities are decentralised to the regions, and the role of central government is limited to general co-ordination of the Funds, higher level Commission negotiation, inter-ministerial co-ordination and evaluation of ‘good practice’.

- This applies to **Germany** where the *Länder* are legally responsible for regional development. Each *Land* programme is chaired by the relevant Managing Authority. A federal representative participates in the Monitoring Committees of the *Land* programmes.

- In **Italy**, a dual system has operated with the regionalised implementation of programmes in the Centre-North and central coordination of programmes in the South. In recent programming periods, however, the Southern regions too have acquired increasing powers. Indeed, the influence of Cohesion Policy regulations in supporting a
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Regional-level management of the Funds has been considered a contributing factor to the constitutional reforms that were introduced in 1999, 2000 and 2001. Currently, the powers and responsibilities for the implementation of regional policy in Italy are considerable across North and South.

- Substantial devolution also applies to the Netherlands, Austria, Belgium and Portugal (the autonomous islands of Azores and Madeira) where there is a high degree of regional autonomy (complete regional autonomy in the case of Belgium) over the implementation process. Programmes are largely managed and controlled by regional authorities and, in the case of the Netherlands, some of the larger cities also play a leading role in management and implementation (in the West).

3.2 Implementation trends in 2007-13

It is also important to look at processes of change. Implementation systems are dynamic: across Member States, approaches to programme implementation continuously adapt and respond to domestic reforms or the changed circumstances of new programming periods. Shifting relationships between European, state and regional/local actors can reorganise political and power relationships between levels of government, restricting or extending opportunities for actors to become involved in the implementation process. Based on a categorisation developed in recent IQ-Net reports, the following section looks at arrangements for the 2007-13 period, assessing the degree and direction of change in different Member States and identifying countries where the nature of change is likely to be significant. In a second part, the main drivers of change and possible implications are identified.

3.2.1 Regionalisation

Processes of decentralisation of some aspects of Structural Funds implementation are underway within some Member States, although this is often accompanied by the strengthening of centrally-set coordination mechanisms. Decentralisation is found in some of the EU12 Member States in Central and Eastern Europe. The use of multi-regional Operational Programmes is being replaced by region-specific programmes: 16 for each of the regions in Poland; seven in Hungary; eight in the Czech Republic. There are several reasons for this. First, these programmes will receive significantly more funding and require more sophisticated approaches to implementation. In some CEE Member States there is concern that central administrations may be overloaded with management and implementation responsibilities. At the same time, there is increased pressure from sub-national levels and the European Commission to give regions a greater role, reflecting their growing experience of programmes and the gradual development of their administrative capacities. However, given the relative inexperience of most regions in programming economic development and regional variations in terms of development agendas, institutional capacity and political outlook, the necessity of coordinating ‘top-down’ and ‘bottom-up’ regional development interventions continues to guarantee a strong national government role.
In **Slovakia**, the role of the regions in the 2004-06 period was limited to some infrastructure measures and project appraisal. However, for 2007-13, their participation in implementing the programmes should increase. Discussions are ongoing but the aim is to develop a phased process at the end of which (after 2-3 years) the regions should have a stronger role.

In **Hungary**, ROPs can be seen as a step towards decentralisation. However, the country does not have regions as such although local authorities at the county level are very developed. Thus, bodies which would be necessary for a regionalised approach to implementation are not in place and the National Development Agency operates as the Managing Authority.

In **Poland** a process of centrally-coordinated regionalisation can be identified. The new Structural Funds programming cycle includes provisions to give regional self-governments more independent programming responsibilities as Managing Authorities for the ROPs. However, national government continues to play a strong role, particularly in coordinating the implementation process. The Ministry of Regional Development has issued guidelines on the share of funding that can be allocated to different ROP activities. It has also requested a list of the most important ROP projects. Finally, there is ongoing debate over the role of the centrally-appointed regional governor in making resource allocation decisions.  

In other countries, decentralisation is a fundamental part of a broader assertion of the regional dimension in development activities as a result of domestic administrative reforms, new legislation, strengthening regional capacities or the reorientation of development goals.

For instance, in **Denmark** a process of decentralisation is arguably underway, albeit within an overall framework coordinated at the central government level. The role of the national agency, NAEC, in managing and implementing ERDF programmes continues, but the focus will be on framing broad priorities and undertaking legal control while the setting of specific development priorities and the selection of individual projects happens at the regional level. This is part of recent domestic reforms that have introduced a new framework for administering regional policy, including a nation-wide programme and new regional boundaries. A new regional-level organisation has been created through the introduction of mandatory *Regional Growth Fora* which have been given a central role both in national regional policy and with regard to European programmes.

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• Similarly, in Finland, new legislation has been introduced to simplify the management of EU programmes, as well as to increase the role of the regions in the process. The role of the regional level will be reinforced through the delegation of responsibilities to the Regional Councils in terms of programme management and co-ordination. Furthermore, the Regional Management Committees have gradually gained further responsibility, particularly in the allocation of funding in the regions through annual Regional Cooperation Documents. A shift from so-called co-management (between the central and regional levels) towards the regional level can be perceived, which is essentially a continuing trend from the past. On the other hand, although the MA (which is the Ministry of the Interior for the ERDF) can delegate its duties, it will still bear the main responsibility and hence centralised control will be maintained. Similarly, the Structural Funds Negotiating Committee could be perceived as a further measure by the central level to tighten control.

• In Portugal, there will be a greater regionalisation of funding by increasing the share of total ERDF expenditure allocated to the mainland regional OPs. It is also of note that the two autonomous island regions of Azores and Madeira will have complete autonomy over the management of the Structural Funds for the first time (previously the central government intervened through its national sectoral OPs). Lastly, SME incentive schemes will now be set up at the regional level, with a clear separation of responsibilities and supported activities from those offered at the national level. Projects promoted by SMEs will be co-funded by regional OPs, while the national thematic OP Competitiveness Factors will co-fund projects by medium-sized and large businesses. The rationale underpinning the division of responsibilities is based on the principle of subsidiarity which dictates that the interventions should be carried out at the level at which it is most efficient to do so. In the RCE objective region of Lisbon and the phasing-out region of Algarve all projects will be funded through the regional OPs.

3.2.2 Organisational change at central level

In some countries, a process of rationalisation or centralisation is underway. Here, reduced levels of Cohesion Policy receipts, a smaller number of OPs and management and implementation bodies, the drive towards more simplified or standardised implementation systems and the broad process of decentralisation between the Commission and Member States can result in processes of rationalisation and centralisation across or between levels.

Rationalisation at the central level is taking place in some Member States, reflected in a variety of ways. First, rationalisation can take the form of new arrangements to concentrate implementation responsibilities in a smaller number of bodies at the central level. This can be due to the need to rationalise structures in response to changes in the level of funding or to develop more strategic coherence. As noted above, in some cases the decentralisation of implementation responsibilities has been balanced by the establishment of stronger central mechanisms for coordinating different programmes and funds.
• In **Finland**, a new body in the management and implementation structure in 2007-13 is the central level Structural Funds Negotiating Committee. The Committee will essentially try to co-ordinate the activities funded by the Structural Funds, the Rural Fund and the Fisheries Fund; coordinate Structural Funds activities together with national activities; and evaluate and report on the impact of programmes to the Ministry of the Interior. The aim of the Committee is to encourage an exchange of information on the implementation of EU-funded and national programmes, and promote their aligned implementation. Different members of the Committee will be able to provide useful information for the Ministries and Regional Councils in their programme work. The Committee can also make suggestions to the Managing Authorities or Monitoring Committees regarding possible improvements to the coordination and impact of the programmes from the national perspective.

• In **Greece**, a new National Coordination Authority is being established for the 2007-13 period. The body will have a broad jurisdiction with overall responsibility for coordination, programming and implementation, as well as for the guidance of the Managing Authorities, with a view to ensuring the effectiveness of management and implementation.

• In **Hungary**, a new ‘super agency’ has been established at the central level to co-ordinate the implementation of Structural Funds in the 2007-13 period. The National Development Agency (NDA) was established in 2006, as an overarching body that incorporates the highest Managing Authority responsibilities under a single, central-level organisation.

• In **Sweden**, the Government intends to establish a national forum for regional competitiveness, entrepreneurship and employment. This will serve as an arena for an ongoing political dialogue between national and regional representatives, taking the NSRF and the regional development strategies as starting points.

Processes of rationalisation at the central level can also include a combination of measures (see Box 4).

**Box 4: Rationalisation at the central level in Italy**

In Italy, rationalisation at the central level has involved two main processes. First, the 2000-06 Objective 1 OP Local Entrepreneurial Development and OP Research will be merged and their Managing Authorities will be reorganised. As well as attempting to rationalise the number of National OPs operating in the Convergence regions, the increased Lisbon orientation of the interventions for entrepreneurial/industrial development has been an important factor in this. The integration of the two former OPs is aimed to create synergies and increased coordination between the interventions for research and innovation and those for industrialisation and for entrepreneurial development. This has involved developing a system of shared management responsibility and cooperation between the two Ministries responsible for the former OPs.
Second, a National Committee for the Coordination and Monitoring of the Unitary Regional Policy is planned for the 2007-13 period, coordinated by the Ministry of Economic Development. The National Committee foreseen by the National Strategic Document (NSD) will meet at least once a year and will have the following main tasks:

- To oversee the implementation of the unitary regional policy 2007-13, assessing progress and convergence towards the achievement of the goals outlined in the NSD;
- To discuss common and/or general problems which are relevant to guarantee the most effective conditions for the implementation of the strategy;
- To follow the process for the revision of the 2008-09 EU financial perspectives;
- To oversee the implementation of the programmes and interventions of the Unitary Regional Policy implemented in the Mezzogiorno (with particular focus on the Convergence objective).

The Committee will comprise some sub-groups. The NSD mentions two: one for the Mezzogiorno and one for the oversight of the interventions supported by the European Social Fund (this latter will be coordinated by the lead administration in charge of the ESF in Italy, the national Ministry for Labour and Social Security).

A representative of the European Commission can be invited by the President of the National Committee to participate in the meetings when relevant to the topics on the agenda.  

3.2.3 Organisational change at sub-national levels

Processes of rationalisation are also involving the reallocation of management and implementation responsibilities to higher administrative levels. This is partly attributable to efforts to improve efficiency and flexibility in a context of reduced funding, but it is also spurred by the desire to align programmes with centrally-run domestic development programmes, increase the strategic overview of interventions or limit the scope for fragmentation and complexity.

- In Greece, concerns over weaknesses in coordination and administrative complexity mean that Managing Authority responsibilities for Regional Operational Programmes have been moved from the regional to the central level. The Managing Authority of all the Regional Operational Programmes is now the Special Service for Management of the Regional Operational Programmes, which is part of the Ministry of Economy and

Finance. The regional authorities which were the old Managing Authorities in charge of the regional programmes have now become intermediate management bodies, with implementation roles.

- In **Vlaanderen**, one single ERDF programme, managed at the Flemish level, will replace four programmes that were managed at the provincial level. A key aim is to move from a geographical to a thematic emphasis in programme activities. In 2007-13, the Flemish level will now play a dominant role as the Managing Authority, supported in the implementation process by the Provincial Contact Points.

- In **Sweden**, concentration of Managing Authority responsibilities at the national level has also been introduced to improve the strategic aspect of programme activities. The national agency, NUTEK, is the new Managing and Certifying Authority for the ERDF, a task which was formerly performed by six different County Administration Boards, each in their respective programme area.

In some Member States, processes of rationalisation are also underway at sub-national levels. Often in a context of reduced funding, this process is associated with modifications in the range and/or functions of regional or sub-regional Implementing Bodies. Rationalisation at the regional tier is also apparent where Member States are seeking to bring together arrangements for different EU funds and programmes.

- In **Scotland**, there has been centralisation of programme development and a centralisation and rationalisation of OP management and administration as the Scottish Executive looks to increase the strategic impact of a smaller amount of funding. Efforts to strengthen the influence of the Managing Authority on programme activities include a move from a purely challenge-funding system to a hybrid approach, which will involve the Executive directly commissioning elements of the new programmes through existing domestic delivery organisations.

- In a similar vein, in **Sachsen-Anhalt** the decision has been taken to shift audit tasks for 2007-2013 from a private firm to the Land’s own Senior Financial Department (*Oberfinanzdirektion*). In a context of fiscal constraint, the decision was taken on the grounds that the Land’s own body has sufficient resources to undertake the work.

- In **North East England**, there are plans to rationalise regional structures by bringing together arrangements for ERDF, ESF and the Cooperation Objective through a joint Programme Monitoring Committee (PMC). Such a committee would act as a formal PMC for ERDF as well as ESF issues of a regional nature, accepting that the formal ESF PMC
would operate at the national level. The intention is that the two funds, while separate, “can be more easily aligned to meet defined local and regional needs”. 24

3.2.4 Retention of current implementation structures

Finally, in some countries, it appears that changes to implementation arrangements are likely to be limited. In these cases, it seems that the existing structures and allocations of responsibilities will be largely maintained, apart from some reorganisation of functions between or within government departments and some systemic changes in co-funding, monitoring etc.

This applies to countries with:

- a centralised approach (e.g. Estonia, Latvia, Lithuania, Malta, Cyprus, Luxembourg), where implementation of EU Cohesion Policy is predominantly carried out through line ministries and agencies. It should be noted that, in several of these countries, efforts are under way to give sub-national Implementing Bodies more of an involvement in the Structural Funds administration process, but not to the extent of regionalising management;

- a mixed central-regional approach, with different emphases placed on the national and regional levels (e.g. France, Ireland and Spain); although there is support for further regionalisation in some countries, change is likely to be limited.

- a regionalised approach (Austria, Belgium, Germany, most of Italy), with responsibility for implementation retained at the regional level.

3.2.5 Drivers of organisational change

Assessing these ongoing trends in implementation arrangements in the Member States, there are various factors influencing emerging responses and driving the direction and extent of change.

- In some countries, reduced levels of funding are demanding more focussed, simplified approaches to implementation that can include processes of rationalisation (North East England) and centralisation (e.g. Western Scotland). Here, the potential benefits in terms of streamlining must be balanced against the risk of excluding partners from important territories or sectors.

• **New regulations** governing programmes are also having an impact. These can relate to processes of rationalisation and simplification in response to zoning requirements or, as for example in **Sweden**, the coordination challenge posed by the principle of monofunding.

• **New domestic regional policy reforms** (e.g. **Denmark**) and fiscal or institutional constraints can have a significant impact. Depending on direction, this can contribute to regionalisation or rationalisation processes.

• The **timescale** over which successive Structural Funds programmes are implemented can have an impact on the evolution of systems. Programme management and implementation processes have clearly evolved as Member States respond to the lessons learned from previous programming periods. For example, the development of a central coordination mechanism in **Greece** can be seen as a response to concerns over fragmentation and complexity in the implementation system.

• Changes to the **overall strategic approach**, the size and type of projects targeted by a programme or to the way it approaches a particular theme or policy area can have an impact on how the programme is implemented. For instance, as programmes respond to the Community Strategic Guidelines and more funding goes into business development, innovation etc, there is a need for a more spatially-differentiated approach that argues for more involvement of the regional level in the delivery process. The regionalisation of some business incentive schemes in **Portugal** can be seen as an example of this.

• In some programmes, changes in **territorial eligibility** are having an impact on arrangements for management and implementation. Reflecting the emphasis of the Lisbon agenda on the competitiveness of regional economies, programmes are attempting to strengthen their territorial focus on areas regarded as drivers of the regional economy. Adapting to this new territorial focus can create challenges for implementation systems. In some cases, this refers to forging new links with cities or agglomerations. Elsewhere, there may be a concern that structurally weak or peripheral territories might have limited funding opportunities.
4. ALLOCATING RESOURCES AT PROGRAMME LEVEL

In addition to the variation in the structure of implementation arrangements, there are also differences in the way that resource allocation decisions are made at programme level. This section examines the relationship between the administrative systems for allocating Structural Funds and the systems for managing Member State funding. It also identifies some of the key administrative changes at programme-level in the 2007-13 period.

4.1 Resource allocation

Decisions on the allocation of Structural Funds are subject to the same regulatory framework throughout the EU, determining issues such as eligibility, award levels and co-financing rates. However, the decision-making process varies greatly between Member States. The key factor is the relationship between the decision-making system used for EU funding and that for national funding. Adapting a typology utilised in earlier IQ-Net research, it is possible to classify administrative systems into three categories (see Chart 1):

Chart 1: Typology of Structural Funds resource allocation systems

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Thus, the following categories of allocation system can be identified:

- **Integrated systems** - where decisions on EU and national funding allocations are made together as part of the same decision-making process;

- **Differentiated systems** - where a separate decision-making process has been established specifically for the allocation of Structural Funds, separate from the decision-making systems for national funding;

- **Aligned systems** - where there are separate decision-making systems for EU and national funding, but they operate in parallel or in some other coordinated manner.

The following sections outline the main characteristics of each approach, including an assessment of associated advantages and drawbacks and examples of where the approach is used.

### 4.1.1 Integrated systems

Integrated systems use the same decision-making process for making decisions on the allocation of national and EU resources. Under such systems, most Structural Funds are allocated through existing economic development administrative channels. Projects are appraised and selected through established resource allocation mechanisms, with decision-making often delegated to single competent agencies rather than having a separate committee structure or administrative process specifically for Structural Funds.

In the past, such systems were referred to as ‘subsumed systems’ because the EU funding was integrated into pre-existing funding streams so that they supported domestic policy instruments, improved coordination and reduced workloads both for administrators and applicants. Especially where the proportion of EU funding in a measure, priority or programme was less than the proportion of national funding, the EU funding could be regarded as being subordinated to the policy objectives and decision-making priorities of the national funding.

However, in situations where the scale of EU funding is much larger than the available national funding, as in the new Member States, it could be argued that that - even though the EU and national funding are being integrated in the same decision-making channels - it is the EU funding which is dominant (see Chart 1).

Some examples may help to illustrate the characteristics of these systems.

(i) **Integrated system - EU funding subsumed**

In Germany, most Structural Funds programmes are allocated through integrated decision-making systems. The key decisions on the distribution EU funding take place at the start of the
programming period, with tranches of programme funding allocated mainly to specific budget lines and domestic funding schemes (Förderrichtlinien).

Similarly, in Spain the distribution of funding within programmes is based on aspects of ministries’ and regional authorities’ multi-annual plans and programmes which are to be co-financed through the Structural Funds. The authority in charge of compiling the respective programme assesses what should be included. Those authorities whose proposals are accepted are allocated the Structural Funds contribution which is integrated accordingly into annual income and expenditure budgets.

For the 2007-13 period, there is a trend in some countries (e.g. UK, Denmark) towards greater integration of EU and national funding, abandoning or downgrading formerly separate decision-making systems dedicated to Structural Funds. This trend is being driven by ‘value for money’ considerations, particularly where funds are declining. However, it is also part of moves towards greater strategic alignment of domestic and EU development activities. The emergence of increasingly integrated approaches to implementation raises important questions. How can the influence or ‘added value’ of programmes be delineated? Is there a tendency for Structural Funds to be ‘bent’ to the domestic agenda to the extent that they become merely substitute funding for domestic regional development activities? How can the ability of programmes to catalyse or foster emerging themes be preserved? A challenge associated with subsumed systems is that it is difficult to strategically reallocate money to new priorities once the initial distribution between central and regional government ministries has been made.

Table 2: Integrated systems: EU funding subsumed – general characteristics

<table>
<thead>
<tr>
<th>Implementing Bodies</th>
<th>Domestic administrative bodies (government authorities, agencies etc).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>Structural Funds are integrated into domestic funding streams, playing a supporting role in financing domestic policy instruments.</td>
</tr>
<tr>
<td>Application process</td>
<td>No separate application system for Structural Funds.</td>
</tr>
<tr>
<td>Advantages</td>
<td>Can increase overall status, political weight and finances of regional policy.</td>
</tr>
<tr>
<td></td>
<td>Coherence of timetables and objectives across levels.</td>
</tr>
<tr>
<td></td>
<td>Efficiency gains - implementation draws on existing expertise, limited duplication (important where Structural Funds represents a small amount of overall expenditure).</td>
</tr>
<tr>
<td></td>
<td>Potential diffusion of EU innovation into domestic system.</td>
</tr>
<tr>
<td>Drawbacks</td>
<td>Efforts to unify different systems/funds can create complexity.</td>
</tr>
<tr>
<td></td>
<td>Problems with one system/fund can spread to the other.</td>
</tr>
</tbody>
</table>
Inertia, resistance to change.  
Less visibility for EU funding

| Examples          | Austria; most German programmes |

(ii) **Integrated systems - EU funding dominant**

In the EU12 Member States, as in the EU15 Cohesion countries in the past, the administration of Structural Funds/EU funding is being integrated within resource allocation systems mainly at the central government level. Funding is being divided between ministries and agencies as part of domestic resource allocation mechanisms and funds are administered according to the domestic delivery system. The relationship between EU and national funding is, however, the inverse of the subsumed systems; rather than subsuming Structural Funds implementation practices, Structural Funds implementation systems are the main instruments for resource allocation. Domestic regional development activities are supplementing, or have already been supplanted by, EU objectives and organisational principles. In countries such as Poland, the Czech Republic, Slovakia and the Baltic States, arrangements for the planning, financing, monitoring and steering of EU programmes and projects can form the core of regional development delivery models.

Although the systems are still evolving, it is possible to assess the early results of this process. There is clear evidence that the transfer of EU organisational principles has contributed to the creation and funding of a new, more integrated system for the design, delivery and monitoring of regional development interventions. Obviously, in these systems there is minimal duplication and a considerable degree of coherence in terms of timetables and objectives between Structural Funds and domestic funds. However, there are strong challenges associated with the implementation of programmes particularly in a context of previously constrained regional policy systems. This can put pressure on domestic administrative, financial and human resources. As noted above, in subsumed systems there can be concerns over the visibility of Structural Funds but in systems where Structural Funds implementation systems are dominant there is a danger that the content of domestic regional development activities may be dictated less by strategic considerations than by the need to absorb EU funds.

**Table 3: Integrated systems: EU funding dominant - general characteristics**

<table>
<thead>
<tr>
<th>Implementing Bodies</th>
<th>Domestic regional policy bodies/agencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>Structural Funds represent main funding stream, domestic sources integrated into Structural Funds implementation systems.</td>
</tr>
</tbody>
</table>

### Application process

<table>
<thead>
<tr>
<th>Application process</th>
<th>No separate Structural Funds application.</th>
</tr>
</thead>
</table>

### Advantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Can increase overall status, political weight and finances of regional policy.</th>
<th>Coherence of timetables and objectives across levels.</th>
<th>Minimal duplication (important where domestic funds are limited).</th>
</tr>
</thead>
</table>

### Drawbacks

<table>
<thead>
<tr>
<th>Drawbacks</th>
<th>Pressure on domestic resources (administrative, financial, human)</th>
<th>Less visibility for domestic funds and pressure to absorb funding.</th>
</tr>
</thead>
</table>

### Examples

<table>
<thead>
<tr>
<th>Examples</th>
<th>Hungary, Poland, Czech Republic, Romania, Latvia.</th>
</tr>
</thead>
</table>

### 4.1.2 Differentiated systems

In differentiated systems, Structural Funds, and the programming practices associated with them, are distinct from domestic regional development interventions. Various aspects of the programming process, such as project selection and appraisal, programme monitoring and steering are carried out by organisations or committees set up specifically for the purpose. Among the Member States employing such approaches are Belgium, the Netherlands and Sweden. In these cases, most European resources are allocated through Structural-Funds specific channels and structures. This often involves organizing competitive calls to tender, tied to specific OP priorities and measures, where co-financing is brought in by a project applicant. However, it can also involve direct commissioning of activities or issuing global grants under particular OP priorities. Appraisal and recommendation are carried out by Structural Fund secretariats or other competent organisations and/or committees, while final decision-making is typically the responsibility of a committee representing the Structural Fund programme partnership.

Most resources are allocated through Structural Fund-specific channels and structures. A single system operates across a whole programme. The benefit of this approach is that it can strengthen coherence across a programme and ensure that its strategic objectives are maintained. It also ensures good visibility of Structural Funds and a transparent demonstration of the links between resource allocation decisions and impacts. On the other hand, there are administrative costs associated with establishing and operating structures and systems dedicated to Structural Funds implementation. As the coherence of OP interventions with other domestic and EU funding streams becomes increasingly important, another drawback of this approach is that it provides a limited strategic overview beyond programmes. In differentiated systems, there is also less scope for diffusion of innovative approaches and exchange of experience.

### Table 4: Differentiated systems - general characteristics

| Implementing Bodies | Dedicated bodies specifically established for Structural Funds (Structural Fund secretariat, competent organisations or Committees). |
Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

<table>
<thead>
<tr>
<th>Funding</th>
<th>Most funds allocated through Structural Fund-specific channels and structures, organised under programme priorities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application process</td>
<td>Separate Structural Funds application</td>
</tr>
<tr>
<td>Advantages</td>
<td>A single system operates across a whole programme.</td>
</tr>
<tr>
<td></td>
<td>Can promote strategic coherence across a programme and enables an overview to be easily maintained.</td>
</tr>
<tr>
<td></td>
<td>Greater visibility of Funds and easier overview of how decisions are made.</td>
</tr>
<tr>
<td>Drawbacks</td>
<td>Administrative cost - has to be established and operated.</td>
</tr>
<tr>
<td></td>
<td>Limited strategic overview beyond Structural Funds programmes.</td>
</tr>
<tr>
<td></td>
<td>Less scope for diffusion of innovative approaches, exchange of experience.</td>
</tr>
<tr>
<td>Examples</td>
<td>Belgium, Sweden</td>
</tr>
</tbody>
</table>

4.1.3 Aligned systems

A further type of resource allocation system lies between the integrated and differentiated systems described above. These can be termed ‘aligned systems’, and are a feature of the new programme period in some countries.

As Member States attempt to integrate EU and domestic funding streams and instruments, some are using the same bodies to deliver Structural Funds and domestic funds but at the same time are maintaining a separation of decision-making on Structural Funds and domestic interventions. Thus the main Structural Funds Implementing Bodies are located within specific departments or secretariats in domestic policy bodies, and funds are allocated in coordination with domestic instruments, with strong coherence between the strategic content and timescale of programmes. In terms of funding mechanisms, this may include the organisation of bids that give more prominence to coherence with domestic development goals as part of the selection process. Establishing more coordinated or parallel funding streams may also include moving away from open calls to an approach which involves the direct commissioning of elements of projects or interventions. In this way, funding may be provided to support projects that complement domestic policy priorities.

Two examples can illustrate this approach. In Italy, increased coordination of Structural Funds programmes with domestic legislation and policies is resulting in ‘parallel programming’ arrangements. In the Mezzogiorno, this involves the operation of Structural Funds programmes in parallel with domestic programmes supported by the domestic Fund for Under-utilised Areas (FAS - Fondo per le Aree Sottoutilizzate). In effect, the Italian authorities have developed a domestic regional development strategy for these areas that is wider than the EU definition of the Convergence regions. As a result, a new programming framework will see the extended implementation of National and Inter-Regional OPs with domestic resources in Mezzogiorno.
regions that lie outside the Convergence territory. This develops an approach to regional development which: (i) goes beyond Cohesion Policy; (ii) includes considerable financial commitment by the Italian state authorities (domestic budget, FAS); and (iii) aims to achieve a synergy between domestic and Structural Funds programmes, by incorporating all of these programmes in the strategy outlined in Italy’s National Strategic Document.

In the United Kingdom, management and implementation of the Structural Funds is being more closely connected with the delivery of domestic policy. This is being done either by directly aligning delivery mechanisms (Regional Development Agencies in England, Strategic Framework Coordinators in Wales) or by the selection of delivery bodies which are prominent in the delivery of domestic policy also (e.g. proposed role of Scottish Enterprise in delivering parts of the Scottish programmes). In Scotland, the planned move from a differentiated to a more aligned approach is a consequence of devolution. In contrast with 1999-2000, when the current generation of programmes was drafted, the new institutional arrangements mean that there are now Scotland-specific strategies; combined with significantly reduced funding, this has led to efforts to coordinate Structural Funds and domestic interventions.

Table 5: Aligned systems - general characteristics

<table>
<thead>
<tr>
<th>Implementing Bodies</th>
<th>Specific departments/ secretariats in domestic policy bodies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>Structural Funds allocation decided on in parallel with domestic co-financing sources, direct commissioning of domestic delivery organisations.</td>
</tr>
<tr>
<td>Application process</td>
<td>Separate applications for Structural Funds and co-financing sources.</td>
</tr>
<tr>
<td>Advantages</td>
<td>Greater alignment of domestic and Cohesion policies - strategic overview.</td>
</tr>
<tr>
<td></td>
<td>Increased scope for exchange of experience.</td>
</tr>
<tr>
<td></td>
<td>Value for money as Cohesion Policy/domestic actions administered within same organisations</td>
</tr>
<tr>
<td>Drawbacks</td>
<td>Administrative overload where responsibilities are concentrated in one organisation.</td>
</tr>
<tr>
<td></td>
<td>Transparency, division of responsibilities.</td>
</tr>
<tr>
<td></td>
<td>Complexity of coordinating different funding systems.</td>
</tr>
<tr>
<td>Examples</td>
<td>UK, Italy, Denmark</td>
</tr>
</tbody>
</table>

It is important to note that the distinction between these various categories is seldom clear-cut, and different aspects of these models can be combined, particularly where programming frameworks are in flux. In Sweden, plans for 2007-2013, could arguably see a more coordinated approach at central level, with the central development agency, NUTEK, taking over responsibility for domestic and Structural Funds programme implementation. However, at
regional level County Administration Boards will have responsibility for implementing and coordinating state regional development measures but will no longer be directly involved in implementing programmes.

4.2 Implementation priorities for 2007-13

Across Member States, programme managers have been taking stock of their arrangements for allocating Structural Funds. A range of processes can be identified, producing a variety of frameworks in different domestic settings. Some key trends are:

- improvements to the strategic management of programmes;
- investment in capacity for programme delivery;
- changes to partnership arrangements; and
- new coordination arrangements.

Each of these are described in turn in the following sections.

4.2.1 Improving the strategic management of programmes

There appears to be extensive adaptation or reorganisation of Structural Funds implementation systems among Member States to improve the strategic management of programmes. This reflects the Commissions requirements for a more strategic approach by Member States in order to meet the new objectives of Cohesion Policy associated with the renewed Lisbon agenda. It also reflects the increasing emphasis, noted in previous IQ-Net papers, on the harmonisation of interventions under different funding streams (ERDF and ESF, EU co-financed and domestic), and ‘value for money’ considerations, particularly in Member States with reduced levels of funding.

In several cases, a more distinct division of strategic and (delegated) operational responsibilities is emerging in implementation systems.

- For instance, in England, the management of the ERDF programmes is being delegated from the regional Government Offices (GOs) to the Regional Development Agencies, with an as yet undefined strategic role for the GOs overseeing the process (a 2005 review of GO activities recommended that they should take a more strategic role and move out of grant-processing activities). Similarly, in Austria and Finland, specific technical and implementation issues are being delegated from Managing Authorities to other bodies.

- The drive to develop a strategic overview of programme progress is, in some cases, a factor in the integration of individual 2000-06 programmes. As noted previously, in Italy, the 2000-06 Objective 1 OP Local Entrepreneurial Development and OP Research
will be merged, and their Managing Authorities will be reorganised. As well as attempting to rationalise the number of national programmes operating in the Convergence regions, the increased Lisbon orientation of the interventions for entrepreneurial/industrial development has been an important factor.

- In Vlaanderen, one single ERDF programme, managed at the Flemish level, will replace four programmes managed at the provincial level. With the end of micro-zoning, the Flemish authorities are seeking to strengthen their strategic overview of programme activities, and it also corresponds with the Flemish horizontal support policies.

- In Scotland, there has been a consolidation of MA roles, with the abolition of the former Programme Management Executives, as the Scottish Executive seeks to increase the strategic impact of a smaller amount of funding. In Sweden, a concentration of MA responsibilities at the national level, under NUTEK, has been introduced to improve the strategic aspect of programme activities (see box below).

**Box 5: Organisational change to strengthen the strategic impact of programmes in Sweden**

In Sweden, several structural changes are underway to strengthen the strategic orientation of programme activities. The previously decentralised management approach is being replaced with a single Managing Authority at the central level. The National Agency for Economic and Regional Growth NUTEK is the new Managing Authority and Certifying Authority for ERDF, a task which was formerly performed by the six County Administration Boards in the respective programme areas. The aim is to strengthen strategic overview and coherence and to standardise and simplify implementation structures. The Swedish ESF Council (Svenska ESF-rådet) will be the MA and Certifying Authority for ESF. The Audit Authority for both funds (ERDF and ESF) will be the Swedish national financial management authority (ESV).

Although a degree of centralisation can be observed in the new structure by the transfer of responsibilities from the County Administration Boards to NUTEK, it is important to note that both Managing Authorities will also be represented and located in each of the programme areas. Moreover, Structural Funds partnerships (consisting of elected representatives from municipalities and county councils from the relevant counties, as well as representatives from labour market organisations, County Administration Boards, county labour boards, interest groups and associations) will have a more formal, strategic role to play in the new programming period. Although partnerships in the programme areas have existed in the past, in the new period they will be developed further and formalised to deal with Structural Funds in particular. There will be a joint structural fund partnership for ERDF programmes and the regional plan of the ESF programme.
The key task of the Structural Funds partnership is to prioritise projects from a strategic perspective, and ensure that the ERDF OP and the regional plan for the ESF are implemented according to their respective strategic directions. The Structural Funds partnership together with the Managing Authorities will also oversee that the programmes are coordinated with the other strategies which are implemented at the regional level (Regional Growth Programme and the rural area programme).

The role and composition of programme Monitoring Committees is also evolving as part of the strategic approach to programme management and implementation. In several cases, the work of Monitoring Committees in 2007-13 is anticipated to be much more ‘content-based’ than technical, attempting to oversee the implementation of programmes from a more strategic perspective i.e. in terms of how specific activities fit into programme priorities, the overall objectives of Cohesion Policy and national development plans. A general trend is the establishment of arrangements to deal with technical procedures (such as changes to the financial tables) outside of the main Committee meetings to allow more time to be devoted to discussion of substantive issues. Another approach is the establishment of joint Monitoring Committees for groups of OPs, thus scheduling fewer meetings but increasing the scope for strategic exchange of experience and discussion of good practice. For instance, a single Programme Monitoring Committee will be established for the four Programmes in Wales, with two standing sub-committees for ERDF and ESF. In France and Austria, provisions to encourage more strategic Monitoring Committee meetings are also being introduced (see box below).

**Box 6: Increasing the strategic orientation of Monitoring Committees in Austria**

The most notable organisational change relates to future Monitoring Committee meetings which are intended to be more thematic in their approach. The ÖROK ‘sub-committee for regional economic development’ serves as the technical secretariat and is currently preparing proposals for the organisation of future meetings. In the 2000-06 period, eight meetings were organised for all Objective 2 programmes taking place on two days once a year. A separate meeting was held for the Objective 1 programme. Discussions were quite technical, and many participants took the view that the meetings were mainly a reporting exercise for the benefit of Commission officials with a limited added value for the Managing Authorities and the stakeholders. Another reason for this change is that it is likely that there will be fewer programme amendments in the future due to the missing Programme Complements. Hence, the idea is to have one rotating meeting for all Regional Competitiveness & Employment programmes. Participants will include the MAs, a maximum of two implementing agencies per programme and a limited amount of stakeholders and federal actors. While technical procedures such as changes to the financial tables could largely be agreed prior to the meeting in written form (e.g. online via ÖROK’s Document Internet Server), the main goal would be to exchange experience and to discuss good practice case studies paired with project visits. Also, NSRF-related issues could be integrated and discussed by participants. The aim is to maintain a
positive process of co-ordination and communication between actors responsible for implementing Structural Funds.

The concentration of Managing Authority responsibilities, particularly regarding the strategic control of OPs, clearly produces a more simplified system, at least at some levels of the programme framework. Unifying responsibility for previously distinct OPs in a smaller number of MAs also provides scope to develop more standardised data and strategic overview of programme progress and thus to inform the strategic content of MA reports and activities. However, this restructuring creates some challenges. Where MA responsibilities are pooled in a smaller number of organisations, it is important that they have sufficient administrative resources to cope. Moreover, redistributing managing responsibilities across and between administrative levels inevitably challenges previously independent organisations to find new ways of cooperating with each other. In this way, simplifying programming arrangements at some stages or levels of the process may mean the complication of arrangements elsewhere in the system.

The integration of Monitoring Committees, combined with the changing orientation of some OPs, new eligibility rules, the end of micro-zoning and, in some cases, reform of domestic regional administrative systems, mean that the size and the scope of their membership is generally expanding. This is evident across older and newer Member States.

- **In Nordrhein-Westfalen**, the Monitoring Committee in 2007-13 will be larger than in 2000-06 because the new OP will cover the entire Land (rather than selected eligible areas), so that there will now be a larger number of representatives from NRW’s sub-regions (16 of them in 2007-13).

- **In Greece**, the simplification of the programming system through the integration of ROPs under the management of a central Ministry has arguably increased the potential for complexity and rigidity in other parts of the management and implementation system. For instance, Monitoring Committee membership for the combined Regional Operational Programmes could treble, and it will be important to ensure efficient meetings, full attendance and balanced participation of members.

- Some Member States are managing the expansion of Monitoring Committees through increased use of aforementioned technical preparatory meetings but also by providing funding for particular socio-economic partners to improve their ability to deal with Structural Funds rules and procedures and strengthen their contribution to committees (e.g. environmental NGOs in Sachsen-Anhalt).

4.2.2 **Investing in capacity for programme delivery**

Across Member States, increasing investment is being made in the administrative capacity of organisations involved in the implementation process. There are cases where decreases in
funding and the reorientation of programmes are prompting a more selective approach to the use of Implementing Bodies and a reduction in their number.

- In Steiermark, for instance, the number of agencies will decline from ten to eight, related to a decrease of around 30 percent in funds for the programmes. In this case, the reorientation of programmes to concentrate resources mostly on Lisbon type activities for 2007-13 has also played a part in making some Implementing Bodies redundant.

- Nevertheless, effective implementation structures are vital to the success of programmes. Even in countries such as Scotland, where funds are declining, the development of new, effective structures and systems for translating project proposals into practice and committed funds into expenditures remain key challenges (see box below).

Box 7: Developing new implementation structures in Scotland

In Scotland, implementation arrangements reflect the reduction in funding and the changed policy environment. The Scottish Executive view is that, with the significantly reduced funding, the Structural Funds programmes will need to be more targeted than before, focusing on activities with the highest value added, as well as activities which contribute towards strategic domestic goals and which leave an economic development legacy on Scotland post-2013. The evolution of the approaches to programme management and delivery is inseparable from the changing political landscape over the period. The development of national strategies and policies which has taken place since devolution and during the last programme period has heavily influenced the approach taken.

There has been a centralisation of programme development, and centralisation and rationalisation of OP management and administration. The number of organisations with delegated management responsibilities (Programme Management Executives) has been reduced from five to two, and they have been renamed Intermediary Administration Bodies (IABs). The two new IABs cover the Highlands and Islands and the Lowlands and Uplands Programme areas, and will deliver a ‘significant’ proportion of the funding through a challenge-funding approach (the ‘bulk’ of the resources for the first half of the programming period at least).

However, delivery of parts of the new programmes is being delegated to new Intermediate Delivery Bodies (IDBs) which are former project sponsors/programme partners. Funding will be provided in blocks to the IDBs to support a ‘handful’ of specific major projects ‘which will complement existing policy but demonstrate clear additionality’.

- In several cases, the role of Intermediary Bodies in the management and implementation of programmes is set to increase. This can be a consequence of the increase of Structural Funds resources, particularly in new Member States, and the
expansion of programming frameworks. For instance, in Poland, some regional Marshals Offices will be Intermediary Bodies for the regional component of the OP Human Capital and Managing Authorities for the new Regional Operational Programmes. It is estimated that expansion of regional-level administrative arrangements for 2007-13 will mean an overall increase of over 300 percent of current staffing levels.\textsuperscript{27} Similarly, in Slovakia, in comparison with the previous period, the number of Intermediary Bodies will increase as ministries delegate responsibilities on a programme by programme basis.

- Elsewhere, increased use of Intermediary Bodies is a consequence of processes of rationalisation and simplification. This may seem to run contrary to efforts to concentrate management responsibilities and reduce layers of organisations involved in the resource allocation process. However, increasing use of Intermediary Bodies can be an outcome of the increased focus of Managing Authorities on high-level strategic functions. Where management responsibilities have been reorganized at higher levels, concerns over administrative capacity and levels of expertise in particular sectors or territories mean that former MAs may maintain prominent roles as Intermediary Bodies for managing and implementing some OP components. In Greece, for instance, processes of centralisation have been accompanied by the use of former MAs in the regions as Intermediary Bodies with the necessary management skills, experience and knowledge of the regions concerned. Moreover, the potential for introducing new arrangements to support the implementation of thematic and regional OPs has been extended. For example, under the OP ‘Improving the Administrative Capacity of Public Administration’, there is scope taken to promote the establishment of a non-profit limited company in the public sector, under the name ‘Administrative Reform Limited’. In terms of ROPs, it is also possible to establish ‘Regional Development Organisations’ in each region as limited companies. These companies can assist in the planning of development policy and in providing support for beneficiaries.

- The reorientation of some programmes has prompted the incorporation of new bodies. For instance, increasing emphasis on urban development in Vlaanderen is reflected in the creation of two, city-based Contact Points.

- Regarding Implementing Bodies, for 2007-13, some EU guidance is provided on the delegation of responsibilities, e.g. via global grants,\textsuperscript{28} but Member States can decide on the status and responsibilities of the bodies to be involved. How Member States use Implementing Bodies depends on some basic factors. The degree to which MAs are ‘open’ to the involvement of other actors, the capacity of those actors to participate

\textsuperscript{27} Ministerstwo Rozwoju Regionalnego (2007) Plan działań na rzecz zwiększenia potencjału administracyjnego jednostek zaangażowanych w realizację Programów Operacyjnych w Polsce w latach 2007-2013

\textsuperscript{28} Council Regulation (EC) No 1083/2006, Articles 42/43
actively in implementation, and the level of funding available to justify this are key issues. In some EU12 Member States, for instance, levels of funding are increasing, but, given the fact that potential regional partners in programme implementation are still building capacity and experience, the indications are that the majority of Managing Authorities will maintain most responsibility for implementation themselves.

- Changes to the programming environment (such as the end of micro-zoning), as well as reform of domestic administrative systems, can also have an impact on the involvement of Implementing Bodies. The case of Denmark illustrates the range of domestic and programme-related factors at work. Here, recent local government reform has dramatically reduced the number of regional entities. Moreover, the absence of micro-zoning in 2007-13 has meant that the programme now covers the entire country. In theory, these factors have reduced the scope for regional bodies to play a part in the implementation process. On the other hand, the government bodies in the new regions cannot implement regional development activities directly, unlike their predecessors. They must use an external contractor, and this is likely to mean that the overall use of Implementing Bodies is likely to be similar to the previous situation.

4.2.3 Evolving role of partners

There is a general trend of increased participation of economic and social partners in the implementation process. In particular, this refers to the involvement of social actors and NGOs. The strategic framework of the Lisbon Agenda is prompting the involvement of the private sector not only on advisory bodies and Monitoring Committees but as active participants in the implementation of OPs.

- For example, in Denmark, the role of private sector interests and knowledge institutions has increased. This involvement is not only at the political level through participation in the Regional Growth Fora and advisory committees, but also through making an ‘in-kind’ contribution to the work of the administrative secretariats for programme implementation through part-time secondment of staff.

- In Italy, social and economic partners will also play a more active role in the implementation of new industrial policy instruments (see box below).

| Box 8: The role of social partners and NGOs in Lombardia |

Concerning the engagement of socio-economic and institutional partners in the phases of implementation of the ERDF OP, the fact that the new OP operates all over the regional territory - whereas the previous Objective 2 SPD related to few, mostly marginal, parts of the regional territory - is seen as providing significant opportunities for more close interactions with the other actors and programmes that operate in the region. The engagement of partners...
during the life of the OP will be organised on three levels: a strategic, programme and operational level.

(a) Strategic level partnership will be delivered through the Development Pact (Patto per lo Sviluppo) and the Table of Local Autonomies (Tavolo delle Autonomie Locali) which will oversee all interventions implemented for socio-economic development in Lombardia, including the ERDF OP.

(b) Programme level partnership will be delivered by the Programme Monitoring Committee. The participation in the PMC will be based on the concept that those who participate in the PMC will also have to have a role in the Patto per lo Sviluppo, so as to create a system of co-responsibility and increased understanding of the issues. This is intended to improve the effectiveness and efficiency of decision-making procedures within the PMC. The participation to the PMC will be reformed in line with the principle of proportionality and it may be that not all participants will necessarily have a say in the decisions that have to be taken, but be involved more in a consultative capacity (but decisions on this have yet to be taken).

(c) Operational level partnership will be delivered through the work of various territorial and thematic tables (which will include for example the measure managers).

- External experts also have an important role to play in the new strategic, thematic approach. This applies to the role of experts in advisory groups and panels in the process of appraising and selecting projects. At a higher level, experts are also making an increasing contribution to the evaluation of the broad strategic impact of programme activities. In Greece, for instance, experts will be involved in the implementation system developed for the 2007-13 period. A new Committee of Experts is being established in the Ministry of Economy and Finance to provide support to management and implementation bodies as well as to the NCA. This committee will have wide-ranging responsibilities: assisting programming bodies in strengthening and improving their capacity to develop and support projects and providing comprehensive input on the development of the implementation system.

### 4.2.4 New coordination arrangements

Coordination remains a crucial issue for programme management and implementation systems. Indeed, there are some additional coordination challenges in 2007-13 compared to 2000-06. For instance, the introduction of mono-funding requires new mechanisms for the coordination of ERDF and ESF OPs. Where funds are declining, more stress is placed on achieving optimal impact through coordination of OPs with other sources of funding. The restructuring of some programmes, including the integration of OPs and the reallocation of management responsibilities to higher administrative levels raises the question of coordination across and between administrative levels. The thematic or geographical reorientation of some
programmes can present new coordination challenges, associated, for instance, with the incorporation of cities or urban development themes.

A range of coordination mechanisms is emerging in response to these challenges. First, coordination is being improved through the consolidation of horizontal or vertical partnership structures. Across Member States, committees are being established to strengthen horizontal coordination of different EU funds and between EU and domestic activities. This is occurring at various administrative levels. In several cases, new horizontal and/or vertical coordination units are being established.

- For example, in **Finland**, a new body in the management and implementation structure is the central-level Structural Funds Negotiating Committee. The Committee aims to co-ordinate the activities funded by the Structural Funds, rural fund and fisheries fund and domestic activities, and to evaluate and report on the impact of programmes to the Ministry of the Interior. A key aim of the committee is to encourage an exchange of information on the implementation of EU-funded programmes and national programmes, and to promote their aligned implementation.

- In **Nordrhein-Westfalen**, the most important change in terms of coordination is the recent establishment of an inter-ministerial committee at the level of State Secretaries. The committee will undertake a number of important tasks, relating to the coordination of all Ministries involved in each OP, as well as to the coherence of the different EU Funds and OPs.

- Arrangements are being made in some Member States to strengthen structures for vertical coordination. For instance, in **Denmark**, the central agency NAEC will participate as a partner in the secretariats of the Regional Growth Fora, and increased emphasis will be given to ensuring an ongoing dialogue between programme administrators in the regions across the country.

- In response to the use of mono-funding, new organisational arrangements are including provisions to coordinate different EU funding streams. For example, the role of partnerships in the programme areas in **Sweden** is evolving to strengthen coordination between ERDF and ESF (see Box 5).

- There are also efforts to develop thematic or sectorally-based structures to boost the coordination of interventions and inform more strategic approaches to OP actions. For example, in **Spain**, six networks will be created covering the themes of the environment, urban initiatives, innovation, R&D, gender equality and social inclusion. The main objectives of the networks include the exchange of experiences and the diffusion of best practice in relation to EU funded interventions; the presentation and analysis of developments in national and EU policies with implications for the management of EU funded interventions; the analysis of technical problems arising from the application of EU and national legislation; the analysis of the contribution of
EU funds to the development of each sector and coordination with other national or EU policies; and the anticipation of potential systemic risks that can affect the development of policies and may require the reprogramming of funding. The networks will include permanent representation from the Commission, central and regional governments, as well as other actors relevant to the specific network (e.g. local authorities for urban initiatives and NGOs for social inclusion). Other experts or observers may also be invited to participate. At least one annual meeting will be held for each network supported by a permanent secretariat with responsibilities for the diffusion of information to its members and the organisation of meetings (see Box 9).

Box 9: Coordination based on thematic structures in Spain - R&D and Innovation

A ‘Sectoral Network of R&D and Innovation Policies’ financed by the Structural Funds is being established in Spain with the participation of central government and regional governments, under the aegis of the national thematic ‘OP for R&D and Innovation for Firms’. The network will facilitate the strategic assessment of actions co-funded by the OP and will also permit the analysis of their coherence and complementarity with other actions under the national ‘OP for the Knowledge Society’ or those developed and delivered through the regional OPs. It is expected that the analysis would also extend to domestic national and regional R&D and innovation policies. In addition, the network will aim to spread best practice in the management of co-funded interventions amongst different public organisations and levels of government with a funding stream specifically for this purpose, as well as promoting the unification of criteria and the improvement of management procedures of ERDF funded interventions on R&D and innovation.

It is hoped that the Sectoral Network of R&D and Innovation Policies will provide a significant contribution to the coordinated and coherent use of the Structural Funds with other policies in this domain and strengthen the coherence of the national System of Science, Technology and Enterprise. A Network Advisory Committee will be established to provide the analysis required to undertake the strategic monitoring of the programme and to facilitate the exchange of best practice amongst the different agents of R&D and innovation. The Advisory Committee will comprise a limited number of recognised experts and will meet at least twice a year. It will be supported through a permanent secretariat in order to allow the Committee to pursue its objectives efficiently and to provide the OP with a coherent and visible image. As well as formal meetings, the Sectoral Network of R&D and Innovation Policies will undertake its activities virtually, through the internet. The plenary meeting will be led by the members of the network, although the Advisory Committee members will be invited as guest participants.  

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In some cases, coordination will be strengthened through the establishment of central guidelines or through contracts and agreements.

- In Poland, the implementation system for OPs will, to a significant degree, be regulated through guidelines provided by the Ministry of Regional Development and not, as in 2004-2006, by decree. The Ministry will develop two types of guidelines. First, horizontal guidelines will be issued, applicable to all OPs, related to the preparation of OPs and standardising the principles of programme implementation. Second, guidelines will be developed referring to specific OPs, developed by particular Managing Authorities and concerned with the selection of projects, eligibility of activities, monitoring and evaluation.

- Finally, coordination of implementation between levels will be strengthened on the basis of negotiated agreements and contracts. For instance, in Vlaanderen, the functions and activities of new Contact Points will be set through partnership agreements with the regional level. Different combinations of these approaches to strengthening coordination are apparent in some Member States, such as Sachsen-Anhalt (see Box 10).

**Box 10: Coordination mechanisms in Sachsen-Anhalt**

Effective coordination is particularly important in large Convergence programmes such as those in Sachsen-Anhalt. A key issue is the scale of funds, which are equal to around 6.3 percent of the Land’s annual budget for the entire period. Structural Fund resources are subsumed into the Land’s budget, and are channelled through a range of budget lines and funding schemes (Förderrichtlinien). In 2007-13, 43 different Land departments in Sachsen-Anhalt will draw on funding from the ERDF and ESF programmes. There are some additional coordination challenges in 2007-13 compared to 2000-06. First, instead of a single OP with combined funding from the ERDF, ESF and EAGGF, Sachsen-Anhalt in 2007-13 will have three different OPs, one for each Fund. Second, the Land is made up of three NUTS 2 regions, one of which (Halle) is eligible for Objective 1a in 2007-13, while the other two are covered by Objective 1. This means that the financial plans and related procedures now have to be organised separately for Objective 1 and Objective 1a.

The challenge facing the authorities in Sachsen-Anhalt is therefore: how can a coordinated and consistent approach be achieved, given the large amount of funding, the wide range of actors involved, and the complexity of EU rules and procedures? In response, a number of different initiatives will be implemented in 2007-13.

First, the Land will continue to use Programme Complements, although for domestic purposes only. This means that, before a Land department starts to draw down EU funding for a particular instrument, it must submit two forms to the Managing Authority, which contain all information previously included in the Programme Complement. One form includes a full description of the measure i.e. details of any relevant domestic regulations; State aid status;
project selection criteria; categories of final recipients; the contracting body and implementing body; eligible expenditure including by theme, geographical area and time-scale; the level and type of funding available; domestic and other funding sources; monitoring indicators; publicity requirements; and categories of economic activity. Another form includes all details needed for financial control to be undertaken for that instrument e.g. application and decision-making procedures; mechanisms relating to financial commitments, payments and the recall of payments; processes concerning project-level monitoring, control, checks and closure; and storage of project-related documentation.

Second, the monitoring system allows the Managing Authority and other programme participants to gain an overview of financial flows at programme level. This is particularly important given the scale of funding, with 78 measures for the ERDF and ESF programmes combined. In 2007-13, the intermediary bodies will enter data on each project directly into the electronic monitoring system, and this information will be linked electronically with the programmes’ financial plans. This approach will allow detailed comparison of funding across all interventions.

Finally, committees will meet regularly to monitor programme implementation and take any necessary strategic and technical decisions: the Managing Authority (Land Finance Ministry) and the Land State Chancellery; a working group of all Land Ministries; the programme Monitoring Committee; and the evaluation working group.

These three approaches should combine to allow the Land authorities to ensure the coherent and coordinated implementation of Structural Fund programmes in Sachsen-Anhalt, and to ensure operational and strategic effectiveness.
5. ALLOCATING FUNDING TO INTERMEDIARIES AND PROJECTS

In order to allocate EU funding to beneficiaries, Managing Authorities face a number of important questions. Should funding be channelled directly to projects or should intermediaries be used? Should allocations be managed thematically or geographically? Should funding be opened up to competitive bids? Should strategic projects be identified? The answers to these questions will depend on factors such as the implementation structure, the scale of programme funding, administrative capacity and the type of interventions being implemented. As part of preparations for the new programme period, Managing Authorities have been reviewing their options for allocating funding with a view to improving the efficiency of programme delivery.30

Given the diversity of approaches among (and within) programmes, it is difficult to generalise across countries and regions. However, it is possible to make a broad distinction between:

- programmes which divide up the funding envelope at the start of the programme and channel the funding through domestic budget lines or through Implementing Bodies and other intermediaries, which are then responsible for organising allocations to projects;
- programmes where resources are directly allocated to projects by the Managing Authority; and,
- programmes which operate a combination of allocations to intermediaries and allocations directly to projects.

The following section examines these approaches in more detail, identifying a number of basic procedures, each with associated advantages and challenges concerning the efficient management of funds.

5.1 Allocating funding to intermediaries

Particularly in the case of large programmes, substantial shares of the overall financial envelope may be managed by Intermediary or Implementing Bodies. These bodies may be located at central level (e.g. line ministries or national agencies). In other cases, it may be appropriate to allocate parts of the programme envelope to bodies or partnerships at the sub-national or sub-regional level which cover a specific thematic or geographic field. Lastly, in the new programming period, there is increasing use of new financial instruments to channel funds to particular types of beneficiaries.

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5.1.1 Single-stream budgets

Single-stream budgets or ‘funding pots’ are created by combining Structural Funds with domestic funding to create a co-funded budgetary stream or programme. The advantage of these single-stream budgets is that they support a more streamlined approach, reducing the workload both for applicants and administrators. At the same time, it can be challenging to manage the coordination of the EU and national components of the single-stream budget, each potentially having different timescales and requirements. Moreover, the transparency of the contribution made by Structural Funds may be less than under other methods.

Single-stream budgets are used in most German programmes. Structural Funds are allocated at the beginning of the programme period, mainly to specific budget lines and domestic funding schemes (Förderrichtlinien). Similarly, in Austria, funding is allocated to the respective Intermediary Bodies at the start of the planning period. Programmes in Spain are based on elements of ministries’ and regional authorities’ multi-annual plans and programmes which are co-financed through the Structural Funds. Those authorities whose proposals are accepted are allocated the Structural Funds contribution which is integrated into annual income and expenditure budgets. In North East England, the move to single-stream funding is seen as a way to simplify processes considerably. The Regional Development Agencies plan to coordinate ERDF with their own resources to achieve a more strategic alignment with domestic Regional Economic Strategies.

5.1.2 Allocation of funding ‘blocks’

In some programmes, greater use is being made of mechanisms for distributing tranches or ‘blocks’ of funding to specific administrative organisations, which are then responsible for managing and allocating the funding. This approach allows part of the management/administrative workload to be devolved. It can facilitate the integrated treatment of projects, improve the coordination of Structural Funds and domestic development strategies and exploit existing training and experience in delivery organisations. This approach depends, however, on the availability of delivery organisations with the capacity and the willingness to become involved in the implementation process. There are also important accountability issues to be addressed, especially given the stringency of EU financial control and audit requirements. At the same time, it is important to ensure coherent programme implementation based on close coordination with Implementing and Intermediary Bodies. Finally, there can be questions of complexity and transparency where organisations responsible for programme management and implementation are also recipients of programme funds.
There are several ways to allocate funding blocks for parts of a programme to Intermediary Bodies. Organisations can be appointed or selected in competitive bids to become co-financing bodies. Global grants mechanisms can also be used based on the General Regulations.  

- **Use of pre-determined co-financing organisations.** Under this approach, a block of funding is allocated to a delivery organisation that itself provides the necessary match funding and then invites applications or generates projects according to its own organisational framework. For instance, **Scotland** is planning to move from a system largely based on competitive calls to a hybrid approach, which will involve the Scottish Executive allocating blocks of funding for elements of the new programmes directly to key domestic delivery organisations. Also, in **Sachsen-Anhalt**, smaller funding amounts are delegated to specialist organisations, e.g. training organisations or business support agencies.

- **Co-financing competition.** Here, agencies or ministries are invited to bid to become co-financing bodies for parts of the programme. In **Nordrhein-Westfalen**, for example, ministries have to come forward with implementation proposals on how they would like to use the funding under Priority 2 (Innovation) and Priority 3 (Urban and Regional Development). This is a change from the 2000-06 period, when EU funding was entirely allocated *ex ante* to all budget lines. The move is related to the introduction of competitive calls for tender for the implementation of these priorities.

- **Global grants.** In **Greece**, global grants can be developed for actions defined in the OPs under which a specific group of projects will be implemented focused on geographic and/or thematic targets. In **France**, up to 50 percent of programme envelopes can be delegated via global grants, e.g. in the **Aquitaine** region, the Regional Council will be responsible for the delegated management of the Priority ‘Economy and Knowledge Society’. Some **Spanish** regions also use global grants as management instruments, often for delivering innovation and enterprise actions through a regional development agency. Box 11 illustrates the perceived advantages of global grants from a management point of view, based on the experience of two Spanish regions.

**Box 11: The ERDF OPs for Castilla La Mancha and Andalucia - advantages of global grants**

- The global grant is used as a management instrument for specific measures in the OP, thus ensuring a close alignment with the programme priorities and strategy.

- This approach facilitates the integrated treatment of projects, allowing a single project to combine funding from several measures.

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A high degree of flexibility is achieved through the introduction of new schemes during the programming period, responding to changes in the economic environment. This approach facilitates the development and implementation of measures through public-private partnerships and collaboration with a wide range of actors.

5.1.3 Strategic thematic or geographic partnerships

A different method of devolving the management of funding is to allocate parts of the programme budget to sub-national or sub-regional groups of partners who take on responsibility for delivering specific strategic objectives of the programme. The partnerships may be defined by the Managing Authority or in response to competitive bids. This approach has been used extensively in past programme periods in the form of ‘action plans’ or ‘packages’ (United Kingdom) or framework programmes (Denmark, Sweden). This approach can increase the participation of particular territories or actors and encourage partnership. In turn, this can lead to more coordinated project ideas and align domestic and EU-funded regional development goals. However, the development of partnerships and the delegation of management or implementation responsibilities may prove to be time-consuming, and there is a danger that those organisations lacking the capacity to become active members of the partnerships may not be fully included in the process.

Looking at partner examples, parts of the Scotland Lowlands & Uplands Programme will be delegated to a number of the Community Planning Partnerships (CPPs), which were launched in 2005 as part of domestic regeneration policy. They will be used for ERDF (Urban Regeneration Priority) and ESF (Social Inclusion Priority). The CPPs will be selected through an open call, with competition among eligible areas. After a test-run of two years, the Scottish Executive will assess their involvement and decide whether to expand the scheme. In Śląskie, substantial amounts of funding are being transferred to four sub-regions for the 2007-13 period (see Box 12).

Box 12: Sub-regional generation of ‘Key Projects’ in Śląskie

In order to generate key projects, the Śląskie region has been split into four sub-regions and associated agglomerations considered to be important to the development of the region as a whole. Funds have been allocated using an algorithm that gave an equal weighting to criteria linked to population numbers, GDP per capita and the level of unemployment. On this basis, each sub-region has been asked to develop proposals for ‘key projects’ that would become part of an Indicative Investment Plan (IPP) in the ROP. Following on from this process, 14 projects will be implemented, three of which will be major projects. Some of the smaller projects will

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be quite complex, involving a range of different interventions and activities. Once the IPPs developed by sub-regions have been accepted by the Ministry for Regional Development, a feasibility study will be completed followed by an initial appraisal by a panel of experts composed of regional representatives from different sectors. The main question for appraisal and selection is whether the programmes contain all of the vital elements required by the guidelines set out by the Marshall Office. A framework agreement will then be signed between the beneficiaries and the Marshall Office.

5.1.4 New financial instruments

Within a programme, specific allocations can also be made to a fund managed by a financial intermediary in order to provide capital to businesses on an ongoing basis. At the EU level, this type of instrument is being supported through the JEREMIE and JESSICA initiatives.

In Latvia, risk capital funds of this type will receive relatively high amounts of funding in the new programming period, following the launch of a pilot instrument one year ago. It is hoped that Estonia and Lithuania will share the same holding fund as in Latvia, pooling expertise and administrative capacity. In Greece, JEREMIE and JESSICA are seen as particularly important, reflected in the fact that it was the first country to sign a Memorandum of Understanding for the general framework and implementation of JEREMIE in October 2006. Some Spanish regions, as well as Lombardia are also expected to make use of these support instruments. The Scotland example is interesting in that it plans to set up at least one fund with the status of a major project (see Box 13).

Box 13: Financial engineering instruments in the Lowlands & Uplands Scotland Programme

Building on experience in the field of venture capital provision, the Scottish Executive is currently working on a scheme to enhance funding under Priority 2 ‘Access to Finance’. In this context, the use of JEREMIE as a delivery mechanism is being explored with the Commission and the European Investment Fund based on an evaluation of JEREMIE in Scotland. If it is decided to proceed with JEREMIE, the amount of ERDF invested would make it a major project but, even in the absence of this support, substantial amounts will be invested in mechanisms to ensure the availability of finance for new and innovative SMEs. This will be achieved, for instance, by making ERDF awards to investor-readiness and micro-credit initiatives, and using it to fill identified gaps in the finance market. One of these mechanisms is the Scottish Co-investment Fund (co-funded in the 2000-06 period) which may receive substantial ERDF investment that would qualify as a major project; the same would apply to the Scottish Venture Fund which has not yet received ERDF support.
5.2 Allocating funding to projects

Whether through Managing Authorities or Intermediary Bodies, the allocation of funding to specific projects can be approached in a variety of ways. Different procedures have evolved to invite applications or stimulate project ideas. Differentiation can be explained, for instance, by the amount of funding available and the degree to which resources are targeted at different themes, areas or groups. Approaches vary according to programme priorities and can be adapted depending on programme progress. Whereas individual and smaller projects are likely to be invited based on a ‘call system’, more strategic or complex projects are, in most cases, pre-selected at the programme level or developed through a negotiation process.

5.2.1 Call systems

A ‘call system’ is basically an invitation to potential beneficiary organisations to submit project applications to the programme. For several reasons, calls for projects are increasingly used for inviting project applications. They can help to target groups of potential beneficiaries, raise awareness for a certain initiative in pursuit of a specific programme objective, introduce elements of competition in order to increase project quality and selectivity, or allow programme managers to gain an overview of the interest generated in a certain field. A range of factors determine the use of the call system in different programmes, including: the timing of calls; the extent to which they are open or restricted according to different criteria; and, the extent to which they target particular themes.

(i) Timing of calls

Depending on programme objectives and the resources available, two approaches can be adopted when inviting call-based applications. On the one hand, calls can be open for the whole programming period or at least until resources are exhausted. On the other hand, calls can be organised around one or several deadlines. A compromise between the two systems is to introduce deadlines for applications, but to make these relatively frequent across the programming period (e.g. several times per year). Under this system, a project which is not fully developed by one submission deadline could be postponed to a second deadline. Both approaches present certain merits but also some disadvantages.

- Continuous calls allow projects to be developed to maturity as there is no ‘rushing to meet the deadline’. However, the lack of an imminent time limit can lead to a limited response. Moreover, the selection process may not be very strategic as it cannot necessarily make a selection from a large portfolio of projects. Also, higher quality projects, which are submitted after funds have been used up, cannot be considered.

- Using fixed deadlines may facilitate publicity and information efforts and help programme managers to get an early idea of potential projects. It can also lead to an increase in project quality as applicants compete for limited funds. This can possibly support more strategic decision-making. However, applicants may submit applications
which are not yet fully developed. The workloads of project appraisers may be less evenly spread, and inflexible timetables may have a detrimental effect on the development of projects, particularly between funding rounds.33

(ii) Open calls

Larger programmes can opt for open calls in order to ensure high commitment rates based on broad actor mobilisation. Open calls are implemented through a standing invitation to potential beneficiaries to make direct, single applications, and they are managed in a reactive way. General information is disseminated to a broad range of applicants who are invited to submit projects on a ‘first come first served’ or queuing basis, as long as eligibility criteria are met. In some cases, this mechanism may also be used at the start of the programme in order to find out more about actors’ needs and to target future calls accordingly.

A number of programmes are mainly implemented through open calls. In Sachsen-Anhalt, selection processes only become more targeted if large numbers of applications are received relative to the amount of funding allocated. Although the system is yet to be finalised, NUTEK intends to apply an open call approach in all Swedish OPs in order to meet the n+2 rule and to have as many projects decided at the start of the period as possible. Also, in Hungary it is felt to be too early to introduce selective calls.

Another reason for Member States to make use of open calls is linked to the sensitivity of decisions concerning the concentration of funds (as in Slovakia). In Greece, the introduction of a thematic or geographic orientation to the open call system is still under discussion. Additionally, some programmes are at least partly implemented through open calls, e.g. Denmark, Vlaanderen, Latvia, Länsi-Suomi, Portugal and Spain. In Italy, open calls are used under the ‘automatic procedures’ and parts of the ‘evaluative procedures’.

(iii) Selective calls

In some programmes, the reduction of Structural Funds is having a strong influence, leading to the use of more selective arrangements for the generation of projects (for instance through competitive bidding). Selective calls are used where programme managers want to target funding on specific project types, programme areas or themes. This allows greater selectivity to be employed in the allocation of funding, on groups or areas which have been under-represented among applicants or which require a targeted approach to mobilise them. Selective calls can help to speed up progress for certain parts of the programme if necessary. The calls are advertised and launched by the relevant implementing organisation to attract applications under specific headings and from selected target groups. As the

Westfalen example illustrates (see Box 14), programme managers expect important benefits from the introduction of competitive call procedures.

**Box 14: Introducing competitive call procedures at a large scale in Nordrhein-Westfalen**

Based on experience gained with the use of competitive calls in the context of the ‘Future Concept’ or ‘Future Competition’ in 2000-06, it was decided that the 2007-13 programme would be implemented mainly through competitive calls. The Managing Authority and technical secretariat see this shift as bringing a number of benefits, notably: in supporting actors’ own initiatives; in making selection criteria and procedures more transparent; in facilitating comparisons between project proposals, in order to select the best ones; in allowing for a more efficient approach to building on the existing strengths of the Land and its sub-regions; and, in allowing the Land to obtain more information on approaches, networks etc in the sub-regions, so that Land policy is designed more efficiently.

In some cases, substantial parts or most of the OP will be implemented based on selective calls, as in Vlaanderen, Śląskie and Länsi-Suomi. Other cases, such as Denmark and Aquitaine, foresee the possibility of launching periodic competitive calls. The Portuguese Competitiveness National Operational Programme states that in pre-defined phases competitive tendering will receive priority. Selective calls for tenders are also used to some extent for ‘evaluative procedures’ in Italy. In Latvia, restricted calls will be used, e.g. for polycentric development projects. Other programmes implement calls in a more limited but also more targeted way. In Sachsen-Anhalt, for instance, as in 2000-06, some funding is allocated through targeted calls, e.g. the ‘ESF Ideas Competition’ and the ‘Special Programme for the Development of the Information Society’ (see Box 15).

**Box 15: Sachsen-Anhalt: Special Programme for the Development of the Information Society**

The Land of Sachsen-Anhalt is allocating further funding to its ‘Special Programme for the Development of the Information Society’ (Sonderprogramm zum Aufbau der Informationsgesellschaft) in the new programming period, in the context of growing opportunities in the information, communication and media sectors, as well as the development of networks and clusters based on intense intraregional cooperation. The programme operates via a selective call for applications, and finances projects undertaken by groups of organisations, including at least two SMEs (plus public or non-profit institutions and associations). These groups receive support for developing, using and applying ICT with a view to enhancing their competitiveness.

In a broader context, the programme aims to encourage greater regional cooperation among firms, to improve equality of opportunity on the labour market, and to increase the Land’s attractiveness for private investment. Competitive calls for tender are being launched for five
themes: tourism, market expansion, knowledge management, standardisation, and craft industries. The programme is implemented via a two-stage process:

- **project ideas are invited** in the form of a short description, and an independent jury then undertakes an initial appraisal, before ranking and selecting the ten best project ideas;

- **the groups responsible for the best ten projects are invited to develop their ideas further**, and an independent jury then undertakes a second process of appraisal and ranking, before finally selecting five projects.

Projects receive a maximum of €300,000 and must be implemented over a 12-month period. Funding may cover staff costs, specialist services and investment.

It should be noted that organising and implementing competitive bidding processes entails the commitment of administrative resources. Thus, particularly where Structural Funds are declining, alternatives to this open approach are being considered in order to strengthen the strategic focus of more limited resources.

**(iv) Strategic calls**

In some programmes, new mechanisms for resource allocation are seeking to concentrate funding on larger ‘key’ projects or integrated groups of smaller projects. This relates to efforts to strengthen the strategic impact of projects and to the increased focus of policy-makers on the efficiency and effectiveness of interventions. On the one hand, these mechanisms can generate a more strategic approach to resource allocation. However, this creates new demands for policy-makers and Implementing Bodies. Rather than the formal compilation of standardised lists, implementing organisations must have the capacity to provide a strategic input into project generation and selection and to ensure this strategic orientation is maintained as projects progress.

This approach may take the form of showing preference to projects that contribute to domestic strategies or the grouping of projects under explicit frameworks reflecting the priorities of domestic development programmes. In Wales, a number of large projects are expected to emerge from the development of the Strategic Frameworks. In parallel with the development of the new programmes, the Welsh European Funding Office (WEFO) is working with the Welsh Assembly’s Policy Departments, Spatial Plan Area groups and other external organisations to identify and support the development of a portfolio of strategic projects. Calls will be organised under thematic or spatial headings and provide a ‘high-level context for project activity’.

**5.2.2 Strategic projects**

Larger, more complex or more strategic projects can be identified prior to the launch of programmes or developed through processes of negotiation. In allocating substantial funding
amounts to such projects, programme authorities can improve their control over the course of the programme to a certain extent. They can also ensure the inclusion of certain actor groups in the programming process or the coherent targeting of overarching development issues. Different types of projects can be developed in this way.

(i) **Major projects**

Major, strategic projects\(^{34}\) can be identified at the planning stage. They are generally designed to ensure that a limited number of large initiatives can have a demonstrable impact on programme objectives. Overall, the identification of these projects may also lead to a more transparent and coherent approach to programming and a simplified delivery system. However, the process can be time-consuming, and committing large amounts of funds can impede flexibility at a later stage. Moreover, by their nature, such projects can be exclusive, generally absorbing a significant amount of resources and limiting the availability of funding to a wider range of beneficiaries.

Often linked to major infrastructure operations, the pre-selection of strategic or ‘flagship’ projects is very common in the EU12 Member States. A large number of major projects will be implemented in Hungary, especially in the fields of environment - in order to achieve the aquis communautaire - and transport (e.g. 60 projects are listed in the transport OP); the same applies to Romania. In Slovakia, ‘national projects’ which are already being implemented with a mechanism similar to global grants have been approved by the Monitoring Committee and were integrated in the OPs from the start. The Latvian OPs list 12 major projects. In Śląskie, two projects related to the development of the regional airport have been identified and agreed between the Marshall Office and the Ministry of Regional Development. Additionally, strategic projects have been identified in the context of the sub-regions (see Box 12 above).

The use of pre-selection appears to be decreasing in most of the EU15 Member States. In Greece, for example, some major projects (e.g. metro systems) are identified as ‘high priority’, but there is no pre-selection involved. In contrast to the more ‘conventional’ use of major projects, Scotland is considering using ERDF investment for venture capital funds which would qualify as a major project (see in Box 13 above). The Spanish case is specific, as co-funding resources are, to a great extent, tied in with domestic expenditure plans or strategies. Here, concrete projects can already be proposed at the stage of programme development in the context of multi-annual development plans or open calls. For example, in the Bizkaia province, 17 projects had already been approved in December 2006 for the share of funding earmarked to local authorities. In France, a less explicit approach can be observed, as ‘State-region planning contracts’ are likely to be used as a co-financing source for a great number of projects. However, these are usually not specified in advance in the programming documents.

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\(^{34}\) The regulations specify that an indicative list of major projects included in the draft OP does not anticipate or prejudge formal project selection, see Aide mémoire, p. 69 commenting on Council Regulation (EC) No 1083/2006, Article 37.
(ii) **Negotiated projects**

Whereas major projects are generally determined by the Managing Authority, they may also result from a negotiation process among groups of partners/stakeholders. Projects which are developed based on a negotiated approach can stimulate the development of project ideas in key areas with a greater focus on developmental and strategic aspects. This can enhance a bottom-up dimension to programme implementation as well as capacity building at the involved levels. It is, however, important to keep processes transparent and not too exclusive.

Following demands from cities and municipalities, parts of the Śląskie Regional OP will be implemented via partnership arrangements involving municipalities, cities, knowledge institutions and the private sector in the four sub-regions. Sub-regional agreements are signed by large municipalities based on a project list agreed between partners. A unified Sub-Regional Development Programme, including initial feasibility studies for each project is developed and agreed between sub-regional partners and through negotiation with the Marshall Office.

Increased importance is being given to negotiated programming in Italy (see Box 16 below). Lombardia will implement Priorities 2, 3 and 4 (Energy, Sustainable Mobility, and Protection and Exploitation of the Natural and Cultural Heritage) through negotiated procedures with the participation of the provinces. The aim of the regional authority is to create synergies between different types of interventions while the provinces will be in charge of actor coordination in the formulation of investment programmes (e.g. involving municipalities, universities and research centres).

Other examples involving a greater degree of bottom-up input can be observed in Nordrhein-Westfalen (via ‘regional’ calls) and in Greece via an informal procedure of ‘democratic programming’, where projects developed at the local level are given priority, especially in the context of the regional OPs.

(iii) **‘Complex’ projects**

So-called complex projects are composed of contributions by different Operational Programmes and are developed in a collaborative way between Managing Authorities. They are set up in a number of Member States for specific themes which are better dealt with in a joined-up way or for certain issues which need to be addressed across programmes. They are, however, very demanding regarding the coordination of involved actors and their contributions.

In Hungary, such projects are planned in the field of the environment (e.g. flood prevention) and regarding Roma entrepreneurs who are disadvantaged in many respects (socially, economically, urban deprivation, education, health). To address this issue, complex projects will be drawn up in the form of a strategy with different regional and sectoral OPs working towards the same objective; this is based on OPs’ contributions to joint projects or the development of self-standing projects.
Similarly, in Slovakia, the Roma Plenipotentiary helps to identify and prepare the overall project which is then agreed by all Managing Authorities. Themes are identified in cooperation with local authorities and Technical Assistance is available for Roma Plenipotentiaries. The constituent elements are approved in the relevant sectoral OPs; this helps guarantee ministerial commitment from the very beginning. In order to increase cooperation between ERDF and ESF OPs, complex projects are developed and appraised jointly by the Competitiveness and Employment OPs.

(iv) Groups of projects

In some programmes, provisions are made to group projects which are submitted on a similar theme not only in order to avoid duplication but also to enhance networking between applicants. This is often linked to efforts to concentrate funding on a reduced number of larger projects.

In Scotland, the Scottish Executive is aiming to fund fewer and larger projects. As part of this objective, the Executive is encouraging project applications that cut across programmes/priorities to be submitted in parallel with the standard, streamlined decision-making processes. Project applicants can be advised to work together as a team during the ‘expressions of interest’ stage of the application process.

In Vlaanderen, it is planned to pool similar project applications in order to set up ‘network projects’ which can be carried out across several provinces. They will be implemented based on the INTERREG approach, i.e. a designated main applicant will be given administrative responsibility and will receive and distribute funding following the ‘lead partner principle’.

In Wales, similar efforts are being made to reduce administrative costs caused by the processing of an excessive number of bids. The Welsh European Funding Office (WEFO) aims to radically reduce the number of projects and, as the funding levels remain stable, work with a fewer project sponsors, each running larger, more strategic projects. It is thought likely that these major project sponsors may use a number of former project sponsors as their delivery network (i.e. contracted through public procurement procedures). When applicant support is provided to potential beneficiaries, there is a discussion as to whether the proposal constitutes a project in its own right or is an activity which might be supported through another organisation’s project.
6. PROJECT GENERATION, APPRAISAL AND SELECTION

The final issue for this paper are the systems used for generating, appraising and selecting projects. Mechanisms of project generation, appraisal and selection vary across programmes and Member States and can be more or less closely interlinked with domestic procurement systems. Considerable variation can also be evident within programmes. In some cases, similar procedures apply across the whole programme, while in others there may be several different systems relating to the scale of funding or the multiplicity of procedures applied. In Sachsen-Anhalt, for example, ERDF and ESF programmes are composed of 78 different measures and around 175 different instruments. Here, diverse approaches are taken to project generation and selection by the different Ministries and Intermediary Bodies which administer these measures. It should be noted that, at this stage in the 2007-13 programming process, there is still some uncertainty regarding how project generation, appraisal and selection will be managed in the new period (as in North East England, Italy and Scotland).

Irrespective of the specific approaches adopted, programme managers must ensure that decisions on projects are made in the strategic interest of the programme. This applies to large programmes where a strategic overview is crucial to coherent programme implementation but also to programmes with reduced resources where funding needs to be targeted efficiently. In this context, supra-national, national and/ or regional regulations and frameworks are important elements guiding programme implementation.

6.1 EU context for implementation

As previously noted, one of the principles of the new Structural Funds regulations approved in 2006 is to give Member States more responsibility for the implementation of EU funding.

“While the policy is strategic in nature, it combines this with a decentralisation of responsibilities to those on the ground in the Member States, regions and cities that have the experience or expertise necessary to ensure successful implementation. Once the overall strategy is agreed with the Commission, it is often the regional and local authorities that have the responsibility for key decisions in matters such as project selection and management”.

Thus, the regulations are less prescriptive about some aspects of implementation, more reliance is placed on Member States management systems, and the principle of proportionality is introduced (for smaller programmes). For instance, on eligibility rules, the regulations for 2000-06 stated that “the relevant national rules shall apply to eligible expenditure, except where, as necessary, the Commission lays down common rules on the eligibility of

Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

expenditure”\textsuperscript{36}. Considerable detail was contained in subsequent regulations\textsuperscript{37} with the objective of guaranteeing the “uniform and fair implementation of the Structural Funds across the Community in 2000-06”. By contrast, the 2006 regulations state that “the rules on the eligibility of expenditure shall be laid down at national level subject to the exceptions provided for in the Specific Regulations for each Fund”.\textsuperscript{38} The Structural Funds regulations restrict themselves to issues such as forms and rates of assistance regarding certain thematic fields (e.g. housing).

This decentralisation process also applies to the role of the Commission. For example, whereas in the 1994-99 period, the Commission was represented as a full partner in Monitoring Committees, in the 2000-06 and 2007-13 periods, its involvement is in an advisory capacity. For 2007-13, the focus of Commission involvement has been at the programme design stage (in the completion of National Strategic Reference Frameworks and the adoption of Operational Programmes) and through the reporting, monitoring and financial control requirements. However, the Commission continues to be involved in areas such as ‘major projects’.\textsuperscript{39} If the need is expressed, guidance is provided regarding procurement and appraisal systems as well as selection criteria.\textsuperscript{40}

6.2 National guidance

In some Member States, specific regulations have been drawn up to provide guidance in implementation for programmes, often based on experiences made during the past programming period. This may help with the structuring of programme implementation mechanisms but can also introduce further restrictions, sometimes in cases where the Commission explicitly tried to adopt a more simplified approach.

- In France, a circular on programme implementation defines the actors involved in programme implementation and their roles, including Intermediary Bodies in charge of the management of global grants.
- Similarly, in Portugal, a comprehensive resolution regarding the basic governance model was adopted in February 2006 containing information on the main implementation principles.


\textsuperscript{39} Council Regulation (EC) No 1083/2006, Articles 39-41. Major projects are those exceeding €25 million for environment projects (newly introduced for 2007-13) and €50 million for other projects.

\textsuperscript{40} Source: Interviews conducted in DG Regio.
• The Greek 'Preliminary Scheme of Law on Management, Control and Implementation of Development Actions for the Programming period 2007-2013' describes the administrative structures involved in Structural Funds implementation.

• The Ministry of Regional Development in Poland has set out guidelines regarding lists of the most important investments to be included under the Regional OPs. According to the Ministry, regional programmes must allocate a minimum of 40 percent of funds to the productive sphere (i.e. activities associated with the Lisbon agenda) while funding for social infrastructure cannot exceed seven percent of total funds (including a maximum of three percent on health service infrastructure).

Where national programmes are partly implemented at the regional level, general requirements may be made more specific or adapted (e.g. Keski-Suomi in the Länsi-Suomi OP, France (ESF and EAFRD)).

In other countries, programme implementation is based on domestic legislation, as in Germany and Austria. In Sachsen-Anhalt, legal frameworks and the rules of different Land and federal domestic funding schemes or instruments apply (Förderrichtlinien). These are usually already in place before the OPs start. Similarly, in Austria the respective action programmes, which define the thematic and geographical selection criteria, are based on domestic aid schemes (Richtlinien). It is standard practice in Portugal and Spain to provide information in the laws approving the project calls. In Italy, already as far back as 1998, the Bassanini framework law identified ‘automatic’, ‘evaluative’ and ‘negotiated’ selection procedures regarding business support. More recently, the 2007-13 NSRF places emphasis on negotiated procedures which will become the selection procedure for Italy’s ‘unitary regional policy’.

Box 16 : Italy - Increased importance of “negotiated programming”

Since 1997, ‘Programme Institutional Understandings’ (Intese Istituzionali di Programma) and ‘Framework Programme Agreements’ (Accordi di Programma Quadro) are the key form of negotiated programming for large, composite interventions including infrastructure and businesses aids. They are often implemented by, or in co-operation with, a multiplicity of actors (e.g. public administrations, business representatives, Chambers of Commerce, Research centres and universities, private actors). This procedure provides scope for involving stakeholders in project design in a more interactive and participative way. The NSRF places considerable emphasis on these instruments for the implementation of the 2007-13 Unitary Regional Policy, by articulating implementation around a hierarchy of three levels of documents/procedures:

1) the Programming level is based on the new instrument of regional and sectoral ‘strategic unitary documents’ (i.e. describing the overall regional policy strategy);
2) the *Institutional Understanding level* is based on ‘Programme Institutional Understandings’, i.e. priorities, objectives and interventions at different levels and for the different sectors agreed between the central administration and regions; and,

3) the *Operational level* is based on State-Region(s) and interregional ‘Framework Programme Agreements’, i.e. operational contracts establishing detailed implementation arrangements (e.g. budget, timetable and procedures, responsible actors and commitments, monitoring arrangements).

Concerning the newly transferred responsibility of defining eligibility rules at the Member State level, a number of observations can be made.

- Although in many cases there is a great degree of continuity with the previous programming period, it has been necessary to further clarify rules and to adapt them to the domestic context.

- Some countries, especially the EU12 Member States, are making use of Commission support regarding clarifications of specific issues and have received guidance in the set up of a coherent set of rules.

- There are divergent views within some Member States over balancing the need to meet strict EU demands for audit control and simplification with the aim of developing a flexible approach that will allow new types of project to be supported.

- In some cases, tensions have occurred. For example, in Italy regional authorities did not agree with the proposals formulated at national level - which were considered quite restrictive. Regions also felt that this amounted to interference of the national administration on issues that were a regional competence.

6.3 **Strategic programme priorities**

At programme level, various objectives regarding the targeting of funding can have an influence on project selection. This is apparent where the aim is to generate larger and fewer projects but it is also evident where there are moves to concentrate funding on specific themes or territories. Broad trends that can be observed in a number of Member States give an indication of how these objectives are translated into practice.

6.3.1 *Generating larger and fewer projects*

In most cases, programme administrators are working towards greater selectivity and the development of mechanisms to concentrate funding. This is in line with Commission guidance but also based on past practice where the wide dispersal of funds involved considerable administrative burdens and weakened strategic impact and visibility.
In Spain, for example, the goal is to ensure that funding is not dispersed among an excessive number of actions and that those that are selected are of sufficient merit to justify the added administrative burden implied by the use of Structural Funds co-financing.

The Portuguese Competitiveness National OP indicates that support will be redirected to innovative and 'structuring' projects with demonstrable spill-over effects on other organisations and activities. Integrated interventions with pre-defined strategies will also be privileged.

Efforts will be made in Lombardia to concentrate programme implementation on the generation of a reduced number of large projects with fewer calls. Also, composite, complex projects based on synergies in the use of resources as well as projects involving cross-financing will be prioritised.

More specific steps are also being taken in Scotland where a minimum project size of £200,000 of annual total costs will be introduced.

Similarly, in Greece, several thresholds are being introduced for different types of projects (see Box 17)

Another way of reaching sufficient critical mass is the grouping of projects (e.g. Vlaanderen) or sub-contracting in the context of large projects as may be done in Wales.

### Box 17: Strategic generation and control of projects in Greece

Minimum thresholds are being defined for actions at the level of sectoral OPs: €500,000 for infrastructure actions and €200,000 for service provision. For actions co-financed through the regional OPs, the amounts are lower (€300,000 and €100,000 respectively). Actions that do not reach these budgetary levels can be included in the OPs either through global grants or Urban Development Funds which are implemented based on specific project groups (e.g. targeted on innovation actions, growth poles). The goal of these measures is to ensure better strategic control of important projects while also reducing the administrative burden and cost caused by a large number of small projects.

### 6.3.2 Thematic targeting

In a number of programmes, specific measures to implement thematic targeting are already visible, especially regarding Lisbon-related and urban projects. In line with Commission recommendations, this facilitates a more strategic approach to project selection. Other programme managers are considering a more flexible approach, with the potential to adapt the targeting of project selection depending on the experiences of project development and submission.
(i) ‘Lisbon’ projects

In a number of programmes, projects related to the Lisbon agenda are to be specifically targeted. These commitments are important, especially considering earmarking requirements. However, these projects can be challenging to implement, notably in terms of mobilising actors and ensuring that project selection is based on appropriate expert knowledge.

The programmes of both Austrian partner regions have a strong focus on Lisbon themes such as support for innovation, R&D, knowledge transfer, impulse centres and entrepreneurship. In Portugal, a new selective approach will focus support on three incentive schemes: R&D (for firms), Innovation (targeting productive business investment) and Qualification (for SMEs aiming to promote competitiveness). The Danish programming documents indicate that minimum shares of expenditure will be allocated to the three ERDF relevant growth drivers—Innovation, Entrepreneurship and New Technology. The Aquitaine region plans to launch a regional call for ICT projects while in Vlaanderen, efforts are currently made to develop more targeted calls, e.g. based on a regional innovation study.

(ii) Urban projects

Following recommendations by the Commission, efforts to mainstream the URBAN Community Initiative can be observed in a number of countries. From a Commission point of view, it is important that these projects are of sufficient critical mass, based on a real partnership with local actors and following an integrated approach regarding economic, social and environmental dimensions.

- In Spain, interventions will be operated through competitive calls issued at the national level. These will either support strategies to finance integrated urban or rural regeneration projects in small and medium sized municipalities or ‘Innovative Urban Actions’ for municipalities with more than 50,000 inhabitants and provincial capitals.

- Another example is France where a call approach was defined at the national level which the regions could then chose to carry out in the context of their individual programmes. The recommended amount of €5-8 million is comparable to previously implemented URBAN projects, and it is possible to delegate the management via a global grant.

- Steiermark has also included an action field under Priority 2 on urban development for the south of Graz (‘Urban plus: Urban-hinterland development’). This follows on from the successful implementation of the URBAN Community Initiative for Graz-West. The aim is to implement pilot projects in public-private partnerships, possibly by using other EU initiatives such as JESSICA.

- In Vlaanderen, Priority 4 (Sustainable Communities and Urban Development) will solely focus on the 13 ‘central cities’ (Centrumsteden), Antwerp and Gent, and the Brussels belt. Integrated framework projects have to be submitted and ERDF funding will be
used for interventions linked to mobility and economic issues. Additionally, projects in
the fields of sustainable communities and urban development can be submitted by city
centres and projects in Antwerp and Gent.

(iii) Flexible approach to targeting

A more flexible approach is applied in those programmes where strong thematic priorities exist
but where targeting is left to a later stage in order not to deter potential applicants from the
start. This also leaves some scope for adaptation in line with socio-economic developments.

Although the scope to generate high numbers of projects is important, especially for large
programmes, thematic targeting at a later stage can also be employed. This is the case in the
Norra Mellansverige OP with respect to its focus on innovation and research. Greater targeting
might also be introduced in Finnish programmes and in Vlaanderen. In the context of the
Spanish NOP for R&D and Innovation for firms (‘Technology Fund’), a very structured approach
has been taken in order to respond to the changing national and global context. A ‘strategic
reserve’ of €300 million (15 percent of total funding) has been set aside which will be allocated
by the Monitoring Committee after 2011. Allocation choices will depend on the implementation
efficiency of territorial objectives and on recommendations made by the ‘Sectoral Network of
R&D and Innovation Policies’.

6.3.3 Geographical targeting

Regarding the geographical targeting of actions, divergent trends can be observed. On the one
hand, the support provided to growth poles is increasing, especially in the EU12 Member
States. In comparison, there appears to be greater focus on regions (notably lagging regions) in
the EU15, although to a lesser extent than in the previous programming period.

(i) Growth Poles

Targeted support to growth poles is part of implementation strategies in a number of the EU12
Member States. It is anticipated that this approach will lead to more balanced regional
development and support capacity-building at the sub-national level. This focus is, however,
not free of risk especially against a background of widening economic and social disparities
within the EU12 countries.

- Based on the concept of ‘Innovation and Cohesion Growth Poles’, Slovakia will
introduce a territorial concentration of activities. In order to improve targeting, some
activities are excluded from the start (e.g. environmental measures and social
exclusion), and investment is expected to focus on fields such as R&D centres. In this
context, it is important not to spread the funding and to achieve synergy effects based
on an integrated approach supported by different sectoral OPs.
• Similarly, in Romania, increasing funding in the Regional Development Programme is focused on growth poles. This follows on from Commission demands for more coordinated investment choices supported by contributions from sectoral OPs.

• A new priority has been introduced in the Latvian Infrastructure OP targeted at polycentric development. This reflects Commission advice to focus on second-order towns and the disadvantaged areas of Riga, which will receive funding in proportion to the problems they are facing. In the context of mini-programmes, projects have to be developed by towns based on local strategies taking account of surrounding rural areas. Additionally, planning proposals need to be negotiated with the relevant planning region. This is considered to be a new approach to regional policy in Latvia.

• Lastly, in Hungary, six development poles were identified covering large cities except for Budapest which has a priority status. They will be the focus of competitiveness interventions based on regional clusters in the context of pole programmes.

(ii) Projects for lagging regions

Against the background of a ‘whole region approach’ introduced for Regional Competitiveness & Employment OPs by the end of micro-zoning, specific efforts are necessary to integrate a regional dimension into programmes at national and regional levels. Whereas some programmes contain a general policy commitment regarding the support for disadvantaged areas, others have already defined more concrete provisions regarding project development.

In Denmark, political commitment has been given to use at least 35 percent of expenditure to support peripheral areas. The Spanish National OP for R&D and Innovation for firms (the ‘Technology Fund’) will include management mechanisms that prioritise the participation of SMEs and the development of projects in Convergence regions, e.g. through specific calls and selection criteria or the creation of project advisory and selection committees. Similarly, in Lombardia, the funding of firms in marginal territories will be encouraged via priority criteria. In other cases, the regional dimension is limited to exceptional cases. In Nordrhein-Westfalen, for instance, project proposals can be put forward by groups of sub-regional actors in any sub-region but they must show clear socio-economic need and/or demonstrate the project’s importance for an existing sub-regional strategy.

(iii) Differentiated funding allocations

A number of OPs are based on the principle that investment should preferably be made in the least-developed regions, if justified. This can be encouraged by differentiated funding allocations which are higher in lagging regions than in more developed areas.

In Austria, for example, funding can be higher under certain action programmes if the project has significant positive socio-economic effects in structurally weaker regions. Differentiated co-financing rates may be applied to some of the EU12 Member State regions such as the Latgale region in Latvia but this will mainly concern smaller projects (as soon as income is
generated the co-financing rate will have to be lower depending on the money gap). In Sachsen-Anhalt, differentiated allocations will be solely based on the fact that the Halle NUTS 2 region is covered by Objective 1a, while the other two NUTS 2 regions are covered by Objective 1.
7. PROJECT GENERATION

Project generation involves the mobilisation of applicants and the development of projects in line with programme objectives and requirements. The degree to which action is necessary on the part of programme managers depends on the type of resource allocation system and funding arrangements in place. Where programmes are implemented in close alignment with domestic funds, projects will be generated mainly in the context of domestic channels. Less needs to be done in terms of project generation throughout the programme where a significant proportion of funding is allocated to pre-selected, strategic projects.\(^{41}\) A coherent approach to information and communication is, however, important to all programmes, especially at the start of the programming period, and can be complemented by specific support structures for project applicants.

7.1 Informing applicants

In the context of increased funding allocated to the EU12 Member States and (potentially) different or larger numbers of beneficiaries in Regional Competitiveness & Employment programmes due to the abolition of micro-zoning, good communication will be crucial to successful programme implementation in the 2007-13 period.\(^ {42}\) Looking back at the experiences of the 2000-06 period, there is evidence of inconsistencies and a lack of information among beneficiaries despite efforts to improve information on application management and selection procedures.\(^ {43}\) In the EU12 Member States in particular, a lack of knowledge of the funding system remains a major obstacle to the full participation of all potential partners, particularly in the social sector. Due to these shortcomings, the phases of project appraisal and selection will need to be more transparent in 2007-13, especially for beneficiaries.

The 2007-13 implementation regulation requires Managing Authorities to provide information on:

- the conditions of eligibility to be met in order to qualify for financing under an Operational Programme;
- a description of the procedures for examining applications for funding and of the time periods involved;
- the criteria for selecting the operations to be financed; and


• the contacts at national, regional or local level who can provide information on the Operational Programmes.\textsuperscript{44}

The necessary level of detail required may, however, not always be accessible due to the abolition of formal Programme Complements. Despite simplification efforts by the Commission, there was a general feeling among Member States that Programme Complements led to increased complexity without adding significant value.\textsuperscript{45} Looking at the new programmes, a number of channels can be identified to ensure applicants are properly informed.

• \textit{Implementation documents.} Although no indication is given regarding the development of an implementation document, some Member States and regions have decided to draft an internal document which can be more flexible as it does not have to be approved by the Commission. This also avoids OPs becoming too detailed and restrictive. Informal documents can be found in Aquitaine, Austria, Spain and a number of EU12 Member States (e.g. Romania, Slovakia, Latvia, Hungary (‘Action Plans’)). It can also serve as a strategic document facilitating a programme overview especially in case of large programmes, as in Sachsen-Anhalt and Śląskie.

• \textit{Domestic information channels.} Where Structural Funds are integrated with domestic funding channels, information on project generation, appraisal and selection is often provided in documents on instruments operated by domestic ministries, agencies or Intermediary Bodies (e.g. Sachsen-Anhalt, Pais Vasco). Where publicity strategies and channels are less well-established, documents may include specific information on Structural Funds related aspects (e.g. eligibility and selection criteria) such as in Nordrhein-Westfalen where efforts are being made to ensure a common approach to information provision.

• \textit{Other documents.} In some regions, additional documentation is provided such as a project guide in Aquitaine. In Vlaanderen, documents on selection criteria have been prepared, while in Wales, the Strategic Frameworks will provide information and guidance for potential applicants.

• \textit{Websites.} Across the EU, countries and regions are making information available via their websites. Some partners decided to provide extended services on extranet websites with restricted access allowing for improved exchange of information between fund administrators and project applicants (e.g. Finland, Aquitaine, Spain, Lombardia).

• \textit{Help-lines.} In Wales, the Welsh European Funding Office (WEFO) has set up a telephone helpline to deal with enquiries and to sign-post prospective project sponsors to the most appropriate Strategic Framework. Another example can be found in Sweden.

\textsuperscript{44} Council Regulation (EC) No 1828/2006, Article 5.

\textsuperscript{45} ÖIR (2003) \textit{op.cit.}, p. 80.
• **Targeted publicity campaigns.** Arrangements for information dissemination on new or changed funding structures, processes and opportunities will be made in the two Austrian partner Länder (Niederösterreich, Steiermark), as well in Greece and as in Scotland. In Sweden and Steiermark, this will take the form of an official launch or a kick-off conference. Similarly, in France, a large thematic ‘competitiveness and employment’ seminar will be held targeted at all programme administrators.

• **Specific meetings and training events** will be carried out for programme administrators and prospective applicants in a number of cases (e.g. Denmark, Aquitaine, Śląskie).

• **Official journals and press releases:** In Italy, based on past practice, calls will be published in the Official Journals and disseminated directly to relevant stakeholder groups and through the press, an approach which is also being used for the Finnish OP of Länsi-Suomi.

### 7.2 Support for project development

Due to the often technical nature of Structural Funds related submission and appraisal procedures and the involvement of multiple bodies, it is crucial to have well-structured and on-going support for project promoters for the generation of relevant projects. Targeted assistance can be provided through personalised guidance and application support or via funding arrangements facilitating project development.

#### 7.2.1 Project promoters and advisers

In some countries and regions, assistance to potential beneficiaries and project applicants will be provided in the context of programme management or administration structures. Support can range from project-related information dissemination and the identification and stimulation of projects, to more targeted assistance with project development. This helps to generate and prepare good applications in order to facilitate the work of appraisal and selection bodies. The chances of projects being turned down at the expense of the applicant are also reduced. In most cases, support is provided at the programme levels, although some rely on sub-regional or ‘multiplier’ structures. Where support structures are less developed, external support agencies may play an important role.

**(i) Support provided at the programme level**

At the programme level, assistance can be offered directly by the Managing Authority or Programme Secretariat, with some regions opting for a more targeted approach using ‘one-stop-shops’. In some contexts, delegated bodies can also have an important support function.

In many cases, overall support will be provided at the programme management level such as in Śląskie, where support with competitive call applications will be provided by the Marshal’s Office. Based on studies regarding the maturation of projects, the Greek Ministry of Economy and Finance places emphasis on the stage of project generation and will provide specific support for the development of mature projects. The Italian OP for Research &
Competitiveness will rely more than at present on animation procedures, especially regarding the implementation of ‘Industrial Innovation Projects’ (PII) due to the complexity of these projects and their case-by-case specificity (see Box 18).

In line with the Community Strategic Guidelines’ recommendation that information and initial support should be made available through a network of one-stop shops, some programmes will ensure on-going support for individual applicants by appointing a dedicated programme liaison person for each project.

- This is the case in the regions of the Länsi-Suomi OP where targeted support is being offered by staff in the financing authorities.
- Also, in the Programme Secretariat of Vlaanderen, there will be one contact person for each priority advising applicants (e.g. on co-financing).
- An attempt to introduce a similar approach can be observed in France where the implementation circular states that functions of project appraisal are not to be split between several administrative services. This is expected to allow appraisal services to be more committed. Notably, this would also guarantee that projects are sufficiently well defined at the stages of appraisal and programming to facilitate controls.

Support can also be made available by delegated bodies or associated programme administrators.

- In Wales, potential applicants will be put into contact with Framework Coordinators and their partnerships, Spatial European Teams or WEFO Project Officers to discuss project ideas and their potential contribution to the delivery of relevant Strategic Frameworks. They can obtain initial information, advice on eligibility and signposting to other possible routes of benefiting from the Funds. Once ‘framework fit’ has been established, Project Development Officers will provide a single point of contact to help with the development of projects.
- The Provincial Contact Points in Vlaanderen will be responsible for identifying potential project applicants and for ensuring that projects comply with call requirements. A Project Orientation Group will be organised jointly with the Programme Secretariat to discuss co-financing issues, the potential grouping of projects and the introduction of an interregional dimension.
- In Scotland, the two new Intermediate Administration Bodies will be responsible for providing support and advice to prospective applicants.

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• In Denmark, the regions will provide ongoing support for both prospective applicants and their advisors.

**Box 18: Italian NOP for Research & Competitiveness - ‘Industrial Innovation Projects’**

The Industrial Innovation Projects (PII - *Progetti di Innovazione Industriale*) are the key instrument identified by the recent ‘Industry 2015’ policy for the re-launch and up-grading of the competitiveness of the Italian productive system. They stem from acknowledgement of the need for a more selective approach to public investments for industrial support. The aim of the new policy is to develop industrial innovation projects in five pre-identified strategic sectors - energy efficiency; sustainable mobility; new technologies for the Made in Italy; new biotechnologies; innovative technologies for cultural resources and activities - considered to be key to the modernisation of Italy's productive system and capable to positively affect the competitiveness of the Italian system as a whole. The PII will entail large scale investments, have a long-term horizon, have national relevance, be targeted at the achievement of specific technological-productive goals, and focussed on complex *filiere* that produce innovative/high value-added products and services, together with more traditional productions.

Operationally, each PII will be composed of:

1) A *Strategic Industrial Innovation Action* - i.e. the core investment of the PII, directly aimed at the development of new types of products or services with an important technological component and high anticipated impact;

2) Accompanying, complementary or supporting actions - i.e. context, infrastructural or regulation-type interventions necessary to enhance the effects of the Strategic Industrial Innovative Action.

The procedures for the design of the individual PII and for project selection are still being defined and will build on the following elements:

- *Project design*: In order to assess the needs of firms and research providers in each sector, stakeholders may be involved via public consultations and exploration studies may be carried out based on ‘calls for ideas’;

- *Project selection*: Procedures, responsibilities and criteria will be designed and coordinated by a ‘Responsible Person for the Project’ for each of the five sectors. Procedures are likely to be flexible, discreional and highly specific based on experts input;

- *Project implementation*: The PII will be implemented in stages in accordance with the development of the new product or service. Each phase will be accompanied by targeted monitoring involving relevant stakeholders with room for potential adaptations;

- *Coordination*: An appointed ‘Project Office’ will oversee the implementation of the PII across all sectors.
(ii) **Sub-regional support and ‘multiplier’ structures**

Targeted support is often necessary especially for smaller, less well-known soft measures. Such support can best be provided by sub-regional actors in proximity to applicants.

- A support network will be set up to this effect in **Aquitaine**. The network will be composed of local bodies and theme-related actors (e.g. Chambers of Trade and Industry, ICT and environmental agencies, Regional Nature Parks). The network will be integrated in the communication strategy.

- In **Austria**, financial intermediaries, business chambers, consultants and regional managers fulfil an important role as ‘multipliers’. They are knowledgeable about various aid schemes, are able to mediate between the different actors and offer support packages comprising domestic and EU funds. Also at the sub-**Land** level, and especially in structurally weaker areas, regional managers fulfil an important coordination role and often generate projects from the ‘bottom-up’.

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**Box 19: Regional management structures in Austria**

Regional managers are intermediary institutions that coordinate top-down and bottom-up processes of regional development. They have a relatively long tradition in Austria, and both Austrian IQ-Net partners intend to continue co-financing them in 2007-13 with Structural Funds. For **Niederösterreich**, the five regional managers act as an interface among regional actors and with the **Land** level and their success is attributed to their neutral and issue-related function. They help to make the regional development system more efficient by stimulating project development, information exchange and coordination between sectoral administrative bodies. They are seen as key to the implementation of Priority 2 ‘Strengthening Regions and Locations’ as they can enhance the regional governance system and increase capacities regarding innovation, learning and adaptation processes. Regional managers are therefore seen as a crucial element of the regional innovation system in the context of the RC&E programme.

Similarly, **Steiermark** intends to build on its extensive experiences in the field of endogenous and regional development where regional support structures fulfil important functions regarding the networking, coordination and mobilisation of actors. For the new period, the **Land** will promote coordination between regional management offices. Both **Länder** will introduce performance related target agreements, concluded with the regions, which will be monitored regularly.

(iii) **External support**

Specialist consultancy companies provide targeted services during project development, especially in the EU12 Member States. Compared to publicly provided assistance this can be problematic as project applicants need to cover the related fees, which can be considerable. It
can also lead to tensions, especially when marked disparities exist between public sector and private sector remuneration. In Romania, for example, the Commission pushed for an increase in salaries and job security for programme administrators as consultants earn a lot more in this field. Also, for Latvia it has been noted that consultancies are charging relatively high fees, costs which have to be borne by applicants from sources other than EU funds.

### 7.2.2 Funding for project preparation

In addition to specifically allocated human resources, financial support can prove useful, especially if potential applicants are not prepared to face the risk of spending substantial resources on a project they cannot be sure to receive funding for in the end. An example of such support is the ‘seeding’ of projects. This is designed to encourage the participation of smaller beneficiary organisations by reducing bureaucracy (at least at the first stage of seeding systems). However, such systems carry an administrative cost and may attract large numbers of applications which are either deemed unsuitable or do not eventually go ahead.

Financial support will be made available in a number of countries, often linked with Technical Assistance funding.

- In Greece, seed funding will be provided in the form of refundable assistance in cooperation with the European Investment Bank. Pre-financing mechanisms may also be provided so that mature projects are available at the start of the programme. This will be based on past practice when Technical Assistance funding was allocated to proposals for support actions (e.g. project preparation and implementation, publicity, communication).

- Provinces in Lombardia will be assisted in the task of actor coordination by the Technical Assistance of the programme (Finlombarda).

- The regional cooperation bodies in Sweden are also likely to provide funding for the preparation of project applications before their final submission to NUTEK; this is hoped to generate more applications.

- In Austria, some beneficiaries receive ERDF funded consultancy support prior to the start of qualification projects.

- In the EU12 Member States, JASPERS can be used as support for project preparation (e.g. Hungary).

In other cases it is felt that sufficient schemes for seed funding and risk capital are in place, such as in Vlaanderen. Here, the programme will provide support to facilitate access to existing schemes. In other cases, such as in France, pre-financing is only carried out very rarely due to the multiplicity of co-financing bodies and the large number of dossiers.
8. PROJECT APPRAISAL AND SELECTION

While procedures of project appraisal and selection were rarely carried out in an integrated way in the first years after the 1988 reform, this changed significantly with the 1994-96 programme period when more systematic and co-ordinated methods of allocating resources began to be adopted, at least in Objective 2 regions.\(^{47}\) This trend continued and was reinforced over the 1997-99 period with systems getting more sophisticated and targeted but also, in some cases, more complex. Following on from this, mid-term evaluations of the 2000-06 programme period detected considerable improvements regarding project selection procedures but also recommended the streamlining of systems in order to make them more competitive.\(^{48}\) While project appraisal and selection mechanisms have become increasingly systematic and professional, challenges remain regarding the efficiency, transparency and flexibility of processes.\(^{49}\) In order to meet these challenges it is important for programme managers to adopt a coherent approach to all stages of the project cycle - from project submission, appraisal and selection to the integration of after-care arrangements to support beneficiaries with project delivery.

8.1 Managing project submission

Efficient programme management starts at the stage of application submission when simple and clear requirements make procedures more accessible and easier to follow for applicants. At the same time, this facilitates the processing of applications and helps to avoid delays in the start phase of the programme.

8.1.1 Formats of submission

Application formats differ according to the funding context. For example, if match funding is provided in advance by the managing or implementing organisation, a single application form will generally suffice as in the case of single-stream funding in North-East England. If applicants have to mobilise their own co-funding, as under differentiated resource allocation systems, separate applications may need to be completed to apply for Structural Funds and domestic co-funding. Indeed, where several co-financing sources are involved, different forms may need to be filled in for each of them. In such cases, simplification efforts have been made, as in Aquitaine, to enable all the information required (including for multiple co-funding sources) to be brought together in a single application document.

Several countries and regions aim to increase efficiency by inviting applications to be submitted electronically. This can help processing applications according to standardised

\(^{47}\) Bachtler J and Taylor S (1999) \textit{op. cit.}

\(^{48}\) DG Regio (2004) \textit{op.cit.}

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procedures and in a number of cases, computerised systems are also used also for selection and monitoring processes.

Looking at partner examples, applications will be submitted electronically in Sweden and possibly in Śląskie. In Vlaanderen, short and precise applications will be invited to be submitted online in a call template which has formal commitment status and cannot be changed. In the case of Denmark, applications will be registered at the national level before they are passed on to the relevant region for appraisal. Similarly, in Portugal, all project proposals for incentive schemes are to be submitted through a centralised electronic application form via the NSRF website; this is then automatically forwarded to the Managing Authority of the relevant OP and to the public national/regional actors responsible for the verification and confirmation of eligibility criteria and conditions. In Lombardia, a similar approach will allow the preparation and submission of applications through procedures that are entirely IT based. Applications will be submitted online and the selection, approval and monitoring of projects will all be tracked online. In Finland and Vlaanderen computerised systems will also be used for project selection and monitoring.

8.1.2 Types of submission procedure

In order to avoid applicants spending time and resources at a stage where they cannot be sure of receiving support, some partner regions have decided to invite Expressions of Interest outlining the project idea instead of full applications. This allows programme managers to scan the needs and interests of applicants at an early stage and to adapt the programme subsequently if necessary.

- In the new programming period, Expressions of Interest will be invited in Wales. They will be assessed and discussed extensively and a decision will be taken at a relatively early stage whether to approve, to reserve or to reject the project idea. Sponsors welcome this new approach as they will be better informed about the project’s chances of succeeding from the start.

- In Scotland, Expressions of Interest will be invited for the challenge-fund part of the programmes.

- Project applicants wishing to tender for a competitive call in Śląskie will have to fill in a project fiche, outlining the characteristics of the project and the steps for its realisation. This will allow potential beneficiaries to become involved but without burdening them with too much bureaucracy.

- This approach can also be considered where beneficiaries’ interest is high, and large numbers of applications have to be processed (e.g. Slovakia).
8.1.3 Timetables of submission

If projects are invited based on call procedures, several approaches can be used. For calls that remain open for the whole programming period, no deadlines are built into the process whereas other systems can work with much more structured timetables.

- **No deadlines** will be used, for example, in **Greece** where calls will remain open for the duration of the entire programming period, with the possibility of an annual update. Similar situations apply to other programmes depending on the project type (e.g. **Italy**, **Nordrhein-Westfalen**).

- **Specific timetables for call sequences** will be employed in **Sweden**, where calls will be launched quarterly at the programme level. A two-stage process will be introduced for call procedures in **Latvia**: the tender will be announced one month before its publication with a submission deadline one month after the publication. Compared to the previous period this process is much more structured and gives applicants time to plan the application process.

- **Coordinated approaches** are apparent under the challenge-funding part of the **Scottish** programmes. There will be one application round per year, with coordination ensuring that the ERDF and ESF rounds come together. With respect to the selective calls in **Vlaanderen**, successive calls will be launched in a coordinated way regarding different objectives. For ‘complex’ projects developed in **Slovakia**, calls will be carried out jointly for ERDF and ESF OPs.

8.2 Managing project appraisal

During the appraisal stage, it has to be ascertained that projects fulfil basic application requirements and match selection criteria. Appraisal procedures vary according to the type and size of projects, they can be specific to thematic priorities, and they differ depending on the bodies responsible for appraisal. Appraisal can be carried out in a single-step approach or as a staged process.

8.2.1 Appraisal processes/procedures

Depending on how project applications are developed or invited, appraisal modes are more or less detailed and sophisticated. Also, the role of different actors (e.g. administrative, political) varies considerably regarding different types of projects:

- **For queuing based procedures** where applications can be submitted continuously throughout the year, the projects go through standardised technical checks and assessments, e.g. **Sachsen-Anhalt, Italy**.

- Where **competition based procedures** are used, the relevant body organises technical checks of the application and appraises its content against overall quality criteria but also other projects submitted by the same deadline, e.g. **Greece, Italy**.
• In cases where operations are implemented directly, there will be no competition and the relevant body approves the use of funds and ensures compliance with the OP objectives;

• Large-scale investment projects such as pre-selected projects are often appraised immediately (e.g. Greece). Governments may decide once per programming period or once a year on the list of investments to be co-financed from the Structural Funds. If Intermediary Bodies are in charge, they ensure compliance with the programme objectives.

• In the context of a delegated approach, Intermediary or Implementing Bodies are responsible for inviting and processing applications and either select projects directly (e.g. Italy, Austria) or submit them for final approval to the Monitoring Committee and/or the political level (e.g. Scotland, Greece). For some priorities, applications are prioritised at the sub-national level and then submitted to the government for approval.

In a number of cases, differentiated approaches are applied depending on the size or the strategic character of a project. This can be aimed at increasing efficiency but can also be linked to more strategic or political considerations.

• The fast-tracking of smaller projects reduces waiting times for beneficiaries and will be applied in Denmark. In Slovakia, thinking is still on-going as to how sub-projects of ‘national programmes’ could be processed following a simplified procedure.

• A distinction between core and supporting interventions may be introduced in Italy in the context of the ‘Framework Programme Agreements’. The introduction of differentiated procedures and timetables is being discussed to make sure that core investments go ahead and that supporting interventions, if they are delayed, are not detrimental to the completion of the key project.

• In some cases, additional approval has to be sought for specific projects, such as large projects or strategic operations. In most cases, this involves political input whereas in others experts have to give an opinion. In Greece, projects above €5 million are required to be notified to the National Coordination Authority while ‘major projects’ have to be approved by the Ministry of Economy and Finance. In Śląskie, if key projects are submitted by regional self-governments, approval by the Ministry for Regional Development is required. In Sweden, similar considerations are still under discussion. In the case of Steiermark, large business projects need to be validated by the business support council.

8.2.2 Stages of appraisal

Project appraisal is a staged process in which technical and content-related aspects of applications are considered consecutively, often involving several bodies. The different stages are not always clear-cut, especially if one single organisation appraises and selects projects as part of the same process, e.g. where large numbers of small, routine applications are being considered. Appraisal can also be subject to outsourcing, especially when projects are of a
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highly technical nature (e.g. Italy) or to public investment banks for business aid measures (e.g. Germany).  

(i)  

Initial appraisal

Initially, applications are checked to ensure that they fulfil formal and legal requirements. In some cases they may also be checked for the availability of co-financing (e.g. Sweden, France) or compliance with State aid rules (e.g. Śląskie). This allows the filtering-out of applications which are clearly ineligible or incomplete. Applicants are generally given the possibility to provide additional documents if required. For example in Nordrhein-Westfalen, project proposals for competitive calls need to include at least a SWOT analysis, a strategic outline with concrete interventions, the expected use of the project, cost estimates, co-financing, organisational responsibility, information on how the project will continue after EU funding ends, and the project’s regional importance.

In most cases, the Managing Authority is responsible during this phase, but sectoral services or local authorities can also be involved depending on the project theme (e.g. Aquitaine). In Scotland, the two new Intermediate Administration Bodies will be in charge of the technical assessment of challenge-fund applications. In regions covered by the Länsi-Suomi OP, responsible bodies may vary between the programme regions.

If regions decide to invite Expressions of Interest, these are checked at the stage of initial appraisal, and a decision is made whether to contact the applicant for further details and to ask for a full application. In Wales, Expressions of Interest are examined for ‘framework fit’ by WEFO and, on the recommendation of the ‘Project Development Officer’, a decision is made by the WEFO Controller as to whether to take the project forward for further scrutiny. In Scotland, an Advisory Group chaired by the Scottish Executive will be responsible for their approval. In some regions, further assessment takes place, as in Śląskie where projects received in the context of competitive calls are pre-selected by the Marshall Office in establishing a first ranking.

(ii)  

More detailed appraisal

At this stage, applications are looked at in more depth. This can range from technical considerations regarding selection criteria and the financing plan, to strategic assessment regarding fit with priorities and added value. For some cases, this is the stage where a first ranking is established (e.g. Vlaanderen) and, if a ranking has already been set up in the preceding phase, further assessments can take place (e.g. Śląskie). Also in many programmes, such as in Scotland and Wales, projects are assessed by applying a scoring system (see Boxes 24 and 25 below). In order to mobilise necessary expertise and to reach a well informed assessment, a number of bodies can be involved:

• **Specific working groups or committees.** Project selection in **France** is prepared by territorial or thematic committees. In the **Aquitaine** region, for example, committees are being established for each of the thematic priorities (i.e. Innovation, ICT and Environment) and separate committees established for each of the zones targeted under the Priority 4 (i.e. urban areas, coastal zones and zones facing economic change). Additionally, a Steering and an Orientation Committee is being set up to provide a strategic overview in the context of the regional innovation strategy.

Similarly, in **Scotland**, priority-specific advisory groups composed of experts, key regional partners and Scottish Executive representatives will be responsible for appraising projects. Selection committees involving external participants as well as ministerial staff are also being set up in **Nordrhein-Westfalen** to process competitive calls. In the region of **Keski-Suomi**, an EU project group led by the T&E centre (business advisory) with representatives from the state provincial office, the regional council, the environmental administration and **Finnvera** has an important role in coordinating and exchanging information within the region (e.g. to ensure that applications will be forwarded to the appropriate financing authority and to avoid similar applications from being submitted to different financing authorities).

Several working groups are involved at different stages in **Vlaanderen**. The Appraisal Workgroup assesses project content and quality followed by a first ranking by the Programme Secretariat. The Technical Workgroup, comprising competent administrations at the regional and provincial levels, then gives an opinion for the decision-making committee based on a second ranking. In **Portugal**, applications for incentive schemes are assessed by the ‘Selection Committee of Productive Investment Incentive Schemes’ before a financing decision proposal is approved by the manager of the relevant OP and the Ministerial Coordination Committee.

• **Experts.** Consultation with experts during the appraisal process is optional in a number of programmes (e.g. **Finland**, **Vlaanderen**) and more institutionalised in others. In **Śląskie**, project applications are appraised by a panel of experts organised along sectoral lines and consisting of representatives of regional bodies. In the **Slovakian** case, project appraisal is carried out by internal and external experts based on an expert pool established in 2004-06. Expert groups are composed differently depending on the programme (e.g. academics, regional administrators, employers’ representatives).

In **Portugal**, projects that contribute to the thematic priorities of female entrepreneurship or gender equality are submitted under the incentive schemes, and the body responsible for gender equality takes part in project appraisal and selection. In the **Finnish** case, groups focussing on environmental and equality matters can also be involved in the process. In **Greece**, Intermediary Bodies can ask for assistance from external experts. Regarding economic and financial aspects of projects, advice from
the ‘general treasurer paymaster’ (i.e. the Certifying Authority) can be obtained in Aquitaine.

- Local representatives’ input: Apart from participating in Structural Fund related committees, local representatives’ input can also be invited separately. In Lombardia, interventions of ‘regional direction’ will be appraised involving local authorities or other public bodies. Projects will be selected based on negotiated procedures which will be coordinated directly by a regional office. Swedish Managing Authorities discuss with regional cooperation bodies after having appraised projects regarding their overall eligibility. In the Danish case, regional councils are associated if they contribute to the financing of the project. Regarding National OPs in Hungary, projects with an impact in the partner regions are expected to be selected with some regional input. The implementation of the Spanish National OP for the Knowledge Society will be based on a coordinated approach mobilising actors at the regional level (see Box 20).

### Box 20: Coordinated selection of R&D projects under the Spanish National Operational Programme for the Knowledge Society

Based on scientific demand in the public sector identified by public research organisations and universities, support will be offered via research projects and scientific and technical infrastructure. The strategic framework is provided by the National Plan for Science R&D and Technological Innovation which was developed in cooperation with a wide array of central government organisations, technology centres and transfer units, firms and business groups, experts from the science and technology community and regional governments.

Project selection will involve two stages. In the first stage, projects invited via a competitive call procedure will be evaluated by the National Agency for Evaluation and Prospective. The second stage will involve the assessment of proposals by specialised committees for each region, including representation from the central government’s Ministry of Education and the corresponding regional government. Priority will be given to project proposals that are coherent with the strategies and priorities of the National and Regional R&D and innovation plans.

(iii) Making recommendations

Based on the conclusions reached during the second appraisal stage, recommendations can be made as part of the process to inform the selection body on whether a project should receive funding, and, possibly, how much funding should be allocated. The task of making recommendations is assigned to different bodies and can be the responsibility of:

- *programme administrators*, such as in Scotland, where the Managing Authority and the Monitoring Committee will set out a list of recommended awards for ministers;
• **delegated bodies**, such as the Regional Growth Fora in **Denmark** or the implementing agencies in **Niederösterreich** and **Steiermark**;

• **dedicated project advisers**, such as Project Development Officers in **Wales** and a specifically appointed person in the financing authorities in **Finland**; or

• **specific groups**, e.g. partnership bodies ('Structural Funds partnerships' in **Sweden**) and workgroups (Technical Workgroup in **Vlaanderen**).

It is has to be born in mind that, apart from these formal recommendations, decision ‘filters’ operate throughout the process in a more or less technical way (e.g. Contact Points in **Vlaanderen**; preparatory/ thematic committees in **France**). Most of the recommendations are approved by the decision-making tier, sometimes simply ‘rubber stamping’ them without further questioning. In **Scotland**, however, the decision-making procedure will involve an element of peer review with a stronger Executive policy input. The application process proposed under the **Welsh Convergence programme** described below is an example for a multi-stage process involving a multiplicity of bodies and actors (see Box 21).

### Box 21: Proposed application process under Wales Convergence programme

**Information, Advice and signposting to guide sponsor on eligibility & Framework fit**

- Sponsor has a project idea
- Checks Website for Framework fit
- Posts project idea on the website & contacts interested partners / stakeholders to discuss it
- Discusses project idea with Framework Coordinator / Local SET / WEFO

**Acceptance of an Expression of Interest (EOI)**

- Request to register an EOI with WEFO via the Government Gateway
- WEFO checks EOI for Framework fit and applies other selection & prioritisation criteria (informed by expert views where needed)
- EOI accepted as a potential project for further clarification

**Clarification, prioritisation and project approval**

- WEFO works with the sponsor (and experts where needed) to clarify & refine the detail of their proposal and identify risks
- WEFO applies the selection and prioritisation criteria to arrive at a priority ranking and final decision (with audit trail)
- The project is approved on the basis of an agreed business plan & milestones

8.3 Managing project selection

Project selection is based on technical, strategic and political considerations. Selection criteria play an important role in this process in that they guide technical project assessment which then informs more strategic and political deliberations. Selection criteria used in the context of Structural Funds have evolved over past programming periods, as have the ways in which they are applied.

8.3.1 Types of selection criteria

Over the years, selection criteria have become increasingly sophisticated. Several factors may determine choices regarding the number and type of selection criteria, such as changing Commission priorities (e.g. Lisbon-related objectives, ‘earmarking’ requirements), regional economic circumstances, available funding levels, and learning processes regarding the success of different project types. Moreover, selection criteria are not necessarily fixed throughout the programming period but can be adapted according to programme progress and to adjust the flow of projects coming forward. The selection criteria that are used in each system generally comprise:51

- universal eligibility criteria, which are applied by every programme to every project and which all projects have to meet in order to qualify for the possibility of being funded;

- entry criteria, which are occasionally used to insist that projects must address a given programming issue. These can, for example, relate to specific ambitions regarding employment creation or horizontal objectives; and,

- quality criteria, which can be used to highlight desirable project aspects, to assess fit with agreed quality thresholds, or to prioritise between projects. Possible options are to assess projects against their impact on employment or horizontal objectives.

Further specification of selection criteria may be introduced through hierarchies indicating which criteria are to be used across the whole programme (‘core criteria’) and criteria which only apply to certain priorities or activities.

This differentiation can be observed in Nordrhein-Westfalen where the Land is endeavouring to ensure a common, broad approach to the indicators and methods used for selecting projects although they will differ between interventions. Three sets of indicators will be used and will respectively relate to:

- the core OP strategic goals i.e. competitiveness, innovativeness and employment;

• the OP’s horizontal goals i.e. equal opportunities and environment; and

• the specific goals of the individual call for tender.

Another example is Lombardia, where the ERDF OP specifies key selection criteria that will be used across the programme to prioritise projects including:

• the capacity to create synergies in the use of resources (mettere a sistema le risorse), which means that composite, complex projects will be prioritised;

• the integration of funding to firms with investments for research and technology transfer;

• the funding within the same project to firms in both ‘strong’ territories and ‘marginal’ territories (with priority given to the latter);

• the inclusion in the project of support to large firms, and

• the use of cross-financing.

8.3.2 Types of quality criteria

The following sub-sections identify different types of quality criteria which are likely to be used in future by partner programmes providing insights into internal processes of prioritisation. They relate to strategic fit, anticipated impacts, horizontal themes and efficiency.

(i) Strategic fit

In line with efforts to increase the strategic orientation of programmes, it is increasingly common to assess projects as regards their strategic component. This can relate to the overall programme context and complementarity issues with other interventions but also, more generally, to domestic regional and national development objectives.

In Śląskie, each project and sub-regional programme will have to prepare an initial feasibility study setting out its integration with the regional OP and more generally with the most important regional and national development issues. Additionally, complementarity with other projects is assessed. Similar approaches can be observed in Scotland regarding the strategic fit with Scottish Executive and local priorities, in Wales with respect to Strategic Framework fit, and in Vlaanderen. In Latvia, only those fields which are targeted in a national context will receive support and projects will have to be integrated in existing strategies (e.g. research, health, education, infrastructure).
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(ii) Anticipated project impact

In adopting a longer term perspective, projects can also be prioritised regarding their anticipated impact on the economic environment. As project applications must include impact-related targets, it can, however, be challenging to realise and measure planned outputs especially regarding soft measures.

This approach applies, for example, to the Italian ‘evaluative procedure’ which is used to assess larger projects regarding their rationale, anticipated impact and the fulfilment of specific aims of the intervention. Also, the Portuguese National OP for Competitiveness sets out a coherent approach to project selection for various instruments. Particularly relevant are criteria linked to the profitability of investments (i.e. in case of non-repayable grants, the social return rate receives greater weight), an innovative and ‘portfolio’ management logic regarding the use of risk capital and improved coordination for partnership or consortia type instruments. In Vlaanderen, the novelty and innovative character of a project is also considered during appraisal. The same is true regarding global grants in the Catalan context. Here, anticipated effects such as employment creation, contribution to entrepreneurship, multiplier effects and business development are also taken into account.

(iii) Horizontal themes

There is a general need to respond explicitly to the Commission’s policy priorities through selection systems, especially regarding the integration of horizontal themes such as equal opportunities and sustainable development. While many programmes mention horizontal themes as relevant for certain project types, not all ‘mainstream’ them across the board. Looking back at 2000-06, the significance of appraisal and selection procedures for the inclusion of horizontal themes becomes evident (see Box 22).

Box 22: Looking back at 2000-06 - the inclusion of horizontal themes

The inclusion of horizontal themes in programme and project implementation depends on the approach adopted during project generation, appraisal and selection processes. Regarding gender equality in the 2000-06 period, it appears that only around 20 percent of programmes introduced a systematic approach at the stage of project generation and selection, e.g. in the form of a transversal principle for project appraisal and selection across the programme or by including specific devices adapted to each priority or measure. However, in around half of the programmes gender equality received very little or no mention.52

Extensive analysis has also been undertaken on the contribution of Structural Funds to sustainable development. Regarding project appraisal and scoring methods, these were mostly not supportive of the inclusion of horizontal themes, e.g. for reasons of lack of transparency,

selectivity and political influence. Also, weighting of scores between criteria appeared to be arbitrary, and no real thresholds or negative scores were in place for horizontal priorities. The lack of information and the pressure to spend funding (especially in Objective 1 regions) were identified as constraining factors. Moreover, the absence of regional strategies in this field made a mainstreaming of sustainable development difficult.  

Some evidence is beginning to emerge regarding the implementation of horizontal themes in the new programmes. Projects will be assessed against horizontal objectives in Scotland with a focus on the use and strength of environmental indicators. Similarly, projects in Nordrhein-Westfalen and Vlaanderen will be assessed against the OP’s horizontal goals, equal opportunities and environmental sustainability. In Sweden, selection criteria are expected to be closely linked to the horizontal criteria of equality, integration and diversity. While the French NSRF requires that all OPs have to be carbon neutral, the Aquitaine region will integrate the horizontal themes of environment and sustainable development based on a system of ‘eco-conditionality’ (see Box 23).

**Box 23: The introduction of ‘eco-conditionality’ in the Aquitaine ERDF programme**

The system of ‘eco-conditionality’ which will be applied to every application submitted under the Aquitaine ERDF OP is regarded as an instrument to improve project quality. It will therefore provide support and incentives rather than penalising beneficiaries. Although éco-conditions are only mandatory for projects involving more than €200,000, general support will be provided to all applicants regarding sustainable development criteria. The approach is explicitly flexible, i.e. project applicants can choose from a list of procedures and, for each stage (project generation, appraisal and expertise), adapted technical support will be provided. Based on the proportionality principle, a differentiated approach will be used depending on the type and size of the project:

- **Construction projects** will be required to integrate the ‘High Environmental Quality’ procedure (HQE), comply with the section écoconstruction of the regional ‘Climate Plan’ and consider the ‘Environmental Quality of a Building’ (QEB). An analysis of the ‘Environmental Management System of the Operation’ (SMO) is being developed as a support instrument.

- **Other tangible investments** will be assessed regarding their impact in terms of energy efficiency and climate (i.e. compliance with the ‘Climate Plan’) and impacts on water resources (i.e. coherence with water management scheme).

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### Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

- **Total project cost**
  - < €200,000
  - €200,000 - €1 million
  - €1 million - €2 million
  - > €2 million

- **Project type**
  - Use of sustainable development analysis grid prior to project
  - Involvement of project applicant in sustainable development procedures

<table>
<thead>
<tr>
<th>Support</th>
<th>Eco-conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project incl. constructions</td>
</tr>
<tr>
<td></td>
<td>Application of rules of eco-conditionality defined by regional council negotiations on 15.12.2005</td>
</tr>
<tr>
<td></td>
<td>Other tangible investments</td>
</tr>
<tr>
<td></td>
<td>Eco-conditionality linked to impact in terms of energy efficiency and climate and impact on water resources</td>
</tr>
</tbody>
</table>

**Eco-conditions**

- **Support**
  - Use of sustainable development analysis grid prior to project
  - Involvement of project applicant in sustainable development procedures


(iv) **Efficiency related aspects**

Based on experiences from past programmes, efforts are being made to increase the efficiency of project management. Related, provisions in selection systems can help to improve control over project implementation and thus avoid automatic decommitment at a later stage.

Efforts are underway in **Greece** to establish criteria for administrative efficiency to be fulfilled by beneficiaries. Specific funding will be provided to this end. In a number of cases (e.g. **Scotland**), the track record of project applicants will also be taken into account. For the sub-regional programmes developed in **Śląskie**, a particular emphasis will be placed on the potential for launching these programmes as soon as possible. Based on efforts to avoid automatic decommitment, project applications in **Vlaanderen** will be assessed regarding their completeness and overall timing (see Box 26, below).

#### 8.3.3 Application of selection criteria

Through the consistent application of selection criteria in project appraisal and selection phases, final decisions can be made more objective, transparent and less susceptible to political influence. In this context, it is not only important which criteria are used but also how they are applied, including the relative weight given to different criteria and the way in which qualitative indicators are employed.

Generally, there are several ways to make use of selection criteria. For some instruments, funding is allocated following an automatic procedure. Elsewhere, more complex approaches are used such as scoring or weighting systems. In other cases a more holistic, ‘qualitative approach’ is applied.

(i) **Automatic appraisal**

Standardised, automatic - or ‘yes/no’ - systems may be implemented by administrators in cases where projects can be assessed against ‘simple’ and straightforward criteria which are not
further differentiated. As room for discretion is limited, these criteria are less open to manipulation and produce relatively transparent outcomes. A disadvantage of the approach is that it can not do justice to some of the more complex or innovative projects, and it is not very sensitive to the variation in quality between similar projects.

In Italy, this approach corresponds to the ‘automatic procedures’ utilised to generate and select small projects that involve limited amounts of money. It does not entail a technical, economic or financial appraisal of applications, but rather a check on their formal completeness and correctness. In Sachsen-Anhalt, there are simple eligibility criteria for some instruments, i.e. any project which meets these criteria receives funding, with decisions being taken by civil servants within the various Land Ministries.

(ii) Scoring systems

Systems establishing rankings of applications are useful when there is a need to prioritise between large numbers of fundamentally similar and acceptable projects. Rankings are set up, with selection depending on how high a project scores on a scale assigned to a certain criteria. Initially mainly used in the UK, these systems are likely to be applied more widely, especially where applicants are more experienced and resources are limited. Under this approach, appraiser judgement is given an enhanced role in deciding on the score. However, there is potential for manipulation of the system by applicants looking to gain maximum scores and thereby funding. There may also be greater scope for subjectivity by decision-makers under this system.

Scoring systems can be more or less complex.

- Under the ‘evaluative procedure’ used for larger projects in Italy, some of the applications are appraised in chronological order and selected in accordance with prefixed, scoring thresholds or in chronological batches; others are scored and then listed accordingly.

- In Śląskie, decision-making on financing applications for competitive tenders will be based on them receiving at least 60 percent of the maximum score available for the given project type.

- For calls carried out in Nordrhein-Westfalen, a jury will award scores to each project for each of the indicators, and then these will be added up to provide an overall score, with funding being awarded to those projects which score the most points.

- In Scotland, scoring of challenge-fund applications will be undertaken by priority-specific Advisory Groups.

- A ranking system is also likely to be introduced in Portugal based on a results-driven approach and selection criteria which are in line with the National Reform Programme and the Technology Plan.
• In Wales, a new approach to ‘project selection and prioritisation’ has been proposed based on competitive appraisal in order to avoid automatic funding decisions. Sets of positive criteria and risk factors have been elaborated which will be used by WEFO to prioritise projects. With the help of a matrix and informed by experts, software will score the projects which can achieve between 1-5 on degree of fit and risks. An overall score for the project will be calculated based on the weighting of the individual scores and followed by the ranking of all the projects against each other (see Box 24).

**Box 24: Wales Convergence and Competitiveness Programmes: Draft project selection and prioritisation criteria**

**Positive Criteria-Benefits:**
- Strategic - fit with Strategic Frameworks
- Projected results - ROI/VfM/Lisbon target achievement
- Market - addressing market need/demand led?
- Supporting links with other Themes/Priorities
- Strong evidence of Partnership/Collaboration
- Innovation - degree of innovation
- Cross cutting themes - extent of integration into delivery
- Legacy potential - exit to sustainable long term impact
- Ability to deliver outputs and to spend against allocations

**Risk factors:**
- Market risks - eg more ‘market making’ than addressing well recognised current demand
- Delivery risks - eg delivery mechanism requires development - not ‘ready made’
- Organisational risks - track record/capability/capacity
- Achievement risks - outputs and results achievement open to speculation e.g. in highly innovative projects
- Exit strategy risk - risk of dependency

Source: WEFO draft (April 2007)

**(iii) Weighting of different criteria**

In addition to attributing scores to project applications, a number of programmes intend to apply a differentiated weighting system, which means that some criteria are considered more decisive than others in the overall selection process.
• Project appraisers in **Greece** will apply the weighting of various criteria, both of a quantitative and qualitative nature alongside a grading system.

• In **Vlaanderen**, selection criteria will be used based on both, a scoring and weighting system, followed by the ranking of projects. The draft selection form sets out different scores for content related criteria (40), programme indicators (10), organisation and planning (30), cost efficiency (10), added value of EU funding (5), and additional information regarding horizontal themes and the interregional dimension (5).

• The **Scottish** Executive has already applied a scoring and weighting system under the ESF Shadow Round. It intends to put increased emphasis on the partnership criteria, i.e. it might weight criteria in terms of demonstrating partnership (see Box 25).

<table>
<thead>
<tr>
<th>Box 25: Scotland - Scoring Justification sections under the ESF Shadow Round</th>
</tr>
</thead>
<tbody>
<tr>
<td>The below framework has been used to score the ‘Justification’ sections of the ESF project applications under the Shadow Round which ran in early 2007. Each section was scored on a scale of 0 to 5.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section of Application</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 4.1 - Strategic Fit</td>
<td>High</td>
</tr>
<tr>
<td>Part 4.2 - Evidence of Demand</td>
<td>High</td>
</tr>
<tr>
<td>Part 4.3 - Project Structure and Management</td>
<td>Medium</td>
</tr>
<tr>
<td>Part 4.4 - Participant Support and After Care</td>
<td>Medium</td>
</tr>
<tr>
<td>Part 4.5 - Innovation</td>
<td>Low</td>
</tr>
<tr>
<td>Part 4.6 - Partnership</td>
<td>Medium</td>
</tr>
<tr>
<td>Part 4.7 - Past Performance</td>
<td>Medium</td>
</tr>
<tr>
<td>Part 4.8 - Outputs, Results and Impacts, Monitoring and Evaluation</td>
<td>High</td>
</tr>
<tr>
<td>Part 4.9 - Added Value</td>
<td>High</td>
</tr>
<tr>
<td>Part 4.10 - Complementarity</td>
<td>Low</td>
</tr>
<tr>
<td>Part 4.11 - Horizontal Themes</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: ESEP Ltd website

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54 To help manage the gap between programmes, the Scottish Executive launched a ‘shadow round’ of funding in November 2006, which applied only to Priority 1 of the two new ESF programmes.
(iv) ‘Qualitative approach’

Not all programmes adopt the more quantitative approaches described above. Qualitative approaches may not necessarily suit the needs of programme administrators or they may fail to take account of more complex situations. In some cases, a more qualitative approach is used.

- In **Finland**, applications are assessed regarding the ‘overall picture’ based on general criteria such as the project’s fit into the overall regional strategy and the project applicant’s ability to carry out the project.

- Similarly, in **Aquitaine**, applications are considered on a case-by-case basis in looking at the overall application including the financial envelope.

- In **Italy**, the ‘negotiated approach’ applied for some of the projects allows for a more flexible and discretionary appraisal of projects. Applications can be judged almost on a case-by-case basis, allowing for an in-depth consideration of relative merits and impacts.

- Project selection in **Denmark** is based on a global assessment of strengths and weaknesses as scoring systems are not seen to add any value to the process.

- In **Austria**, project appraisal is generally based on clearly defined selection criteria. However, any scoring, ranking or listing of projects is not used as such selection methods are considered too opaque and inefficient.

Lastly, selection criteria can be used in a flexible way. In other words, selection criteria are sometimes used only if more project proposals are received than can be funded within given budgets (e.g. **Sachsen-Anhalt**). In other cases, as in **Austria**, bonus funding can be granted if certain additional criteria (e.g. geographical criteria) are fulfilled.

It is, however, important to apply a systematic approach to the application of selection criteria as this can improve the consistency of appraisal mechanisms. This is especially important in large programmes where many bodies are involved in decision-making. An inclusive approach will be applied in **Sachsen-Anhalt**. The aim is to increase transparency, based on a formalised process where selection criteria were clearly defined and agreed together with involved actors. In **Nordrhein-Westfalen**, each competitive call for tenders will be monitored by a staff member in the Structural Funds Managing Authority or technical secretariat, in order to ensure that a Regional Competitiveness & Employment perspective is maintained. In **Lombardia**, the Managing Authority was not involved in issuing calls for tender in the period 2000-06. For 2007-13, however, it will be in co-responsible for issuing calls together with the competent sectoral DG. This may give the Managing Authority more influence regarding the strategic orientation of calls.

The following chart summarises the different stages and elements involved in project generation, appraisal and selection.
8.4 Timescales and after-care arrangements

8.4.1 From project submission to approval

In some countries and regions, efforts are being made to address delays which beneficiaries may face when waiting for their application to be appraised and selected. The more the process is divided into different stages, and the more actors are involved, the greater is the likelihood of delays occurring. Also, when new procedures are put in place, timetables must still be established and tested. It is clear that indicative time periods for application processing can only be estimates and they strongly depend on the type of project (e.g. small versus major project; straightforward business aid versus complex transport or other infrastructure project), the completeness of the application and the frequency of selection procedures.

In most cases, a flexible approach is adopted, and the time periods between application submission and project approval are expected to range from three to six months on average (e.g. Greece, Denmark, Vlaanderen). Other partners have decided to introduce explicit targets regarding the timing of the process. In Sweden, for instance, a mandatory timetable of a maximum of four months has been introduced. Similarly, in Latvia, project decisions will have to be taken within three months of the submission deadline when previously the timetable was twelve months. In Nordrhein-Westfalen, calls will last for a maximum of ten months from the issuing of a call to the commitment of funds, with the aim of ensuring that firms do not have to wait too long to receive aid. Funding for the calls will be guaranteed and set aside at the time when they are launched. A number of partners expect processes to speed up with the introduction of computerised approaches (e.g. Finland and Portugal).
8.4.2 What happens next? Project after-care

It is important to take the implications of project appraisal into account for later stages of programme implementation, especially concerning project progress and control procedures. Specific Commission guidance is provided on this issue, in order to ensure that projects satisfy verification requirements later in the programme cycle. Managing Authorities “shall ensure that beneficiaries are informed of the specific conditions concerning the products or services to be delivered under the operation, the financing plan, the time-limit for execution and the financial and other information to be kept and communicated”. Efforts made in this direction reflect a learning process of programme managers who had faced difficulties with incomplete applications in previous programming rounds leading to delays, only partial completion or even the withdrawal of projects.

Obligations such as the development of business plans as integral part of projects (e.g. Aquitaine, Vlaanderen) or project delivery plans can have a selective function during project appraisal and are intended to have ‘disciplining effects’ during implementation. In Wales, WEFO will work with the project sponsor during the application phase to develop a delivery plan which is more detailed than in the previous programme, i.e. incorporating a delivery profile, milestones and targets to which sponsors will be held. The newly set up Spatial European Teams are in charge of after-care work. Specific monitoring provisions are also going to be introduced for the implementation of Industrial Innovation Projects in Italy. As the following example illustrates, important efforts will be made in Vlaanderen to ensure that projects are managed and implemented efficiently (see Box 26).

Box 26: Vlaanderen – rationalising project implementation at an early stage

Even at the stage of selection, applications will be assessed regarding the implementation capacities of the applicant. Based on precise project timing, this new approach is intended to make beneficiaries more responsible regarding the risk of automatic decommitment. Aspects taken into account during appraisal and selection are:

- **Timing.** Project duration cannot exceed two years (apart from large infrastructure projects) to allow for better follow-up of n+2;

- **Completeness of the application.** All documents need to be provided (e.g. environmental analysis, spatial planning obligations, construction permissions) and co-financing has to be organised within the first three months of the project. The rationale is that projects will be ready to start once they have been adopted.

Once a project is approved, individual contracts are drawn up with the applicant. Subsequently, the Provincial Contact Points are in charge of closely following-up and

communicating on individual project progress. Three obligatory meetings take place throughout the project cycle:

1. **Induction meeting** to explain the contract and mutual obligations (e.g. quarterly submission of project monitoring reports; payments made three months after the reception of invoices);

2. **‘Mini MTE’** after one year of operation to monitor the timing, n+2, indicators and the budget; this may lead to changes to the project budget or the contract.

3. **Final meeting** after two years based on a complete project analysis and an evaluation of all monitoring reports.
9. DISCUSSION ISSUES

The new programming period presents both opportunities and challenges for programme management and implementation systems. New regulations, different levels of funding, the restructuring of programmes, a stronger strategic context, changing thematic or geographic foci, simplification and proportionality are contributing to new approaches to programme delivery.

This paper has provided a comprehensive review of implementation arrangements in the Member States, the key changes to management and delivery emerging for the 2007-13 period and the approaches being taken to the generation, appraisal and selection of projects. This final section highlights some of the main points and questions to emerge.

First, increased strategic orientation is apparent, reflecting Commission requirements for a more strategic approach by Member States, increasing emphasis on the harmonisation of interventions and ‘value for money’ considerations.

- At programme level, a more distinct division of strategic and (delegated) operational responsibilities is emerging among Managing Authorities. The work of Monitoring Committees in 2007-13 is anticipated to be more ‘content-based’ than technical, attempting to oversee the implementation of programmes from a more strategic perspective.

- Systematic project generation and appraisal processes are essential for the generation and selection of strategic, good quality projects. How can this be accommodated with pressures to spend?

- Appraisal systems need to allow for greater selectivity in geographical and thematic terms based on the concentration of funding. How can programme managers reach this goal without deterring beneficiaries who are sensitive to concentration choices?

Second, there is renewed investment in administrative capacity. Implementing the new programmes and developing projects in 2007-13 creates an administrative challenge, and organisations and actors involved must have the requisite financial, administrative and human resources.

- Investment in capacity at programme level is increasing in convergence regions where programmers are responding to higher levels of funding. How can implementation systems best be structured to exploit the potentials offered by increased funding?

- More broadly, investment is also taking place where programmers are trying to divide strategic and implementation functions and ensure the efficient operation of Implementing Bodies and delivery systems where funding is decreasing.
Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

- The support of soft measures and innovative projects involves managing administrative complexity. How can this be achieved in a context of reduced resources?

- Project appraisal often involves very technical procedures and requires highly qualified staff. How can the availability of respective experts who are not themselves applicants be guaranteed in a context of increased resources?

Third, **streamlining and simplification** are increasingly important themes.

- At programme level, processes of rationalisation are underway across and between administrative tiers in a number of cases. Reduced levels of funding are demanding more focussed, streamlined approaches to implementation. This can mean a concentration of management and implementation in a narrower range of organisations.

- In the interests of transparency, the aim here is also to clearly divide responsibilities between the different actors charged with management and implementation.

- It is important that project appraisal and selection systems work efficiently in order to avoid waiting times for applicants. How can this be guaranteed and at the same time flexibility built in to respond to different types of applicants and projects?

- There is a tendency to give beneficiaries greater responsibility regarding the management of their projects based on structured delivery plans. What support is being provided to enhance the capacity of beneficiaries?

Fourth, the process of **partnership building** is being reassessed. There is a general (although not universal) trend to improve the quality of relationships with economic and social partners in the implementation process as part of the push to ensure a more strategic impact.

- Increased participation of economic and social partners in programme management and implementation structures is evident in some Member States. The strategic framework of the Lisbon Agenda is prompting renewed efforts to increase the involvement of the private sector not only on advisory bodies and Monitoring Committees but as active participants in the implementation process. How can increased participation by partners be managed in an efficient way?

- Larger projects can be generated by involving networks of actors or by bringing together groups of projects under a joint theme. How will these projects be managed and controlled without facing time and resource constraints?

- In order to reach an informed decision on which projects to select, it is essential to involve a variety of actors during project appraisal (e.g. experts, elected representatives). How can related processes be kept transparent?
Finally, **coordination** remains a crucial issue for 2007-13. Increasing stress is being placed on achieving the optimal strategic impact of programme activities through coordination between implementing organisations but also with various funding streams.

- A range of coordination mechanisms can be identified at programme level: horizontal or vertical coordination structures have been established to supervise the implementation of programmes; cross-Fund coordination structures are being put in place; thematic or sectorally-based coordination structures are also bringing different actors and organisations together in programmes; adoption of framework guidelines, contracts and agreements. How can a coordinated and consistent approach be achieved, given the range of actors involved, and the complexity of EU rules and procedures?

- At the same time, new coordination arrangements can raise issues of complexity, administrative capacity and visibility of different funding streams at programme level. How can the influence or ‘added value’ of programmes be delineated?

- The coordination of different Funds needs to take place at an operational level in order to ensure the complementarity of interventions. How can this be achieved without burdening appraisal and selection processes?

- In order to develop and implement complex strategic interventions, a number of different beneficiaries have to be coordinated. How can programme managers get involved actors to work jointly towards the same objective?
Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes
ANNEX 1: AN OVERVIEW OF IMPLEMENTATION STRUCTURES IN MEMBER STATES

Over time, significant variation has emerged between and within Member States in the decision-making structures used for the implementation of programmes. The following section presents brief summaries of systems among selected Member States. The summaries are divided into older and newer Member States, as some general differences between these categories can be identified. In the EU12 Member States, domestic regional development activities have traditionally been weaker; central and sectoral priorities have traditionally dictated delivery systems for economic development; and, experience of programmes has been short. It is important to note that these summaries are intended as broad sketches only and that some systems are continuing to evolve as arrangements for 2007-13 are established.

EU15 Member States

- **Austria.** Competences for the implementation of Structural Funds are divided between the federal and the Land level. At the federal level, the Federal Chancellery, supported by the Austrian Conference on Spatial Planning (ÖROK), fulfils the main coordinating role. The ERP Fund serves as the central monitoring authority for all nine Länder programmes and for the programmes on territorial cooperation where an Austrian Land is lead partner. Federal ministries such as the Ministry for Economics and Labour are responsible for implementation. ERDF management is the responsibility of different Land departments. The Managing Authorities fulfil a strategic role and have overall responsibility for programme implementation. However, day-to-day implementation is undertaken by implementing agencies which can either be Land departments, Land bodies or federal-state institutions. Resources are allocated prior to the start of the programme to these agencies which are largely responsible for project generation, appraisal and selection under the programme’s respective measure or action field. They often serve as one-stop-shops for both domestic and EU funding and provide package solutions for potential beneficiaries. Monitoring Committees include the competent Federal ministries (as appointed by the Federal Chancellery) and Implementing Bodies alongside the social partners and institutions responsible for equal opportunities and sustainable development.

- **Belgium.** The management of Structural Funds in Belgium is completely decentralised: responsibility for managing the funds lies at the regional level. Regions operate different types of implementation systems. In Wallonie, management and implementation structures remain unchanged in the new programming period. The overall co-ordination role is played by the “Directorate-General for Employment and Economics”, which liaises with the Commission. Project selection is carried out by the Walloon government based on the recommendations of a Task-Force chaired by the Minister President of the region. It is made up of representatives of the academic and business sectors and involves other regional sectoral bodies. The Monitoring Committee...
is chaired by the Walloon Minister and composed of ministers of the Walloon government and the French Community. In Vlaanderen, the role of the regional government has undergone major change in the field of Structural Funds management for 2007-13. Having played a coordinating and controlling role in the past programming period, during which four programmes were managed and implemented at the provincial level, the region now takes over as the Managing Authority of the single ERDF OP with ultimate responsibility for decisions on fund allocation (the ESF OP is managed by the Ministry of Labour). The provinces’ role changes in that they become responsible for the support of project applicants and the monitoring of projects in their work as ‘Provincial Contact Points’.

• **Denmark.** The central government agency, the National Agency for Enterprise and Construction (NAEC) is now the Managing Authority, the Certifying Authority and the secretariat for the Monitoring Committee. However, it focuses on setting very broad priorities and undertaking legal control. The setting of specific development priorities and recommendations with respect to individual projects is undertaken by Regional Growth Fora, partnership bodies comprising public and private actors as well as knowledge institutions in each of the five new regions established as a result of recent administrative reforms. Politically, a two-tier structure of partnership bodies has been created, with the Danish Growth Council at the national level and six Regional Growth Councils at the regional level, collaborating through cross-representation and strategic coordination. The Regional Fora have a strong local government representation; local government also provides a significant part of the financial resources available for regional development activities operating through a complex system of checks and balances.

• **Finland.** The Ministry of the Interior (ERDF) remains as the Managing Authority for the programmes in 2007-13. The implementation of the programmes will continue to be directed by a Steering Group, which will normally meet twice a year. The group is composed of the executive directors of the Regional Councils of the programme area, representatives from the financing authorities, including T&E centres, environmental administrations, the road administration, and the state provincial office. The group will also invite an expert from the ESF-funded programme. The Steering Group will be assisted by a Coordinating Group, composed of the managers in charge of the programme, who will meet approximately four to six times a year. In each region of the programme area, the Regional Management Committees (RMC), composed of representatives from the Regional Councils, Government authorities financing the OP, and other relevant Government organisations, as well as important labour market and industry organisations, will continue to play a key role in the co-ordination of all the regional development activities (both national and EU-funded). The RMC allocates money from the Structural Funds and corresponding national financing to the government authorities, the Regional Councils and to other bodies financing and implementing the programme in each region. Financing is coordinated annually on the
basis of a regional cooperation document. A Monitoring Committee tracks the efficiency and quality of programme implementation. It comprises representatives of central government, the regions and the principal organisations.

- **France.** The main co-ordinating authority at national level is DIACT (Délegation interministérielle à l’aménagement et à la compétitivité des territoires), currently under the Ministry of Ecology and Sustainable Development and Planning. OPs are mainly managed by the state offices in the regions, the préfectures de région assisted by the “General Secretariat for Regional Affairs” (SGAR, Secrétariat général pour des affaires régionales) and its Europe unit. The préfet is charged with ensuring the coherence of EU and national policies, organising and liaising between the programme partnership. Funding decisions are made in the ‘Regional Programming Committees’ which are responsible for all three funds. These are led by the préfet of the region and the president of the regional council and bring together the presidents of the conseils généraux (level of département) and the préfets of the départements as well as the general treasurer of the region. It generally meets every two or three months to ensure regular programming. Joint Committees will be set up for programming and monitoring functions. The joint Monitoring Committee follows on from the 2000-06 period, where Objectives 2 and 3 were dealt with jointly.

- **Germany.** The Land authorities are solely responsible for the planning, implementation and evaluation of programmes. The OP Managing Authority for each Land OP is located in a Land ministry, although some implementation tasks may be out-sourced to a technical secretariat. For these OPs, the Certifying Authority is also located in a Land ministry (often the Ministry of Finance) or other Land body (e.g. the Land Investment Bank). Funding is committed by departments within a range of Land ministries, and typically also by the Land Investment Bank, and these actors may delegate certain implementation tasks for specific instruments to other agencies or authorities at Land or local levels. The majority of Structural Funds resources are channelled through existing funding schemes and budget lines at federal and Land levels. Project generation and delivery therefore operate primarily through the appraisal, selection and implementation mechanisms of existing Land and federal programmes. Monitoring Committees are organised at OP level, with participation from relevant Land and federal ministries, as well as representatives from local authorities, socio-economic partners, and non-governmental bodies (e.g. in the fields of equal opportunities and environmental protection). Germany-wide coordination committees for the ERDF and ESF facilitate communication between Managing Authorities and ensure that overlaps (e.g. between the federal and Land ESF OPs) are avoided.

- **Greece.** Central authorities have overall responsibility for the implementation of programmes. In Greece, significant changes are taking place concerning management and implementation structures for the new programming period. First, a new National Coordination Authority is being established with wide-ranging powers in supervising the
programming process and in providing guidance for Managing Authorities. A second change is that there is now one central authority that holds the majority of jurisdictions of the Regional Operational Programmes. The Managing Authority of all the Regional Operational Programmes is now the Special Service for Management of the Regional Operational Programmes, which is part of the Ministry of Economy and Finance. The regional authorities that were the old Managing Authorities in charge of the ROPs are now Intermediary Bodies and they will have some resource allocation powers. Finally, the structure of the ROPs has been changed. Previously, 15 individual programmes operated across the regions but for 2007-13 these will be replaced by 5 multi-regional programmes. As a result, Monitoring Committees for these programmes will integrate representatives from several regions.

- **Italy.** The lead actor for the direction and coordination of regional policy is the Department for Development and Cohesion Policies of the Ministry of Economic Development. Until 2006 a dual system has operated with the regionalised implementation of programmes in the Centre-North and central coordination of programmes in the South (through Community Support Frameworks). In 2007-13, the absence of a CSF and the introduction of a National Strategic Document are leading to a system where all Italian regions are relatively equal, with strong powers over regional policy design and implementation (even though for the Mezzogiorno regions there are still programmes that are managed by central state administrations). At regional level, Structural Funds administration and implementation are undertaken by Managing Authorities placed in appropriate units of the regional administrations and integrated within domestic economic development decision-making structures. Project selection and resource allocation procedures are mainly undertaken within the regional administrations by the DGs/units with competence over the different types of measures, although the implementation of some measures is also out-sourced to external organisations (e.g. financial engineering schemes).

- **Portugal.** National thematic OPs are to be governed in 2007-13 by three bodies: a political supervisory unit, a management unit and a monitoring unit. The Political Supervisory Unit for each OP is an Inter-Ministerial Coordination Committee composed of ministers with expenditure responsibilities under the OP, and coordinated by one of them. The Management Units are technical bodies responsible for MA resource allocation tasks and are accountable to the Political Supervisory Unit. The Monitoring Unit for each thematic OP will be responsible for the Monitoring Committee functions and will include representatives from local government, the social and economic partners, and institutions with responsibility for horizontal themes. Broadly, each of the regional OPs will be governed in the same way but with an additional Strategic Advisory Unit in each of the mainland regions composed of members of the government with responsibility for regional development and local administration, the president of the regional Planning Commission as well as representation from higher education institutions, business associations, trade unions, and groupings of municipalities at
NUTS III level. The Unit will not have management functions but will be able to comment on the regional implementation of the NSRF, to monitor the implementation of the ROPs and to make recommendations in relation to the activities of the ROP’s Managing Authority. The main innovation for the programme management model in 2007-13 is the creation of a new layer of global governance for the OPs through the setting up of a coordination body at the national level and for each programme. In addition, decision-making power will be concentrated in a single managing body at the OP level, contrasting with the 2000-06 period where each programme priority had a designated managing body.

- **Spain.** The MA for all OPs will continue to be the central government’s DG for Community Funds (Ministry of Economy and Finance), but in co-responsibility with the regions. The regions and central level are both responsible for MA functions and tasks in relation to interventions within their own institutional remit. The strategy development and project selection process are closely linked. Actors from central government ministries and regional government departments begin the process by identifying aspects of their multi-annual plans and programmes which could be co-financed through the Structural Funds, based on the CSG, the SF regulations and a typology of eligible categories of expenditure which was developed by the central and regional authorities. The various actors propose either concrete projects or specific objectives which they intend to pursue, through as yet undefined projects, to the authority compiling the programme (national authority for national OPs, regional authority for regional OPs), which assesses what should be included - based on the likely levels of funding available and the Structural Fund rules about what is eligible under the programmes. Those authorities whose proposals are accepted are allocated resources to go ahead with them during the programming period, making decisions on their own projects for both the domestic and European financing component. They then become responsible for the take-up of the funds through eligible actions, and report on this activity to the relevant European co-ordination unit. Monitoring Committees are organised at OP level.

- **Sweden.** The main components include the two Managing and Certifying Authorities, eight Structural Fund partnerships, and Monitoring Committees. Decision-making responsibility lies with the national agency, NUTEK as the MA and Certifying Authority for the ERDF, a task which was formerly performed by the six County Administration Boards in the respective programme areas. For 2007-13, the Swedish ESF Council will be the MA and Certifying Authority for the Structural Funds. For 2007-13, partnerships in the programme areas, consisting of elected representatives and social and economic actors from municipalities, will prioritise projects and ensure that the ERDF OP and the regional plan for the ESF are implemented according to their respective strategic directions (as outlined in the OP or in the regional plan). Managing Authorities should allocate funding in accordance with the project prioritisation decided by the Structural
Funds partnership. For 2007-13, there will no longer be Monitoring Committees for each OP; instead joint committee structures will be established.

- United Kingdom. In England, the Department of Communities and Local Government (DCLG), is the Managing Authority for the ERDF but delegates programme management responsibilities to regions (Government Offices up to 2006 and Regional Development Agencies from 2007.) The Department for Work and Pensions (DWP) is the Managing Authority for the ESF in England, administered through the domestic schemes Job Centre Plus and the Learning and Skills Council. In Scotland, Wales and Northern Ireland, Managing Authorities are located in the devolved administrations: the Scottish Executive, the National Assembly for Wales and the Northern Ireland Assembly. At programme level, the basic structures for programme delivery comprise: a secretariat, which undertakes the administrative tasks associated with project selection, including initial project appraisal for completeness and eligibility; specialist committees or working groups to advise on issues of project selection; and a Programme Management Committee (PMC), which takes the decisions on project funding. Up to 2007, Monitoring Committees were organised at OP level but there are moves in the English regions and the devolved administrations to create joint committee structures across ERDF and ESF programmes.

EU12 Member States

- In Hungary, the National Development Agency (NDA) was established in 2006, as an overarching Managing Authority to improve coordination at the central level. For 2007-13, Operational Programmes are divided into seven regional and eight sectoral programmes, and Managing Authority responsibilities for all programmes are drawn under this organisation. The Agency recruits staff from line ministries which are still involved in the negotiation of programmes and as Intermediary Bodies. The development of new Regional Operational Programmes can be seen as a step towards decentralisation. However, Hungary does not have strong regional structures and the county level of administration is much stronger. Regional Development Agencies have the role of Intermediary Bodies and are responsible for day-to-day project implementation, while sub-national political representation is involved in the Monitoring Committees. Regarding the operation of Monitoring Committees, in 2007-13 there will be one for each national Operational Programme, with the NDA participating as a centralising element, representatives of the line ministries, the Ministry for Agriculture and regional bodies. Work is still in progress for the regional programmes and a decision has still to be taken on whether to have a joint committee or seven separate committees which would allow for more visibility and ownership but could be challenging to administer efficiently.

- Latvia. Structural and Cohesion Funds are centrally managed. The Ministry of Finance is the Managing Authority for all programmes, overseeing the line ministries in their role as Intermediary Bodies. Some processes of further centralisation can be detected. In
2004-06, there were two levels of Intermediary Bodies: the Ministries and four thematic development agencies. These development agencies have been effectively abolished in the 2007-13 period. Another change concerns the abolition of Steering Committees, organised under each fund (ERDF, ESF etc.) which, up to now, suggested lists of projects. Additionally, a new Minister for ERDF - ESF coordination and the coordination of priorities within the OPs has been appointed in order to enhance synergies between funds. On the other hand, the role of the Ministry of Finance in direct implementation appears to be reducing in the 2007-13 period as some implementation responsibilities have been passed on to the line ministries. Previously, all projects had to pass through the contract authority of the Ministry of Finance. The country’s five planning regions are not authorised to spend large amounts of money. Participation in Monitoring Committee is open to ministries and a number of socio economic partners and will be more restrictive in future since the mono-fund approach means that no representatives of the agriculture and fishery sectors will be present.

- **Poland.** Resource allocation decisions are taken by the relevant bodies within the public administration which fulfil Managing Authority responsibilities. At central level, for 2007-13, the Ministry of Regional Development (MRD) will be Managing Authority for all the Sectoral Operational Programmes, with relevant Ministries as Intermediate Bodies. The Ministry will take direct decisions on the integrated programme for Poland’s eastern regions and issue guidelines to Intermediate Bodies in other Ministries and at regional level on the implementation process. For regional Operational Programmes, programming units under the jurisdiction of self-governing regional boards will take final decisions on resource allocation. This has been the subject of recent debate, with the proposed power of centrally-appointed regional governors to veto funding decisions being contested by regions and overruled.

- **Romania.** Overall coordination of Structural Funds is ensured by the Ministry of Public Finance which is also responsible for the allocation of funding and negotiations with the Commission. For 2007-13, there will be one Managing Authority per OP. Overall, the system remains centralised. There is no decentralised administrative structure in place for implementing the funds as regions are of a statistical character only. Regional Development Agencies which operate in each region will act as Intermediary Bodies in 2007-13. They select projects except for those with a supra-regional dimension. These delegations of competences are laid down in writing between the Managing Authorities and the Implementing Bodies. The regional Operational Programme contains a fiche for each region together with the financial allocation, with priorities containing a mix of national objectives and local issues. Projects selected under these national priorities (e.g. education, health) are then implemented with support of regional Intermediary Bodies.
ANNEX 2: PROJECT GENERATION, APPRAISAL AND SELECTION IN IQ-NET PARTNER PROGRAMMES

The following tables categorise some of the approaches to project generation, appraisal and selection that are expected to be adopted in the partner countries/regions. It is important to note that the information provided is quite general at this stage, and may not be complete, as some Member States are still in the process of finalising their approaches.
## Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

<table>
<thead>
<tr>
<th>Country</th>
<th>Austria</th>
<th>Belgium</th>
<th>Denmark</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Niederösterreich</td>
<td>Steiermark</td>
<td>Vlaanderen</td>
<td>National</td>
</tr>
<tr>
<td>Priority</td>
<td>P1: Competitiveness</td>
<td>P1: Innovation &amp; Knowledge Economy</td>
<td>P1: Knowledge Economy &amp; Innovation; P2: Entrepreneurship</td>
<td>Varies between priorities (open, selective, proactive calls)</td>
</tr>
<tr>
<td>Generation</td>
<td></td>
<td>Support provided by Provincial Contact Points &amp; Project Orientation Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Type</td>
<td>Open calls</td>
<td>Open calls</td>
<td>Open calls</td>
<td>Selective calls</td>
</tr>
<tr>
<td>- Responsible Bodies</td>
<td>Multipliers &amp; Regional Managements</td>
<td>Multipliers &amp; Regional Managements</td>
<td>Multipliers &amp; Regional Managements</td>
<td>Support provided by Provincial Contact Points &amp; Project Orientation Group</td>
</tr>
<tr>
<td>Appraisal</td>
<td>Implementing Agency for the 3 action fields</td>
<td>Implementing Agency for the 4 action fields</td>
<td>Implementing Agency for the 4 action fields</td>
<td>MA (except business projects by T&amp;E Centres); Thematic Groups may assist</td>
</tr>
<tr>
<td>Selection</td>
<td>Implementing Agency for the 3 action fields; First-come-first-serve principle</td>
<td>Implementing Agency for the 4 action fields; First-come-first-serve principle</td>
<td>Implementing Agency for the 4 action fields; First-come-first-serve principle</td>
<td>Respective financing authority (with approval from internal group &amp; RMC/project group or Secretariat of RMC)</td>
</tr>
<tr>
<td>Criteria</td>
<td>Thematic &amp; geographic (defined by Action Programme)</td>
<td>Thematic &amp; geographic (defined by Action Programme)</td>
<td>Thematic &amp; geographic (defined by Action Programme)</td>
<td>Competitiveness, clusters, internationalisation, new businesses etc.</td>
</tr>
</tbody>
</table>

### Notes:
- Content, organisation & planning, added value, horizontal themes etc.
- Innovation environments, technology, cooperation between academia & businesses, internationalisation etc.
- Attractiveness environment, transport investment & welfare services, projects etc.
### Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

<table>
<thead>
<tr>
<th>Country</th>
<th>France</th>
<th>Germany</th>
<th>Greece</th>
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<tbody>
<tr>
<td>Region</td>
<td>Aquitaine</td>
<td>Nordrhein-Westfalen</td>
<td>Sachsen-Anhalt</td>
</tr>
<tr>
<td>Priority</td>
<td>(4.2) Urban Development</td>
<td>P1: Strengthening the Business Base</td>
<td>P3: Sustainable Urban &amp; Regional Development</td>
</tr>
<tr>
<td>Generation</td>
<td></td>
<td></td>
<td>All priorities</td>
</tr>
<tr>
<td>- Type</td>
<td>Selective calls targeted at urban areas</td>
<td>Periodic calls targeted at actors lagging behind in ICT</td>
<td>Selective calls for tender (annually or every two years)</td>
</tr>
<tr>
<td>- Responsible Bodies</td>
<td>Initial appraisal by Préfectures de département &amp; technical appraisal by directions départementales de l’équipement</td>
<td>Initial &amp; technical appraisal by ICT unit of the SGAR &amp; Regional Council</td>
<td>Some degree of project selection, largely undertaken by Land staff</td>
</tr>
<tr>
<td>Appraisal</td>
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<tr>
<td>Criteria</td>
<td>Operation-specific criteria applied</td>
<td>Operation-specific criteria applied</td>
<td>Operation-specific criteria applied</td>
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IQ-Net Thematic Paper 20(2)

European Policies Research Centre
### Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

<table>
<thead>
<tr>
<th>Country</th>
<th>Italy</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>National OP for Research &amp; Competitiveness (info related only to competitiveness part)</td>
<td>Lombardia</td>
</tr>
<tr>
<td><strong>Priority</strong></td>
<td>P2: Competitiveness - PII</td>
<td>P2: Innovation and Knowledge Economy</td>
</tr>
<tr>
<td><strong>Generation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type</strong></td>
<td>Consultations, animation, calls for ideas, involvement of stakeholders</td>
<td>Mostly selective calls for tenders (generally bids with deadlines &amp; associated resources / open calls)</td>
</tr>
<tr>
<td><strong>Responsible Bodies</strong></td>
<td>The responsible for the PII, appointed for each sector and a group of appointed experts for each sector</td>
<td>Various Implementing Bodies, accredited banks (for law 488) &amp; the competent DG within MED for the measures directly implemented by this</td>
</tr>
<tr>
<td><strong>Appraisal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Selection</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Criteria</strong></td>
<td>Vary depending on sector. Criteria used to define &amp; select the PII will likely be highly specialised relating to innovation in each specific sector</td>
<td>Vary depending on instrument</td>
</tr>
</tbody>
</table>
Turning strategies into projects: the implementation of 2007-13 Structural Funds programmes

<table>
<thead>
<tr>
<th>Country</th>
<th>Spain</th>
<th>Sweden</th>
<th>UK</th>
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<tbody>
<tr>
<td>Region</td>
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<tr>
<td></td>
<td>País Vasco</td>
<td>All OPs (ERDF)</td>
<td>Scotland</td>
</tr>
<tr>
<td></td>
<td>P1: Knowledge Society</td>
<td>P4: Local &amp; Urban Development</td>
<td>Parts of all priorities</td>
</tr>
<tr>
<td></td>
<td>P2: Environment/Risk Prevention</td>
<td>All priorities</td>
<td>Parts of selected Priorities (e.g. P1 &amp; P4 of LUPs ERDF)</td>
</tr>
<tr>
<td></td>
<td>P3: Transport/Telecommunications</td>
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<td>All priorities</td>
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<th>Generation</th>
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<tr>
<td>-Type</td>
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<td></td>
<td>Varies. Selective calls, consultations, targeted &amp; strategic</td>
<td>Varies. Selective calls, consultations, targeted &amp; strategic</td>
<td>Varies. Selective calls, consultations, targeted &amp; strategic</td>
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<td></td>
<td>Mainly selective &amp; strategic calls</td>
<td>Mainly selective &amp; strategic calls</td>
<td>Open calls (more strategic approach may be introduced at a later stage)</td>
</tr>
<tr>
<td>-Responsible Bodies</td>
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<td>Central, regional &amp; provincial departments</td>
<td>Regional &amp; provincial departments</td>
<td>Central, regional &amp; provincial departments</td>
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<td></td>
<td>Regional &amp; provincial departments</td>
<td>Regional &amp; provincial departments</td>
<td>2 Intermediate Administration Bodies (IABs), one for each programme area</td>
</tr>
<tr>
<td></td>
<td>Central, regional &amp; provincial departments</td>
<td>MA</td>
<td>Intermediate Delivery Bodies (IDBs) (2 per programme)</td>
</tr>
</tbody>
</table>

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<tr>
<th>Appraisal</th>
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<tr>
<td></td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
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<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>MA</td>
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<tr>
<th>Selection</th>
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<tr>
<td></td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Final selection by the MA based on recommendation of Structural Funds Partnership</td>
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<tr>
<td></td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>PMC/Ministerial approval</td>
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<td></td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>Various Implementing Bodies select &amp; allocate funding</td>
<td>PMC/Ministerial approval</td>
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<tr>
<th>Criteria</th>
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<tr>
<td></td>
<td>Vary depending on Implementing Body/instrument</td>
<td>Vary depending on Implementing Body/instrument</td>
<td>Vary depending on Implementing Body/instrument</td>
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<td>Vary depending on Implementing Body/instrument</td>
<td>Vary depending on Implementing Body/instrument</td>
<td>Vary depending on Implementing Body/instrument</td>
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<td></td>
<td>Vary depending on Implementing Body/instrument</td>
<td>Vary depending on Implementing Body/instrument</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Vary depending on Implementing Body/instrument</td>
<td>Vary depending on Implementing Body/instrument</td>
<td>IDB’s own criteria?</td>
</tr>
</tbody>
</table>

- Scoring criteria similar to previous, with more emphasis on strategic fit with Executive and local priorities, track record, use and strength of environmental indicators, and demonstration of partnership
- Including positive factors/benefits & risk criteria
IQ-Net is a network of Convergence and Regional Competitiveness programmes actively exchanging experience on practical programming issues. It involves twice-yearly meetings of members, and a programme of research and debate on topical themes relating to programme design, management and delivery. IQ-Net was established in 1996 and has successfully completed three periods of operation: 1996-99, 1999-2002 and 2002-07. A new phase will be launched on 1 July 2007 (Phase IV, 2007-10).

IQ-Net Meetings

Twenty-one partners meetings and a special 10th anniversary conference have been held in 11 years of operation of the Network, in nine European countries. Meetings are held at approximately six month intervals and are open to partners (and to observers interested in joining the Network). The meetings are designed to facilitate direct exchange of experience on selected issues, through the presentation of briefing papers, plenary discussions, workshop sessions and study visits in the hosting regions.

IQ-Net Website

The IQ-Net Website is the Network’s main vehicle of communication with partners and non-partners alike (http://www.eprc.strath.ac.uk/iqnet). It comprises two sections. Partner Intranet Pages are available exclusively to IQ-Net members. Public Pages of the IQ-Net website allow the download of IQ-Net Reports and bulletins, provide information on the network’s activities and meetings, and have a news section on issues relevant to the Network. The partners section of the website offers exclusive services to members of the Network’s, including: access to all materials prepared for the IQ-Net meetings; a constantly up-dated list of EU27 links (programmes, institutions, economics and statistics etc.); partners’ contact details and others.

IQ-Net Reports

The IQ-Net reports provide the basis for discussion at each IQ-Net meeting, presenting applied and practical information in a style accessible to policy-makers, programme executives and administrators. The reports can be downloaded at no charge from the IQ-Net website. To date, almost 30 thematic papers have been produced on both ‘functional issues’ (e.g. management arrangements, partnership, information and communication, monitoring systems) and ‘thematic issues’ (e.g. innovation, enterprise development, tourism). A similar number of papers has also been produced to review periodically the developments in the implementation of the Network’s partner programmes.
IQ-Net Thematic Papers

- Turning ideas into action: the implementation of 2007-13 programmes
- National Strategic Reference Frameworks and OPs, 2007-2013
- Preparations for the Programme Period 2007-13
- Territorial Cohesion and Structural Funds
- Cohesion Policy Funding for Innovation and the Knowledge Economy
- The Added Value of Structural Funds
- Information, Publicity and Communication
- Mid-term Evaluation of the 2000-06 Programmes
- Mainstreaming Horizontal Themes into Structural Fund Programming
- The Structural Funds: Facilitating the Information Society
- Information into Intelligence: Monitoring for Effective Structural Fund Programming
- At the Starting Block: Review of the New Programmes
- Tourism and Structural Funds
- Preparations for the New Programmes
- The New Regulations and Programming
- Strategic Approaches to Regional Innovation
- Effective Responses to Job Creation
- The Evolution of Programmes and Future Prospects
- Equal Opportunities in Structural Fund Programmes
- The Contribution of Meso-Partnerships to Structural Fund Implementation
- Regional Environmental Integration: Changing Perceptions and Practice
- Structural Fund Synergies: ERDF and ESF
- The Interim Evaluation of Programmes
- Monitoring and Evaluation: Principles and Practice
- Generating Good Projects
- RTD and Innovation in Programmes
- Managing the Structural Funds - Institutionalising Good Practice
- Synthesis of Strategies 1994-96

IQ-Net Bulletin

The IQ-Net Bulletin promotes the dissemination of the Network’s activities and results. Twelve issues have been published to date over the period from 1996 to 2005 and a thirteenth issue will be printed in the summer of 2007. Bulletins have a standard format and contain summaries of the research undertaken and of the discussions occurred at IQ-Net meetings. The bulletins can be downloaded from the IQ-Net website (public pages), but are also printed and disseminated in hard copy to the IQ-Net mailing list.

Admission to the Network is open to national and regional Managing Authorities and programme secretariats. For further information or expressions of interest contact Professor John Bachtler (john.bachtler@strath.ac.uk) or Laura Polverari (laura.polverari@strath.ac.uk).