

Conclusions of the 5th Report on economic, social and territorial cohesion: the future of cohesion policy

AER answers to the questionnaire

1. How could the Europe 2020 Strategy and cohesion policy be brought closer together at EU, national and sub-national levels?

To create more attractive framework conditions for innovation and creativity, it is crucial to look at the whole European territory in all its diversity. This is why, as it happened for the Lisbon strategy from 2007 onwards, regions will play a key role in delivering Europe 2020.

Aligning structural funds with Europe 2020 will be a way to **strengthen the European added-value of structural funds programmes** and make sure that the European dimension is taken into account when using community funds. In that sense, Cohesion policy will be a key instrument for implementing Europe 2020.

In order for this to happen, the **Europe 2020 strategy needs to create ownership on the ground**. European regions must therefore be involved in the shaping of the flagship initiatives, so that synergies can be created with the territorial challenges and opportunities.

For example, the indicators chosen to assess whether the implementation of Operational programmes meet the objectives laid down in both the territorial strategy and the new “Common strategic framework” should be jointly determined between the EC, Member states and regional actors. Indeed, evaluation indicators should be adapted to the characteristics of each territory.

The Lisbon experience has shown that a strategy that is designed in a top-down manner will never reach the ground actors and citizens and therefore will fail to fully deliver.

Bringing Europe 2020 closer to cohesion policy will only be possible if it goes through a **narrow cooperation** between European, national and regional levels, **in a context of mutual trust and without further considerations than meeting a common objective**.

The three levels can, and should, establish **concerted strategies in line with EU, national and regional objectives, focused on regional needs and potential**. (what is also called the “territorial capital”)

Also, it seems obvious that if these two policies have to be brought closer one to another, the EU level should pave the way and act in a coordinated manner regarding these two strategies, which is not the case as for today.

*This calls for a **strong sense of responsibility** from the part of the three governance level and pleads in favour of **tripartite agreements**, as stated further below.*

AER urgently calls upon the European Commission, the European Parliament and the Council to include a true multilevel governance approach in both the EU 2020 strategy and cohesion policy. This includes not only the implementation of policies and management of funds, but also the development of the strategy as such. Otherwise we will still stand at the same point in 2020.

2. Should the scope of the Development and Investment partnership contract go beyond cohesion policy and, if so, what should it be?

Concerning these contracts, AER is not fully convinced that they will improve strategic thinking and integration of Europe 2020 objectives within structural funds programmes. Indeed, these contracts do not involve regional authorities who therefore cannot fully participate in the definition of the few priorities they will have to concentrate on.

Of course, cohesion policy is an integrated policy and needs to be fully coordinated with all relevant thematic policies. That is why AER pleads for :

- A social agenda that would constitute a leading priority of cohesion policy, with earmarking and conditionality principles. In this respect, the use of the European Social Fund is a central asset for European regions, in the framework an integrated approach to social policies at territorial level, in coordination with national measures and a European social strategy.
- An environmental agenda, also constituting a key priority for cohesion policy, with earmarking and conditionality principles. Indeed, in the context of climate change and more general environmental concerns, it seems fair to consider Gothenburg as a similar pre-requisite for regional development.

These general priorities should then leave room for each region to define, in cooperation with their national governments and the European commission, a coherent and integrated strategic plan, based on their territorial capital.

Apart from including regions, Development and Investment partnership contract should indeed be ranging beyond the sole scope of cohesion policy and encompass issues such as transport, energy and climate change, agriculture, social policies... so that all parameters that have an impact on regional development and territorial cohesion can be taken into account when designing the content of a partnership contract.

Coordination with thematic programmes:

An excessive fragmentation of the EU budget bears a strong risk to decrease the involvement of regions and the implementation of projects that reach out to the most important actors on the grounds. To contribute to the achievement of the Europe 2020 goals, thematic programmes must be designed in a way that they complement a strong Cohesion Policy and allow the participation of all actors that are vital for the achievement of the Europe 2020 goals. Only Structural Funds have managed to widely include SMEs and citizens, which is crucial for the achievement of innovation and employment goals.

3. How could stronger thematic concentration on the Europe 2020 priorities be achieved?

Cohesion policy directly contributes to the sustainable economic and social development of European regions but remains – as stated in the Treaties – an instrument to reduce disparities and to support a harmonious development in the EU.

To avoid the risk of subordinating cohesion policy to Europe 2020, multi-level governance should be implemented without an excessively top-down approach, which would reduce ownership and limit the impact of the programmes on the ground.

For example, by focusing mostly on knowledge-based employment and professional mobility, there is a risk increasing social inequalities and territorial gaps, since these objectives do not necessarily correspond to an actual reality in a particular region.

The major part of the EU 2020 key priorities are a predominantly regional matters: development of renewable energies, applied research, culture of entrepreneurship and development of new companies, development of skills, SME policy, just to mention a few.

Europe 2020 is therefore focusing on issues that matter regionally and Structural funds are here to support projects that pursue European objectives.

Concentrating actions in European regions on Europe 2020 objective is not a problem in itself: the difficulties start with the decisions on the particular sectors on which regions should concentrate. In this context, a one-size-fits-all approach would be more detrimental than anything.

It is absolutely essential that decisions regarding these thematic priorities are made in full partnership with the beneficiary regions and on the basis of their territorial needs and potentials. Should these priorities be defined at EC and national level, without involving the regions concerned, thematic concentration will not be achieved, since there can be two scenarios: regional beneficiaries will focus on projects that are not truly related to their actual needs or they will try and find ways to bypass the thematic restrictions.

With the recession, budget constraints and the need for EU and Member states to show concrete actions that improve the economic situation of the continent, there have been some temptations to insist on thematic policies at the expense of integrated methodologies. Turning towards a sector-based approach, with an increased focus on thematic programmes, at the expense of an integrated cohesion policy would be very detrimental to cohesion in Europe and a step back from all that structural funds have improved and achieved over the past 30 years.

4. How could conditionalities, incentives and results-based management make cohesion policy more effective?

Conditionality:

The principles and rules of cohesion policy must be respected and the activity and financial reports should show positive outputs: this type of conditionality is already in place and should not be underestimated. Indeed, the reporting procedures are very heavy for project and programme managers but have this major interest of demonstrating the smooth implementation of structural funds.

The main pre-conditions for receiving funding should be continue to be based on the coherence of the programmes and consecutive projects with the main EU orientations, regarding environmental rules as well as from a socio-economic perspective. Also, the policies carried out on the ground have to be coherent with the strategies laid out in the Operational Programmes.

This conditionality principle should however remain flexible enough to allow for adjustments in case of extraordinary difficulties (such as the delayed public investments caused by the economic recession in recent times) and should take into account the inconvenience caused to projects holders, when for instance, co-financing agreements are delayed or not respected.

In addition, conditions should only apply where those receiving the funds in the end, have a responsibility in the implementation of the conditions. This leads us to the macro economic conditionality proposed by the European Commission in the Budget Review published on 19 October 2010¹, on which AER can only disagree. Reducing funding at regional level because the national government did not carry out a number of reforms seems unfair, politically unrealistic and counter-productive. It would mean making regional development dependent on national governments' ability to reform, turning a blind eye on the national political stakes and on ground realities.

Incentives:

Conditionality should also be positive: the suggestion of rewarding efficient regions with a reserve fund seems interesting, as it can constitute a strong incentive, at political level in particular. And again, ownership is the strongest incentive that exists: if regional actors feel the programmes they manage corresponds to the needs and opportunities they have identified on their territories, their engagement towards an efficient and successful implementation of the programme will be strongly enhanced.

Result-based management:

The EU and Member States – in partnership with the regional and local level – could use the outcomes of the reporting exercise for policy learning. Regions know best the situation

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the National Parliaments – The Budget Review, Brussels, 19.10.2010 COM(2010) 700 final

in their territories and how to overcome problems in the implementation of funds. Facilitated by the EU and national level, good practice identified in the reporting could be shared among regions.

However, it should be mentioned that conferences and internet platforms are not the best method to enter into a real exchange of experience. This can better be done by peer learning methods such as peer reviews, staff exchange or study tours. A qualitative approach should therefore take the best over mere quantitative accumulation of data.

5. How could cohesion policy be made more results-oriented? Which priorities should be obligatory?

Although the inherent difficulty to assess a qualitative, structural and long-term policy should not be underestimated, AER can propose a number of reflection hints regarding result-oriented approaches:

The AER's study "From Subsidiarity to Success" shows a clear link between economic growth, innovation and decentralisation. The study clearly proved, that regions that are endowed with the respective power and adequate financial means perform better in terms in GDP per capita and GDP growth. Also it shows that in countries, where the regions are in charge of universities, the number of patents per capita is higher then in centralised countries.

While decentralising cohesion policy further and reinforcing regions in their strategic planning role, **we strengthen a result-oriented approach, since results are much more easily and directly visible at territorial level than at national level** .

Similarly, success indicators must be designed at local/regional level, to improve ownership among programme managers and therefore, efficiency and result-oriented approach.

At programming level: programmes and calls should be designed in close cooperation with regional actors in order to meet the needs of regional project developers and final beneficiaries. Otherwise there is a risk that funds are not taken up by the regional level in the desired way.

At project level: The closer the bodies, which approve and accompany the projects, are to the project developers the better a proposal can be evaluated (knowledge of the local and regional circumstances). This limits the risk of unrealistic projects, which cannot be implemented in the foreseen way. Also advisory services and capacity building for project developers in the proposal stage and during the implementation of a project might reduce delays in delivery.

Better assessment of the programmes' implementation's quality

Monitoring and evaluation should focus more on impact assessment: the evaluation exercise should be carried out over a longer period. Specific evaluation criteria should be defined at the earliest stage of the programming phase, when the objectives and priorities are set in cooperation between EC, Member States and regional authorities.

These indicators should be both quantitative and qualitative and, with reference to the chapter on indicators above, be coherent with the different objectives of the programmes. It is thus recommendable to not only use figures provided by the official statistics but also to invest in some qualitative evaluation, especially for bigger investments or programmes, e.g. interviews with beneficiaries and project implementers.

The budget of selected projects as outlined in the EC Communication is not a sufficient indicator for the implementation process, as it doesn't give any indication about the spending of the funds, the quality of the projects and its outcome and impact.

Overall, the panel of indicators should be widened, in order to go beyond pure macro-economic development and assess the contribution of cohesion policy not only to the EU economic development, but above all to economic, social and territorial cohesion.

Reporting procedures, in particular, should also be harmonised as much as possible across different programmes.

Obligatory priorities

Concentrating EU structural support on a limited number of thematic priorities is enough and already difficult to implement without adopting an excessive top-down approach. Therefore, AER insists once again on two principles:

- Structural funds should not support projects that contradict the main EU priorities, whether it is in the economic, social or environment field.
- Priorities should be territorially based.

6. How can cohesion policy take better account of the key role of urban areas and of territories with particular geographical features in development processes and of the emergence of macro-regional strategies?

Urban areas:

The AER encourages the EC to pursue its effort and to bring forward the urban dimension, since cities face specific challenges, regarding environmental degradation, social inequalities and poverty rise, traffic congestion, social unrest...

In addition to this continuing support, further types of funding can be foreseen (low-rate loans, micro-credit...).

It is nevertheless absolutely essential to support cooperative schemes that take into account the links between urban, peri-urban and rural areas, in order to overcome (sometimes opposite) difficulties faced by the different sorts of areas.

Rural areas:

Synergies should be enhanced between CAP and Cohesion policy, in order to support a multifunctional development of rural areas. The challenges faced by rural areas should be taken into account in the guidelines. The link between the second pillar of the Common Agricultural Policy and Cohesion policy is a sensitive point. Although it is undeniably necessary to better coordinate both policies, which both have a strong territorial impact and an influence on development issues; the two policies are

nonetheless not interchangeable. Bridges should be foreseen to foster the non-agricultural factors of rural development. The provision of public goods and services of general interest in rural areas currently often constitute a grey zone where it is very difficult to find financial support for projects. Similarly, the question of accessibility, closely linked to environmental issues and services of general interest are at the border between the 2nd pillar of the CAP and cohesion policy. New mechanisms should therefore be foreseen to allow for the definition of programmes providing joint support from ERDF, ESF and EARDF to these projects.

Macro-regions:

The new macro-regional scheme has stirred up an extraordinary number of comments since its creation and some proposals have already been made to make it better integrated with the territorial cooperation objective. For the moment though, macro regions should be taken as what they are: an experimentation that will surely give indications on the capacity of such large multinational areas to organise and coordinate in a way to build common strategies, to optimise the use of financing and implement coordinated policies. Macro regions essentially consist in giving an institutional framework to already existing cooperation schemes, from a top-down perspective. AER will follow-up on this issue, to examine and assess if the new concept of macro-region can become an interesting tool for cohesion policy and bring genuine benefits to regions.

7. How can the partnership principle and involvement of local and regional stakeholders, social partners and civil society be improved?

- Full adoption of a place-based approach

This is what AER has recommended since cohesion policy was designed in its modern version in 1988. As for territorial cohesion, disseminating a concept and mentioning it in official papers is clearly not enough. Cohesion policy is still very often decided and implemented in a top-down manner, with the underlying idea that national governments know better what is suitable for regional territories and can more efficiently manage the programmes. Countries where regionalisation is a ground reality and where structural funds are being managed by regional authorities have shown that it is not necessarily true. Member States have to trust their regions, which are best placed to achieve the territorial cohesion objective, because they have the knowledge of local strengths, weaknesses, potentials and needs.

In the future, the imperative for structural funds to concentrate on fewer priorities and to focus on Europe 2020 flagship initiative should not overshadow the objective of territorial cohesion. One major element to integrate in the programmes' guidelines is the territorial perspective, i.e. make the best out of each territory's capital, leveraging the potential, overcoming the weaknesses and not just impose a template of European and national priorities on a given territory.

- Tripartite agreements

Voluntary regions should be able to enter into a three-party agreement/contract with their

Member State and the European Union. This would allow regions to be involved in the elaboration of their programmes at the earliest stage and would be a way of increasing political responsibility and ownership at their level. At EU and national level, it would bring a valuable expertise on the needs and implementation capacities on the ground. This contract would set up the objectives, priorities and measures of the Operational Programmes, as well as the institutional framework for their implementation. It would also define evaluation criteria and assessment procedures. Even when the regions do not feel strong enough to take part in such agreements, the principle of subsidiarity requires giving democratically-elected politicians a say in EU funds allocation and management. Regions should therefore have a stronger influence at least on the definition of the institutional arrangements set up to implement cohesion policy in their country.

In this respect, AER has seen some progress with the proposal by the European commission to use the term of “Development contract”. However, we are still very much stressing the importance of integrating all regional authorities who are in a position to be involved as full partners into these contracts, so that they can participate in the definition of the few priorities they will have to concentrate on.

- Further decentralising the management of structural funds

In accordance with the principle of subsidiarity, the Regions themselves should act as Managing authorities in as many cases as possible. This would improve the cooperation also with the local authorities who are used to collaborate with the Regions.

By taking over full or part of the management of programmes at regional level or acting as intermediary bodies, regional authorities can contribute to an improved delivery of cohesion policy objectives. Regional authorities are in close connection with the relevant stakeholders, SMEs and citizens and – while applying the partnership principle – can design programmes that fit best the needs of the final beneficiaries.

Regional authorities could also take over an advisory role, helping regional project developers to implement their activity. In concert with national managing authorities they could accompany the projects and help them in case of any problems.

Finally, by taking over a formalised advisory role in the decision-making process thereby bringing their experience and expertise to the European Commission in the design of strategic reporting procedures and implementation guidelines, to avoid inconsistencies afterwards.

8. How can the audit process be simplified and how can audits by Member States and the Commission be better integrated, whilst maintaining a high level of assurance on expenditure co-financed?

European structural funds programmes are, unlike many thematic programmes, well articulated with local and regional mechanisms. Nonetheless, the administrative burden is hampering the efficient and successful implementation of European funded projects, the main factor being the heavy auditing and control procedures; and the restrictive and inflexible monitoring and reporting procedures.

In particular, and without losing sight of the need to make sure European money is spent efficiently and in accordance with the principles laid down at EC level, the culture of control needs to be replaced by a culture of trust.

AER encourages the European Commission to continue supporting and promoting the use of simplified methods of reimbursement, including encouraging the member states that have not done so to translate these new measures into national law, so that Managing Authorities can decide on whether or not they find it relevant to use them. Even though flat rates, for example, initially involve substantial additional work for Managing Authorities, using them proves very beneficial for project holders, since it significantly reduces red tape.

AER recommends further investigation further on a single-level auditing mechanism, which would replace today's different control layers, going up to six possible audit levels for one single project.

9. How could application of the proportionality principle alleviate the administrative burden in terms of management and control? Should there be specific simplification measures for territorial cooperation programmes?

The AER recommends to implement the proportionality principle in the application and reporting phase. This means that the administrative burden related to these two phases must be proportional to the financial volume of the project.

Bureaucracy set up at European but also at national level hinder the implementation of projects in the regions. Administrative burden binds resources and smaller project developers are often not in the position to apply for and to carry out projects. This is all the more regrettable as those organisations are often highly skilled and strongly linked to the final beneficiaries, e.g. local employment initiatives in case of ESF.

In particular for territorial cooperation between experienced projects holders, the control mechanism should be reduced. Again, the culture of suspicion should be replaced by a culture of trust.

Making the de-commitment (N+2) rule more flexible

This rule, although essential in order to ensure the efficiency of project management, has a number of negative effects. Beyond the administrative pressure it operates at the expense of content-related activities, this procedure tends to hinder the creation of innovative projects and favours projects that have a potential to rapidly absorb a large amount of funding. The EC's proposal to except the 1st year for all programmes seems to be a good start but will not in itself fully solve the problem. The solution suggested in the Barca report - implementing the N+2 rule over the entire country rather than at programme level - could also be an interesting option. An experimentation period in one Member State could be foreseen before 2013 in order to assess the workability of the proposal. Furthermore, and whatever the system chosen in the future is, this N+2 rule should be made more flexible, in particular in exceptional times such as the economic recession Europe is now going through, where co-financing is often missing or delayed in projects that involve a strong public investment.

Improving strategic planning and fully integrating ETC programmes into regional development strategies

European territorial cooperation programmes often suffer from weak political endorsement and therefore a limited integration into regional policies. These difficulties come from a lack of ownership of the programmes, since regional authorities are often left aside from the main decisions at the programming phase. An inadequate focus is also placed on administrative and financial issues in the application process, which leaves too little room for building strong partnerships and well-designed policy-oriented projects. In order to improve the regions' policy-oriented approach to territorial cooperation projects and integrate them within long-term strategies, *the Assembly of European Regions recommends the following:*

Governance

All accepted ETC projects should correspond to well-expressed territorial needs, integrated into a regional strategy and the Operational Programme(s). This is only possible if regions are fully able to build their operational programmes, based on their knowledge of territorial challenges and opportunities and that these are not only decided centrally, with no or limited consultation of the regional actors.

European Territorial Cooperation programmes are mainly designed for regions. Therefore, it should be time that EC funding is distributed at programme level and not to the Member states. Such a decision would avoid the recurrent trade-off approach and would provide an always more collaborative dimension to ETC.

Preparation period

Defining appropriate indicators for assessing not only the direct outputs but also the long-term impact of the projects:

Territorial cooperation, in particular interregional cooperation, aims at developing behavioural changes, which is very difficult to measure, at least not in a quantitative way, and not in the short-term. In order to overcome these difficulties, the planning phase of the project should be improved. Local/regional actors should be able to propose

objectives and indicators to assess the progress made towards these objectives. Asking projects holders to meet regularly before they submit the bid to discuss and propose indicators themselves would clearly increase the sense of ownership. Only local actors can assess which kind of indicators could more accurately measure their behavioural changes.

Improving the quality of partnerships and strengthening partners' commitment

Well-prepared partnerships, with limited number of partners who show a strong commitment to the project, seem to be key factors for successful projects despite the usually limited budget implications. Therefore, the main concern of the applicants during the preparation of the bid should be to build sustainable partnerships and find relevant partners, instead of mainly concentrating on financial and administrative constraints, which are irrelevant compared to the usual amount of money involved. At that stage, the involvement of the political level is central, in order to ensure that the projects are fully integrated in the policy-cycle and benefit from political support in the partner regions.

Allowing applicants to concentrate on policy-oriented content and better integrate the projects into their regional strategies

To this end, application procedures should be made lighter: all the documents that are currently requested are not of an absolute and immediate necessity and could be requested at the occasion of a second level control, or in the context of the 1st semester report. Similarly, originals should not be compulsory and digital versions should be accepted in all the calls for projects. This would go some way in easing the application process.

The low success rate and the administrative burden related to the submission of a bid prevent a number of regions or local authorities to invest too much resources in the preparation phase, which should focus more on the quality of the partnership than on bureaucratic procedures and financial matters.

Supporting applicants during the application phase

Consequently, there is a need for financial support during that preparation phase, in order to make sure that the content of the projects and the partnership are strongly aligned with European and regional priorities and deliverable in the available time.

One proposal could be a two-step selection phase: a first phase with a concept idea, type of partnership, outline work plan, according to a template that all applicants would have to follow. The second phase would involve a group of pre-selected applicants, who would receive some funding to elaborate their project plan further. A number of pre-application meetings could be requested, including at least one meeting with the Managing Authority, several meetings between the partners (who should be considered as such before the project is accepted) in order to get to know each other, establish the main guidelines and indicators of the project and decide on each partners' tasks in the projects. Even if all projects are not likely to go through to stage two, this exercise would be a learning process, compiling experience on project preparation, which would serve the applicants in future calls. As this preparation period would be co-financed, this could be considered by regional authorities and the European Union as an investment in capacity-building. This would in particular partly solve the problem regularly pointed out by the Commission that some regions rarely/never participate in ETC programmes.

10. How can the right balance be struck between common rules for all the Funds and acknowledgement of Funds' specificities when defining eligibility rules?

By combining common indicators like GDP, disposable household income or unemployment rate with indicators that are specific to the funds and the objectives that have to be reached. Once again, in order to define relevant eligibility rules, there are two conditions:

- Clear guidance at the highest level (Council level) on the strategies to be developed and the objectives to be achieved;
- Adequate knowledge of the ground realities (needs and potentials)

For complying with these two conditions, serious institutional reforms need to be carried out to give cohesion policy the space it deserves within the General Affairs Council, or even better, in a dedicated Council of ministers in charge of cohesion policy.

The second condition refers of course to the necessity to involve regional actors from the beginning of the decision-making process and to set up tripartite contracts with EC, national and regional levels.

Regarding then the issue of indicators in itself, the diversity of funds and the objectives set out in the Europe 2020 strategy, AER recommends that some consistent research should be dedicated to enlarging the panel of possible indicators. GDP is not deficient as an indicator in itself: the main problem today comes from the fact that GDP is often misused. In itself, it is not sufficient to assess economic health and is not meant to be an accurate indicator of the capacity of a society to tackle issues such as climate change or social inclusion. For this reason, future policies should be based on data that cover all these major issues. For more information on this topic, please refer to the page 21 of the enclosed AER White paper on future cohesion policy.

11. How can financial discipline be ensured, while providing enough flexibility to design and implement complex programmes and projects?

Member States and the EU should simplify administrative procedures and consult with the regional level on which simplifications would be most suitable to speed up project implementation. The national level should not add bureaucracy to EU regulation but use any flexibility that is given in these regulations.

Regional actors often do not have the capacity to implement bigger projects and programmes are not designed in a way that also allows the uptake of smaller scale activity. This is especially true in countries where funds are managed on a national level. In order to keep the number of projects administrable, programmes are designed for a limited number of bigger projects rather than for numerous small activities.

Programmes should be designed in a way that they respond to regional needs. When developing calls and programmes, national authorities could liaise closer with regional

authorities in order to get a better understanding of the kind of projects that will be taken up.

Regional implementation agencies and project developers lack the necessary skills in encouraging, developing and implementing projects. Although programmes under the Territorial Cooperation objective aim at exchanging experience and good practice, they do not always allow capacity building in less experienced regions.

The EU level could provide – within the Territorial Cooperation objective – an instrument that allows fast and problem oriented capacity building, e.g. through peer reviews or mini twinnings. The national level could – out of their technical assistance – support the regional level in building up capacity, e.g. through training academies or study visits.

To this end, the technical assistance should be more flexible and with smoother procedures in order to make it usable by those actors that actually need capacity-building.

Reducing uncertainty

Uncertainty is one of the main obstacles hindering the efficient implementation of structural funds but also making it difficult for beneficiaries to propose innovative and ambitious projects. Indeed, it is commonly acknowledged that innovation means taking risks, which proves very difficult in the context of structural funds. To reduce uncertainty regarding the implementation rules, a clarification of these rules is essential.

The regulations and implementation guidelines governing the use of EU funds should be adopted, finalised and made available on time before the programmes start and should not be changed in the course of the period. Similarly, Member States have to inform all partners on the various auditing authorities and methods before the start of the programming period.

The lack of coordination between rules at different governance levels is a serious obstacle to efficiency and risk taking, since each level of governance has a varying interpretation of which rule should apply in the end. This interpretation may change from one interlocutor to another in the same period of time. It may also change within the same authority between the beginning and the end of the period.

In the case of territorial cooperation, the national eligibility rules should be better coordinated, if not harmonised, at least on key issues such as overheads, per diem, involvement of private sector, staff and administrative costs, first level control, public procurement rules... The lack of clarity also comes from different provisions for the different ETC programmes on how to interpret these national differences. This applies for example to per diem and first level control.

All these factors create a complex and fluctuating set of rules that involve a high dose of risk when implementing European programmes in general.

Better coordination between national and European rules, between the different authorities in charge of implementing and monitoring the programmes, but also among the different DGs of the European Commission, including DG competition, would prove very beneficial to the quality of the programmes.

12. How can it be ensured that the architecture of cohesion policy takes into account the specificity of each Fund and in particular the need to provide greater visibility and predictable funding volumes for the ESF and to focus it on securing the 2020 objectives?

Coordination must be improved between cohesion policy and other policies involved with territorial development, such as state aid, transport, employment and social policies, environment, enlargement etc. This applies at all governance levels. Increased synergy between future EU regional policy and other community policies is necessary to ensure optimal investment and increase its efficiency. It is particularly important to improve the cooperation between DG REGIO and DG Competition, regarding the application of rules involving the private sector or support that may be granted by the Managing Authorities to potential beneficiaries, during the project preparation periods.

AER welcomes the idea of a Common Strategic Framework and hope it will enhance the coordination between the funds and make sure they are all used towards the same objectives.

Coherence between rural development and cohesion policy:

Synergies should be enhanced between CAP and Cohesion policy, in order to support a multifunctional development of rural areas. The challenges faced by rural areas should be taken into account in the guidelines.

The link between the second pillar of the Common Agricultural Policy and Cohesion policy is a sensitive point. Although it is undeniably necessary to better coordinate both policies, which both have a strong territorial impact and an influence on development issues; the two policies are nonetheless not interchangeable. Bridges should be foreseen to foster the non-agricultural factors of rural development. The provision of public goods and services of general interest in rural areas currently often constitute a grey zone where it is very difficult to find financial support for projects. Similarly, the question of accessibility, closely linked to environmental issues and services of general interest are at the border between the 2nd pillar of the CAP and cohesion policy. New mechanisms should therefore be foreseen to allow for the definition of programmes providing joint support from ERDF, ESF and EARDF to these projects.

Stronger integration between ESF and ERDF

The European Social Fund should be regionalised and work with similar rules to ERDF to enable tailor-made approaches, which address the real problems faced by the regions, in key areas such as employment, human capital, poverty, housing... Enhanced coordination between DG Regio and DG Employment and Social Affairs would be highly beneficial to future cohesion policy.

AER encourages an ever stronger emphasis on a **social Europe**, in the context of the economic crisis and a post-crisis transition of Europe's economy toward a green economy. **Those jobs that disappear during the crisis will not come any more in the future** and it is crucial to cope with this structural change and its social implications. This is a key

objective of cohesion policy, and the European Social Fund will have an increasing importance in this context.

Cohesion policy will be vital for the achievement of the Europe 2020 goals and Structural Funds should thus remain a major instrument for all European regions. ERDF and ESF have proven to complement each other and should not be separated

13. How could a new intermediate category of regions be designed to accompany regions which have not completed their process of catching up?

Should transition regions become a full category, it should be named as a 4th objective, in order to keep the architecture clear. The criteria for this objective should therefore be made as fair as possible and transparent enough to avoid any ambiguity on the status of one region or another. This objective, more than any other, would need focused priorities. Also, setting-up such a new objective should not lead to a decrease in funding for the other three objectives.

*AER Secretariat, Strasbourg
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