



**EX POST EVALUATION OF COHESION POLICY PROGRAMMES  
2000-2006 CO-FINANCED BY THE ERDF (OBJECTIVE 1 AND 2)**

**WORK PACKAGE 11: MANAGEMENT AND IMPLEMENTATION SYSTEMS FOR  
COHESION POLICY**

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## Preface

This report has been prepared by the European Policies Research Centre (University of Strathclyde, Glasgow) and Metis (Vienna) and is the Final Synthesis Report of the ex post evaluation of the management and implementation systems for Cohesion policy, 2000-06, commissioned by DG REGIO and which has been managed by EPRC and Metis (Vienna) under European Commission contract no: 2007.CE.16.0.AT.034.

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The contents and views expressed in this report are those of the authors and do not necessarily reflect the opinions or policies of the European Commission. Any errors or omissions remain the responsibility of the authors.

## CONTENTS

EXECUTIVE SUMMARY .....	1
RÉSUMÉ .....	11
ZUSAMMENFASSUNG .....	23
1. INTRODUCTION .....	35
1.1 Framing the research questions.....	35
1.2 Objectives and methodology of the research.....	36
1.3 Structure of the Report .....	39
2. THE MANAGEMENT AND IMPLEMENTATION OF COHESION POLICY (ERDF) IN THE EU25, 2000-06 .....	41
2.1 Introduction .....	41
2.2 Institutional and administrative context .....	41
2.3 Partnership .....	43
2.4 Programme design .....	45
2.5 Project selection .....	47
2.6 Financial management .....	49
2.7 Monitoring .....	51
2.8 Evaluation .....	53
2.9 Reporting .....	55
2.10 Major projects .....	57
2.11 Conclusions.....	58
3. THE EFFECTIVENESS, CONTINUITY AND SPILLOVERS OF MIS IN THE EU10 MEMBER STATES .....	61
3.1 Introduction .....	61
3.2 Institutional context: administrative culture and capacity .....	62
3.3 Managing and implementing Cohesion policy: fulfilling the regulatory requirements .....	65
3.4 Developing effective systems .....	69
3.5 Continuity and learning .....	73
3.6 Spillovers .....	79
4. SPILLOVERS FROM COHESION POLICY MANAGEMENT AND IMPLEMENTATION: EVIDENCE FROM THE EU15 .....	83
4.1 Introduction .....	83
4.2 Cohesion policy spillovers: taking stock of research.....	83
4.3 Framing the research conceptually: domestic and Cohesion policy factors affecting influence and change .....	87
4.4 The relationship between EU and domestic management and implementation systems.....	89
4.5 The influence of Cohesion policy on domestic policy administration.....	91
4.6 The scale and type of change .....	99
4.7 How did influence/change occur? .....	101
4.8 The effects of Cohesion policy influence.....	105
4.9 Conclusions.....	108

5.	THE INTEGRATION OF SUSTAINABLE DEVELOPMENT .....	111
5.1	Introduction .....	111
5.2	Context .....	111
5.3	Integrating sustainable development through Cohesion policy in 2000-06.....	120
5.4	Overall assessment of the integration of sustainable development.....	129
6.	CONCLUSIONS.....	133
6.1	Diverse and difficult demands of Cohesion policy management.....	133
6.2	Implementing Cohesion policy for the first time in the EU10.....	134
6.3	Mixed experience with individual management and implementation processes in the EU10 .....	139
6.4	Building on previous Cohesion policy management experience in the EU15.....	141
6.5	Evidence of spillover effects on domestic policy management.....	145
6.6	Variable progress in integrating sustainable development .....	147
6.7	Cohesion policy management and implementation systems and policy effectiveness .....	151
7.	RECOMMENDATIONS .....	153
7.1	Managing programmes effectively to achieve strategic objectives .....	153
7.2	Improving management and implementation processes in the EU10 .....	156
7.3	Encouraging leadership in the management of Cohesion policy .....	160
7.4	Strengthening opportunities for learning.....	161
7.5	Investing in institutional capacity .....	162
7.6	Developing a framework of good governance for Cohesion policy .....	164
7.7	Raising the status and integration of sustainable development .....	166
7.8	Further research on effectiveness of Cohesion policy management and implementation.....	168
9.	BIBLIOGRAPHY.....	169
10.	ANNEX: OVERVIEW OF 2004-06 DYNAMICS AND CONSTRAINTS AT THE END OF 2008.....	179

# THE MANAGEMENT AND IMPLEMENTATION OF COHESION POLICY IN 2000-2006

## EXECUTIVE SUMMARY

### 1. INTRODUCTION

The aim of this study is an ex post evaluation of the management and implementation systems (MIS) for the ERDF in Objective 1 and 2 programmes (2000-06) in 25 Member States. The study had five objectives:

- (i) to establish an overview of MIS of Cohesion policy and their particularities in each of the 25 Member States;
- (ii) to assess the effectiveness and sustainability of MIS of Cohesion policy in the EU10, and the type, scale and sustainability of spillover effects on the overall institutional and administrative culture in these countries;
- (iii) to appraise the spillover of Cohesion policy MIS onto national policies in the EU15 (originally called ‘added value’);
- (iv) to analyse how MIS support the integration of sustainable development in Cohesion policy programmes across the EU 25 Member States; and
- (v) to carry out 12 ‘mini-case studies’ of good practice.

The study was initiated in January 2008. It has been conducted with a mix of, mostly qualitative, techniques and analytical tools. It has drawn on the extensive literature of policy and academic research. In-depth insights were obtained through case studies. The research focussed on the key interlinked processes which compose the Cohesion policy MIS, namely: programme design; project generation, appraisal and selection; financial management; monitoring; evaluation; reporting; and, partnership (the assessment of audit systems and procedures was not part of the terms of reference).

### 2. THE MANAGEMENT AND IMPLEMENTATION OF COHESION POLICY IN 2000-06

The management and implementation of Cohesion policy in the 2000-06 period involved a complex and highly differentiated set of processes. Each of the EU25 Member States had its own institutional structures and administrative procedures which influenced how they undertook the management and implementation of the policy.

MIS and processes were conditioned by Cohesion policy Regulations throughout the EU25. However, there were differences in how the Regulations were interpreted and applied by individual Member States. One of the main factors to influence the approaches to Cohesion policy management and implementation was the degree to which decision-making powers

for domestic policies were centralised. In line with ongoing decentralisation trends in several countries, the 2000-06 period was notable for more management tasks being shared with sub-national levels of government and partnerships. Where competences were shared among large numbers of bodies, coordination mechanisms were introduced or improved. In cases where numerous bodies were involved in operational aspects of programme implementation, systems became internally fragmented and overly complex.

The varied experience and importance of domestic regional policy and its interrelationship with Cohesion policy was also a factor. In Member States with a strong, territorially-focused domestic regional policy, there was usually greater EU/domestic policy coordination in the management and implementation of Cohesion policy. Lastly, factors such as administrative traditions, the quality of public administration and the state of public administration reform had an impact on how individual management and implementation processes were carried out.

Notwithstanding these differences, it is possible to draw some overall conclusions on management and implementation experience during the 2000-06 period.

- There was evidence of increased partnership working, with greater involvement of sub-national bodies, economic and social partners and other organisations among EU15 Member States than in previous programme periods.
- The process of programme design was usually based on at least some analysis, strategic reflection and partner consultation, and it involved a more consistent use of ex ante evaluation.
- More attention was paid to monitoring, especially the development of integrated monitoring systems and the inclusion of physical indicators, although the utility of the systems and information provided was sometimes questionable.
- Cohesion policy in 2000-06 continued to promote the development of an evaluation culture, with the requirement to produce both an MTE and UMTE, the latter in particular being used to inform the preparation of the 2007-13 strategies. Many Member States undertook their own evaluations.
- The MIS in the EU10 were in some cases sub-optimal due to time pressures, and problems often persisted throughout the period because of high staff turnover and insufficient resources.
- While there was considerable progress in managing and implementing Cohesion policy during the period, the administrative complexity of applying a common set of regulatory requirements in diverse institutional and administrative contexts remained a difficult challenge.

### 3. THE EFFECTIVENESS, CONTINUITY AND SPILLOVERS OF MIS IN THE EU10 MEMBER STATES

The new Member States had their first experience of Cohesion policy during a short programme period, 2004-06. Cyprus and Malta had public administration which were comparable to many countries in the EU15. By contrast, public administrations in the Central and Eastern European Member States were compelled to undertake administrative reforms *and* the preparations for Cohesion policy under great time pressure. Most inherited a legacy of politicised public administration, corruption risk, lack of mobility, decentralised and fragmented responsibilities in personnel policy, a poor image of the civil service, low salaries or low service-orientation. Leadership continued to be an issue. The general trend of reforms has been away from ‘bureaucratic systems’ towards ‘management systems’.

The EU8 differed in their choice of institutions designated to carry out the management and the implementation of programmes. The most extensive regional involvement was found in Poland and in the Czech Republic. The strongest role of the regions was in project implementation. A trend towards further decentralisation has been observed.

#### Fulfilling the regulatory requirements

The EU10 largely complied with the regulatory, strategic and financial requirements of programme management and implementation. Appropriate organisational structures and systems were established, and adequate administrative procedures were designed and described in manuals. The staff employed had mostly clearly assigned and specified tasks and worked with a high level of commitment. Implementing the Funds according to regulatory requirements was facilitated by a high level of central control. Staff resources proved to be a major challenge for most EU10 Member States, despite support from external experts from the Phare programme, and were enhanced at different rates.

The preparation of programme documents was based on national development strategies. Ex ante evaluations were conducted and their recommendations incorporated. However, they were sometimes ‘quasi-appraisal’ rather than based on structured methodologies. Negotiations with the Commission were finalised between December 2003 and Spring 2004. All programming documents were adopted between June and July 2004.

Socio-economic partners, non-governmental organisations addressing equal opportunities and environment, and partly regional and local authorities were identified and included through consultations during the preparation of programme documents. As members of the Monitoring Committee, partners were invited to contribute to programme monitoring. In exceptional cases they were also involved in project selection.

Potential applicants were informed about the aims of Cohesion policy and the demands of applications for projects. In part, project generation was supported by project development agencies and external experts. The demands for funding were high for most measures and in most countries. Overall, they were sufficient and contributed to meeting the N+2 rule. A combination of automatic and competitive selection systems was used in most countries, with all countries having competitive elements in their selection systems.

Major projects were submitted by Slovakia (two projects) and Poland (eight projects) and were approved by the Commission. Their pre-selection was taken on the basis of the strategy developed in the programme documents and in sector-specific strategies. Projects were monitored in-depth with financial and physical indicators and on-the-spot visits.

Financial management measures were taken to ensure the fulfilment of N+2. Most frequent were reallocations of funds; other measures were the prioritisation of payment claims of larger amounts and closer cooperation and support of beneficiaries. A minor de-commitment occurred only in Slovakia.

All of the Annual Implementation Reports - containing mostly financial information - were submitted by the EU10 on time and were admissible. In all countries additional regular or *ad hoc* reports were produced for the purpose of informing the political level or for ongoing monitoring of programme implementation.

Monitoring Committees were established early on and mostly met twice a year. They had a largely compliance function, with rare strategic discussions. Monitoring systems were operational in good time in most of the countries, but with some indicator and data weaknesses. The use of financial indicators predominated.

All countries undertook some evaluation studies, in addition to the compulsory ex ante evaluations. These were partly small-scale thematic evaluations and assessments of specific processes and partly comprehensive programme evaluations on structures or the progress of the implementation.

#### Developing effective systems, continuity and learning

Although the systems used by the EU10 were largely able to fulfil the regulatory requirements, they suffered - at least at the outset - from a series of structural constraints or operational problems which influenced effectiveness. These were mainly a strong 'compliance orientation', difficulties in establishing fully appropriate organisational structures, problems with administrative capacity, and procedural constraints.

The performance of MIS improved over time. Systems underwent adaptation, especially in procedures and tools. Human resource development issues were largely addressed. 'Learning by doing' contributed to the strengthening of coordination and the fine-tuning of procedures. Targeted training enhanced the functioning of procedures. There is limited evidence of increases in productivity and wider benefits arising from these changes such as reduction in processing times for applications and claims. Despite these improvements some major constraints were still outstanding at the end of 2008, across all processes of the management and implementation cycle.

#### Spillovers

There was a remarkable level of immediate spillovers as regards managerial practices, staff expertise and institutional changes, especially with regard to strategic planning, the implementation of the partnership principle, systematic project monitoring and evaluation. New working methods were introduced in domestic policies, enhancing the professionalism

of staff. Spillovers also initiated institutional changes in organisations not involved in Cohesion policy, mainly related to new approaches for HR management and development as well as to the strengthening of coordination and collaboration. Cohesion policy practices strengthened principles of public management like openness, transparency, accountability, efficiency, effectiveness and professionalism.

#### 4. SPILLOVERS FROM COHESION POLICY MANAGEMENT AND IMPLEMENTATION: EVIDENCE FROM THE EU15

##### The influence of Cohesion policy on domestic policy administration

The management and implementation systems of Cohesion policy influenced domestic policy administration, not just in the 2000-06 period but also in the preceding and subsequent (current) periods. The influence was of three types: institutional, operational and cultural. Institutional changes involved adaptations to the organisations responsible for implementing regional policy, including: the creation or strengthening of territorial or sectoral bodies; the establishment of new coordination organisations or fora; and the reorganisation of responsibilities to bring domestic policy more in line with Cohesion policy. Operational influences related to the modification of procedures and methods of policy implementation (although not always without generating problems and difficulties). Cultural changes related to the human resources involved in policy implementation, and their attitudes, skills and expectations. These three elements are now examined in turn.

##### The scale and type of change

The empirical evidence points clearly to a considerable degree of influence of Cohesion policy management and implementation on the management and implementation of domestic policies, substantiated by the specific changes to domestic institutional assets, procedures and culture. The influence varied significantly in terms of scale (the range of policy processes affected) and type.

In some countries, the scale of change was systemic, affecting many aspects of domestic regional development policy and most management and implementation processes. Regarding the types of change, a distinction can be made between: (i) *innovation* - consisting of the introduction of new practices (for instance, the introduction of reporting or monitoring obligations derived from ERDF practice into domestic policies); (ii) *enhancement* - residing in the establishment of additional or enhanced variants of existing practice; and (iii) *learning* - a better understanding of how implementation can be carried out.

##### How did influence occur?

It takes time for Cohesion policy to influence domestic management and implementation systems. In several case studies, the changes taking place in the 2000-06 period were part of longer term modifications of management and implementation processes, in some cases originating in the 1989-93 or 1994-99 periods and/or continuing (or taking effect) in the 2007-13 period.

Influence took place in the form of: *transfer*, involving the more-or-less wholesale adoption of Cohesion policy practices; pragmatic *adaptation* of EU procedures within domestic policy MIS; and *re-interpretation* of EU requirements, in the light of pre-existing domestic practice. Pragmatic adaptation was the most common administrative response of domestic systems to the influence of Cohesion policy. The direct transfer of Cohesion policy practices to domestic systems was also relatively common, often accompanied by the adaptation of other practices. However, the Cohesion policy approach has not universally influenced domestic systems. In some cases, lack of influence is attributable to the difficulty of modifying established patterns and ways of working that are largely perceived as adequate by those involved. This has been exacerbated by the perception of the Cohesion policy method as overly regulated, inflexible and costly. In other cases, the cause could be the lack of commitment from key decision-makers, especially at political level.

#### The effects of Cohesion policy influence

The changes introduced are considered to have improved domestic practices across virtually all processes. Changes are considered by stakeholders to have brought increased stability in the availability of funding and led to more transparent, professional and targeted resource allocation systems. They have also strengthened knowledge on policy outcomes and, during policy implementation, the progress with delivery, through improved monitoring, reporting and evaluation arrangements. The perceived benefits of applying the Cohesion policy partnership principle and procedures in 2000-06 were considerable. Not all the effects detected were positive or durable; those changes introduced for predominantly pragmatic reasons were least likely to be permanent.

Overall, it appears that influence and positive effects have been strongest where driven by committed élites or policy entrepreneurs, where political commitment to change was high (e.g. because of contextual domestic reform agendas) and/or where the status and weight of Cohesion policy (especially relative to other domestic policies) were high.

## 5. THE INTEGRATION OF SUSTAINABLE DEVELOPMENT

### Defining sustainable development

Within EU Cohesion policy, sustainable development has progressively gathered momentum, moving from a reactive to a pro-active position. For 2000-06, Cohesion policy was expected to contribute to the harmonious, balanced and sustainable development of economic activities, the development of employment and human resources, the protection and improvement of the environment, the elimination of inequalities, and the promotion of equality between men and women.

For this study, sustainable development was defined as the pursuit of three objectives in an integrated fashion: sustainable, non-inflationary economic growth; social cohesion through access for all to employment and a high quality of life; and the maintenance and enhancement of the environmental capital on which life depends. Guiding principles were also elaborated related to SD integration within MIS, encompassing (i) an integrated perspective, (ii) a cross-sectoral approach, (iii) transparency and clear communication, (iv)

assessments to identify and measure economic, social and environmental impacts, (v) exploration of relative costs and benefits, (vi) broad participation and consultation, (vii) monitoring and evaluating progress in integration, and (viii) a long-term view.

#### Integration of sustainable development in 2000-06

Most case study programmes included a broad representation in the phase of programme preparation, but decision-making power was perceived to remain with the economic actors, restricting a balanced consideration of the different dimensions of SD. Problematic issues included a lack of precise guidance on who should be involved and what status each participant should have. Unfamiliarity with the SD concept meant it was not obvious who should represent the theme or what method should be followed, exacerbated by the absence of regional or national Sustainable Development Strategies. The assessments used to inform programme design comprised previous studies of regional economic, social and environmental conditions as well as newly created programme-specific profiles, SWOT analyses and ex ante evaluations. In a few cases, a strategic environmental assessment (SEA) was carried out, but did not influence programme design. No consideration was given to trade-offs during programme preparation.

In the majority of cases, no specific SD-guidance was provided, as it was not considered necessary or appropriate. A common theme was the difficulty experienced by applicants in grasping the approach needed and translating SD objectives into project activities. Procedures, expertise and tools supporting SD comprised staff resources, assessment techniques and scoring systems. A number of tools were developed to support integrated assessment. During project appraisal and selection, trade-offs and synergies were treated differently, in some cases not at all.

Indicators chosen were primarily economic in character. In most cases, SD was principally regarded as a horizontal priority focused on environmental sustainability. This resulted in a concentration on environmental indicators. Interactions between SD dimensions were not measured in any of the ten case-study programmes. Evaluations varied in their usefulness, regarding SD as a horizontal theme and mostly as an environmental feature. Reporting was restricted in its coverage; in most cases, the different dimensions were represented in a quantitative form, but it was not integrated.

Partnership experience generally involved an appropriately wide range of actors from the outset in the form of single-issue responsibilities with no-one having a specific SD remit. The majority of cases involved broad inclusion in the design phase, but a lack of horizontal themes influence during programme implementation. Institutional learning was promoted through various means, reflecting a better understanding of SD. Developing new tools, especially through partnership involvement, was effective.

With regard to lasting impacts, most programmes recorded an improvement in aspects related to SD integration, in a range of different forms. The development of new SD instruments has continued beyond the 2000-06 programme period. However, in some instances, there has been a scaling-down of the approach to SD integration.

## 6. CONCLUSIONS

1. The management and implementation of Cohesion policy in 2000-06 differed greatly across Member States, influenced not just by country-specific constitutional and institutional factors but also by the scale of EU funding, the relationship with domestic development policies and resource allocation systems. A common feature of the 2000-06 period, however, was that the implementation of Cohesion policy was demanding for many Member States.

2. Implementation performance was most striking in the new Member States (EU10), which administered ERDF largely in line with the Regulations in their first programme period. Despite this positive progress, the research identified some important constraints on effectiveness, in particular related to a strong ‘compliance orientation’ of administrative procedures. Some of these constraints were addressed during the period in response to experience, but others remained outstanding and, if unresolved, will negatively affect implementation of the much larger amounts of EU funding during the 2007-13 period.

3. The future success of Cohesion policy implementation in the EU10 will largely depend on the completion of broader public administration reforms and on the achievement of a more stable political and institutional setting. Nonetheless, there were several areas where the effectiveness of the various processes through which Cohesion policy is implemented was mixed.

4. The 2000-06 period saw significant changes to the strategic management of the Funds in many EU15 Member States, particularly in terms of better-quality strategic planning, partnership and evaluation. The period was also characterised by an increasing pre-occupation with financial absorption and audit. While strengthening financial discipline and stimulating expenditure, there is evidence that this emphasis on financial management and audit had also negative implications for the effective strategic delivery of programmes.

5. Going beyond the issues of effectiveness, there is clear evidence of Cohesion policy having spillover effects on the domestic management and implementation systems of Member States. There are important examples of substantial direct and indirect impacts in the EU10. Cohesion policy also had a significant influence on the development of management and implementation systems of EU15 Member States during the 2000-06 period.

6. Interpretations of sustainable development varied during the 2000-06 period. Reflecting debates over the previous two decades, a diverse range of interpretations and refinements was used in the different contexts of legislation, regulation, policy and action, and practical evaluation increasingly accommodated procedural as well as substantive concerns.

7. Differentiated progress was made in accommodating the new concept of sustainable development within Cohesion policy during 2000-2006. In particular, there was a general increase in SD awareness and understanding, and good practice examples illustrate different approaches to SD integration, mostly associated with individual elements of management and implementation systems.

8. Although individual initiatives recorded achievements, considerable difficulties were experienced by programme management bodies and partnerships in coming to terms with the concept of SD. In practice, the degree of operationalisation of awareness/understanding was limited, and the management and implementation systems restricted the scope and effectiveness of the integration. Systemic modification would be required for Cohesion policy programmes to be capable of fully addressing sustainable development.

9. One last, and perhaps obvious, conclusion of the study is that the effectiveness of Cohesion policy management and implementation needs to be considered in the wider context of policy effectiveness.

## 7. RECOMMENDATIONS

1. Despite the progress made in many aspects of Cohesion policy management and implementation in 2000-06, the administration of Cohesion policy suffered from a lack of effective 'policy management'. Addressing this requires: a reassessment of the application of the decommitment rule and the increased administrative requirements of financial control and audit; a stronger focus on policy outcomes; and a better understanding of how effective management and implementation can be achieved.

2. The ability and capacity to pursue a policy management approach depends on the basic requirements for effective Cohesion policy implementation to be in place, such as the availability of skilled human resources and of an efficient public administration system. This is a particular priority in the EU10, where specific actions are needed to address the constraints identified in each of the processes of management and implementation.

3. The effectiveness of Cohesion policy management and implementation, and the scope for positive spillovers, often depends on leaders and policy entrepreneurs. A task of both the Commission and Member States is to strengthen the professionalism and leadership in the policy field.

4. Given the importance of organisational learning for effective and efficient management and implementation, the Member States and Commission should take steps to embed a 'learning reflex' in managing authorities and implementing bodies.

5. The institutional capacity of national and regional government authorities should be given greater attention by both the Commission and Member States for the effective and efficient management of Cohesion policy. The capacity of local and non-governmental actors also needs to be strengthened.

6. The importance of good governance for effective management and implementation of Cohesion policy suggests that the EU should actively promote higher standards of public administration in the Member States.

7. In order to build on the momentum created in 2000-06 for facilitating sustainable development (SD) within Cohesion policy, scope has been identified for further integration.

To develop this potential fully, the Commission and Member States should strengthen the regulatory requirements for SD integration, extend the boundaries for its targeted impact, and provide specific and structured support.

8. An avenue for further research is to explore the effectiveness of Cohesion policy management and implementation systems drawing from other Work Packages of this ex post evaluation, looking at the interplay between the policy delivery mechanisms and policy effectiveness overall and in specific fields.

## GESTION ET MISE EN ŒUVRE DE LA POLITIQUE DE COHÉSION EN 2000-2006

### RÉSUMÉ

#### 8. INTRODUCTION

Cette étude propose une évaluation des systèmes de gestion et de mise en œuvre (SGMO) pour le FEDER concernant les programmes Objectif 1 et 2 (2000-2006) dans les 25 États membres. Cinq objectifs ont été fixés pour l'étude:

- (i) Dresser un panorama général des SGMO de la politique de cohésion et de leurs particularités dans chacun des 25 États membres;
- (ii) Evaluer l'efficacité et la viabilité à long terme des SGMO de la politique de cohésion dans l'UE-10, ainsi que la nature, l'échelle et la longévité des retombées sur la culture institutionnelle et administrative générale de ces pays;
- (iii) Evaluer les retombées des SGMO de la politique de cohésion sur les politiques nationales dans l'UE-15 (ce qui était initialement appelé la « valeur ajoutée »);
- (iv) Analyser dans quelle mesure les SGMO contribuent à l'intégration du développement durable au sein des programmes de politique de cohésion dans les 25 États membres de l'UE; et
- (v) Conduire 12 « mini-études de cas » sur les bonnes pratiques.

Lancée en janvier 2008, l'étude a associé des techniques essentiellement qualitatives et des outils analytiques. Elle s'est appuyée sur l'importante littérature disponible, s'intéressant tant aux articles de recherche qu'aux documents de politique. Les études de cas ont permis d'obtenir certains éclairages en profondeur. Les travaux de recherche ont été concentrés sur les processus clés, liés les uns aux autres, qui constituent ensemble les SGMO de la politique de cohésion, à savoir: conception des programmes; génération, évaluation et sélection des projets; gestion financière; suivi; évaluation; *reporting*; et partenariat (l'évaluation des systèmes et procédures d'audit ne faisant pas partie des attributions).

#### 9. GESTION ET MISE EN ŒUVRE DE LA POLITIQUE DE COHÉSION EN 2000-2006

La gestion et la mise en œuvre de la politique de cohésion sur la période 2000-2006 a engendré un jeu de processus complexe et fortement différencié. Chacun des États membres de l'UE-25 s'appuyait en effet sur des structures institutionnelles et procédures administratives qui lui étaient propres et influençaient la manière dont il menait la gestion et la mise en œuvre de la politique.

Les SGM et processus ont été conditionnés par les réglementations en place sur la politique de cohésion dans l'UE-25. On a cependant pu constater des différences dans l'interprétation et l'application desdites réglementations par chacun des États membres. L'un des principaux facteurs influençant la gestion et la mise en œuvre de la politique de cohésion a été le degré de centralisation des autorités politiques nationales. En cohérence avec les tendances à la décentralisation à l'œuvre dans plusieurs pays, la période 2000-2006 a été marquée par un plus grand partage des tâches de gestion avec les niveaux administratifs et partenariats infra-nationaux. Lorsque les attributions étaient partagées entre plusieurs organismes, des mécanismes de coordination ont été introduits ou améliorés. Lorsqu'un grand nombre d'organismes étaient impliqués dans les aspects opérationnels de la mise en œuvre des programmes, les systèmes sont cependant devenus fragmentés au plan interne et excessivement complexes.

La diversité des expériences de politique régionale nationale, leur portée dans chaque pays et leurs interactions avec la politique de cohésion, ont également eu un impact. Dans les États membres dotés d'une politique régionale intérieure forte et focalisée sur l'aménagement du territoire, on constate en général une meilleure coordination entre les volets nationaux et communautaires de la gestion et la mise en œuvre de la politique de cohésion. Ajoutons enfin que des facteurs tels que les traditions administratives, la qualité de l'administration publique et le degré d'avancement de la réforme administrative ont également pu avoir un impact sur la façon dont tel ou tel processus de gestion et de mise en œuvre a pu être déployé.

En dépit de ces différences, il reste possible de tirer certaines conclusions d'ordre général concernant la gestion et la mise en œuvre de l'expérience au cours de la période 2000-2006.

- Certains éléments témoignent d'un renforcement des pratiques de partenariat, avec une implication renforcée du rôle des organismes infra-nationaux ainsi que des partenaires économiques et sociaux et autres organisations dans les États membres de l'UE-15, par rapport aux périodes de mise en œuvre précédentes.
- Le processus de conception des programmes était en général basé sur un certain travail d'analyse, de réflexion stratégique et de consultation des parties prenantes, et a suscité un recours plus consistant aux pratiques d'évaluation ex-ante.
- Une attention accrue a été accordée au suivi des politiques, avec notamment le développement de systèmes de suivi intégrés et l'inclusion d'indicateurs physiques, même si l'intérêt des systèmes et des informations fournies a parfois pu se révéler douteux.
- La politique de cohésion 2000-2006 a continué à promouvoir le développement d'une culture de l'évaluation, avec l'exigence portant sur les évaluations intérimaires et évaluations à mi-parcours (la seconde étant en particulier utilisée pour informer la préparation des stratégies de la période 2007-2013). De nombreux États membres ont par ailleurs procédé à leurs propres évaluations.

- Dans l'UE-10, les SGMO n'ont pas toujours été optimaux en raison de pressions de calendrier, et les problèmes ont souvent persisté tout au long de la période en raison d'une forte rotation du personnel et de ressources insuffisantes.
- Si l'on a pu constater des progrès considérables en matière de gestion et de mise en œuvre de la politique de cohésion au cours de la période, la complexité administrative liée à l'application d'un ensemble commun d'exigences réglementaires dans des contextes institutionnels et administratifs très différents n'en a pas moins continué à poser de grandes difficultés.

## 10. EFFICACITÉ, CONTINUITÉ ET RETOMBÉES DES SGMO DANS LES ÉTATS MEMBRES DE L'UE-10

Les nouveaux États membres avaient fait leur première expérience de la politique de cohésion au cours d'une période de programmation relativement courte, à savoir 2004-2006. Chypre et Malte étaient tous deux dotés d'une administration publique comparable à celle de nombreux pays de l'UE-15. Les administrations publiques des États membres d'Europe centrale et orientale ont en revanche dû entreprendre des réformes administratives et effectuer les préparatifs indispensables pour la politique de cohésion dans des délais particulièrement courts. La plupart d'entre eux ont hérité d'une administration publique politisée, d'un risque de corruption, d'un manque de mobilité, de responsabilités décentralisées et fragmentées en matière de politique du personnel, d'une mauvaise image du service public, du faible niveau des salaires ou d'un état d'esprit peu orienté sur la qualité du service rendu. Le leadership est par ailleurs resté une question problématique. La tendance générale des réformes a porté sur un délaissement des « systèmes bureaucratiques » au profit de « systèmes de gestion ».

Les pays de l'UE-8 ont opéré des choix différents pour désigner les institutions chargées de conduire les programmes de gestion et de mise en œuvre. Les plus forts degrés d'implication régionale ont été constatés en Pologne et en République tchèque. De manière générale, le domaine dans lequel les régions étaient les plus impliquées était la mise en œuvre des projets. Une tendance à une décentralisation accrue a également pu être observée.

### Conformité aux obligations réglementaires

L'UE-10 s'est, dans une large mesure, conformée aux exigences réglementaires, stratégiques et financières de la gestion et la mise en œuvre des programmes. Des structures et systèmes organisationnels adéquats ont été établis, et des procédures administratives appropriées ont été conçues et consignées dans des manuels. Le personnel employé travaillait majoritairement sur des tâches clairement définies et assignées, cela avec un fort degré d'implication individuelle. La mise en œuvre des Fonds conformément aux exigences réglementaires applicables a par ailleurs été facilitée par un degré important de contrôle centralisé. Les ressources en personnel se sont en revanche avérées être un problème majeur dans la plupart des États membres de l'UE-10 (cela en dépit du soutien

d'experts externes issus du programme Phare), un problème traité avec un dynamisme variable selon les pays.

La préparation des documents de programme était basée sur les stratégies de développement nationales. Des évaluations ex-ante ont été conduites, à l'issue desquelles des recommandations ont été intégrées. On constate cependant que ces recommandations ont parfois été basées sur des « quasi-évaluations », plutôt que sur des méthodologies véritablement structurées. Les négociations entretenues avec la Commission ont été finalisées entre décembre 2003 et le printemps 2004. Tous les documents de programmation ont été adoptés en juin et juillet 2004.

Les partenaires socio-économiques, des organisations non gouvernementales traitant des questions de l'égalité des chances et de l'environnement, ainsi que des autorités partiellement régionales et locales, ont été identifiés et inclus dans le cadre des consultations durant la préparation des documents de programme. En leur qualité de membres du Comité de suivi, les partenaires étaient invités à contribuer au suivi du programme. Dans certains cas exceptionnels, ils étaient également impliqués dans la sélection des projets.

Les candidats potentiels étaient informés des objectifs de la politique de cohésion et des exigences associées aux dépôts de dossier concernant les projets. Dans une certaine mesure, la génération des projets était soutenue par les agences de développement de projet et des experts externes. Les exigences associées aux financements étaient importantes pour la plupart des mesures et dans la majorité des pays. De manière générale, elles étaient suffisantes et contribuaient au respect de la règle N+2. Une combinaison de systèmes de sélection automatique et concurrentielle était appliquée dans la plupart des pays (tous ayant en fait intégré des éléments concurrentiels à leurs systèmes de sélection).

Des projets de grande envergure ont été soumis par la Slovaquie (deux projets) et la Pologne (huit projets) et approuvés par la Commission. Leur présélection a été décidée sur la base de la stratégie élaborée dans les documents de programme et des stratégies sectorielles. Les projets ont fait l'objet d'un suivi approfondi, au moyen d'indicateurs financiers et physiques et de visites sur le terrain.

Des mesures de gestion financière ont été prises pour garantir la réalisation des objectifs N+2. Cela consistait le plus souvent en des réallocations de fonds ; les autres mesures étant la priorisation des demandes de paiement portant sur des montants plus élevés et un renforcement de la coopération et de l'assistance aux bénéficiaires. Un désengagement mineur a par ailleurs pu être constaté, en Slovaquie uniquement.

Tous les rapports annuels de mise en œuvre (contenant essentiellement des informations financières) ont été soumis par les pays de l'UE-10 dans les délais impartis et étaient admissibles. Dans tous les pays, des rapports complémentaires (réguliers ou *ad hoc*) ont été produits afin d'informer les niveaux de responsabilité politique ou pour suivre en continu la mise en œuvre des programmes considérés.

Des comités de suivi ont été constitués en amont du processus, se réunissant en général deux fois par an. Ils assuraient essentiellement une fonction de vérification de la conformité, ne participant que rarement aux discussions à contenu stratégique. Les systèmes de suivi étaient opérationnels à temps dans la plupart des pays, avec cependant certaines lacunes sur le plan des indicateurs et des données utilisés. Le recours aux indicateurs financiers était prédominant.

Des études d'évaluation ont été conduites dans tous les pays, en complément des évaluations ex-ante obligatoires. Il s'agit essentiellement d'évaluations thématiques d'envergure limitée et d'études portant sur des processus bien spécifiques, ainsi que d'évaluations de programme détaillées portant sur les structures ou l'avancement de la mise en œuvre.

### Développer des systèmes efficaces et promouvoir la continuité et la formation

Bien que les systèmes utilisés dans l'UE-10 aient permis, dans une large mesure, de satisfaire aux exigences réglementaires, ils ont toutefois souffert (à tout le moins dans les phases initiales) d'une série de contraintes structurelles ou de problèmes opérationnels ayant un impact sur l'efficacité. Les principaux problèmes ou contraintes étaient les suivants : forte orientation sur les exigences de conformité ; difficultés à établir des structures organisationnelles totalement adéquates ; problèmes de capacité administrative ; et contraintes de procédure.

La performance des SGM0 s'est améliorée au fil du temps. Les systèmes ont fait l'objet de mesures d'adaptation, portant essentiellement sur les procédures appliquées et les outils utilisés. Les questions liées du développement des ressources humaines ont été traitées dans une large mesure. La « formation sur le terrain » a contribué au renforcement de la coordination et à l'affinement des procédures. Des programmes de formation ciblée ont permis d'optimiser le fonctionnement des procédures. Certains éléments (limités) tendent à signaler une certaine amélioration de la productivité ; des retombées positives plus larges ont en revanche été induites par ces changements, avec notamment une réduction des délais de traitement des dossiers et demandes. En dépit de ces améliorations, certaines contraintes majeures subsistaient à la fin 2008, cela sur l'ensemble des processus du cycle de gestion et de mise en œuvre.

### Retombées

On constate un niveau remarquable de retombées immédiates sur le plan des pratiques managériales, de l'expertise du personnel et des changements de nature institutionnelle, concernant en particulier la planification stratégique, la mise en œuvre du principe de partenariat, ainsi que le caractère systématique du suivi et de l'évaluation des projets. De nouvelles méthodes de travail ont été introduites dans les politiques nationales, renforçant ce faisant le professionnalisme du personnel. Ces retombées ont également induit des changements institutionnels dans des organisations qui n'étaient pas impliquées dans la politique de cohésion, essentiellement au niveau des nouvelles approches en matière de gestion et développement des ressources humaines, ainsi que du renforcement de la coordination et de la collaboration. Les pratiques induites par la politique de cohésion ont

en outre renforcé les principes de gestion publique tels que l'ouverture, la transparence, l'obligation de rendre compte, l'efficacité, l'efficacités et le professionnalisme.

## 11. RETOMBÉES DE LA GESTION ET LA MISE EN ŒUVRE DE LA POLITIQUE DE COHÉSION : ÉLÉMENTS RECUEILLIS DANS L'UE-15

### Influence de la politique de cohésion sur l'administration des politiques nationales

Les systèmes de gestion et de mise en œuvre mis en place pour la politique de cohésion ont influencé l'administration des politiques nationales, cela non seulement sur la période 2000-2006, mais également sur les périodes précédente et subséquente (actuelle). Les influences sont de trois ordres : institutionnel, opérationnel et culturel. Les changements institutionnels portent sur une certaine adaptation des organisations responsables de la mise en œuvre de la politique régionale, notamment : création ou renforcement des organismes territoriaux ou sectoriels ; établissement de nouvelles organisations (ou fora) de coordination ; et réorganisation des responsabilités visant à mieux aligner les politiques nationales sur la politique de cohésion. Les influences opérationnelles tiennent à la modification des procédures et méthodes de mise en œuvre des politiques (cela n'étant cependant pas toujours sans générer divers problèmes et difficultés). Les changements culturels sont liés aux ressources humaines mises à contribution dans la mise en œuvre des politiques, ainsi qu'à leurs attitudes, leurs compétences et leurs attentes. Chacun de ces trois éléments est examiné en détails ci-dessous.

### Échelle et nature du changement

Les données empiriques témoignent clairement de l'influence considérable des SGM0 de la politique de cohésion sur la gestion et la mise en œuvre des politiques nationales, cela étant démontré par les changements spécifiques apportés aux ressources, aux procédures et à la culture institutionnelles de chaque pays. L'influence varie cependant significativement en termes d'échelle (ou de l'éventail des processus politiques affectés) et de type.

Dans certains pays, le changement a été systémique et affecté de nombreux aspects de la politique nationale en matière de développement régional, ainsi que la plupart des processus de gestion et de mise en œuvre. Concernant les types de changement, on peut établir une distinction entre: (i) *innovation*, avec l'introduction de nouvelles pratiques (par exemple l'introduction d'obligations de *reporting* ou de suivi dérivées des pratiques FEDER et intégrées aux politiques nationales); (ii) *amélioration*, avec l'établissement de versions complémentaires ou améliorées des pratiques existantes; et (iii) *formation*, avec une meilleure compréhension des modalités de mise en œuvre.

### Comment l'influence se fait-elle sentir ?

Les effets de la politique de cohésion mettent un certain temps à agir sur les systèmes nationaux de gestion et de mise en œuvre. Dans plusieurs des études de cas menées, les changements survenant au cours de la période 2000-2006 s'inscrivaient dans le cadre de modifications à plus long terme des procédures de gestion et de mise en œuvre, remontant

pour certaines aux périodes 1989-1993 ou 1994-1999 et/ou se prolongeant (ou entrant en vigueur) au cours de la période 2007-2013.

L'influence peut prendre les formes suivantes : *transfert*, impliquant l'adoption plus ou moins complète des pratiques issues de la politique de cohésion ; *adaptation* pragmatique des procédures communautaires au sein des SGMO de politique nationale ; et *réinterprétation* des exigences communautaires, à la lumière des pratiques préexistantes dans le pays. L'adaptation pragmatique a été la réponse administrative la plus courante des systèmes nationaux vis-à-vis de l'influence de la politique de cohésion. Le transfert direct des pratiques issues de la politique de cohésion vers les systèmes nationaux a également été relativement courant, étant par ailleurs souvent accompagné de l'adaptation d'autres pratiques. On ne saurait cependant qualifier d'universelle l'influence de la politique de cohésion sur les systèmes nationaux. Dans certains cas, le manque d'influence s'explique par les difficultés à modifier des configurations et méthodes de travail étant perçues comme parfaitement adéquates par les parties prenantes. Ce problème a été exacerbé par le fait que la méthode de la politique de cohésion soit perçue comme excessivement réglementée, inflexible et coûteuse. Dans d'autres cas, cela peut être lié au manque d'engagement de la part des décisionnaires clés, en particulier les décisionnaires politiques.

#### Effets de l'influence de la politique de cohésion

Les changements introduits sont considérés comme ayant amélioré les pratiques nationales pour la quasi-totalité des processus. Les parties prenantes considèrent que ces changements ont introduit de la stabilité dans la disponibilité des financements et ont induit des systèmes d'allocation des ressources plus transparents, professionnels et ciblés. Ils ont également renforcé les compétences portant sur la maîtrise des résultats des politiques menées et, durant la phase de mise en œuvre, amélioré les délais de livraison, cela passant par une amélioration des modalités de suivi, de *reporting* et d'évaluation. Les bénéfices perçus de l'application du principe de partenariat et des procédures de la politique de cohésion ont été considérables pour la période 2000-2006. Tous les effets détectés n'ont cependant pas été positifs ou durables ; les changements introduits pour des raisons essentiellement pragmatiques sont les moins susceptibles d'être permanents.

De manière générale, il semble que l'influence et les effets positifs aient été les plus forts lorsqu'ils étaient pilotés par des élites ou décisionnaires politiques résolument engagés, lorsque l'engagement politique en faveur du changement était fort (par exemple du fait de programmes de réforme intérieure suscitant un contexte favorable) et/ou lorsque le statut et le poids de la politique de cohésion (notamment par rapport aux autres politiques nationales) était important.

## 12. INTÉGRATION DU DÉVELOPPEMENT DURABLE

### Définition du développement durable

Le développement durable a progressivement gagné en importance au sein de la politique de cohésion de l'UE, passant d'une approche réactive à une position proactive. Sur la période 2000-2006, la politique de cohésion était censée contribuer au développement harmonieux, équilibré et durable des activités économiques, au développement de l'emploi et des ressources humaines, à la protection et l'amélioration de l'environnement, à l'élimination des inégalités, et à la promotion de l'égalité des sexes.

Aux fins de cette étude, le développement durable a été défini comme la poursuite de trois objectifs, menée dans un cadre intégré : croissance économique viable et non inflationniste ; cohésion sociale, cela passant par l'accès de tous à l'emploi et à une grande qualité de vie ; et entretien et amélioration du capital environnemental indispensable à la vie sur terre. Des principes d'encadrement ont par ailleurs été élaborés pour l'intégration du DD au sein des SGM0: (i) perspective intégrée; (ii) approche intersectorielle; (iii) transparence et clarté de la communication; (iv) évaluations visant à identifier et mesurer les impacts économiques, sociaux et environnementaux; (v) exploration des coûts et avantages relatifs; (vi) participation et consultation de grande ampleur; (vii) suivi et évaluation des progrès réalisés en matière d'intégration et (viii) adoption d'une perspective à long terme.

### Intégration du développement durable sur la période 2000-2006

La plupart des programmes soumis à une étude de cas prévoyaient une large représentation lors de la phase de préparation. Pourtant, le sentiment général reste que le véritable pouvoir de décision reste du ressort des acteurs économiques, ce qui restreint la possibilité d'une prise en compte équilibrée des différentes dimensions du DD. Les questions problématiques incluaient un manque de directives précises sur le profil et le statut des différentes parties prenantes. Du fait du manque de familiarité avec le concept de DD, il était difficile de déterminer précisément qui devait en endosser la responsabilité ou quelle méthode devait être adoptée, cela étant exacerbé par l'absence de stratégies régionales ou nationales en matière de développement durable. Les évaluations utilisées pour informer la conception des programmes ont inclus de précédentes études des conditions économiques, sociales et environnementales régionales, ainsi que de nouveaux profils, spécifiques au programme, des analyses FFPM et des évaluations ex-ante. Dans certains cas, une évaluation environnementale stratégique a été conduite, sans toutefois influencer la conception des programmes. Aucune considération n'a été accordée aux compromis éventuellement nécessaires durant la préparation du programme.

Dans la majorité des cas, aucune directive spécifique n'a été fournie en matière de DD, dans la mesure où cela n'était pas considéré nécessaire ou approprié. Un thème courant s'étant dégagé a été la difficulté ressentie par les candidats à cerner correctement l'approche nécessaire et à traduire les objectifs DD dans les activités du projet concerné. Les procédures, l'expertise et les outils supportant le DD incluent les ressources humaines, les techniques d'évaluation et les systèmes de notation. Un certain nombre d'outils ont été

développés afin de soutenir une évaluation intégrée. Durant l'évaluation et la sélection des projets, les compromis et synergies ont été traités de différentes manières, dans certains cas pas du tout.

Les indicateurs choisis ont été essentiellement de nature économique. Dans la plupart des cas, le DD a été principalement considéré comme une priorité horizontale, focalisée sur la viabilité environnementale à long terme. Cela s'est traduit par une focalisation sur les indicateurs environnementaux. Les Interactions entre les diverses dimensions du DD n'ont été mesurées dans aucun des dix programmes soumis à une étude de cas. Les évaluations pratiquées varient dans leur degré d'utilité, considérant le DD comme une thématique horizontale et essentiellement sous l'angle environnemental. Le *reporting* a été restreint sur le plan du degré de couverture ; dans la plupart des cas, les différentes dimensions étaient représentées sur le plan quantitatif, mais elles n'étaient pas intégrées.

L'expérience du partenariat impliquait généralement dès le début, on peut le comprendre, un large éventail d'acteurs ; cela se traduisant par l'attribution de responsabilités sur des questions très particulières sans que personne ne se voie confier un mandat spécifique sur la question du DD dans son ensemble. Dans la majorité des cas, on a constaté une inclusion large dans le cadre de la phase de conception, mais un manque d'influence des thèmes horizontaux durant la mise en œuvre du programme. Le développement institutionnel a été promu de diverses manières, ce qui reflète une meilleure compréhension du DD. Le développement de nouveaux outils, passant en particulier par la constitution de partenariats, a été efficace.

Concernant la génération d'impacts durables, on observe que la plupart des programmes ont enregistré une amélioration des aspects liés à l'intégration du DD, cela pouvant prendre différentes formes. Le développement de nouveaux instruments de DD s'est poursuivi au-delà de la période de programmation 2000-2006. On a cependant pu constater dans certains cas une réduction de l'approche en matière d'intégration DD.

### 13. CONCLUSIONS

1. La gestion et la mise en œuvre de la politique de cohésion sur la période 2000-2006 ont été accomplies avec de grandes différences entre les États membres, sous le coup non seulement de facteurs constitutionnels et institutionnels propres à chaque pays, mais également du fait de l'échelle des financements octroyés par l'UE, ainsi que de la relation avec les politiques de développement et systèmes d'allocation des ressources nationaux. L'une des caractéristiques générales de la période 2000-2006 reste toutefois le fait que la mise en œuvre de la politique de cohésion s'est avérée exigeante pour de nombreux États membres.

2. La performance en matière de mise en œuvre a été la plus évidente dans les nouveaux États membres (UE-10), qui ont dans une large mesure administré le FEDER en s'alignant sur les réglementations de leur première période de programmation. En dépit de ces avancées positives, les recherches ont permis d'identifier certaines contraintes importantes qui nuisent à l'efficacité, étant en particulier liées à une forte orientation sur les exigences de

conformité dans les procédures administratives. Certaines de ces contraintes ont été prises en compte au cours de la période suite aux expériences des diverses parties prenantes, mais d'autres restent en suspens et, si elles ne sont pas résolues, affecteront de façon négative la mise en œuvre des montants, beaucoup plus élevés, des financements communautaires pour la période 2007-2013.

3. Le succès futur de la mise en œuvre de la politique de cohésion dans les pays de l'UE-10 dépendra largement de l'aboutissement des réformes des administrations publiques, déployées à une échelle plus générale, ainsi que de l'instauration d'un environnement politique et institutionnel plus stable. On trouve cependant plusieurs domaines pour lesquels l'efficacité des divers processus utilisés pour mettre en œuvre la politique de cohésion est d'un niveau inégal.

4. La période 2000-2006 a connu d'importants changements sur le plan de la gestion stratégique des fonds dans bon nombre des États membres de l'UE-15, particulièrement en termes d'amélioration de la qualité de la planification stratégique, des partenariats et des pratiques d'évaluation. Cette période a également été caractérisée par une préoccupation croissante pour les questions liées à l'absorption financière et à l'audit. Si cela a pu contribuer à renforcer la discipline financière et à stimuler les investissements, certains éléments tendent en revanche à démontrer que cette insistance sur la gestion financière et l'audit a également pu avoir des effets négatifs sur l'efficacité de la mise en œuvre stratégique des programmes.

5. Au-delà des questions relatives à l'efficacité, certains éléments montrent clairement que la politique de cohésion a eu des retombées sur les systèmes de gestion et de mise en œuvre nationaux. On trouve ainsi des exemples probants d'impacts directs et indirects substantiels dans l'UE-10. La politique de cohésion a également eu une influence significative sur le développement des systèmes de gestion et de mise en œuvre des États membres de l'UE-15 au cours de la période 2000-2006.

6. Les interprétations du développement durable ont varié au cours de la période 2000-2006. Reflétant les débats engagés au cours des deux décennies précédentes, un large éventail d'interprétations et de subtilités ont été appliquées dans les différents contextes que sont la législation, la réglementation, l'élaboration des politiques et l'action, et l'évaluation pratique a accommodé de façon croissante les inquiétudes exprimées quant aux procédures et au contenu.

7. Des progrès divers ont été réalisés dans l'intégration du nouveau concept de développement durable au sein de la politique de cohésion sur la période 2000-2006. On a en particulier pu constater une amélioration générale de la sensibilité et de la compréhension vis-à-vis des problématiques du DD. Plusieurs exemples de bonne pratique illustrent différentes approches en matière d'intégration du DD, la plupart étant associées à des éléments particuliers des systèmes de gestion et de mise en œuvre.

8. En dépit de quelques succès ponctuels, les organismes et les partenariats de gestion de programme ont eu des difficultés considérables pour intégrer le concept du DD. Dans la pratique, le degré de préparation opérationnelle et de sensibilité/compréhension était

limité, et les systèmes de gestion et de mise en œuvre ont restreint la portée et l'efficacité de l'intégration. Une modification systémique serait requise pour que les programmes de la politique de cohésion permettent de traiter dans son intégralité la question du développement durable.

9. Une dernière conclusion de l'étude, sans doute évidente, porte sur le fait que l'efficacité de la gestion et la mise en œuvre de la politique de cohésion doit être envisagée dans le contexte plus général de l'efficacité des politiques elles-mêmes.

## 14. RECOMMANDATIONS

1. En dépit des progrès réalisés sur de nombreux aspects de la gestion et la mise en œuvre en 2000-2006, l'administration de la politique de cohésion a souffert d'un manque d'efficacité sur le plan de la « gestion des politiques ». Pour résoudre ce problème, il faudra nécessairement : réévaluer l'application de la règle du désengagement et le renforcement des exigences administratives en matière de contrôle et d'audit financier ; renforcer la focalisation sur *l'issue* des politiques menées ; et parvenir à une meilleure compréhension des modalités aptes à garantir des pratiques de gestion et de mise en œuvre efficaces.

2. La capacité à poursuivre une certaine approche en matière de gestion des politiques exige certaines conditions de base nécessaires à une mise en œuvre efficace de la politique de cohésion, par exemple la disponibilité de ressources humaines qualifiées et l'existence d'un système d'administration publique efficace. Cela constitue une priorité particulière dans l'UE-10, où des actions spécifiques sont nécessaires pour traiter les contraintes identifiées dans chacun des processus de gestion et de mise en œuvre.

3. L'efficacité de la gestion et la mise en œuvre de la politique de cohésion, de même que la portée des retombées positives, dépendent souvent des leaders et des décideurs politiques. Une tâche à entreprendre à la fois par la Commission et par les États membres concerne le renforcement du professionnalisme et du leadership dans l'élaboration des politiques.

4. Compte tenu de l'importance de la formation organisationnelle pour garantir des pratiques de gestion et de mise en œuvre efficaces et efficientes, les États membres et la Commission doivent prendre des mesures pour intégrer un « réflexe formation » au sein des autorités de gestion et des organismes de mise en œuvre.

5. La capacité institutionnelle des autorités gouvernementales nationales et régionales doit bénéficier d'une plus grande attention de la part de la Commission et des États membres pour garantir l'efficacité et l'efficience en matière de gestion de la politique de cohésion. La capacité des acteurs locaux et non gouvernementaux doit également être renforcée.

6. L'importance de la bonne gouvernance pour une gestion et une mise en œuvre efficaces de la politique de cohésion suggère que l'UE doit activement promouvoir l'application de normes plus rigoureuses en matière d'administration publique dans les États membres.

7. Afin de bâtir sur la dynamique créée sur la période 2000-2006 et faciliter la prise en compte du développement durable dans la politique de cohésion, des opportunités de renforcement de l'intégration ont été identifiées. Pour développer au mieux ce potentiel, la Commission et les États membres doivent renforcer les exigences réglementaires portant sur l'intégration du DD, rendre plus ambitieux ses objectifs, et assurer un soutien spécifique et structuré.

8. Un axe de recherche approfondie porte sur l'exploration de l'efficacité des systèmes de gestion et de mise en œuvre de la politique de cohésion, en s'appuyant sur les autres travaux de cette évaluation ex-post, en analysant l'interaction entre les mécanismes d'exécution et l'efficacité des politiques, cela globalement et dans des domaines spécifiques.

## VERWALTUNG UND IMPLEMENTIERUNG DER KOHÄSIONSPOLITIK IN DER PERIODE 2000-2006

### ZUSAMMENFASSUNG

#### 15. EINFÜHRUNG

Ziel dieser Studie ist die Ex-Post-Evaluation der Verwaltungs- und Implementierungssysteme (VIS) für EFRE in den Ziel-1- und 2-Programmen (2000-06) in 25 Mitgliedsstaaten. Die Studie hatte fünf Ziele:

- (i) einen Überblick über die VIS der Kohäsionspolitik und ihre Besonderheiten in jedem der 25 Mitgliedsstaaten zu bieten
- (ii) die Effektivität und Nachhaltigkeit der VIS der Kohäsionspolitik in den EU10 sowie Art, Ausmaß und Nachhaltigkeit der externen Auswirkungen auf die institutionelle und administrative Kultur in diesen Ländern insgesamt zu bewerten
- (iii) die Auswirkungen der VIS der Kohäsionspolitik auf die nationalpolitischen Maßnahmen in den EU15 zu bewerten (ursprünglich als ‚Wertzuwachs‘ bezeichnet)
- (iv) zu analysieren, wie VIS die Integration der nachhaltigen Entwicklung in kohäsionspolitische Programme in allen EU 25 Mitgliedsstaaten unterstützen; und
- (v) ‚Mini-Fallstudien‘ zur guten Praxis durchzuführen.

Die Studie wurde im Januar 2008 initiiert. Eine Mischung aus größtenteils qualitativen Verfahren und analytischen Mitteln wurde dabei eingesetzt, und die umfangreiche Literatur über politische und akademische Forschungsarbeiten wurde bei der Erstellung herangezogen. Fallstudien boten tiefgreifende Einblicke. Die Untersuchung konzentrierte sich auf die wichtigsten miteinander verbundenen Prozesse, aus denen die VIS der Kohäsionspolitik bestehen, nämlich: Programmdesign, Projektschaffung, -bewertung und -auswahl, Finanzverwaltung, Überwachung, Evaluation, Berichterstattung und Partnerschaft (die Bewertung von Prüfungssystemen und -verfahren war im Auftrag nicht enthalten).

#### 16. VERWALTUNG UND IMPLEMENTIERUNG DER KOHÄSIONSPOLITIK IN DER PERIODE 2000-06

Die Verwaltung und Implementierung der Kohäsionspolitik in der Periode 2000-06 involvierte komplexe und hoch differenzierte Prozesse. Jeder der EU25 Mitgliedsstaaten verfügte über seine eigenen institutionellen Strukturen und administrativen Verfahren, die einen Einfluss darauf hatten, wie Verwaltung und Implementierung der Politik durchgeführt wurden.

VIS und Verfahren wurden in allen EU25 durch die kohäsionspolitischen Verordnungen festgelegt. Allerdings gab es Unterschiede in Bezug darauf, wie die einzelnen

Mitgliedsstaaten die Verordnungen interpretierten und umsetzten. Einer der Hauptfaktoren, der die Ansätze zur Verwaltung und Implementierung der Kohäsionspolitik beeinflusste, war der Grad, in dem die Entscheidungskompetenz über innenpolitische Maßnahmen zentralisiert war. Entsprechend den derzeitigen Dezentralisierungstrends in mehreren Ländern war die Periode 2000-06 insofern bemerkenswert, als dass mehr Verwaltungsaufgaben mit subnationalen Regierungs- und Partnerschaftsebenen geteilt wurden. Wenn eine große Anzahl von Organen die Kompetenzen teilte, wurden Koordinationsmechanismen eingeführt oder verbessert. In Fällen, in denen viele Organe in die operativen Gesichtspunkte der Programmimplementierung eingebunden waren, führte dies zu einer internen Fragmentierung und übermäßigen Komplexität der Systeme.

Die unterschiedlichen Erfahrungen und die Bedeutung der heimischen Regionalpolitik und ihrer Zwischenbeziehung mit der Kohäsionspolitik war ein weiterer Faktor. In Mitgliedsstaaten mit einer starken, territorial fokussierten einheimischen Regionalpolitik bestand generell eine bessere Koordination zwischen der EU- und einheimischen Regionalpolitik bei der Verwaltung und Implementierung der Kohäsionspolitik. Abschließend hatten Faktoren wie verwaltungstechnische Traditionen, die Qualität der öffentlichen Verwaltung und der Status der öffentlichen Verwaltungsreform eine Auswirkung darauf, wie die einzelnen Verwaltungs- und Implementierungsprozesse durchgeführt wurden.

Ungeachtet dieser Unterschiede ist es möglich, allgemeine Schlüsse über die Erfahrungen mit der Verwaltung und Implementierung in der Periode 2000-06 zu ziehen.

- Es gab Hinweise auf eine zunehmende partnerschaftliche Zusammenarbeit mit einer stärkeren Einbindung der subnationalen Organe, der Wirtschafts- und Sozialpartner und anderer Organisationen in den EU15 Mitgliedsstaaten als in früheren Programmperioden.
- Der Programmplanungsprozess basierte meist zumindest teilweise auf Analysen, strategischen Überlegungen und Beratung mit Partnern und involvierte einen konsequenteren Einsatz der Ex-Ante-Evaluation.
- Es wurde stärker auf die Überwachung geachtet, insbesondere auf die Entwicklung integrierter Überwachungssysteme und die Einbeziehung physischer Indikatoren, obwohl die Nützlichkeit der Systeme und der dadurch gewonnenen Informationen bisweilen fraglich war.
- Die Kohäsionspolitik 2000-06 förderte weiterhin die Entwicklung einer Evaluationskultur mit der Forderung, sowohl eine Halbzeitbewertung (MTE) als auch eine Aktualisierung der Halbzeitbewertung (UMTE) vorzunehmen, wobei speziell die letztere dazu herangezogen werden sollte, die Vorbereitung der Strategien für 2007-13 zu unterrichten. Viele Mitgliedsstaaten nahmen ihre eigenen Evaluationen vor.
- Die VIS in den EU10 waren in manchen Fällen aufgrund des Zeitdrucks suboptimal, und die Probleme blieben häufig aufgrund eines hohen Arbeitkräfteumlaufs und unzureichender Ressourcen während der gesamten Periode bestehen.

- Während in dieser Periode beträchtliche Fortschritte bei der Verwaltung und Implementierung der Kohäsionspolitik erzielt wurden, blieb die administrative Komplexität der Anwendung gemeinsamer gesetzlicher Anforderungen in verschiedenen institutionellen und administrativen Kontexten eine schwierige Herausforderung.

## 17. EFFEKTIVITÄT, KONTINUITÄT UND NEBENWIRKUNGEN DER VIS IN DEN EU10 MITGLIEDSSTAATEN

Die neuen Mitgliedsstaaten machten ihre ersten Erfahrungen mit der Kohäsionspolitik während der kurzen Programmperiode 2004-06. Zypern und Malta hatten eine öffentliche Verwaltung, die mit vielen Ländern in den EU15 vergleichbar war. Im Gegensatz dazu sahen sich die öffentlichen Verwaltungen in den zentral- und osteuropäischen Mitgliedsstaaten gezwungen, administrative Reformen *und* die Vorbereitungen auf die Kohäsionspolitik unter hohem Zeitdruck vorzunehmen. Die meisten traten ein Erbe an, das eine politisierte öffentlichen Verwaltung, Korruptionsrisiken, fehlende Mobilität, dezentralisierte und fragmentierte Verantwortungsbereiche in der Personalpolitik, ein schlechtes Image des öffentlichen Dienstes, niedrige Gehälter oder geringe Leistungsorientierung umfasste. Der allgemeine Trend der Reformen lief weg von ‚bürokratischen Systemen‘ und hin zu ‚Verwaltungssystemen‘.

Die EU8 unterschieden sich voneinander im Hinblick auf ihre Wahl der Institutionen, die mit der Durchführung der Verwaltung und Implementierung von Programmen betraut wurden. Die breiteste regionale Einbindung wurde in Polen und der Tschechischen Republik festgestellt. Die stärkste Rolle der Regionen war die Projektimplementierung. Ein Trend in Richtung einer weiteren Dezentralisierung wurde beobachtet.

### Die Erfüllung der gesetzlichen Anforderungen

Die EU10 entsprachen größtenteils den gesetzlichen, strategischen und finanziellen Anforderungen der Programmverwaltung und -implementierung. Entsprechende organisatorische Strukturen und Systeme wurden eingerichtet, und adäquate administrative Verfahren wurden konzipiert und in Leitfäden beschrieben. Die eingestellten Mitarbeiter erhielten zumeist klar zugewiesene und spezifizierte Aufgaben und arbeiteten mit einem hohen Grad an Engagement. Die Implementierung der Finanzmittel gemäß den gesetzlichen Anforderungen wurde durch einen hohen Grad an zentraler Kontrolle ermöglicht. Mitarbeiterressourcen erwiesen sich trotz der Unterstützung durch externe Experten aus dem Phare-Programm für die meisten EU10 Mitgliedsstaaten als eine große Herausforderung und wurden unterschiedlich rasch verbessert.

Die Erstellung der Programmdokumente basierte auf nationalen Entwicklungsstrategien. Ex-Ante-Evaluationen wurden durchgeführt, und ihre Empfehlungen wurden eingebaut. Allerdings stellten sie bisweilen ‚Quasi-Beurteilungen‘ dar, anstatt auf strukturierten Methoden zu basieren. Die Verhandlungen mit der Kommission waren zwischen Dezember 2003 und Frühling 2004 abgeschlossen. Alle Programmdokumente wurden zwischen Juni und Juli 2004 übernommen.

Sozioökonomische Partner, Nichtregierungsorganisationen, die sich mit Chancengleichheit und der Umwelt befassen, und teilweise regionale und lokale Behörden wurden im Rahmen von Beratungen während der Vorbereitung der Programmdokumente identifiziert und eingebunden. Als Mitglieder des Überwachungsausschusses wurden die Partner dazu eingeladen, zur Programmüberwachung beizutragen. In besonderen Fällen waren sie auch in die Projektauswahl eingebunden.

Potenzielle Bewerber wurden über die Ziele der Kohäsionspolitik und die Anforderungen der Bewerbung um Projekte informiert. Teilweise wurde die Projektschaffung durch Projektentwicklungsbehörden und externe Experten unterstützt. Die Finanzierungsanforderungen waren für die meisten Maßnahmen und in den meisten Ländern hoch. Insgesamt reichten sie aus und trugen zur Einhaltung der „N+2“-Regel bei. Eine Kombination automatischer und wettbewerblicher Selektionssysteme wurde in den meisten Ländern eingesetzt, wobei alle Länder wettbewerbliche Elemente in ihre Auswahlssystemen aufnahmen.

Große Projekte wurden von der Slowakei (zwei Projekte) und Polen (acht Projekte) eingereicht und von der Kommission genehmigt. Ihre Vorauswahl wurde auf der Basis der in den Programmdokumenten und in sektorspezifischen Strategien entwickelten Strategie vorgenommen. Die Projekte wurden mithilfe von finanziellen und physischen Indikatoren und Besuchen vor Ort überwacht.

Es wurden Maßnahmen der Finanzverwaltung ergriffen, um die Einhaltung von N+2 sicherzustellen. Am häufigsten kam es zur Neuzuteilung von Finanzmitteln; andere Maßnahmen waren die Priorisierung von Ansprüchen auf die Zahlung größerer Beträge und eine engere Zusammenarbeit mit und Unterstützung der Begünstigten. Nur in der Slowakei kam es zu einem geringfügigen „Decommitment“.

Alle jährlichen Implementierungsberichte - die vornehmlich Finanzinformationen enthielten - wurden von den EU10 zeitgerecht vorgelegt und waren zulässig. In allen Ländern wurden zum Zweck der Information der politischen Ebene oder zur laufenden Überwachung der Programmimplementierung zusätzliche regelmäßige oder *Ad-hoc*-Berichte erstellt.

Es wurden schon früh Überwachungsausschüsse eingerichtet, die meist zweimal pro Jahr zusammentraten. Sie hatten größtenteils eine Compliance-Funktion; selten fanden strategische Diskussionen statt. Die Überwachungssysteme waren in den meisten Ländern rechtzeitig funktionsfähig, wiesen jedoch einige Schwächen in Bezug auf Indikatoren und Daten auf. Es wurden vornehmlich Finanzindikatoren eingesetzt.

Alle Länder nahmen einige Evaluationsstudien zusätzlich zu den zwingend erforderlichen Ex-Ante-Studien vor. Dabei handelte es sich teilweise um thematische Evaluationen und Bewertungen der spezifischen Verfahren in kleinem Rahmen und teilweise um umfassende Programmevaluationen über Strukturen oder die Fortschritte der Implementierung.

**Die Entwicklung effektiver Systeme, Kontinuität und Lernen**

Obwohl die von den EU10 verwendeten Systeme größtenteils in der Lage waren, die gesetzlichen Vorschriften zu erfüllen, litten sie - zumindest anfangs - unter einer Reihe von strukturellen Einschränkungen oder operativen Problemen, die ihre Effektivität beeinflussten. Dabei handelte es sich hauptsächlich um eine starke ‚Compliance-Orientierung‘, Schwierigkeiten bei der Einrichtung vollkommen geeigneter organisatorischer Strukturen, Probleme mit der administrativen Kapazität und verfahrenstechnische Einschränkungen.

Die Leistung der VIS verbesserte sich im Laufe der Zeit. Die Systeme wurden angepasst, speziell in Bezug auf Verfahren und Hilfsmittel. Probleme in Bezug auf die Entwicklung von humanen Ressourcen wurden größtenteils angesprochen. ‚Learning by doing‘ trug zur Stärkung der Koordination und der Feinabstimmung der Verfahren bei. Gezieltes Training verbesserte die Funktionsfähigkeit der Verfahren. Es gibt beschränkte Hinweise auf eine erhöhte Produktivität und umfangreichere Vorteile aufgrund dieser Änderungen, wie z. B. die Reduktion der Bearbeitungszeiten für Bewerbungen und Forderungen. Trotz dieser Verbesserungen bestanden Ende 2008 weiterhin einige größere Begrenzungen quer durch alle Verfahren des Verwaltungs- und Implementierungszyklus.

#### Auswirkungen

Es gab eine beachtliche Reihe unverzüglicher Auswirkungen in Bezug auf verwaltungstechnische Praktiken, Expertise der Mitarbeiter und institutionelle Veränderungen, insbesondere bei der strategischen Planung, der Implementierung des Partnerschaftsprinzips und der systematischen Projektüberwachung und -evaluation. Neue Arbeitsmethoden wurden in der Innenpolitik eingeführt und führten zu einer erhöhten Professionalität der Mitarbeiter. Die Auswirkungen initiierten auch institutionelle Veränderungen in Organisationen, die nicht in die Kohäsionspolitik eingebunden sind, hauptsächlich in Bezug auf neue Ansätze zu HR-Management und -Entwicklung sowie auf die Stärkung der Koordination und Zusammenarbeit. Die kohäsionspolitischen Verfahren stärkten die Grundsätze der öffentlichen Verwaltung wie Offenheit, Transparenz, Rechenschaftspflicht, Effizienz, Effektivität und Professionalität.

## 18. AUSWIRKUNGEN DER VERWALTUNG UND IMPLEMENTIERUNG DER KOHÄSIONSPOLITIK: BEWEISE VON DEN EU15

### Der Einfluss der Kohäsionspolitik auf die innenpolitische Verwaltung

Die Verwaltungs- und Implementierungssysteme der Kohäsionspolitik beeinflussten die innenpolitische Verwaltung, nicht nur in der Periode 2000-06, sondern auch in den vorangegangenen und folgenden (laufenden) Perioden. Die Einflüsse waren dreierlei geartet: institutionell, operativ und kulturell. Die institutionellen Änderungen umfassten Anpassungen an den für die Implementierung der Regionalpolitik verantwortlichen Organisationen, u. a.: die Schaffung oder Stärkung territorialer oder sektoraler Organe, die Einführung neuer Koordinationsorganisationen oder -foren und die Neuorganisation der Verantwortungsbereiche, um die Innenpolitik stärker an die Kohäsionspolitik anzupassen. Die operativen Einflüsse bezogen sich auf die Modifikation von Verfahren und Methoden zur

Implementierung politischer Maßnahmen (obwohl dabei die Entstehung von Problemen und Schwierigkeiten nicht immer vermieden werden konnte). Die kulturellen Änderungen bezogen sich auf die humanen Ressourcen, die in die Implementierung politischer Maßnahmen involviert sind, sowie deren Haltung, Kompetenzen und Erwartungen. Diese drei Elemente werden im Anschluss jeweils genauer behandelt.

### Umfang und Art der Änderungen

Empirische Beweise weisen eindeutig auf einen hochgradigen Einfluss der Verwaltung und Implementierung der Kohäsionspolitik auf die Innenpolitik hin, bekräftigt durch die spezifischen Änderungen an einheimischen institutionellen Werten, Verfahren und Kultur. Der Einfluss unterschied sich erheblich in Bezug auf Umfang (die Bandbreite der betroffenen politischen Prozesse) und Art.

In manchen Ländern war der Umfang der Änderungen systemisch und betraf viele Gesichtspunkte der einheimischen regionalen Entwicklungspolitik und die meisten Verwaltungs- und Implementierungsprozesse. In Bezug auf die Arten der Änderungen kann eine Unterscheidung getroffen werden zwischen: (i) *Innovation* - bestehend aus der Einführung neuer Praktiken (z. B. die Einführung der Berichterstattung oder Überwachung der Verpflichtungen, die von der EFRE-Praxis in die Innenpolitik übernommen wurde); (ii) *Stärkung* - bestehend aus der Einführung zusätzlicher oder verbesserter Varianten der bestehenden Praxis; und (iii) *Lernen* - ein besseres Verständnis, wie die Implementierung durchgeführt werden kann.

### Wie kam der Einfluss zustande?

Es dauert einige Zeit, bis die Kohäsionspolitik die einheimischen Verwaltungs- und Implementierungssysteme beeinflusst. In mehreren Fallstudien waren die in der Periode 2000-06 stattfindenden Änderungen Teil längerfristiger Modifikationen von Verwaltungs- und Implementierungsprozessen, die in manchen Fällen aus den Perioden 1989-93 oder 1994-99 stammten und/oder in der 2007-13 Periode fortgeführt wurden (Wirkung zeitigten).

Die Einflussnahme fand statt in der Form von: *Übertragung*, wozu die mehr oder weniger vollständige Übernahme der Praktiken der Kohäsionspolitik zählte; pragmatische *Anpassung* der EU-Verfahren im Rahmen der innenpolitischen VIS; und *Neuinterpretation* der EU-Anforderungen angesichts der zuvor bestehenden einheimischen Praxis. Die pragmatische Anpassung war die häufigste administrative Reaktion der einheimischen Systeme auf den Einfluss der Kohäsionspolitik. Die direkte Übertragung der Praktiken der Kohäsionspolitik auf einheimische Systeme trat ebenfalls relativ häufig auf und wurde oft von der Anpassung anderer Praktiken begleitet. Allerdings hat der kohäsionspolitische Ansatz einheimische Systeme nicht überall beeinflusst. In manchen Fällen ist der mangelnde Einfluss auf die Schwierigkeit zurückzuführen, etablierte Muster und Arbeitsweisen zu modifizieren, die größtenteils von den involvierten Personen für adäquat gehalten werden. Dies wurde durch die Auffassung verschärft, dass die kohäsionspolitische Methode übermäßig reguliert, unflexibel und kostenintensiv ist. In anderen Fällen könnte das mangelnde Engagement wichtiger Entscheidungsträger, v. a. auf politischer Ebene, dafür verantwortlich sein.

## Die Auswirkungen des Einflusses der Kohäsionspolitik

Es besteht die Auffassung, dass die eingeführten Veränderungen die einheimischen Praktiken übergreifend über alle Verfahren verbessert haben. Die Interessensvertreter sind der Ansicht, dass die Veränderungen zu einer erhöhten Stabilität bei der Erhältlichkeit von Finanzmitteln geführt und transparentere, professionellere und besser abgezielte Allokationssystemen bewirkt haben. Ferner haben sie zur Stärkung des Wissens über die politischen Ergebnisse geführt und, während der Implementierung, zu Fortschritten bei der Bereitstellung, u. zw. durch verbesserte Maßnahmen zur Überwachung, Berichterstattung und Evaluation. Die wahrgenommenen Vorteile der Anwendung des kohäsionspolitischen Partnerschaftsprinzips und der Verfahren in den Jahren 2000-06 waren beachtlich. Nicht alle bemerkten Auswirkungen waren positiv oder nachhaltig; diejenigen Änderungen, die aus vorherrschend pragmatischen Gründen eingeführt wurden, waren am wenigsten permanent.

Insgesamt scheint es, als ob die Einflussnahme und positiven Auswirkungen dort am stärksten waren, wo sie von einer engagierten Elite oder politischen Erneuerern gefördert wurden, wenn das politische Engagement für Änderungen hoch war (z. B. aufgrund einer kontextuellen einheimischen Reformagenda) und/oder, wenn Status und Gewicht der Kohäsionspolitik (besonders gegenüber anderen innenpolitischen Maßnahmen) hoch waren.

## 19. DIE INTEGRATION DER NACHHALTIGEN ENTWICKLUNG

### Definition der nachhaltigen Entwicklung

Im Rahmen der EU-Kohäsionspolitik hat die nachhaltige Entwicklung zunehmend an Fahrt gewonnen und geht von einer reaktiven in eine proaktive Position über. Für 2000-06 wurde erwartet, dass die Kohäsionspolitik zur harmonischen, ausgewogenen und nachhaltigen Entwicklung wirtschaftlicher Aktivitäten, zur Schaffung von Arbeitsplätzen und humanen Ressourcen, zum Schutz und zur Verbesserung der Umwelt, zur Ausmerzung von Ungleichheiten und zur Förderung der Gleichstellung von Männern und Frauen beitragen würde.

Zum Zweck dieser Studie wurde die nachhaltige Entwicklung als die Verfolgung dreier Ziele auf integrierte Weise definiert: nachhaltiges, nicht-inflationäres Wirtschaftswachstum, soziale Kohäsion durch Zugang zu Arbeitsplätzen und hoher Lebensqualität für alle und die Aufrechterhaltung und Verbesserung des Umweltkapitals, von dem das Leben abhängt. Die leitenden Grundsätze wurden ebenfalls in Bezug auf die Integration der nachhaltigen Entwicklung im Rahmen von VIS ausgearbeitet und umfasste (i) eine integrierte Perspektive, (ii) einen sektorübergreifenden Ansatz, (iii) Transparenz und klare Kommunikation, (iv) Bewertungen zur Identifikation und Messung der wirtschaftlichen, sozialen und umweltbezogenen Auswirkungen, (v) Erforschung der relativen Kosten und Vorteile, (vi) breit gefächerte Beteiligung und Beratung, (vii) Überwachung und Evaluation der Fortschritte bei der Integration und (viii) einen langfristigen Ausblick.

### Die Integration der nachhaltigen Entwicklung 2000-06

Die meisten Fallstudienprogramme enthielten eine breite Repräsentation in der Phase der Programmerstellung, aber die Entscheidungsbefugnis lag bei den wirtschaftlichen Akteuren, wodurch eine ausgewogene Begutachtung der verschiedenen Dimensionen der NE begrenzt war. Problematische Belange waren u. a. das Fehlen genauer Anleitungen dazu, wer involviert sein und welchen Status jeder Teilnehmer haben sollte. Mangelnde Vertrautheit mit dem NE-Konzept bedeutete, dass es nicht offensichtlich war, wer das Thema vertreten oder welche Methode befolgt werden sollte. Verschärft wurde dies durch das Fehlen regionaler oder nationaler Strategien zur nachhaltigen Entwicklung. Die Bewertungen, auf die sich das Programmkonzept stützen sollte, umfassten frühere Studien über regionalwirtschaftliche, soziale und Umweltbedingungen sowie neu ins Leben gerufene programmspezifische Profile, SWOT-Analysen und Ex-Ante-Evaluationen. In einigen wenigen Fällen wurde eine strategische Umweltbewertung (SEA) durchgeführt, die jedoch keinen Einfluss auf den Programmentwurf hatte. Kompromisse wurden während der Programmerstellung nicht beachtet.

In den meisten Fällen wurde keine spezifische NE-Beratung geboten, da dies weder für erforderlich noch angebracht erachtet wurde. Ein häufiges Thema waren die Schwierigkeiten, die Bewerber mit dem Verständnis des erforderlichen Ansatzes und der Umsetzung der NE-Ziele in Projektaktivitäten hatten. Zu den Verfahren, Erfahrungswerten und Hilfsmitteln zur Unterstützung der NE zählten Mitarbeiterressourcen, Bewertungstechniken und Auswertungssysteme. Eine Reihe von Hilfsmitteln wurde zur Unterstützung der integrierten Bewertung entwickelt. Während der Projektbewertung und -auswahl wurden Kompromisse und Synergien unterschiedlich behandelt, in manchen Fällen überhaupt nicht.

Die gewählten Indikatoren waren primär wirtschaftlich geartet. In den meisten Fällen wurde die NE hauptsächlich als horizontale Priorität mit Konzentration auf die Umweltverträglichkeit gesehen. Das führte zu einer Konzentration auf Umweltindikatoren. Interaktionen zwischen NE-Dimensionen wurden in keiner der zehn Fallstudienprogramme gemessen. Die Evaluationen waren unterschiedlich nützlich und betrachteten NE als horizontales Thema und größtenteils als Umweltfaktor. Es gab Beschränkungen in Bezug auf die Berichterstattung; in den meisten Fällen wurden die verschiedenen Dimensionen in quantitativer Form dargestellt, aber dies wurde nicht integriert.

Die Partnerschaftserfahrung involvierte generell von Anfang an eine angemessen große Auswahl an Akteuren in der Form von themengebundenen Verantwortungsbereichen, wobei niemand einen spezifischen NE-Auftrag hatte. Der Großteil der Fälle involvierte eine breite Einbindung in der Designphase, aber eine mangelnde Einflussnahme der horizontalen Themen während der Programmimplementierung. Das institutionelle Lernen wurde durch verschiedene Maßnahmen gefördert, die ein besseres Verständnis der NE reflektierten. Die Entwicklung neuer Hilfsmittel, besonders durch die Einbindung von Partnerschaften, war wirksam.

In Bezug auf dauerhafte Auswirkungen hielten die meisten Programme eine Verbesserung bei auf NE-Integration bezogenen Gesichtspunkten fest, u. zw. in einer Reihe unterschiedlicher Formen. Die Entwicklung neuer NE-Instrumente dauert über die

Programmperiode 2000-06 hinaus an. In manchen Fällen wurde jedoch die Auseinandersetzung mit der NE-Integration reduziert.

## 20. SCHLUSSFOLGERUNGEN

1. Verwaltung und Implementierung der Kohäsionspolitik 2000-06 wiesen in den Mitgliedsstaaten große Unterschiede auf. Die Ursache dafür war nicht nur der Einfluss der länderspezifischen konstitutionellen und institutionellen Faktoren, sondern auch die Höhe der EU-Finanzierung, die Zwischenbeziehung mit einheimischen entwicklungspolitischen Maßnahmen und Zuweisungssystemen für Ressourcen. Ein gemeinsamer Faktor der Periode 2000-06 war jedoch, dass die Implementierung der Kohäsionspolitik für viele Mitgliedsstaaten eine Herausforderung darstellte.

2. Die Implementierungsleistung war in den neuen Mitgliedsstaaten (EU10) am auffallendsten, die EFRE in ihrer ersten Programmperiode größtenteils gemäß den Vorschriften umsetzten. Trotz dieser positiven Fortschritte identifizierte die Untersuchung einige bedeutende Beschränkungen der Wirksamkeit, insbesondere in Bezug auf eine starke ‚Compliance-Orientierung‘ der verwaltungstechnischen Verfahren. Einige dieser Beschränkungen wurden in der Periode in Reaktion auf die Erfahrungswerte angesprochen, aber andere blieben ausstehend und werden, falls sie ungelöst bleiben, die Implementierung der weit höheren EU-Finanzierungsbeträge in der Periode 2007-13 negativ beeinflussen.

3. Der zukünftige Erfolg der Implementierung der Kohäsionspolitik in den EU10 wird hauptsächlich von der Fertigstellung breiter gefasster öffentlicher Verwaltungsreformen und vom Erreichen eines stabileren politischen und institutionellen Umfelds abhängen. Nichtsdestotrotz gab es einige Bereiche, in denen die Effektivität der verschiedenen Prozesse, anhand derer die Kohäsionspolitik implementiert wird, uneinheitlich war.

4. In der Periode 2000-06 kam es zu erheblichen Änderungen der strategischen Verwaltung der Fonds in vielen EU15 Mitgliedsstaaten, besonders im Hinblick auf die qualitativ hochwertigere strategische Planung, Partnerschaft und Evaluation. Die Periode zeichnete sich auch durch eine zunehmende Befassung mit der finanziellen Absorption und Prüfung aus. Zwar kam es zur Stärkung der finanziellen Disziplin und zur Stimulation der Ausgaben, aber es gibt Beweise dafür, dass diese Konzentration auf Finanzverwaltung und -prüfung auch negative Auswirkungen auf die wirksame strategische Bereitstellung der Programme hatte.

5. Geht man über die Fragen der Effektivität hinaus, gibt es eindeutige Hinweise darauf, dass die Kohäsionspolitik Auswirkungen auf die einheimischen Verwaltungs- und Implementierungssysteme der Mitgliedsstaaten hat. Es gibt wichtige Beispiele für die bedeutenden direkten und indirekten Auswirkungen in den EU10. Die Kohäsionspolitik hatte auch einen bedeutenden Einfluss auf die Verwaltungs- und Implementierungssysteme der EU15 Mitgliedsstaaten in der Periode 2000-06.

6. Interpretationen der nachhaltigen Entwicklung unterschieden sich in der Periode 2000-06. Eine breit gestreute Auswahl an Interpretationen und Verbesserungen reflektierte die

Debatten der vorangegangenen zwei Jahrzehnte und wurde in den verschiedenen Kontexten der Legislatur, Regulierung, Politik und Aktion eingesetzt. Die praktische Evaluation berücksichtigte zunehmend verfahrensorientierte sowie materielle Belange.

7. Differenzierte Fortschritte wurden bei der Berücksichtigung des neuen Konzepts der nachhaltigen Entwicklung innerhalb der Kohäsionspolitik 2000-2006 erzielt. Insbesondere gab es eine allgemeine Zunahme des NE-Bewusstseins und -Verständnisses, und Beispiele aus der guten Praxis illustrieren verschiedene Ansätze zur NE-Integration, die meist mit einzelnen Elementen der Verwaltungs- und Implementierungssysteme in Bezug stehen.

8. Obwohl einzelne Initiativen Erfolge verzeichneten, erfuhren die Verwaltungsorgane und Partnerschaften der Programme erhebliche Schwierigkeiten mit dem Umgang mit dem NE-Konzept. In der Praxis war der Grad der Operationalisierung des Bewusstseins/Verständnisses beschränkt, und die Verwaltungs- und Implementierungssysteme beschränkten das Ausmaß und die Effektivität der Integration. Es wäre eine systemische Modifikation erforderlich, um kohäsionspolitische Programme in die Lage zu versetzen, vollständig auf die nachhaltige Entwicklung einzugehen.

9. Eine letzte und vielleicht offensichtliche Schlussfolgerung der Studie lautet, dass die Effektivität der Verwaltung und Implementierung der Kohäsionspolitik im breiteren Kontext der politischen Effektivität gesehen werden muss.

## 21. EMPFEHLUNGEN

1. Trotz der Fortschritte, die bei vielen Gesichtspunkten der Verwaltung und Implementierung der Kohäsionspolitik 2000-06 erzielt wurden, litt die Verwaltung der Kohäsionspolitik an einem Mangel an effektiver ‚Verwaltung politischer Maßnahmen‘. Um darauf einzugehen, ist Folgendes erforderlich: eine Neubewertung der Anwendung der „Decommitment“-Regel und der erhöhten administrativen Anforderungen der finanziellen Kontrolle und Prüfung; eine stärkere Konzentration auf die politischen Ergebnisse und ein besseres Verständnis, wie eine wirksame Verwaltung und Implementierung erzielt werden kann.

2. Die Fähigkeit und Kapazität, einen Ansatz der Verwaltung politischer Maßnahmen zu verfolgen, hängt davon ab, dass die grundlegenden Anforderungen der effektiven Implementierung der Kohäsionspolitik etabliert sind, wie die Erhältlichkeit entsprechend ausgebildeter humaner Ressourcen und eines effizienten öffentlichen Verwaltungssystems. Dies ist eine besondere Priorität in den EU10, wo spezifische Maßnahmen erforderlich sind, um auf die in jedem der Verwaltungs- und Implementierungsprozesse identifizierten Beschränkungen einzugehen.

3. Die Effektivität der Verwaltung und Implementierung der Kohäsionspolitik und der Spielraum für positive Auswirkungen hängt oft von der Führungsebene und politischen Erneuerern ab. Es ist eine Aufgabe sowohl für die Kommission als auch für die Mitgliedsstaaten, die Professionalität und Führung im politischen Umfeld zu stärken.

4. In Anbetracht der Bedeutung des organisatorischen Lernens für die effektive und wirksame Verwaltung und Implementierung sollten die Mitgliedsstaaten und die Kommission Maßnahmen ergreifen, um einen ‚Lernreflex‘ bei den Verwaltungsbehörden und Implementierungsorganen einzubauen.
5. Der institutionellen Kapazität nationaler und regionaler Regierungsbehörden sollte sowohl von der Kommission als auch von den Mitgliedsstaaten mehr Beachtung gezollt werden, um die wirksame und effiziente Verwaltung der Kohäsionspolitik sicherzustellen. Die Kapazität der lokalen und Nichtregierungs-Akteure muss ebenfalls gestärkt werden.
6. Die Bedeutung der verantwortungsbewussten Regierungsführung für die wirksame Verwaltung und Implementierung der Kohäsionspolitik legt nahe, dass die EU aktiv einen höheren Standard der öffentlichen Verwaltung in den Mitgliedsstaaten fördern sollte.
7. Um auf den 2000-06 erzielten Impulsen aufzubauen und um die nachhaltige Entwicklung (NE) im Rahmen der Kohäsionspolitik zu ermöglichen, wurde ein Spielraum für die weitere Integration identifiziert. Um dieses Potenzial voll zu entwickeln, sollten die Kommission und die Mitgliedsstaaten die gesetzlichen Anforderungen für die NE-Integration stärken, die Grenzen für die beabsichtigte Auswirkung erweitern und spezifische und strukturierte Unterstützung bieten.
8. Ein Ansatz für weitere Untersuchungen ist die Erforschung der Effektivität der Verwaltungs- und Implementierungssysteme der Kohäsionspolitik unter Bezugnahme auf andere Arbeitspakete dieser Ex-Post-Evaluation, wobei das Wechselspiel zwischen den politischen Umsetzungsmechanismen und der Wirksamkeit der politischen Maßnahmen insgesamt und in spezifischen Bereichen untersucht werden sollte.



## THE MANAGEMENT AND IMPLEMENTATION OF COHESION POLICY IN 2000-2006

### 1. INTRODUCTION

This report comprises the Final Synthesis Report for the ex post evaluation of Cohesion policy programmes 2000-06 co-financed by the ERDF (Objective 1 and 2) *Work Package 11: Management and Implementations Systems for Cohesion Policy (No. 2007 CE 16 0 AT 034)* submitted by the European Policies Research Centre, University of Strathclyde, in association with Metis GmbH.

The following section provides an overview of the main research questions followed by the methodology of the project and the structure of the Report.

#### 1.1 Framing the research questions

For almost two decades, the governance of Cohesion policy has been the subject of academic and policy debate, with extensive theorisation and empirical research. The interest is attributable to the multi-level governance of the policy, with responsibility for managing and implementing EU Cohesion policy shared between the Commission, national and sub-national authorities, and the emphasis placed on vertical and horizontal partnership. The implementation of Cohesion policy has introduced dynamism into domestic political structures, influencing policies, institutions and processes, for example by challenging established formal procedures and informal conventions, facilitating different actors to participate in policy implementation, and providing scope for policy learning.

There remain many open questions. At the most basic level, the way in which Cohesion policy is implemented in the Member States is not well understood. In the absence of a top-down prescription of how Cohesion policy should be managed, Member States have taken different approaches to managing and implementing programmes. These differences are shaped by domestic institutional and administrative contexts, notably centralisation or decentralisation of political systems, political preferences and policy frameworks. Further, the implementation of Cohesion policy is not static: it evolves over time. While the focus of this study is on implementation in the 2000-06 period, it has to be seen in the wider context of pre-2000 experience and developments in 2007-13. Explanations for change comprise a mix of external and internal pressures, only one of which is Cohesion policy.

For policymakers, the central question is whether the governance of Cohesion policy is effective. However, the 'effectiveness' of management and implementation is difficult to analyse. At its most basic, it means examining whether the Funds have been spent timeously and correctly in line with EU regulations. A further question is whether governance arrangements have facilitated the strategic objectives of the programme - and the wider policy - to be met. Key issues for investigation are institutional *capacity* (offices, staff, buildings) and institutional *capability* (the ability to carry out assigned functions). These capacity/capability issues are particularly important in Central and Eastern European countries which have been allocated substantial EU funding but where the reform and

modernisation of public administration are incomplete. Again introducing the time dimension, 2004-06 was the first programme period for the new Member States, and a further question is whether the systems introduced in these countries are ‘sustainable’ - in the sense of being stable, reliable and durable.

A case study of whether governance arrangements are effective in meeting the objectives of Cohesion policy (and wider EU goals) is sustainable development. Frequently proclaimed as an important objective by the EU and Member States, it could be argued that there is a ‘shared purpose’ in ensuring that the management and implementation of Cohesion policy contributes to the realisation of sustainable development. However, pursuing sustainable development means that trade-offs have to be made between potentially conflicting economic, social and environmental interests. The 2000-06 period was a period of growing recognition of the need to incorporate sustainable development principles into economic and social development programmes. The question is whether the management and implementation of Cohesion policy did indeed integrate, in practice, the economic, social and environmental dimensions, and whether it left a legacy beyond the programme period.

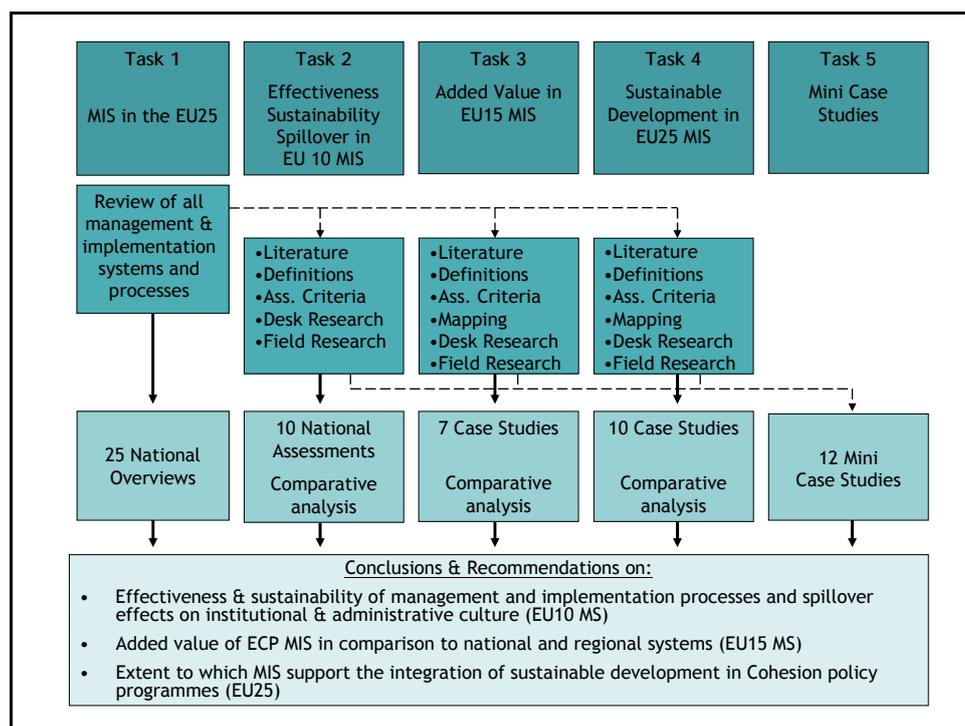
A final question has a different perspective: how has the governance of Cohesion policy affected the management and implementation of domestic policies? This issue has become of increasing interest to regional economists and others evaluating the effects of Cohesion policy. It has been recognised that there is an important qualitative dimension to the impact of the Funds in terms of spillover effects, whereby the experience of managing and implementing Cohesion policy influences the institutional and administrative practices and culture of Member States (often discussed using the loaded term ‘added value’). On this issue, important insights can be derived from the Europeanisation literature where European integration researchers have long sought to understand different Member States experiences with the territorial impact of Cohesion policy on governance arrangements. Most of this research has focused on the levels and direction of direct EU influence on regional or local empowerment and sub-national entrepreneurialism. Much less attention has been given to so-called ‘indirect consequences’ of Cohesion policy on governance arrangements for domestic programmes, how these consequences arise (e.g. through processes of lesson-drawing and policy transfers), and a clear distinction between EU effects and domestic effects.

## 1.2 Objectives and methodology of the research

The overall aim of the study has been to undertake an ex post evaluation of the management and implementation systems for the ERDF in Objective 1 and 2 programmes (2000-06) in 25 Member States. As one of a wider set of evaluation work packages relating to the 2000-06 period, the role of this study was to establish whether 2000-06 management and implementation systems were well-established and functioning efficiently for the purposes of achieving the goals of EU Cohesion policy, while also contributing to EU sustainable development objectives. This overall aim was disaggregated into five objectives, each corresponding to a research ‘task’ (summarised in Figure 1 below):

- (i) to establish an overview of management and implementation systems of Cohesion policy and their particularities in each of the 25 Member States (Task 1);
- (ii) to assess the effectiveness and sustainability of management and implementation systems of Cohesion policy in the EU10, as well as the type, scale and sustainability of spillover effects on the overall institutional and administrative culture in these countries (Task 2);
- (iii) to appraise the ‘value added’ of Cohesion policy in comparison to national policies (subsequently termed spillovers in the course of the research) in the EU15, focusing exclusively on management and implementation systems (Task 3);
- (iv) to analyse how management and implementation systems support the integration of sustainable development in Cohesion policy programmes across 25 Member States (Task 4); and
- (v) to carry out 12 ‘mini-case studies’ of good practice (Task 5).

Figure 1: The research framework



The study was initiated in January 2008. It has been conducted following a robust methodological design, employing a mix of techniques - mostly qualitative - and analytical tools that enabled an assessment of management and implementation practices and an improved understanding of processes, their effects and causal factors. The study has also drawn on the extensive literature of policy and academic research already conducted on management and implementation issues. In-depth insights on the spillover of Cohesion policy management onto domestic policies and on the issue of sustainable development were obtained through case studies which revealed the rich variety of experience with managing and implementing this policy at national and sub-national levels.

In line with the terms of reference, the research focussed on the key interlinked processes which compose the Cohesion policy management and implementation system, namely: programme design; project generation, appraisal and selection; financial management (excluding audit); monitoring; evaluation; reporting; and partnership. The research was carried out with the support of national experts from the EU25 Member States, based on standard guidance and checklists provided by the EPRC and Metis team. Research methods involved desk research covering programme documentation, implementation reports, evaluations and academic literature, as well as fieldwork interviews in every EU25 Member State conducted with strategic respondents, operational respondents and external experts. Research outputs have also benefited from a series of discussions with an Expert Panel (as noted in the Preface) and with various units in DG REGIO. The views of Member State officials were also taken into account following consultations on the country specific materials produced and a hearing with the Commissioner on 23 June 2009.

This Final Synthesis Report is the final output of the evaluation study. It draws on a number of interim outputs submitted to DG REGIO throughout the evaluation<sup>1</sup>, namely:

- An *Inception Report*, produced in February 2008, outlining the evaluation's aim, objectives, research framework, organisation of the study and workplan, as well as the structure of future outputs.
- A *Preliminary Report*, submitted in June 2008, including: a summary report with the results from Task 1; the literature reviews, analytical frameworks and methodologies for Tasks 2 and 3; and case study proposals for Task 3. 25 national overviews of Member State management and implementation systems (Task 1) were also provided.
- An *Interim Report*, submitted in September 2008 in three volumes. Volume 1 comprised a main report containing: a summary of the main messages from Task 1; a comparative appraisal of added value undertaken under Task 3; and the Task 4 literature review, analytical framework and case studies proposals. Volumes 2 and 3 contained respectively a first group of Task 2 National Assessment Reports (those for Cyprus, Estonia, Hungary, Lithuania and Slovakia) and the seven Task 3 Case Study Reports.
- A *Draft Final Report*, submitted in the first instance in April and then in early May 2009.

All intermediate reports, including the Draft Final Report, were re-submitted to DG REGIO after discussions with the evaluation's Steering Group and inputs from the Expert Panel.

Further outputs of this evaluation, submitted together with the present Synthesis Report, include:

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<sup>1</sup> All comparative reports and country studies from the evaluation will be made available at: [http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/evaluation\\_en.htm](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/evaluation_en.htm).

- 10 National Assessment Reports on the management and implementation systems of the EU10 Member States (Task 2);
- 7 Case Study Reports on the added value of Cohesion policy management and implementation systems to domestic systems (Task 3);
- 10 Case Study Reports on whether and how the management and implementation systems of Cohesion policy in the EU25 supported the integration of sustainable development (Task 4);
- 12 Mini-Case Studies (Task 5); and,
- two comparative reports summarising the main messages from the National Assessment Reports and Case Studies of Tasks 2 and 4 (similar to the Task 3 comparative assessment which was included in the Interim Report).

As above noted, the country-specific material - Task 1 Overview Reports, Task 2 National Assessment Reports, Task 3 and Task 4 Case Study Reports, and Task 5 Mini-Case Studies - were sent to Member State authorities for comment and revised accordingly.

### 1.3 Structure of the Report

The present report is organised in six main Sections. Following this introduction:

- Section 2 presents an overview of the systems for managing and implementing Cohesion policy in 2000-06 (ERDF programmes only) in the 25 EU Member States (Task 1);
- Section 3 summarises the comparative assessment of the research on effectiveness, continuity and spillovers of the management and implementation systems of the EU10 Member States (Task 2);
- Section 4 discusses the main comparative messages from the research on spillovers from Cohesion policy management and implementation onto domestic policy management in the EU15 (Task 3);
- Section 5 reports the results of how the Cohesion policy management and implementation systems in the EU25 have supported the integration of sustainable development (SD); and
- Section 6 presents overall conclusions and Section 7 presents recommendations from the whole study.



## 2. THE MANAGEMENT AND IMPLEMENTATION OF COHESION POLICY (ERDF) IN THE EU25, 2000-06

### 2.1 Introduction

The management and implementation of Cohesion policy in the 2000-06 period involved a complex and highly differentiated set of processes. Each of the EU25 Member States had its own institutional structures and administrative procedures which influenced how they undertook the management and implementation of the policy. Factors such as the relationship between EU and domestic regional policies, the extent of regionalisation and previous experience with processes such as programming or evaluation played a major part in shaping the administrative approaches taken.

This section provides an overview of the systems for managing and implementing Cohesion policy in 2000-06, focusing on ERDF, in the 25 EU Member States. The overview is based on a set of 25 national reports covering each of the Member States and structured according to the same headings - partnership, programme design, project selection, financial management, monitoring, evaluation, and reporting - and with brief conclusions that summarise the main points to arise. The focus is on summarising general trends or patterns; Member States are often cited as examples in parentheses<sup>2</sup>, but in most cases these should be regarded as illustrative rather than providing a comprehensive list.

### 2.2 Institutional and administrative context

Management and implementation systems (MIS) and processes were conditioned by Cohesion policy Regulations throughout the EU25. However, there were differences in how the Regulations were interpreted and applied by individual Member States. The starting point for understanding these variations is to consider the institutional and administrative context which shaped the approaches taken by individual Member States.

One of the main factors to influence the approaches to Cohesion policy management and implementation was the degree to which decision-making powers for domestic policies were centralised and, related, the extent to which sub-national authorities had their own financial resources. In Member States with a federal constitution (Austria, Belgium, Germany), authorities at the level of *Länder* or regions played a dominant role in programme management and implementation. By contrast, in countries with more centralised government structures, national ministries took on the overall responsibility. ERDF programmes were managed by Ministries in charge of Regional Development (sometimes jointly with the Community Support Frameworks (CSF), as in the Czech Republic and Poland), Ministries of Finance (Cyprus, Estonia, Latvia, Lithuania), Ministries of Economy and Finance (Greece), Ministries of the Interior (Finland), or the Prime Minister's Office (Malta). Government offices (Hungary, Slovenia) or national-level agencies

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<sup>2</sup> In the case of federal Member States, such as Germany, Austria and Belgium, the reference made to the country may be based on experiences of a selection of programmes in these countries, rather than to the country as a whole.

(Denmark) were in charge in some Member States. Between the two groups of Member States was a range of countries with varying and evolving degrees of devolution or decentralisation, where Cohesion policy management was shared between national government and regions (France, Italy, Spain, Sweden).

In line with ongoing decentralisation trends in several countries, the 2000-06 period was notable for more management tasks being shared with sub-national levels of government and partnerships, not only with respect to implementation activities, but also programme management (France, Spain, Sweden, United Kingdom). This process was not all one-way: in the Netherlands, the responsibilities of central Ministries were enhanced, albeit from a highly decentralised starting point. Also, where competences were shared among large numbers of bodies, coordination mechanisms were introduced or improved to provide guidance and facilitate coordination between different actors and programmes, although not always successfully.

The allocation of specific management and implementation responsibilities varied. In some cases, dedicated programme secretariats within Managing Authorities were in charge of carrying out operational management tasks (Belgium-Flanders, Denmark, Finland, France, United Kingdom). In many Member States, the processes - from project generation to monitoring - were allocated to Intermediate and Implementing Bodies to different degrees and in different ways. The delegation of tasks was typically based on a contract or an institutional agreement (Austria) that covered certain measures/priorities or the whole programme and could involve the transfer of global grants (France). Intermediate Bodies could be line ministries (Cyprus, Estonia, Germany (at regional level)), state agencies (Hungary, Poland, Slovakia), regional/local authorities (France, Italy, Spain) or regional development agencies (United Kingdom). Implementing Bodies, dealing with more practical implementation aspects such as project selection, could similarly be government departments (Poland), elected local or regional authorities (Italy, Portugal), state agencies (Lithuania), and business support agencies or financial institutions (Germany, Italy). In some cases, the Implementing or Intermediate Bodies were also the Final Beneficiaries of the Measures (Estonia, Finland). In cases where numerous bodies were involved in operational aspects of programme implementation, systems became internally fragmented and overly complex (Czech Republic, Estonia).

Administrative arrangements remained stable in most of the EU15 (Austria, Denmark, Finland, Germany, Sweden), with changes during 2000-06 generally limited to the reorganisation of individual management and implementation processes (France, Greece, United Kingdom). By contrast, in the EU10, where systems were newly created in 2004, there were sometimes extensive modifications to the institutional and administrative organisation of management and implementation systems over the 2004-06 period, mainly to simplify over-complex delivery systems (Hungary, Poland, Slovenia).

Another contextual factor was the (varied) experience and importance of domestic regional policy and its interrelationship with Cohesion policy. While many EU15 countries have domestic regional policies dating back to the 1950s, several EU10 Member States only developed a regional policy during the 1990s, and in some countries there was no definable 'domestic' regional policy independent of Cohesion policy (Slovakia). In some of the EU10,

domestic and Cohesion policy were largely aligned (Poland), whereas other countries maintained separate EU and domestic policy approaches, increasing administrative complexity (Czech Republic). In Member States with a strong, territorially-focused domestic regional policy (Eastern Germany, Southern Italy, Northern Netherlands), there was usually greater EU/domestic policy coordination in the management and implementation of Cohesion policy. These differences, discussed in more detail in the following sections, play an important part in understanding the approaches taken to individual MIS, in particular programme design, partnership and project selection.

Lastly, factors such as administrative traditions, the quality of public administration and the state of public administration reform had an impact on how individual management and implementation processes were carried out. In some Member States, Cohesion policy requirements were compounded by the complexity of existing administrative practices and norms (e.g. Slovenia). High staff turnover, notably in the EU10, made it difficult to manage and implement Cohesion policy programmes in a coherent and stable way over time. Where processes were not part of the institutional and administrative tradition, for example with respect to partnership, monitoring and evaluation, Cohesion policy requirements led to new procedures and systems being introduced.

## 2.3 Partnership

### *2.3.1 Monitoring Committees - the main vehicle for partnership*

The extent of partnership - in terms of both vertical and horizontal relationships - differed considerably across the EU25 in the 2000-06 period. At the apex of the management structure, the Monitoring Committees provided the most important platform for formal partnership-working in all Member States. The composition of the Committee varied across countries, but typically included the Managing and Paying Authorities, regional and sectoral policy Ministries, regional authorities and development bodies, trades unions, employer organisations, chambers of commerce, NGOs (particularly in the gender equality and environmental fields), educational organisations, RTDI bodies and the voluntary sector. The Commission was also represented in an advisory (but often active) role. The regulatory requirements ensured wide partnership representation, an important factor in countries where this was weak in other areas of policymaking and where central and/or regional government authorities dominated the process. In Slovakia, for example, the EU requirements ensured that a third of the Monitoring Committee members were from central state Ministries, a third from regional and local self-government bodies and a third from the private sector and socio-economic partners. In Hungary, half of the Committee places were reserved for regional, economic, social and other partners, and in Lithuania, one third of the places were reserved for socio-economic partners.

### *2.3.2 Partner involvement at different stages of implementation*

Partner involvement in programming was mixed (see Section 2.4 below). Member States generally sought to involve most partner groups at some stage in the process (in the EU15 more so than for the 1994-99 programme period), although the process was dominated by the major actors, especially central and regional government authorities. Local authorities,

socio-economic partners and other bodies were sometimes represented in planning groups/committees but more commonly were consulted through events such as workshops, public meetings and conferences at key stages in the process, and/or they were invited to comment on programme drafts.

The implementation stage was often dominated by public sector actors directly involved in the funding/delivery of the programme (see Section 2.5 below). This applied particularly to Member States with ‘subsumed systems’ of programme management (Austria, Germany, Italy, Spain). In most German *Länder*, for example, the partners with financial responsibility for programme delivery had voting rights on the Monitoring Committee while other partners had a purely advisory role. By contrast, in the United Kingdom, a wide range of partners were involved in the implementation process, particularly in project appraisal and selection committees. Some examples of strong partner involvement applied only to specific parts of programme implementation. For example, in Hungary, a partnership working group was created for the Economic Competitiveness OP with a much wider range of representation than for other programmes. In Spain, partner-based thematic working groups were established to ensure the mainstreaming of gender equality, information society and environment themes (in the latter case supported by an environmental authorities network).

### *2.3.3 Factors influencing the extent of partnership*

Two sets of factors influenced the extent of partnership working. First, *formal administrative practices and traditions* were important. Federal countries such as Austria and Germany have long-standing formal mechanisms for cooperation, at least between national and sub-national levels and often including other socio-economic partners also. Other countries, like Denmark, Ireland and the Netherlands, have a history of social partnership or consensus-based policymaking which provided a basis for cooperative working on Cohesion policy. In Sweden, EU partnerships could build on partnership processes for domestic regional strategies; the same applied in some UK regions. Conversely, in EU15 Member States with historically centralised administrative structures and policy-making approaches (Finland, France, Greece, Italy, Portugal), a partnership approach was rather novel, having been introduced progressively through Cohesion policy in previous programme periods and was still evolving in 2000-06. These constraints applied still more to the EU10, which were implementing the partnership principle for the first time in 2004-06. Most had a tradition of highly centralised government; new ministries, agencies and committees had been created (sometimes with frequently changing areas of responsibility, as in Hungary); and regional-level authorities were generally new, weak or non-existent.

Second, the effectiveness of partnership-working depended on *the experience/capacity of regional and socio-economic partners*. EU10 Member States, and EU15 countries with centralised Cohesion policy management, sometimes had difficulties in identifying appropriate organisations or individuals to participate in partnership groups, especially in smaller Member States (Estonia, Latvia) and particularly affecting the involvement of regional-level bodies and socio-economic partners such as trades unions, business

associations and chambers of commerce (Hungary). Newly formed regional authorities also found themselves at a disadvantage in working with more experienced national ministries and sectoral organisation counterparts (Czech Republic). This problem was less pronounced in Member States where partners had gained experience through domestic policy consultation fora. In Malta, for example, the Council of Economic and Social Development had provided a forum for consultation and social dialogue since 2001 and played a significant role in programming. Similarly in Poland, a Structural Funds Working Group was established within the existing Tripartite Commission for Socio-Economic Issues, involving representatives of government, trades unions and employers, to support the implementation of the Cohesion policy programmes.

### *2.3.4 Enhanced partnership working over the period*

Overall, there is evidence that partnership-working increased in the 2000-06 period. Among specific examples, Cohesion policy management in Ireland saw an increase in regional involvement following the creation of two new NUTS II regions. In Greece, a transition began to be made from a top-down planning approach to more regional involvement with enhanced partnership working. In Spain and France, a system of co-responsibility between regional and central governments was introduced which allowed regions to take on more significant tasks in strategy design, monitoring, reporting and managing and which increased the skills and capacity in regional administrations. In the EU10, the introduction of partnership-working was sometimes difficult due to a lack of resources and experience (Latvia) and often remained at a rather formal level (Lithuania, Slovakia). However, some reported progress in collaborative working relationships during the course of the 2004-06 period, notably in Cyprus, where partnerships and public consultation schemes were strengthened and institutionalised. Lastly, in some Member States (Italy, Sweden, United Kingdom), it is clear that the experience of partnership within Cohesion policy programmes was being adopted within aspects of domestic regional development policy implementation.

## 2.4 Programme design

### *2.4.1 Management of programme design*

The management of programme design in 2000-06 largely reflected national institutional arrangements for regional policy. Four broad approaches can be identified.

- A *regional government managed approach*, as in Austria, Belgium, Germany (except for Objective 1 federal OPs) and Italy (Objective 2). States or provinces designed the programmes. Federal/national governments tended to be involved in the process late and to a limited extent, focusing on regulatory compliance issues and/or national funding issues.
- A *region-led approach*, with national coordination or steering, as in Denmark, Finland, France, Italy (Objective 1), the Netherlands, Spain, Sweden and the United Kingdom. Regional authorities (provinces, regional councils, counties, devolved administrations) were responsible for the development of strategic priorities and

drafting all or parts of programmes, but within a national framework or subject to national approval.

- A *national government led approach*, with regional input, as in Greece and Hungary. Programming consisted of a mix of programmes developed by national ministries based on standard national interventions (applied to each regional programme) and regionally defined elements. Programme drafts were shaped and approved by national inter-ministerial committees. Where Integrated Regional Operational Programmes were in place, regional authorities played a more active role (Poland).
- A *national government managed approach*, as in Cyprus, the Czech Republic, Estonia, Ireland, Latvia, Lithuania, Luxemburg, Malta, Portugal, Slovakia and Slovenia. Programming was undertaken by government offices or inter-ministerial groups, with regional/local and other bodies making inputs at various stages of the design process.

Overall, programme design was managed by national or regional government authorities, with different levels of involvement of other stakeholders. At the most basic level, major actors - such as development agencies, local authorities, economic and social partners, gender equality and environmental bodies - were consulted on strategic priorities or drafts of programme documents at one or more partner meetings. More substantial participation was managed through the representation of these bodies in working groups or task forces (Belgium-Wallonia, Finland, Latvia, Lithuania, Slovakia, Sweden, United Kingdom), although their influence was sometimes advisory rather than co-decision-making; the difference often depended on their administrative capacities and whether they were a significant source of anticipated co-finance for the programme. NGOs were not always included in any form. There were notable differences in approach to programme design between EU15 Member States, where the extent of participation and involvement was generally greater than in the 1994-99 programme period, and the EU10, where the process was often dominated by central government.

#### *2.4.2 Developing programme content*

The stages of programme development tended to be similar across Member States, reflecting the regulatory requirements governing programme structure and content. The main difference was the sequence of programming. In some countries, it was initiated by assessments of development needs/challenges - as in Ireland, Spain and most EU10 Member States - which influenced or informed the derivation of strategic priorities and allocation of funding. By contrast, in many German regions, decisions on the division of funding between domestic policy instruments/ministries preceded the development of the strategy.

Across the EU, the general picture was one of a design process informed by a mix of factors: domestic strategic priorities; previous programme experience (in the EU15, notably with respect to absorption); needs analyses; partner consultations; and the availability of co-finance. A strong correlation between EU and national policy objectives and priorities was most evident in Member States where Cohesion policy accounted for a substantial or

dominant share of regional development funding - and indeed sometimes drove the direction of domestic regional policies (Greece, Italy-Objective 1, Portugal, EU10). For Ireland - alone among the EU15 - and for most EU10 countries, EU/domestic policy integration was facilitated by the existence of a National Development Plan<sup>3</sup>. Some EU10 Member States also had other national concepts/strategies as a basis for programming (Estonia, Hungary).

Elsewhere, Member States sought to ensure some integration between EU and domestic priorities and spending, but in many cases this was at the level of fields of intervention or specific instruments rather than at a strategic level (France, Germany, Spain). In part, this reflected the absence of explicit national or regional strategies (a contrast with the 2006-07 programming phase). The Regional Economic Strategies in the United Kingdom (England) and the Regional Growth Agreements in Sweden were some of the exceptions, although in both cases timing problems inhibited full integration.

### *2.4.3 The role of ex ante evaluation*

All programmes were subject to ex ante evaluation, albeit in different ways. In many Member States, evaluators worked in parallel with programme design as the different components evolved (Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Slovenia, UK-England & Scotland); in others, the evaluation was undertaken when a draft was complete (Spain, UK-Wales). In EU10 countries, lacking adequate evaluation capacity, evaluations were sometimes 'quasi-appraisals', providing specialist expertise on particular topics rather than involving a structured ex ante evaluation methodology; and/or they were not entirely independent. Although all evaluations examined the quality and consistency of the strategy, the appraisal of other programme elements was mixed; for example, management and implementation arrangements were not always assessed (Austria, Slovakia). Lastly, the commitment to using ex ante evaluation as part of programme design varied. Some Member States viewed the exercise purely or mainly in terms of complying with formal EU requirements, while others sought to use the evaluation as a learning process that did (at least in part) have an influence on the shape of the programme (Sweden). The results of evaluation studies were included in programme documents, but the full evaluation reports were not always published.

## **2.5 Project selection**

A range of activities were undertaken as part of programme delivery in 2000-06, including publicising funding opportunities, advising potential applicants, appraising applications, and taking final decisions on project selection. Member States took different approaches to the phases of project generation, appraisal and selection within Cohesion policy programmes.

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<sup>3</sup> The existence of an Irish National Development Plan is itself the result of the influence of Cohesion Policy in earlier funding periods.

### *2.5.1 The relationship between EU and domestic resource allocation systems*

One factor conditioning the overall context for project selection is the extent to which EU funding was embedded into domestic resource allocation systems.

- In many Member States, EU funding was integrated or *subsumed* into existing domestic administrative systems (Austria, Cyprus, Estonia, Finland, Germany, Ireland, Latvia, Poland, Portugal, Slovakia, Slovenia, Spain). In these countries, existing organisations typically took on Cohesion policy management tasks. Similarly, strategic decisions on the allocation of funds to specific themes and major projects were based on domestic development plans and/or sectoral plans (in fields such as transport and environmental infrastructure). EU funding was channelled into the budgets of Ministries and other domestic organisations, and it was often used to co-finance existing instruments or budget lines although EU funding was monitored separately, in order to meet EU reporting requirements.
- Other Member States had *differentiated* systems for administering EU Funds (Belgium, Sweden, United Kingdom). Cohesion policy management and implementation tasks were given to new organisations or to bodies which were not involved in domestic economic development policy. EU resources were not allocated through domestic funding channels, or on the basis of domestic developmental strategies, but through specific Cohesion policy resource allocation procedures.
- Lastly, the administrative systems of some Member States took an intermediate approach, with some alignment between Cohesion policy and domestic systems. While separate decision-making systems were used to allocate EU resources, there was a degree of coordination with domestic administrative systems, for example in strategic orientation or financial management, as a result of decisions being taken by the same actors (Denmark, France, Greece, Italy, Lithuania).

### *2.5.2 Actors involved in project selection*

Many different actors were involved in project generation, appraisal and selection in 2000-06, often organised within a committee structure. The CSF or programme-level Managing Authority and Monitoring Committee were generally responsible for overseeing the entire process, as well as for approving selection criteria and the composition of the selection committees. In some countries (Latvia), an additional steering committee was set up at national level for each EU Fund to provide guidance on project selection and other implementation issues.

- *Project generation* tasks involved the dissemination of information about funding opportunities to potential project applicants and to intermediaries (such as business associations or local development agencies), as well as the provision of guidance to potential applicants. In most Member States, these tasks were primarily undertaken by programme secretariats or Intermediate Bodies and related

Implementing Bodies at programme, Priority, Measure or Action level (Austria, Denmark, Finland, Germany, Poland, Portugal, Spain); in some cases, Managing Authorities were also directly involved (Cyprus, Slovakia, Sweden). In certain Member States, specific structures and networks were put in place at the local level to enhance information dissemination and support to project promoters (Austria, Finland, France, Greece).

- During *project appraisal*, Intermediate Bodies and their Implementing Agencies were the most important actors in most Member States, although Managing Authorities were also involved in Cyprus, Estonia, Greece, Slovakia and Sweden. In addition, there were programme- and/or Priority-level committees in many countries which played an important role in project appraisal (Belgium, France, Hungary, Lithuania, Malta, Netherlands, Poland, Portugal, Slovakia, Spain) and sometimes included external experts (Finland, Hungary, Netherlands, Portugal, Slovakia). The mechanisms used for appraising projects depended on the scale and thematic focus of the projects. In the case of large infrastructure projects, the responsible government Ministry issued a formal call for tender, with clear technical and financial selection criteria. By contrast, open calls (first-come-first-served) were generally used in the case of business aid, as well as local infrastructure, although closed or competitive calls were sometimes used for themes such as business innovation or R&D. In a number of countries, global grants or similar blocks of funding were allocated to specific Implementing Bodies, which then awarded small amounts of funding for interventions such as business advice, start-up or micro-firm grants, or loan schemes for SMEs.
- Member States took various approaches to formal decision-making in relation to *project selection*. Final decisions were taken by: the Managing Authority (Greece, Hungary, Netherlands); by a project selection committee chaired by the Managing Authority (Malta); by the Managing Authority in cooperation with the individual Intermediate Bodies (Cyprus, Slovakia); or by the Intermediate Bodies alone (Austria, Denmark, Germany, Estonia, Finland, Lithuania, Poland). However, this generalised picture could vary by type of programme (or type of intervention); for example, in Spain, project decisions for multi-regional OPs were taken by the Managing Authority in cooperation with the individual Intermediate Bodies, while for regional OPs, final decisions were taken by the Intermediate Bodies alone; in Estonia, the government made an annual decision on the formal selection of large infrastructure projects. Lastly, final project decisions in some Member States were taken by a committee, drawing on a broad-based partnership or different combinations of public, private and voluntary sector actors involved in the programme (Finland, France, Sweden, United Kingdom).

## 2.6 Financial management

### 2.6.1 *The organisation of financial management*

Financial management was universally overseen by finance ministries, which managed payment flows between the EU and national level and were responsible for disbursing

funding to programme or spending ministries/agency bank accounts, as well as for accounting and additionality matters. The main differences between countries concerned the distribution of Paying Authority functions, which were either:

- *centralised* in a single national organisation (finance ministries in Cyprus, Czech Republic, Estonia, Malta, Latvia, Poland and Slovakia; specialist national funds in Austria, Hungary, Lithuania and Slovenia; economics or regional development ministries/agencies in Denmark and Greece) or among several national ministries responsible for individual Funds (Finland, Ireland, Portugal, Spain); or
- wholly/partly *decentralised or devolved* to sub-national bodies, as in the case of the regional administrations in Belgium, regional *préfets* in France (regional council in Alsace), the German *Länder*, the regional authorities in Italy and the Netherlands, County Administration Boards in Sweden, or the Devolved Administrations (and English Government Offices) in the UK.

Other national, regional and also local-level Implementing Bodies or Final Beneficiaries were involved in financial management circuits, with responsibility for functions such as approval of the eligibility of costs, contracting, receipt and initial checking of claims, payment notification and clawback.

The award of funding and the checking, authorisation and payment functions were sometimes undertaken by the same organisations, but with departmental separation of responsibilities as required by the Regulations. In some cases, considerable problems were experienced at the start of the 2000-06 period as a result of the creation of new authorities, and the required administrative reorganisation within Implementing Bodies, in order to comply with audit requirements.

### *2.6.2 Problems experienced with financial management*

Some of the problems experienced with financial management in the 2000-06 period were associated with the unpredictability of competitive bidding systems for awarding funding, especially under differentiated resource allocation systems (United Kingdom). This was less difficult in Member States where domestic and EU funding were integrated in the same budget lines and paid to Final Beneficiaries as a single allocation (Germany, Greece, Portugal, Slovakia, Spain). An important difference for applicants was whether pre-financing of project costs was possible (as in Austria), whether they could submit claims in line with project progress (as in the United Kingdom and Slovakia), or whether they were required to bear the full project cost and then reclaim expenditure once the whole project was completed (as initially in the Czech Republic).

In some EU10 Member States, the design of financial management systems was over-complex, with numerous controls and administrative inexperience slowing down the payment of funding significantly and requiring rationalisation of administrative processes in the course of the period in order to speed up absorption (Hungary, Malta, Poland, Slovenia). In other cases (Cyprus), innovative Cohesion policy requirements have been incorporated into the domestic budgeting process.

Lastly, several Member States experienced problems in meeting n+2 targets, requiring strategies and action plans to prevent automatic decommitment (France, Greece, Italy, United Kingdom). These plans generally involved administrative changes, such as better monitoring and forecasting, closer contact with beneficiaries, rationalisation of administrative procedures, simplification of requirements for major projects, or use of different funding arrangements. In the most serious cases, substantial changes were made to the types of intervention and projects supported under the programme.

## 2.7 Monitoring

### 2.7.1 *Monitoring developments and domestic context factors*

The context for understanding the approach to monitoring in 2000-06 is that EU Cohesion policy has played a formative role in the use of monitoring in regional policy in many Member States. This applied to the EU10 where monitoring was generally not practised prior to the 2004-06 period. It also applied in earlier periods to some of the EU15 where, historically, monitoring was either not widely used (Italy, Portugal, Spain) or was restricted to financial monitoring (France, Greece). Prior to 2000, monitoring systems for Cohesion policy were used in all EU15 Member States but with big differences in effectiveness, reliability and utility.

Where no systematic monitoring had been in place for domestic initiatives before the introduction of Cohesion policy, some Member States developed systems to cover both strands of EU and the related domestic policy (Sweden). In other cases, data collection under Cohesion policy monitoring was *de facto* extended to domestic co-financing initiatives (Denmark, Finland). In some Member States, Cohesion policy monitoring was interlinked with domestic monitoring of public expenditure (Slovakia). Where domestic monitoring systems were already in place, and EU funding was subordinate to domestic regional development resources, the integration with Cohesion policy monitoring was sometimes not possible because of differences in approach (Germany). The degree of integration could also vary between programmes (Ireland).

### 2.7.2 *Programme monitoring and indicator definition*

The 2000-06 period saw three main types of approach to monitoring across the EU25.

- *Integrated systems* were used in several Member States (Austria, France, Greece, Hungary), with all administrative levels and programmes utilising the same indicator system, often using a central electronic database with common data management procedures.
- *Separate systems* were used in other countries (Belgium, Germany, Ireland, Netherlands, UK), whereby each programme/region had its own organisational arrangements and approaches to indicator definition and data collection.

- A third variant involved *composite systems*, where an overarching central monitoring system (e.g. for the collection of cross-cutting information) was complemented by individual systems at programme level (Italy, Portugal, Spain).

Reflecting these differences, indicator definition was either determined or coordinated centrally - often with the scope for Managing Authorities and Monitoring Committees to define additional indicators within a common framework (Austria, France, Greece, Poland, Spain) - or it was the responsibility of individual programme managers (Germany, Slovakia). In some cases, as in Ireland, the approach varied from programme to programme. Two distinctive features of monitoring in the 2000-06 period were the upgrading of financial monitoring systems and a greater effort to monitor physical indicators. The latter presented considerable problems in defining and interpreting indicators, setting benchmarks and targets, and collecting data. Evaluators or external advisers were frequently required to provide support with these tasks (Belgium-Flanders, Hungary, Italy, Luxemburg, Slovenia). Monitoring systems were not always stable over time where indicators needed to be adapted in line with programming needs (Lithuania, Spain and, at the beginning of the period, Slovenia). The emphasis sometimes shifted from overly elaborate performance indicators to fewer, more pertinent key indicators (Ireland, Belgium-Flanders). In some cases, this happened as a consequence of the mid-term evaluation (Luxemburg). In Slovakia, a working group was set up to recommend improvements on the indicator system for 2007-13.

### *2.7.3 The implementation of programme monitoring*

Monitoring took place at different levels, with strategic monitoring at the CSF level as well as at programme-level, and even at sub-programme level (in the case of the IROP in Poland). Central-level guidance and coordination was provided in a number of Member States (Austria, France, Slovakia). In many cases, Monitoring Committees were characterised by a high degree of formality and focused mainly on issues of regulatory compliance and the monitoring of programme progress, but there were also examples of Committees playing a more strategic role in promoting programme effectiveness and active involvement in major projects (Ireland). In some cases, strategic management and monitoring evolved during the period in line with the upgrading of management practices and monitoring and information systems (France). However, detailed programme monitoring by Monitoring Committees was impeded by their large and broad memberships and the infrequent meetings. Operational monitoring was therefore generally carried out by Managing Authorities and programme secretariats. In larger programmes, the organisation of monitoring was delegated to Intermediate Bodies (e.g. government departments, sub-national State services) (Czech Republic, Poland), although coordination and the implementation of common data collection procedures across administrations and levels were problematic.

In most Member States, electronic databases were established for programme monitoring, covering financial and physical information, but also to track progress on procedural aspects such as tendering procedures (Greece, Italy, Slovenia). However, IT systems often caused major difficulties, in some cases remaining unresolved until late in the 2000-06

period (Poland). Data collection was usually carried out by Final Beneficiaries or project applicants/promoters who, in some cases, had to produce regular reports (Netherlands, Slovenia) or provide data as part of the claims process (United Kingdom). Data input and controls were mainly undertaken at the level of the programme Managing Authority (Greece, Italy) or were delegated to Intermediate Bodies in charge of certain Priorities or Measures (Austria, Slovenia). In some cases, a form of conditionality was used as a sanction for project promoters failing to provide accurate and timely information (Hungary, Italy, Netherlands). The main uses of monitoring information were to facilitate compliance with reporting requirements, to ensure timely financial absorption and to provide a basis for evaluation (notably the mid-term evaluation and allocation of the Performance Reserve).

#### *2.7.4 Challenges arising from programme monitoring*

Finally, while there is some evidence of Cohesion policy contributing to the spread of a ‘monitoring culture’ (France, Italy), the experience of monitoring in 2000-06 was characterised by several challenges, shared by many Member States. These included: insufficient awareness of the importance of monitoring among Implementing Bodies and beneficiaries (Italy); over-complex and inflexible indicator systems (France, Greece, Ireland); design or operational difficulties with electronic data processing systems (Poland, Slovenia) and resulting data gaps and inconsistencies; and insufficient human resources (Austria, Italy), and the need for support and training to enhance monitoring expertise (France, Greece, Hungary, Slovakia).

## **2.8 Evaluation**

### *2.8.1 Evaluation developments and domestic context factors*

The approach to Cohesion policy evaluation in the 2000–06 period has to be seen against a backdrop of very different evaluation cultures among Member States. Among the EU15, the evaluation of regional policy was historically practised in only a few countries (Germany, United Kingdom), and some other countries having systems of formal periodic policy/expenditure reviews (Ireland, Sweden), but with evaluation traditions being weak or non-existent elsewhere (Italy, Luxemburg, Spain). Evaluation activity increased during the 1990s, partly driven by Cohesion policy requirements (Austria, Finland, France, Germany, Italy) but also because of broader trends in policymaking, such as the application of ‘new public management’ and concerns with the effectiveness of government spending (Denmark, Netherlands).

Against this background, the 2000-06 period was notable for a more strategic and systematic approach to evaluation in the EU15, as required by the Regulations, and also for greater awareness of the potential role of evaluation for effective programme management (Greece, Luxemburg, Portugal). Evaluation was organised by newly created or strengthened evaluation units and partnership-based steering committees (Greece, Italy, Spain, United Kingdom), supplemented in some countries by a network of evaluation experts and officials (Greece), specialist bodies (Austria, Portugal) or expert panels (Denmark).

Among the EU10, evaluation was not a feature of policymaking prior to EU accession, and its image was affected by its association with audit and control in some countries. Some evaluation experience was gained through the Phare programme, but it was only under the 2004-06 Cohesion policy programmes that the basis for a coherent and systematic approach to evaluation began to be developed (often as part of the wider use of evaluation within public policy and administration). This involved drawing up national evaluation strategies/plans (Estonia, Poland, Slovenia) as well as the creation of evaluation units (Estonia, Latvia) and steering groups (Czech Republic, Lithuania, Malta, Poland). In Slovakia, dedicated units were set up within Managing Authorities, and at CSF level a platform composed of Managing Authority evaluators was established to enhance exchange of experience.

### *2.8.2 The implementation of programme evaluation*

All Member States undertook the ex ante evaluation of Cohesion policy programmes (as described in Section 2.4) which, in some cases, had a pronounced ‘demonstration effect’ (Hungary). In the EU15, a mid-term evaluation (MTE) and MTE update (UMTE) was also undertaken for all programmes - in the case of the MTE being an important precursor of the mid-term review and allocation of the Performance Reserve. Evaluations were undertaken by external evaluators based on competitive calls for tenders. In some countries, the MTE exercise was characterised by a more coordinated approach than previously in order to provide overall lessons at national level (Finland, France, Spain, Sweden, UK-England) - in the cases of Finland and Sweden through separately commissioned meta-evaluations. Although not compulsory, MTEs were also undertaken by two EU10 Member States (Czech Republic, Estonia), and an ex post evaluation was commissioned in Cyprus to prepare for the 2007-13 programme period.

A further feature of the 2000-06 period was the number of evaluation studies conducted by EU15 countries in addition to those required by the Regulations. These included ongoing evaluations of policy processes (Austria, Belgium-Flanders, Italy) and studies on the horizontal themes (Austria, Finland, France, Italy, Sweden, UK-Wales), financial instruments (UK-Scotland), innovation and cluster development (Sweden), organisational effectiveness (Ireland) and networking (Finland). In place of an MTE, most of the EU10 also undertook evaluations - often carried out by government departments themselves - on the operation of specific Priorities/Measures (Lithuania, Poland, Slovenia, Slovakia), the horizontal objectives (Poland), and the efficiency of various aspects of implementation (Estonia, Malta, Latvia, Lithuania).

The standard approach to disseminating evaluation results was often passive - through presentations to Monitoring Committees or publication on websites - and with a failure to integrate evaluation into programme management. However, an important feature of evaluation in some countries was the focus placed on using evaluation as a learning tool. This was evident in Austria, Denmark and the United Kingdom where considerable emphasis was placed on dissemination and follow-up. In several Member States, it was possible to identify programme revisions as a result of the MTE, but the UMTE generally had a greater influence in informing the preparation of the 2007-13 strategies.

### *2.8.3 Development of evaluation capacity*

Finally, an important aspect of evaluation in the 2000-06 period was the emphasis placed on capacity development. For example, KAP-EVA was created in Austria in 2002 as a ‘coordination and working platform’ for evaluation methods, the management of evaluations and the dissemination of results. A CSF Observatory in Portugal was used *inter alia* to provide analyses and support for evaluations on similar issues, and the NDP/CSF Evaluation Unit in Ireland also had a support and standard-setting role. In France, a training programme was initiated in 2002 to promote capacity-building and awareness of the usefulness of evaluation. Similarly, in Italy a series of seminars for Managing Authorities, evaluation units and evaluators was organised from 2002 by the National Evaluation Unit to provide methodological and practical support for the organisation of evaluations and to discuss the outcomes of the evaluations undertaken.

The greatest need for capacity-building was among the EU10, which suffered for much or all of the 2004-06 period from inexperience among Implementing Bodies, a lack of evaluation suppliers and variable quality of evaluation studies. Extensive efforts were made in some Member States to develop an evaluation culture (Estonia, Hungary, Latvia, Lithuania, Poland) through the development of evaluation plans and strategies, guidance and advisory services, evaluation conferences and seminars, and training activities for government authorities, as well as the launch of a series of evaluation studies (as noted above).

## **2.9 Reporting**

### *2.9.1 Annual Implementation Reports*

The submission of Annual Implementation Reports (AIRs) was required by the Regulations, and such reports were prepared by all EU25 Member States in the 2000-06 period. In most countries, the AIRs were drafted by the Managing Authorities, sometimes with the help of external consultants (Italy) or delegated to programme secretariats (Germany-NRW, United Kingdom). The information for AIRs was mainly drawn from the monitoring system as well as from Final Beneficiaries or organisations involved in the implementation of the programmes. In many cases, more regular project-level or Measure-level progress reports (see below) also contributed to the AIRs (Latvia, Netherlands).

The AIRs were generally formal documents structured to comply with the Regulations and, in many countries, undertaken principally to comply with these reporting obligations. They tended to be descriptive and included mainly quantitative information reporting on progress with implementation. In France, an overview report of all the AIRs in 2004 highlighted the great diversity in their structure and content, as well as their mainly descriptive approach. The AIRs could be lengthy documents (Greece, United Kingdom), and some of the UK programmes published a ‘user friendly’ summary. The time delay in the publication of the AIRs often meant that their utility as an active management tool was relatively low. Some EU15 countries took a more sophisticated approach. For example, in France, efforts were made to establish a strategic link between annual reporting and evaluation exercises, with actors encouraged to enhance capacity development and

promote specific evaluation indicators in the AIRs. Similarly in Italy, the AIRs shifted emphasis from purely financial progress to the inclusion of more information on physical implementation and the short-term effects of the programme based on output and result indicators. The production of the AIRs was also viewed as a good opportunity to exchange information and check the functioning of the monitoring system. Lastly, in parts of the United Kingdom (e.g. Scotland), the AIRs were used as a basis for strategic discussions at Programme Monitoring Committee meetings and annual meetings with the Commission.

The links between EU and domestic regional policy reporting varied considerably between countries. Where Cohesion policy implementation was subsumed (Austria, Germany), domestic financial reporting mechanisms were linked to Cohesion policy reporting. Indeed, some German *Länder* used Cohesion policy monitoring systems to enhance the monitoring of domestic financial flows. Such links were not universal: in several countries (Hungary, United Kingdom), there was no link between Cohesion policy and domestic regional policy reporting.

### *2.9.2 Additional reporting activities*

In addition to the AIRs, most EU25 countries produced regular reports dealing with the status of implementation at project, Measure and Priority levels. In Malta, for example, reports were prepared by project promoters for the four Sectoral Sub-Monitoring Committees and additional reporting requirements were applied in the case of interventions on the island of Gozo. Reporting through the AIRs and other reporting systems varied between different programmes within the same country. In Germany, Nordrhein-Westfalen provided quarterly monitoring reports to Implementing Bodies while other *Länder* worked only with the AIRs.

Often, these additional reports were used more widely in strategic decision-making on programme implementation. In Hungary, bi-weekly reports (prepared by the National Development Agency) highlighted critical areas with the aim of comparing projections with actual progress. Quarterly reports covering results, effectiveness, management practice and financial progress (for n+2) were then addressed to higher level programme management structures and political actors. At programme/national level, in Estonia, the Managing Authority, Intermediate Bodies, Final Beneficiaries and Paying Authority all produced a range of reports dealing with programme financing, monitoring and irregularities, with the irregularities reports proving among the most useful in terms of practical decision-making. In Lithuania, managing organisations provided monthly reports to the government on two key financial indicators (project commitments and funds absorbed) and including information on problems arising and measures taken to address them. Also, in the Czech Republic, the Ministry for Regional Development published monthly reports on absorption progress.

Finally, in some countries, such as Denmark and Sweden, the information flow was also downwards, with the Managing Authority or the Monitoring Committee Secretariat circulating regular progress updates to regional authorities to aid decision-making on projects and strategic priorities. In Austria, both standardised and tailored report formats were created to draw down report information from the monitoring system, and these were

widely used by Managing Authorities and Implementing Bodies for reporting to political authorities as well as for publicity and evaluation work.

## 2.10 Major projects

Eleven Member States implemented projects, which, by virtue of their size and/or structure, qualified as ‘major projects’ (Council Regulation 1260/1999, Art. 25). Their preparation, management and implementation required specific procedures in line with EU Regulations. Approaches varied according to the type of project, the actors involved and the source of funding.

### 2.10.1 *Major project preparation*

Major projects were typically listed in a strategic document or agreed at ministerial level (Poland, Portugal, Spain), while, in some countries, they were selected from a pool of sufficiently well-developed and potentially suitable projects (Ireland). Different bodies oversaw the preparation of major projects: Managing Authorities (France, Italy, Portugal, Spain), often in close cooperation with the responsible unit or implementing agency (Germany, Ireland); or Intermediate Bodies (Austria, Slovakia). The approach taken to preparation depended on the project type, e.g. infrastructure projects needed to be assessed against existing domestic plans (Germany). The beneficiaries were mainly responsible for preparing the projects and had to provide full information, including cost-benefit-analysis (CBA) and feasibility studies (Austria, Germany, Poland, Slovakia). In Italy, project plans were also drawn up by Public Investment and Verification Units or external experts. In certain Member States, Intermediate Bodies were in charge of checking project compliance, quality and data (Austria, Germany, Slovakia). The Managing Authority had a supervisory role and was in charge of submitting the application to the Commission, in some cases involving government approval (Slovakia).

Commission guidance and recommendations, notably on CBA, was used and applied by most Member States (France, Greece, Poland, Portugal). In Spain, a working group was created under the aegis of the Andalucía Monitoring Committee with the responsibility of elaborating regular reports on compliance with Commission guidance. In some cases, domestic support was provided at this stage, e.g. on the estimation of employment impacts (Italy) and CBA (Ireland, Poland). Furthermore, support could be provided to applicants by external agencies (Germany). Difficulties occurred with respect to the quality of the CBA and the environmental assessment, missing documents and procedural issues. Other problems related to the completion of CBA for income-generating projects. Preparation processes were sometimes hampered due to tight deadlines (Poland); on the other hand, lengthy decision-making processes led to implementation delays and difficulties in managing financial flows (Italy). Also, duplication with existing domestic requirements slowed down procedures (Germany).

### 2.10.2 *Major project management and implementation*

In some Member States, major projects were managed under the same framework and procedures as those in place for ‘standard’ Cohesion policy projects (Austria, Ireland,

Poland, Slovakia, United Kingdom). In many cases, public authorities were in charge of implementing major projects (e.g. road and rail projects in Germany), but projects were also managed by dedicated state-owned agencies (Greece), and other bodies specifically established for project implementation or firms (Germany). Coordination problems occurred where projects were financed by more than one Operational Programme (Greece). Particular attention was often paid to the risks of automatic de-commitment (France, Ireland, United Kingdom). More sophisticated approaches were also developed in some cases, as in Greece where responsible agencies established specific tools and procedures for project planning, implementation and monitoring. Additionally, provisions concerning penalties in place under domestic legislation also applied to co-financed major projects.

### *2.10.3 Major project monitoring, evaluation and reporting*

In a number of Member States, no specific monitoring or evaluation arrangements were in place for major projects (Austria, France, Italy, Ireland), but in other cases, varied approaches were taken. With respect to monitoring arrangements, the Greek indicator system was influenced by the requirements of major projects and for some of the programmes special consultants were assigned to monitor project progress. In Poland, in-depth monitoring of major projects was organised on a project-by-project basis under the Transport OP, and standard rules were in place for monitoring major projects under the Integrated Regional OP. In the field of evaluation, specific reference to project progress was made in the Greek mid-term evaluations, and case studies were undertaken in the context of the updates of the mid-term evaluations. Reporting remained mainly at a rather technical and descriptive level in line with the Regulations (Austria, Italy, Ireland, Poland, Slovakia). In some cases, information on results and impacts (mainly for road infrastructure projects) was also included (Portugal, Spain), notably where implementation reports coincided with evaluation exercises (Greece). In the United Kingdom, more detailed and comprehensive reports on project progress were provided.

## **2.11 Conclusions**

The main conclusion to emerge from this review of management and implementation systems in the 2000-06 period is the dominant influence of national institutional and administrative contexts. Constitutional arrangements and institutional structures shaped the relative balance between national and regional levels of government, the involvement of central State, sub-regional and non-governmental actors and the interpretation of the partnership principle in all management and implementation processes from programme design to evaluation.

A further factor was the relationship between domestic and EU development spending. In Member States where Cohesion policy was subordinate to domestic regional policy (in terms of the scale of regional development resources, or the experience of regional policy), Cohesion policy management and implementation processes had to be 'accommodated' or adapted to fit with domestic systems and procedures. This gave rise to tensions in some EU15 Member States (although perhaps less so than in previous programme periods) but also contributed to a reshaping of aspects of domestic implementation. Where Cohesion policy funding was dominant relative to domestic regional development spending, or where the

management principles/practices were new (e.g. partnership, strategic planning, monitoring, evaluation), Cohesion policy processes often led to significant changes to domestic policy systems with the aim of ensuring an integrated EU-domestic approach to management and implementation. This was particularly evident in the EU10, but also in some EU15 Member States benefiting from sizeable Objective 1 funding.

The diversity of Member State practices was most evident with respect to resource allocation, i.e. the systems of project generation, appraisal and selection. The combination of different administrative systems and the need to adapt resource allocation to the scale and thematic focus of interventions produced a variety of mechanisms - pre-allocation of funding, use of global grants or other funding tranches, open or closed calls for tender with varying degrees of competition, use of low-administration micro-funds - and different systems for making award decisions with different levels of responsibility for Managing Authorities, Implementing Bodies and other partners.

Notwithstanding such differences, it is possible to draw some overall conclusions on management and implementation experience during the 2000-06 period.

First, there is evidence of increased partnership working, with greater involvement of sub-national bodies, economic and social partners and other organisations among EU15 Member States than in previous programme periods. For the EU10, partnership was novel and difficult, but collaborative working was found to have increased over the period.

Second, the process of programme design was usually based on at least some analysis, strategic reflection and partner consultation, and it involved a more consistent use of ex ante evaluation.

Third, more attention was paid to monitoring, especially the development of integrated monitoring systems and the inclusion of physical indicators, although the utility of the systems and information provided was sometimes questionable. As with reporting and financial management, however, there was a strong tendency for systems to be designed to ensure regulatory compliance rather than as strategic or operational tools of programme management.

Fourth, Cohesion policy in 2000-06 continued to promote the development of an evaluation culture, with the requirement to produce both an MTE and UMTE, the latter in particular being used to inform the preparation of the 2007-13 strategies. It was also notable how many Member States undertook their own thematic or operational evaluations to improve various aspects of implementation. Also some of the EU10 invested considerably in capacity-building measures.

Fifth, the MIS in the EU10 were sometimes sub-optimal due to time pressures, and problems often persisted throughout the period because of high staff turnover and insufficient resources. However, systems did evolve in line with experience and examples of learning and innovation can be detected (applied particularly in the 2007-13 period). These can, for instance, be found in the field of financial management (Cyprus), the strengthening of

administrative capacity in regional policy more generally (Lithuania) and improved inter-ministerial coordination (Slovenia).

Finally, while there was considerable progress in managing and implementing Cohesion policy during the period, the administrative complexity of applying a common set of regulatory requirements in diverse institutional and administrative contexts remains a difficult challenge. In particular, many Member States have struggled to achieve a coherent management approach that can accommodate different programmes, fields of intervention, implementing organisations and administrative processes and provide both strategic oversight and operational efficiency.

### 3. THE EFFECTIVENESS, CONTINUITY AND SPILLOVERS OF MIS IN THE EU10 MEMBER STATES

#### 3.1 Introduction

The new Member States had their first experience of Cohesion policy during a short programme period, 2004-06. A total of €9.2 billion ERDF was allocated to the EU10, a relatively small amount compared to the funding received by the EU15 Member States in 2000-06 but a large increase on the pre-accession funding received by the EU10 under PHARE, SAPARD and ISPA<sup>4</sup>. The allocations to individual countries, virtually all under Objective 1, ranged from €28 million in the case of Cyprus to €4,973 million for Poland.

The Czech Republic, Hungary, Poland and Slovakia drew up Community Support Frameworks, each with three (Czech Republic, Poland) or two sectoral ERDF programmes (Hungary, Slovakia). The CSFs in the Czech Republic, Hungary and Poland also had integrated (mainly centrally determined) Regional Operational Programmes. In addition, the Czech Republic and Slovakia had small Objective 2 programmes for their capital cities - Prague and Bratislava - with a total allocation of €108 million. The smaller EU10 Member States - Cyprus, Estonia, Latvia, Lithuania, Malta, Slovenia - drew up Single Programming Documents at the national level. In all countries, most of the funds were allocated by central government ministries, State agencies or other central implementing bodies.

One of the key tasks of this ex post evaluation was to assess how the EU10 managed and implemented their ERDF allocation. Specifically, it examined the effectiveness and continuity of the management and implementation systems of Cohesion policy and analysed the evidence for spillovers from these systems to the overall administrative culture during the first programme period. The evaluation involved comprehensive desk and fieldwork research undertaken by national experts, in each of the EU10 Member States, in the second half of 2008, to analyse individual national administrative systems and produce ten 'national assessment reports'. This provided the basis for in-depth and extensive comparative analysis of results across the EU10 Member States, which is summarised in this section.

The section comprises five parts. First, the institutional context is discussed, with specific details of administrative culture and capacities, addressing the different pace of modernisation of public administration territorial reforms (in the EU8), issues of human resources management and leadership, and support for capacity building. It takes into account an extensive body of literature on public administration and capacities in the EU10 Member States. Second, the ways in which EU10 Member States fulfilled the regulatory requirements are analysed with regard to structures established, and the administrative capacities and processes involved in Cohesion policy management and implementation. Third, structural constraints and procedural problems are identified, especially those at the

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<sup>4</sup> Malta and Cyprus benefited from support in the period 2000-03 to fund projects in line with Council Regulation (EC) No 555/2000 of 13 March 2000 on the implementation of operations in the framework of the pre-accession strategy for the Republic of Cyprus and the Republic of Malta.

start of the first programme period in the context of public administration culture. Fourth, the section considers the ways in which constraints were addressed early on in the implementation process, how effective systems were developed with continuity and learning and which constraints were outstanding at the end of 2008. Finally, spillover effects from Cohesion policy practices and tools to the overall administrative culture are presented and analysed in the specific contexts in which they occurred. Differences among countries are noted throughout the section.

### 3.2 Institutional context: administrative culture and capacity

The starting point for assessing the effectiveness of Cohesion policy in the new Member States is to understand the institutional context for managing and implementing the Funds. There is an extensive literature on public administration and capacities in the EU10, most notably the research by the European Institute of Public Administration (Bossaert and Demmke, 2003; Demmke *et al*, 2006), as well as by OECD (2001), Dunleavy and Hood (1994), Lane (2000), SIGMA (1999), Hughes *et al* (2004), Kuperus and Rode (2008), DG REGIO (2005), Bachtler and McMaster (2007), SIEPS (2005) and the World Bank (2006). This research highlights four factors as being of key importance for effective management and implementation in the EU10:

- the pace and substance of reforms of public administration;
- the issue of territorial administrative reforms (in the EU8);
- human resources management and leadership; and
- support for capacity building (in the EU8).

The following sections provide a summary of the key issues relating to each of these factors, drawn mainly from the existing literature, to provide necessary background for the evaluation results.

#### 3.2.1 *Different paces of public administration reforms*

In the EU15, the reform and modernisation of public administration reforms has been underway - to differing degrees - over the past 20-30 years. The traditional public administration model, with its hierarchical and centralised structures, has been increasingly superseded since the 1970s by the so-called 'New Public Management' philosophy based on contracting as the central coordination mechanism and on goal-oriented policy implementation in the public sector (Dunleavy and Hood, 1994; Lane, 2000). State bureaucracies have had to share responsibility with civil society organisations, regional institutions, and supra- or international actors like the EU, and there has been a shift from 'government to governance'. At EU level, public sector reform has also been the subject of several initiatives; in particular, Agenda 2000 incorporated the principles of the 'Sound and Efficient Management 2000 Programme' for improving financial management as well as the Municipal Administration Reform Programme which aimed to modernise EU administration and personnel policy.

Among the EU10 Member States it is necessary to differentiate between two groups of countries with regard to the pace of administrative reforms. In one group are Cyprus and Malta, where public administration was comparable to many countries in the EU15. Independent since the 1960s, Cyprus and Malta are politically and institutionally stable and undertook a series of significant steps to modernise public administration before their accession to the EU.

By contrast, public administrations in the CC8<sup>5</sup> were compelled to undertake administrative reforms *and* the preparations for Cohesion policy under great time pressure. They were still coping with Communist legacies<sup>6</sup> and the difficult task of state-building and establishing a stable democratic political system during the pre-accession phase. The adoption of the *acquis* required wide-ranging reforms especially of the public sector. The principles for reform were the same as in the old Member States - reliability and predictability, openness and transparency, accountability and efficiency and effectiveness - but the EU8 had much further to travel. Public sector reforms before accession did not show a continuous development path as in the EU15, and no major and comprehensive initiatives on new public management were undertaken in the CC8. Reform initiatives were rather sketchy and showed little pattern although they covered almost every aspect of the public administration (Demmke *et al*, 2006). Austerity and saving programmes were introduced in several countries with the main emphasis on cutting public administration personnel costs. Crucial to reform was the state of the civil service in each country, where structural features inherited from the past often impeded the reform process.

The general trend of reforms has been away from 'bureaucratic systems', with a rule-oriented culture and management based on command and control with the key attribute of impartiality, towards 'management systems' with a culture based on objectives, effectiveness and efficiency, a supportive management based on results and the key attribute of professionalism. In recent years, a series of initiatives were also taken in EU8 Member States addressing the quality of public administration such as service delivery standards, customer-orientation, e-government, performance management initiatives, and ethics and codes of conduct.

### *3.2.2 The territorial reform in EU8 Member States*

Policy research shows a wide-ranging and diverging discussion about the issue of regionalisation in EU8 Member States during the pre-accession period. In the immediate wake of political and economic reforms, a centralisation trend was due to deeply rooted mistrust towards regional authorities, seen as being influenced by the Communist Party. Subsequently, the re-establishment of regional governments was increasingly regarded as essential for ensuring the effective functioning of public administration and democratically accountable policymaking and decision-making during the late1990s/early 2000s. Also, the

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<sup>5</sup> EU10 Member States before accession are defined as Candidate Countries (CC10), and the Candidate Countries except Cyprus and Malta as the CC8.

<sup>6</sup> Although the EU8 have similarities in their historical development there are substantial differences. In this context Meyer-Sahling (2008) emphasises the variety of legacies in the EU8, criticising a so-called 'levelling' view of EU8 Member States.

Commission encouraged the establishment of regional governance initially (Hughes *et al*, 2004). At the same time, it was suggested that the accession process was one of adaptation to rules initiated in other countries and that there was a lack of national influence on the pre-accession policies (SIEPS, 2005). Over time, it became clearer to all players that the regions might not be fully prepared for a new regional approach. “Many regions are facing multiple, long-term economic development and restructuring challenges, with limited institutional and economic resources. The new regionalist approach assumes a political commitment, capacity, and resources at regional level, which may not exist” (Bachtler and McMaster, 2007). Actually, regional institutions were established, but these institutions remained rather formal administrative units which were not equipped with decision-making power. This was also due to the fact that the EU8 have long-standing traditions of centralised, sectoral policy making. Policy research shows that territorial reforms need time and are connected with a series of political issues like issues of power bases, national identity and sovereignty (Sturm and Dieringer, 2005; Kostelecký, 2005).

With regard to implementation during 2004-06, the EU8 differed in their choice of institutions designated to carry out the management and the implementation of programmes. The most extensive regional involvement was found in Poland and in the Czech Republic. The strongest role of the regions was in project implementation. Subsequently, during the programme period 2007-13, a trend towards further decentralisation has been observed.

### *3.2.3 Human resources management and leadership*

Human resource management is the crucial factor for an effective civil service. In the CC8 countries, several structural features impeded the reform of civil services. Most inherited a legacy of politicised public administration, corruption risk, lack of mobility, decentralised and fragmented responsibilities in personnel policy, a poor image of the civil service, low salaries or low service-orientation (Bossart and Demmke, 2003). Although major administrative law principles and civil service standards have shaped their administrative culture, some significant deficiencies were still visible during the 1990s, most notably the following factors (SIGMA, 1999).

- As there was no understanding of a common state administration profession, each job was regarded as a specialist job with limited career bridges to jobs in other institutions and without clear professional criteria. Mobility between institutions was not encouraged.
- In 1999, permanent management positions were still a prerogative of the political class in most of the CC8. Non-politically selected managers were, and in many cases still are, competent specialists within their field of expertise, providing technical contributions but rarely ensuring management and coordination.
- Traditionally, there was a lack of coordination and a lack of common standards for personnel management in public administration, whereas modern administrations have to strengthen management functions.

Leadership has been an issue already during the recent decades of public sector reform. It was found “at the heart of good governance” (OECD, 2001) and is seen as crucial for enhancing management capacity, organisational management and organisational learning. Recent detailed research on the senior civil service in the EU25 shows the growing importance of leadership and - at the same time - a lack of studies on the effectiveness of leadership training (Kuperus and Rode, 2008).

### *3.2.4 Support for capacity-building in EU8 Member States*

The management and implementation of Cohesion policy requires a well-functioning and stable public administration built on an efficient and impartial civil service, open modes of operation based on partnership and cooperation, and an independent and efficient judicial system. In order to help the CC8 comply with the *acquis*, the EU-financed pre-accession programmes provided - in addition to sectoral support - horizontal support to improve administrative capacity. However, the experience with pre-accession instruments was rather mixed in the CC8. On the one hand, some projects carried out in the framework of the pre-accession programmes proved to have long-lasting benefits. On the other hand, the assistance to the CC8 through the pre-accession instruments was often delivered through outsourcing and consultancy support which did not necessarily build administrative capacity in a sustainable way. It was found that the administrations could not always ‘internalise’ the benefits of the assistance (DG REGIO, 2005).

The CC8 evidently managed to bring their systems up to the standards required for accession to the EU. However, resources have still been needed for administrative and legislative reform, coupled with training and education within the public sector. The institutional, managerial and administrative shortcomings, which became apparent during accession, continued to be prevalent and represent long-term challenges for the EU8 in particular. While analysing administrative capacities in EU8 Member States during the first years of Cohesion policy implementation, the comprehensive World Bank (2006) study came to the conclusion that positive achievements in the 2004-06 period were ‘one-off’ rather than general.<sup>7</sup> It also claimed that only a few countries - such as Estonia, Latvia and Lithuania - had made significant progress, whereas reform progress in the Czech Republic, Hungary and (partly) Poland was not visible. Slovakia and Slovenia were found to be between these two groups.

## **3.3 Managing and implementing Cohesion policy: fulfilling the regulatory requirements**

The most basic measure of effectiveness of managing and implementing Cohesion policy is whether the EU10 were able to meet the regulatory requirements set out in the EU regulations and Commission guidance. On this (limited) measure, there is evidence that the EU10 largely complied with the regulatory, strategic and financial requirements of

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<sup>7</sup> The study was published in December 2006, based on analytical work conducted between January and September 2006, i.e. when the 2004-06 programmes were still being implemented. Nonetheless, as far as the progress with administrative reforms was concerned, it can be considered as a valuable ‘baseline’.

programme management and implementation, both overall and with specific reference to the processes of programme design; partnership; project generation, appraisal and selection; financial management; monitoring; reporting; and evaluation. Appropriate organisational structures and systems were established, and appropriate administrative procedures were designed and described in manuals. The staff employed had mostly clearly assigned and specified tasks and - according to both internal and external observers - worked with a high level of commitment.

Implementing the Funds according to regulatory requirements was facilitated by a high level of central control as noted earlier (see Section 2.2). All EU10 Member States had centralised management and implementation systems during 2004-06. Managing authorities were Ministries of Finance (Estonia, Latvia, Lithuania), Ministries in charge of Regional Development (Czech Republic, Poland, Slovakia), Government offices (Hungary, Slovenia), a Government service accountable to the Ministry of Finance in Cyprus, and the Prime Minister's Office in Malta (where EU Affairs Directorates were set up within each sectoral ministry).

EU10 Member States differ largely with regard to the delegation of implementation tasks. There is a group of primarily small countries which implemented Cohesion policy with highly centralised systems, involving a small number of ministries - only one in the case of Cyprus and Slovenia, 4-6 in Malta, Estonia and Slovakia (two ministries and four agencies). In Slovenia, the implementing tasks of the only Implementing Body involved in Cohesion policy were reallocated to the Managing Authority in 2006. Other countries had more complex systems, which included several ministries, agencies and partly regional institutions in implementation. These included Latvia and Lithuania, where up to ten ministries were involved and some six or more implementing agencies. Larger countries - Czech Republic, Hungary and Poland - also required more implementing institutions. They generally included a limited number of ministries, but large numbers of agencies and institutions from the regional level in the Regional Operational Programmes. In Hungary, the central regional development institution (VÁTI) was responsible for implementing the ROP, partly supported by seven Regional Development Agencies. In Poland, regional offices of the central government and - primarily for project selection - self-government units were involved in implementing the integrated ROP. In the Czech Republic, the Regional Councils were included as intermediate bodies and self-government authorities with the responsibility for implementing grant schemes. The process with most contribution from regional levels was project generation, appraisal and selection. Partnership supported the inclusion of regional levels in mostly non-formalised ways.

Staff resources proved to be a major challenge for most EU10 Member States. The strategic tasks of the programming phase were mainly undertaken by existing civil servants from the institutions designated to manage and implement Cohesion policy. They were supported by external experts financed largely from the Phare programme. Also, project generation was partly supported by Phare. From this stage in the programme management cycle onwards, more and more (new) operational staff were assigned with specific Cohesion policy tasks. Among EU10 Member States, staff resources were enhanced at different rates. Small countries with lower amounts of ERDF funding (Cyprus, Malta, Slovenia) worked with a low level of resources at the outset and increased staff numbers only in anticipation of the

2007-13 period when larger financial allocations were expected. The remaining seven countries had higher demands for staff and hired mostly young and well-qualified staff, albeit with limited professional experience. Younger staff proved to be flexible and open to 'learning by doing' which contributed to ongoing capacity building. The situation was different with higher management positions where staff had at least partly gained experience with Phare.

More specific insights into how the management and implementation systems complied with the regulatory requirements can be gained by examining each of the processes in turn, and relating the experiences of the EU10 Member States to specific standards/levels of effective implementation.

The start of the programme management cycle is the programming of resources. This requires the analysis of development needs and challenges, a synthesis of strengths, weaknesses, opportunities and threats, the formulation of a concept or development model of how EU funding will make a difference, and the development of a strategy setting out objectives and priorities and the relationship with other policies, a justification for the allocation of funding, details of the targets to be achieved and their implementation. For the 2004-06 period, the preparation of programme documents by the EU10 was based on national development strategies. Ex ante evaluations were conducted and their recommendations incorporated. However, they were sometimes 'quasi-appraisal' rather than based on structured methodologies (see Section 2.4). During negotiations with the Commission regional-level programmes and first proposals on structures were reorganised in the Czech Republic, Poland and Slovakia. Negotiations with the Commission were finalised between December 2003 and Spring 2004. All programming documents were adopted between June and July 2004 by the Commission.

The implementation of the partnership principle is an issue of governance relevant specifically for programming and monitoring. Partners have to be consulted on the strategic documents and included as members of the Monitoring Committees during programme implementation. This requires the identification of relevant partner organisations (socio-economic partners, non-governmental organisations especially for the horizontal policy fields of equal opportunities and environment, regional and local authorities), the preparation of information, and consultation with their representatives. In practice, among the EU10, socio-economic partners, non-governmental organisations addressing equal opportunities and environment, and partly regional and local authorities were identified and included through consultations during the preparation of programme documents. As members of the Monitoring Committee, partners were invited to contribute to programme monitoring. In exceptional cases they were also involved in project selection.

Project generation, appraisal and selection comprises a series of steps from informing potential applicants, the organisation of expertise for project appraisal to the final approval of selected projects and the signature of the contract. This necessitates the decision on project selection systems adapted to the types of projects (competitive, automatic, strategic pre-selection), the preparation of appropriate documents for calls, transparent appraisals, the clear definition of selection criteria and the preparation of templates for applications and contracts including the definition of the authorities

necessary for the signature. In the 2004-06 period, potential applicants were informed about the aims of Cohesion policy and the demands of applications for projects. In part, project generation was supported by project development agencies and external experts. The demands for funding were high for most measures and in most countries. Overall, they were sufficient and contributed to the meeting of the N+2 rule. For the selection of projects a combination of automatic and competitive selection systems was used in most countries. All Member States had competitive elements in their selection systems. Larger infrastructure projects were usually pre-selected on the basis of strategic objectives.

The preparation, selection and approval of major projects follow specific requirements. Comprehensive information on the nature of investment, its financial volume and location, the timetable for implementation and a cost-benefit-analysis have to be prepared for the Commission, which approves major projects. The cost-benefit-analysis (CBA) includes financial costs and benefits, a risk assessment and information on the viability of the project and on the expected effects. Information on the progress of major projects has to be included in the Annual Implementation Reports. In 2004-06, major projects submitted by Slovakia (two projects) and Poland (eight projects) were approved by the Commission. The applications met the requirements with regard to CBA, risk assessment, environmental impact assessment and supporting documentation. Their pre-selection was taken on the basis of the strategy developed in the programme documents and in sector-specific strategies. During their implementation, projects were monitored in-depth with financial and physical indicators and on-the-spot visits. Necessary basic information on major projects was included in the Annual Implementation Report. The implementation of one Slovak major project was postponed.

Financial management requires the management of payment claims including the verification and certification of expenditure at project level, checks of claimed documentation and the preparation of payment claims to the Commission and the appropriate payment transfers. Through the submission of financial data, this process is closely connected with monitoring and reporting. In practice, the management of committed funds and payment claims by the EU10 ensured high absorption rates. Expenditures were verified and certified. Payment claims were submitted to the Commission and payments executed. Financial management measures were taken to ensure the fulfilment of the N+2 rule. Most frequent were reallocations of funds; other measures were the prioritisation of payment claims of larger amounts and closer cooperation and support of beneficiaries. Only a minor de-commitment amounting to around €135,000 occurred during the first programme period in the EU10 (in Slovakia).

The process of reporting requires the organisation of information flows, including the definition of data to be gathered in relation to the monitoring indicators, the definition of institutions responsible for data collection and data input into monitoring systems, the preparation of aggregated data and the compilation of obligatory reports like the Annual Implementation Report for the Commission or other reports at national level. All of the Annual Implementation Reports - containing mostly financial information - were submitted by the EU10 on time and were admissible. In all countries, additional regular or *ad hoc* reports were produced for the purpose of informing the political level or for ongoing monitoring of programme implementation.

The monitoring process comprises the establishment of a Monitoring Committee and the preparation of regular meetings for decisions on changes of programme documents, the approval of Annual Implementation Reports and the discussion of issues relevant for the programme implementation. As a technical tool, electronic monitoring systems have to be set up at programme and/or national level for tracking the defined indicators. In 2004-06, Monitoring Committees were established early on and met twice a year, in exceptional cases three times a year. Mostly, they had a compliance function. Strategic discussions appear to have been rare. Monitoring systems were operational in good time in most of the countries, but with some indicator and data weaknesses. The use of financial indicators was predominant. Data from monitoring systems were used for all reports, for financial management and for monitoring programme progress, specifically with regard to the fulfilment of the N+2 rule.

Evaluation required capacity building during the 2004-06 programme period - only ex ante evaluations were required by regulations. Because of the short period, mid-term evaluations were not obligatory, but the conduct of first evaluations and capacity building was recommended. The required capacity-building in the public administration was necessary to prepare calls, to manage the contracts with external experts, to define the aims and scope of evaluation studies and the supply of data at programme level. Ex ante evaluations were conducted for all programmes. They contributed - to varying degrees - to the coherence of the programme documents and to the design of indicators. Beyond this, all countries undertook at least some evaluation studies. These were partly small-scale thematic evaluations and assessments of specific processes (Czech Republic, Latvia, Hungary, Lithuania, Slovenia, Slovakia) and partly comprehensive programme evaluations of structures (Cyprus, Estonia, Lithuania, Malta) or of the progress of the implementation (Czech Republic, Estonia, Hungary, Poland, Slovakia). Evaluation plans were developed in Cyprus, the Czech Republic, Estonia, Latvia, Poland and Slovenia.

In fulfilling the regulatory, strategic and financial requirements for Cohesion policy, EU10 Member States established management and implementation systems and procedures which were adapted to specific capacities and circumstances. The following sections provide an overview of the effectiveness of management and implementation systems, as well as the dynamics over time.<sup>8</sup>

### 3.4 Developing effective systems

Although the systems used by the EU10 were largely able to fulfil the regulatory requirements, they suffered - at least at the outset - from a series of structural constraints or operational problems which influenced the effectiveness of management and implementation. These were mainly: a strong 'compliance orientation'; difficulties in establishing fully appropriate organisational structures; problems with administrative capacity; and procedural constraints. Each of these are worth examining in more detail.

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<sup>8</sup> A detailed review of individual processes is provided in the separate WP11 Comparative Report on the effectiveness of management and implementation systems in the EU10, as well as the individual National Assessment Reports for each of the EU10 Member States.

The implementation of Cohesion policy during 2004-06 was characterised by a strong 'compliance orientation'. The priority was often to spend money correctly to ensure that processes complied with the regulations rather than strategic management and maximising policy returns. Under the conditions, with a lack of experienced staff and a short period of only three years, this was not a bad decision. Also, fears of decommitment were partly understandable and justified. The 'compliance orientation' was particularly evident in a strong emphasis on correctness in financial management where very complex and time-consuming procedures, with double or even triple controls, were frequent; this reflected a combination of lack of experience, a lack of trust and fear of mistakes. Less emphasis was put on the strategic management of programmes and the use of reporting, monitoring and evaluation as management tools. Monitoring Committees mostly had a compliance function; indicator and monitoring systems were highly focused on financial indicators and less on physical indicators with strategic relevance. Strong coordination efforts were undertaken to ensure cooperation among actors and the N+2 rule requirement.

EU10 Member States had difficulties in establishing fully appropriate organisational structures at the start. In five countries, coordination suffered because of the weak position of the coordinating institutions and due to institutional changes.

- In the Czech Republic, the coordination function of the Ministry for Regional Development was affected by: frequent changes of minister and high-ranking civil servants, the Ministry for Regional Development being led by a small coalition partner; and a lack of tradition of collaboration among sectoral ministries.
- Hungary experienced problems because of competition between sectoral ministries and a rather weak position of the National Development Office (from 2006 onwards, the National Development Agency) with a minister without portfolio. Beyond this, the Hungarian public administration suffered from a lack of trust and was frequently restructured.
- In Poland, the Ministry of Economy, Labour and Social Policy was the central coordinator until 2006. This role was then taken over by the newly established Ministry of Regional Development. Given the complexity of the Polish system, with up to 130 institutions involved in the delivery of Cohesion policy, coordination was a demanding task. Also, the Czech Republic and Poland had some striking structural discontinuities, such as the management changes in the state agency CzechInvest in 2007 or the abolition of the evaluation unit in the Ministry for Regional Development in 2006 in the Czech Republic and the dissolution of the Polish Agency for Regional Development and its long-standing experience with pre-accession funds.
- In Slovakia, the Ministry for Construction and Regional Development - that since 1998 has been in charge of regional policy (prior to 1999 it was called Ministry for Construction and Public Works) - had to coordinate strong sectoral ministries. In Slovenia, coordination was challenging due to the rather weak position of the minister without portfolio responsible for Cohesion policy. Slovenia and Slovakia also experienced changes in higher management positions following elections,

creating additional workloads and - together with frequent minor changes in procedures - more demanding communication flows.

These difficulties were less severe in the small states of Cyprus and Malta, and in Estonia, Latvia and Lithuania, where there was more institutional stability and fewer changes in senior management positions - arguably attributable to the greater progress made with administrative reforms.

EU10 Member States had problems with administrative capacity. Support from pre-accession funds, especially from Phare was found to be of limited value (and not available to Cyprus and Malta)<sup>9</sup> as projects were rather inflexible during implementation and poorly connected to the specific needs for Cohesion policy implementation. In Hungary for instance, highly intensive pre-accession training was not adapted to the work timetables of the target groups. In Poland, foreign experts were in part not able to address the specific characteristics of the Polish administration, such as the inter-relations and distribution of competences of different ministries, the specific roles and competencies of the regions in Cohesion policy (e.g. the distribution of competencies between Voivodes and Marshal Offices) and the differences between regions in terms of growth and administrative capacities. In Slovakia, most new staff were hired after the date when Phare support was available. Pre-accession support was found to be useful mostly in twinning projects, for study tours abroad and international exchange of know-how which was primarily addressed to a small number of higher management positions.

Thus, the implementation of Cohesion policy started with a shortage of trained and experienced staff. This led to high workloads especially at the outset (see Figure 2), which was partly due to limited experience with the management of the policy cycle. Except for Cyprus, all countries had high staff turnover because salaries were low, motivational systems were lacking, workloads were high and a lack of career prospects limited vertical mobility. Capacity limitations were particularly pronounced among implementing bodies and beneficiaries. Only in the smallest countries did these factors affect managing authorities also (Cyprus, Malta, Slovenia). A striking feature was the rather hesitant human resources policies, which had difficulty in addressing the goal-oriented needs of Cohesion policy management. Capacity building was also an issue for partners which were often included with rather unclear roles and without targeted partnership functions.

A series of procedural constraints were encountered, especially in project generation, appraisal and selection, financial management, reporting; and monitoring. These were embedded in administrative systems with - at least residual influence of - bureaucratic public administration systems, leading to over-regulation, over-complicated guidance, duplicate or even triplicate procedures, too many controls or inflexible handling of too much documentation. Partly they also reflected compatibility problems in aligning domestic rules and procedures.

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<sup>9</sup> However, as already noted, Malta and Cyprus benefited from support in the period 2000-03 under Council Regulation (EC) No 555/2000, on the implementation of operations in the framework of the pre-accession strategy for the Republic of Cyprus and the Republic of Malta.

- Through unexpectedly large numbers of project applications, high workloads were caused in *project generation, appraisal and selection* (Hungary, Malta, Slovakia). In Latvia and Lithuania, trilateral contracts were difficult to handle. In some cases, the checks associated with large numbers of annexes to the application caused high administrative burdens, more so if further claims were handled inflexibly as occurred in Hungary.
- *Financial management* was hampered - especially during the first one or two years - by *complex systems*, inflexible procedures and poorly aligned procedures. Under the complex systems of the Czech Republic, Hungary, Poland, Slovakia, Slovenia and Latvia, delays occurred for various reasons. In Slovakia, frequent fine-tuning and specifications were the main reason for delays; in Poland, there were too many institutions and steps in financial flows; this was a problem also in the Czech Republic, in addition to the too many steps in checks and payment during the implementation of projects. Multi-level difficulties with regard to the late start of the monitoring system, administration of contracts, inflexible handling of documents, and a series of ex ante controls and lack of capacities provided the context for delays in Hungary. In Slovenia, there were inconsistent procedures and a lack of information provided to beneficiaries as well as differences in EU and national financial management regulations. In Latvia, additional copies were required of all supporting documentation in the annex of payment requests, and frequent controls were applied.

*Inflexible rule-oriented procedures* applied in Estonia, Hungary and Poland. Frequently, a lack of experience at the level of beneficiaries resulted in low-quality documents and partly lengthy correction rounds (Hungary, Poland, Czech Republic, Latvia, Slovakia, Estonia).

*Unaligned national budget planning* in the Czech Republic and Poland led to regular payment suspensions and liquidity bottlenecks during several months. Separate payments of ERDF and national funds led to delays in the Czech Republic during the first year.

- Some constraints in *reporting* were related to difficulties with the indicator and monitoring systems, specifically in the Czech Republic, Hungary, Poland and Slovenia. This affected primarily data collection and the preparation of reports through delays. The data collection was especially burdensome for implementing bodies and beneficiaries at the beginning due to a lack of practical definition of indicators. In some countries, detailed guidance was not available at the start.
- Achieving appropriate *monitoring systems* proved to be a complex and difficult tasks, especially in some larger countries, and with regard to data and indicator definition in all EU10 Member States. The complex Polish and Slovenian systems were not fully operational during the whole period. This was due to outdated technology and a poor indicator system in Poland and due to unclear task divisions and a lack of reporting and planning functions in Slovenia. In the Czech Republic, monitoring systems developed at programme level were integrated into a central

system which suffered from a lack of data consistency and difficulties with updates. Monitoring systems in Lithuania, Hungary and Slovakia worked with basic functions at the beginning and were further developed in later stages. The use of monitoring systems suffered generally from weaknesses in the indicator system and in data collection especially with regard to physical data. Major weaknesses were huge numbers of indicators (Czech Republic, Latvia, Malta, Poland - with an extreme example of 4,000 indicators for the Integrated Regional Operational Programme); incoherent or inconsistently interpreted indicators; a huge number of users for data entry (380 in the Czech Republic, in Poland - at beneficiary level at the start); and problems with data collection (for instance in Poland, based on hard copies). This was partly connected with complex monitoring systems lacking user-friendliness (in Cyprus at the start, Czech Republic, Latvia, Poland). The consequences were delays and a lack of data reliability.

### 3.5 Continuity<sup>10</sup> and learning

The performance of Management and Implementation Systems improved over time. Systems underwent ongoing change and adaptation, especially in procedures and tools. Also, human resources development issues were addressed to a large degree. More generally, four main factors were found to support continuity and learning. These were: stable structures and institutions; stable leadership and coordination; organisational learning and exploitation of experience; and procedures which allowed flexible change without steep hierarchies and too many controls. The ability to learn and institutional responsiveness were - together with the generally well-established institutional structures - the main basis for greater stability and continuity. The most important way of learning was 'learning by doing' which contributed to the strengthening of coordination and especially to the fine-tuning of procedures. Targeted training enhanced the functioning of procedures. The main improvements were as follows.<sup>11</sup>

**Structural adaptations and strengthened coordination.** In Hungary, the institutional reorganisation in 2006 brought all Managing Authorities into one institution. It alleviated coordination, reduced duplicate rules and strengthened the standardisation of procedures. Further changes streamlined the structures, established a 'one-stop-shop' for applicants and beneficiaries and reduced the number of Implementing Bodies substantially. While this was the only case of substantial restructuring, a series of minor adaptations contributed to stronger coordination and collaboration in all countries.

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<sup>10</sup> It should be noted that the term 'continuity' is preferred to the term 'sustainability' used in the terms of reference (assessment of effectiveness, sustainability and spillover effects of the 2004-06 management and implementation systems of EU10 Member States) to avoid confusion with the discussion of sustainable development (in Section 5) would generate confusion. There is no difference in the substance of the concept, however, which is the continuity of the systems examined beyond 2004-06.

<sup>11</sup> A full overview of the dynamics at process and Member State level during the 2004-06 period is provided in the WP11 Comparative Report on the effectiveness of management and implementation systems in the EU10.

Procedures were updated, simplified and standardised, especially related to project generation, appraisal and selection; financial management; reporting and monitoring.

- *Project generation, appraisal and selection:* Improved management of the programme management cycle reduced peaks in workloads and delays. More direct contact and consultation with potential project applicants improved project generation. Hungary established a call centre for this purpose. Some countries introduced electronic applications (Hungary, Poland). Application forms were often adapted and standardised, and selection systems were partly adjusted. In Estonia, competitive selection was less frequently used for strategically relevant projects and pre-assessments were introduced instead. In Lithuania, continuous application was abandoned. Trilateral contracts in Latvia and Lithuania were changed to bilateral ones. The most frequent changes were adaptations and specification of selection criteria and clearer guidance for their use. Standards for project appraisal were established with standard templates (Cyprus, Lithuania). Instruction and guidance were provided. In Slovakia, principles for handling appeals and complaints were established.
- *Financial management:* Fine-tuning of procedures towards simplification and more flexibility was undertaken in all EU10 Member States, and continued on into the 2007-13 period. Examples are: closer contact and more support for beneficiaries with payment claims (Hungary, Latvia, Slovakia); and attempts flexibly to address implementation problems (partial advance payments in Estonia, increased reporting in order to decrease the number of payment claims and sample-based checks of supporting documentation in Latvia, quicker checks in Malta and Lithuania). In the Czech Republic, two substantial changes contributed to the higher effectiveness of financial management, namely the alignment of payment procedures in 2005 and the permission for interim payments to be made to projects, a measure introduced in 2006. Pre-financing contributed to smooth financial management in Poland, Cyprus, Malta and partly in Latvia. In Latvia, the claims documentation in the annex of payment requests was reduced.
- *Reporting:* In general, the efficiency of the preparation of reports improved over time and, in part, was better adapted to needs. In Estonia, bi-annual reports at priority level were abolished in 2006 due to insufficient information on finalised projects. However, in Malta, bi-annual reports on project progress proved to be of value for the regular discussion of impacts at sectoral committees. Initial difficulties with data collection were addressed through better guidance and clarification of indicators, which reduced the administrative burden.
- *Monitoring:* Monitoring systems - which were initially functioning with basic modules in Lithuania, Hungary and Slovakia - were further developed. In Cyprus, a reporting module was added to the monitoring system. Indicator weaknesses were addressed in the Czech Republic, Hungary, Lithuania, Poland, Slovenia and Slovakia, and were substantially improved in Hungary and Lithuania. In the Czech Republic, Hungary, Latvia, Poland and Slovenia, mid-term solutions for partly-

functioning complex systems were found by running less-sophisticated parallel systems which ensured ongoing monitoring of programme implementation.

Human resources development and management was improved. Human resources development measures contributed to the retention of staff. Salaries were often increased, and in some countries career prospects were improved. Staff could gain experience over time and contributed to improved procedures through 'learning by doing'. Through improved management of the policy cycle, staff shortages at peak times could be avoided and workloads reduced. Specific training and consultations were prepared, adapted to the specific needs of Cohesion policy. The target groups comprised all levels - from management positions and operational staff to beneficiaries. International exchange was utilised through twinning projects, study trips and training abroad. Some countries developed comprehensive training plans for staff involved in Cohesion policy.

The Commission contributed to capacity-building. The Commission participated in different roles: as negotiator - especially regarding the details of the programmes, as administrator and as advisor (for instance for evaluation capacity-building). Based on limited evidence from interviews, these contributions were discussed in different ways. The negotiations during programming and the Commission's facilitating role were generally seen as positive and contributed to effectiveness (e.g. by backing Managing Authorities), except for the change in the approach to regionalisation before 2004. The administrative role was partly seen rather critically with regard to the lengthy procedures, for instance for programme adoption.

A series of measures addressed the fulfilment of the N+2 rule. The monitoring of project progress and payments was improved and undertaken regularly. A ministerial coordination group was established for this purpose in 2005 in the Czech Republic. In Hungary, quarterly reports were prepared for this purpose. Project generation was enhanced through support for beneficiaries with the preparation of payment requests (Hungary, Slovakia), through additional information and training on application needs (Czech Republic, Latvia), and more direct contact and consultation with beneficiaries was introduced (Czech Republic, Hungary, Slovakia). The handling of payment procedures was accelerated. Extra certifications and applications for payments were undertaken where necessary (Czech Republic, Lithuania), larger payment claims were prioritised, and the handling of documents was simplified. Financial resources were frequently re-allocated to different measures.

More guidance on specific aspects was provided. Manuals of procedures were updated and adapted to stakeholder needs following initial experience in all countries. More detailed guidance was provided to improve understanding of selection criteria and monitoring indicators, as well as for the needs of data collection.

IT tools and management information systems. Management information systems were introduced in Cyprus, Hungary, Lithuania and Malta. In Hungary, this included the electronic submission of applications. Internet-based applications were introduced in Poland. In Malta, beneficiaries could submit their progress reports with pre-defined data categories electronically and upload claim documents. In Cyprus, payment claims could be

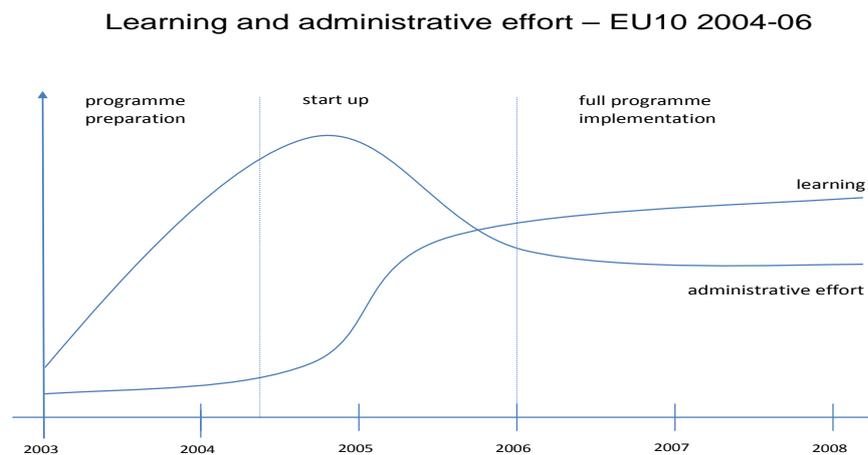
submitted electronically. A Czech development agency provided an electronic payment form to beneficiaries.

The collaboration between ministries and departments was improved. Better collaboration with departments for public procurement speeded up implementation, especially with regard to project selection, contracting and financial management, most notably in Cyprus and Malta. In part, specific training on public procurement enhanced cooperation. Collaboration was also improved with financial authorities (for instance in the Czech Republic) in order to accelerate financial flows.

There is some limited evidence of increases in productivity and wider benefits arising from these changes. Some of these were measurable. For example, the processing time for applications was reduced in certain cases. The time from submission of applications to the signature of the contract was reduced, for instance in Lithuania from 6-9 months to 4-5 months and in Hungary from around four months to three months. Under the Czech Industry and Enterprise Operational Programme, the time from application submission to approval was reduced from eight months, at the beginning, to two months in 2006. Broader administrative effects contributed to accelerated processing of payment claims, of applications and data collection through more direct contact with and consultancy of beneficiaries, reduced administrative burdens through bilateral instead of trilateral contracts in Lithuania and Latvia and more generally to smoother cooperation and collaboration between stages in the programme management cycle and institutions involved.

These substantial improvements, based on ongoing adaptation and experience, generated highly dynamic developments and contributed to greater effectiveness over time. Figure 2 shows the relationship of learning and administrative effort over time based on the qualitative national research and evaluator judgement. Three phases are differentiated. During the programme preparation period, a high level of administrative effort was required to set up systems and procedures from scratch with a lack of experience; particular emphasis was placed on tools for project development, appraisal and selection. During the programme launch phase, significant learning occurred in line with initial operational experience leading to a processes being fine-tuned and adapted to detailed needs. This learning was initially undertaken at the cost of a high administrative burden. Once the programme was fully under way, all processes, now including also evaluation, were addressed. Over time, the learning curve became less steep and the required administrative effort declined.

Figure 2: The relationship of learning and administrative effort in the EU10, 2004-06



Despite these improvements some major constraints remained at the end of 2008<sup>12</sup>, as follows.

- *Programme design*: The most frequent constraint was a lack of a clearly focused development strategy at national level, noted in Estonia, Hungary, Lithuania and Slovakia. The prevalence of a sectoral approach was found in the Czech Republic and in Hungary and, beyond this, objectives were poorly linked between the strategy and the objectives of the programme in the Czech Republic.
- *Partnership*: In all EU8 Member States, insufficient capacities and know-how of partners were identified which undermined an effective inclusion of partner know-how as major constraints. In Poland, this was not a major constraint.
- *Project development, appraisal and selection*: The major constraints with project development, appraisal and selection varied largely among the Member States. Constraints with project development were identified in the Czech Republic (no active project development by authorities) and in Malta (only one single call at the beginning hampered learning). The selection process was hampered through ineffective use of selection criteria resulting in a lack of project quality (focus on formal selection instead of quality criteria in Hungary and Slovakia, poorly linked selection criteria to programme objectives). Additionally, the fully compliance with public procurement obligations could not be secured with existing checks and controls in Slovakia. Further constraints were a lack of user-friendly tools (manuals in Estonia, complicated calls in Hungary and Slovenia), a lack of information and transparency (about assessment results in Estonia, about selection procedures on

<sup>12</sup> The 2004-06 period was extended in all EU10 Member States until 30 June 2009 in the light of the economic crisis. However, this evaluation is based on research undertaken during 2008. This overview was prepared together with national experts on the basis of their research for the 2004-06 period. It does not take into account the improvements undertaken in the 2007-13 period.

tenders in Slovenia) and long selection times (Hungary, Latvia). The major constraint in Poland was constant changes which had to be implemented on the basis of a complex and centralised procedure.<sup>13</sup>

- *Financial management:* In all EU10 Member States - except for Cyprus and Lithuania - financial management was complex and cumbersome and related to distrust (Czech Republic, Hungary ), strong emphasis on controls (Czech Republic, Estonia, Hungary, Latvia), bottlenecks during verification of payments (Malta), poorly prepared payment requests by beneficiaries (Slovakia) and frequent changes as well as problems with the implementation of controls (Slovenia). In Poland, the major constraint was the non-aligned domestic and Cohesion policy procedures which enhanced complexity and produces delays.
- *Programme monitoring:* The two main constraints with regard to monitoring were not fully operational monitoring systems and not properly developed indicator systems. These occurred mainly in the EU8 Member States. Systems were not fully operational in the Czech Republic, Poland and Slovenia (no planning and reporting functions), they were not user-friendly in Estonia and Slovakia (poor data reliability, delayed data entries), strong emphasis on financial monitoring and low use of monitoring as tools for strategic management (Estonia, Slovakia, Slovenia). In the Czech Republic, a legally based constraint regarding the property rights of the monitoring system was outstanding at the end of 2008. Indicator systems were not appropriately developed in the Czech Republic (unsuitable indicators for some programmes, poorly coordinated), in Hungary, partly in Lithuania, in Poland (extensive and inconsistent systems), in Slovakia (often questionable relevance for programme objectives) and in Slovenia (not always clear and measurable indicators).
- *Reporting:* The main constraints were the low usage of reports for monitoring and managerial purposes (Estonia, Latvia), rather formal and descriptive reports (Lithuania, Slovakia), complex and demanding procedures (double procedures in Estonia, in Malta at project level, Slovenia) and the lack of reliable data because of a not fully operational monitoring system in the Czech Republic, Poland and Slovenia.
- *Evaluation:* The main constraints with regard to evaluation were a low level of incorporation of results (Czech Republic, Estonia, Slovenia), a lack of evaluation capacity (Hungary, Slovakia, Slovenia) and a poorly developed evaluation culture (Latvia, Lithuania, Slovakia). In Poland, the use of price as the main selection criterion for evaluation contracts was still a constraint at the end of 2008 - although to a lower degree than at the beginning. The major constraint in Malta was that evaluations were not published.

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<sup>13</sup> This procedure was improved for the 2007-13 programme period.

### 3.6 Spillovers

The analysis of spillover effects comprised all tangible effects of managing and implementing Cohesion policy on the wider institutional and administrative culture. The scale of immediate spillovers is remarkable given the short first programme period. They contributed to the ongoing reforms in public administration and to domestic policy management. Specific spillovers related to managerial practices, staff expertise and institutional changes.

Spillovers related to managerial practices enhanced strategic planning, the implementation of the partnership principle, systematic project monitoring and evaluation in different ways. The following overview is restricted to specific spillovers and does not take into account those with rather ‘soft’ evidence.

- A medium-term budgetary framework was newly established in Cyprus. It closed the gap between the long-term EU strategic development plan and the annual development budgets. In the Czech Republic, the design of development strategies became an integral part of domestic development policy. In Poland, multi-annual strategic planning and task-oriented multi-annual budget planning were introduced in the administration of public funds and are being further developed.
- The role of the partnership principle in the policy decision-making process was strengthened through consultations of partners in Estonia, Latvia, Lithuania and Malta. In Poland, more local authorities and municipalities were included in policy decision-making through consultations.
- Regular evaluation was introduced for the new medium-term budget framework in Cyprus. Beyond this, evaluation practices from Cohesion policy were used for the domestic Common Assessment Framework. The development agency CzechInvest introduced regular evaluations for domestic investment programmes. In Poland, ex ante evaluations were made obligatory for all public programmes. More outcome evaluations were conducted in Estonia.
- More systematic project monitoring was introduced in domestic policies in Cyprus comprising the regular monitoring of timetables and expenditures.
- Monitoring was strengthened in a series of countries (Cyprus, Czech Republic, Hungary, Malta, Poland, Slovakia). In Hungary, Monitoring Committees were introduced for domestic development programmes. In Poland, the use of indicators and the monitoring of results are foreseen in the implementation of future public programmes.

Spillover effects from the management and implementation of Cohesion policy contributed to staff expertise in general. Through training and experience with Cohesion policy implementation, new working methods were introduced in domestic policies, enhancing the professionalism of staff.

- Reflection and planning allowed various aspects of the programme cycle to be enhanced. This included the application of management tools, monitoring indicators and took into account the sustainability of results (Czech Republic), calls for applications and the use of evaluations grids and appraisal scoring methods (Hungary). In Lithuania and Estonia, a series of practices were transferred with regard to project generation and selection, setting indicators, control and accountability.
- Knowledge and capabilities gained in Cohesion policy implementation led to a strengthening of the public administration in strategic planning (Estonia, Latvia, Lithuania, Malta, Slovenia), public tendering (Czech Republic, Lithuania, Malta) and financial control (Estonia).

Spillovers initiated institutional changes in organisations not involved in Cohesion policy. They were mainly related to new approaches for human resources management and development as well as to the strengthening of coordination and collaboration.

- Among approaches for human resources management and development, the organisation of project teams was adapted to the programme cycle logic in the Czech Republic. Tasks were related to processes in Cohesion policy implementation (financial manager, project manager, controller etc) rather than to themes or sectors. In Cyprus, the number of personnel working on the implementation of the development policy has increased significantly, and training in modern monitoring and administration methods was introduced.
- Coordination and collaboration was strengthened in several countries (Cyprus, Estonia, Lithuania, Latvia, Malta, Poland, Slovenia). This led to a greater coherence of public policies in general and to a spread of common values across public administration in Cyprus and Estonia. In Poland, permanent meetings between the national regional development ministry and regional self-governments at regional level were introduced in domestic policies. In Slovenia inter-ministerial coordination was strengthened. In Latvia, most government institutions have established internal audit units.

With regard to the programme management cycle, the most frequent spillovers were found in the areas of strategic planning, horizontal coordination, partnership and evaluation. Somewhat fewer spillovers were identified in financial management and control and monitoring. The fewest spillovers of tools and practices were identified in public tendering and project selection. Spillovers contributed to the alignment of domestic and Cohesion policy procedures as well as to enhancements and awareness in these policy fields.

Some limited evidence is available for further spillovers related to the partnership principle and to the strengthening of administrative law principles relevant for modern public management, specifically of effectiveness, efficiency, transparency and accountability.

- Partnership with regional actors. The absorption capacity and interests of regional actors for regional development policy were mapped and enhanced in the Czech

Republic. In Hungary, awareness of horizontal themes and cooperation among municipalities was strengthened.

- Use of electronic communication to enhance a customer-oriented approach. In the Czech Republic, the use of electronic communication has become an integral part of exchanging and providing information.
- Strengthening efficiency and effectiveness, transparency and accountability: Some administrative trends contributing to transparency, efficiency and effectiveness were found in Poland (higher awareness of using the right procedures, indicators and techniques; use of modern working methods) and the Czech Republic (cost-benefit analysis for transport infrastructure, more emphasis on impact assessment for public programmes). In Lithuania, a move towards managerial systems introducing a quality management system into administrative processes was observed.

Although the analysis of spillovers is based only on preliminary evidence, these first results suggest that spillovers are being driven by factors such as the need for alignment of domestic and Cohesion policy procedures, a general openness towards managerial approaches, and a developing leadership. It can be assumed that practices of Cohesion policy strengthened principles of public management like openness, transparency, accountability, efficiency, effectiveness and professionalism. Indirect evidence was also found for the existence of well-functioning coordination in Cohesion policy being facilitative for spillover effects. Last but not least, integrated systems supported the development of spillovers.



## 4. SPILLOVERS FROM COHESION POLICY MANAGEMENT AND IMPLEMENTATION: EVIDENCE FROM THE EU15

### 4.1 Introduction

The second major research task for the study investigated whether there were spillovers<sup>14</sup> from Cohesion policy management and implementation systems in the form of EU influence on the domestic policy management systems of Member States in the EU15. This involved a combination of desk research on the academic and policy literatures and seven case studies of selected 2000-06 programmes drawn from Austria, Finland, France, Greece, Ireland, Italy and the United Kingdom. The research focused on three issues: (a) the *interaction* between Cohesion policy and domestic policy management and implementation; (b) the nature of the *influence* of ERDF administration on domestic policies (and vice-versa), particularly the process through which such influence occurred; and (c) the *permanence* of the influence, notably the degree to which influence was transient or embedded.

The following section (Section 4.2) summarises the findings of past research on the topic of Cohesion policy spillovers. It is followed by a discussion of the main factors which affect influence and change (Section 4.3) and by a description of the differing relationships between EU and domestic management and implementation systems in the case studies investigated. Sections 4.5 to 4.8 present the empirical findings of the research, discussing in turn: the influence of Cohesion policy on domestic policy administration; the scale and nature of change; the way in which influence and change occurred, and the effects produced by the Cohesion policy influence. Section 4.9 brings the chapter to a close with some conclusions.

### 4.2 Cohesion policy spillovers: taking stock of research

The implementation of Cohesion policy in the EU15 has been subject to extensive research over the past two decades. With respect to spillovers, research on Europeanisation and European governance has explored the consequences of Cohesion policy for domestic political institutions and policy processes, especially the implications for territorial politics. In this literature, Cohesion policy is often credited with stimulating new institutional responses and policy frameworks for the management and implementation of regional development (e.g. Marks *et al*, 1996; Börzel, 1999; Bache, 1999; Bache, 2004), although it may not have fundamentally challenged the locus of decision-making power within Member States (Keating, 2008). A second strand of research, in the regional studies literature, has been concerned with the ‘added value’ of Cohesion policy, essentially seeking to capture both the economic and non-economic benefits of the funding and governance of Cohesion

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<sup>14</sup> It should be noted that in earlier stages of the research, and in line with the terminology of the terms of reference, the term ‘added value’ was used to refer to the effects of Cohesion policy management and implementation systems on domestic systems. However, the term ‘added value’ has often been used to describe the qualitative benefits of Cohesion policy, and could be interpreted as implying the superiority of Cohesion policy management and implementation systems over domestic systems. In this final report, the clearer and more objective term ‘spillovers’ is used instead.

policy.<sup>15</sup> In this research, the ‘Community method’ of implementing Structural Funds has often been found to generate direct and indirect spillovers on domestic administrative systems and practices, associated with a range of political, policy, operational and learning effects (CIRCA, 1999; European Commission, 2002a; Bachtler and Taylor, 2003; Ministero dell’Economia e delle Finanze, 2003; ECOTEC, 2003; Viesti and Prota, 2003; AER 2007; ÖIR, 2007). Specific examples of spillovers have been identified for many of the management and implementation processes of Cohesion policy.

First, the ‘*strategic approach to regional development*’ required by Cohesion policy programmes has promoted a transition away from project-based or instrument-based policy-making to multi-annual, multi-sectoral and geographically-focused programme-based strategies, and has been associated with the introduction of new ideas and approaches, better project selection, and greater coherence of co-financed interventions (Bachtler and Taylor, 2003; RIDER II, 2003; ÖIR, 2007). This was facilitated by the hierarchical organisation of programmes (objective, priorities, measures) and the explicit linkage between objectives and interventions, as well as the inclusion of quantified targets and the use of evaluation evidence to inform the strategies (ex ante evaluations). It was also aided by the consultative approach to programme development, with the involvement of institutional and socio-economic partners in programme design. Some research evidence suggests that the quality of strategies produced under Cohesion policy through multi-annual planning has been higher than that of domestic programmes (ECOTEC, 2003) and that such a ‘programme approach’ was not always previously prevalent in EU Member States (e.g. Mairate, 2006; Kinnunen, 2004). With respect to the content of programmes, Cohesion policy has led to the introduction of new policy fields in some Member States (ÖIR, 2007) and a shift in national policy interventions away from the traditional focus on infrastructure and business aid towards human resources, innovation, community development and the horizontal themes (Bachtler and Mendez, 2007; ÖIR, 2007; Technopolis, 2006; EKOS Consulting, undated).

Second, the Cohesion policy ‘method’ been sometimes promoted more *systematic, professional and strategic project appraisal and selection* (Ferry *et al*, 2007; ÖIR, 2003) as well as more transparent and accountable procedures (ÖIR, 2003). By so doing, Cohesion policy project selection procedures have supported better projects (Court of Auditors, 2003), and also promoted horizontal priorities, such as gender equality and environmental sustainability, alongside the declared objectives of interventions (European Commission 2004; European Commission, 2002b; Taylor *et al*, 2001).

The Cohesion policy approach to policy implementation has also led to introduction of *monitoring, evaluation and reporting* practices which were largely absent in some Member States. Evaluation, in particular, is seen as one of the most tangible examples of spillovers associated with Cohesion policy management and implementation. Through the regulatory

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<sup>15</sup> The concept of ‘added value’ is not straightforward. Inherently subjective and subject to different definitions, it has been a useful, evocative tool for political justifications of European intervention whilst being of questionable utility for analytical purposes (Tarschys, 2005). The concept has been linked conceptually to the principle of subsidiarity (Tarschys, 2005; Mairate, 2006) and explored from both qualitative and quantitative perspectives.

requirements and influence of the Commission, the evaluation obligations for Member States have increased (Polverari *et al*, 2007; Barca 2006b; Bougas, 2001). This has contributed to the gradual establishment of an evaluation culture and practice that in some cases, has spilled over into domestic policy implementation. In a number of EU15 countries (Austria, Finland, Ireland, Italy), the evaluation of national regional policies has developed largely in response to the rules introduced by Structural Funds regulations (Polverari and Bachtler, 2004; Holzinger, 2001; Tutty, 1994; Barca 2006a, 2006b). In other cases, policymakers have argued that Cohesion policy evaluation requirements have acted as a ‘catalyst for change’ at strategic, management and implementation levels - as in Germany (Jakoby, 2006), not least due to extensive capacity-building efforts to develop evaluation capacities on both the demand and supply sides, as in Italy (Casavola and Tagle, 2003). The increasing quality of evaluation reports, the stronger institutionalisation of evaluation activities, the improving methodological solidity of evaluation work, as well as the greater use made of evaluation outcomes within Cohesion policy (European Commission, 2004; Polverari, 2007; Barca, 2006a; Baslé, 2006) have been found to have influenced national policies, for example by raising the profile of evaluation (Bachtler, 2001; Bachtler and Wren, 2006; Aalbu, 1998; Barca, 2006a, 2006b; Huber, 2006) or by generating a ‘virtuous circle’ of evaluation in the Member States (Geddes, 2006).

Assessments of the influence of monitoring and reporting are less extensive; nonetheless, and despite persistent problems with monitoring during the 2000-06 period (Polverari *et al*, 2007), research has shown that in some countries the monitoring systems of co-financed programmes have been of better quality than those of some domestic programmes, which were in some cases ‘approximate and in any case strongly underutilised’ (Barca 2006b, on Italy, own translation). This has contributed to the introduction of new monitoring practices for domestic initiatives (e.g. in the UK, ECOTEC 2003b). Similar observations can be made about reporting where there is some evidence of EU practices ‘adding value’ to domestic systems. The most prominent example is again Italy, where the use of reporting, monitoring and evaluation has been used in the context of financial management to increase the incentives for effective administration (Pollitt and Bouckaert, 2004; Barca, 2003).

As regards financial management more generally, Cohesion policy has promoted an unprecedented rigour in the use of resources by establishing clear-cut rules for the swift absorption of funds, and a better programming and monitoring of expenditure (European Parliament, 2008b; Barca, 2006b; ECOTEC, 2003b). However, this element of added value has not gone uncontested, for instance because these rules have led to a prioritisation of financial absorption over project quality and hindered risk-taking and innovation (Davies *et al*, 2008), and because of the complexity and administrative cost of some financial management and control requirements, such as the rules on eligible expenditure and the extent of certification requirements (ÖIR 2003; Davies *et al*, 2008).

One of the most frequently cited spillovers associated with Cohesion policy is in the field of institutional cooperation or *partnership*. Past evaluation studies have generally concluded that this fundamental principle of Cohesion policy has brought enhanced transparency, co-operation and co-ordination to the design and delivery of regional development policy, and better quality regional development interventions, for instance encouraging more coherent and inclusive policies and shared objectives (European Commission, 2002a). A range of

benefits have been found stemming from this practice, such as the improved vertical coherence of policy, the stronger involvement of local actors in policy-making, a greater awareness of the ‘bigger picture’, collaborative working and co-operation on economic development initiatives, improved decision-making, and opportunities for exchange of experience both within and beyond regions (Tavistock Institute, 1999; Bachtler and Turok, 1997). Partnership has also been linked to the strengthening of skills and management competences, and the creation of ‘know-how pools’ within regional and local organisations (ÖIR *et al*, 2003; ÖIR, 2007) that can be applied to other areas of policy (Roberts, 2003). From its introduction in EU Cohesion policy in 1988, the partnership principle has led to approaches to partnership engagement that went beyond Cohesion policy requirements (Clifford, 2008; Conzelmann, 1995), or spilled over into the domestic policy-making arena (e.g. on Italy Lippi, 2006). It has also been argued that, through Cohesion policy, regions have been better informed, represented and active in the debates on the European policy agendas (Bailey and De Propris, 2002; Hooghe, 1998), leading more generally to an expanded, more pro-active role for sub-national authorities (CEMR, 2002; Ferry and McMaster, 2005; Fleurke and Willemse, 2007; Hooghe and Marks, 2001; ÖIR, 2007). However, the implementation of the partnership principle within Cohesion policy has not been without limitations or even conflicts (Bauer, 2002) nor has it had a uniform impact, with differential take-up across and within countries, between different administrative levels, and across policy-making processes (Hooghe 1996; Bache 1997; Marks *et al*, 1996).

Finally, one last set of spillover effects covered in the literature is the generic ‘*learning*’ environment of the Cohesion policy framework which facilitates exchange of experience, mutual learning and lesson-drawing on the management and implementation of regional development practices across countries and regions (Bachtler and Taylor, 2003). Cohesion policy has been found to have contributed to the modernisation of public administration of countries and regions (Barca 2003, 133; Barca 2006b), and to have determined a learning process particularly at sub-national levels even in countries with existing multi-level governance (France, Italy, Netherlands), where regional actors had to learn how to coordinate and engage with local stakeholders and to design and implement policy interventions (Bailey and De Propris, 2002). There are perceived tangible outcomes in terms of the encouragement given to regional and local organisations to become involved in European political and policy debates and to ‘internationalise’ their operations, through participation in networking activities, territorial cooperation projects and EU-wide capacity building (such as the periodic evaluation conferences organised by the European Commission). Thus, as well as shaping formal policy structures, EU policy practices can shape institutional structures, procedures, codes and cultures also (Adshead, 2005; Bulmer and Burch, 1998; ÖIR, 2007).

### 4.3 Framing the research conceptually: domestic and Cohesion policy factors affecting influence and change

Emerging from this literature review<sup>16</sup> is a picture of Cohesion policy introducing new management and implementation practices and procedures into Member States. This is clearly evident in the way that domestic administrative processes have had to be adapted to deal with the management of Cohesion policy, and that many of these adaptations have had wider effects on the policy management systems and routines of Member States. Less clear, however, is the degree to which the influence of Cohesion policy has changed the management of domestic regional development policies, how this influence has taken place and the degree to which the influence is transient or embedded.

As noted above, these have been the main questions for the evaluation of spillovers in the EU15 in this study. The research involved case study research at different spatial scales in seven Member States: Austria (Burgenland), Finland (Western Finland), France, Greece, Ireland, Italy (Tuscany) and the UK (the English regions of South West and East Midlands). In each case, the research involved desk research of programme documentation, evaluation studies and academic literature, combined with fieldwork interviews with strategic and operational level stakeholders involved in the implementation of both Cohesion policy and domestic regional development policies, as well as with external observers. The key issues for investigation were: the extent to which the management and implementation of Cohesion policy programmes over the 2000-06 period influenced the way that domestic policies were implemented in the same period (and subsequently); the way in which such influence has occurred; the effects of the changes introduced through EU Cohesion policy to domestic management and implementation; and the key lessons that could be drawn regarding wider impacts that EU Cohesion policy programmes can have on domestic contexts.

Analysing spillovers from Cohesion policy to domestic policy management and implementation systems has required consideration of a range of factors - some related to the domestic policy context, others related to Cohesion policy. Among the domestic factors, traditions of state intervention and public administration vary considerably across Europe (Pollitt and Bouckaert, 2004). Such traditions can explain the higher or lower sensitivity of domestic actors towards certain implementation themes, such as the partnership principle, and account for the degree of resistance to change that has been found (for example in Greece). Another factor is the perceived efficiency and effectiveness of domestic systems, and the expectations of administrators and stakeholders on what the public sector should provide. It has been observed, for example, that Cohesion policy has contributed to increasing the expectations of what policy could achieve (Leonardi, 2006) and raising the 'bar' of public sector efficiency/efficacy. A third factor is the influence of domestic reform processes operating in parallel to the introduction of Cohesion policy methods and practices. In the mid-1990s, several EU countries undertook public sector reforms prompted by domestic political and financial pressures, and the need to meet the

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<sup>16</sup> The above section is a summary of a more extended literature review which can be found in the WP11 Preliminary Report.

Maastricht criteria for EMU. It has been observed that in some cases, Cohesion policy has been intentionally used by governing élites to support a domestic reform agenda (Di Quirico, 2006). A fourth factor relates to the status, maturity and resources (in terms of number of staff, capacities and capabilities) of domestic administrations. Arguably, there needs to be a minimum threshold of competencies and a critical mass of administrators able to translate the Cohesion policy method into the domestic systems. Lastly, and related to the latter point, the existence of an élite of political and/or technical actors motivated to promote the adoption of aspects of the Cohesion policy method into domestic systems is relevant for determining the potential for spillovers to take place.

All these factors affect the influence of Cohesion policy onto domestic systems in three ways: they determine the degree of coherence between the domestic and Cohesion policy systems - what Europeanisation scholars have called the 'goodness of fit' (e.g. Radaelli, 2000; Risse *et al*, 2001; Morlino and Fargion, 2006) - which affects the potential for influence to take place; they determine the openness/receptivity of domestic systems to change; and they determine the capacity of domestic systems to translate EU influence into actual changes to domestic practices.

As well as the domestic policy context, two Cohesion policy factors affect the potential and degree of EU influence on domestic implementation systems. The first is the degree to which the allocation of resources through Cohesion policy is integrated (subsumed) into domestic resource allocation systems - or whether a differentiated (or parallel) system for administering Cohesion policy is established (see Ferry *et al*, 2007). The second factor is the scale of Cohesion policy funding relative to domestic funding for regional development and, more generally, the relationship between Cohesion policy funding and domestic public expenditure trends. As argued in other studies, Cohesion policy funding (and thus, one might argue, the compliance with the Community method) have the potential to become pivotal in contexts of contracting public spending and domestic financial constraints (Di Quirico, 2006). These two factors - administrative integration and relative weight of funding - can explain the different degree of influence exerted by Cohesion policy in terms of the 'exposure' of domestic systems to the Cohesion policy method, and more generally in terms of 'visibility' of such method and the impacts that it can lead to achieve.

One final point in framing the empirical research relates to the timetable over which influence occurs. This study is concerned with the influence of Cohesion policy management and implementation systems in the 2000-06 period. However, in practice, the evidence suggests that spillovers evolve over successive programme periods (Bachtler and Taylor, 2003); thus, the changes taking place in the 2000-06 period were part of longer term modifications of management and implementation processes, in some cases originating in the 1989-93 or 1994-99 periods and/or continuing (or taking effect) in the 2007-13 period. The empirical research discussed in the following sections substantiates the findings of earlier studies that the influence of Cohesion policy MIS does not necessarily start immediately on receipt of EU funding, that it takes time for relevant lessons to be adopted in domestic practice (e.g. in the second or third programme periods), and that thereafter the scope for influence may decline.

#### 4.4 The relationship between EU and domestic management and implementation systems

In line with the above discussion, the starting point for the research was to understand the relationship between the management and implementation systems used for Cohesion policy and those used for domestic policy administration. At the outset of the 2000-06 period, the case study countries/regions were characterised by significant differences between EU and domestic systems.

In general, there were two types of governance arrangement. One form of governance involved EU and domestic policy being predominantly managed by national-level administrations or their representatives in the regions (France, Greece, United Kingdom (England)). The other involved regional self-government authorities or assemblies having the main management and implementation responsibility, coordinated by, or in cooperation with, the central or federal state (Austria, Finland, Ireland and Italy). Generally, the administration of both strands of policy was carried out by the same levels of government.

At the level of individual management and implementation processes, the differences were greater (see Table 1 below). Some aspects of administration involved integration of national and EU systems (i.e. the same process was used for both EU and national funding), based either on EU or national administrative procedures. At the other end of the spectrum, certain administrative systems for implementing EU and national funding were entirely different (differentiated). In between, were systemic arrangements that were coordinated or run in parallel to varying degrees. Systems also evolved over time, generally in the direction of greater integration or at least alignment. These differences can be elaborated by considering each of the management and implementation systems in turn.

Programme design. There was considerable ‘integration’ in the programming of EU and domestic resources under the Objective 1 programmes in Greece, Ireland and Austria (Burgenland). In the Greek case, the dominance of EU funding and the absence of a separate strategic planning process for domestic resources meant that the planning for both sets of funding was driven by EU programming requirements. In the case of Ireland, the two sets of resources were also programmed together, both using EU programming principles, although the EU funding was a relatively small component of the overall NDP. In Austria (Burgenland), the creation of a domestic ‘Additionality Programme’ allowed the same strategy and eligibility conditions to be used in the programming of both EU and domestic resources. By contrast, in the other Member States, where EU funding was largely allocated under Objective 2 programmes, the relationship was more one of ‘coordination’. In each case - Finland, France, Italy, United Kingdom - EU programming and domestic regional development resource planning were undertaken in parallel; these processes were harmonised in France and Italy (Tuscany) and interlinked in Finland (Oulu), but only partly-coordinated in the United Kingdom (East Midlands, South West England). Notwithstanding these differences, a common feature of all seven countries is that the institutional context for programme design was building on the experience of previous programme periods - three in the case of France, Italy and the UK (1989-93, 1994-96, 1997-99), two in the case of Greece and Ireland (1989-93, 1994-99) and one for Austria and Finland (1995-99).

Table 1: Relationship between Cohesion policy and domestic administrative systems, 2000-06

	Programme design	Project selection	Financial management	Monitoring	Evaluation	Reporting	Partnership
Austria (Burgenland)	Integrated; national dominated	Part integrated	Differentiated	Land integrated; federally differentiated	Partly integrated	Partly differentiated	Integrated
Greece	Integrated; EU dominated	Parallel; coordinated	Integrated (embedded in domestic)	Partly integrated	Differentiated	Differentiated	Differentiated (limited domestic partnership)
Finland (Western Finland)	Parallel; interlinked	Integrated	Integrated (embedded in domestic bgt)	Largely integrated	Largely differentiated	Differentiated	Increasingly integrated
France	Parallel; coordinated	Differentiated	Differentiated	Differentiated with some common indicators	Increasingly integrated	Parallel; differentiated	Differentiated (Limited domestic partnership)
Ireland	Integrated; national dominated	Integrated	Largely integrated	Integrated	Integrated	Integrated (but with parallel domestic elements)	Largely integrated (but regional assemblies only for Cohesion policy)
Italy (Tuscany)	Parallel; coordinated	Parallel; coordinated	Differentiated	Differentiated but becoming integrated	Parallel; differentiated	Parallel; differentiated	Parallel; coordinated
UK (England, SW and EM)	Parallel; partly coordinated	Differentiated	Differentiated	Differentiated	Parallel; differentiated	Parallel; differentiated	Moderate integration

Project generation, appraisal and selection. The main difference between countries/regions is the degree to which common procedures or criteria were used for domestic and EU resources. In Ireland, highly integrated systems already existed prior to 2000. In Austria and Italy, some aspects of project generation, appraisal and selection were the same. By contrast, France, Greece and the UK operated different procedures for the EU and domestic funding for projects (less rigorous domestic systems in the cases of France and Greece).

Financial management. In Finland, Greece and Ireland, integrated systems of financial management were in place, in the latter two cases covering large volumes of investment under national and regional Objective 1 programmes. In the other countries, financial management systems for ERDF funds and domestic regional policy funding were differentiated. In the UK, a separate system was in place for domestic resources in the East Midlands and South West England (and other English regions). In Austria and France, a more complex system was used, with different funding institutions and budget lines involved in delivering national policy resources. By comparison with EU financial management systems,

domestic systems in France and Italy were generally less prescriptive in terms of the systemic information requirements.

**Monitoring.** In Finland, Greece and Ireland, monitoring systems were partly or fully integrated, reflecting also the integrated approaches taken to programming and financial management. In France, some aspects of monitoring procedures were integrated within a largely differentiated system. By contrast, Austria, Italy and the UK operated substantially different monitoring systems for ERDF and domestic funds.

**Evaluation.** Two main differences are apparent. The first was the extent to which evaluation formed part of domestic policy management and implementation. In Austria, France, Ireland, the United Kingdom, evaluation was a core, formalised part of both domestic and EU policy processes. In Finland and Italy, a systematic approach to domestic policy evaluation emerged in the course of the period. By contrast, in Greece, evaluation was limited to Cohesion policy, due to limited awareness on the potential contribution of evaluation to policy-making and a lack of experience in commissioning and implementing evaluations. Second, countries varied in the extent to which evaluation practices under domestic and EU policy-making were coordinated or integrated. Ireland was the only example of a highly integrated approach to the evaluation of ERDF and domestic interventions included in the NDP. To a lesser extent, in France and Austria, some coordination of evaluation procedures was introduced. Elsewhere, the evaluation systems were separate.

**Reporting.** Separate EU and domestic reporting systems were operated in all countries/regions. In general, reporting systems for domestic policy were less standardised and structured than for ERDF.

**Partnership.** Partner involvement in policy management and implementation was generally higher in the EU programmes than under domestic policy, and Cohesion policy was a vector for increased partnership in domestic regional development policies in Austria, Finland, France, Greece and Italy. It was notable that, for both strands of policy, the involvement of partners was generally stronger in the stages of strategy development and programme design than in the implementation of policy. A notable exception to this was in Finland where, through the Oulu Growth Agreement model, the involvement of local socio-economic actors, notably business representation, was also strong during the implementation stages.

#### **4.5 The influence of Cohesion policy on domestic policy administration**

The previous section demonstrates the complex and varied relationship between the administration of EU and domestic funding. In this context, the first research question is: what was the influence of Cohesion policy management and implementation systems on domestic policy administration?

The findings from the empirical research demonstrate that the management and implementation systems of Cohesion policy influenced domestic policy administration, not just in the 2000-06 period but also in the preceding and subsequent (current) periods. The

influence varied greatly in scope and scale, and the effects were also linked to other, non-EU causal factors. The influence was of three types: institutional, operational and cultural. Institutional changes involved adaptations to the organisations responsible for implementing regional policy, including: the creation or strengthening of territorial or sectoral bodies; the establishment of new coordination organisations or fora; and the reorganisation of responsibilities to bring domestic policy more in line with Cohesion policy. The operational changes relate to the modification of procedures and methods of policy implementation. Lastly, cultural changes relate to the human resources involved in policy implementation, and their attitudes, skills and expectations. These three elements are now examined in turn.

#### *4.5.1 Institutional influences of Cohesion policy*

Cohesion policy was a cause of institutional change in domestic administrations during the 2000-06 programme period. The most common changes, evident in all case study countries/regions, involved the creation of new authorities or strengthening of existing territorial or sectoral institutions. In some cases, this was the result of previous experience of Cohesion policy implementation, as in Finland, France and Ireland. The Finnish Regional Management Committees were given responsibility for taking decisions on the allocation of both EU and domestic financial resources by the 2002 Regional Development Act and increased their involvement in project generation, appraisal and selection. This was intended to coordinate better the planning of domestic and EU funding, as part of a wider initiative to create a more integrated, cross-sectoral approach to regional development. A similar development occurred in France where, following the recommendations of the 1998 Chèrèque Report, the role of the regional self-governments for the programming of EU and domestic resources was strengthened, as part of an ongoing decentralisation process. The Irish NDP/CSF Evaluation Unit was established in 2000 under the aegis of the Department of Finance, through the merger of existing sectoral Evaluation Units. Tasked initially with the coordination of evaluations undertaken under the NDP<sup>17</sup>, it was later amalgamated into a Central Expenditure and Evaluation Unit (CEEU) with a wider responsibility for monitoring the implementation of new Value for Money Guidelines across capital expenditure as a whole (including the organisation of the ongoing evaluation of the 2007-13 NDP).

The evolutionary nature of Cohesion policy's institutional influence is also evident in Greece. During the 1994-99 period, a number of special bodies were set up to improve the efficiency and effectiveness of Cohesion policy management, operating in parallel to the public administration and often as private companies. Many of these *Societes Anonymes* (S.A.) continued to operate in 2000-06, (e.g. the MOU S.A., the Information Society S.A., EGNATIA S.A., ATTIKO METRO S.A. and others). Although few of these bodies had domestic policy administration responsibilities (IGNATIA S.A. was one of the exceptions), the experience with their Cohesion policy management role in 1994-99 and 2000-06 has led to

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<sup>17</sup> It assisted departments with performance indicators, had an advisory role on evaluation issues and a standard-setting function and was also responsible for the interim evaluation of the NDP. It also commissioned, and in some cases undertook, evaluation work.

new *Societes Anonymes* (or Managing Authority-type bodies) being established for the 2007-13 period to manage both EU and domestic policy administration. The 2000-06 experience can also be seen in the creation of a Special Service in the Ministry of Economy and Finances in Greece. This operates as the Managing Authority of the 2007-13 National Development Plan, a strategic plan organised along the lines of Cohesion policy requirements but solely funded with domestic resources and underpinned by sectoral and regional 'National Development Programmes'. Lastly, the EU institutional influence was apparent in the creation of a range of committees<sup>18</sup> in 2000-06 with decision-making powers and monitoring functions for selected domestic programmes (the PPP, THISEAS and PINDOS programmes) which were largely modelled on similar bodies established under Cohesion policy.

A second set of institutional developments relates to the establishment of new coordination structures and fora (or the reorganisation of competences of existing bodies), as with the Austrian KAP-EVA platform and the Burgenland Coordination Meeting for the Additivity Programme. KAP-EVA (*Koordinierungs- und Arbeitsplattform*) was set up to coordinate and accompany the evaluation of Cohesion policy. It was initiated in 2002 with the remit to coordinate the mid-term evaluations of all of the regions (*Länder*) and to share cooperation experiences with external experts, as well as lessons learnt from the content of the evaluations. The activities of KAP-EVA contributed to building evaluation skills and to enhancing, disseminating and utilising evaluation knowledge, beyond the sphere of Cohesion policy. The Burgenland Coordination Meeting, on the other hand, was an enlarged Monitoring Committee-type body, with responsibility for the appraisal of projects under the Additivity Programme (funded solely with domestic resources) and the SPD.

Similar structures can be found in other case studies relating to the 2007-13 programme period, namely the Finnish Regional Development Structural Funds Consultative Committee; the Greek National Competitiveness Council and similar consultative collective bodies tasked with informing national sectoral policies, and the two Tuscan horizontal 'Concertation Tables'. The function of these bodies was not so much one of policy delivery, but mainly one of coordination, communication and collaboration amongst all the actors and stakeholders involved in this task, with a view to improving the efficiency of domestic policy.

In Finland, for instance, the Consultative Committee was introduced at the start of the 2007-13 programme period to ensure better coordination of EU and domestic regional development measures. In Tuscany, on the other hand, the two horizontal Concertation Tables - the General Concertation Table<sup>19</sup> and the Institutional Concertation Table<sup>20</sup> - were established, within the Presidency of the Regional Authority, to involve partners more

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<sup>18</sup> They are the Inter-ministerial Committee and the Special Secretariats for Public & Private Partnership, the Monitoring Committees of the THISEAS programme (one national and 13 regional Committees) and the Political Committee and Monitoring Committee of the PINDOS programmes.

<sup>19</sup> Regulated by D.G.R (Decree of the Regional Government) 328/2001, subsequently amended by D.G.R. 906/2005.

<sup>20</sup> Regulated by D.G.R. 1222/2005.

actively in the formulation (mainly) and implementation of domestic regional level plans and programmes, and to move away from the previous sectoral approach taken to partner involvement. This institutional development, in addition to having been influenced by the experience of implementing Cohesion policy, is linked to a more general willingness, formalised in the 2006-10 Regional Development Plan, to establish an ‘enlarged governance’ which would take an active role in policy implementation and be accountable for final results and outcomes.

A particularly interesting example of institutional strengthening for domestic policy can be found in France with reference to evaluation. Under domestic policy, at the beginning of the 2000-06 period national legislation enabled the creation of a Strategic Steering Committee for Evaluation of the Contracts in each region, placed within the Regional Conference of Planning and Regional Development (CRADT, *Conférence régionale de l'aménagement et du développement du territoire*). The goal was to strengthen the evaluation of the CPER and promote increased harmonisation with the evaluation of European programmes. Not long afterwards, in 2005, the DIACT, which was already responsible for the process and coordination of evaluation of the SPDs, was given the new responsibility for managing the evaluation system for the CPERs at national level. The reorganisation was intended to capitalise on the SPD evaluation training programme already in place, to promote capacity for evaluating the CPERs and to exploit common experience, harmonise methodologies and disseminate information concerning evaluation of both the SPDs and CPERs.

#### *4.5.2 Operational influences of Cohesion policy*

In addition to institutional changes, Cohesion policy management and implementation in 2000-06 led to changes in the operation of domestic policy administration. This involved the introduction of: new strategic frameworks; new tools for policy delivery; and new procedures. Such changes were generally implemented through legislation, administrative regulations or guidance provided by the competent line authorities. Not all of these changes were operationalised fully during 2000-06; in some cases they have become operational in the 2007-13 period, in others they are still being planned and finalised (at time of writing).

New strategic frameworks were introduced in the Austrian, Finnish and, albeit limited to Cohesion policy (but with operational spillovers onto domestic policy too) Tuscan case studies. In Austria (Burgenland), the creation of a domestic ‘Additionality Programme’, parallel to the SPD, allowed the same strategy and eligibility conditions to be used in the programming of both EU and domestic resources, and to secure predictable and stable national co-financing for the Structural Funds in 2000-06. Introduced to achieve increased planning certainty and strategic coherence between the two strands of policy, the programme utilised a range of procedures drawn from Cohesion policy, including the multi-annual financial tables, a ‘coordination meeting’ to select projects (modelled on the SPD monitoring committee), the same monitoring system and reporting tools, and the application of the Structural Funds Regulation on publicity.

In Western Finland, the Oulu Growth Agreement and its thematic fora represented a new framework for generating and selecting projects to enhance the longer-term orientation of projects and their synergies. The Agreement was introduced in 2002 to achieve increased coherence between the EU Objective 2 programme and the local strategies of the key actors working with industrial development and innovation in the Oulu sub-region. By organising the agreement in a broad partnership, along similar lines as the 2000-06 Western Finland SPD, involving key stakeholders from a number of key clusters - IT, biotechnology, business development, logistics, wellness and media - the intention was to utilise as efficiently as possible the resources available through EU and domestic funding. The Agreement was drafted and signed by local partners. Operationally, it adopted a number of procedures directly drawn from Cohesion policy, for instance with respect to strategic, cross-sectoral strategy formulation; quantified target setting; partnership-based implementation and the monitoring of implementation (as discussed in more detail below).

In Tuscany, the Integrated Local Development Projects (ILDPs) were an innovation introduced by the Objective 2 2000-06 SPD to enhance the efficacy of EU-funded interventions and also in response to a national stimulus to strengthen 'integrated' forms of programming (meaning a set of *integrated* operations (projects) of an inter-sectoral character, converging towards a specific common objective). They were mechanisms for implementing the SPD - and assumed the timetable and operational aspects of the SPD, such as selection procedures, monitoring, accounting of expenses etc. - but in practice they entailed a coherent grouping of projects defined at local level under the coordination of the Provincial Authorities. This methodology involved the development of new skills at local level and has influenced the delivery of domestic schemes by the Provincial Authorities (as described below).

The introduction of new tools into domestic policy related primarily to an application of Cohesion policy IT-based monitoring systems for domestic policy monitoring purposes. This took place partly during the 2000-06 period - as was the case with the Finnish FIMOS 2000 system and the Burgenland Additionality Programme monitoring system - and partly in the 2007-13 period, as with the French PRÉSAGE system which has been extended to the domestic CPER, and with the Greek CSF Management and Information System which, for financial monitoring, is now also applied to the domestic investments under the PIP.

Other cases of tools introduced to domestic policy, drawn from the Cohesion policy armoury, are: the introduction of the automatic de-commitment rule (N+2) for the 2007-13 CPER in France; the extension of the use of Cost Benefit Analysis in Ireland to sectors where it was not generally utilised (through the 2007 Value For Money Guidelines of the Department of Finance); in Greece, the creation of new - Cohesion policy inspired - IT monitoring systems and financial management tools, under the domestic programmes THISEAS and PINDOS; and, within some Provincial Authorities in Tuscany, the extension of the monitoring system introduced for the ILDPs to all projects for which the Provincial Authorities have a cording role.

The introduction of new procedures attributable to the experience of implementing Cohesion policy has been so extensive that it is difficult to provide a comprehensive summary. In some cases, the impact of Cohesion policy on the procedures in place in the

domestic sphere was *widespread and systemic*. In Ireland, for example, Cohesion policy had a cumulative effect on the domestic system, leading to the application of the Cohesion policy strategic programming and implementation approach ‘as a package’ under the 2000-06 NDP. This entailed the multi-annual programming approach, based on strategies formulated with the aid of formal ex ante evaluation, pre-defined goals, targets and indicators; the systematic monitoring, reporting (not just financial but also on outcomes) and evaluation of investment programmes; and consultation with stakeholders before and during the programme period. The extension of the monitoring, reporting and evaluation approach of Cohesion policy for the whole NDP (predominantly funded from domestic resources) was a particularly important development of the 2000-06 period, although it derives from the experience of implementing Cohesion policy in earlier periods.

Along similar lines in Tuscany, and a little later in the 2000-06 period, domestic legislation introduced several procedures derived from the experience of implementing Cohesion policy: from the use of ex ante evaluation for all regional plans and programmes, to the use of ‘concertation’ procedures to generate projects in the field of infrastructure (under the so-called ‘Project Park’), to the introduction of a new monitoring system for all regional plans and programmes (from 2007), inclusive of procedural and physical indicators, and related, the shift from a generic and mainly financial reporting to a more strategic and structured reporting on all regional plans and programmes.

Similar systemic effects could be found in Greece, although limited to a small number of selected, ‘pilot’ programmes. The multi-annual planning approach, based on strategic objectives and hierarchical structure, was adopted in programmes such as the THISEAS 2005-09 Development Programme for Local Authorities, the 2005-09 PINDOS Integrated Sustainable Development Programme for the North and Central Pindos, as well as in the development programmes of various regions (Prefectures) and some local authorities (under the 2006 new Code for Municipalities). This approach cascaded into the adoption of operational procedures for monitoring, financial management and project selection (e.g. calls for tenders, appraisal based on pre-defined criteria, standard application forms through ‘technical bulletins’) which further aligned such programmes with Cohesion policy procedures.

In other cases, the operational changes introduced in domestic systems were more *circumscribed*, i.e. specific to selected processes and policies. Many of these related to evaluation. These include: the extension of the obligation of ex ante evaluation to domestic policy in France for the CPERs; the introduction of independent, external evaluation of the domestic regional development programmes in Finland (introduced as a requirement by the 2002 Regional Development Act); the introduction of on-going evaluation under the CPER in France and an assessment of policy outcomes for all regional plans and programmes in Tuscany (from 2004); in Italy more generally, and also for 2007-13, the introduction of a single evaluation plan for both the co-funded and non-co-funded strands of regional policy (the so-called Unitary Regional Policy), comprising not just on-going but also ex post evaluation (going thus beyond the obligatory requirements of Cohesion policy); and, lastly, the use of evaluations under the Oulu Growth Agreement in Western Finland on topics identified by the GA Advisory Board.

Further specific operational changes affected other processes of the management and implementation cycle. For instance, in France, at the beginning of the programme period, the CPER were brought into line with the seven-year timetable of Cohesion policy (to ensure cross-financing, but also to enhance the strategic synergy of the two sets of programmes and to achieve more aligned implementation systems). Further developments included the introduction of harmonised procedures for project generation, appraisal and selection in Ireland (under the new Guidelines on Capital Appraisal) and Greece (for the domestic PIP and PPP scheme in 2007-13), and the provision of annual implementation reports for the domestic PIP in Greece (for the competent Committee of the national Parliament) and in some French regions.

Lastly, the partnership approach was one which was consistently found to have spilled over to domestic policy, as in Tuscany, Western Finland (under the Oulu Growth Agreement) and England. For instance, in South West England, when preparing the Regional Economic Strategy (RES), the South West Regional Development Agency (SWRDA) consulted with over 1,200 organisations in the region representing the interests of business and community sectors, as well as the regional offices of national organisations such as the Countryside Commission. A significant challenge to the drafting process was the distinctiveness of local or sub-regional levels which made the development of a cohesive strategy problematic, given the diverse socio-economic profile and strongly developed senses of local or sub-national identity. To address this, SWRDA drew on existing partnerships based at county level, asking them to develop ‘frameworks for action’ outlining the key objectives and activities and how these could be integrated into the RES. As noted by interviewees in Cornwall, the experience of ‘thinking strategically’ developed under the SPD meant that they could feed into the process of strategy design more efficiently.

In concluding this overview of operational changes, it should also be noted that the application of Cohesion policy procedures in a domestic context could be problematic. In England, in particular, the operational alignment of procedures for selecting projects under the RES and SPD was hindered by pressures to get ERDF projects generated and selected, and by differences between regional government offices and regional development agencies in terms of objectives, structures and approaches to implementation (which were informed, for the RDAs, by national government guidance, in itself not coherent with the approach pursued under Cohesion policy). Even in cases where, as in the East Midlands, explicit attempts were made to align procedures (as with joint application forms), this has only been achieved - and to a certain extent - in the 2007-13 period. Similarly, with respect to evaluation, there were important differences in the objectives and approach to evaluation which limited the scope for productive interaction between the ERDF and domestic systems. Domestic evaluations carried out by RDAs had a stronger focus than ERDF evaluations on programme impacts (e.g. gross value-added, employment, lessons learned), and for regional-level administrators the evaluation timetable of the SPDs usually did not coincide with the domestic policy cycle.

### 4.5.3 Cultural influences of Cohesion policy

A final group of changes relates to the shifts in attitude and the generation of new skills, competencies and knowledge among government officials and other actors involved in programme implementation, among beneficiaries and, to a certain extent, the wider public. It is not possible to measure the extent of change in this area or its embeddedness and legacy.

The cultural influences are most notable in the way that Cohesion policy has changed the attitude of economic development actors to cooperative working, in particular by bringing actors together at a territorial, often sub-regional, level, facilitating inter-institutional cooperation and partner inclusion. Examples include: Cornwall (England), through the working group to oversee the project pipeline under both the co-funded and non-co-funded programmes; Western Finland, under the Oulu Growth Agreement; Tuscany, with the ‘concertative’ procedures of the ILDPs; and France, by enhancing the dialogue on between the SGARs and Regional Councils. This has contributed to enhancing mutual understanding, allowing vested interests to be overcome, and the development of broader and longer-term policy responses. It has also contributed to changes in attitudes regarding the need for policy to be transparent and accountable (e.g. in Austria and Greece). The creation of new skills, competencies and knowledge ranged from the increased awareness of the importance of sound financial management and reporting (e.g. in Greece, Ireland, Tuscany, Burgenland) to more specific developments, such as the dissemination of IT skills necessary for implementing EU-compliant monitoring systems (in Greece).

It is worth noting that in England, perhaps the case study with the least degree of institutional and operational spillovers onto domestic systems, the *modus operandi* established for implementing the SPDs nevertheless promoted a cultural shift in several respects, especially as regards partnership and evaluation. The partnership approach developed through Cohesion policy had a substantial effect on local-level partnership working, especially in regions with larger Cohesion policy funding allocations. The fact that partnership working was embedded in the Objective 1 and 2 programmes in the case-study regions, from programme design to management and implementation stages, promoted an ‘expectation of inclusiveness’ that extended beyond the Cohesion policy environment and contributed to raising the involvement of sub-regional actors in policy-making. This same factor challenged conventional attitudes, encouraging organisations to ‘think regionally’, to overcome rivalries and identify common objectives, contributing significantly to the governance of domestic interventions in the regions up to the present. The experience of the SPDs provided a regional forum for strategic development and partnership-working that had not been present in such a structured, coherent form in the two case-study regions (East Midlands and South West). The Cohesion policy insistence on evidence-based strategy design helped move actors on from previous ‘wish list’ approaches to developing more sophisticated sectoral strategies. As regards evaluation, the ERDF evaluations extended the involvement in evaluation activities to actors who had previously not been involved in such work, particularly local authorities and the voluntary sector. Whereas the evaluation culture was well-embedded in central government, the involvement of programme stakeholders and beneficiaries in evaluation was less established. Here, the emphasis of

ERDF evaluations on process/management issues and participative approaches to evaluation studies that drew in partners helped consolidate an evaluation culture in the regions.

Notwithstanding such evidence of cultural shifts, in some cases the evidence points to contradictory conclusions. Greece is an obvious example of such contradictions. The need to comply with Cohesion policy standards for a large share of total public investment, the fact that largely the same administrations and actors were engaged with the implementation of both EU and domestic funding, and the extensive capacity-building efforts carried out over successive programme periods have arguably expanded the skills and competences of administrators for all management and implementation processes and raised awareness on the utility of certain practices (e.g. multi-annual financial planning, transparent and standardised project selection etc.). These developments were facilitated by the work of M.O.U. S.A., the agency dedicated to supporting the effective implementation of Cohesion policy through manuals, guidance documents, seminars, tailored assistance to programme managements and project-holders, and similar activities.

The Greek public administration reforms undertaken over successive programme periods have led to the increased professionalisation of staff and to the permeation of private management cultures in administration (not least through the establishment of new technical bodies, with private sector staff). Cohesion policy has contributed to the generation of new skills not just among the administrations in charge of programme management, but also among a range of implementing bodies and beneficiaries involved in the policy administration, with a generalised spillover also on domestic practices, for instance as regards project monitoring and financial management and reporting.

At the same time, it cannot be ignored that there are persistent deficiencies in Greece in the management and implementation of policy, as indicated by: the late implementation of IT tools for financial management under the national PIP (due not least to the lack of familiarity of staff with IT); an apparently widespread scepticism among public administrators on the utility of some Cohesion policy practices (especially evaluation); and a perception of the implementation support bodies, particularly M.O.U. S.A., as being 'foreign' to the mainstream public administration. Furthermore, fieldwork evidence suggests that the complexity of the 2000-06 CSF procedures, combined with the related administrative costs and the inherent weakness of some Final Beneficiaries, have created a 'two-speed' public administration. Notwithstanding clear institutional influences, the degree of cultural (and operational) spillovers of the lessons learnt with the implementation of Cohesion policy onto the management and implementation of domestic policy has therefore been limited.

#### 4.6 The scale and type of change

The empirical evidence points clearly to a considerable degree of influence of Cohesion policy management and implementation on the management and implementation of domestic policies, substantiated by the specific changes to domestic institutional assets, procedures and culture. Nonetheless, such influence varies significantly across case studies in terms of scale (the range of policy processes affected) and type, i.e. whether changes represent an innovation, rather than enhancement of previous practice or generic learning.

The scale of change has been most systemic in Ireland, Italy (Tuscany), Finland and France, where the changes to domestic policy have affected much of domestic regional development policy and most or all management and implementation processes. In Ireland, this was achieved with the commitment of the 2000-06 NDP to comply with the Cohesion policy approach; in Tuscany this occurred through legislation introduced by the regional government as well as through national legislation (relating to the Unitary Regional Policy); in Finland, this was due to the provisions of the 2002 Regional Development Act, compounded by the reorganisation of ministerial responsibilities, the creation of a Structural Funds Consultative Committee, and the strengthening of regional-level competences, thereby enhancing the coherence across different strands of regional policy (EU/domestic, national/regional) and their synergy with sectoral policies.

In France, the CPER have been progressively brought in to line - throughout 2000–06 and in the 2007-13 period - with Cohesion policy programmes (with changes to programme design, financial management, monitoring, evaluation, institutional cooperation, joint coordination by DIACT). This has been compounded by the introduction of a new ‘territorial section’ to the CPERs, representing up to 25 percent of the overall budget, which provides more room for inter-institutional cooperation at regional level. Conversely, in England (especially), Burgenland and Greece, the influence of Cohesion policy management and implementation has been more confined. In Greece, important changes were introduced but only in certain pilot domestic policy instruments, and they have not yet been generalised across policy as a whole; in Burgenland, the changes introduced to domestic policy were limited to a specific instrument, the ‘Additionality programme’, introduced specifically to maximise the effectiveness of Cohesion policy receipts (and thus did not affect the *modus operandi* of the region more generally); and in England, the changes affected selected processes only - programme design, partnership and, to a lesser extent, evaluation.

Second, the case studies varied with respect to the type of change. The analysis of this aspect is based on an analytical classification formulated at the outset of the empirical research, based on a distinction between:

- *innovation* - the introduction of new practices (e.g. the introduction of reporting or monitoring obligations derived from ERDF practice into domestic policies);
- *enhancement* -the establishment of additional or enhanced variants of existing practice (e.g. enhancement of evaluation practice, through a more structured systematisation of evaluation activities e.g. through the introduction of evaluation plans or Steering Groups in domestic policies); and
- *learning* - a better understanding of how implementation can be carried out (e.g. where evaluation policy acts as a catalyst for staff development and generation of new knowledge on management and implementation, e.g. through seminars, networking, best practice exchange, participation to international fora etc.).<sup>21</sup>

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<sup>21</sup> The methodology devised foresaw two more categories, i.e. neutrality (i.e. where ERDF does not influence the management and implementation of domestic systems, as in cases where the two

A synthetic overview of the case studies according to this classification is provided in Table 2). Especially in Austria, Finland, France and Greece, the implementation of Cohesion policy introduced considerable innovation into domestic policy making (even though, particularly in the Austrian and Greek cases, such innovations are restricted to specific instruments, rather than mainstreamed across the whole of domestic policy, as already noted). In Tuscany and Ireland, along with a considerable degree of innovation, the experience of implementing Cohesion policy allowed existing practices to be enhanced. The UK case study stands out as experiencing the least impact of the Cohesion policy method, having introduced some innovation with respect to programme design, enhancement of partnership working and the processes of monitoring and evaluation of domestic policies, but leaving other aspects of programme management largely unaffected.

#### 4.7 How did influence/change occur?

The research indicates that it takes time for Cohesion policy to influence domestic management and implementation systems. In several case studies, the changes taking place in the 2000-06 period were part of longer term modifications of management and implementation processes, in some cases originating in the 1989-93 or 1994-99 periods and/or continuing (or taking effect) in the 2007-13 period. Cohesion policy rules are complex and need time to be 'received' at programme level, and to lead to spillovers into domestic systems. The research substantiates the findings of earlier studies that the influence of Cohesion policy management and implementation systems do not necessarily start immediately on receipt of EU funding, that it takes time for relevant lessons to be adopted in domestic practice (e.g. in second or third programme periods), and that thereafter the scope for influence may decline.<sup>22</sup>

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strands of policy operate separately), and hindrance (negative effects), where as a result of the implementation of Cohesion policy, perceived undesirable practice is introduced in domestic systems (e.g. when ERDF implementation leads to necessary adjustments to domestic implementation which may be perceived as costly or bureaucratic e.g. alignment of financial planning or reporting).

<sup>22</sup> Bachtler and Taylor (2003). The paper identified three phases in the 'evolutionary cycle of the generation of added value among Structural Fund programmes': (i) a phase of 'accommodation', when Cohesion policy is implemented for the first time and efforts are concentrated on getting the basic requirements right (ascendant but constrained added value); (ii) a phase of 'development and innovation', when the scope for generating added value is highest; and (iii) a 'consolidation' phase, when the rigidity of well-established systems may hinder the generation of further added value.

Table 2: Nature of Cohesion policy influence on the management and implementation of domestic policies

Case study	Programme design	Project appraisal/selection	Financial management	Monitoring	Evaluation	Reporting	Governance & Partnership	Other institutional
Austria (Burgenland)	Innovation (Additionality Programme)	Innovation (Coordination Meeting for A.P.)	-	Innovation (single institution responsible)	Innovation and enhancement (KAP-EVA)	Innovation (regular reporting under A.P.)	Innovation (coordination meeting)	Enhancement (publicity) and Intangible effects (cultural change)
Finland (Western Finland)	Innovation (multi-annual approach and stronger role of regions in 2002 Regional Dev. Act) Enhancement (OGA stronger integration of public and business sectors)	Innovation (strategic earmarking of resources for key fields in OGA) Innovation (OGA Intermediary support to business community for project development) Enhancement (strengthened role of Regional Management Committee)	-	Innovation (FIMOS monitoring system for domestic policy too and regionalisation of some monitoring responsibilities)	Innovation (external evaluation required for domestic policy under the 2002 Regional Dev. Act) Enhancement (evaluations under the OGA) Learning (thematic working groups and OGA evaluation)	Innovation (regular reporting on OGA to City Council) Enhancement/learning (sub-regional and project level embedding of reporting obligations to RMC)	Innovation (use of Intermediary - Oulu Innovation) Enhancement (OGA widening of local partnership to business community) Learning (stronger mutual understanding and future orientation)	Innovation (2007-13 SF Consultative Committee)
France	Innovation (alignment of CPERs timetable) Enhancement (strategic alignment through strategic guidelines, and from 2007 joint ex ante)	Enhancement (coherent objectives and selection processes)	Innovation ( <i>Présage</i> financial monitoring of CPERs 2007+) Learning (sound financial management rules, use of <i>Présage</i> )	Innovation ( <i>Présage</i> for CPERs and coordinated monitoring and programming tools and bodies, 2007+) Enhancement (better communication btw CPERs and SPDs, better collection of data from project partners) Learning (from 2000-06 compliance)	Innovation (introd. of ex ante and MTE for CPERs, 2007+ and thematic evaluations of CPERs in 2000-06) Learning (from SPD evaluations in 2000-06)	Innovation (common indicators and scoreboards for 2007-13)	Innovation (innovative partnership arrangement in 'territorial section' of CPER) Learning/enhancement (SPDs' partnership, better coordination between monitoring authorities in some regions, enlargement of CPERs bilateral partnership)	-

Table 2: Nature of Cohesion policy influence on the management and implementation of domestic policies (continued)

Case study	Programme design	Project appraisal/selection	Financial management	Monitoring	Evaluation	Reporting	Governance & Partnership	Other institutional
Greece	Innovation (strategic approach to PIP) Learning (capitalisation of CSF experience)	Innovation (introduction of new methods and tools in pilot programmes) Learning (capitalisation of CSF experience; MOU guidance)	Enhancement (expansion of CSF Management Information System to domestic PIP) Learning (familiarity of public servants with IT, knowledge on sound financial management from guidance and circulars)	Innovation (programme monitoring systems and committees for pilot programmes) Learning (MOU support and cooperation with MA on project monitoring)	-	-	Innovation (new bodies and frameworks; MC of THISEAS and PINDOS programmes) Enhancement (wider consultations, partnership building)	Innovation (new/strengthened institutions e.g. <i>Societes Anonymes</i> , Agencies; new operational model combining staff from public and private sector) Learning (new management culture, capacity building) Negative effect (two-speed PA)
Ireland	Innovation (use of CSF programming framework for NDP as a whole)	Enhancement (more openness and transparency)	-	Innovation/enhancement (CSF monitoring system extended to NDP)	Enhancement (importance of evaluation given impetus by CP requirements)	Enhancement (CSF reporting also for NDP, though domestic reporting already in place)	Innovation (NUTS II regions and Regional Assemblies, though role confined to CP) Enhancement (limited - partnership)	-
Italy (Tuscany)	Innovation (ex ante evaluation to domestic plans) Enhancement (approach strategy definition of domestic plans, and more focus and concentration in LDP through ILDP experience)	Innovation ('Project Park' to select infrastructure projects beyond SPD, 2007+) Potential enhancement (ILDP 'concertative' method to influence future project selection)	Learning (knowledge on financial procedures, empowerment of actors involved)	Innovation (extension of SPD's monitoring activities to all domestic plans; introduction of monitoring at provincial level in some cases)	Innovation (evaluation extended to all domestic plans and programmes in 2007-13, though with different planned activities) Learning (at provincial level through the ILDPs)	Enhancement (SPD arrangements have informed domestic reporting, e.g. progress analysis)	Enhancement (no longer sectoral, but two horizontal 'Concertation Tables' for regional programming; increased partners' involvement in implementation; expanded local partnership through ILDP)	-
United Kingdom (England)	Innovation (SW regional strategic platforms) Learning (for RES preparation, in some cases, from SPD drafting)	- (despite attempts and in some cases significant investments, e.g. SW and East Midlands) - potential negative effect	- (systems separate)	- (potential limited enhancement for 2007-13 in SW and East Midlands)	Limited enhancement (more participative approach) Learning (exposure of local bodies and voluntary organisations to evaluation)	-	Enhancement (increased partnership working in SW)	-

Looking at how the Cohesion policy *modus operandi* has informed domestic practices, a useful distinction can be made between cases of: *transfer*, involving the more-or-less wholesale adoption of Cohesion policy practices within the domestic MIS; pragmatic *adaptation* of EU procedures within domestic policy MIS (i.e. selectively taking elements from the Cohesion policy that are of most relevance/utility); and *re-interpretation* of EU requirements, in the light of pre-existing domestic practice, resulting in novel approaches, stemming from a creative re-elaboration of elements from both EU and domestic policy. This is a complex issue, and one which would require deeper analysis than has been possible in this study. Nevertheless, on the basis of the research undertaken for the case studies, the following observations can be made.

First, pragmatic adaptation was the most common administrative response of domestic systems to the influence of Cohesion policy, as might be intuitively expected. Second, the direct transfer of Cohesion policy practices to domestic systems was also relatively common, often accompanied by the adaptation of other practices. Third, cases of genuine re-interpretation of EU experience in the light of domestic systems, traditions and needs were rare and limited to a few processes and case studies (mainly in Finland and France). Among the case studies, the direct transfer of Cohesion policy approaches to domestic policy was particularly evident in Austria and Greece. This is not surprising for different reasons. In the Austrian case, the Additionality Programme was established to suit the Cohesion policy approach, not least to facilitate N+2 compliance under the SPD. In the Greek case, it was attributable due to a generalised lack of capacity, despite extensive efforts across the mainstream public administration (which make the wholesale adoption of Cohesion policy rules an easier, more pragmatic response to the willingness to drive improvements domestically). Elsewhere the picture is more mixed.

Clearly, the Cohesion policy approach has not universally influenced domestic systems: why has this not occurred? There may be different causes. In some cases, as in England, lack of influence is attributable to the difficulty of modifying established patterns and ways of working that are largely perceived as adequate by those involved. This has been exacerbated by the perception of the Cohesion policy method as overly regulated, inflexible and costly.

In other cases, the cause could be the lack of commitment from key decision-makers, especially at political level. Particularly revealing is the case of Greece, where evaluation is an area of persistent deficiency. Despite 2000-06 being the third programme period, Cohesion policy evaluations were still characterised by low levels of independence, scarce perceived utility and overall limited quality. In the light of this, it is not surprising that there has been no spillover onto the domestic system in this sphere. Nonetheless, one factor that may justify the lack of spillover rests with the fact that the evaluation culture has not filtered up to the political level. Being largely operational in orientation, the evaluation of Cohesion policy has remained confined to the sphere of the technocrats who implement the programmes (Operational Programme managers). It has not affected those who take the strategic decisions. This has left the established and widespread unfavourable attitude towards evaluation unaltered and the take-up of evaluation in domestic systems poor.

## 4.8 The effects of Cohesion policy influence

Having established the type of influence of Cohesion policy management and implementation, and having discussed how such influence has occurred, a further issue concerns the effects brought about by the changes made to domestic systems. They are summarised in Table 3 below. With the exception of financial management, the changes introduced are considered to have improved domestic practices across all processes. First, these changes are considered by stakeholders to have brought increased stability and availability of funding (both EU and domestic) thanks to the adoption of a multi-annual timescale to programme design; greater strategic coherence and scope for exploiting synergies by combining EU and national funding together in the same (or aligned) planning process; increased ownership of the strategies implemented, thanks to a wider involvement of partner organisations in the processes of strategy formulation; the development of a more objective, consultative, transparent programming culture; and an increased efficiency of the stages of policy formulation through improved procedures.

Second, they have led to more transparent, professional and targeted resource allocation systems. Applications for domestic funding are now largely collected through openly advertised calls, whilst projects are selected through a more target-orientated and structured decision-making process, with clearer selection criteria and systems, and, for selected types of investments, the application of cost-benefit analysis or of ‘concerted’ procedures, and broader partner involvement.

Third, the changes described above have strengthened knowledge on policy outcomes and, during policy implementation, the progress with delivery, through improved monitoring, reporting and evaluation arrangements. They have led to: a generalised increased awareness on the importance of systematic monitoring, reporting and evaluation, and wider acceptance of the role that they can play for policy learning; an extension of arrangements in these fields to cover areas of investment where they had not previously been applied, or to cover issues that had not previously been addressed; efficiency improvements, for instance from the application of rationalised, standard monitoring and reporting arrangements across policy areas and programmes, the introduction of better evaluation approaches and methodologies, and the building of capacities and skills at all levels; better collaboration and synergy between these activities across EU and domestic policies; more reliable information (e.g. from improved data collection and management which in turn feeds into the evaluation process); better exploitation of the information generated from monitoring, reporting and evaluation activities; and, lastly, improved transparency and accountability.

Finally, the evidence from the case study research is that the perceived benefits of applying the Cohesion policy partnership principle and procedures in 2000-06 were considerable. The adoption of EU approaches enhanced the scope for partners to work together through improved networking skills, attitudes and mutual understanding. It also built managerial and operational capacities. The outcomes of these trends were threefold. First, local actors generally became more capable and willing to work together and accustomed to the dynamics of cooperation. This led to: the design and delivery of more complex and high-quality projects; the identification and implementation of better

foresight and longer-term, strategic projects; and an improved ability to ‘think regionally’, overcoming rivalries cooperation to achieve common objectives. Second, the composition of partnerships was extended to encompass more systematically private sector actors, such as the business community and voluntary and community sector organisations. Even though not generalised, these factors led to important spillovers onto domestic systems (for instance, in France the impact on the CPERs in this sphere remained marginal<sup>23</sup>, in Greece, partnership remained confined to a consultative role).

Not all the effects detected were positive. There were also negative consequences associated with the changes made to domestic systems. In Greece, the capacity-building activities carried out to enhance the implementation of Cohesion policy led to the perception, among national policy-makers, of the creation of a ‘two-speed’ public administration (faster in the case of Cohesion policy and lagging in the case of domestic systems). In England, considerable time and resources were ‘wasted’ in attempting to harmonise project generation and selection procedures, with few returns.

In Ireland and France too, there were some negative consequences of developments discussed in the case studies, not all attributable to Cohesion policy *per se*, but rather to domestic choices made in response to EU requirements. In Ireland, the creation of the NUTS II Regional Assemblies reduced the role of the smaller NUTS III Regional Authorities which had previously been involved in monitoring Cohesion policy programmes. This role effectively disappeared during the period, as the focus on the NUTS II level increased.<sup>24</sup> Equally, the fact that the two NUTS II regions had been established two years prior to the National Spatial Strategy (Department of the Environment, Heritage and Local Government, 2002) created some ambiguity about the domestic policy approach to balanced regional development, where the geographic boundary orientation of the NUTS II approach contrasted with the more recent spatial and Gateway/functional area approach of the National Spatial Strategy. This dichotomy has not subsequently been fully resolved. Lastly, in France, the application of partnership arrangements to the CPERs was not straightforward. Interview evidence highlighted that the multiplication of discussion fora at times concealed a fragmented implementation system that does not provide for constructive consultations between stakeholders. Moreover, the fact that the CPERs are not legally binding for partners created uncertainty and reduced the credibility of the programmes. Improved strategic coordination between the CPERs and the programmes of Cohesion policy would require the clarification of partnership rules and governance principles within the CPERs.

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<sup>23</sup> Even though there has been an empowerment of local and regional self-governments and despite the implementation of the territorial line of the CPERs, the CPERs are still anchored in a narrow, bilateral partnership between the state and the regions.

<sup>24</sup> The Regional Assemblies had a monitoring role vis-à-vis the CSF only, not the wider NDP.

Table 3: Effects of Cohesion policy influence on domestic management and implementation systems

Programme design	Project generation, appraisal, selection	Financial management	Monitoring	Evaluation	Reporting	Governance, Partnership and Institutional change
<ul style="list-style-type: none"> <li>• Planning over longer timescales, stability and availability of both domestic and EU funding (Austria, Greece, Italy)</li> <li>• Better policy planning principles and procedures into national investment decision-making systems (Ireland)</li> <li>• Greater strategic coherence and scope for exploiting synergies by combining EU and national funding together in same (or aligned) planning process (Austria, Finland, France, Ireland)</li> <li>• Increased participation in regional development planning and the development of programming capacity among partner organisations (Greece, Ireland, Italy)</li> </ul>	<ul style="list-style-type: none"> <li>• More open advertising and publicity for schemes (Ireland)</li> <li>• More strategic approach to project selection (Austria, France)</li> <li>• Broader partner involvement (Finland, United Kingdom)</li> <li>• More transparent, professional and structured decision making (Greece, Ireland, Italy)</li> <li>• Clearer appraisal selection criteria and systems, and the application of techniques such as cost-benefit analysis (Ireland)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased transparency, accountability and rigour in financial management (but influence on domestic systems limited to France, Greece and Italy and following 2006 - though in Ireland too prior to 2000-06)</li> </ul>	<ul style="list-style-type: none"> <li>• Extension of monitoring arrangements to cover areas of investment where it had not previously been applied (Greece, Ireland)</li> <li>• Efficiency improvements from the application of rationalised, standard monitoring arrangements across policy areas and programmes (Austria, France)</li> <li>• Improved data collection and management (France, Greece, Italy, United Kingdom)</li> <li>• Improvements in transparency and accountability (Austria, Greece)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased scope and application of evaluations (Finland, France, Ireland)</li> <li>• Contributions of evaluations to improving policy accountability (France, Ireland, Italy)</li> <li>• Better/novel evaluation methodologies and approaches (Austria, Greece, Ireland, United Kingdom), though influence here also two-way (e.g. UK)</li> </ul>	<ul style="list-style-type: none"> <li>• Embedding of reporting procedures (Austria, Ireland)</li> <li>• increased accountability of public administration (Austria, Greece)</li> <li>• More systematic reporting on more aspects of policy (Ireland)</li> <li>• More strategic reporting (Tuscany)</li> <li>• More exploitation of reporting material (Finland, Italy).</li> </ul>	<ul style="list-style-type: none"> <li>• Novel partner-ship working methods in domestic systems (e.g. Oulu GA; Tuscan Concertation tables; pilot Greek programmes; Burgenland Additionality Programme Coordination Meeting; RES preparation in South West region)</li> <li>• Increased powers to regional governments/bodies (e.g. France CPERs, Finnish Regional Management Committees) or sub-regional authorities (e.g. Tuscan provinces)</li> </ul>

Lastly, one final question is the embeddedness of the changes. The Austrian case study shows that the experience of the Additionality Programme, reiterated during the 2007-13 period, is likely to be discontinued at the end of the present policy cycle. Elsewhere, some of the changes introduced to domestic systems have been met by resistance of the parties involved, as in the case of the extension of *Présage* in France to the CPER, or the adoption of information technologies for the monitoring of programmes in Greece. At the same time, some experiences, like the Tuscan ILDPs, whilst having left a legacy on the *modus operandi* of the actors involved, are not being replicated. It should also be noted that many of the changes detected were only introduced towards the end of the 2000-06 period and will become fully operational during the 2007-13 policy phase. It is thus too early to comment on their impact on policy and their degree of embeddedness.

That having been said, the evidence from the case studies suggests that those changes introduced for predominantly pragmatic reasons (e.g. the Additionality Programme) are those least likely to be permanent. At the opposite end of the spectrum are changes driven by an awareness of the potential benefits where the decision to change aspects of the domestic management and implementation systems has matured among a wide range of actors affected, as with the Oulu Growth Agreement in Finland, or in close synergy between the political and technocratic levels, as in Tuscany. This could perhaps explain the slow, partial and perhaps non-lasting nature of some of the changes found in Greece, where the efficiency-driven agenda of a technocratic élite and the desires of a majority of civil servants (and even civil society), more inclined to maintain the *status quo*, do not coincide.

#### 4.9 Conclusions

Implementing Cohesion policy during 2000-06 has led Member States and regions to modify their domestic management and implementation systems, notably through institutional innovation, the adoption of new procedures and a wider cultural change (changes in attitudes and generation of skills). With the exception of financial management, the changes introduced are considered to have improved domestic practices across all processes in the case studies examined. They are associated with increased stability and availability of funding (both EU and domestic); increased ownership of the strategies implemented; the development of a more objective, consultative, transparent programming culture; and increased efficiency of the stages of policy formulation through improved procedures. They have led to more transparent, professional and targeted resource allocation systems, with clearer selection criteria and systems, and for selected types of investments, the application of cost-benefit analysis or of ‘concerted’ procedures with broader partner involvement. They have strengthened the knowledge on policy outcomes and on delivery progress through improved monitoring, reporting and evaluation arrangements. There have also been important spillovers - though not generalised - with respect to the application of the partnership principle.

However, there have also been negative consequences associated with the changes introduced to domestic systems, such as the creation of a ‘two-speed’ public administration (in Greece) or the perceived waste of time and resources in attempting to harmonise procedures (as in England). In some cases, however, these negative consequences are not attributable to Cohesion policy, but rather to domestic responses to EU requirements. In

several cases, the changes taking place in the 2000-06 period were part of longer term modifications of management and implementation processes, in some cases originating in the 1989-93 or 1994-99 periods. Many of the changes introduced are continuing (or taking effect) in the 2007-13 period too.

The degree to which the management and implementation of Cohesion policy has influenced domestic systems has been determined by a number of factors, notably: the degree of 'fit' of EU and domestic policy systems, the openness and receptivity to change of domestic environments (linked to the perceived efficacy/efficiency of domestic systems, to expectations levels and to the perceived need for change), and the capacities of domestic administrations (overall and among élites). Change has been most substantial in cases where there has been a moderate degree of fit, high receptivity and good capacities. Other factors affecting (rather than determining) the scope and range of change are the degree of integration or separation between Cohesion policy and domestic policy (affecting the 'exposure' of domestic actors to the Cohesion policy method), the visibility of the Cohesion policy method overall (linked to its financial scale compared to domestic policy) and the co-existence of domestic reform processes. Stable (but not rigid) and open public administrations, where institutional memory, effective communication and coordination mechanisms are favoured, have generally facilitated the take-up and consolidation of change. Conversely, key constraints are: a difficulty in moving away from the *status quo*, where established patterns and ways of working were largely perceived as adequate or convenient; the perception of the Cohesion policy method as overly regulated, inflexible and costly; and a lack of 'buy-in' from key decision-makers, especially at political level.

Not surprisingly, the degree and extent of change has been influenced by the experience of implementing Cohesion policy *per se*. Especially for certain processes, the perceived 'inefficiency' of Cohesion policy practice compared to domestic systems has been a deterrent to change, for instance the overregulation of certain processes (especially financial management), the rigidity of procedures (e.g. on eligibility of expenditure, reporting), the perceived *façade nature* of some responses (e.g. partnership arrangements in some cases), and some over-ambitious approaches (e.g. evaluation) have all generated a 'resistance' to change.

Overall, it appears that influence and positive effects have been strongest where driven by committed élites or policy entrepreneurs, where political commitment to change was high (e.g. because of contextual domestic reform agendas) and/or where the status and weight of Cohesion policy (especially relative to other domestic policies) were high. Spillovers, however, have not always been the outcome of a conscious effort, but also the result of necessary contingent adaptations or pragmatic responses to maximise Cohesion policy receipts. In some cases, it has been an unintended consequence of implementing Cohesion policy. Empirical evidence indicates that this type of change is less durable. When change has been introduced for pragmatic reasons moreover (or not adequately thought out) it has on some occasions produced mixed results (as in Ireland or France).

Whether the changes introduced to domestic systems are delivering improved policy effectiveness is open to debate. Across the case-study countries/regions, an increased attention to project quality, synergy and result-orientation was detected which should in

principle improve policy effectiveness. This assumption should however be tested by further empirical investigation.<sup>25</sup>

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<sup>25</sup> The research has not addressed explicitly the impact of the changes made to domestic systems on the effectiveness of domestic policies. Even acknowledging the beneficial effects of introducing some management and implementation practices in the Member State domestic policies, this does not automatically mean that such improvements will translate into enhanced policy effectiveness. This will largely depend on the policies themselves as well as on other factors. Of course, some of the developments relating to management and implementation should indirectly improve policies, arguably by leading to improved strategies, policy instruments or projects selected. However, apart from this generic assumption, the case studies do not allow more definite conclusions to be drawn on this issue (nor were they meant to). In this respect, perhaps the only clear-cut conclusion that can be drawn from the empirical research is that, in some cases, notably in the English regions of South West and East Midlands, policy efficiency and effectiveness were hindered by unsuccessful efforts to align policy implementation. The issue of the linkage between policy effectiveness/efficiency, and management and implementation is a complex issue, and one which has largely been neglected thus far in Cohesion policy. For instance, the research has pointed to the Cohesion policy partnership approach as one of the areas of maximum spillover onto domestic systems but, as has been noted elsewhere, very little research has specifically been conducted to assess whether partnership actually “enhances the efficacy of the execution of regional development programmes” (Bauer, 2002, 75). The issue of the effectiveness of the Cohesion policy management and implementation - albeit not relating to the EU15 - is discussed in more detail in Section 2 of this Report.

## 5. THE INTEGRATION OF SUSTAINABLE DEVELOPMENT

### 5.1 Introduction

The third main issue of the evaluation has been to appraise whether and how management and implementation systems in the EU25 supported the integration of sustainable development (SD) within Cohesion policy programmes during the 2000-06 period. Previous work has assessed the overall contribution of Cohesion policy to SD, but the focus of this study was to investigate the extent to which the management and implementation system (MIS) processes had contributed to SD realisation.

The approach taken was to conduct a literature review that examined the concept of sustainable development, progress in sustainable regional development (SRD), and the meaning of SD within the context of EU Cohesion policy. This was used to derive a working definition of sustainable development, a set of guiding principles for its application in EU Cohesion policy, and a series of research questions designed to explore this perspective across the EU25. Thereafter, ten case studies were conducted from the 2000-06 programme period, encompassing EU15 Objective 1 (Germany, Portugal, Spain and Sweden) and Objective 2 (Belgium, Denmark, Netherlands and United Kingdom) and two EU10 Member States (Hungary and Slovakia).

This section summarises the main points arising from the literature review, with the guiding principles for sustainable development in Cohesion policy included as an annex, and it reviews the main features of the analytical framework. It also presents a comparative analysis of the results from the case studies, according to the components of the MIS, and it concludes with an overall assessment of SD integration.

### 5.2 Context<sup>26</sup>

#### *5.2.1 Sustainable development interpretation*

The most commonly quoted definition of sustainable development emerged from the work of the Brundtland Commission in 1987:

*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987).*

This measured statement envisaged a better quality of life for everyone, now and for generations to come. In pursuit of ‘development that lasts’, sustainable development has been further interpreted as following a path that maximises human well-being through the satisfaction of economic needs, maintains a clean and healthy environment, and expands social welfare, representing inseparable and interdependent dimensions of progress (OECD, 2001).

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<sup>26</sup> This section is a summary of a more extensive literature review that can be found in the WP11 Interim Report.

In a European context, achieving sustainable development has been defined as requiring economic growth that supports social progress and respects the environment, social policy that underpins economic performance, and environmental policy that is cost-effective (European Commission, 2001). The EU has identified sustainable development as a key objective that encapsulates:

*safeguarding the earth's capacity to support life in all its diversity... principles of democracy and the rule of law and respect for fundamental rights including freedom and equal opportunities for all... solidarity within and between generations.. a dynamic economy with a high level of employment and education, health protection, social and territorial cohesion and environmental protection in a peaceful and secure world, respecting cultural diversity (European Commission, 2005).*

As a policy concept, SD is an aspiration or goal that is intuitively understood and approved, but which is acknowledged in practice to require a revolution in thinking, organisation and method (Skolimowski, 1995; Spangenberg and Giljum, 2005). Its implementation is characterised by an emphasis on integration, a focus on economic-social-environmental interlinkages rather than on individual policy domains, and agreement on trade-offs, compromises and compensations within policy packages (Salim, 2007).

The most familiar taxonomies of SD use the metaphor of interconnected pillars. However, definitional conflicts include whether it is best to perceive sustainability as based on two, three, four, five or more pillars (Viederman, 1994; Ekins and Dresner, 2008). This extends beyond the social, economic and environmental focus to distinguish between human, political/institutional, cultural, ethical and other dimensions. Within these different models the emphasis or relative importance of each pillar can vary (Gibson *et al*, 2005), with the prioritisation depending upon the degree of transparency sought for particular SD components, for example related to diversity, subsidiarity, partnership and networking, or participation (Thierstein and Walser, 2007).

Sustainable development is also characterised by openness, which has significant implications:

*The concept is on a par with other high-minded terms such as democracy, freedom, human rights, and so on. The 'openness of meaning' of these concepts can never be closed. The content of sustainable development is thus not fixed once and for all. Its fruitfulness is linked to continued political discourse on the concept's content and future goals; to continuing debates as to the instrumental implications of its normative aspirations (Lafferty and Langhelle, 1999).*

Acknowledging SD as complex and multidimensional, its key characteristics may be effectively summarised as (Gibson *et al*, 2005):

- challenging conventional thinking and practice;
- relating to long-term as well as short-term wellbeing;

- being comprehensive in nature, covering all the core issues of decision-making;
- recognising links and interdependencies, especially between humans and the biophysical foundations for life;
- being embedded in a world of complexity and surprise, in which precautionary approaches are necessary;
- recognising both inviolable limits and endless opportunities for creative innovation;
- concerning an open-ended process, not a state;
- involving intertwined means and ends - culture and governance, as well as ecology, society and economy; and
- being universal in application, yet context-dependent.

A widespread, participatory involvement is also important for successfully meeting the challenge of sustainable development. This requires that the process through which decisions are reached is informed by the full range of possible consequences and is accountable to the public (Meadowcroft, 2004).

### *5.2.2 Sustainable regional development*<sup>27</sup>

The concept of sustainable regional development (SRD) has evolved over the past decade using different research activity as a foundation (see, for example, Schleicher-Tappeser and Faerber, 1998; Schleicher-Tappeser and Strati, 1999; Clement and Hansen, 2001 and 2003). From the outset, it was acknowledged that reaching a common definition of criteria and indicators that encapsulate SD presents a major challenge, as competing interpretations of SD create difficulties for different participants to relate to each other's approach, especially with regard to the relative importance of economic, social and environmental objectives. The rapid proliferation of varying definitions and aims of SRD was recorded in the REGIONET initiative, which reviewed SRD practice in 17 European countries. It highlighted that, even though the term had been in use for at least a decade, no broadly accepted definition could be identified:

*Sustainable regional development is still a field of experimentation. Even within countries, there is no general agreement on defined purpose, method and direction of sustainable development measurement. Consequently, there is no such thing as a 'European' approach to sustainable regional development (ENSURE et al, 2004).*

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<sup>27</sup> The term sustainable regional development (SRD) will be used in favour of regional sustainable development (RSD). SRD has been defined as a viable and self-financing process of regional economic development, with adjustment made to accommodate environmental or social policy. In comparison, RSD is understood as a goal-led model of ecologically sustainable development and social transformation, which is implemented at regional level as well as local and global (ENSURE et al, 2004). The parameters of this evaluation correspond specifically to SRD.

In practice, SRD has been realised by implementing SD goals alongside sectoral policies, rather than by overall strategic planning. Key positive features have included the new involvement of stakeholder groups or constellations of actors, and the emergence of new regional identities, as regions seek to differentiate themselves from competitors. The boundaries of such regions could be characterised by spatial dimensions related to cultural or natural entities, or formed through social communication (Berger and Narodoslowsky, 2004; Nischwitz *et al*, 2004). In most instances, however, the task of integration in SRD initiatives generally requires considerably more time than projects or programmes allow, and the ecological dimension of SD has been overwhelmingly represented.

The scope to develop new SRD evaluation methodologies and opportunities for securing integrated governance and regional development has also been explored and documented through various international initiatives (*JEAPM*, 2004; *Innovation*, 2004; Lafferty and Narodoslowsky, 2005). Nevertheless, despite progress in interpreting and clarifying SD and SRD, practical applications are still hindered by ‘an absence of integrative expertise, data and authority’ and a tendency to neglect the interdependencies between social, economic and ecological factors (Gibson, 2006; *COWI et al*, 2004).

### *5.2.3 SD in EU Cohesion policy*

Within EU Cohesion policy, sustainable development has progressively gathered momentum, moving from a reactive to a pro-active position. For 2000-06, Cohesion policy was expected to contribute to the harmonious, balanced and sustainable development of economic activities, the development of employment and human resources, the protection and improvement of the environment, the elimination of inequalities, and the promotion of equality between men and women (Council Regulation (EC) No. 1260/1999). Programme development was informed by European Commission guidance on horizontal integration, which encouraged the use of tools such as development path analysis and the inclusion of environmental profiles in new regional economic programmes (ECOTEC, 1997 and 1999; ERM, 1998). A key challenge for programme managers was how best to integrate environmental sustainability, an issue that remained difficult for much of the programme period and highlighted the need to provide project managers with knowledge, tools and methods for integration (Taylor *et al*, 2001; Polverari *et al*, 2004). In the reform of Cohesion policy for 2007-13, the general regulation made SD a binding principle for all funding objectives, confirming it as a cross-cutting theme (Council Regulation (EC) No. 1083/2006). The integration of environment remains a central aspect of SD, strengthened by the requirements for strategic environmental assessment (SEA) of policies and programmes and environmental impact assessments (EIA) of major projects. Nevertheless, the regulations leave a large degree of flexibility in how SD is defined and how the principle is integrated into programmes.

Evaluation in Cohesion policy has developed the conceptual relationships within SD, while illustrating that there is no single preferred approach to promoting sustainability. This diversity was apparent in twelve pilot regions (for Objectives 1 and 2) that documented the problems faced in tackling sustainable development, the solutions tested, and the lessons learned (Moss and Fichter, 2000). Even though provided with a common methodology, the regions approached the task in very different ways. This work illustrated that sustainable

development entails a process of learning and adaptation affecting different spheres of programme management, guiding the transition from existing practices towards more integrated, long-term development objectives. Key features of a successful learning process, as defined by the regions and associated networks, comprise:

- strengthening programme partnerships;
- encouraging greater participation and exchange of experience;
- subsidiarity, as in capacity-building at the local/regional level;
- making the management of programmes more transparent;
- making small but visible changes in appropriate directions;
- moving from bolt-on to integrated approaches to policy co-ordination;
- taking a longer term perspective on programme performance; and
- adapting sustainability objectives to meet changing needs.

In 2002, a review of the contribution of the Structural Funds to sustainable development modified SD into four types of capital that sustain well-being: manufactured (man-made), natural, human and social capital. This separates out issues dealing with individuals from the economic and social pillars, while the environmental pillar remains unchanged. The potential for sustainable development lies in the trade-offs between capitals, measured by whether the stock of assets per capita remains constant or rises over time (European Commission, 2002).

The EU Sustainable Development Strategy (SDS), which was launched in 2001 and revised in 2006, recognised the role of economic development in facilitating the transition to a more sustainable society, acknowledging that economic, social and environmental objectives should be mutually reinforcing and should advance together. It also observed that pursuing sustainable development means that trade-offs will have to be made between conflicting economic, social and environmental interests. However, the interrelationships between the different types of capital are complex, making definitions of trade-offs and win-win scenarios difficult to make (European Commission, 2001; European Council, 2006).

Various factors have been highlighted as significant for the generation of sustainable regional development. In the spectrum of regional approaches to SD, programmes with the most advanced approaches to SD integration are produced by regions where a regional SD strategy is directly linked to other regional strategies. Factors undermining SD integration into programme management have included limited participation in the programme design phase by organisations or individuals representing SD-related issues, lack of resources to support such actors on monitoring committees, and the absence of advisory groups or managers to support the various stages of SD implementation. In addition, project scoring and appraisal procedures have been criticised as lacking transparency, weightings for horizontal criteria have been inadequate, and there has often been no negative score for

poor performance in relation to environmental or social priorities (European Commission, 2002).

From other evaluations focused on the 2000-06 programme period, it is evident that the programme design phase generally focused on environmental integration, rather than attempting to develop the concept of sustainable development (European Commission, 2004). These conclusions matched those from a survey of Nordic Structural Funds programmes where sustainable development integration was found to be very limited, with only INTERREG IIIB programmes performing well (Clement *et al*, 2004). In these countries, the strong regulatory framework for environmental protection was considered to have undermined progress in SD integration in that SD had been interpreted either as environment under a different name - and was therefore already managed within the existing system - or categorised as ecological sustainable development, which is more restricted in scope.

Policy issues that may arise include whether the total stock of capital must be maintained, with substitution allowed between the various types, or whether below certain levels (critical thresholds) particular components of economic, social or environmental capital are non-substitutable, meaning that they contribute to welfare in a unique way that cannot be replicated by another capital component. Breaching a critical threshold would mean that development is unsustainable (Ten Brink *et al*, 2008).

Critical thresholds may feature, for example, in decisions regarding employment, education, competitiveness, economic viability, or natural capital. Once a critical threshold has been crossed, it may be difficult (or even impossible) and costly to return the system to its original state. From the perspective of natural capital, societies and economies have impacts on ecosystems and the services they provide, and most can absorb many changes, but a point may be reached where they cannot withstand further external pressures. This may result in a critical impact, with major implications that are often irreversible, such as loss of life in a river if oxygen falls too low. This represents the boundary of the system integrity. Examples of natural critical thresholds being exceeded include eutrophication, acidification, habitat fragmentation, and modification of ecosystems.

In a regional development context, making trade-offs explicit is expected to lead to greater transparency in decision-making, forcing explicit consideration of current and future scenarios, the scope for alternative measures, and what the associated impacts might be:

*The move towards more sustainable paths requires strategic responses to trade-offs, requiring some conflict resolution, through public policy and public policy agencies. This process would note that there are some regional level trade-offs that are outside the direct influence of regional stakeholders, and which require policy responses at higher levels, with the attendant need to integrate across policy levels (Medhurst, 2007).*

Key trade-offs identified in a Cohesion policy context include impacts on land use from road-building, on biodiversity from greenfield development and transport emissions, on natural habitats from increased tourism, and on water quality from agricultural

development and pollution. Social inclusion may also be undermined through widening income disparities (European Commission, 2002).

Trade-offs can be clarified by selected indicators, allowing the formulation of judgements on their positive or negative tendencies. Such evaluations would need to assess both the development and the sustainability aspects of the SD concept: the former would verify that development had taken place, provided that there had been an increase in the quality of life; but for this outcome, the sustainability evaluation would also have to be positive, based on the answers regarding trade-offs. Efforts have been made to develop this approach into a decision-support methodology that improves the evaluation of economic, social and environmental aspects of regional policies. However, even with reference to critical thresholds in the form of legal limits and standards, estimating the degree of unsustainable development is a matter of judgement, as stakeholders may disagree about the correct decision, requiring further instruments that reveal the different values underlying stakeholder views ([www.srdtools/info](http://www.srdtools/info)).

#### *5.2.4 Analytical framework and methodology*

The above review of the literature identified the key concepts in sustainable development, progress made in the sphere of sustainable regional development, and the transition in Cohesion policy from environmental integration to SD integration. From this review, a broad, working definition of SD was derived, outlining its characteristics in terms of scope and coverage, nature and actions, and goals and aspirations. Sustainable development is defined as the pursuit of three objectives in an integrated fashion, making them compatible for both current and future generations:

- sustainable, non-inflationary economic growth;
- social cohesion through access for all to employment and a high quality of life; and
- the maintenance and enhancement of the environmental capital on which life depends.<sup>28</sup>

As a further result of the analysis undertaken for this Work Package, guiding principles, which would be most appropriate in the context of Cohesion policy, have been identified for sustainable development (see Table 4 below). These principles address the breadth, complexity and uncertainty inherent in decision-making processes related to SD integration within management and implementation systems (MIS).

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<sup>28</sup> Adopted from ECOTEC (1997).

Table 4: SD guiding principles for management and implementation of Cohesion policy

<p>Adopt an integrated perspective that facilitates the balanced consideration of economic, social and environmental factors throughout the processes of programme management and implementation. Rather than treating the different dimensions of SD as separate, consider how they interact, benefit and potentially compromise each another, so that programme and project activities integrate employment generation, social cohesion and environmental improvement.</p>
<p>Develop a cross-sectoral approach in partnership-working, bringing together an appropriate range of expertise, with horizontal and vertical interaction and shared decision-making that facilitates institutional learning and associated organisational change. Representation that draws in economic, social and environmental actors encourages a broader perspective and promotes the SD appraisal of development options and alternatives. Engaging different levels of administration facilitates the implementation process as institutions acquire knowledge of SD principles that may lead to related staff appointments and the development of relevant tools or instruments.</p>
<p>Ensure transparency and clear communication in programme management and implementation. Provide guidance and training that enhances applicants' understanding of sustainable development and elaborates procedures to secure its integration. Consider examples from existing or proposed projects, assess them for compatibility with SD principles, and utilise them as illustrations of how to apply the guidelines.</p>
<p>Conduct assessments, as appropriate, to identify and measure economic, social and environmental impacts, as well as interactions and interdependencies between the different dimensions. Impact assessments can support the programme design process by providing a basis to appraise alternative development scenarios, identifying the need for mitigation, and may be used to steer programme and project design towards the creation of synergies.</p>
<p>Explore relative costs and benefits and acknowledge critical thresholds where appropriate when addressing trade-offs between economic, social and environmental dimensions and in assessing alternative courses of action. Where knowledge is limited, for example because of scientific uncertainty or incomplete information, act with caution in decision-making. Particularly in a context of time constraints, beware of irreversible decisions with regard to the natural environment or social cohesion that may have consequences for subsequent programmes or generations, or neighbouring regions or countries.</p>
<p>Generate broad participation and consultation with stakeholders. Encourage an inclusive public and private sector involvement, allow access to information, and develop appropriate participatory channels and consultation mechanisms. The greater the involvement of partners and stakeholders, the more likely the transfer of SD processes to other organisations, which will facilitate integration into the design and delivery of projects and foster a sense of local ownership of the programme.</p>
<p>Monitor and evaluate progress in economic, social and environmental integration. Approach sustainable development as an on-going and open-ended process, learn from experience, and modify procedures accordingly. Trade-offs should be reported and described in a detailed form, outlining corresponding gains and losses, how this action was justified, and the implications of these developments for the programme. These accounts should be clear enough to support the learning process for other programmes.</p>
<p>Adopt a long-term view. Consider present and future scenarios, looking to create lasting, positive impacts in the years following programme completion that will sustain future generations. In programme design and project selection, anticipate and generate impacts that will produce beneficial spillovers. Look beyond the programme period and envisage the process as the first steps in the long-term re-orientation of the regional economy.</p>

In the development of the analytical approach for this evaluation, the guiding principles acted as a framework for the elaboration of research questions, focusing on how the integration of the economic, social and environmental dimensions of sustainable development were supported or hindered by the different components of the MIS, which were considered in seven categories:

- procedures for programme design (e.g. involved parties, impact assessments, identification of financial priorities);
- project generation, appraisal and selection mechanisms (e.g. responsible actors, guidance for applicants, methods for selection);
- programme monitoring (e.g. comprehensiveness, interactions, selection of indicators);
- evaluation (e.g. contribution at ex ante, mid-term and ex post stages, methods, actors involved and role, use and follow-up);
- reporting procedures (e.g. responsibilities, scope, quality and reliability);
- financial management (e.g. measurability of trade-offs, pressures from N+2,); and
- partnership (e.g. actors, responsibilities and roles, inputs to various management and implementation processes).

An assumption was made in the design of research questions that, at the outset of the programme period, there was very limited knowledge of the concept of sustainable development among programme partnerships and managing authorities. Accordingly, the questions focused on the integration of economic, social and environmental factors, representing the components of sustainable development. However, it was anticipated that, in some cases, procedural innovations designed to accommodate SD principles and activities may have emerged during the programme period, reflecting for example a change in awareness as new initiatives such as the EU Sustainable Development Strategy come to prominence, or as guidance on integration was disseminated by the European Commission across the Member States.

The ten case study countries/programmes were as follows:

<p><i>Germany</i> - Brandenburg Objective 1 Operational Programme <i>Portugal</i> - Northern Region Operational Programme <i>Spain</i> - Cantabria ERDF Objective 1 Integrated Operational Programme <i>Sweden</i> - Södra Skogslän Objective 1 Programme <i>Belgium</i> - Limburg Objective 2 Programme <i>Denmark</i> - Objective 2 Programme <i>Netherlands</i> - Northern Netherlands Objective 2 Programme <i>United Kingdom</i> - East Scotland Objective 2 Programme <i>Hungary</i> - Community Support Framework <i>Slovakia</i> - Community Support Framework</p>
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The case studies were selected to provide a broad spread of examples with regard to the EU territory, coverage of different programme types, and SD features that include different synergies, innovations, or new tools and integration mechanisms. In each case, a combination of desk research and fieldwork research was used to develop an understanding of how the management and implementation processes support or undermine SD integration, involving interviews with strategic, operational and external respondents. The results of the national assessments have been presented in individual case study reports, which formed the basis for the following comparative analysis and synthesis.

### 5.3 Integrating sustainable development through Cohesion policy in 2000-06

The following two sections provide a comparative assessment of the results of the empirical research on the integration of sustainable development through the management and implementation systems of Cohesion policy in the 2000-06 period. This section examines each of the administrative processes in turn.

#### 5.3.1 *Procedures for programme design*

The programme design phase has considerable potential to lay the foundations for integrating economic, social and environmental factors that will extend into the subsequent programme implementation. Central to this phase is the relative importance accorded to regional economic, social and environmental issues as part of analysis, consultation and strategy development activities, how the different factors are incorporated into programme design, and whether problems identified are addressed in an integrated fashion in the priorities and measures.

Within programme design, most of the case study programmes included a broad representation, with actors from economic, social and environmental interests, including NGOs, business, and unions, as well as a range of public sector agencies at different levels. Nevertheless, decision-making power was perceived to remain with the economic actors, restricting a balanced consideration of the different dimensions. For example, in the Netherlands, even though there had been a wide consultation incorporating interviews and workshops to obtain SD views, there was still a perception that the European Commission required an economic document, and consequently this was the main preoccupation.

However, there were examples where substantial consultation, participation and education drew support and involvement that contributed to a more sustainable regional development programme. One approach involved a thematic consultation on SD that asked for ‘a vision of a sustainable region’, thereby changing perceptions and raising awareness of interactions and interdependencies (Belgium). An alternative method comprised a continuous process of consultation, supported by a SD Steering Group drawn from partners, which facilitated ongoing engagement and a holistic approach that sought to integrate the dimensions rather than separating them (United Kingdom).

A number of other factors influenced the range of actors involved. For instance, the EU approach to SD as horizontal in character was interpreted in some cases as meaning there was no need for integration or for involving SD actors in design, as it would be dealt with

later or in a separate process. Furthermore, SD was generally understood to mean environment, particularly in Denmark Funen, Hungary (with its focus on environmental legislation and energy), and Sweden, which followed the national regulations that defined SD as ecological sustainable development.

Problematic issues included a lack of precise guidance on who should be involved and what status each participant should have. Unfamiliarity with the SD concept meant it was not obvious who should represent the theme or what method should be followed. This problem was exacerbated by the absence of regional or national Sustainable Development Strategies that might have provided a basic starting point. In Slovakia, for example, neither the NDP nor the CSF provided a definition of SD, and in Hungary the lack of a SDS meant that the MA staff appointed to deal with horizontal principles only secured minimum references to sustainable development. Additional factors that impacted on involvement included the lack of time available and the restricted amount of consultation, which precluded influence especially at OP level.

The assessments used to inform programme design comprised previous studies of regional economic, social and environmental conditions as well as newly created programme-specific profiles, SWOT analyses and ex ante evaluations. In a few cases, even though not formally required during this programme period, a strategic environmental assessment (SEA) was carried out.<sup>29</sup> However, programme impact was not the main feature, but rather the state of the region, and the SEA reports were not considered to have influenced programme design. In some of the SWOT analyses, economic, social and environmental factors were included, but the focus was principally on the economic dimension, with environment and equal opportunities combined as a single criterion, for example, and no real attention to SD approaches.

No consideration was given to trade-offs. In some cases, this followed from the belief that trade-offs would not happen because of the consensus established within the partnership. More typically, however, these factors were simply not considered at the design stage. Delays in implementation also played a role, resulting in one ex ante evaluation becoming a parallel exercise rather than being integrated. However, opportunities for synergies between economic and natural resources were highlighted in the Spanish case.

Socio-economic and environmental data in previous assessments contained principally qualitative information on environmental and social dimensions. The Portugal case was untypical, in that the previous 'regional diagnosis' defined SD as three-dimensional and identified ten issues for the future sustainability of the region, including equal opportunities. However, this classification did not influence the programme design process.

In terms of financial priorities, most cases did not focus on integrated development paths. Business and economic development and the reduction of unemployment were the main dimensions considered, with environmental and social factors treated as horizontal issues.

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<sup>29</sup> Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment, which entered into force in July 2004.

There was no discussion of the inclusion of SD from a financial perspective and no specific discussion of alternative development scenarios.

### *5.3.2 Project generation, appraisal and selection*

Guidance for applicants can encourage imaginative and creative thinking about projects at the planning and design stages. Structured questions can help applicants understand the different dimensions of their proposals, and examples can demonstrate how to integrate economic, social and environmental factors, including the quantification of impacts. Application forms also provide scope to demonstrate integration of horizontal themes, going beyond legislative compliance. Direct links may exist between project generation and selection, in which applicants could self-appraise, with the results used by formal appraisers or project development officers, for example in a matrix for project scoring. Another approach would be to secure participation of individuals or organisations encompassing economic, social and environmental interests in the selection process, which could mean technical workgroups involving government departments and agencies, local authorities, academics and NGOs.

Guidance for applicants on SD integration during 2000-2006 included the preparation of booklets or brochures describing the SD theme, checklists related to impacts on environment, space and social factors, for example, and manuals on how to approach horizontal themes or SD exclusively. In some cases, such as Belgium, the Netherlands and the UK, additional direct assistance was provided by the managing authority or programme secretariat. In Belgium, the programme secretariat assisted applicants in the design phase, exceptionally referring specific SD questions to horizontal themes 'screeners'. In the Netherlands, SD coordinators assisted applicants with project development, but their involvement was criticised as too late in the process, detached from project management, and undermined by time constraints. In the United Kingdom, written guidance was supported with a series of training workshops led by managers of existing projects. However, in the majority of cases surveyed, no specific SD-guidance was provided, as it was not considered necessary or appropriate. A common theme was the difficulty experienced by applicants in grasping the approach needed and translating SD objectives into project activities. Although this continued throughout the programme period, improvements were recorded particularly in the United Kingdom and the Netherlands, where the respondents became aware of a shift in attitude or mindset, meaning that they had adopted a broader perspective. The mainstreaming guidance in the UK case was revised during the programme period in a further attempt to embed it in the MIS.

In Sweden, Hungary and Slovakia, SD was equated with environmental sustainability, with related guidance directed at environmental impacts and legislative compliance. In practice, this maintained a narrow perception of SD and prevented a transition to addressing it as a multi-dimensional concept.

Procedures, expertise and tools supporting SD comprised staff resources, assessment techniques and scoring systems. Investments in staff included SD screeners in Belgium, who conducted project appraisals from checklist information, SD coordinators in the Netherlands, who assisted applicants in project design, and specialists in Advisory Groups in

the United Kingdom that weighed the relative merits of project impacts on the different components of SD. All of these experts encountered problems, such as being perceived as making too many demands on the application process, as being too detached from project management, engaged too late in the process to make an impact, or not having sufficient status to influence decisions. In the Hungarian case study, rather than appointing specialists, the same people conducted the SD and overall appraisal of projects, with prior SD training that focused only on environmental sustainability.

A number of tools were developed to support integrated assessment. These included the Integrated Sustainability Triangle (IST) in Germany, based on a series of structured indicators, for example related to cost-effectiveness, ecological quality and social involvement, but the IST was also considered to introduce risks of increased bureaucracy. In Denmark Funen, a scorecard included SD components, but a low score in these themes did not mean rejection. In the United Kingdom, 12 SD core criteria, including themes such as strategic integration, durability/feasibility, and access/opportunity, were considered in an integrated fashion as part of overall project appraisal process, building on a preliminary assessment by the PME. A checklist for use in project appraisal was also developed latterly in Sweden, but it was restricted to ecological sustainable development. In the case of Hungary, it was considered relatively easy to obtain the maximum points for environmental sustainability (five percent of the total), but it presented no hurdle if no points were scored on SD.

Trade-offs and synergies were treated very differently amongst the case studies. Trade-offs were clearly identified in Denmark Funen, and they influenced the treatment of subsequent projects. They involved scenarios of local versus regional development and economic versus environmental interests. In one particular trade-off, a regional nature tourism project generated local opposition on the basis of low job-creation potential, but was given approval, and the concession was utilised later to approve a substantial employment-generating project. In other cases, such as Spain and Belgium, trade-offs and synergies were acknowledged as part of the process, and even described as important, but they were not encouraged. They occurred on an *ad hoc* basis with no formal guidance.

Countries such as Portugal and Hungary did not deal with trade-offs or discuss them, on the basis that this was not a policy option or because SD was one-dimensional - namely environmental sustainability - and it was dealt with as a separate horizontal theme with only superficial reference to interactions with other dimensions. In two other cases, in the United Kingdom and Denmark, trade-offs were assumed to be unlikely because of the consensus approach that was adopted to regional development. In North Jutland, this meant that related impacts in other spheres were not allowed to detract from the main economic goals, and the regional priorities had become sufficiently clear over time, precluding the need for negotiations and trade-offs. In the United Kingdom, the focus on broader outcomes and transparency in the use of the core criteria was considered to minimise conflict over the course of programme implementation.

### 5.3.3 Monitoring

Measuring achievement from a sustainable development perspective is constrained by a range of factors. For instance, from a definitional perspective, what should be measured, given the multi-faceted nature of SD, and how can the indicators measure interaction between the different economic, social and environmental dimensions? In addition, the timescale associated with SD means that some impacts are not tangible or measurable in the short term.

With regard to the accommodating the different dimensions of SD, the bases used for indicator selection included EU guidelines, national indicator sets and regionally established indicators agreed between beneficiaries and programme managers. Across countries, the indicators chosen were primarily economic in character, but in no example were they exclusively economic. In some cases, such as Belgium, the Netherlands and Sweden, a categorisation into economic, social and environmental dimensions occurred, but a more typical approach was a primary economic focus and a secondary environmental focus. In practice, the division into the three pillars, when it occurred, generally meant that the dimensions were considered separately, rather than in an integrated fashion. This prompted the United Kingdom programme to devise supplementary programme-specific SD indicators, aiming to form a judgement on the direction of change. In most cases, SD was principally regarded as a horizontal priority focused on environmental sustainability. This resulted in a concentration on environmental indicators, sometimes through the involvement of national environmental authorities, as in Denmark, or through specialist working groups, as in Germany. Even then, not all of these environmental indicators were utilised in the monitoring systems.

Interactions between SD dimensions were not measured in any of the ten case-study programmes. In some instances, such as Belgium, the Netherlands and the United Kingdom, interactions occasionally arose in project decision-making, but these characteristics were not measured or documented, a task that was acknowledged as requiring further work. Similarly, trade-offs and synergies were not identified or measured. Synergies were generally regarded as a beneficial *ad hoc* - and rare - outcome. No indicators were derived to monitor trade-offs or synergies.

### 5.3.4 Evaluation

Evaluation at ex ante, mid-term and ex post stages has the potential to assist the understanding of sustainable development and its incorporation within the MIS. Whereas ex ante evaluations may be used to clarify concepts at the beginning of the programme period, subsequent mid-term and ex post evaluations can conduct critical appraisals of methods and effectiveness in integration.

In the clarification of SD, evaluations varied in their usefulness. Although ex ante evaluations may have represented the most obvious opportunity, they seldom addressed SD in terms of offering clarification. Mid-Term Evaluations (MTEs) and Mid-Term Evaluation Updates (UMTEs) generally devoted greater attention to SD, but as a horizontal theme and mostly as an environmental feature. Exceptions include the Portuguese case study, in

which the evaluation expressly addressed the clarification of SD. In this instance, the ex ante evaluation quoted the Brundtland definition, highlighted issues relevant for SD from economic, social and environment dimensions, and derived three SD objectives for the programme implementation. In Belgian Limburg, the MTE and UMTE both contributed to SD clarification, more directly in the latter, oriented towards the horizontal themes of quality of living environment and equal opportunities.

Otherwise, evaluations either did not assist in clarifying SD or the clarification directed the MIS to focus on environmental sustainability. The environmental interpretation was evident in Denmark, Germany, Hungary and Spain. This was due, for example, to the primarily economic focus of programmes and lack of specific SD indicators or, as in Hungary, the assumption that as a horizontal theme SD corresponded to environmental sustainability.

No evaluations considered the costs of SD integration, but the feasibility of SD integration was addressed in several case studies. The effectiveness of various SD instruments was examined in the Netherlands case study, concluding that adaptations were needed; and in East Scotland, the MTE briefly surveyed why projects had not fully contributed to SD, with a twofold categorisation of 'not relevant' or 'impractical'.

Detailed appraisals were conducted in Hungary, but with regard to environmental sustainability. Both the ex ante evaluation and the strategic environmental assessment expressed the need for a clearer method for assessing SD. Criticism was directed at the structure of the application form, the fact that unsustainability did not influence project eligibility, and the limited capacity of the indicators. Recommendations included utilising the three-pillar system and outsourcing the appraisal of horizontal themes. Given the short timescale of the programme, these recommendations mainly impacted on the subsequent, 2007-13 programme.

With regard to modifications to the MIS, recommendations from the MTEs were followed up in two cases. In East Scotland, the evaluation recommended conducting further training and awareness-raising, that an environmental impact assessment of overall project activity should be carried out, that a monitoring method should be based on the 12 core criteria, and that there should be greater involvement with horizontal theme organisations. All of these recommendations were taken forward by the programme secretariat. In Sweden, the evaluation recommended changing the application form to include environment, new guidance and an environmental checklist were to be created, the programme secretariat was to receive training on environmental aspects, and the horizontal criteria were to be raised in importance in project appraisal. Again, these were all implemented.

In several other cases, the evaluations made recommendations related to SD integration, but they were not taken up. Examples include the need for a greater focus on gender equality in projects in Denmark, a more integrated use of SD coordinators in the Netherlands, and an extensive list of measures to improve equal opportunities integration in Portugal.

### *5.3.5 Reporting*

Monitoring and annual reports have the scope to review progress in integrating economic, social and environmental factors, including accounts of the consideration of alternatives and decisions regarding synergies and trade-offs. However, project stakeholders may over- or under-report project activity, for example due to problems in interpreting indicators, with the consequence that the impact of programmes in terms of SD achievement is misrepresented.

In addressing SD integration, reporting was restricted in its coverage, with a few exceptions. In most cases, the different dimensions were represented in a quantitative form, but it was not integrated. This was typical for Denmark, Belgium, Spain, Portugal and Sweden, where environmental factors and equal opportunities were reported as horizontal themes.

Two exceptions to this approach occurred in Germany and the United Kingdom. In the Brandenburg programme, reporting was focused initially on the environmental dimension, but from 2001 began discussing a three-dimensional approach to SD, drawing attention to the national and EU SD strategies. By 2004, it included results of sustainability assessments at project level. In the East Scotland programme, reporting summarised progress in activities generated to support integration, including revisiting the 12 SD core criteria to ensure their continued relevance. It also listed the broader dissemination of its SD initiative amongst the wider public sector.

Social and environmental aspects were addressed in the Netherlands in separate chapters containing quantitative and qualitative information, and the Annual Implementation Report 2006 discussed the further inclusion of the three SD elements for the future programme. There was no attention to horizontal themes in the CSF or OP reporting in Slovakia; it was not a formal requirement, and so it was not addressed. In contrast, SD was a compulsory chapter in annual implementation reports in Hungary, accounting for progress in equal opportunities and environmental SD, describing support activities such as the SD manual and horizontal award.

Alternatives and trade-offs were not reported in any of the case studies. There was no formal requirement to record and report such occurrences, and they were not viewed as core issues of programme management. Respondents stated that the monitoring systems could not have accommodated coverage of these issues.

There was little reliability regarding SD in reporting. This was based on problems such as low levels of reporting, inadequate definitions, lack of time and resources, and the inability of quantitative claim forms to capture qualitative change. SD achievement was described by the programme secretariat in East Scotland as under-reported, particularly the extent of beneficial linkages to other related activities, whereas the low level of SD reporting in Denmark was described in accordance with Commission guidelines that made no requirement to demonstrate SD integration into ERDF projects. Case studies in Belgium and the Netherlands emphasised that the data had been delivered directly by project managers,

with limited checks for quality or plausibility. Across all countries surveyed, few projects had been visited to appraise SD achievements

### *5.3.6 Financial management*

The financial management process has the potential both to facilitate and to undermine realisation of SD objectives. From one perspective, it could assist decision-making by clarifying the comparative costs of alternative options and potentially supporting the justification of trade-offs. This may record financial losses incurred through prioritising an overall gain from a sustainable development perspective. Alternatively, pressures on financial management may result in compromise that restricts the scope for SD integration.

Economic factors were only exceptionally subordinated in favour of environmental or social benefits. An example from Belgian Limburg related to construction projects where environmentally neutral and sustainable building materials were utilised. These were a more expensive choice, but this option was approved as long as there was no great impact on economic performance. This choice was made at project level, not strategic level.

A nature tourism project in Denmark prioritised regional environmental benefits over employment gain, delivering only seasonal employment. This step prompted a corresponding concession in a subsequent project decision, whereby a primarily community-focused application was approved. An energy project in East Scotland was cited as an example of subordinating economic benefits for other gains, absorbing the greater unit costs with the expectation of improved SD performance overall. The project was not expected to deliver a large number of jobs, or to score highly on other key indicators, but it would deliver cost savings through environmental performance and social integration.

In contrast, the opposite tendency where the MIS placed a greater focus on economic factors, in some instances to the detriment of environment, was reported in the case studies from Portugal, Spain and Slovakia.

With regard to the decommitment (N+2) rule, very few impacts related to SD were reported. These references related to Belgium, where time pressure created through N+2 requirements meant that the analysis of projects in the early stages of implementation was less thorough, resulting in less efficient project delivery, and the Netherlands, where projects incorporating economic, social and environmental dimensions experienced greater difficulties than other projects in spending their funding on time.

### *5.3.7 Partnership and institutional engagement*

Partnership-working can improve programme/project implementation from a sustainable development perspective. The process can potentially develop a new consensus on SD within a region and promote new partnerships for sustainability. Partnership-based working groups can also facilitate the learning and educational process for sustainable development. However, the transition to partnership-working also contains potential for conflict, as regional stakeholders create structures for decision-making that operate alongside the established political and administrative system. Furthermore, inter-

institutional relations may improve horizontal co-operation or may lead to tensions between emerging and existing regional-level institutions.

With regard to composition, the partnerships generally involved an appropriately wide range of actors from the outset in the form of single-issue responsibilities with no-one having a specific SD remit. These examples drew in economic, social and environmental expertise and could accommodate a wide range of interests and viewpoints. However, the majority of these cases experienced broad inclusion in the design phase but a lack of horizontal themes influence during programme implementation. Also, the opportunity of gains through the monitoring committee was often lost, where even though there was a broad representation, it had a limited role/influence, or opinions from committee, sub-committee and consultations were given only limited consideration.

Low impact of horizontal themes related to the interpretation of what was appropriate at the time, such as no environmental inclusion and social dimension being restricted to gender issues, as occurred in Denmark. Or with a major focus on financial performance and a reluctance to address issues not related to absorption, as in Slovakia, where requests from stakeholders outside the state administration for broader consideration of social and environmental factors were not accepted. Similarly, participation in the design phase was mainly restricted to institutional representatives in Spain, with other actors having only limited influence.

In SD interpretation and implementation, experience ranged from a clear positive impact to no discernable impact from partnership-working. Where positive impacts were recorded, these included an increased awareness and a perceived change of mentality, which led to a higher consideration of SD themes than in previous programmes. Developing key SD criteria proved to be a useful collective learning process for the UK East Scotland partnership, generated through the intermediary of the Key Policies Group, although adjustment to the holistic approach proved difficult for some partners who were used to smaller-scale approaches. Applicants, programme managers and government staff in the Netherlands gradually increased understanding, assisted by the new SD instruments, even though environmental and social aspects still lagged behind. In Belgium, the transformation was more evident at operational (applicant) than strategic level, as the majority of actors and institutions involved in programme implementation were already informed on considerations of SD integration.

Accommodating trade-offs, which provides an example of learning through direct experience, also prompted development of the SD concept and the balancing of different dimensions in Denmark Funen, where economic and environmental spillovers occurred between municipalities. Partnership-working with SD in Portugal resulted in an improved sense of ownership and being part of a joint project, especially the open process of participating in the definition of regional priorities; whereas in Spain it raised more divisive problems because of contrasts between the views of business organisations and environmental NGOs with regard to regional development priorities.

In cases where no impact was recorded, the reasons included fears that SD assessment could complicate and bureaucratize the application process, such as in Germany, where the

lack of influence and capacity led to decreasing commitment by environmental actors, and in Hungary, where the primary focus was on absorption rather than SD principles. In another instance, in Slovakia, despite acknowledgement of SD in a range of strategic documents, the concept was narrowed to the environmental dimension, and the division of responsibilities for drafting the NDP and the OPs further increased the difference between policy and practice.

Institutional learning was promoted through various means, reflecting a better understanding of SD. Developing new tools, especially through partnership involvement, was effective, for example in Belgium and the United Kingdom, with the SD barometer and SD core criteria respectively. A new scorecard was created in Denmark Funen, the use of which raised the profile of the different dimensions; and workshops facilitated institutional learning for the Brandenburg MIS, as the Ministry of Science developed its own SD assessment approach. A new horizontal award for environmental SD offered by the CSF MA in Hungary raised awareness among applicants; and modification of the application process and indicators, as well as revision of the SD guidance during programme implementation, reinforced learning in East Scotland.

In cases with a lower impact, the SD concept became more tangible, making the environmental and social dimensions higher priorities in the next programme period. This included identification of opportunities in Spain to exploit the management of natural resources for wealth from tourism and leisure industries.

Organisational Change was reflected through new appointments, even though these positions were not always retained into the next programme period. Examples include SD screeners in Belgium, SD co-ordinators in the Netherlands, and horizontal themes staff in Hungary, all appointed to assist programme implementation. New committees were also established for consultation purposes, such as the Sub-committee on Horizontal Themes in Hungary and the Key Policies Group in East Scotland. In the latter example, members are still active in the current programme, potentially spreading learning to other organisations.

#### **5.4 Overall assessment of the integration of sustainable development**

This final section reviews the themes of how SD was interpreted within Cohesion programmes over the programme period, the factors that facilitated or constrained effective SD integration, and the lasting impacts emerging from SD initiatives during 2000-2006.

In the absence of detailed guidance on the meaning of SD and methods for its incorporation within Cohesion policy, different interpretations of SD integration emerged. Sources of ideas and information included EU and national-level documentation, programme evaluations and pilot project experience. For example, the EU Sustainable Development Strategy and national SDS provided background detail as well as a momentum that illustrated a broad direction to follow. Programme evaluations were important in some cases in providing recommendations that helped to define subsequent sustainable regional development interpretation and activities of SD, for example in Portugal and Sweden. In

the pilot project in East Scotland, the preparatory work acted as a fundamental source for the approach adopted to defining the 12 SD core criteria and informing the programme MIS.

In cases where interpretations of SD were established at the start, these working definitions were retained throughout the programming period, but supplemented by learning from experience in the operation of project selection and implementation. In East Scotland and the Netherlands, this involved putting theory into practice and then revising working methods to reflect the lessons learned. In those instances, the refinements did not involve new definitions, but rather an improved awareness or appreciation of the different dimensions of SD. Benefits were also gained from work on devising programme instruments to facilitate SD management, with the processes in some cases changing the view of how SD could be described and measured. An example would be the SD barometer in Belgian Limburg, which derived a region-specific SD interpretation.

A range of factors that supported SD integration were identifiable across the case studies. These include the provision of guidance materials, specialist appointments, the existence of 'champions' to progress SD, and securing community involvement and wide partnership participation. The production of information brochures or guidelines to inform participants was reported as especially useful in the Netherlands and East Scotland, where the evolution of the approach and the tools for integrating SD were presented in detail. The additional step of appointing individuals in the role of SD coordinators or screeners, in the Netherlands and Belgium respectively, was recognised as a key intervention with significant potential, but in practice their impact was limited by their position in the applications system, meaning that restricting their activity to one or two MIS components or phases in project appraisal undermined their scope.

It was also evident that there is an important role for champions or key individuals, based in funding departments or programme management, to pursue the development of SD approaches, as occurred in Germany and East Scotland. This refers, for example, to programme managers, project sponsors or financial managers, who can act as a catalyst to ensure the visibility of SD, provide guidance and support on its integration, and who can sustain this input over the programming period. With regard to community or partnership participation, the activity of developing new instruments to manage SD was experienced as useful in generating interest in the concept and encouraging strategic and sustainable thinking, as occurred in the processes to design the SD barometer for Belgian Limburg and the SD core criteria for the East Scotland programme.

A number of factors that hindered SD integration were also apparent. These included unfamiliarity with the concept of SD, where lack of experience, particularly in Hungary and Slovakia, meant there was no foundation to build upon. The sustained dominance of economic concerns was also an undermining factor in these countries, where the higher decision-making bodies were primarily concerned with financial performance to the exclusion of other SD dimensions. The different perception of SD by participating institutions created difficulties for coordination or the understanding of SD qualities in project types, as identified in the UK and Portugal. Furthermore, if SD was low on the political agenda, this acted as a constraint, for example in Germany, where there was no

immediate support or impetus to develop SD approaches, and in Sweden, where the perception of SD as environmental or ecological in character also hindered integration.

Fitting into an existing project selection process proved a constraint in different cases, as there was not always sufficient flexibility to allow the new instruments or appointees a significant role. The lack of suitable indicators also proved to be a hindrance across the case studies, preventing the monitoring of progress in SD-related impacts and interactions. Lastly, the restructuring of government institutions during the programme period, as occurred in Scotland and Sweden, meant a loss of accumulated knowledge and staff expertise, requiring considerable time to establish new working relationships.

With regard to lasting impacts, most programmes recorded an improvement in aspects related to SD integration. This took a range of different forms. In particular, SD has mostly been given a larger role in the current period, including greater participation in the design and management processes, based on learning from the 2000-2006 experience. In some cases, this has been accompanied by a change in perception/attitude, whereby those involved in the MIS have adopted a broader, more informed view of SD.

The development of new SD instruments has also continued beyond the 2000-06 programme period. The project assessment tool developed in Germany has become a standard monitoring procedure and the Managing Authority is seeking to make it a legally binding part of the approval process. Further consideration is being given to the development of the SD barometer in Belgium, to produce a more practical, easy-to-apply model. Other broad developments include a new strategy, associated guidelines and manuals to assist SD integration, as in Slovakia, with a section added to the application form regarding the contribution to the National Sustainable Development Strategy. A category for SD has also been added to the new application form in the Netherlands, linked to the preparation of a chart detailing a project's economic, social and environmental impacts.

In some instances, there has been a scaling-down of the approach to SD integration. SD tools have been reduced in the new programme for Belgian-Limburg, as part of the direct economic focus, and there has been a return to the three-dimensional approach to SD in Scotland, rather than continuing the former programme's integrated approach. In these examples, the managing authorities justify the transition by stating that enough has already been learned on SD integration to ensure that the principles will be retained, even though the approach has been changed and the number of initiatives has been reduced.

Beyond the individual programmes, the SD project assessment tool in Germany may be applied to other funding programmes within the bank that developed the instrument, and the ESEP approach in the UK has been used as an example of good practice in the Greening Regional Development Programmes (GRDP) toolkit, as well as contributing to local and regional governmental committees on sustainable development aspects of best value legislation.



## 6. CONCLUSIONS

The previous sections have provided a synthesis of the main research tasks undertaken as part of the ex post evaluation of Cohesion policy management and implementation systems. The final two sections draw together the main issues to emerge from the study, beginning with the key conclusions and followed by recommendations for the future.

### 6.1 Diverse and difficult demands of Cohesion policy management

The management and implementation of Cohesion policy in 2000-06 differed greatly across Member States, influenced not just by country-specific constitutional and institutional factors but also by the scale of EU funding, the relationship with domestic development policies and resource allocation systems (see Section 2). A common feature of the 2000-06 period, however, was that the implementation of Cohesion policy was demanding for many Member States.

This evaluation has underlined the major differences between Member States in their approach to the management and implementation of Cohesion policy - differences which have grown with the enlargement of the EU (see Section 2). Constitutional arrangements and institutional structures shape the balance of power and responsibilities between national and regional levels of government, the involvement of central State, sub-regional and non-governmental actors and the interpretation of the partnership principle in all management and implementation processes from programme design to evaluation.

A further factor is the relationship between domestic and EU development spending. In Member States where Cohesion policy was subordinate to domestic regional policy (in terms of the scale of regional development resources, or the experience of regional policy), Cohesion policy management and implementation processes had to be 'accommodated' or adapted to fit with domestic systems and procedures. This gave rise to tensions in some EU15 Member States (although perhaps less so than in previous programme periods), but it also contributed to a reshaping of aspects of domestic implementation. Where Cohesion policy funding was dominant relative to domestic regional development spending, or where the management principles/practices were new (e.g. partnership, strategic planning, monitoring, evaluation), Cohesion policy processes often led to significant changes to domestic policy systems with the aim of ensuring an integrated EU-domestic approach to management and implementation. This was particularly evident in the EU10, but also in some EU15 Member States benefiting from sizeable Objective 1 funding.

The diversity of Member State practices was most evident with respect to resource allocation, i.e. the systems of project generation, appraisal and selection (Section 2.5). The combination of different administrative systems and the need to adapt resource allocation to the scale and thematic focus of interventions produced a variety of mechanisms - pre-allocation of funding, use of global grants or other funding 'packages', open or closed calls for tender with varying degrees of competition, use of low-administration micro-funds - and different systems for making award decisions with different levels of responsibility for Managing Authorities, Implementing Bodies and other partners.

Despite these major national (and regional) differences in approach, a common feature of the 2000-06 period was that the implementation of Cohesion policy was demanding in many Member States.

The regulatory framework for 2000-06 Regulations gave the Member States more formal responsibility for programming, limiting the scope of programme negotiations largely to priority level. However, the Regulations introduced over the period 1999-2001 also imposed more stringent obligations on Member States. These applied to: reporting (an annual report on programme progress as a basis for an annual meeting with Commission services and potential changes to programme management); monitoring (recommended physical and financial indicators to be included in the SPD/OP); evaluation (the obligation for all programmes to undertake a mid-term evaluation, linked to a review of programme performance, and an up-date of this evaluation after two years); expenditure management (the introduction of the decommitment (or n+2) rule and a performance reserve to be awarded following the mid-term review); and financial control (new requirements on management and control systems, and an intensification of audit).<sup>30</sup>

The demands of management and implementation were not only external. For EU15 Member States, the 2000-06 period presented an opportunity to build on the experience of previous programmes implemented during the 1990s; some countries/regions aimed to maximise the legacy of a possible 'final' period of EU funding. For the EU10 Member States, which acceded to the EU in 2004, the 2004-06 period represented their first experience of Cohesion policy. Even though the volume of funding was relatively limited (by comparison with 2007-13), it did represent a significant increase on the smaller-scale Phare funding provided during the pre-accession period and therefore a demanding institutional challenge of management and implementation.

## 6.2 Implementing Cohesion policy for the first time in the EU10

Implementation performance was most striking in the new Member States (EU10), which administered ERDF largely in line with the Regulations in their first programme period. Despite this positive progress, the research identified some important constraints on effectiveness, in particular related to a strong 'compliance orientation' of administrative procedures. Some of these constraints were addressed during the period in response to experience, but others remained outstanding and, if unresolved, will negatively affect implementation of the much larger amounts of EU funding during the 2007-13 period.

An initial conclusion of the evaluation is that the management and implementation systems in the new Member States enabled the administration of EU funding to comply with regulatory requirements (Section 3.3). Specifically, in each of the main areas of implementation, the following observations can be made:

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<sup>30</sup> It should be noted that some of the above regulatory changes were not taken forward into the 2007-13 period. Some of the conclusions and recommendations of this study will thus be superseded by the changing regulatory context applied to the 2007-13 generation of Cohesion policy programmes.

- programming documents were drawn up on the basis of national development plans, negotiated with the Commission and approved by July 2004 (with some reorganisation of regional-level programmes in two countries);
- partners were included in the programming process and in Monitoring Committees, and they contributed partly to project appraisal and selection;
- project generation was associated with high demand for most measures (after a slow start in some cases), and many of the projects were awarded funding on the basis of competitive selection systems;
- the financial management of commitments and payments ensured adequate absorption of funding, with only €135,000 decommitted in one Member State;
- annual reporting was generally deemed to be well-managed and met requirements, with all annual implementation reports being considered admissible by the Commission;
- monitoring committees were established, mostly meeting twice per year, and monitoring systems were generally operational from early in the period, although many experienced difficulties throughout the period; and
- evaluation plans were prepared by some Member States, and all countries undertook at least some evaluation studies during the period.

However, a notable feature of Cohesion policy implementation in the EU10 was an overly strong pre-occupation with ‘compliance’ in administering the Funds (Section 3.4). The priority was often to spend the money correctly and ensure that processes complied with the regulations. This is not surprising for a first (short) programme period, where experience was lacking, and it mirrors what happened during the first implementation period in EU15 Member States. Nevertheless, effective management and implementation of Cohesion policy involves more than regulatory compliance and sound financial management, important though these principles are. It also involves strategic management of programmes to ensure that policy objectives are met and that EU funding is spent on projects which maximise policy returns.<sup>31</sup>

The evidence from this study is that there was not much emphasis on (or less scope for) the strategic management of programmes in the EU10 during the 2004-06 period. The ‘compliance orientation’ is evident in the stress placed on financial management, where administrative procedures were sometimes overly complex and time-consuming. There was also limited use of reporting or monitoring as a management tool, a lack of time or commitment for making use of evaluation results, and weak strategic relevance of project selection criteria.

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<sup>31</sup> In this respect, the evaluation is not conclusive - the effectiveness of management and implementation systems cannot be assessed in isolation from the actual effectiveness of programmes. These are issues being addressed under other work packages in the ex post evaluation.

Turning to the constraints on management and implementation during the period, the operationalisation of systems was often problematic, although this varied between processes and Member States (Section 3.4). Making new systems work well was difficult - at least in the early years - due to several factors. There were problems of administrative culture, with the dominance (or at least residual influence of) bureaucratic public administration systems based on regulations, rules and procedures, and low levels of trust amongst the public administration. Administrative reforms were sometimes incomplete, with unstable institutions and inflexible human resource development policies insufficiently adapted to the goal-oriented approach required for Cohesion policy management. This affected structures and processes.

First, it proved to be difficult - at least at the outset - to establish organisational structures and systems which were appropriate for managing and implementing Cohesion policy. In certain countries, this was because of a wider environment of political instability and/or changes in organisation and leadership following elections. The allocation of responsibilities was sometimes unclear, communication flows could be deficient, there was a lack of experience of collaborative working (e.g. cross-sectoral policy planning), and there was frequently little or no tradition of partnership working. Problems with coordination and instability tended to be more prevalent in the larger Member States (in the Czech Republic, Hungary and Poland, and partly also in Slovakia and Slovenia); many of the smaller countries found it easier to get management and implementation systems working relatively smoothly within about a year.

Second, there was a general pattern of over-complex administrative systems, with a difficulty in 'striking the right balance' in the early years. Especially, in administrative cultures where mistrust among horizontal and vertical relationships was considerable, this exacerbated the already demanding procedures foreseen by the EU regulations, leading to over-regulation, over-complicated guidance, duplicate/triplicate financial procedures, too many audits, and over-complex monitoring and indicator systems. This complexity also reflected compatibility problems in aligning domestic rules/procedures with those required by EU Regulations. This was perhaps inevitable in systems where trust, regularity and transparency were of concern, and with inexperienced staff, but it also reflected a fear of decommitment.

Third, there were problems of administrative capacity. Phare pre-accession assistance sometimes proved to be of limited value (e.g. in Hungary, Poland, Slovakia) - relevant primarily for a small number of senior staff.<sup>32</sup> Consequently, there was a shortage of trained and experienced staff. Workloads were considerable, at least at the outset and due to a lack of managerial experience with the policy cycle. Staff turnover was frequently high. The capacity limitations were particularly pronounced among implementing bodies and final beneficiaries; in some of the smallest countries - Cyprus, Malta, Slovenia - Managing Authorities were also affected. These problems with administrative capacity were

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<sup>32</sup> And, as already noted, had not applied to Cyprus and Malta that benefited instead of the provisions from Council Regulation (EC) No 555/2000.

exacerbated by the human resource management systems in force, characterised by rigid recruitment and promotion procedures, and scarce performance orientation.

To a certain extent, the performance of Cohesion policy management and implementation improved over time, an important factor which demonstrated learning and institutional responsiveness (Section 3.5). In part, this was due to ongoing reforms to public administration, but it also reflected the adaptation of systems in response to experience. Changes included:

- the standardisation, simplification/rationalisation and updating of procedures - e.g. tighter definition of project selection criteria in most countries; adjusted selection systems (e.g. Estonia, Lithuania); rationalised processing of payment claims in most countries; improved indicator systems (e.g. Hungary, Lithuania); and more developed monitoring systems (e.g. Cyprus, Lithuania, Hungary, Slovakia);
- improvements in human resource management - more training adapted to needs (at different levels from managing authorities to final beneficiaries), higher salaries and better career prospects (in some cases), use of external expertise and study tours abroad to other administrations;
- the provision of more guidance on specific aspects - explaining project selection criteria and indicators, manuals of procedures;
- measures taken to meet the decommitment rule - project generation (e.g. Czech Republic, Slovakia, Hungary), improved monitoring (e.g. Hungary), quicker processing of payment claims (e.g. Czech Republic, Lithuania), closer contact with beneficiaries and more consultation (e.g. Czech Republic, Hungary, Latvia, Slovakia);
- the application of IT - electronic submission of applications (e.g. Hungary, Poland), electronic submission of payment claims (e.g. Cyprus), development of management information systems (e.g. Hungary, Lithuania, Malta); and
- better collaboration between departments e.g. on public procurement issues (e.g. Cyprus, Czech Republic, Malta).

Such improvements resulted in higher productivity, evident in a reduction in application processing/approval times (from approval to contract (e.g. Czech Republic, Hungary, Lithuania), from submission of payment claims to actual payments - although variable among institutions and programmes), greater coherence of selection criteria with programme objectives, and more effective data collection and reporting. The introduction of flexible procedures, allowing tools and processes to be adapted in the light of administrative experience, was an important step in allowing ongoing improvements to be made.

The outcome was that many management systems were considered durable - applicable also to management and implementation of programmes in 2007-13. In some cases, this was

because the systems had proved to be effective and were adapted in the light of experience. The two key sets of factors which facilitated durability were:

- organisational stability - especially fixed institutional structures, clear organisational relationships and divisions of responsibility, the stability of staff in higher management positions, and sufficient continuity of staff and procedures to allow organisational learning; and
- administrative resources - the availability of adequate managerial skills and coordination, the strengthening of modern elements for human resources development, leadership and administrative systems embodying flexibility and of scope for managerial decision-making and adaptation.

These factors were not universally addressed, and in some cases, systems were maintained beyond 2006 without resolving problematic issues. Most commonly these were related to incomplete administrative reforms, the persistence of a bureaucratic administrative culture, the lack of a national strategy to guide strategic management, and the need for more capacity-building. More generally, there is an ongoing need to develop and strengthen all aspects of management and implementation to deal with the larger volume of funding and the new priorities of the 2007-13 period.

This ex post evaluation has been the first study in which management and implementation systems for Cohesion policy were analysed in the broader context of public administration culture at national level, and it has not been the purpose of the study to assess the public administration systems of the EU10 as a whole, i.e. beyond their interplay with Cohesion policy. Nevertheless, the research has shown the importance of national administrations for Cohesion policy in general and brought to light some important conclusions on this specific issue.

- The degree of trust and mistrust embedded in the administrative cultures has an impact on the way in which EU rules are operationalised in domestic contexts. Where mistrust among horizontal and vertical relationships is a considerable factor, as reported in the Hungarian National Assessment Report, this has contributed to take Cohesion policy rules to extremes, particularly with regards to the processes of financial management and control, hindering MIS effectiveness and efficiency.
- The degree of stability of the systems in place is also a relevant context factor for the effective coordination of Cohesion policy and, indirectly, for the delivery of the individual processes of which Cohesion policy implementation is composed. Political and institutional instability has hampered policy coordination, not least by causing frequent changes in management positions, and the related loss of direction, institutional memory and competencies.
- Human resources management and development has also emerged as a crucial factor for effective Cohesion policy implementation. The introduction of Cohesion policy at national level necessitated smooth cooperation between the institutions

responsible for Cohesion policy and those responsible for human resource management and development.

### 6.3 Mixed experience with individual management and implementation processes in the EU10

The future success of Cohesion policy implementation in the EU10 will largely depend on the completion of broader public administration reforms and on the achievement of a more stable political and institutional setting. Nonetheless, there are several areas where the effectiveness of the individual management and implementation processes through which Cohesion policy was implemented in the EU10 was mixed.

Beginning with partnership, considerable efforts were undertaken to include partners in programming and monitoring and the partnership principle was generally respected by the responsible authorities. However, the experience was mixed. The identification of partners was challenging in EU8 Member States, which largely lacked a partnership tradition and established mechanisms for involving partners, whereas Cyprus and Malta had already experience with the implementation of the partnership principle. The contributions of partners added to effectiveness to a limited degree (because of poorly clarified functions of partners, limited capacities, lack of initiative and constructive contributions). However, in some cases the sector-specific know-how of partners was utilised, and good practices could be identified in the Czech Republic, Estonia, Poland and Slovenia. At the end of 2008, the major outstanding constraints were insufficient capacities and know-how about Cohesion policy at the level of partners in all EU8 Member States except for Poland.

Programme design was most demanding in EU8 Member States with a traditional lack of long-term strategic planning. Specifically, the development strategies had to be undertaken under time pressure. Cross-sectoral links and linkages between strategies and programme aims were difficult to achieve. Also, the coordination of many actors including first-time partners proved to be a tough task. Among EU8 Member States (except for Poland) three main constraints were found with regard to programme design at the end of 2008: poorly focussed development strategies at national level, strong sectoral approaches, and weak links between the development strategy and programme objectives. These constraints have to be seen in the context of legacies of Communist countries, such as a low horizontal cooperation and a lack of regional policies and planning traditions in terms of strategic and goal-oriented approaches.

Practices and procedures for project development, appraisal and selection differed among programmes and Member States. All countries used either competitive selection systems or a combination of competitive and automatic selection systems. Large infrastructure projects were mostly pre-selected on a strategic basis. The most frequent obstacles during implementation were deficiencies in selection criteria, the high demands on applicants for supporting documentation and poor management of the process. Ongoing changes and adaptations enhanced the effectiveness of this process over time. At the end of 2008, the major constraints varied largely among Member States. Outstanding constraints with project development were identified in the Czech Republic (no active project development by authorities) and in Malta (only one single call at the beginning constrained

learning). With regard to appraisal and selection, the deficiencies included ineffective use of selection criteria resulting in a lack of project quality (Hungary and Slovakia), a lack of user-friendly tools (Estonia, Hungary, Slovenia), a lack of information and transparency (Estonia, Slovenia) and long selection times (Hungary, Latvia). The major constraint in Poland was constant changes which had to be implemented on the basis of a complex and centralised procedure.<sup>33</sup> Additionally, a full compliance with public procurement obligations could not be secured with existing checks and controls in Slovakia.

Procedures for financial management were generally clearly defined. Substantial external expertise was utilised and useful tools were developed. Financial management was a highly complex and challenging task which was characterised - especially at the outset - by delays because of high complexity, inflexible rule-oriented procedures, lack of administrative capacity, lack of experience at beneficiary level, and procedures which were not aligned with domestic systems. Throughout the programme period adaptations were introduced based on gained experience. Among the most frequent were more direct contact with beneficiaries, greater flexibility in addressing problems and alignment of procedures. Despite enhanced effectiveness throughout the programme period, substantial outstanding constraints could be identified at the end of 2008. In all EU10 Member States - except for Cyprus and Lithuania - financial management was still a complex and cumbersome process which was related to distrust or strong emphasis on controls. Partly it was also characterised by deficits of capacity and frequent procedural changes. In Poland, the major constraint was the non-aligned domestic and Cohesion policy procedures which enhanced complexity and produces delays.

With respect to programme monitoring, although the Monitoring Committee meetings mostly had a compliance function, their regularity was positive as it allowed for activation of partners (Poland) and regular exchange of information (Malta). Strategic discussion in the Committee meetings was limited. Whereas in some cases monitoring systems were fully operational early on others functioned at a basic level and were further developed later in the period (Lithuania, Hungary, Slovakia). In Poland and Slovenia, systems were not fully operational throughout the first programme period. In the Czech Republic the central system was functional only to a limited degree. A major challenge was the set-up of indicator systems with regard to striking the right balance (i.e. a sufficient number of adequate, well-defined and measurable indicators). Indicator systems were improved on an ongoing basis throughout the programme period. However, inadequately developed indicators were a major constraint at the end of 2008 in EU8 Member States. Poor indicator systems were particularly apparent in the Czech Republic, Hungary, Lithuania, Poland, Slovakia and Slovenia, although weak in different aspects. Furthermore, a lack of user-friendliness was identified in Estonia and Slovakia, and a strong emphasis on financial monitoring and low use of monitoring as a tool for strategic management in Estonia, Slovakia and Slovenia, where deficiencies continued until the end of the period.

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<sup>33</sup> This procedure was improved for the 2007-13 programme period.

The number and comprehensiveness of evaluations differed among EU10 Member States. In most countries, smaller thematic evaluations were undertaken, larger countries used mid-term evaluations to review the implementation progress (Czech Republic, Hungary, Poland, Slovakia). Some basic capacity-building was undertaken in all EU10 Member States, and the support of the Commission with this regard was often appreciated. Major efforts to improve capacity were partially effective, especially in the Czech Republic and in Poland, and also in Estonia and Lithuania. Only limited capacity-building was undertaken in Cyprus, Malta and Slovenia. Major deficiencies throughout the first period were: a generally low evaluation culture; a lack of feedback mechanisms; and failure to utilise evaluation results (Malta was an exception). At the end of 2008, these deficiencies were still among the major constraints. A low level of incorporation of results was still valid for the Czech Republic, Estonia and Slovenia; a weakly developed evaluation culture was identified in Latvia, Lithuania and Slovakia, and evaluation capacity was poorly developed in Latvia, Lithuania and Slovakia. In Poland, the use of price as the main selection criterion for evaluation contracts was still a constraint at the end of 2008 - although to a lower degree than at the beginning. The major constraint in Malta was that evaluations were not published.

The procedures for reporting were reasonably effective. However, especially at the beginning, reports were focussed mostly on financial data both with regard to the Annual Implementation Reports and to additional reports produced mainly for informing the political level about the implementation progress. Over time, this process improved and in some cases the reports went beyond purely financial analyses (e.g. in Latvia and Malta). Only to a limited degree were reports used as a management tool. This was still among the main outstanding constraints highlighted at the end of 2008 for Estonia and Latvia. Other constraints were: rather formal and descriptive reports (Lithuania, Slovakia); complex and demanding procedures (Slovenia, Estonia, Malta) and the lack of reliable data because of a not fully operational monitoring system in the Czech Republic, Poland and Slovenia.

#### **6.4 Building on previous Cohesion policy management experience in the EU15**

The 2000-06 period saw significant changes to the strategic management of the Funds in many EU15 Member States, particularly in terms of better-quality strategic planning, partnership and evaluation. The period was also characterised by an increasing pre-occupation with financial absorption and audit. While strengthening financial discipline and stimulating expenditure, there is evidence that this emphasis on financial management and audit had negative implications for the effective strategic delivery of programmes.

Among the EU15 countries, which were generally implementing their second, third or (in the case of many Objective 2 regions) fourth programmes, there was evidence of major changes in approach in three areas (see Section 2). First, many Member States invested in the quality of strategic planning with a view to improving the focus, coherence and credibility of strategies. The programming for 2000-06 was characterised by more extensive and deeper analysis of development needs, potentials and the lessons from previous EU and domestic interventions. Consultation with partners was undertaken over a longer timescale and more intensively (in some cases, too much so) than before. Greater use was made of

experts - especially in areas like equal opportunities and environmental sustainability - and there was more consistency in the use of ex ante evaluation - used for the first time as an ongoing input to planning throughout the programme preparation phase. These trends in strategic planning were attributable to increasing experience among programme actors (and ambitions in some programmes raise project quality and achieve longer term impacts), and also to a wider commitment to strategic regional development established or emerging within domestic policies (e.g. France, Italy, Sweden, United Kingdom).

Second, there is evidence that partnership working increased in 2000-06 (see Sub-section 2.3.4). Programme design and/or management processes were opened up to give the regions more responsibility and to involve economic and social partners and other non-governmental bodies. The most notable changes were in the vertical relations between central and regional government levels in countries with historically centralised administrative structures (e.g. France, Greece, Ireland, Portugal Spain) where regional authorities became more involved in specific management and implementation tasks. Horizontal partnership working also developed in some countries (e.g. Spain, United Kingdom), but the management and implementation of programmes continued to be dominated by the public sector actors involved in co-funding the programmes. Local authorities, socio-economic partners and other bodies were often involved in a consultative capacity at key stages in the programme cycle rather than participating (for example) in project appraisal and selection processes.

Third, the 2000-06 period was notable for a more strategic and systematic approach to evaluation in the EU15, as required by the Regulations, but also reflecting greater awareness of the potential role of evaluation for effective programme management, as in Greece (even though not across the entire public administration), Luxemburg and Portugal. This was evident in the number of evaluation studies undertaken in addition to those required by the Regulations and the coordination and synthesis of mid-term evaluations to provide lessons at national level (e.g. Finland, France, Spain, Sweden, United Kingdom). More emphasis was also placed on capacity development; evaluation research was organised by newly created or strengthened evaluation units and partnership-based steering committees (Greece, Italy, Spain, United Kingdom), supplemented in some countries by a network of evaluation experts and officials (Greece), specialist bodies (Austria, Portugal) or expert panels (Denmark) (see Section 2.8).

These three developments - strategic planning, partnership, evaluation - were motivated primarily by experience in previous programme periods and the aim of improving the strategic focus, institutional support and visibility of programme achievements. Two other areas where additional efforts were made - monitoring and financial management - were driven more by regulatory changes and the greater obligations on managing authorities for accountability and maintaining the pace of spending (n+2).

In the field of monitoring (Section 2.7), Member States were under more pressure than previously to collect, track and communicate information on programme progress and achievements. In part, this was driven by regulatory changes - the role of the Monitoring Committee was more clearly defined and its responsibilities enhanced, and more prescriptive requirements were set out on the financial and physical indicators to be

adopted. There was also more extensive Commission guidance on monitoring, the scope to apply IT was increasing, and (in some cases) programme managers themselves saw greater value in having better insights on programme progress. In response, Member States sought to develop more integrated monitoring systems (across government departments or fields of policy intervention, e.g. Finland, Italy, Spain), a more standard approach to defining and tracking physical indicators was introduced (e.g. Austria, Belgium, France, United Kingdom), and new electronic systems were developed or upgraded (e.g. Spain, Sweden). These measures did improve the scale and quality of monitoring to a certain extent, but were weakened by factors such as: insufficient awareness of the importance of monitoring among Implementing Bodies and beneficiaries; over-complex and inflexible indicator systems; design or operational difficulties with IT systems and associated data inconsistencies; and inadequate human resources.

Lastly, the stress placed on accountability was evident in the field of financial management, as discussed in Section 2.6. Apart from the general regulatory requirements, particularly relating to the performance reserve and the decommitment rule, two implementing regulations on management and control systems and the procedure for making financial corrections were adopted in 2001 which had implications for the monitoring of financial flows and management arrangements. These required more sophisticated and effective financial management and control systems than in the past, including standardised procedures, greater separation of tasks and enhanced and integrated information systems.<sup>34</sup> Compliance involved organisational restructuring in some Member States as well as closer operational monitoring of expenditure, in particular by tracking project progress. During the period, financial management came to dominate programme management activity in many countries. The n+2 rule (exacerbated by economic slowdown in 2001-02) led to a greater focus on financial absorption - through enhanced project generation, encouragement for high-spending projects, acceleration of project expenditure and reallocations of funds between measures - to avoid automatic decommitment. Further, increasing resources had to be allocated to comply with financial management, control and audit, in particular dealing with a greater number and more stringent audit obligations. While strengthening financial discipline and stimulating expenditure, there is evidence that these trends had negative implications for the strategic management of programmes, through: a trade-off of project quality for financial absorption; an aversion to risky or experimental measures or projects; a growing proportion of staff time devoted to financial management and control procedures; a pervasive 'audit culture' that (in some cases) was regarded to be more rigorous and intolerant of error than national practices; and a disillusionment with the perceived 'bureaucracy' of Cohesion policy procedures on the part of managing authorities, implementing bodies and project applicants - leading in certain instances to project managers avoiding applying for EU funding.

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<sup>34</sup> A new Financial regulation was also adopted in 2002 with subsequent amendments in 2005, 2006 and 2007.

Table 5: Effective management and implementation processes - principles and practice

Requirements for effective management and implementation processes	Difficulties with management and implementation in practice, 2000-06
<b>Programme design</b>	
<ul style="list-style-type: none"> <li>• analysis of development needs and potentials</li> <li>• evaluation of lessons learned</li> <li>• consultation among stakeholders</li> <li>• formulation of strategic goals, objectives, priorities</li> <li>• specification of implementation systems</li> <li>• development of indicators, benchmarks and targets</li> <li>• long-term planning horizon</li> </ul>	<ul style="list-style-type: none"> <li>• incomplete analytical/evaluation information</li> <li>• weak exploitation of ex ante evaluation</li> <li>• lack of strategic planning framework</li> <li>• adjustment to new regulatory requirements</li> <li>• reconciling partner aspirations with regional needs</li> <li>• allocating finance between competing priorities</li> <li>• inadequacy of indicator information/data</li> </ul>
<b>Project generation, appraisal and selection: project generation</b>	
<ul style="list-style-type: none"> <li>• identification of information needs</li> <li>• clarity/transparency of applicant requirements</li> <li>• choice of right messages and tools</li> <li>• appropriate communication management system</li> <li>• engagement with potential project applicants</li> </ul>	<ul style="list-style-type: none"> <li>• lack of information for applicants</li> <li>• uneven applications from sectors or regions</li> <li>• translating good-quality ideas into submissions inadequate support/feedback for applicants, especially on horizontal priorities</li> </ul>
<b>Project generation, appraisal and selection: project appraisal &amp; selection</b>	
<ul style="list-style-type: none"> <li>• efficient and transparent criteria and processes</li> <li>• selection of quality projects in line with objectives</li> <li>• flexibility to deal with innovative applications</li> <li>• project follow-up and aftercare arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• incompatibility of EU/domestic selection systems</li> <li>• lack of time or expertise for systematic appraisal</li> <li>• resistance to innovative/risky applications</li> <li>• balancing financial absorption vs strategic quality</li> <li>• involvement of politicians vs experts in selection</li> <li>• inflexible project selection procedures/criteria</li> <li>• lack of project aftercare</li> </ul>
<b>Monitoring</b>	
<ul style="list-style-type: none"> <li>• appropriate financial and physical indicators</li> <li>• procedural monitoring</li> <li>• data collection systems for accurate &amp; timely data</li> <li>• operational, accessible IT system</li> <li>• analytical capability to provide relevant information</li> <li>• strategic and efficient monitoring committees</li> </ul>	<ul style="list-style-type: none"> <li>• balancing information needs v. feasibility</li> <li>• insufficient awareness on role of monitoring</li> <li>• poorly defined/focused/selected indicators</li> <li>• weak coordination and data-gathering systems</li> <li>• delayed or partially functioning IT systems</li> <li>• over-emphasis on financial monitoring</li> <li>• misreported, misunderstood or unusable data</li> <li>• lack of 'real time' monitoring information</li> <li>• procedural approach to monitoring committees</li> </ul>
<b>Evaluation</b>	
<ul style="list-style-type: none"> <li>• institutional framework for managing evaluation</li> <li>• evaluation expertise (administrators and evaluators)</li> <li>• structured plan for systematic evaluation</li> <li>• adequate methodologies and unbiased research</li> <li>• sufficient resources</li> <li>• clear, targeted and user-friendly evaluation outputs</li> <li>• use and targeted dissemination of outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• insufficient evaluation expertise</li> <li>• inflexibility of regulations and their application</li> <li>• procedural rather than strategic approach</li> <li>• weaknesses of evaluation design/methodology</li> <li>• poor monitoring data</li> <li>• mixed quality/utility of evaluation outputs</li> <li>• limited involvement of stakeholders</li> </ul>
<b>Reporting</b>	
<ul style="list-style-type: none"> <li>• adequate human resources, data and planning of reporting activities</li> </ul>	<ul style="list-style-type: none"> <li>• compliance-orientation of reporting</li> <li>• delayed availability / limited usage of reports</li> </ul>
<b>Financial management</b>	
<ul style="list-style-type: none"> <li>• adequate technical skills at all levels</li> <li>• clear requirements for beneficiaries</li> <li>• appropriate financial tools and procedures</li> <li>• efficient management of information flow</li> </ul>	<ul style="list-style-type: none"> <li>• overly demanding procedures</li> <li>• high costs of some requirements (eg. certification)</li> <li>• ineffective or over-ambitious IT-based systems</li> <li>• complexity of financial circuit</li> </ul>
<b>Partnership</b>	
<ul style="list-style-type: none"> <li>• mobilisation of vertical (institutional) and horizontal (socio-economic) partners at all programme stages</li> <li>• adequate partners skills and capacity</li> <li>• definition of roles</li> <li>• tools for effective partner involvement</li> </ul>	<ul style="list-style-type: none"> <li>• low involvement of non-governmental partners</li> <li>• difficulties with partner coordination/cooperation</li> <li>• lack of a clear definition of roles</li> <li>• balancing inclusiveness v. costs</li> <li>• partner inclusion seen as administrative burden</li> </ul>

Looking beyond the experience with individual management and implementation processes in 2000-06, it is clear that the programme period saw further important developments in the application of the ‘Cohesion policy method’ to policy management, responding to the 2000-06 regulatory requirements and building on the experiences of 1989-93 and 1994-99. However, it is remarkable that after 15-20 years of managing Cohesion policy, many Member States have been unable or unwilling fully to exploit the potential of EU management and implementation processes. The experiences of successive programme period have shown many examples of ‘good practice’ in each area of management and implementation, yet in each case their application has faced considerable difficulties in practice, as this evaluation has shown (see Table 5).<sup>35</sup>

## 6.5 Evidence of spillover effects on domestic policy management

Going beyond the issues of effectiveness, there is clear evidence of Cohesion policy having spillover effects on the domestic management and implementation systems of Member States. There are important examples of substantial direct and indirect impacts in the EU10. Cohesion policy also had a significant influence on the development of management and implementation systems of EU15 Member States during the 2000-06 period.

The most immediate spillover effects were evident in the new Member States, where the management and implementation of Cohesion policy contributed to ongoing reforms of public administration as well as in specific areas of domestic policy management (Section 3.6). The general effects were mainly associated with strengthening a managerial approach within national administrations. Specific spillovers identified related to:

- managerial practices and procedures introduced for economic development policy implementation e.g. strategic planning (Cyprus, Czech Republic, Malta, Poland), partnership (Estonia, Latvia, Lithuania, Malta, Poland), systematic project monitoring (Cyprus), evaluation (Cyprus, Czech Republic, Poland);
- staff expertise - training and experience in new working methods, professionalism (e.g. Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta); and
- institutional changes - human resource management/development, building up of competences in organisations outside government ministries (e.g. in Cyprus, Czech Republic), relationships between organisations (coordination, communication) e.g. Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Slovenia.

With respect to the ‘programme management cycle’ of Cohesion policy, the most significant and wide-spread spillovers related to strategic planning, partly connected with adaptations to horizontal coordination, budget planning procedures. Further spillover effects - although in fewer Member States - occurred in financial management and control

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<sup>35</sup> This table draws also from: European Commission (2004b); European Parliament (2008b); Tödting-Schönhofer *et al* (2008) and IQ-Net research ( <http://www.eprc.strath.ac.uk/ignet>).

as well as in public tendering. Major changes were also set in train with regard to evaluation capacity building, associated with Cohesion policy requirements. Lastly, there was some limited evidence of spillovers connected to the partnership principle, as well as some ‘soft adaptations’ of public administration reforms and strengthening of administrative law principles relevant for modern public management (effectiveness, efficiency, transparency, accountability).

Given the brevity of the programme period, the causal factors influencing spillovers in the EU10 are still uncertain. Where they occurred, the preliminary evidence from 2004-06 suggests that they were dependent on leadership, a culture of openness and commitment to change, characteristic of the managerial approach to public administration. They tended to be driven by the need to align domestic and EU management and implementation systems, the requirements for efficiency, accountability, effectiveness and transparency, the need for institutional cooperation and gaining a broader consensus for programming and delivery, and pressure for evidence-based policymaking associated with evaluation.

More substantial evidence on spillovers is available from the EU15, where Cohesion policy management principles have been applied over several programme periods. Here, the evaluation research shows that the implementation of Cohesion policy during 2000-06 led Member States (at national and/or regional levels) to modify their domestic management and implementation systems (Section 4.5). In several cases, the changes taking place were long-term modifications of management and implementation processes originating in the 1989-93 or 1994-99 periods and sometimes continuing in the 2007-13 period. Whatever the timescale, the changes occurred through a mix of institutional innovation, the adoption of new procedures and wider cultural transmission (such as changes in attitudes and skills).

The spillovers were largely perceived by stakeholders and external commentators to have improved domestic practice in several areas of management and implementation. They were associated with (Section 4.8): increased stability and availability of funding (both EU and domestic); increased ownership of the strategies implemented; the development of a more objective, consultative, transparent programming culture; and increased efficiency in the stages of policy formulation through better procedures. They also influenced the transparency, professionalism and targeting of resource allocation systems, with clearer selection criteria and systems, and (for selected types of investments) the application of cost-benefit analysis or collaborative working with broader partner involvement. The spillovers contributed to strengthened knowledge on policy outcomes and on delivery progress through improved monitoring, reporting and evaluation arrangements.<sup>36</sup>

Spillovers also had perceived negative consequences, mainly associated with the difficulty in aligning EU and domestic management and implementation systems (Section 4.8). In

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<sup>36</sup> One question that the research has not addressed, but which would be a useful topic for analysis in future, relates to the actual impact of the changes made to domestic systems on to the effectiveness of domestic policies (e.g. are programmes better able to achieve their objectives? Are policies more coherently devised and implemented? Are regional disparities reduced more significantly than would have been the case otherwise?). In this respect, nonetheless, it should be noticed that in a number of cases, the case studies detected an increased attention to project quality, synergy and result-orientation.

some cases, these led to a two-speed public administration system, dealing with EU and domestic funding respectively. In other cases, the harmonisation of procedures introduced additional administrative workloads to domestic management systems.

The degree to which spillovers occurred in the EU15 was determined by several factors. These include: the degree of 'fit' between domestic and EU management and implementation systems; the openness and receptivity to change of domestic environments (linked to the perceived efficacy/efficiency of domestic systems, to expectation levels and perceived need for improvement); the capacity of domestic administrations; and the attitude/leadership of political and managerial élites. Stable (but not rigid) and open public administrations, where institutional memory, effective communication and coordination mechanisms were favoured, generally facilitated the responsiveness to external influences and the extent of change to established domestic practice. Conversely, key barriers were: an unwillingness to depart from the *status quo*, where established patterns and ways of working were largely perceived as adequate or convenient; the perception of the Cohesion policy method as overly regulated, inflexible and costly; and a lack of commitment from key decision-makers, especially at political level (Section 4.3).

Not surprisingly, as discussed in Section 4.9, the degree and extent of change has been influenced by the experience of implementing Cohesion policy in itself. Especially with respect to certain processes, the perceived inefficiency of some Cohesion policy practices compared to domestic systems acted as a deterrent to change. Such perceptions include: the 'hybrid nature' of Cohesion policy, combining administrative practice focussed on correctness of procedures, with performance-oriented procedures; the 'over-regulation' of certain processes (especially financial management); 'rigidity of procedures' (e.g. on eligibility of expenditure, reporting); the '*façade nature*' involved in the application of some principles (e.g. some partnership arrangements); and 'over-ambition' of some regulatory requirements or Commission guidance (e.g. with regard to evaluation) - in each case contributing to 'resistance' to change.

Overall, it appears that positive spillovers were strongest when driven by committed élites or policy entrepreneurs, where political commitment to change was high (e.g. because of contextual domestic reform agendas) and/or where the status and weight of Cohesion policy (especially relative to other domestic policies) was significant. However, spillovers were not always the outcome of a conscious policy/institutional effort. They could also result from pragmatic administrative adaptations to maximise EU funding receipts or an unintended consequence of implementing Cohesion policy - in such cases, the changes were less likely to be durable (Section 4.9).

## 6.6 Variable progress in integrating sustainable development

For 2000-06, Cohesion policy was expected to contribute to the harmonious, balanced and sustainable development of economic activities, the development of employment and human resources, the protection and improvement of the environment, the elimination of inequalities, and the promotion of equality between men and women. The key question for this evaluation is how sustainable development was interpreted in Cohesion policy

programmes and the progress made in accommodating the concept during the 2000-06 period.

Interpretations of sustainable development varied during the 2000-06 period. Reflecting debates over the previous two decades, a diverse range of interpretations and refinements was used in the different contexts of legislation, regulation, policy and action, and practical evaluation increasingly accommodated procedural as well as substantive concerns.

The emphasis of SD has evolved from a predominantly environmental focus to encompass a broader three-dimensional perspective, reflecting a multi-dimensional and dynamic concept with fundamental implications for the governance of modern society. The interconnected nature of the different dimensions is acknowledged in the EU description of sustainable development as being characterised by economic growth that supports social progress and respects the environment, social policy that underpins economic performance, and environmental policy that is cost-effective.

Within Cohesion policy programmes, the interpretation of SD involved: checking to ensure that no environmental damage was likely to be caused by regional development interventions; or, following this assumption that SD was about environmental inclusion, placing a greater emphasis on the environmental dimension by involving statutory authorities through consultations. Broader interpretations acknowledged the various dimensions, but generally concentrated on the economic, social and environmental model for practical application. Exactly whether, how and when this was introduced into the MIS varied markedly (Section 5.3).

Differentiated progress was made in accommodating the new concept of sustainable development within Cohesion policy during 2000-2006. In particular, there was a general increase in SD awareness and understanding, and good practice examples illustrate different approaches to SD integration, mostly associated with individual elements of management and implementation systems.

Overall, the efforts made to include SD in Cohesion policy management and implementation recorded a number of achievements, even though there had been no imperative from the EU for this action, as SD was not prominent in the regulations for the 2000-2006 programme period. Nevertheless, some programmes began to address and include the concept in an exploratory fashion, at least using the terminology if not necessarily the three-dimensional approach, whereas other programmes chose not to venture beyond fulfilling regulatory requirements.

At the beginning of the programme period, initiating sustainable development integration presented a significant learning curve for most authorities. However, progress was made through different modes, and experience gained in addressing the environmental dimension through previous or parallel programmes was beneficial in a number of instances, facilitating the transition and necessary distinctions for broader SD approaches to be developed.

Different types of SD instrument acted as catalysts to draw attention to sustainable development considerations among applicants, programme managers and partners, creating an educational process that raised awareness and facilitated institutional learning. Notable examples were the use of appraisal checklists (Belgium and Sweden) and guidance manuals (Hungary and United Kingdom). Programme management training of partnerships and Advisory Groups in SD issues also broadened perspectives and steered the participants towards seeking sustainable regional development through programme implementation.

SD integration was supported by participatory design, comprehensive guidance, the use of SD co-ordinators, development of SD core criteria, and partnership engagement. A participatory design method was used in Belgium to develop an SD barometer, deriving an indicator set aimed at measuring programme impacts on sustainability. The method stimulated strategic thinking within the management and implementation bodies, as well as other governmental organisations. The production of comprehensive guidance materials and the associated workshops in the United Kingdom comprised detailed step-by-step guidance for project design and project appraisal.

The appointment of SD co-ordinators and ‘screeners’ in the Netherlands and Belgium assisted applicants with SD integration in project design and to prepare SD appraisals of project proposals to accompany completed applications. SD core criteria developed in the United Kingdom comprised a mechanism of inter-related criteria for generating, appraising and selecting projects as part of a mainstreaming approach to SD integration. Partnership engagement was used in a number of cases to generate ownership of programmes and greater involvement and support for region-specific interpretations of SD and their fulfilment through the management and implementation system.

Although individual initiatives recorded achievements, considerable difficulties were experienced by programme management bodies and partnerships in coming to terms with the concept of SD. In practice, the degree of operationalisation of awareness/understanding was limited, and the management and implementation systems restricted the scope and effectiveness of the integration. To be fit for purpose, systemic modification would be required for Cohesion policy programmes to be capable of fully addressing sustainable development.

A fundamental obstacle was the appreciation of SD as comprising more than environmental inclusion, and this hindered its integration within management and implementation. As a consequence, the significant step of categorising and measuring the implementation of SD remained outside the scope of Cohesion policy. Specific contributory factors included:

- insufficient consultation/influence for broader SD representation in the programme design phase resulting from lack of time available, restricted consultation processes, or participation with limited scope to make an impact on the design process;
- categorising SD as a horizontal theme, which meant that it ultimately received limited attention in terms of coverage, more often from the perspective of fulfilling

regulatory requirements rather than developing the concept and furthering understanding;

- project selection systems focusing on the economic dimension, compartmentalising SD considerations to single questions, appraisals with no real weight, or to few points within scoring mechanisms, as occurred in Denmark and Hungary;
- the absence of formal methods or policies in place for the classification, measurement and justification of synergies and trade-offs, and relying on *ad hoc* responses, precluded inclusion within monitoring and reporting processes;
- indicators focused primarily on economic progress, reflecting perceived priorities within Cohesion policy;
- limited realisation of the potential for evaluation to improve SD integration, as evaluators did not see it as their role to develop the concept, and recommendations related to SD, for example in Denmark and the Netherlands, were frequently not acted upon;
- tools or instruments developed to facilitate SD integration ultimately encountering feasibility barriers, for example in terms of data availability and precision on impacts, as occurred in Belgium, or timescales for appraisal, and occurred in the Netherlands; and
- partnerships in the EU10 prioritising on the absorption of funds, representing a trade-off that obscured broader considerations of SD integration, even though the expertise was available, in favour of achieving spending targets.

Despite the above drawbacks, a momentum was initiated for integrating SD within the management and implementation of Cohesion policy. The achievements and positive results provide a basis for further developing the potential revealed within the MIS. The knowledge and experience already gained can be drawn upon to modify existing systems to derive streamlined processes that place SD at the centre and foundation of Cohesion programmes. Specific factors encountered in previous practice, as identified above, have hindered attempts at SD integration, but none of these presents an insurmountable obstacle.

Key elements in assisting an effective reorientation, as indicated by the case studies (and summarised in Section 5.4), would include clear and strong EU guidance and methodologies to direct partnerships and Managing Authorities onto a sustainable development process. With regard to the institutional and policy context, supportive factors would include a regional awareness of SD gained through EU, national and regional SD strategies, which assist in the definition and profile of sustainable development, as well as placing it on the political agenda. The stability of the context is also important, as integration of SD can be constrained (or even reversed) by administrative or political change, leading to the termination of productive working relationships and a loss of expertise.

## **6.7 Cohesion policy management and implementation systems and policy effectiveness**

One last, and perhaps obvious, conclusion of the study is that the effectiveness of Cohesion policy management and implementation needs to be considered in the wider context of policy effectiveness. This evaluation focussed only on assessing management and implementation systems, considering in particular effectiveness of these systems in the EU10. However, other Work Packages of the ex post evaluation of 2000-06 programmes are dealing with the effectiveness of Cohesion policy interventions in specific fields, including, for example, interventions on transport, environment and climate change, demographic change and gender equality, major projects and others. It will be thus important to draw further conclusions on the effectiveness of Cohesion policy management and implementation systems drawing from these studies, looking at the interplay between the policy delivery mechanisms and policy effectiveness overall.



## 7. RECOMMENDATIONS

Based on the conclusions of the evaluation, the following section contains recommendations for the future. These apply both to the European level - European Council, European Commission - and the Member States at national and programme levels. Some of the recommendations represent an important break with past practice, either in terms of the regulatory approach or the institutional expectations of the Commission or Member States, and would require discussion and preparatory action before 2013.

### 7.1 Managing programmes effectively to achieve strategic objectives

Despite the progress made in many aspects of Cohesion policy management and implementation in 2000-06, the administration of Cohesion policy suffered from a lack of effective 'policy management'. Addressing this requires: a reassessment of the application of the decommitment rule and the increased administrative requirements of financial control and audit; a stronger focus on policy outcomes; and a better understanding of how effective management and implementation can be achieved.

The 2000-06 period was characterised by a greater focus on accountability, particularly with respect to financial control, audit, reporting, monitoring and evaluation. While it may not be surprising that systems in the EU10 were initially designed to ensure sound financial management and regulatory compliance, the challenge for the 2007-13 period is to develop a stronger focus on delivering the strategic objectives and physical outcomes of the programmes. A strengthened focus on policy management is also needed in some EU15 Member States. Despite the advances in strategic planning, partnership and evaluation noted earlier, the evidence suggests that many programmes became pre-occupied with financial absorption (especially where there was a risk of decommitment) at the expense of project quality in the course of the 2000-06 period, and there was a tendency for reporting, monitoring and financial management systems to be designed or operated to ensure regulatory compliance rather than as strategic or operational tools of programme management. During the period, an increasing proportion of the administrative time and effort of managing authorities and implementing bodies was perceived to be on control and audit. This effort intensified in the course of the period in response to pressure from both the Commission and the European Court of Auditors.

Improving effective policy management requires three sets of issues to be addressed. First, a fundamental issue for the Council and Commission is to review the regulatory framework to address the trade-offs that have to be made to achieve better financial absorption and fewer irregularities, which have lessened the focus on strategic objectives and project quality.

- On the issue of financial absorption, the decommitment (N+2, N+3) rule - which is again being applied in 2007-13 - should be reconsidered by the Council, to provide more flexibility for programmes to manage financial flows in line with economic circumstances and the characteristics of intervention. For example, the rule could apply to a higher level than programmes; experimental interventions, or those

subject to unpredictable demand from beneficiaries, could be exempted from the rule.

- The issue of financial control and audit is beyond the remit of this evaluation. However, resolving the administrative pressure on managing authorities in this area is fundamental - whether by relying more on national audit systems or some other method - if better policy management is to be achieved.

Second, a higher profile should be given to the policy outcomes of programmes and the effectiveness of management and implementation arrangements which influence such outcomes.

- The requirements and procedures for reporting, monitoring and evaluation should be reconsidered by the Commission and Member States. More emphasis should be placed on assessing 'what works' (and does not work) and the conditions or factors which facilitate effective management and implementation. Instead of annual reporting on the progress of implementation, for instance, managing authorities should provide fewer but more detailed reports on how effectively the programme is working, the strengths and weaknesses of different instruments and delivery systems. The effective practices of some countries/regions with reporting, monitoring and evaluation - designed to support 'real time' programme management (especially to support project appraisal and selection) and as a basis for exchange-of-experience - should be replicated.
- In the Member States, each Monitoring Committee should dedicate at least one meeting every two years to an informed policy debate on the effectiveness of the programme in meeting its objectives, and the effectiveness of different management and implementation arrangements. Member State authorities should organise similar meetings at national level to promote the distillation and sharing of knowledge.
- At EU level, the Commission should synthesise and disseminate the knowledge gained through such reports and meetings. International meetings, bringing together groups of managing authorities, paying authorities and other implementing bodies - organised at EU level and among the EU12 - have already demonstrated their value in this regard. Optimally, a high-level political forum for periodically debating policy outcomes - and the conditions under which different outcomes are achieved - would provide an important signal for the importance of this aspect of programme management.

Third, the Commission should itself facilitate and promote a better understanding of what constitutes effective policy management and how different management and implementation systems and specific processes influence policy outcomes and the achievement of strategic objectives in different policy/institutional contexts. As noted in Table 5 above, the management of Cohesion policy in 2000-06 encountered a range of specific problems in the programme management cycle. These are generally not weaknesses that can be addressed by regulatory action but are associated with the

institutional context in which the programmes are being implemented or are attributable to a lack of experience or commitment on the part of managing authorities.

A better appreciation of how the effectiveness of management and implementation relates to programme effectiveness is a fundamental task for further evaluation research by the Commission. As mentioned earlier, the different work packages of this evaluation should provide an important basis for such investigation.

On the issue of effective policy management, many of the obstacles outlined in Table 5 already have solutions in one or other Cohesion policy programme. As examples, in the course of this evaluation, programmes have been identified<sup>37</sup> which have developed effective systems or processes for:

- integrated project development and selection systems to enhance cross-project impacts and synergies;
- the use of monitoring, reporting and evaluation as ‘real time’ management tools, in particular to support project decision-making and as a basis for exchange of experience;
- a life-cycle approach to project management (engaging actively with projects not just at project generation/selection stage, but throughout the life of the project, with monitoring of project progress and follow-up on the way they are delivering outcomes);
- strategies for effective evaluation management and the application of different methodologies (such as participative evaluation); and
- the mobilisation of partners to make effective inputs at each stage of the programme management cycle.

The Commission, in partnership with the Member States, should take a systematic approach to investigating such cases of ‘what works’ in different contexts for each of the management and implementation processes that are required for Cohesion policy delivery. In order to disseminate this understanding to the Member States, the Commission (notably DG REGIO) should move away from a ‘guidelines approach’ (providing general information on interpreting the regulations or implementing certain procedures) to an advisory role based on stronger bilateral relationships with individual Member States that allow knowledge on effective practice in management and implementation to be adapted to individual national/regional needs. This would allow its current advisory functions - sometimes exercised to good effect in the 2000-06 period, especially in the EU10 - to be applied in a much stronger and more systematic manner. These tasks are with no doubt resource intensive and additional resources should be made available to DG REGIO to carry out such tasks if necessary.

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<sup>37</sup> See the National Overviews for each of the EU25, the National Assessment Reports for the EU10, and the Case Study Reports for the EU15.

Related proposals, involving action on the part of the Commission, Member States and programme managers are outlined in the following sections relating to the need to foster leadership and policy entrepreneurship (section 7.3), promoting learning (7.4) and developing institutional capacity (7.5).

## 7.2 Improving management and implementation processes in the EU10

The ability and capacity to pursue a policy management approach depends on the basic requirements for effective Cohesion policy implementation to be in place, such as the availability of skilled human resources and of an efficient public administration system. This is a particular priority in the EU10, where specific actions are needed to address the constraints identified. For each of the management and implementation processes, there are specific recommendations for the EU10, in some cases with reference to specific countries.<sup>38</sup> While some of these issues may already have been addressed in the 2007-13 programmes, there are wider lessons for the EU10, as well as for Bulgaria and Romania and for Candidate Countries.

**Partnership.** Strengthening partnership in the EU10 (primarily in the EU8) requires action in three areas: a clarification of roles and procedures; engagement in ways that are relevant for partners; and capacity building among partner organisations.

- The interpretation of partnership in each Member State needs to be defined more clearly, specifying which organisations are regarded as ‘partners’, the expectations and aims of their contributions, and the ways in which they are to be involved at each stage of management and implementation.
- A more interactive approach with partners is required to give Managing Authorities a better understanding of how partners can contribute in appropriate ways to Cohesion policy management and implementation. Partners need to be engaged in fora or procedures which are relevant to them and where their views are able to influence decisions, especially on strategic issues (e.g. sectoral impacts, further project development, high quality projects) in order to avoid a focus on lobbying or ‘project wish lists’ and ongoing criticism.
- Adequate capacities have to be available in partner organisations, and basic training on Cohesion policy and the programme cycle is a necessary precondition for effective inclusion. For acceding countries, it is recommended to identify potential partner organisations and provide basic training prior to the development and launch of the first programmes.

**Programme design.** For EU10 Member States, the key requirement is to increase the focus and coherence of development strategies, encompassing better horizontal cooperation and coordination and the links between the development strategy and programme objectives.

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<sup>38</sup> The context and justification for the references to individual Member States are provided in the individual WP11 National Assessment Reports prepared for each of the EU10.

- Member States with poorly focussed development strategies (Estonia, Hungary, Lithuania, Slovakia) need to take a more strategic approach to management and implementation, not only at the programming stage but also during the delivery phases. This requires coherence between the Cohesion policy strategy and other national/sectoral strategies which govern national co-finance.
- A starting point for better horizontal coordination (specifically important in the Czech Republic and in Hungary) is that policy actors from relevant sectoral ministries and other partner organisations develop a common understanding of the aims of Cohesion policy and the required implementation strategies during the programming process. This should explicitly identify potential trade-offs in the use of funding (especially between financial absorption and achievement of strategic policy goals) at priority and measure levels.
- For acceding countries, the lessons of the EU10 experience are the need to consider early on how Cohesion policy strategies and programmes can be ‘anchored’ in the national administration, specifically addressing potential weaknesses such as poor cooperation culture, lack of tradition in cross-sectoral development strategies and/or goal-oriented, indicator-based policy planning.

Project generation, appraisal and selection - The most important issues to be addressed are active support of project applicants and careful use of appraisal and selection criteria.

- Active support and consultancy should be provided to potential project applicants and final beneficiaries - during the preparation of applications, during data collection and drafting reports and during the preparation of payment claims. This is especially recommended for the Czech Republic. In Malta, authorities are advised to analyse weaknesses of their single call during 2004-06 and take into account the learning experience of other Member States during the first programme period.
- Definitions and the application of appraisal and selection criteria and of indicators have to be clearly defined, linked to programme aims and applied consistently by all relevant actors. This could be positively supported by Managing Authorities coordinating learning and exchange of experience among implementing bodies, addressing primarily issues of project generation, appraisal and selection, financial management, monitoring and reporting, and the interplay of these processes.
- More attention has to be given to developing/applying selection criteria focussed on project quality and the contribution of projects to programme goals (specifically in Hungary and Slovakia).
- Other issues to be addressed are: the reduction of selection/approval times (especially in Hungary and Latvia); the development of easily understandable tools (Estonia, Hungary and Slovenia); the availability of clear information for project applicants about appraisal and selection enhancing transparency (specifically in Estonia and Slovenia); and methods to facilitate easier compliance with public procurement obligations (Slovakia).

- For acceding countries, the main lessons are to ensure that: project applicants are sufficiently informed; the selection criteria reflect specific programme aims; their use and understanding is clearly defined; and supporting documentation required from applicants is relevant and proportionate. In general, this process should be coordinated with systems for financial management, monitoring and reporting, and time for organised reflection and learning should be foreseen.

Financial management. All EU10 Member States need to ensure a well-coordinated approach to control while ensuring that controls are proportionate to expenditure and undertaken on the basis of sufficient capacities.

- At the level of payment verification, this implies a more flexible approach to the verification of small-scale expenditure (e.g. financial approval not based on checks of all small invoices), some cost categories (e.g. overheads or small-scale expenditures) could be treated as a lump-sum up to a certain threshold and the threshold rather than the individual expenditures monitored.
- Other issues to be addressed are training on the preparation of payment requests and direct support/contact with beneficiaries (especially in Slovakia). The Polish authorities are advised to consider ways of introducing better aligned (domestic/EU) procedures for financial management. In Slovenia, there is a need to develop more capacity for the implementation of all controls.
- For acceding countries, the priority is to recognise the complexity of financial management and control requirements, which require good communication with beneficiaries, sufficient capacities for controls and checks as well as good management (for instance beneficiaries could be instructed to avoid a large amount of small invoices and to regularise the preparation of payment requests).

Monitoring. The most important issues to be addressed in EU10 Member States are the monitoring and indicator systems.

- The basic requirements for central monitoring systems are that: they are established with a minimum of well-defined and measurable indicators linked clearly to the programme objectives; easy operation is ensured, with clarity on data entry, responsibilities for collation of data, reporting and updating; and there is a plan for the maintenance of the system, preferably with a single contract for external support.
- Systems have to be user-friendly and regular updates have to be secured. The number of people entering data should be limited. In order to secure high data reliability, the added value of their use has to be evident for those who enter data (e.g. easily available reporting modules for implementing bodies, a system that can be used as storage after documents were uploaded by beneficiaries).
- In order to further improve the indicator systems, specific know-how and experience should be utilised from external experts and through exchange of experience at European level. The Commission should support this by making

available appropriate expertise on the identification/selection and use of indicators.

- Acceding countries should develop new monitoring systems cautiously, avoiding ambitious or overly sophisticated system design. The experience of electronic interconnections among different systems demonstrates the need for long ‘lead times’ for establishing major and (especially) interconnected databases. It is advisable to begin with a basic version and develop it further in line with experience and in close coordination with all relevant institutions. The latter is relevant both for the development of monitoring and indicator systems.

Evaluation. The most important issues to be addressed are further capacity-building in public administrations and the strengthening of an evaluation culture with openness to external feedback, improvement and learning.

- Managing Authorities should prioritise the acquisition of specific know-how for the proper management of evaluations and access to external experts. This involves basic knowledge about different evaluation aims, approaches, methodologies and tools and networking at European level (between evaluation units, Managing Authorities, international organisations). This would put Managing Authorities in a stronger position to take on a leadership in promoting evaluation (e.g. discussions about advantages of evaluation, convincing others of its importance, drafting tenders).
- The development of evaluation plans by Managing Authorities should be regarded as an opportunity for strategic thinking about how evaluation could support the goals of the programme and the operation of management and implementation systems. The Managing Authorities should establish mechanisms for discussion, feedback and the incorporation of evaluation results and recommendations, especially by Monitoring Committees (notably in the Czech Republic, Estonia and Slovenia). Evaluation steering groups should be used to bring together specialists from partner organisation to develop evaluation plans and provide continuity and institutional memory in the commissioning, management and exploitation of evaluations. The publication of evaluations is a common practice for enhancing the evaluation culture (recommended in Malta).
- Capacity-building also requires developing the supply side. The use of competitive tenders is a common method for enhancing the quality of evaluations, but requires careful attention to the design of tenders and selection criteria. The role of the Commission-managed Evaluation Network provides important opportunities for capacity building, especially for smaller countries which have to build up capacities with limited resources and also for new Member States.
- For acceding countries, capacity building should begin with pre-accession assistance, the appointment of one or more officials in managing departments with specific responsibility for evaluation and the development of a supply side in order have access to external independent experts.

Reporting. The demand for more strategic management must be reflected in the collection of relevant information and reliable data as well as the content of the reports.

- The requirements for standardised and detailed programme-level reporting should be (re)considered both at Member State and Commission levels to distinguish between: (a) standard information required for the Commission to maintain an overview of programme progress - where there may be scope for reducing reporting requirements (see also below); and (b) programme-specific information required for effective programme management and implementation - where there is scope for developing better tools.
- Managing Authorities need to review the complexity of established procedures for reporting, to rationalise the large amounts of administrative time and effort in collecting indicator data (especially in Estonia, Malta and Slovenia).

For acceding countries, the key issue to consider is how reporting can best support programme management, as well as identifying practical indicators and the organisation of reporting systems. The development of 'reporting modules' as part of an operational monitoring system with reliable data has been shown to enhance the efficiency of reporting.

### 7.3 Encouraging leadership in the management of Cohesion policy

The effectiveness of Cohesion policy management and implementation, and the scope for positive spillovers, often depends on leaders and policy entrepreneurs. A task of both the Commission and Member States is to strengthen the professionalism and leadership in the policy field.

Across the EU25, policy leadership has proved to be an important ingredient in the effective management and implementation of Cohesion policy. In particular, cultural shifts and organisational change (in terms of structures and systems) - as well as more operational adaptation of established ways of working, political and policy leadership - have depended on the commitment and leadership of politicians and policy managers. Equally, administrative deficiencies are often due to the unwillingness or inability of political and managerial élites to initiate or sanction change. Although the availability of Cohesion policy funding, with specific conditions and priorities, provides scope for policy entrepreneurs to introduce innovations to the management and implementation of the Funds, such entrepreneurship is not guaranteed. The legacy of such action may also be lost without structures and procedures being put in place to ensure that changes are embedded.

Cohesion policy should seek to foster leadership in several ways. The Commission and Member States should organise a Cohesion policy leadership programme at EU level, potentially as part of a wider programme of public administration development support provided by the Commission. One element of this (drawing from experience with human resources management systems for senior civil servants) is the application of a 'competency framework' for the development of top managers in specific fields such as effective change management, strategic management, and people management. A Cohesion policy

leadership course could complement existing training provision for senior government administrators but focus on the distinctive skills required for leading the management of this policy and also provide exposure to the range of international practice in policy management and programme delivery. This could be recognised by some form of European professional qualification or accreditation for Cohesion policy managers (potentially organised with an institute such as EIPA). A hierarchy of professional qualifications in different aspects of programme administration could be developed over time, through accredited training programmes run in the Member States. Such an approach could not only contribute to a more professional leadership culture for the management of Cohesion policy, but also strengthen the *'esprit de corps'* and the specific mission of the top managers, and (over time) enhance positive spillovers into areas of domestic policy administration.

#### 7.4 Strengthening opportunities for learning

Given the importance of organisational learning for effective and efficient management and implementation, the Member States and Commission should take steps to embed a 'learning reflex' in managing authorities and implementing bodies.

Formal requirements to raise public administration standards, support for leadership and capacity building, and mechanisms to focus on outcomes are important steps for improving the management and implementation of Cohesion policy. However, they need to embody cultural changes in approach, of which a commitment to organisational learning is one of the most important. The experience of many EU15 Member States is that the development of effective programme management, partnership, project selection, financial management, monitoring and evaluation systems takes time, with the evolution of administrative practice over successive programme periods. The same often applies to spillovers into domestic systems and procedures. Whilst it takes time to learn, the learning gained can subsequently be lost if it is not fully embedded in the administrative culture. There are several steps that should be considered to encourage the development and embedding of a 'learning reflex' in the work of management and implementing bodies.

- Managing Authorities could be required/encouraged to exploit technical assistance budgets to invest in the preparation and implementation of 'learning & development plans', either at programme level or across programmes. These could cover training, the acquisition of relevant qualifications and skills (for example, related to the professional qualifications proposed above), the acquisition of specialist expertise and exchange of experience initiatives. The effectiveness of such plans could be heightened if they involved those strategic and operational staff involved in managing domestic policies also.
- The Commission should facilitate knowledge brokerage more actively, not just through EU-wide initiative such as the *Regions for Economic Change*, but through mechanisms that promote the transfer of expertise which more directly meets the specific needs of individual programmes or management bodies (identifying such needs in cooperation with programmes, management bodies and Member State

authorities). A European Technical Assistance programme could be established to mobilise activity such as the following.

- Knowledge brokerage could involve the funding of short-term ‘twinning initiatives’ between regions/programmes to facilitate joint learning on specific issues (as was undertaken in the 2000-06 period, for example by the Western Scotland and Nordrhein Westfalen Objective 2 programmes to benchmark evaluation approaches).
- Funding could also be made available for OECD-type ‘external reviews’ of programmes - initiated by regions themselves - whereby a small group of external consultants (particularly serving or former programme managers) would assess local approaches and work with programmes on improving systems.
- Incentives could be provided for organisational learning, through public recognition of practice (e.g. via RegioStars) which specifically encourages learning in areas such as evaluation, capacity building, training, professional development etc.

## 7.5 Investing in institutional capacity

The institutional capacity of national and regional government authorities should be given greater attention by both the Commission and Member States for the effective and efficient management of Cohesion policy. The capacity of local and non-governmental actors also needs to be strengthened.

This research underlines the findings of previous research that institutional pre-conditions are vital for the effective management of Cohesion policy, especially in countries where administrative culture has a ‘bureaucratic orientation’. The conclusions in Section 3 emphasise the importance of appropriate structures, systems and human resources for good management, the problems being encountered in some countries, and the scope for spillovers from the management and implementation of Cohesion policy into domestic policy management. Building institutional capacity in national and regional government authorities is primarily the task of Member States, but there is scope for capacity-building to be supported and accelerated by the Commission. Specific recommendations are as follows.

- Specifically with respect to Cohesion policy, DG REGIO should develop an ‘institutional capacity’ unit with the competences, skills and knowledge to support institutional capacity-building in the Member States across all elements of Cohesion policy management and implementation. Such a unit should develop expertise on different models and modes of delivery systems and procedures across the EU. It could usefully be staffed (in part) by secondees from national and regional administrations, and other international organisations such as the OECD.
- If existing institutional structures are not adequate, the Commission could be required to approve the involvement of certain authorities/intermediaries in

Cohesion policy delivery before EU funding is provided. Greater use should be made of 'special purpose bodies' (on a time-limited basis) for managing and implementing programmes or specific priorities/measures. These should be established with Commission oversight, operating at 'arm's length' from government departments and staffed by trained managers and administrators (seconded from national public administrations), with more flexible human resource management and remuneration systems.

- The transition from pre-accession status to EU membership should take a phased approach, with pilot Cohesion policy funding being implemented for at least two years prior to accession and then a transitional build-up of institutional capacity and resources to avoid a sudden 'jump' in resources before and after accession or from one programme period to the next.

More generally, for the EU8, extensive efforts will have to be put in place to improve domestic human resource management systems, on which Cohesion policy MIS rely. As discussed in the Conclusions, existing human resources management systems have been a crucial factor in hindering the effective implementation of Cohesion policy. The introduction of Cohesion policy at national level necessitated smooth cooperation between the institutions responsible for Cohesion policy and those responsible for human resource management and development, but in 2004-06 this was hampered by the rigidity of approaches and procedures of civil service systems in the EU8 Member States. In future, to flexibly recruit the skilled staff needed for the implementation of Cohesion policy, the cooperation with the departments responsible for human resources management and development should be improved. This should be based on a common understanding of goal-oriented approaches in the public administration and would support an integrated approach to human resources development in the long run. The enhancement of salaries and incentives for staff working in Cohesion policy - partly financed through Technical Assistance - could be initiated as mid-term solutions. Longer-term, efforts should be paid to strengthening the strategic role and function of human resources departments, enhancing strategic and performance management and management by objectives, and introducing programmes to develop communication tools and skills, incentivise motivation and performance, develop staff (including via a merit-oriented and attractive recruitment and retention policy, as well as interesting career development opportunities). Such a development would also contribute to strengthening a culture of trust and professionalism which in turn, as above discussed, would contribute to improving the effectiveness of Cohesion policy management and implementation, by reducing formalism and over-reliance on procedures.

A less fundamental but also important aspect of institutional capacity building applies to local and non-governmental bodies. As the evaluation has underlined, the application of the 'partnership principle' is a widely recognised area of added value of Cohesion policy. However, the involvement of local and non-governmental actors remains weak in many countries, and the regional level is not yet a serious partner in some Member States. If Cohesion policy is to be successful in addressing the increasing complexity of territorial problems with integrated development responses, a better mobilisation of local (regional) and non-governmental actors will be needed. Although this requires a willingness of

established government authorities to open up management and implementation processes to partner involvement (e.g. transparency of consultation agendas, preparedness to make changes in response to outside influences), a major constraint in 2000-06 was the limited experience or capacity of local or non-government partners to participate, especially in crucial processes such as programme planning, project selection or evaluation. If this is to be addressed for the post-2013 period, a process of capacity-building aimed specifically at local and non-governmental partners should be undertaken by in the second half of the current period to allow fuller participation of these partners in the programming of the next generation of programmes. At its most basic, such capacity-building would comprise training on involvement in the programme cycle, organised in the Member States jointly by the Commission and national/regional authorities and/or the specialist local authority and NGO networks.

## 7.6 Developing a framework of good governance for Cohesion policy

The importance of good governance for effective management and implementation of Cohesion policy suggests that the EU should actively promote higher standards of public administration in the Member States.

The conclusions and recommendations of this evaluation have underlined the findings of other research evidence which demonstrates that the quality of bureaucracy and public administration for policy outcomes. The conclusions have also highlighted the significant differences between Member States in their approaches to managing and implementing Cohesion policy. This applies partly to structures but also to the administrative culture, organisational systems and administrative capacity (most notably human resources), which in turn reflect the norms, standards and efficiency of national public administration.

Delivering Cohesion policy effectively and efficiently is a challenge for all Member States, but clearly the task is more difficult in those Member States with weaknesses in public administration and policy management. In such cases, investment in the efficiency of management processes for administering EU funding is complicated and even counteracted by deficiencies in the systems used for domestic funding. This is not simply a matter of experience with managing Cohesion policy. The evaluation has highlighted incomplete reforms of public administration not just in parts of the EU10, but among the EU15 also; indeed, international rankings of public administration show that certain EU10 countries have better-developed administrative capacity than some EU15 Member States.

In this context, and going beyond the above proposals relating to policy management, leadership, learning and institutional capacity, there is a case for the EU to play a broader role in promoting good public administration, in particular where this influences domestic capacities or performance in managing EU policy/funding.

The starting point would be to develop a 'framework for good public administration' relevant for Cohesion policy. At present, there is no clear, unique reference standard (benchmark) regarding what could be characterised as 'best practice' in the organizational design of public administration. Thus, a certain administrative tool, system or instrument might be meaningful for one country, but it may not function well in another administrative

context. Nevertheless, there is considerable research on what constitutes ‘good practice’; it is also acknowledged that the quality of the bureaucracy and public administration matters for policy outcomes and that there is (for instance) a link between ‘internal promotion’, ‘meritocratic recruitment’, ‘career stability’ and good bureaucracy scores. For assessing the quality of public administration, there are several objective and transparent international indicators and standards in use or being developed. These include:

- the World Bank ‘Worldwide Governance Indicators’ (voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, control of corruption);
- the OECD/Bertelsmann Stiftung ‘Sustainable Governance Indicators’ (democracy, economic performance, executive capacity, accountability, institutional learning etc);<sup>39</sup>
- the Transparency International ‘national integrity system’ (mainly dealing with corruption issues); and
- the University of Göteborg ‘Quality of Government’ rankings (corruption, bureaucratic quality, democracy).

It should be the task of the European Commission to develop a framework of objective, internationally recognised public administration standards - perhaps working in collaboration with the OECD - relevant for the management and implementation of Cohesion policy in the Member States. Using international standards of this kind would provide a basis for assessing the extent to which each Member State had a framework for good public administration in place at national and/or regional levels.

This approach would provide the basis for the European Commission to work with individual Member States, on a case-by-case basis, to improve the standard of public administration. In the first instance, this could require more detailed information to be provided by the Member State (and/or Commission assessment to be undertaken) of institutions and processes for managing and implementing Cohesion policy. Further, it would help identify specific actions that would need to be taken by the Member State to improve public administration. For example, adaptation of domestic administrative systems (such as on budgeting or project selection) might be required to enable effective strategic planning and project selection; and accountability requirements might demand more intensive reporting, monitoring, financial control or evaluation. Lastly, this approach would provide a basis for agreeing the role of the Commission in supporting effective management and implementation through the kind of institutional capacity building, leadership development and learning outlined above.

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<sup>39</sup> The OECD is currently finalising a major collection of comparable indicators on the public governance of OECD countries.

## 7.7 Raising the status and integration of sustainable development

In order to build on the momentum created in 2000-06 for facilitating sustainable development (SD) within Cohesion policy, scope has been identified for further integration. To develop this potential fully, the Commission and Member States should strengthen the regulatory requirements for SD integration, extend the boundaries for its targeted impact, and provide specific and structured support.

In order that references and actions related to SD will not be diminished in importance or compartmentalised, as occurred with horizontal status, SD integration should be a fundamental and integral aspect of a programme management and implementation system. This would implement the principle provided by the 2007-13 Community Strategic Guidelines, which states that Member States and regions should pursue the objective of sustainable development in Cohesion policy programmes and boost synergies between the economic, social and environmental dimensions. To enable this transition, the General Regulation and ERDF Regulation should specify that actions to integrate sustainable development into programme preparation, management and implementation should form a core element of programme preparation and project generation, appraisal and selection. The related activities of monitoring, reporting and evaluation should be required specifically to address interactions between the dimensions of sustainable development, producing an appraisal of effectiveness in integration and/or impact.

At Member State and programme levels, policymakers should seek to define and elaborate a consensus on SD appropriate to the institutional context of the country/region which can inform and guide intervention. Programme design should incorporate a process of assessing the status of the region in relation to this definition, confirming the need for intervention, and deciding on the form of intervention required to address perceived deficiencies.

The link between existing EU sustainability policies and the regional level should be clarified. Initiatives at EU level, such as the Gothenburg and Lisbon strategies, the 20-20-20 goals on climate action, and a range of environmental policies including the management of resources and energy supplies, have a distinct regional implementation dimension. Specifying the policy implications related to each level would provide a reference for programmes that furthers cohesion and sustainable development.

In addition, the Commission and Member States should explore and exploit the scope for pursuing SD to promote spillovers beyond the boundaries of Cohesion policy programme interventions. The remit of SD implementation should be broadened to facilitate embedding SD in parallel initiatives and other institutions. This would support the overall societal transition to sustainable development as well as facilitating its realisation within Cohesion policy operations. The feasibility of this endeavour will vary between countries, specifically in relation to the leverage offered by Cohesion policy funding.

At programme level, a key instrument in this task would be the comprehensive and ongoing training of programme partners, who could be further encouraged to secure SD-related institutional learning and organisational change. Monitoring, reporting and evaluation

systems should be modified accordingly to reflect activities, outcomes and impacts in this broader context.

Lastly, to secure SD integration within Cohesion policy programmes, the Commission should provide several forms of targeted guidance and support.

- A precise specification of the interests and institutions that should be involved in programme design and implementation and their respective degree of influence. This is necessary to ensure a suitably broad perspective and input as programmes re-focus to deliver sustainable regional development. Participants must be aware of their own and others' responsibilities and the expected significance or influence of their interventions throughout the management and implementation processes.
- A working definition of SD and detailed guidance on its fulfilment in Cohesion policy programmes. There is a clear requirement for a core definition and common materials that guide participants through SD actions in each part of the management and implementation system, particularly within the programme design phase. Rather than working with the separate economic, social and environmental divisions, which can hinder integration, a holistic approach should be encouraged and facilitated. Such materials should emphasise that an understanding and acknowledgement of synergies and trade-offs should be developed from the outset.
- An addition to the application process that requires information on the degree to which a project generates cross-dimensional impacts. Illustrating and quantifying anticipated interactions and trade-offs would broaden perspectives while embedding consideration of economic, social and environmental integration. Such an approach would need to specify that project proposals would not be automatically excluded if there were no positive interactions, if the case could be justified, and that there would be follow-up through reporting and evaluation to determine actual contributions.
- A set of optional tools, as part of the project selection process, which draws upon and integrates all SD attributes. Their scale, complexity and coverage should allow selection as appropriate at that point in time, with scope for gradual upgrading throughout the programme period in line with acquisition of skills and increased data availability. The associated cycle of monitoring, reporting and evaluation should be required specifically to address SD interactions, producing an appraisal of effectiveness in SD integration and/or impact.
- Standardised indicator sets with a broader range of options that capture region-specific SD. Individual programmes should be encouraged to experiment and refine these indicators to match regional attributes and activities. In the short term, consideration should be given to subordinating comparability across programmes to feasibility of capturing achievement. In the medium term, this experience could be drawn upon to elaborate definitive groups of SD thematic categories that could supplement or revise existing guidance materials.

## **7.8 Further research on effectiveness of Cohesion policy management and implementation**

An avenue for further research is to explore the effectiveness of Cohesion policy management and implementation systems drawing from other work packages of this ex post evaluation, looking at the interplay between the policy delivery mechanisms and policy effectiveness overall and in specific fields.

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## 9. ANNEX: OVERVIEW OF 2004-06 DYNAMICS AND CONSTRAINTS AT THE END OF 2008<sup>40</sup>

MAJOR CHANGES DURING 2004-06	MAJOR CONSTRAINTS AT THE END OF 2008
<b>PROGRAMME DESIGN</b>	
<p>Cyprus: - Czech Republic: -</p> <p>Estonia: -</p> <p>Hungary: -</p> <p>Latvia: -</p> <p>Lithuania: -</p> <p>Malta: - Poland: -</p> <p>Slovakia: -</p> <p>Slovenia: -</p>	<p>Cyprus:- Czech Republic: Persisting emphasis on analytical part of the programming documents and not so tight linkage between findings of the analyses and objectives of the programmes. Prevalence of sectoral approach</p> <p>Estonia: lack of general aims in terms of the development of the country and its strategic priorities, no clear national focus</p> <p>Hungary: The programming process was hindered by the lack of inter-sectoral cooperation, of strong coordination leverage: the coordination role of the Office of the National Development Plan and EU Assistance was not yet established causing that the Intermediate Bodies were sometimes competitors in domestic policies. This was exacerbated by the lack of a long-term strategy for regional development and by the missing experiences of the public administration and partners in similar tasks.</p> <p>Latvia: National and regional strategies were largely absent at the programming stage for the 2004-06 period, but the national and regional development plans under the 2002 legislation were drafted in time for the 2007-13 programming process.</p> <p>Lithuania: A moderate integration of national strategic planning with cohesion policy planning and low national strategic readiness could be identified as a constraint for more effective implementation of structural fund programmes.</p> <p>Malta: Poland: The process of strategic planning was very challenging for the traditionally oriented (bureaucratic model), sector-oriented public administration. The quality of the programmes could had been higher. Beyond this, the NDP was finalised only after the distribution of financial resources between Operational Programmes and was not the strategic basis for these decisions.</p> <p>Slovakia: National strategy for regional development serving as a guiding document for public interventions including Cohesion policy assistance is still missing. The sector approach is still dominant, reducing a possibility for better coordination and integrated approach to development of regions.</p> <p>Slovenia:</p>

<sup>40</sup> This list comprises the main changes and constraints identified in the national research. The constraints were identified at the end of 2008 and might have subsequently been addressed.

PARTNERSHIP	
<p>Cyprus: -</p> <p>Czech Republic: -</p> <p>Estonia: The partnership principle has not yet been firmly established in the policy-making process in Estonia. Due to MIS for Cohesion policy it is possible to recognise a generally increasing trend towards a higher level of partnership involvement and absorption. It was the first time for public institutions to involve partners systematically. The second highly evaluated dynamic was information sharing, consensus building and the involvement process itself. It gave a clear feeling that the SPD was ‘made in Estonia’</p> <p>Hungary: In order to ensure real partnership, 50 percent of non-government membership was set as a requirement. Procedures were also modified to encourage reconciliation of interests rather than voting.</p> <p>Latvia: The role of partnership has increased over the time providing the wider inclusion of social and economic partners in the decision making process.</p> <p>Lithuania: Main changes included improved capacities of both MIS institutions and partners involved, and more proactive performance of socio-economic partners. The latter was generally affected by the programming phase of 2007-13 period.</p> <p>Malta: -</p> <p>Poland: Steering Committees abolished, making partnership element in the system more transparent and rational</p> <p>Slovakia: The overall knowledge of social and economic partners on Cohesion policy matters enhanced and allowed them to perform their functions, primarily in the Monitoring Committees, more effectively. On the other hand, the fluctuation negatively affected also the members of the Monitoring Committees as a main platform for implementation of the partnership principle in 2004-2006.</p> <p>Slovenia: It was possible to recognise a generally-increasing trend towards a higher level of partnership involvement, the result of increased knowledge and skills from both sides - from those already involved and from those to be involved (e.g. the Chamber of Commerce).</p>	<p>Cyprus: Limited active contributions of partners due to limited experience and knowledge. The consultation process improved during 2007-13.</p> <p>Czech Republic: Low partners capacity in terms of expert capability to contribute to more effective MIS</p> <p>Estonia: Missing experience how to more actively involve knowledgeable partners at the right time in a right way; questionable willingness to involve and to be involved due to weak/short tradition of partnership.</p> <p>Hungary: The administration was poorly prepared to cooperate with the civil society. Besides, the private sector, the social partners and the NGOs were partly not in a position to realise their possibilities and to articulate their interests.</p> <p>Latvia: Insufficient capacity of some partners, for example, NGOs was still a problem that undermined smooth consultations and cooperation process.</p> <p>Lithuania: Particulate interests of certain interest groups still limit effective use of the partnership principle in most of the phases of Cohesion policy implementation.</p> <p>Malta: A lack of administrative capacity of partners limited their contributions.</p> <p>Poland: Limited active and constructive contributions of partners. One of the organisational solutions were the Steering Committees which were abolished for the 2007-13 period.</p> <p>Slovakia: Without a minimum knowledge of relevant EU national legislation, management and implementation system in Slovakia socio-economic partners can hardly effectively fulfil their tasks in Monitoring Committees (working groups) and contribute to better programme performance. Time constraints for implementation of Cohesion policy in Slovakia and limited capacities at beginning of programme period remained the key obstacle for important changes in the programme often proposed by partners.</p> <p>Slovenia: In general the partnership principle was taken into account to a certain degree, although the partners’ capacities were not adequate. There was a problem of responsiveness or self-initiative of all partners and absence of decision-making competence representatives of regional development agencies.</p>

PROJECT DEVELOPMENT, APPRAISAL AND SELECTION	
<p>Cyprus: Standardised models for contracts and tender dossiers, addition of milestones for project selection and contracting, wider use of the comparative appraisal system.</p> <p>Czech Republic: Substantial progress in project generation - both in quantitative (i.e. number of applications) and qualitative sense - as major actors gained experience. Gradual changes in operational manuals and guidance for project applicants; significant changes in project selection criteria in case of some OPs; the number of operations aiming at enhancement of absorption capacity increased (especially at the end of the first period).</p> <p>Estonia: Application of the system of pre-assessment by some institutions in the later phase of programme implementation. In some strategic cases, project selection based on state Priorities (National Development Plan) took place.</p> <p>Hungary: Several changes were introduced for the enhancement of effectiveness. Various criteria (administrative, financial) were simplified and/or dropped. A call centre was established in the NDO to provide general information services and basic consultancy for applicants. To improve quality of project selection, training for members of Project Selection Committees were introduced. Electronic application was made available on the basis of standardised application packages and procedures were standardised.</p> <p>Latvia: Time periods for the appraisal and selection of projects, administrative requirements for applicants were reduced</p> <p>Lithuania: Initially, procedural requirements were strict, sometimes excessively so. At the end of the period, a number of simplifications were made. The simplifications mainly covered bilateral agreements with beneficiaries and reporting activities done by beneficiaries. There were also useful tools (guidelines and instructions) developed to assist applicants in the process of project generation.</p> <p>Malta: -</p> <p>Poland: Numerous small changes in applications forms, enclosures required, selection criteria, required indicators, etc. Also electronic tools (internet-based Application Generator) were changed a number of times</p>	<p>Cyprus: Complicated and time-consuming procedures for certain types of procurements and licensing as well as a general lack of managerial ability on the part of Final Beneficiaries were identified as constraints at the end of the period.</p> <p>Czech Republic: Project generation still left ultimately to project applicants.</p> <p>Estonia: Often complicated, not very user friendly guidelines, manuals etc; lack of thorough information dissemination of assessment results (especially in the case of declined projects)</p> <p>Hungary: The project appraisal and selection process was bureaucratic, with rigid and complicated call systems focussing on formal criteria. Due to the perception and attitude of the Hungarian public and its administration characterised by considerable distrust, duplicate or sometimes triplicate system of controls were introduced in order to ensure maximum protection against fraud on the side of the administration.</p> <p>Latvia: There are intentions to even further reduce the time periods for appraisal and selection of projects from three months to time limits shorter than stipulated by law.</p> <p>Lithuania: As the competition-based project selection was extensively applied, regional distribution of financial allocations was not always effective and even.</p> <p>Malta: One of the problems with project generation was that given the short duration of time to implement the programme, projects were launched at one go and not in a staggered manner. Another issue raised were more transparent procedures for project selection and the need to identify areas of weakness in the application.</p> <p>Poland: The main constraint was the constant changes combined with the difficult and centralised procedure for introducing them. While ongoing adaptations and improvements can be perceived as a positive (learning from mistakes and experience) the procedure for introducing changes was an obstacle. A highly-centralised procedure based on a directive had to be followed if (even small) changes were made. Implementing institutions had to wait until the amount of changes was large enough to be pushed through government procedures. Thus, they were not introduced on an ongoing basis, but in waves which highly limited real adaptability and flexibility of the system.</p>

<p>Slovakia: Overall quality and of information provided during the information events and in guidelines for applicants enhanced. Low quality of projects received in initial calls for proposals was the main reason for introducing consultations to potential applicants. The later rounds of calls for proposals can be considered as effective in terms of the selection of good quality projects and adherence to internal deadlines</p> <p>Slovenia: The tender documentation in the initial phase was too complex in the period 2004-06. Later this was improved, but involved high costs and caused reluctance among the applicants. Appropriate instructions (handbooks, checklists) were made available in the later phase of programme implementation. Transfer of tasks from the Intermediate Body to the Managing Authority in 2006.</p>	<p>Slovakia: The quality of projects in general did not reach a desirable level until the end of the programme period. There was still room for improvement of the effectiveness of the appraisal and selection process, particularly in the organisation of the process, in the use of criteria and in the selection of projects with the highest added value at the end of 2008. Provisions for checks and control of public procurement process within the supported projects were not able to secure that all principles of public procurement were respected</p> <p>Slovenia: One of the major problems with project generation in the period 2004-06 was the lack of proper time management. Due to the very complex system and numerous urgent tasks, no or very little time was left for informing the public about published tenders. The other problem was low managerial competence and consequently low service ability and quality manifested in projects' objectives not being linked to measures and indicators.</p>
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FINANCIAL MANAGEMENT	
<p>Cyprus: -</p> <p>Czech Republic: Substantial progress with financial flows. Fundamental change in financial flows was adopted in 2005, connected to the fact that ERDF money was incorporated into the relevant chapter of state budget which allowed speeding up of the financial flows towards beneficiaries.</p> <p>Estonia: Implementation of the system of partial payment in advance</p> <p>Hungary: In order to improve efficiency, second level financial control was centralised. Act CXXXV/2004 on the budget of the Republic of Hungary provided for over-commitment (commitments exceeding the year) and re-allocation of funds. Comprehensive training programme in financial control was organised for the actors involved in the financial management</p> <p>Latvia: Selection-based checks of supporting documents of payment claims were applied. Greater emphasis on risk analyses were made. This resulted in shorter time periods for processing payments.</p> <p>Lithuania: -</p> <p>Malta: Minor changes to the Structural Funds Database.</p> <p>Poland: -</p>	<p>Cyprus: -</p> <p>Czech Republic: Cumbersome, bureaucratic and slow system of financial flows. Distrust among different public bodies of the MIS (particularly between vertical levels) resulting among others in excessive stress on multiple controls. The system requires significant financial strength at the level of beneficiaries.</p> <p>Czech Republic: Cumbersome, bureaucratic and slow system of financial flows. Distrust among different public bodies of the MIS (particularly between vertical levels) resulting among others in excessive stress on multiple controls. The system requires significant financial strength at the level of beneficiaries.</p> <p>Hungary: Financial management was very bureaucratic, inflexible and over complicated. The main reason for this was the fear of decommitment which would occur if the funds were not spent correctly. This was exacerbated by the perception and attitude of the Hungarian public and its administration characterised by considerable distrust. These factors created a duplicate or sometimes triplicate system of checks to try to ensure maximum protection on the side of the administration. However, maximum protection, complicated appraisals, time-consuming committee meetings and over-documentation also inhibited effectiveness. The risk-averse attitude of all institutions meant that risks were pushed as much as possible onto the beneficiaries.</p> <p>Latvia: As the institutions involved in MIS have started to operate more effectively, the emphasis shifted to the ability of the beneficiaries to submit payment requests according planned time schedules. Further constraints were too long time periods for reviewing payment claims (up to 60 days). Audit as a pre-condition for payments, amounts disbursed as pre-financing payments were not allowed to be declared for reimbursement from Structural Funds. (last two practices abolished in 2007-13).</p> <p>Lithuania: Tasks from programme design to the finalisation of projects, reporting and evaluation activities the SPD had to be implemented in five years. Some processes as project appraisal, selection and implementation took slightly more then it was planned. This has postponed finalisation of projects and performance of payments to beneficiaries. The year 2008 could be assessed as a peak year for MIS institutions (IA, IB, PA).</p> <p>Malta: The need to continue to identify bottlenecks such as those related to the verification of payments and planning requirements and to address these issues accordingly</p> <p>Poland: The major constraint was the incompatibility of domestic and EU system of budgeting. The domestic one was based on an annual, sectoral and cumulative basis while the EU system was multi-annual and task-based. Combining these two systems resulted in delays, time-pressures, complicated procedures and involvement of number of institutions.</p>

<p>Slovakia: The strategic documents regulating the financial management of Cohesion policy in Slovakia were regularly updated. Individual processes related to financial management were further specified through technical guidelines issued by the PA. It contributed to gradual increase of effectiveness of payment and information flows and processes. All training activities on financial management were designed and implemented exclusively by the PA, what positively affected the consistency of relevant processes across the programmes. Cooperation and links with PAs from other EU Member States were intensified.</p> <p>Slovenia: Appropriate instructions (handbooks, checklists) were made available in the later phase of programme implementation.</p>	<p>Slovakia: The system of financial management was rather complex and administratively demanding for all actors involved. Although, final beneficiaries used extensively support from MAs and IBs, the preparation of requests for payments represent for them major difficulties.</p> <p>Slovenia: The information system ISARR-SP was incomplete and did not allow all planning and reporting functions at the project/programme level. Moreover, rules were constantly altered and additional information was not adequately provided by the PA and by the MA, procedures were inconsistent and there was unclear division of tasks. Institutions participating in the implementation of Structural Funds had problems in particular with the implementation of controls according to Article 4 of the Commission Regulation (EC) No. 438/01.</p>
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PROGRAMME MONITORING	
<p>Cyprus: Creation of an IT monitoring system, construction of a concurrent to the IIS information system for the risk analysis.</p> <p>Czech Republic: Continuous adjustments to MSF-Central information system and also adjustments to information systems used by individual MAs (e.g. IS Monit for Joint ROP and SPD 2 was radically modified in comparison to the beginning of the investigated period; ISOP operated by MA of OP Industry and Enterprise was adjusted less often). In the case of most OPs (SPD 2, OP Industry and Enterprise, Joint ROP), the originally envisaged target values of the monitoring indicators and even the monitoring indicators themselves required adjustment. Series of evaluative exercises to reconstruct system of the monitoring indicators done; national code list of indicators produced.</p> <p>Estonia: Establishment of the computerised Structural Funds Information System and the Operative Information System for administrating applications and projects.</p> <p>Hungary: Standardised monitoring information system (SMIS) was introduced and continuously adapted. Thematic working groups (sub-committees) were set up to address key issues.</p> <p>Latvia: Opposite to efficient functioning of Monitoring Committee, the electronic management information system was a weaker element in monitoring the implementation progress of program. Significant efforts were devoted to make its use more easy - elaboration of operational manuals, specific training courses, limiting the amount of data that has to be entered into system.</p> <p>Lithuania: Monitoring and information system was underdeveloped for approximately half of the 2004-06 period. Efforts of the managing authority coordinating and improving the monitoring system were fruitful. At the end of the period the monitoring and information system has all needed functionalities and data gathered what laid ground for more effective monitoring of the 2007-13 period.</p> <p>Malta: Minor changes of electronic monitoring system. Moreover the MA, following the recommendation by the evaluation report, carried out bilateral and multilateral meetings towards the end of the programme period to assess the development of projects and to identify bottlenecks.</p> <p>Poland: Constant attempts to adjust indicators and - as a result - changes in SIMIK. Individual implementing institutions created own databases and monitoring systems which were not exactly compatible.</p>	<p>Cyprus: Concentration mainly on monitoring of financial data and less on outcomes.</p> <p>Czech Republic: Improper operation of the computerised monitoring system that should provide reliable data suitable for the management of the CSF; unsuitable setting of both physical and financial indicators for some OPs and missing coordination of indicators among different OPs; clearing up of legally based constraints for the use of the MSF-Central necessary as the Ministry for Regional Development, the national coordinator of Cohesion policy implementation, has not disposed with legally anchored property rights for the central monitoring information system. Dominance of 'sectorism' undermines problems with coordination of monitoring indicators.</p> <p>Estonia: Concentration on procedural correctness, monitoring of financial data (not on outcomes); non coherent and not user friendly databases.</p> <p>Hungary: Due to lack of experience, the indicator system was not well developed from the very beginning, which also negatively affected the effectiveness of monitoring and data collection.</p> <p>Latvia: -</p> <p>Lithuania: In very few cases monitoring indicators remained poorly detailed and ambiguous. These shortcomings are being solved by invoking external expertise to gather needed data and supplement the process of monitoring and reporting.</p> <p>Malta: The overall effectiveness of monitoring is considered satisfactory. Respondents noted that there is however the need to simplify monitoring such as to avoid duplication which creates unnecessary strain on the beneficiaries.</p> <p>Poland: The key constraint was the lack of SIMIK - a working system for recording and monitoring financial and material progress of projects and programme. This was combined with an extensive, inconsistent system of numerous indicators under constant change. In practice indicators were collected fragmentally, not in a coherent and regular way that would allow for comparisons and analyses.</p>

<p>Slovakia: The monitoring system was almost constantly being upgraded and updated, which on the one hand improved its functionality, but on the other hand usually required changes in procedures and applications. Significant efforts contributed to the improvement of the monitoring, specifically in terms of the functionality of the electronic monitoring system</p> <p>Slovenia: Appropriate instructions (handbooks, checklists) were made available in the later phase of programme implementation. Additional procedures for closure were prepared.</p>	<p>Slovakia: A critical factor that undermined the practical use of monitoring in strategic management at CSF and OP level was the low quality of the indicator system. It had serious implications also on the effectiveness of reporting and evaluation. Indicators selected for monitoring of physical progress of implementation had often questionable relevance to objectives set at various levels. Consistency of data collected was negatively affected by insufficient definition of indicators and detailed description methods for their collection. Moreover, accuracy of data in the monitoring system (ITMS) was not satisfactory since entries were often made with delays.</p> <p>Slovenia: The effectiveness of programme monitoring was not satisfactory because of staff inexperience, inconsistent procedures; the lack of information provided by the Paying Authority and by the Managing Authority; the unclear division of power; and the non-operational ISARR-SP that did not enable all planning and reporting functions at the project and programme level. Existence of two different information systems (ISARR-SP managed by the MA and IS-PA managed by the PA) that were not harmonised, which caused inconsistencies and, consequently, additional work and delays. The monitoring system was used mainly for the monitoring of financial progress and not as a management tool. There were problems in the data collection especially with regard to physical data since indicators were not defined adequately (lack of baseline data, not always realistic targets, indicators were not always clear and measurable).</p>
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REPORTING	
<p>Cyprus: Improvement of the IT monitoring system, mainly with regard to reporting</p> <p>Czech Republic: Progress especially with regard to clearing up what information Annual Implementation Report should contain</p> <p>Estonia: Replacement of biannual reports by annual reports.</p> <p>Hungary: On-going assessment tools were introduced to enable improvements in implementing systems</p> <p>Latvia: Quarterly reporting to Cabinet of Ministers was introduced starting from March 2006</p> <p>Lithuania: -</p> <p>Malta: The Managing Authority continued to emphasise the direct contact with project leaders so as to allow for any information or difficulties related to the implementation of projects to come to light during the writing of the reports rather than after the submission of the reports.</p> <p>Poland: In 2005, reporting about project outputs on a half-yearly basis was added, which was supposed to support the inefficient SIMIK. In fact it became a main tool of reporting</p> <p>Slovakia: Reporting has become a highly standardised process partly due to MA CSF guidelines on the content of implementation reports. Reports contained primarily financial data and detailed analysis of calls for proposals.</p> <p>Slovenia: From 2005 onwards financial reports were produced on a monthly basis, in 2004 quarterly. Simplification in the reporting for Direct Budget Users. Weekly operational meetings between ministries were introduced.</p>	<p>Cyprus: Annual implementation reports provided mainly information on annual financial achievements. In-depth analyses of quantitative and qualitative aspects were limited.</p> <p>Czech Republic: -</p> <p>Estonia: Not very high usability of monitoring reports; double procedures established to produce reports for the EU.</p> <p>Hungary: -</p> <p>Latvia: As regards strategic reporting, a outstanding problem is that Annual Implementation Reports are completed long after the period they reflect on.</p> <p>Lithuania: Reporting remained quite formal and descriptive during the period of 2004-06. The problem of availability of updated national statistics and low degree of integration of evaluation results persisted until 2008.</p> <p>Malta: Respondents noted a certain degree of difficulty in meeting the reporting requirements for projects. This is inherent to small administrations where officers are multitasked and not necessarily focused on EU related matters. Interviewees observed that a considerable proportion of time dedicated to project management was necessary for drafting reports. Some respondents also noted that procedures were duplicated creating unnecessary hurdles to the reporting requirements.</p> <p>Poland: The lack of working electronic system resulted in time-consuming manual data collection and storage.</p> <p>Slovakia: Annual implementation reports contained very little information on qualitative aspects of implementation of Cohesion policy and individual programmes based on quantification of indicators.</p> <p>Slovenia: The guidelines on reporting were numerous, complex and comprehensive, which raised the question of their compatibility. Lack of experience caused many problems and changes in the rules. The ISARR-SP system, and consequently the information support for programme reporting (and monitoring), was not brought fully online; as a result, a reliable support tool for the various users of the system could not be provided.</p>

EVALUATION	
<p>Cyprus: During the 2004-06 programme period, an evaluation plan was developed. Although this plan was not fully implemented, the experience gained was considered to be positive and the conclusions and recommendations of the evaluation on the management and implementation system for 2004-06 were used in the programming for the 2007-13 period.</p> <p>Czech Republic: Substantial progress with building evaluation capacity both in the public and the private sectors, growing awareness within the public administration on the necessity of evaluations. Throughout the period, the quality of evaluations has vastly improved due to the accumulation of dedicated knowledge in specialised evaluation teams. There was a spreading of evaluation culture into the sphere of domestic programmes. For example, the Strategy of Regional Development of The Czech Republic is undergoing a kind of ex-post evaluation.</p> <p>Estonia: Due to MIS capacity-building, evaluation was significantly enhanced and an evaluation culture established. A general shift from understanding of evaluation as econometric analysis towards a broader understanding of evaluation has taken place.</p> <p>Hungary: Regular reporting for Government was introduced to ensure coordination with policies.</p> <p>Latvia: Growing awareness among public administrators in Cohesion policy for the necessity of evaluations. Establishment of a systemic approach to performing evaluations of Cohesion policy.</p> <p>Lithuania: At the end of 2004-06 an evaluation plan covering both 2004-06 and 2007-13 was prepared, making the process of evaluation more structured and integrated. Evaluation was also strengthened by establishing an evaluation coordination group where all institutions of MIS coordinate their evaluation activities and assess evaluation results.</p> <p>Malta: An evaluation exercise carried out to assess the effectiveness of the implementation system made a number of recommendations, including on issues related to financial management, HR development and monitoring. They were largely taken on board.</p> <p>Poland: A database of evaluation reports was created. At the end of the period, the complete set of reports was published on CDs. The organisation of annual evaluation conferences and advanced post-graduate training were launched. There was also a rapid growth in commissioning and using evaluation as a tool to improve implementation (focusing on operational and technical issues). A series of strategy-oriented, ex post studies is on the way.</p> <p>Slovakia: Rare building initiatives aimed at building capacities in the MAs (e.g. establishment of the group of evaluators, training on evaluation) and to effectively manage evaluations did not result in better performance, partly due to fluctuation of internal evaluators.</p> <p>Slovenia: The Evaluation Plan was approved by the Monitoring Committee in June 2005.</p>	<p>Cyprus: The evaluation culture (at the level of organisations) still needs to be improved.</p> <p>Czech Republic: Low real transfer of outputs and findings provided by evaluative studies into the MIS (key hindrance represent particularly a (political) unwillingness to introduce changes).</p> <p>Estonia: Low usefulness and applicability of evaluations (no clear and concrete suggestions).</p> <p>Hungary: Despite recent improvements, there is still need for appropriate methodologies, procedures, skills and institutions for evaluating the effectiveness and efficiency of the MIS. It would be important to introduce these in the MIS to ensure that evaluation results are known, reflected and taken on board, and for the CSF MA to elaborate a transparent, comprehensive, multi-annual evaluation plan, specifying evaluation tasks at OP and national level.</p> <p>Latvia: Various thematic evaluations were carried out, but it is difficult to assess their effectiveness since they covered only limited areas of Cohesion policy. Evaluation culture (at the level of organisations) and skills (at the level of individuals) have to be further developed.</p> <p>Lithuania: The intermediate bodies have just started their sectoral ex-post evaluations of 2004-08 SPD and still lack evaluation culture and perceive evaluations as a formal requirement. However, the managing authority has built relatively high internal evaluation capacities and is used to utilise results of evaluation activities quite effectively.</p> <p>Malta: The results from the evaluation exercise are not publicly available.</p> <p>Poland: The main constraint was law on public tenders that assigned price as the main criterion for the selection of evaluation contracts. However, this was changed and most of the evaluation unit use merit criteria as a key for choosing the offer for evaluation study. The problem of using price as key criteria (50% of the scores for an offer) still remains to some extent on the regional level and in some non-SF units.</p> <p>Slovakia: Internal evaluation capacities of MAs and their overall performance in this domain were low. Higher and middle management of MAs has not recognised the importance of evaluation for effective management and implementation of Cohesion policy.</p> <p>Slovenia: Evaluation results did not lead to changes. They were not taken into account since the main priority was to maximise absorption rather than enhance project quality. Lack of evaluation capacity within the MA and no measures to develop this.</p>