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## SEMINAR ON "STRUCTURAL FUNDS IMPLEMENTATION AND DEVELOPING PHASE OF OPERATIONAL PROGRAMMES"

30 OCTOBER 2013, DG REGIO PREMISES, BRUSSELS

### MINUTES

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#### Welcome addresses

**Eleni Marianou**, CPMR Secretary General, welcomed the participants and stressed the importance of establishing a technical dialogue between the Commission services and the CPMR regions and their managing authorities. In this respect, she announced that this seminar was the first of a series of technical seminars where relevant issues to CPMR regions will be discussed. Finally, she introduced the subjects to be debated during the day stressing on the relevance of macro-regional and sea basin strategies (MRS/SBS), innovation, youth employment initiative, territorial and financial instruments.

#### Video message from Walter Deffaa

**Walter Deffaa**, DG REGIO Director General, apologised for not being present and welcomed the participants to DG REGIO premises. He insisted on the fact that people on the ground make cohesion policy a reality and therefore as head of DG REGIO he is very pleased to see this kind of technical discussion taking place. He announced that Cohesion Policy is now an integral part of the EU policy mix and described the main changes in the EU policy framework such as conditionalities, European semester and Horizon 2020. He concluded by claiming that the success of Cohesion Policy depends on the quality of operational programmes and that the Commission emphasis will be on integrated approaches (ITIs, CLLD, integrated operations, MRS/SBS, etc).

#### 1st Session - Macro-regional and Sea Basin Strategies

**Jean-Marc Venineaux**, DG REGIO, started his presentation by describing his role and duties within the Commission which regard mainly the Baltic Sea Strategy, the first macro-regional strategy. He mentioned the CPMR St. Malo declaration on multi-level governance and particularly the part covering leadership and ownership of macro-regional and sea basin strategies. In this respect, he announced that the Commission will address those issues in a communication which will be released in the near future. According to him, there is a need of involving people in such strategies in order to be as efficient as possible to comply with 3 NOs rule and finding consistency and coherence between the new programmes and the existing strategies. In this regard, the coming months are crucial to determine whether macro-regional strategies will play a fundamental role in the next programming period for 2014-2020. However, he stressed the fact that Partnership Agreements which have been submitted so far do not reflect the links between macro-regional strategies and operational programmes. Hence, more Cooperation, Coordination, Coherence and Consistency will be needed in the development phase.

**Cristina Amil Lopez**, DG MARE, thanked the CPMR for organising the seminar and including DG MARE in the programme. She described the main features of the Atlantic Sea Basin Strategy: sharing space and objectives, blue growth, innovation, growth and competitiveness. She announced that the next steps of the strategy will be to implement the Atlantic action plan via European Structural and Investment funds, Horizon 2020, and the European Investment Bank and the private sector funding. Finally, she stressed on the coordination role of DG MARE and indicated what regions can do.

[\(see presentation\)](#)

**Mari Kuparinen**, region of Päijät-Häme (FI), introduced her region and its priorities to the participants stressing on the fact that investments on innovation already exceed 5% of GDP, more than EU2020 objectives (i.e. 3% of GDP), and indicated that complying with innovation requirements in the new programmes is one of the main challenges. She announced that Finland will devote to Priority axis 5 (i.e. Special Interregional themes, including Baltic Sea Strategy) 28% of its ERDF allocation. Every region will prepare its own programme and all the regions will cooperate between each other. She then analysed the main problems encountered in the current programming period such as the mistrust between regions and stakeholders and the main advantages such as the multilevel governance processes and the cooperation between several public authorities, universities and the private sector. She concluded her presentation by announcing that in 2014-20 there will be a unique national multi-fund programme and the total financial allocation will diminish by 26% compared to 2007-13. Therefore there will be fewer priorities and intermediate bodies will be reduced.

[\(see presentation\)](#)

**Jean-Michel Arrivé**, region of Aquitaine (FR), described the main geographical features of the Aquitaine region and stressed the fact that there are not enough connections between the operational programmes and the Atlantic Sea Basin Strategy. He stressed three inherent problems in terms of the integration of the Atlantic Strategy in Aquitaine. The first problem is related to lack of communication and information in terms of how to link the objectives of the Atlantic Strategy within operational programmes. The second problem relates to the fact that the Atlantic Strategy is a maritime strategy and that maritime issues are not a key priority for the region of Aquitaine. The overly maritime focus of the strategy could prevent effective implementation of the strategy in regions such as Aquitaine. The third problem relates to thematic concentration and the lack of connection between the mainstream operational programmes and the ETC programmes in terms of thematic priorities. He concluded by launching a debate for the post-2020 regional policy and wishing for greater allocations for these programmes.

[\(see presentation\)](#)

## Q&A

**Eleni Marianou** said there was a missing link between programmes and low levels of coordination between ETC programmes and mainstream operational programmes. There are also worrying signals of changing regional programmes in one national multi-fund programme in some Member States.

**Anna Lisa Boni**, region of PACA (FR) asked the Commission officials how many regions have used priority 11 to finance the macroregional strategies (MRS) and what are the thematic programmes of the Atlantic Arc Strategy.

**Ainhoa Azarloza**, Basque Government (ES), asked what the difference was between macroregional strategies and sea basin strategies.

**Gerry Finn**, Border Midland and Western region (IE) asked which Directorate General will take the leadership for MRS

The Commission answered that as regards existing macro-regional strategies a priority does not come from a mere common interest but it must be related to the strategy itself. In this respect, knowing where the priorities are is paramount. In particular, in the framework of the Atlantic Strategy, priority actions fit mainly with thematic objectives 1, 3, 6 and 8.

## 2nd Session - Innovation

**Grzegorz Ambroziewicz**, DG RTD, introduced the innovation performance figures in Europe, which are in most of the cases far from the EU2020 objectives and very fragmented. Scandinavian countries plus Germany are innovation leaders in the EU while the others are lagging behind. According to him the best measure to bridge the innovation divide in the EU is to stress the link with cohesion policy and smart specialisation. Therefore, there is a clear need for synergies which are identified by DG RTD.

[\(see presentation\)](#)

**Antonio Garcia Gomez**, DG REGIO, presented evidence on the positive correlation between innovation and economic growth, and innovation and employment. This is why there are 7 flagship initiatives covering those subjects in the EU2020 strategy. However, the impact has not been as great as the Commission had imagined because of a series of issues. He explained in details what is behind smart specialisation and the RIS3 initiative and in particular, the links between RIS3, Operational Programmes and RDF programmes. He stated that between €80 and €100 billion could be invested in innovation through cohesion policy funding. He concluded by inviting the presents to participate in 8<sup>th</sup> November in the DG REGIO conference on Innovation.

[\(see presentation\)](#)

**Juan Viesca**, region of Valencia, presented the innovation structure of the Valencia region, what has been done in 2007-13 and what is foreseen for 2014-20. He stressed on the fact that innovation expenditure is widespread in the regional territory. In fact, 14 technological institutes are located in the north, centre and south of the region. The Valencia region has managed more than €2 billion in 2007-13, where about 60% of the envelope has been spent on R&D, ICT and business development. He concluded by highlighting the main problem encountered with the 2014-20 programmes: the financial allocation of structural and investment funds will considerably diminish whereas the total investments the region has to put forward will increase of about 60%. Therefore, the region is suffering and not all the investments can be guaranteed.

[\(see presentation\)](#)

**Silvano Bertini**, region of Emilia-Romagna, presented the regional high-tech network of Emilia-Romagna which includes several laboratories and 6 regional platforms. He stressed the fact that the amount of innovation expenditure is not as important as the findings that can be used to boost efficiency and economic growth. The main innovation clusters of Emilia-Romagna are Industrial clusters (agri-food, etc) and socially innovative clusters. Innovation drivers and priorities have identified for each cluster (agrifood, construction, etc).

[\(see presentation\)](#)

### Q&A

**Ana Coelho**, region of Catalonia, asked whether Horizon 2020 and Cohesion policy are complementary as SMEs are considered as a priority in Horizon 2020 but this is not the case for cohesion policy.

The Commission said that there are some programmes where there is the possibility of finding synergies and additional resources for SMEs. In this respect, the Commission is preparing guidance on synergies between DGs programmes (RTD - REGIO - ENTRE) and in the future other financing methods will be explored.

## 3<sup>rd</sup> Session – Youth Employment Initiative and Demographic Changes

**Resa Koleva**, DG EMPL, presented the ESF regulation for the programming period 2014-20. She focused on the Youth Guarantee recommendations, which are not legally binding but crucial for the Member States to ensure that youth unemployment is properly addressed. She then introduced the main elements of the Youth Employment Initiative (YEI). It will be front-loaded in the first 2 years of the next programming

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period but will follow the ESF rules (N+3).

The amount coming from the ESF (€3 billion) will be matched by the same amount coming from a special budget line with this aim. It is aimed at NUTS2 regions experiencing youth unemployment (15-24 years old) rates which exceed 25%. Actions need to be targeted to individuals only and YEI will be completely integrated in the ESF programme either as a dedicated priority axis or a part of it or as a dedicated operational programme. She concluded by stating that proactiveness from the regions will be needed to implement the Youth Employment Initiative and ESF programmes.

[\(see presentation\)](#)

**Georgios Stergiou**, region of South Aegean (EL), described the tough situation Greece is facing especially regarding youth unemployment. He stressed on the fact that resources are very limited and regional specificities are not taken into account. For instance, in the case of South Aegean region the leading economic sector is tourism and many jobs could be created but this seems to be ignored. He concluded by claiming that despite all the difficulties South Aegean region will not qualify for YEI funding.

[\(see presentation\)](#)

#### Q&A

**Gordon Summers**, Highland Council (UK), highlighted an issue related to the conflict between the Youth Employment Initiative and the mainstream operational programme priorities.

The Commission confirmed that Member States will receive information on their financial allocation for the Youth Employment Initiative as well as the eligible regions in the next few weeks. She confirmed that Spain will be getting the lion share of the funding.

### 4th Session - Integrated Territorial Investments (ITIs)

**Peter Berkowitz**, DG REGIO, started his presentation by presenting the state of play on the Cohesion Policy negotiations which seems to be concluded. In fact, an overall agreement has been reached for all Member States but one (i.e. UK). The European Parliament should be involved in the macroeconomic conditionality procedure and the suspension of payments should be capped to 50%. The agreement also covers the performance reserve which is now set at 6%. If the European Parliament agrees, the Council will validate the agreement formally in November and the regulations will be published in the official journal in December. He then presented the new territorial instrument which can be used in the next programming period: the ITIs. As in the new regulations there is a strong thematic focus and a strong territorial element, the ITI has been established to allow Member States to face territorial challenges with an integrated approach and a strong thematic focus. It is a mechanism to link territory, strategy and objectives. It will not be negotiated with the Commission but it can be developed by Managing Authorities and several structural funds can be used together: ERDF, ESF and to a lesser extent cohesion fund and EMFF. He concluded by claiming that an ITI must be territorial and integrated, it can be conceived for sub national programmes and contains CLLD but not the other way round.

[\(see presentation\)](#)

**Katie Cavell**, region of Cornwall (UK), described the Cornish case for an ITI. Cornwall is economically and geographically unique in England as it is the only Less Developed region in England, and the geographical area of its Local Authority, Local Enterprise Partnership, and NUTSII zone all correspond, offering ideal conditions for an ITI. Cornwall aims to deliver 5% of its total SIF allocation through CLLD and 25% using financial engineering. The ITI should extend beyond the ESI Funds to include EAFRD and EMFF.

[\(see presentation\)](#)

#### Q&A

The European Commission confirmed that ITIs do not provide more money nor more co-financing but provides you with a framework to implement territorial strategies. ITIs are strategies within programmes,

but not programmes in itself.

There is no need of Commission approval of the nature of the partnership within a given ITI. Cross-border programmes between two or more countries could require an ITI to frame the interventions. ITI is about bringing the partnership, the people and the funding together. Feedback from Member States has not always been positive. The German Finance Minister claims it is too complicated.

### **5th Session - Community-led Local Development (CLLD)**

**Wladek Piskorz**, DG REGIO, presented the CLLD approach and the link with EU2020 priorities and integrated strategies and actions. He stressed on the fact that the CLLD approach entails a co-responsibility of the ownership as no one has the majority of voting rights. This instrument will be mandatory for EAFRD interventions in rural areas and optional for all the other funds in all geographical features. He also presented the possibility of financing urban-rural partnerships through CLLD and of establishing multi-fund local development strategies. He regretted the fact that the CLLD instrument has so far not been very popular with Member States and regions.

[\(see presentation\)](#)

**Javier Agirre Orcajo**, Basque country (ES), presented the local-regional partnership to implement the local agenda 21 and a video was played to show the achievements in terms of sustainable development.

[\(see presentation\)](#)

#### **Q&A**

**Alessandro Proia**, CPMR, asked whether the Commission and OECD have identified CLLD as a suitable instrument to foster urban-rural cooperation and partnerships in the framework of the preparatory action on RURBAN agreed with the European Parliament in 2010.

The Commission confirmed that CLLD would be a suitable instrument to address the territorial specificities of urban-rural linkages. This has been confirmed by the preliminary findings of the OECD study on urban-rural partnerships.

### **6th Session – Information Session on Financial instruments**

**Nicolas Brookes**, CPMR Regional Policy Director, introduced the last session of the seminar. He explained that it is an information session because the objective is to learn what is possible to do with the financial instruments.

**Brian Field**, EIB, presented the role of the bank, which is largely unknown to the public, and the existing and future instruments. Bank extremes are development banks and investment banks. The EIB is somewhere in the middle: a policy bank. It lends money not for gaining but not for losing either (not for profit, not for loss). EIB raises its own money on the capital market and 85% of the business is within the EU. An essential requirement to borrow money from the EIB is that there must be a “capital investment”. After the crisis, the EIB was asked to do more but the bank system was weaker as the triple-A rating was at stake because of the sovereign debt crisis and the poor performance of the Member States.

He presented the special loan developed by the EIB to help municipalities to support the capital programme, but only for eligible elements within it, which was described as a fantastic vehicle to co-finance structural funds (50% total project cost or 100% of eligible elements). According to him, the way EIB works with the Commission determines whether its action is effective. A number of programmes have been co-founded: Jeremie and Jessica, Elena, Jasper and a new set of instruments will be developed in the next programming period.

He concluded by introducing a little bit of criticism over the current system where statistics are used to tell the good story for the EU institutions and the EIB acts as an adviser of EU institutions instead of acting as an

agent. ([see presentation](#))

**Antonio Gonçalves**, DG REGIO, presented the results and lessons learnt in the programming period 2007-13 where, in total, €17 billion have been committed. However, the good success in mobilising resources has not been matched by results delivered on the ground. For the future programming period 2014-20, the Council asked in October to double leverage-based financial instruments for SMEs. Furthermore, other key novelties will be introduced in order to widen the scope of financial instruments to all thematic objectives and priorities of ESI funds and to ensure a better combination of financial instruments and other forms of support. Finally, more detailed rules concerning eligibility will be launched and Managing Authorities will be required to report annually on financial instruments operations.

([see presentation for more details on the new instruments for SMEs](#))

**Anna Lisa Boni**, region of PACA, presented the PACA region strengths, weaknesses and main challenges, especially under the angle of access to finance for SMEs. She then described the PACA experience with Jeremie, the EIB/Commission guarantee fund. On the new programmes the overall scenario will change because the French regions will be appointed as Managing Authorities for a part of the ERDF and ESF. She concluded by outlining the proposals for new instruments based on the PACA experience.

([see presentation](#))

## Q&A

**Pauline Caumont**, Executive Secretary of the CPMR Arc Atlantic Commission, asked whether financial instruments can be used in the context of the implementation of sea basin strategies. Antonio Gonçalves answers that this would be next to impossible in practice due to the various national contexts and frameworks.

The Commission also clarified that in May 2013 the Commission ran a survey to find out the main elements that Managing Authorities wanted in financial instruments for the future. The Commission will develop guidance on financial instruments once the regulations will be approved. Once Managing Authorities see the advantage of financial instruments there will be a radical change.