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# CPMR STUDY "EU COHESION POLICY, PARTNERSHIP AND THE REGIONS: A STEP FORWARD OR UNFINISHED BUSINESS?"

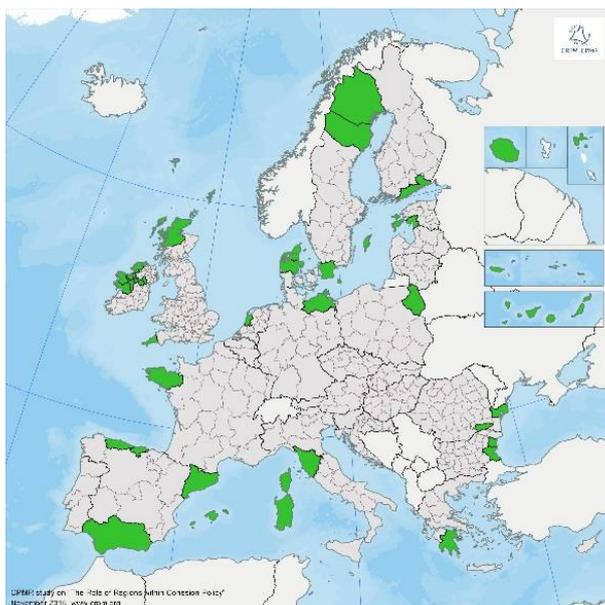
## SUMMARY OF KEY FINDINGS

### I. INTRODUCTION

This technical note is a summary of the CPMR study "EU Cohesion Policy, Partnership and the Regions: a Step forward or Unfinished Business?" The study looks at two aspects:

- the extent to which the reinforced provisions on partnership introduced for the 2014 – 2020 Cohesion Policy have resulted in **meaningful and quality involvement** of regional authorities in the operational programmes;
- the extent to which there is an **island dimension** within Cohesion Policy, and the legitimacy of regions as key actors within Cohesion Policy.

The study is based on the analysis of the answers provided by representatives from CPMR Regions to an online survey launched in May 2015<sup>1</sup>. In order to gather a wide range of regional experiences, the survey was sent to CPMR Political Bureau members and alternates, as well as the members of the Island Geographical Commission to contribute to the part of the study which looks at the island dimension. **A total of 40 contributions from Regions was received, covering 16 EU Member States<sup>2</sup>. The following map shows the regions which responded to the survey.**



<sup>1</sup> To access the online survey: <http://goo.gl/forms/A2D0qeg35a>

<sup>2</sup> The complete list of participants can be found in the full study.

### Profile of respondents

The majority of respondents form part of a unitary or centralised state (77.5%). 20% of respondents are part of a regionalised state and 2.5% are part of a federal state. Regions within regionalised and federal states hold legislative powers either shared with the central government or exclusive. However, some regions within unitary states do also have legislative powers.

### Main questions addressed in the study:

- 1) What is the quality of the involvement of regions in Cohesion Policy for the 2014 – 2020 programmes? Did the reinforced provisions on partnership and multilevel governance (Article 5 of the Common Provisions Regulation CPR) make a difference? **These questions are addressed under key findings 1, 2 and 3 below;**
- 2) Should regions be considered legitimate actors within Cohesion policy? Is there really an islands dimension within Cohesion Policy? **These questions are addressed under key findings 4 and 5 below.**

## II. KEY FINDINGS

### 1. Regions retain a high level of involvement regarding Cohesion Policy programmes compared to 2007 – 2013, but involvement does not necessarily translate into responsibility

Participants were asked to define their levels of involvement with regards to European Regional Development Fund and European Social Fund programmes, including INTERREG programmes. **77.5% of respondents have a formal role in Cohesion Policy programmes:** 37.5% are managing authorities of at least one programme, 40% are intermediate bodies and 22.5% are only informally involved.

**40% of respondents reported a change in terms of the level of their involvement and responsibilities** compared to the 2007-2013 period. However, there is no overall trend showing a general increase or decrease in terms of the involvement of regions for Cohesion Policy programmes.

Looking at the formal levels of involvement of regions in Cohesion Policy only **does not tell the full story in terms of the degree of partnership of regions in Cohesion Policy.** A distinction needs to be made between formal involvement and informal levels of involvement based on their different legal provisions as defined in the Common Provisions Regulation (see table 1 below).

**The majority of respondents (77.5%) have a formal role in at least one Cohesion Policy programme.** Being formally involved does not, however, necessarily translate to a high degree of responsibilities: there is no dedicated article specifying the functions of intermediate bodies (their levels of responsibilities are set at national level and therefore differ substantially from one Member State to another).

Besides legal provisions for managing authorities and intermediate bodies, involvement for Regions in Cohesion Policy is guaranteed by Article 5 CPR and the Code of Conduct, which was newly introduced for the 2014 - 2020 period. Regrettably, provisions under Article 5 are very ambiguous and allow the full discretion of Member States in the selection of partners and their functions with regards to Cohesion policy.

Formal type of involvement		Informal type of involvement
Managing Authority	Intermediate body	
<ul style="list-style-type: none"> <li>• Designation and functions defined by arts. 123, 124 and 125 CPR</li> <li>• <b>Overall responsibility for managing operational programmes</b>, including financial management of the programmes</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Carries out duties on behalf of managing authorities, in relation to beneficiaries implementing operations</b></li> <li>• <b>Concrete functions not specified</b>, no article dedicated to intermediate bodies in CPR</li> </ul>	<p><b>Article 5 CPR:</b></p> <ul style="list-style-type: none"> <li>• ‘partners’ shall be involved in the preparation of the PAs, preparation and implementation of the OPs, and included in the Monitoring Committees</li> <li>• Member States ‘shall organise a partnership with “competent regional authorities” according to their institutional and legal framework</li> </ul> <p><b>Code of Conduct on Partnership:</b></p> <ul style="list-style-type: none"> <li>• Very vague reference as to what involvement means</li> <li>• “Member States shall involve relevant partners in particular concerning”: <ul style="list-style-type: none"> <li>- Preparation of Partnership Agreement</li> <li>- Preparation of the Operational Programmes</li> <li>- Preparation of calls for proposals and/or assessment</li> <li>- Preparation of the progress reports on the implementation of the partnership agreements and the operational programmes</li> <li>- Monitoring of operational programmes within Monitoring Committees and Working Groups</li> <li>- Evaluation of operational programmes within Monitoring Committees</li> </ul> </li> </ul>
<b>37.5% of respondents</b>	<b>40% of respondents</b>	<b>22.5% of respondents</b>

*Table 1: Legal provisions governing the types of involvement within Cohesion Policy*

## 2. Regions were generally involved in the design of both the Partnership Agreements and the Operational Programmes, though the quality of the involvement varies significantly from one Member State to another

Having established the different types of involvement within Cohesion Policy, this study also looked at the application of Article 5 in practise and analysed feedback from respondents on the quality of their involvement in Cohesion Policy.

The majority of respondents contributed to both Partnership Agreements (95%) and operational programmes (97.5%). The picture was different, however, when asked about the quality of their involvement for the following:

- **Partnership Agreements:** The survey responses show an extremely varied picture. Some regions underline that the process was far from being optimal (involvement thanks to proactive regional actors, low perceived level of influence...) whilst other were more positive, with some regions praising the inclusiveness of the process.
- **Operational programmes:** All but one respondent contributed to them. There was generally a higher degree of satisfaction with regards to the perceived levels of involvement for Operational Programmes. More than half of the respondents either designed the programmes or co-designed them with the managing authority.
- **Ex-ante conditionalities<sup>3</sup>:** A majority of respondents were also involved in the preparation of the ex-ante conditionalities (70% of respondents). The most commonly quoted ex-ante conditionality was the development of Smart Specialisation Strategies. However, the extent and quality of this involvement varies greatly from one region to another: 60.7% consider that they had a very central role in the preparation of ex-ante conditionalities and the other 39.2% consider that they had very little influence.

## 3. Article 5 and its Code of Conduct were respected, but that says little about the quality of the involvement and the real level of influence of regions

It was also thought useful to analyse the level of influence perceived by regions in specific issues mentioned in the Code of Conduct, as regards the development of operational programmes in their respective regions. Participants in the survey were asked to rate their level of influence in the following issues: allocation of financial resources for the programmes, analysis of needs of the regions to be addressed in the programmes, development of priorities within the operational programmes, integration of horizontal principles<sup>4</sup>, and involvement of regions within Monitoring Committees for ERDF/ESF funds.

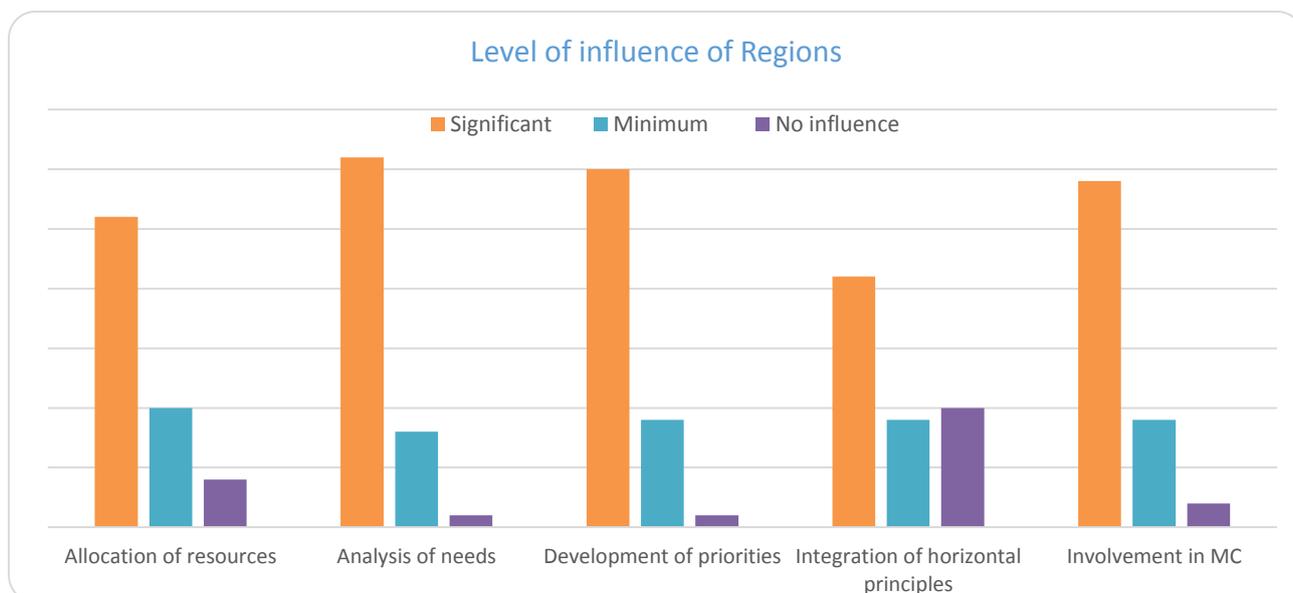


Table 2: Perceived level of influence of regions in terms of the development of operational programmes

<sup>3</sup> Pre-conditions for effective and efficient use of all ESI Funds related to the regulatory framework, policies and strategies with clear objectives and administrative or institutional capacity. There are two types of ex-ante conditionalities: thematic, linked to the thematic objectives selected for Cohesion Policy, and general, linked to horizontal aspects of the implementation of the programme.

<sup>4</sup> Equal opportunities between men and women, prevention of discrimination, promotion of sustainable development

Respondents considered that they had the lowest influence in the integration of horizontal principles and had the highest in the analysis of the needs of the region. The development of priorities and involvement within the Monitoring Committee also score highly.

The wide range of responses can partly be explained by the following:

- The lack of compliance of the process in some Member States;
- The vagueness of the wording of the Code of Conduct;
- The variety of the issues at stake, with no mention of how important each of these issues and how they should be prioritized.

Nonetheless, **a majority of respondents - 70 % - consider that their Member State respected provisions under Article 5 and its Code of Conduct.** But **“this differs from successfully respecting the process”**, as put by one of the respondents to the survey.

The survey shows that Regions were indeed involved in the preparation of Partnership Agreements and Operational Programmes, with several notable exceptions. However, contributing to the development of Partnership Agreements and Operational Programmes does not necessarily guarantee meaningful consultation with Regions. This is particularly true with regards to involvement in the Partnership Agreements and ex-ante conditionalities, with wide ranges of views expressed by the Regions.

The differences of opinions expressed by regions in terms of their perceived levels of involvement is particularly revealing. **This is largely due to the weakness of the provisions guaranteeing the involvement of regions in Cohesion Policy (Article 5) which leaves a large margin of maneuver for Member States, and the lack of influence of the Commission to guarantee meaningful partnership provisions for regions in Cohesion Policy.**

#### **4. Regions are broadly competent in the areas of intervention of Cohesion Policy**

All of the respondents have competences in at least one area of intervention covered by Cohesion Policy. Administrative powers (the power to administer or enforce law, to carry laws into effect, implement government policies and exercise administrative control) are the most frequently quoted category quoted by respondents for all areas of intervention.

**The survey shows that there is a relatively close fit between the areas of intervention<sup>5</sup> of Cohesion Policy and the traditional competences of regions, even in unitary Member States.** There are differences across Member States but this reinforces the assumption that regions are legitimate actors of Cohesion Policy, and that they have a high degree of experience, knowledge and expertise in the areas of intervention for Cohesion Policy.

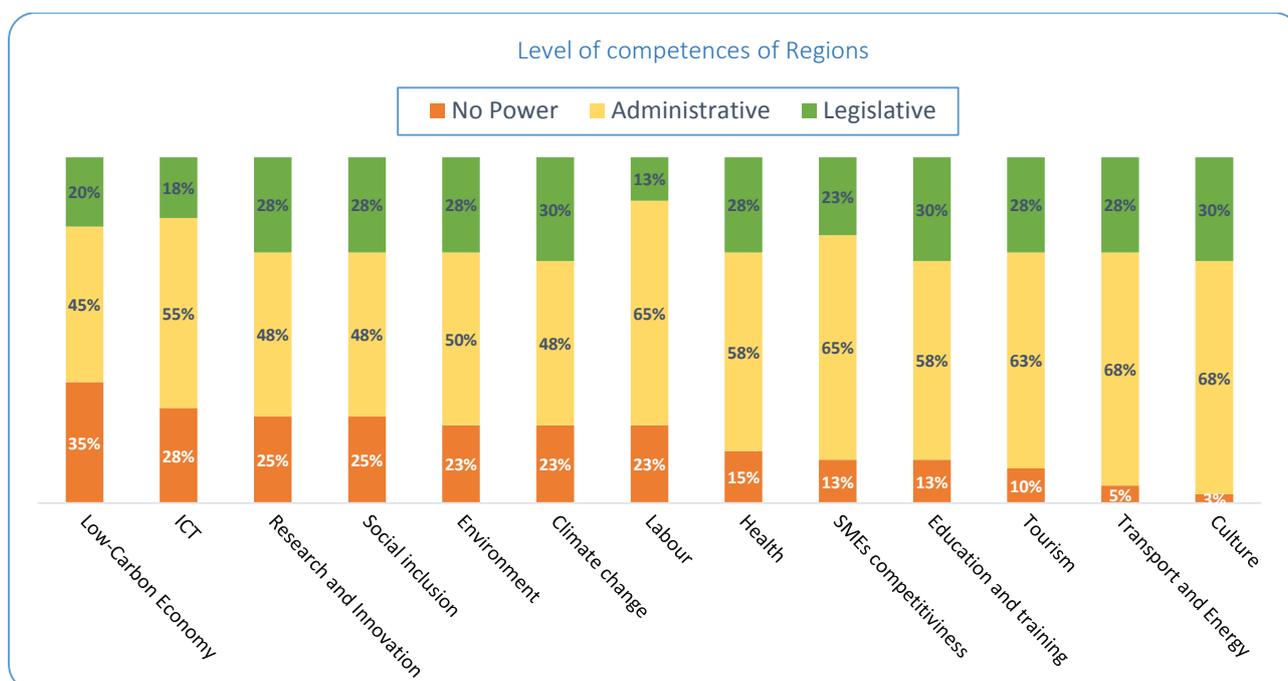
This fits well with some comments received about the perceived role of Cohesion Policy as a territorial development policy, with some respondents stating that ESI funds provided their regions with opportunities to develop and to implement investment projects in good condition, which could not have been financed through national or local financial sources.

The study also reveals that the territorial reforms carried out in some Member States had no connection with the levels of responsibilities provided to Regions for Cohesion Policy programmes overall.

More generally, it was found that there was no correlation between the degree of regionalisation of a Member State and the levels of responsibilities provided to regions of that same Member State regarding Cohesion Policy.

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<sup>5</sup> All thematic objectives (except TO11 - Efficient Public Administration) were considered. Tourism, Culture and Health were added as the ERDF supports projects in these areas.



*Table 3: Levels of competences of Regions in the areas of intervention of Cohesion Policy 2014 - 2020*

## 5. There is no consistent recognition of the island dimension within Cohesion Policy in island regions, regardless of EU Treaty provisions

Addressing specific territorial issues is a crucial role of Cohesion Policy. A case study of one specific type of territory seemed appropriate, which was carried out jointly with the Islands Commission of the CPMR. One of these specific territories is northern sparsely populated areas. Comments were provided by Norrbotten and Västerbotten, with Västerbotten welcoming the extra resources provided under article 92 (1) of the CPR and the additional flexibility in terms of the allocation of funding for five thematic objectives. In this region, the extra allocation and flexibility allowed the region to focus better on regional needs.

**15 out of 40 respondents to this survey were island regions<sup>6</sup>, the majority of which are formally involved within Cohesion policy (12 out of 15).** Seven of these regions are managing authorities of an ERDF and/or ESF regional programmes (1 of them is managing authority of an Interreg programme)

**Island Regions were generally involved in the design of both the PAs and the OPs.** However the **quality of involvement for Partnership Agreements varies significantly:**

- One respondent did not contribute to the Partnership Agreement;
- Some regions participated in several meetings with national authorities, stakeholders, some including participated in meetings the European Commission;
- Others were involved in a national consultation process where the quality was poor and the comments were hardly incorporated.

**On the other hand the totality of island regions contributed to the operational programmes:**

- Seven of these regions designed the ERDF and/or ESF regional programmes;
- The rest only participated in the process, mainly through working groups, seminars and meetings.

**60% of island regions consider that no particular attention has been paid to their territorial specificities** during the design of the Partnership Agreement and operational programmes, in line with article 174 of the Treaty on the Functioning of the European Union. 20% provided a mixed answer. Crucially, no respondent mentioned that Article 174 TFEU was a driving factor in terms of implementing an island dimension within Cohesion Policy.

<sup>6</sup> The complete list of participants can be found in the full study.

There are **very ambiguous responses as to whether the island dimension of Cohesion Policy is a reality** for the 2014 – 2020 operational programmes, with some regions questioning the implementation of a territorial dimension at European level (one respondent said that same consideration was provided as for rural areas), whilst other insular regions considering that the specific challenges related to their insularity were taken on board in the development of the operational programmes.

Although all islands regions were included in the process of developing operational programmes, there is **little evidence to suggest that all of them were given special treatment on the basis of their status as insular regional authorities at European level. The fact that not all insular authorities have a special ‘status’ at national level explains the diversity of views with regards the islands dimension of Cohesion Policy, and confirms that the provisions of Article 174 do not seem to apply for island regions from a European perspective.**

### III. RECOMMENDATIONS FROM REGIONS TO IMPROVE PARTNERSHIP<sup>7</sup>

- **To designate regional authorities as management authorities** of all regional programmes
- **To improve the quality of informal involvement** by enlarging working groups, clarifying structures, roles and responsibilities of the different committees and groups, increasing transparency, increasing the quality of discussions, improving guidance, setting up independent arbitration committees between the managing authority and the regional authority (when it is not itself the managing authority) and involving partners on a more pro-actives basis
- **To increase the involvement and influence of regional authorities** on the implementation and management of operational programmes and **not limit it only to programming**
- **To improve the dialogue** between the Member State, the managing authority and intermediate bodies and regional authorities
- **To provide a more central role to regions in the allocation of funding.** A respondent consider that ESI funds should be 100 % allocated to regional authorities. Another respondent stated that considering the competences of it region all funds should be allocated to regions through regional programmes and not only 45 % as it happens currently
- **To improve the coordinating and guiding function of the Partnership Agreement**
- To conduct negotiations on the Partnership Agreements and operational programmes in the form of **tripartite discussions between the Member State, the Commission and those responsible of drafting the Operational Programmes.**

### IV. AVENUES FOR FURTHER WORK

The survey explored two dimensions of Cohesion Policy: the quality of the involvement of regions with Cohesion Policy, and its level of legitimacy as a territorial development policy with regions at its very heart. Responses to the survey raise a number of issues:

- Article 5 and its Code of Conduct are certainly a step in the right direction. The vagueness of the provisions under Article 5, however, fully explains the breadth of responses collected within this study;
- There is a marked difference between respecting Article 5 provisions (which was achieved in a majority of cases) and the actual quality of the involvement of regions in Cohesion Policy;
- Comparing traditional competences of regional authorities and areas of intervention of Cohesion Policy confirms that regions should be considered as legitimate actors at the center of the policy. This issue would deserve to be explored in further depth to reinforce the argument;
- The specific situation of islands was not a factor that was taken into account in all island regions with regards to the development of operational programmes.

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<sup>7</sup> Respondents to the survey also provided recommendations on other issues. The whole list of recommendations can be found in the full study.

Taking into account these findings it is clear that provisions on partnership and multilevel governance should be further strengthened to guarantee the quality of the involvement of regional authorities.

Therefore the following avenues for further work for the CPMR have been identified:

- **Continue to make the case for a policy that needs regional authorities to thrive.** A possible next step could be to look at the added value of Cohesion Policy investments on growth and jobs in peripheral maritime regions compared to other sources of funding.
- **Giving Article 5 CPR real ‘teeth’ by making its provisions an ex-ante conditionality.** Establishing the provisions on partnership and multilevel governance as pre-conditions for effective and efficient use of all ESFI funds would possibly strengthen the quality of involvement of Regions in Cohesion Policy. However, this may add excessive administrative burden to an already hefty policy
- **Incorporating the Code of Conduct as an article into the new legislative package.** Strengthening article 5 with the incorporation of the provisions of the Code of Conduct and in parallel reinforcing the wording of its provisions could be a step forward.