



European Commission Perspectives on the 2014-2020 Partnership Agreements & Programmes: A Comparative Review of the Commission's Position Papers

Carlos Mendez, John Bachtler and Kaisa Granqvist

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University of Strathclyde

40 George Street

Glasgow G1 1QE

Tel: +44-141-548-3339

Fax: +44-141-548-4898

e-mail: john.bachtler@strath.ac.uk

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European Policies Research Centre

University of Strathclyde
40 George Street
Glasgow G1 1QE

Tel: +44 141 548 3339

Fax: +44 141 548 4898

www.eprc.strath.ac.uk/eprc

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EXECUTIVE SUMMARY

1. Introduction

In late 2012, the European Commission sent a 'Position Paper' to each Member State containing the position of the Commission Services on the development the Partnership Agreement (PA) and Operational Programmes (OPs) in each country for the period 2014-2020. The stated purpose of the Position Papers is to provide a framework for dialogue on the new PAs and OPs before the formal negotiations. Each paper sets out the key country-specific challenges and presents the Commission Services' preliminary views on the main funding priorities for the country concerned for 'growth-enhancing public expenditure'.

The following paper provides a comparative overview of the Commission's Position Papers covering all Member States in order to provide insights on how the Commission assesses the main challenges and policy priorities for the 2014-20 period. The paper begins with an overview of the main development challenges identified by the Commission. This is followed by a review of the proposed priorities for funding, including the thematic objectives and associated country-specific recommendations. The next section examines the Commission's views on ex-ante conditionality and added value. The final section reviews the proposed changes to governance arrangements, including: the programme architecture; coordination arrangements; horizontal principles; partnership; financial management, audit and control; administrative capacity; and monitoring and evaluation. A final section provides a critical assessment of the Position Papers.

2. Main challenges

The Position Papers begin with an assessment of the main challenges faced by each country. This includes a review of the national macro-economic context and fiscal developments. The main regional disparities in GDP and/or labour market indicators are briefly identified, though not in all cases. Progress against Europe 2020 headline targets for each Member State are illustrated in a table, followed by an assessment of key challenges in the domains of: (i) Research & Innovation (R&I) and competitiveness; (ii) the labour market and education; (iii) energy and natural resources; and, for the less-developed Member States, (iv) infrastructure; and (v) public administration capacity. While the focus is primarily on national challenges, there is recognition of the territorial dimension of some of the thematic challenges in some of the papers, such as remoteness, urban-rural differences, or the local dimension of poverty.

3. Priorities for funding

In line with these challenges, the main priorities for funding are:

1. Innovative and competitive business and research environment
2. Enhancing labour market participation and education outcomes
3. Promoting energy efficiency, renewable energies and protecting natural resources
4. Sustainable and modern transport and network infrastructure

5. Supporting the quality, effectiveness and efficiency of public administration

A subset of the first 3 priorities is identified for most of the EU15 countries with mainly RCE regions/funding, while a broader range of priorities is suggested for countries with higher shares of Convergence regions/funding, usually extending to the last two priorities on transport/network infrastructure and public administration modernisation. The number of priorities identified across countries ranges from 3 to 5:

- 3 priorities (AT, BE, CY, DE, DK, FI, IE, LU, MT, NL, PT, SE, SI, UK). In the case of Portugal, the energy efficiency and natural resources priority contains the priority for transport and network infrastructure too, which is a separate priority in some other cases (e.g. ES).
- 4 priorities (EE, ES, FR, HR, HU, IT, LT, LV, PL). For France there is a fourth priority specifically for the outermost regions.
- 5 priorities in the remaining countries (BG, CZ, GR, RO, SK)

Business competitiveness and innovation is listed as the first funding priority for the majority of countries. Other priorities at the top of the list are supporting labour market participation (BG, ES, IE, RO, SI and UK) and infrastructure development (PL). However, in all Position Papers the Commission notes that “there is no ranking in the presentation of the priorities”. In the case of Greece, an additional clause to this standard sentence calls for “major efforts” focused on the modernisation of the public administration. In several countries, the modernisation of public administration (GR, IT, RO, SK) – including of the judiciary (BG, RO) – is identified as a distinct funding priority, although in a range of other countries it takes the form of a thematic objective *within* a funding priority (CZ, FR, HU, HR, LT, LV, PL, PT, SI, SK).

4. Thematic objectives

The funding priorities are broken down into thematic objectives, sub-priorities and specific objectives in an Annex to each Position Paper. The thematic objectives correspond to those identified in the Regulations and are listed for each Member State. The number of objectives ranges from 7 to all eleven. Reflecting the goal of concentration and the more limited eligibility menu for more developed regions, the lowest number of thematic objectives can be found in the EU15:

- 7 objectives (AT, DK, NL, UK), in all cases excluding ICT, low-carbon economy, transport/network infrastructure and institutional capacity.

At the other end of the spectrum, thirteen Member States are expected to invest in all:

- 11 objectives (BG, CZ, EE, GR, HR, HU, IT, LT, LV, PL, PT, RO, SK).

For the remaining Member States, the range is between 8 and 10 objectives.

- 8 objectives (FI, IE, SE), in all cases excluding institutional capacity, transport/networks and ICT.
- 9 objectives (DE, LU), excluding institutional capacity and transport in both cases;

- BE, CY, ES, FR, MT, SI (10 objectives), excluding the institutional capacity objective in most countries, with the exceptions of FR (excluding transport infrastructure) and SI (ICT);

Put another way, all Member States are expected to invest in R&I (T01), SME competitiveness (T02), low-carbon economy (T04), protecting the environment and resource efficiency (T06), employment and labour mobility (T08) and social inclusion and combating poverty (T09). By contrast, around half of the EU28 are not expected to invest in the institutional capacity objective (T011), while a third of are not expected to invest in the ICT (T03) or transport infrastructure (T06) objectives.

5. Country-specific recommendations for 2012

Within the framework of the European semester, another tool for aligning Cohesion policy with the Europe 2020 strategy are the annual country-specific recommendations (CSRs), which should provide a strategic reference point for the programming of the Partnership Agreement and Operational Programmes. The Commission's country papers list the relevant CSRs for 2012 under the corresponding thematic objectives.

The largest number of recommendations relate to thematic objectives that are mainly funded by the ESF's: employment and labour mobility (T08); education, skills and lifelong learning (T10); social inclusion and combating poverty (T09); and institutional capacity (T11). A significant number of recommendations are also identified under the R&I (T01) and low-carbon economy (T04) objectives, where the ERDF plays a stronger role. By contrast, there are no country-specific recommendations for any Member State relating to climate change adaptation, risk prevention and management (T05) and only 1-2 Member States have CSRs relating to the ICT (T03) and Environmental protection and resources efficiency (T06) objectives.

6. Ex-ante conditionalities

Ex-ante conditionality requirements aim to ensure that an appropriate policy, legal and administrative framework underpins the investments made by the ESI Funds thereby contributing to their effectiveness. The conditionalities and key criteria are defined in an Annex to the General Regulation, all of which need to be fulfilled by the approval of the Partnership Agreements or a deadline agreed with the Commission (31 December 2016 at the latest). Based on current experiences, the Commission Services have identified a range of 'critical' conditionalities for the Member States in their respective Position Papers, mainly relating to strategic policy frameworks, the implementation of EU acquis and legislation.

7. Added value

All of the Position Papers include general statements about the importance of increasing the added value of expenditure, particularly to contribute to Europe 2020 objectives. The need for more innovative approaches and concentration to achieve critical mass is frequently highlighted. Additionally, greater use of financial instruments is encouraged to provide more flexible and sustainable forms of financing, attract private sector investment and improving access to financing for beneficiaries. Certain types of infrastructure expenditure are considered to be of questionable added value in some countries, mainly in the domains of: ICT; environment and transport; sport, culture and tourism; social, health and education.

8. Programme architecture

The Commission underlines that the balance of programme funding, the number of programmes and the most suitable architecture will be developed in partnership with stakeholders and with the Commission in negotiations in most papers. The Member States are invited to explore the options available under the new regulations. In some cases, a thorough analysis of existing managing structures is called for to inform the programme architecture (CZ, SE, SK) or the balance of funding between the national and regional level (PL). More direct recommendations on the overall number of programmes have been made to Spain and Portugal, where the Commission has asked for a reduction. A key issue to consider for a number of Member States is the split between national and regional programmes.

9. Coordination, complementarity and synergies (incl. ITI, SUD, CLLD)

The Commission encourages all Member States to pursue coordination among ESI Funds and with other EU policies, i.e. Horizon 2020, Erasmus for All, COSME, EIT KICS, LIFE programme etc. Nevertheless, there is limited if any guidance on how the coordination of ESI Funds with other EU Funds should be done. Instead, the main focus is on coordination across the ESI Funds, managing bodies and on the integrated approach to territorial development.

The need for greater strategic coordination is emphasised involving the creation or improvement of structures and institutional coordination.

A new voluntary provision for the next period is integrated programming through the voluntary provisions for setting up multi-fund (ERDF-ESF) programmes. The Commission notes in many papers that this option could be explored but does not take a firm stance on the issue. By contrast, for Luxembourg the Commission expresses a preference for two mono-fund ERDF and ESF programmes, justified by the country's small size. Another way to coordinate the funds is through the joint planning of project calls. For instance, the Commission suggest issuing joint calls by different Funds on those topics where synergies could be achieved (Slovenia, Spain).

The need for greater integration in specific policy domains is highlighted in various papers, notably across thematic objectives to maximise synergies. There are also calls for better links with spatial planning in supporting infrastructure in agrarian regions (Belgium).

Finally, the integrated approach to territorial development is addressed in this section of the Position Papers, including the new provisions on sustainable urban development strategies, Integrated Territorial Investments (ITIs) and Community-Led Local Development (CLLD).

10. Partnership

Cooperative and efficient partnership at all levels is an important ingredient for raising the quality of spending and increasing ownership. Proper and wide consultation of all decisional levels and relevant bodies is recommended. Additionally, more could be done to encourage active participation in monitoring committees, to improve the representation of the participating partners and to raise the quality of the debates.

11. Horizontal principles

The key principles that need to be taken into account in designing and implementing programmes are gender equality, equal opportunities, non-discrimination including accessibility for disabled persons, social innovation, transnational cooperation and sustainable development. The main measures to improve the integration of the horizontal priorities are the issuing of guidance and better monitoring and evaluation of the principles.

12. Financial management, audit and control

The principle of sound financial management remains the key goal underpinning financial management, audit and control. Most of the country papers include a statement on the need to ensure an effective and efficient control environment and to confirm the operability of the systems in advance. Beyond this, the main recommendations relate to the coordination/independence of audit and control bodies, addressing human resource constraints and complex procedures, and the use of simplified costs options:

- Enhanced coordination and independence of audit and control bodies was raised in a number of Position Papers.
- More adequate resourcing of Audit Authorities is recommended in Austria and Italy, while a better allocation of core staff tasks in management and control is needed in the Slovak Republic.
- Simplification of processes and procedures in relation to the signature trail, payments procedures and dispute resolution measures.
- Wider use of simplified costs options is also encouraged in many Position Papers
- The introduction of Joint Action Plans is encouraged in a small number of cases, with a view to simplifying financial management and enhancing the output orientation of approaches to payments

13. Administrative capacity

Institutional and administrative capacity is increasingly seen as critical to effective and efficient implementation. The Commission's Position Papers propose measures to enhance the capacity for programme management and to reduce the burden of administration on beneficiaries

There is scope for improvement in all Member States, although the greatest challenges faced in the current period were in the EU12, given the major increase in funding and associated institutional adaptations. Within the EU15, the Commission also identifies weak capacity in Greece - due to unclear demarcation between administrative and political levels, policy reforms and changes in the political leadership of ministries – and in the southern regions of Italy. Croatia faces the particular challenge of the capacity risks compared to pre-accession assistance, including new rules, a broader thematic scope and heavier workload associated with an increase in funding allocations.

Looking at the specific proposals for change, the need for a capacity-building strategy is underlined in several papers, either in terms of a domestic administrative modernisation programme or through Technical Assistance under the ESI Funds.

More effective targeting of Technical Assistance is called for in some countries. A number of new requirements may entail the development and reinforcement of certain tasks with corresponding capacity and training needs, e.g. the performance framework, climate change reporting, greater use of financial instruments.

Human resource constraints are highlighted in several countries, particularly because of high staff turnover and motivational challenges.

Finally, the Commission recommends improvements in administrative capacity to comply with horizontal EU legislation on state aid, public procurement and the environmental 'acquis'.

Reducing the administrative burden on beneficiaries and enhancing their capacity is an important priority for the Commission in the next period. Various Position Papers call for targeted technical assistance to support capacity-building for different types of beneficiaries. The types of actions envisaged include training, advisory services and guidance. Other measures focus on reducing the administrative burden for beneficiaries through reviewing and simplification of procedures, evaluation of administrative burden for beneficiaries and best practice dissemination. Finally, all Member States will be required to comply with the new e-cohesion requirements that all exchanges of information between beneficiaries and authorities responsible for management and control of programmes can be carried out solely by electronic data exchange.

14. Project delivery

Heavily bureaucratic project selection procedures are criticised in a number of the papers. The main recommendations are streamlining procedures, better planning and coordination, more transparent/objective project selection criteria and issuing clear and timely guidance. As regards major projects, key recommendations include developing the project pipeline, tailored assistance, improved coordination and planning of investments and speeding-up decision-making processes

15. Monitoring & evaluation

All monitoring and evaluation system will needs to be adjusted to the requirements of the new regulations, in particular the performance framework and results orientation. With respect to monitoring, the main proposals relate to improving indicators, data collection arrangements and IT systems. Evaluation should be enhanced by focussing on outcomes, supporting decision-making, involving stakeholders in the process and building capacity.

16. European Territorial Cooperation

A concise section dedicated to European Territorial Cooperation is included in all of the country Position Papers, outlining strategic principles, key thematic objectives and priorities, and governance considerations.

The Commission calls on a number of countries to pursue a more strategic approach based on: a clear understanding of the major challenges of the border regions and programme areas; taking into account the experiences from previous programming periods; a better awareness of and links with national policies and other Community-funded programmes; and increased sense of partnership. The need to involve private partners in programming is also highlighted

A common recommendation is to develop stronger coherence with programmes under the 'investment for growth and jobs' goal with other EU or national programmes in order to exploit synergies for interventions in different thematic areas (BG, CZ, DE, FR, HU, LT, LU, LV, SE, SI). European territorial co-operation could also help improve coherence, coordination and alignment of policies and instruments having an impact on maritime regions and that allow for the highest European value added (BE, GR).

At the macro-regional level, the objectives of the territorial cooperation programmes as well as future operational programmes of the ESI Funds should all take into account the priorities of the EU Strategy for the Baltic Sea Region (EUSBSR) (DE, EE, FI, HU, LT, LV, PL, SE) and the EU Strategy for the Danube Region (EUSDR) (AT, BG, CZ, DE, HU, RO, SI). The need to take account of maritime cooperation frameworks such as the Maritime Strategy for the Atlantic Ocean Area is also highlighted (IE, PT).

Concentration on a limited number of priorities (BG, HU, SI) with tangible impact (PT, SK) is emphasised in several papers. Similarly, several countries are encouraged to adopt a more selective approach focusing on a limited number of objectives and greater selectivity in measures, including the establishment of a transparent system of 'flagship projects' that are likely to have a significant impact (CZ, FR, LU).

The key thematic objectives and priorities identified in the country Position Papers are:

- Strengthening research, technological development and innovation (BE, CY, FI, GR, HR, HU, IE, IT, LT, LU, MT, NL, RO, SE, SI, SK, UK)
- Protecting the environment and promoting natural resources efficiency (FR, GR, LV, MT, NL, PT, SK, UK)
- Low-carbon economy, especially energy efficiency (CY, FR, GR, HU, IE, LT, LU, LV, MT, RO, UK), including exchange of experiences and pilot projects (CY, RO)
- Water and flood management, natural and technological risk prevention, climate change mitigation and adaptation (CY, FR, HU, IT, LU, MT, NL, PL, RO, SE, SI), including joint management of environmental resources (water, waste, pollution, nature & biodiversity) across borders and transnationally
- Removing bottlenecks in network infrastructure and improving accessibility (BG, CZ, CY, FR, GR, HR, HU, IT, LT, LV, MT, PL, RO, SE, SI, SK)
- Employment, education and social inclusion (BE, ES, GU, IE, IT, LT, MT, NL, PL, PT, RO, SE, SK, UK)

- Tourism development (CY, GR)
- Institutional capacity development (LT, PT), especially promoting legal and administrative cooperation (PT)
- Promoting the blue/marine economy (BE, CY, ES, FI, FR, GR, IE, LV, NL, PT, SI, UK)

Limited attention is given to ETC governance issues in the Position Papers, beyond noting the possible use of the European Grouping for Territorial Cooperation instrument if appropriate and the need to provide sufficient resources and attention to coordination work under macro-regional cooperation.

11. Overall assessment

The post-2013 reform of EU Cohesion policy is at a critical juncture. The inter-institutional negotiations between the Council of Ministers and the European Parliament on Cohesion policy funding and on the regulatory package are currently underway and the strategic planning for the 2014-2020 Partnership Agreements and programmes is in full swing in the Member States. This report has reviewed the Commission's emerging position on the Partnership Agreements and Operational Programmes, based on a comparative analysis of the of the Commission Position Papers for all Member States.

The comparative review of the Position Papers in this report, and associated feedback from Member States, provides a mixed assessment of the coherence, consistency and utility of the Commission's analysis and recommendations.

On the positive side, the papers provide a succinct analysis of key challenges and priorities across the Member States. Many Member State have welcomed a clear statement of what the Commission regards as important; national officials acknowledge the value in bringing together the expectations of different Commission services and obligations as a basis for informal discussion between Member State authorities and the Commission, especially given the delays in finalising the regulatory framework, and the new requirements for 2014-20. The Position Papers explain effectively how the Europe 2020 goals can be translated into priorities and interventions at Member State level. Highlighting the critical issue of institutional capacity is also important. Further, the Commission is commended for publishing the papers on the DG REGIO website, providing more public transparency to the process compared to the previous period.

However, there are several drawbacks, tensions or inconsistencies in the Position Papers, some of which may be addressed as the Commission clarifies its main negotiation priorities during the formal negotiations, once the official drafts of Partnership Programmes and Programmes have been produced by the Member States.

First, the dominant focus on Europe 2020 objectives and targets detracts attention from the territorial dimension. In particular, the focus on the national level ignores the range of territorial differences within Member States under different thematic priorities and may hinder a place-based approach tailored to territorial needs and potentials. This is particularly important given the stronger thematic/sectoral approach of Cohesion policy for 2014-20.

Second, the integrated approach, which has been presented as a hallmark of the post-2013 reform, is not sufficiently reflected or developed in the Position Papers. While there are many references and statements calling for synergies across different thematic objectives, there is little in the way of operational guidance on how this ought to be done.

Third, the hierarchy, level of detail and categorisation of sub-priorities and specific objectives varies and is inconsistent across countries. For instance, the same specific objectives appear under different sub-priorities for different countries under some thematic objectives. Specific objectives are sometimes phrased vaguely or confused with interventions. A more general concern among Member States is the range of apparent expectations and lack of prioritisation, an issue of particular concern where national or regional managing authorities disagree with the proposed allocation of funding.

Fourth, the Position Papers have missed an opportunity to encourage knowledge transfer and innovation in programming. Over the past five years, DG REGIO has conducted the most extensive evaluation exercise in the history of the policy, relating to both the 2000-06 and 2007-13 periods. There has also been considerable investment in policy learning, exchange of experience and 'good projects'. The Position Papers would have been an opportunity not just to set out challenges and priorities but also to provide pointers to what has worked (or not) elsewhere, if only as an input to the thinking underway in managing authorities and programme partnerships with respect to the content and structure of programmes and administrative capacity for managing interventions. This would have been particularly valuable given the heightened expectations of performance and results in the new period.

Fifth, there is inconsistency in the prescriptiveness of the governance recommendations. In many instances, there is a restatement of regulatory requirements or vague recommendations, which are of questionable value in providing a strategic steer to programming. In other cases, there is a more prescriptive approach including an exhaustive list of recommendations with significant implications for domestic policies and frameworks, and arguably intruding into domestic competences.

Finally, and fundamentally, many Member States are concerned at the legal status of the Position Papers and the extent to which it is binding in the programming of Partnership Agreements and Operational Programmes. Along with some dissatisfaction with the templates for the PA and OP, there are clearly important issues still to be resolved in the preparation of documents that are sensitive to Member State needs and challenges while meeting the strategic priorities of the Commission in the new period.

European Commission Perspectives on the 2014-2020 Partnership Agreements & Programmes: A Comparative Review of the Commission's Position Papers

1. INTRODUCTION

In late 2012, the European Commission sent a 'Position Paper' to each Member State containing the position of the Commission Services on the development the Partnership Agreement (PA) and Operational Programmes (OPs) in each country for the period 2014-2020. The stated purpose of the Position Papers is to provide a framework for dialogue on the new PAs and OPs before the formal negotiations. Each paper sets out the key country-specific challenges and presents the Commission Services' preliminary views on the main funding priorities for the country concerned for 'growth-enhancing public expenditure'.

The Position Papers were drafted during 2011-12 through inter-service discussions structured around five thematic task forces linked to EU2020 themes:

- Smart Growth (R&DI, ICT, SMEs): led by DG REGIO and DG EMPL with DGs RTD, ENTR, EAC, CNECT;
- Sustainable Growth: led by DG REGIO, with DGs ENV, CLIMA, ENER;
- Transport: led by DG REGIO, with DGs MOVE, CLIMA, ENV;
- "Employment/Social Inclusion" and "Education", both led by DG EMPL.

The task forces were set up to develop the Commission's negotiation mandate for each country, including guidance on best practices for tackling country challenges, an assessment of the fulfilment of ex-ante conditionalities and to support horizontal consistency across Member States in the selection of thematic objectives and key actions. The work was coordinated with the Europe 2020 country teams to ensure coherence with Council recommendations formulated in the context of the European semester process. Position Papers

The necessity for a process of informal engagement between the Commission services and Member State authorities is important given the tight timetable for finalising negotiations on the budget and regulations and agreeing the PAs and OPs. Following the agreement by the European Council on the 2014-2020 Multiannual Financial Framework in February 2013, inter-institutional negotiations are currently underway between the Council of Ministers and the European Parliament on Cohesion policy funding and on the regulatory package. In parallel, the strategic planning for the next round of Structural and Cohesion Fund programmes has been progressing at Member State level but many important questions remain unresolved.¹

¹ Member States planning and preparations are reviewed in detail in: Michie R and Granqvist K (Forthcoming, 2013) A Balancing Act: Managing the Programmes, Closure and Preparations for 2014-20, Review of

Against this background, the following paper provides a comparative overview of the Commission's Position Papers covering all Member States in order to provide insights on how the Commission assesses the main challenges and policy priorities for the 2014-20 period. The paper begins with an overview of the main development challenges identified by the Commission. This is followed by a review of the proposed priorities for funding, including the thematic objectives and associated country-specific recommendations. The next section examines the Commission's views on ex-ante conditionality and added value. The final section reviews the proposed changes to governance arrangements, including: the programme architecture; coordination arrangements; horizontal principles; partnership; financial management, audit and control; administrative capacity; and monitoring and evaluation. A final section summarises the findings and presents the key conclusions.

Programme Implementation Spring - Autumn 2012, *IQ-Net Review Paper* No. 31(1); Kah S (2012) Planning for the future while maintaining focus on spending. Review of programme implementation: Winter 2011 - Spring 2012, *IQ-Net Review Paper* 30(1), EPRC, University of Strathclyde, Glasgow.

2. MAIN CHALLENGES

The Position Papers begin with an assessment of the main challenges faced by each country. This includes a review of the national macro-economic context and fiscal developments. The main regional disparities in GDP and/or labour market indicators are briefly identified, though not in all cases. Progress against Europe 2020 headline targets for each Member State are illustrated in a table, followed by an assessment of key challenges in the domains of: (i) Research & Innovation (R&I) and competitiveness; (ii) the labour market and education; (iii) energy and natural resources; and, for the less-developed Member States, (iv) infrastructure; and (v) public administration capacity (see Table 1).

While the focus is primarily on national challenges, there is recognition of the territorial dimension of some of the thematic challenges in some of the papers (see Table 1), notably: remoteness and sparse population; agricultural/rural areas challenges, including low productivity and untapped innovation / economic potential; urban-rural differences, e.g. in waste treatment; biodiversity challenges in particular territorial sites; the regional/sub-regional impact of climate change and demographic change; uneven performance in R&I across regions; regional differentials in broadband coverage; employment, education variations across regions; and the local dimension of poverty.

Table 1: Main challenges across the EU28 Member States

AT	<ul style="list-style-type: none"> • Inefficiencies in the R&I systems and weaknesses of the business environment • Underutilised employment potential and need to improve educational attainment • Sub-optimal use of resources and non-achieved CO₂ emission targets
BE	<ul style="list-style-type: none"> • Long-term loss of competitiveness due to cost developments, low productivity growth and knowledge intensity • Low employment levels and disparities in educational attainment and social inclusion • Lack of progress toward reduction targets for GHG from non-ETS sources
CZ	<ul style="list-style-type: none"> • Research and innovation system and competitiveness • Education system and labour market • Infrastructure development • Resource efficiency • Public administration
CY	<ul style="list-style-type: none"> • Weak competitiveness and low innovation performance • Underdeveloped low carbon economy and inefficient use of natural resource • Decreasing labour market participation, inefficient social protection systems and skills mismatches
DE	<ul style="list-style-type: none"> • Regional competitiveness and demographic change • Enhance labour market potential, social inclusion and raise educational achievement • The transformation of the energy system and the sustainable use of natural resources
DK	<ul style="list-style-type: none"> • Enhance productivity and competitiveness through innovation and business development • Enhance labour supply through inclusion, skills adaption and education measures • Enhance mitigation of and adaptation to climate change.
EE	<ul style="list-style-type: none"> • Insufficient participation of private sector in research and innovation and inadequate competitiveness of SMEs • Insufficient infrastructure endowment • Skills mismatch, high unemployment of vulnerable groups and low-skilled people, varying

	<p>capacity of local governments in providing public services</p> <ul style="list-style-type: none"> • High energy intensity and gaps in relation to EU environmental targets
ES	<ul style="list-style-type: none"> • High overall and youth unemployment, low labour productivity, and increasing poverty and social exclusion • Low competitiveness of SMEs and scarce presence in international markets • Weak research and innovation system and insufficient private-sector participation • Inefficient use of natural resources
FI	<ul style="list-style-type: none"> • Weakened competitiveness of businesses and the need to broaden the research and innovation base together with diversifying the economy • Youth and long-term unemployment • Ageing population • High energy consumption and the need to improve the sustainable management of natural resources and measures related to climate change
FR	<ul style="list-style-type: none"> • Weak R&I intensity and competitiveness especially in SMEs • Unemployment and labour market segmentation • The sustainable use of resources (including energy) • For the outermost regions, the improvement of socio-economic conditions, infrastructure and a better integration into the regional market
GR	<ul style="list-style-type: none"> • Unsustainable economic model lacking competitiveness • High unemployment, in particular of young people, increasing social exclusion and poverty • Insufficient infrastructure investments • Inefficient use of natural resources/climate change mitigation and adaptation • Inefficient public administration
HR	<ul style="list-style-type: none"> • Under-development of knowledge based factors of growth and insufficient infrastructure • Low labour market participation, particularly of youth, inefficient education system and a difficult social situation • Challenges related to protecting the environment, preserving the natural heritage and adapting to climate change • Inefficient public governance on central and local level and weak involvement of civil society and social partners
HU	<ul style="list-style-type: none"> • Weak enterprise competitiveness; insufficient R&D and limited access to finance • Incomplete and inefficient operation of infrastructure • Low employment and quality of public services; weak social cohesion • Inefficient use of natural resources.
IE	<ul style="list-style-type: none"> • High levels of overall and youth unemployment, increasingly long-term in nature, and the increasing risk of social exclusion • Insufficient commercialisation of basic research and low availability of finance for the private sector, particularly for SMEs • The inefficient use of resources
IT	<ul style="list-style-type: none"> • A business environment unfavourable to innovation • Significant infrastructure gaps in less developed areas and inefficient management of natural resources • Low employment, particularly of young people and women, and skills mismatch • Weak administrative capacity and inefficient public administration
LT	<ul style="list-style-type: none"> • Weak research and innovation system and inadequate competitiveness of SMEs • Underdeveloped infrastructure endowment • Low labour market participation and high youth unemployment

LU	<ul style="list-style-type: none"> • Low R&I, particularly in SMEs • Mismatch between a portion of the workforce and the needs of the economy; education system challenges because of the demands of multilingualism, the high immigrants and skills required • The absence of a sustainable use of resources, including energy.
MT	<ul style="list-style-type: none"> • Insufficient diversification of the economy and expansion into higher value-added sectors • Dependence on imported oil and inefficient use of natural resources • Insufficient utilisation of human capital.
NL	<ul style="list-style-type: none"> • Insufficient R&I intensity and uptake by businesses • Unsatisfactory labour market participation for certain groups (women, disabled people, migrants, lone parents, long-term unemployed and older workers) • Need for more efficient and sustainable use of resources, in particular of renewables.
PL	<ul style="list-style-type: none"> • Underdeveloped infrastructure endowment • Unattractive research and innovation system and weak competitiveness of businesses • Low labour market participation • Inefficient use of resources
PT	<ul style="list-style-type: none"> • Low level of competitiveness • High unemployment and increased risk of poverty, low skills and qualification level of working population • Inefficient use of energy, natural resources and infrastructure networks
RO	<ul style="list-style-type: none"> • Low labour market participation • Under-endowment of infrastructure • Low competitiveness and weak R&I system • Inefficient use of resources • Weak administration and governance
SE	<ul style="list-style-type: none"> • Insufficient commercial return from innovation and research and a weak development of fast-growing innovative enterprises • Low labour market participation of youth and vulnerable groups • Need to improve the natural resource management and cost-effectiveness of measures related to climate change
SI	<ul style="list-style-type: none"> • Low labour market participation • Burdensome business environment hindering competitiveness on domestic and export markets • Inefficient use of resources
SK	<ul style="list-style-type: none"> • Weak competitiveness and R&I system • Under-performing education system, under-used labour market potential and high youth unemployment • Inefficient use of natural resources • Weak public administration
UK	<ul style="list-style-type: none"> • Decreasing labour market opportunities and increasing risk of social exclusion • Stagnant investment in R&I and low availability of finance to the private sector (especially SMEs) • Inefficient use of resources

3. PRIORITIES FOR FUNDING

In line with these challenges, the next section of the Position Papers presents the main priorities for funding. There are some terminological differences in wording, ordering and presentation, but the priorities are broadly the following:

1. Innovative and competitive business and research environment
2. Enhancing labour market participation and education outcomes
3. Promoting energy efficiency, renewable energies and protecting natural resources
4. Sustainable and modern transport and network infrastructure
5. Supporting the quality, effectiveness and efficiency of public administration

The first three priorities are generally identified as the main priorities for most EU15 countries with mainly RCE regions/funding. A broader range of priorities is identified for countries with higher shares of Convergence regions/funding, usually extending to the last two priorities on transport/network infrastructure and public administration modernisation. The number of priorities identified across countries ranges from 3 to 5.

- 3 priorities (AT, BE, CY, DE, DK, FI, IE, LU, MT, NL, PT, SE, SI, UK). In the case of Portugal, the energy efficiency and natural resources priority contains the priority for transport and network infrastructure too, which is a separate priority in some other cases (e.g. ES).
- 4 priorities (EE, ES, FR, HR, HU, IT, LT, LV, PL). For France there is a fourth priority specifically for the outermost regions.
- 5 priorities (BG, CZ, GR, RO, SK)

Business competitiveness and innovation is listed as the first funding priority for the majority of countries, although this is not the case everywhere. Other priorities at the top of the list in several countries are supporting labour market participation (BG, ES, IE, RO, SI and UK) and infrastructure development (PL). However, in all Position Papers the Commission notes that “there is no ranking in the presentation of the priorities”, with the sole exception of the Greek case where an additional clause to the sentence adds: “however major efforts should be focused on the modernisation of the public administration.” In several countries, the modernisation of public administration (GR, IT, RO, SK) – including the judiciary (BG, RO) – is identified as a distinct funding priority. As will be shown below, this priority is instead identified as a thematic objective *within* a funding priority in several other countries (CZ, FR, HU, HR, LT, LV, PL, PT, SI, SK).

3.1 Thematic objectives

The funding priorities are broken down into thematic objectives, sub-priorities and specific objectives in an Annex to each Position Paper. The thematic objectives correspond to those identified in the Regulations and are listed for each Member State in Table 2. The number of objectives ranges from

seven to all eleven. Reflecting the goal of concentration and the more limited eligibility menu for more developed regions, the lowest number of thematic objectives can be found in the EU15:

- 7 objectives (AT, DK, NL, UK), in all cases excluding ICT, low-carbon economy, transport/network infrastructure and institutional capacity.

At the other end of the spectrum, thirteen Member States are expected to invest in all:

- 11 objectives (BG, CZ, EE, GR, HR, HU, IT, LT, LV, PL, PT, RO, SK).

For the remaining Member States, the range is between 8 and 10 objectives.

- 8 objectives (FI, IE, SE), in all cases excluding institutional capacity, transport/networks and ICT.
- 9 objectives (DE, LU), excluding institutional capacity and transport in both cases;
- BE, CY, ES, FR, MT, SI (10 objectives), excluding the institutional capacity objective in most countries, with the exceptions of FR (excluding transport infrastructure) and SI (ICT);

Put another way, all Member States are expected to invest in R&I (T01), SME competitiveness (T02), low-carbon economy (T04), protecting the environment and resource efficiency (T06), employment and labour mobility (T08) and social inclusion and combating poverty (T09). By contrast, around half of the EU28 are not expected to invest in the institutional capacity objective (T011), while a third of countries are not expected to invest in the ICT (T03) or transport infrastructure (T06) objectives.

3.2 Country-specific recommendations for 2012

Within the framework of the European semester, another tool for aligning Cohesion policy with the Europe 2020 strategy are the annual country-specific recommendations (CSRs), which should provide a strategic reference point for the programming of the Partnership Agreement and Operational Programmes. The Commission's country papers list the relevant CSRs for 2012 under the corresponding thematic objectives (see Table 2).

The largest number of recommendations relate to thematic objectives that are primarily under the ESF's remit: employment and labour mobility (T08); education, skills and lifelong learning (T10); social inclusion and combating poverty (T09); and institutional capacity (T11). A significant number of recommendations are also identified under the R&I (T01) and low-carbon economy (T04) objectives, where the ERDF plays a stronger role. By contrast, there are no country-specific recommendations for any Member State relating to climate change adaptation, risk prevention and management (T05) and only 1-2 Member States have CSRs relating to the ICT (T03) and environmental protection and resources efficiency (T06) objectives.

The countries with the least number of CSRs are Greece, Portugal and Ireland. However, this is mainly because structural reform recommendations have been issued within the framework of their bailout programmes and associated Memoranda of Understanding. By contrast, the highest number of CSRs can be seen in Estonia followed by Latvia (the latter also receiving an assistance programme during the crisis).

Table 2: Thematic objectives

Thematic objective	AT	BE	BG	CZ	CY	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SI	SE	SK	UK	EU28
1. RTDI	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	28
2. ICT		x	x	x	x	x		x	x		x	x	x	x		x	x	x	x	x		x	x	x			x		20
3. SME Competitiveness	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	28
4. Low-carbon economy	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	28
5. Climate change & risk prevention		x	x	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		24
6. Enviro. protection & resource efficiency	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	28
7. Sustainable transport & networks		x	x	x	x			x	x			x	x	x		x	x		x	x		x	x	x	x		x		18
8. Employment and labour mobility	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	28
9. Social inclusion and poverty	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	28
10. Education, skills and lifelong learning	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	27
11. Institutional capacity			x	x				x			x	x	x	x		x	x		x			x	x	x	x		x		15
Total Number	7	10	11	11	10	9	7	11	10	8	10	11	11	11	8	11	11	9	11	10	7	11	11	11	10	8	11	7	-

Table 3: Country-specific recommendations for 2012

Thematic objective	AT	BE	BG	CZ	CY	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SI	SE	SK	UK	EU28	
1. RTDI		x	x		x	x		x	x	x		x		x		x			x		x	x				x	x		15	
2. ICT		x						x																					2	
3. SME Competitiveness					x		x	x	x	x									x	x					x	x	x	x	11	
4. Low-carbon economy		x	x		x	x		x	x				x				x	x	x	x		x			x		x		14	
5. Climate change & risk prevention																													0	
6. Enviro. protection & resource efficiency		x																											1	
7. Sustainable transport & networks		x	x					x					x	x		x			x	x		x			x				10	
8. Employment & labour mobility	x	x	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x	x	x			x	x	x	x	x	25
9. Social inclusion and poverty	x		x		x	x		x	x					x	x	x	x		x		x	x			x		x	x	x	16
10. Education, skills & lifelong learning	x	x	x	x	x	x	x	x	x	x	x			x		x	x	x	x			x				x			x	19
11. Institutional capacity			x	x				x			x	x	x	x		x	x		x		x	x			x		x		16	
Total number	3	7	7	3	6	5	3	9	6	4	3	2	3	6	2	6	5	4	8	4	3	7	1	5	4	4	6	4	-	

3.3 Sub-priorities

For each thematic objective a list of 'sub-priorities' is identified, corresponding with the 'investment priorities' identified in the Fund-specific Regulations. Observations are provided on how to improve the governance and delivery of the objectives and priorities. Finally, country-specific European 2020 targets are identified as well as 2012 Council recommendations as part of the annual European semester.

3.3.1 *Research and Innovation*

The thematic objective 'Strengthening research, technological development and innovation' focuses on three main priorities, as listed in the ERDF Regulation:

1. R&I infrastructure and capacities to develop excellence, centres of competence
2. Promoting business R&I investment, product and service development, technology transfer, social innovation and public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation
3. Supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in Key Enabling Technologies and diffusion of general purpose technologies

There is wide variation in the specific objectives and types of interventions proposed within these priorities reflecting different national contexts, needs and existing instruments. For instance, there are references to unleashing the innovation potential of the Baltic Sea region in several countries, or to specific projects such as tech-parks or hubs located in certain cities. Beyond the need to comply with the ex-ante conditionality on smart specialisation, a wide range of 'considerations' are listed separately to improve governance and delivery (though in some instances similar issues are raised within the 'specific objectives').

Box 1: Improving governance and delivery

Strategy

- Improve thematic targeting or focus on fewer priorities tailored to regional demands and create synergies with other objectives (DE, EE, LT, RO, SK), although this is explicit in the smart specialisation conditionality already
- Reduce the number of measures and improve sequencing (EE)
- Restructure and rationalise innovation policy (GR)
- Radical adjustment in strategic orientation, coordination and management capacity, particularly in less developed areas (IT)
- Establish a cluster network for the strategy by 2013 (AT)
- Update the national innovation strategy to comply with smart specialisation requirement going beyond the scope of EU support (CZ, HR)
- Include business community in Innovation policy design/implementation (ES, PT, SI)

Strategic plans / synergies

- Pursue actions in line with the EU's ERA strategy adopted in 2012 (most countries)
- Identify project that will contribute to, or pursue strategic synergies with, Horizon 2020 (CZ, DE, PL, RO, SI), including a clear division of labour (FI, SE, LT)
- Pursue synergies between low-carbon and eco-innovation strategies (NL)

- Exploit sea/coast potential in line with EU's Blue Growth Initiative (BG, CY, FI, LV)
- Align with macro-regional strategies (HR, LT, LV, SE)
- Align national R&I strategy with EU's Strategic Energy Technology (SET) Plan (EE, HR, IT, LT, LV, MT, NL, PL, SE)
- Establish national/regional partner facilities for ESFRI roadmaps (HR, IT, LT, MT, PL, SK)
- Improve coordination between education/science and innovation (SI) and industrial policies (PL)
- Improve coordination between national/regional level (ES, PL)
- Coordinate agriculture, forestry and agro-foods sector strategies (IT)
- Define an effective industrial policy with tax incentives (LV)
- Integrate horizontal principles, i.e. sustainable development (LT)

Institutional fragmentation

- Avoid institutional fragmentation between Research and Innovation Ministries (BG)
- Review and improve institutional coordination and definition of competences (SI, SK)
- Improve RDI policy coordination (EE)
- Establish overall coordination authority for R&I at national level (CZ, RO)

Legal frameworks

- Provide business start-up permissions within 4 weeks (AT)
- Improve management of intellectual property rights (PL)

Policy domain issues

- Review framework conditions for bio-based products and technologies (BG)
- Support joint innovative activities in the food and agriculture industries (BG)
- upgrading of human resources in developed regions should be linked to business/academic R&D programmes (IT)
- Prioritise applied R&D with ring-fenced funds (PT)
- Create support system to increase the number of students in science and engineering and increase attractiveness of working in technical professions (NL)
- Support international cooperation for researchers, PhDs and students (EE)

Instruments

- Develop venture capital market for early stage investments (GR, PL)
- Promote use of financial instruments or combine these with grants (FI, NL, LV, PL)
- Use public procurement to support demand side of R&I (FI), using the whole spectrum of tools available offered under EU procurement rules (EE).

Monitoring and evaluation

- Adopt new, innovative evidence-based I strategies and approach (GR, SK)
- Install a mechanism for evaluating research results of universities and public research centres (CZ)
- Set up evaluation and monitoring system for research and innovation policy (BG, IT)
- Tech parks and competence centres funded on basis of assessment and results (IT)
- Appropriate target-setting, monitoring and impact assessment is important (EE)

Territorial approach and impact

- Pursue a regionally-differentiated approach (GR, PT), particularly for matching skills demand/supply (NL)
- Consider transnational perspectives including at macro-regional level (EE, HR)
- Assess the impact of R&I policy on balanced socio-economic development (CZ)

Project selection

- Improve selection criteria to avoid deadweight and successive support for same SMEs (FI)

Box 2: Country-specific recommendations in 2012

None (AT, CZ, DK, FR, HR, IE, LT, LU, MT, PT, RO, UK)

BE: No, but cites recital 13: "The R&D intensity of the private sector has stagnated...and shortage of skilled professionals, particularly in sciences and engineering, could become a major barrier in terms of further improving the innovation performance..."

BG: Improve the access to finance for start-ups and SMEs, in particular those involved in innovative activities.

CY: Take appropriate policy measures on the demand side to stimulate business innovation.

DE: use available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government.

EE: (i) Link training and education more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Foster prioritisation and internationalisation of the research and innovation systems. (ii) Improve energy efficiency, foster renewable energy use.

ES: Review spending priorities and reallocate funds to support access to finance for SMEs, research, innovation and young people.

FI: In order to strengthen productivity growth and external competitiveness, continue efforts to diversify the business structure, in particular by hastening the introduction of planned measures to broaden the innovation base while continuing to align wage and productivity developments, fully respecting the role of social partners and in line with national practices.

HU: Provide specific well-targeted incentive schemes to support innovative small and medium-sized enterprises (SMEs) in the new innovation strategy

IT: (i) Improve access to financial instruments, in particular equity, to finance growing businesses and innovation (ii) Recital 19: While some measures have been taken to foster private research and development (R&D), in particular the refinancing of the tax credit for business investment in research, the intensity remains low and the implementation of projects of an innovative nature is weak.

LV: Continue reforms in higher education, inter alia, by implementing a new financing model that rewards quality, strengthens links with market needs and research institutions, and avoids fragmentation of budget resources. Design and implement an effective research and innovation policy encouraging companies to innovate, including via tax incentives, upgrading infrastructure and rationalising research institutions.

NL: Promote innovation, private R&D investment and closer science-business links as well as foster industrial renewal by providing suitable incentives in the context of the enterprise policy, while safeguarding accessibility beyond the strict definition of top sectors and preserving fundamental research.

PL: Take additional measures to ensure an innovation-friendly business environment, by ensuring better links between research, innovation and industry, and by establishing common priority areas and instruments supporting the whole innovation cycle. Improve access to finance for research and innovation activities through guarantees and bridge financing

SE: Take further measures in the upcoming research and innovation bill to continue improving the excellence in research and to focus on improving the commercialisation of innovative products and the development of new technologies.

SK: Improve the quality of higher education by strengthening quality assurance and result orientation.

3.3.2 Information and Communication Technology

In line with the ERDF Regulation, the key sub-priorities for the 'Enhancing access to and use and quality of ICT' thematic objective are:

1. ICT infrastructure for the digital economy, i.e. broadband deployment and high-speed networks (BG, CZ, DE, FR, GR, HR, MT, PL, PT, RO). In some cases, attention or priority should be given to rural, scarcely populated and topographically challenged areas (BG, DE, PL), or less-developed areas (CZ, HR).
2. ICT products and services, e-commerce and enhance demand for ICT (BE, BG, CY, EE, ES, FR, GR, HR, HU, IT, LT, LV, PT, RO, SK), including in rural areas (CY, ES, FR, HR, IT, LV, MT, PT, RO), island areas (HR) and deprived areas (HU).
3. ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health (BE, CY, BG, EE, ES, FR, GR, HR, HU, LT, LV, PT)

Additional country-specific sub-priorities are specified for some Member States. For instance, strengthening the technical capacity for planning and implementing ICT investments (BG) or extending knowledge of the sea to increase efficiency of marine activities and spur innovation in marine and maritime data use and collection (MT).

The main recommendations to improve the governance and delivery of ICT investments are listed below in Box 3.

Box 3: Improving governance and delivery

<p>Strategy</p> <ul style="list-style-type: none">• Develop and implement an integrated broadband plan for basic broadband and NGA coverage (HR) based on clear measures, deadlines and budget lines (including SF, RD and CEF) (BG, ES, HU)• Develop an integrated Digital Growth chapter within the S3 strategy (BG, ES, HU, IT)• Establish a comprehensive ICT strategy with a mapping of needs per sector and costs against available funds (GR)• Adopt legal/strategic plan for e-government to provide quality services to business and citizens (GR, SK) <p>Strategic synergies</p> <ul style="list-style-type: none">• Ensure synergies with investments by the Connecting Europe Facility (BG, EE, ES)• Ensure complementarity with the flagship 'Digital Union' (LT, ES, PT)• Exploit synergies so that ICT components are incorporated into other infrastructure projects (PL) <p>Financial Planning</p> <ul style="list-style-type: none">• Allocate necessary national budget for maintenance and operation of ICT infrastructure to guarantee sustainability of EU investments (BG, HR) in case of market failure (HU) <p>EU Legal frameworks</p> <ul style="list-style-type: none">• Improve and consolidate State Aid schemes (PL) <p>Technical frameworks</p> <ul style="list-style-type: none">• Define conditions for interoperability of information systems and e-registers (SK, PT)

Targeting and instruments

- Measures supporting demand for ICT in social sectors at risk of exclusion, including digital and data literacy in schools, stimulation of e-education (BG, IT), ICT skills for labour force and creation of ICT practitioners (IT)
- Undertake an inventory of current infrastructure to determine the functioning and inter-operability of networks (GR)
- Identification and uptake of existing ICT applications (i.e. Baltic Sea Region) will help to avoid duplication of effort and ensure efficient spending (LV)
- Identify areas of market failure to avoid crowding out private sector and assure technological neutrality (LT, PL, PT)
- Increase the sophistication and availability of online public services (SK)

Capacity

- Put in place adequate administrative and technical structures coordinating ICT investments and the preparation and implementation of ICT projects (BG, EE, HR, HU, SK)
- Ensure a realistic and mature project pipeline by using technical assistance effectively (GR)
- Streamline the governance of strategic e-government projects and speed up their implementation (SK)

Policy coordination

- Put in place coordination mechanisms enabling synergy, complementarity and good planning of ICT measures across the different domains using EU funded instruments (ESI Funds, Erasmus, CEF, Horizon 2020) (BG)
- Assuring performance of investments by ESI Funds under this thematic objective requires meeting the relevant ex-ante conditionalities (Digital chapter in RIS3 and NGA plan) in advance of 2014 (BG)

Territorial dimension

- Increase access to and use of internet in sparsely populated areas where current use is low (LT)

Country-specific recommendations made under the European semester for 2012 are noted in two of the country papers.

Box 4: Country-specific Recommendations in 2012

None (BG, CZ, CY, DE, ES, FR, GR, HR, HU, IT, LT, LV, MT, PL, PT, RO, SE, SK)

BE: (i) Boost job creation and competitiveness (ii) introduce measures to strengthen competition in the network industries

EE: (i) Continue enhancing the efficiency of public spending (ii) Improve energy efficiency. Foster renewable energy use.

3.3.3 SME Competitiveness

In line with the ERDF and EAFRD Regulations, the key priorities for 'Enhancing the competitiveness of SMEs' are:

1. Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms (BE, CY, DE, DK, EE, FI, FR, HR, HU, IE, IT, LU, MT, NL, PL, PT, RO, SI, SK, SE)
 - facilitating greater access to finance, including new financial instruments (BE, CZ, CY, DE, EE, FR, GR, HR, HU, IT, MT, NL, PL, PT, RO, SI, UK)
 - developing effective and integrated business advisory services (BG, CZ, FR, LV, PT, UK)
 - improving the business environment through infrastructure (incubators, technology parks) (CZ, GR)
 - diversification based on different territorial needs (FI)
 - special attention to e-commerce (CY), creative industries (FR)
 - supporting green technology and energy efficiency (DE, FI, SK)
 - business support in farming, agro-foods and fisheries is also emphasised (BE, CY, FI)
2. Developing new business models for SMEs, in particular for internationalisation (BE; CZ, DK, EE, FI, GR, HR, IE, IT, LU, NL, PL, PT, RO, SE, UK)
 - encouraging the development of clusters (CZ, PT, IE, MT, PL, PT, SK), including in green technologies (ES, HR, IT)
 - development and diffusion of Key Enabling Technologies (BE, IE, RO)
 - develop business advisory services (HR, HU, MT, NL, SI)
 - encouraging cooperation between companies in the Baltic Sea strategy context (DK, EE, FI, LV, PL)
 - focusing on productivity growth (DK, PL)
 - upgrading the tourism sector (GR)
 - promoting eco-innovation (EE, HR, MT, PL, SI, SE, UK)
3. Enhancing business innovation, modernisation and competitiveness of SMEs in the agriculture, forestry and aquaculture sectors (AT, CY, DE, FR, GR, HR, HU, IT, LU, SE, UK).

- Integration of primary procedures into the food chain is highlighted in most of these countries;
- from a territorial perspective, this sub-priority includes diversifying activities in rural areas (AT, DE, FR, RO), coastal areas (BG, FR, GR, MT, PL, PT, RO) and supporting small infrastructures in sparsely-populated areas (AT); and
- support for young farmers is encouraged (DE, GR, MT).

Most of the papers are structured in accordance with the three key ERDF/EAFRD sub-priorities, although some list specific objectives instead including references to interventions or instruments. In several cases, the ERDF and EAFRD sub-priorities are combined or subsumed within other sub-priorities (IE, NL, UK). The territorial dimension is limited in most papers, though some include references to territorial specificities (FI, SK) or focus exclusively on rural areas (AT, LV).

A range of additional conditions to improve governance and delivery are listed in around half of the papers.

Box 5: Improving governance and delivery

Strategy

- Develop a national smart specialisation strategy (CZ)
- Develop a multi-annual national strategic plan for aquaculture (BE, LV, PL)
- Develop a clear strategy setting objectives, priorities and an integrated set of grant and non-grant instruments (GR), promoting Europe 2020 flagships and the Small Business Act (GR, IT)
- Concerning the integrated maritime policy, develop area-based plans including fisheries and aquaculture together with other policies (NL)

Strategic synergies

- Interlink actions under employment and social inclusion thematic objectives (BE)
- Design strategy to develop synergies among culture, tourism, entrepreneurship and education sectors and to invest in ICT (GR)
- Enhance and coordinate planning documents at national level between R&D, innovation and industrial policies based on Foresight 2030 (PL)
- More coherence and operational articulations between knowledge and technological development actions and the other objectives of incentive schemes (PT)
- Actions should be reinforced or complemented by interlinked actions under the employment and social inclusion thematic objectives (e.g. entrepreneurship, business creation, social enterprises). Complementary actions that would be important for strengthening the productivity and competitiveness of SMEs include in particular training for new know-how and skills for SME staff and introduction of innovative forms of work organisation and working time arrangements (PT, SE)

Targeting

- Focus on new, growth-oriented, innovative enterprises (FI), measures with the highest potential for improving competitiveness and growth (LV, RO) and exporting industries (PT).
- Target beneficiaries not yet generating adequate levels of revenue and avoid deadweight in agricultural sector (HR)
- Attention should be paid to factors discouraging women from becoming entrepreneurs (IT, PT)
- In agriculture, less emphasis should be put on the classical farm investments (machinery, storage facilities, etc.), in order to prioritize more innovative, sustainable

and value added oriented investments (RO, SK).

Legal frameworks

- Facilitate regulatory procedures for SMEs providing a credible, stable, simplified and predictable environment for industrial investments, particularly in the area of public procurement, taxation and standardisation through clear organisational setup, streamlined procedures and cutting red tape (PL), and one-stop-shop mechanisms (RO)
- Similarly, reduce administrative burden for firms, especially permits and licenses but also start-up costs (EE, HU), streamlining of bankruptcy procedures (HR) and introduce transparent e-Tender systems (HU)

EU Law

- To ensure correct application of national and EU State aid law, establish a national central registry (CZ, FI)
- Submit to the Commission an assessment of the existence of an independent coordination body for state aid with dedicated resources and that is consulted on the design of state aid measures (FI)
- Improve the transposition of legislation on late payments (EE, HU, SK) and bankruptcy (SK)

Territorial dimension

- Targeted support for ensuring regional and territorial concentration in favour of areas suffering from lower density of SMEs and facing reconversion challenges, in particular in rural areas (RO)
- The support for SMEs/entrepreneurship should be better targeted by strengthening the linkages to the national and regional/local context (with close attention to national, regional and local strengths, opportunities and challenges) (SE)
- Opportunities provided by macro-regional cooperation (EU Strategy for the Baltic Sea Region) and generally by territorial cooperation to be integrated into policy design (SE)

Instruments

- Shift from grants to financial instruments, such as start-up capital, seed capital loans, guarantees and mezzanine capital (BE, BG, FI, HU, PL, PT, SK), including in agricultural, fisheries and aquaculture sectors (BE, SE). However, direct subsidies may be effective in some regions depending on the situation and there are opportunities for combining financial instruments and grant support (FI)
- Carry out gap analysis to understand financing needs of SMEs, address market failures, and design appropriate financial instruments (BG, BE, CZ, EE, HU, MT, PL, SE)
- Encourage all regions to use risk measures relating to geo-climate conditions (IT)
- The use of "lighter" instruments such as the "vouchers" should be promoted, but these schemes need to be streamlined and they should work on a market basis (PT)

Monitoring and evaluation

- Define indicators and monitoring tools to evaluate sustainable job creation and assess SM support policies (HU)
- Develop a data collection system on fisheries and aquaculture sector (HU)

Project selection

- Improve selection criteria for enterprise support to avoid deadweight and successive subsidies for the same SMEs (FI)
- Simplify assistance award procedures and set milestones and deadlines (GR)

Capacity

- Reinforce capacity and standing of non-agricultural partners and stakeholders in rural areas (IT)

Country-specific recommendations for 2012 under the European semester process are identified for 8 Member States.

Box 6: Country-specific recommendations in 2012

None (AT, BG, BE, CZ, DE, ES, FR, GR, HR, HU, IE, IT, LT, LU, NL, PL, PT, RO)

CY: Improve competitiveness including through the reform of the system of wage indexation, in consultation with social partners and in line with national practices, to better reflect productivity developments. Take steps to diversify the structure of the economy.

DK: Indirectly as part of recommendation No.4: Continue efforts to remove obstacles, in particular in local services, the retail and construction sector.

EE: (i) Link training and education more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Foster prioritisation and internationalisation of the research and innovation systems. (ii) Improve energy efficiency. Foster renewable energy use.

ES: Review spending priorities and reallocate funds to support access to finance for SMEs, research, innovation and young people.

FI: In order to strengthen productivity growth and external competitiveness, continue efforts to diversify the business structure, in particular by hastening the introduction of planned measures to broaden the innovation base while continuing to align wage and productivity developments fully respecting the role of social partners and in line with national practices.

HU: Implement measures envisaged to reduce the administrative burden. [...] Ensure a stable regulatory and business-friendly environment for financial and non-financial enterprises, including foreign direct investors. Reduce tax compliance costs and establish a stable, lawful and non-distortive framework for corporate taxation. [...] Provide specific well-targeted incentive schemes to support innovative SMEs in the new innovation strategy.

LV: Design and implement an effective research and innovation policy encouraging companies to innovate, including via tax incentives, upgrading infrastructure and rationalising research institutions.

SK: Strengthen the quality of the public service, including the management of human resources and strengthening analytical capacities. Further shorten the length of judicial proceedings and strengthen the role of the Public Procurement Office as an independent body.

UK: Improve the availability of bank and non-bank financing to the private sector and in particular to SMEs.

3.3.4 Low-carbon economy

In order to support low-carbon economy in all sectors, the ERDF regulation lists five sub-priorities:

1. promoting the production and distribution of renewable energy sources (BG, CY, CZ, DK, EE, ES, FI, FR, GR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SI, SK);
2. promoting energy efficiency and renewable energy use in SMEs (AT, BE, CY, DK, EE, ES, FI, FR, HR, IE, LT, LU, LV, NL, PL, PT, RO, SE, SI, SK) and farms (BE, BG)

3. supporting energy efficiency and renewable energy use in public infrastructures and in the housing sector (BE, BG, CY, CZ, DE, DK, EE, ES, FI, GR, HR, IE, LT, LV, MT, PL, RO, SI, SK); and the agricultural sector (RO);
4. developing smart distribution systems at low voltage levels (CZ, DE, LV);
5. promoting low-carbon strategies for urban areas (AT, BE, CZ, EE, FR, HU, LU, NL, PT, RO, SI, SK) and rural areas (AT, HU, PT),

The Commission is encouraging the Member States to focus mainly on the first three sub-priorities although there are variation in the presentation of the sub-priorities, specific objectives and interventions. In addition to the first two priorities, many papers refer to promoting low-carbon strategies in rural areas, promoting shift towards low-carbon economy in agriculture, fishery and forestry and promoting energy efficiency in SMEs and public services provisions (e.g. AT, BE, BG, CY, CZ, DE, DK, HU, IE, NL, PL, RO, SI). The papers also refer to carbon sequestration and emissions reduction (IT, LT, SE, SK).

The 'considerations' to improve governance and delivery are listed below.

Box 7: Improving governance and delivery

Strategy

- Develop an overall RES strategy and strengthen the management structures (GR)
- Implement National Renewable Energy Action Plan 2020 (HU, LV, PL, ES, SK)
- Focus support on the long-term decarbonisation target for 2050 (BE) and develop a long term vision (SK) or government programme (HU)
- Ensure a coherent and stable renewable energy policy/support framework (HU, LV, PL, SI) and speed up the removal of barriers to the large scale development of renewable energy (SI, PL)
- Focus on carefully determined areas where the economic and technical potential for reductions is the highest for the money invested (LV)
- Clearly define and integrate the tangible goals for the ESI (LI)

Strategic plans / synergies

- Establish synergies with other policies regarding nature protection (BE)
- Integrate a shift to a low-carbon economy objective in all relevant policies (CZ), for example in SME support and innovation investments (SE)
- Focus investment in energy technologies and solutions on the market roll-out of new generation of technologies targeted in the Strategic Energy Technology Plan (SET Plan) (FI, CZ, HU, LI, NL, PL, SK, SI, SE) and ensure systemic investments when using existing technologies (LI, PL)
- Pursue investments in energy technologies and solutions in a coherent macro-regional context (FI, LI, NL) and utilise cooperation programmes (DE)
- Improve linkages between national/regional/local action plans (SK)
- Ensure complementarities and coordination with NER 300 programme (HU, SE) and LIFE (HU, IT, SE), ETC allowance (HU) and transposition of energy-related EU-directives (EE).

Legal and policy frameworks

- Provide appropriate legislative framework (SK, ES) and/or make further use of state aid schemes in order to pursue further investments (ES)
- Provide coherent and stable renewable energy policy (HU) or support framework (EE)
- Avoid retroactive changes of incentive schemes (HU, CZ)
- Promote a wider use (SK) and provide legal and fiscal framework for Energy

- Performance Contracting (EE, LV, PL) and provision of energy services (EE)
- Pursue deregulation of electricity and gas prices (RO)
- Apply minimum requirements/draw up national plan for the energy performance of buildings (HU, SK)
- Include energy efficiency requirements in public procurement (SK)
- Remove the moratorium for connecting new RES implemented in 2010 (CZ)
- Ensure the cost effectiveness of the RES promotion mechanism, including the feed-in tariff system. (SK)
- Incentivise renewable energy technologies (HU)
- Promote the proper implementation of energy audits and energy performance certificates' recommendations. (SK)

Policy domain issues

- Pursue a number of initiatives (e.g. energy efficiency of households and green tourism) (GR)
- Introduce additional measures to reduce Co2 emissions and encourage the use of public transport and better manage traffic flows especially in urban areas (LU)
- Address the high risk for the allocation of public funding to energy efficiency in housing posed by existing governance model and lack of clearly defined actors (BG)
- Avoid energy production's negative impacts on nature and biodiversity (ES, FI)
- Assess economic and financial viability of utility providers as regards district heating (BG)
- Take environmental sustainability into consideration when promoting the production and use of biomass for energy purposes (HR)
- Strengthen powers of national energy regulator (EE)
- Use the EPBD framework to mobilise energy savings (SK)
- Make further analysis on national and regional level to identify technologies that should gain special attention and EU funding support in the 2014- 2020 (PL, SK)

Instruments

- Support use financial instruments where the potential for the private revenue/cost savings is large (AT, CZ, DE, EE, LI, NL, PL, PT, SK, SE) or combine them with grants (EE, LI, RO)
- Use grants to address market failures or to support innovative technologies and investments (DE, LI, NL, PL, PT, SK, SI, SE)
- Promote energy savings and renewable energy sources through market mechanisms (BE, HU, IT, PT) and pricing policy (HU) before public funding
- Ensure that public funding complements private investment instead of crowding it out (EE, ES, IT, PL, PT, SK, SI) and does not duplicate support from revenue obtained from auctioning allowances under the European Emission Trading Scheme (EE).
- Implement analysis in order to choose optimal financing schemes that will support RES technologies development (MT, PL, SI)

Administration

- Simplify administrative procedures (HR, SK) and ensure easy access to information (HR)
- Improve the effectiveness of delivery of public services at local level (EE)

Monitoring and evaluation

- A proper monitoring system of the results in terms of energy saved/renewable energy generated should be put in place (CZ)
- Develop and fully use clear monitoring and evaluation mechanisms (SK)

Regional approach and impact

- Establish programs and plans for low carbon energy systems at local level (HU)

Capacity building

- Support adaption of skills and qualification (PT)

- Build the technical expertise and industrial base of key implementers (SK)
- Build on experiences from existing instruments/schemes. (SK, PT)
- Increase consumer awareness. (SK)

Project selection

- Focus on systemic projects, optimised to the new energy consumption pattern (SK)

Country-specific recommendations for 2012 under the European semester process are listed for just under half of the EU28 Member States.

Box 8: Country-specific recommendations in 2012

None (AT, CY, CZ, DK, FI, FR, GR, HU, IR, IT, NL, PT, SI, SE, UK)

BE: Take measures to correct the lack of progress towards the target for reducing greenhouse gas emissions from non-ETS activities, in particular by ensuring significant contribution to this goal from transport

BG: Improve electricity and gas connections, boost energy efficiency and enhance the capacity to cope with disruptions.

DE: Continue efforts to keep the overall economic costs of transforming the energy system to a minimum.

EE: (4) Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste, including by considering incentives such as the taxation of vehicles. Foster renewable energy use, including through upgraded infrastructure and legislation. Continue the development of cross-border connections to end relative market isolation. (5) Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of, or increased cooperation between, municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.

ES: (i) Introduce a taxation system consistent with the fiscal consolidation efforts and more supportive to growth, including a shift away from labor towards consumption and environmental taxation (ii) Complete the electricity and gas interconnections with neighboring countries and address the electricity tariff deficit in a comprehensive way, in particular by improving the cost efficiency of the electricity supply chain.

LT: Step up measures to improve the energy efficiency of buildings, including through removing disincentives and a rapid implementation of the holding Fund. Promote competition in energy networks by improving interconnectivity with Member States for both electricity and gas

LU: ensure that the objectives of reducing greenhouse gas emissions from sources not covered by the trading system of emission allowances are respected.

LV: Further encourage energy efficiency by implementing measures and providing incentives for reducing energy costs and shifting consumption towards energy-efficient products, including vehicles, buildings and heating systems. Promote competition in major energy networks and improve connectivity with EU energy networks.

MT: In order to reduce Malta's dependence on imported oil, step up efforts to promote energy efficiency and increase the share of energy produced from renewable sources by carefully monitoring the existing incentivising mechanisms and by prioritising the further development of infrastructure, including by completing the electricity link with Sicily. Recital 15: Energy supply in Malta remains almost entirely dependent on imported oil, while the contribution of

renewable energy sources continues to be marginal. High electricity tariffs may hamper the competitiveness of its small and medium-sized enterprises. Addressing shortcomings in energy efficiency could bring the double benefit of improving competitiveness and achieving energy and climate targets. A number of initiatives in these areas have been undertaken such as encouraging the generation of photovoltaic power and developing wind farms, building an electricity interconnector with Sicily and promoting the use of fuel-efficient cars. However, it is still too early to see the eventual impact of these initiatives so their implementation needs to be closely monitored.

PL: Step up efforts to improve incentives for investment in energy generation and efficiency.

RO: Implement the measures agreed in the June 2012 Second Supplemental Memorandum of Understanding between the EU and Romania (paragraphs 26 to 28 of Annex 1 : deregulation of electricity and gas prices).

SK: Make greater use of environmental taxation.

3.3.5 Climate change adaptation and risk prevention

The two main sub-priorities underpinning the thematic objective 'Promoting climate change adaptation, risk prevention and management' are:

1. supporting dedicated investment for adaptation to climate change (BG, CY, CZ, DE, EE, ES, FI, FR, HR, HU, IE, IT, LT, LV, MT, PL, RO, SE, SK) mainly Effective implementation of the National Climate Change Adaptation (PT) or reinforced adaptive capacity and support the national adaptation strategy (EE, RO);
2. promoting investment to address specific risks (HR, FR), ensuring disaster resilience and developing disaster management systems (BE, BG, CY, EE, ES, FI, GR, HU, IE, IT, LT, LV, PT, RO, SE, SK);

Reflecting different national contexts and needs, climate change adaptation should focus on areas such as flood preservation and water, forest, soil and land use management and management of coastal, marine and rural zones. In relation to the second priority, Member States should promote the development of risk assessment, early warning system and tools to facilitate disaster prevention, the implementation of risk management plans, improving management of policies and handling of natural disasters.

To improve the governance and delivery of this thematic objective, an extensive number of issues are highlighted in the papers.

Box 9: Improving governance and delivery

Strategy

- Set up/finalise/up-date a climate change adaption strategy clearly identifying and coordinating the responsibilities of different governmental bodies (BG, IT, LI, PL, PT, SK, SI)
- Develop a strategic framework to prioritise measures for the adaptation to climate change and risk prevention and management (HR)
- Ensure development and adaptation of sub-national climate change adaptation strategies/action plans (BG, HU, LI, ES) or sector strategies/action plans (HU, RO)

- Set-up a comprehensive multiannual forestry policy (HU) or strategy for the protection and restoration of forests, biodiversity and ecosystem services (GR)
- Develop analysis on environment, climate and energy areas, including a strategy on how to address adaptation to climate change in agriculture and fisheries (FI)

Strategic plans / synergies

- Cooperation across regions and Member States should be pursued in adaptation to climate change and risk prevention and risk management activities (BE, ES, FI, GR), especially through the EUSBSR (LV) and Danube Strategy (RO)
- Pursue synergies and complementarities between CFS funds and with activities under other thematic objectives (e.g. technological development and innovation) (BE, FI, IT)
- Pursue synergies and coordinate actions between ESI funds and Horizon 2020 (CZ, FI), LIFE (CZ, ES, FI, IT) and NER300 (FI)
- Systematically include climate change adaptation and risk prevention in all relevant policies, programmes and projects (CZ, HU)
- Develop and implement a national risk assessment plan (HR), accompanied by a clear investment programme (BG, PT, SK) and update/develop regional and local level plans/tools (PT)
- Support implementation of river basin management plans (CZ, LI, PL, SI) and ensure cooperation across regions and Member States in river basin management and flood prevention/risk mapping (CZ, NL, PL, SK, SI, RO)
- Update industrial risk mapping (RO)
- Develop and implement strategic plans/preventive measures for flood, fire and coastal erosion (GR, HU) and align plans with climate change adaptation objectives (ES)
- Take full account of the EU Adaptation Strategy, and the general and Country-specific Recommendations available on Climate-ADAPT (HU)

Policy domain issues

- Introduce and implement climate-smart practices, in particular in agriculture (ES, PL, SI)
- Make investments in disaster management systems (LI)
- European support for irrigation purposes should be subject to strict EIA (HR)
- Check any investment against climate impacts in the medium and long term (PL)

Instruments

- Ensure that public funding complements and leverages private investment instead of crowding it out (BE)

Monitoring and evaluation

- Develop monitoring tools, including detection, early warning and alert systems, as well as risk mapping and assessment (LI).
- Ensure monitoring and evaluation of National Climate Change Strategy measures (HU)

Regional approach and impact

- Develop targeted and regionalised area-based support for environmentally friendly farming practices (FI)
- Consider the specific needs of Arctic areas (FI)
- Take account regional differences in climate change adaptation measures (DE)

Capacity building

- Further strengthen the administrative capacity with regard to monitoring and reporting of CHG emissions (HU, PL)
- Strengthen governance and institutional capacity of authorities responsible for water management, efficient preparation of risk prevention and management plans and risk management structures (PL, SI, PT)

- Build up the necessary knowledge base and data observation capacities (HU)
- Take into account prevention concerns and lessons learnt in post-disaster recovery and rehabilitation (LI)

Unlike most of the other thematic objectives, there are no country-specific recommendations for 2012 under the European semester relating to climate change adaptation, risk prevention and management.

3.3.6 Environment protection and resource efficiency

In line with the draft Regulations, six key priorities are identified under the thematic objective 'Protecting the environment and promoting resource efficiency':

1. addressing the significant needs for investment in the waste sector to meet the requirements of the environmental acquis (BG, CY, CZ, EE, ES, HR, IT, LV, MT, NL, PL, PT, RO, SI, SK);
2. addressing the significant needs for investment in the water sector to meet the requirements of the environmental acquis (BE, BG, CY, CZ, EE, ES, HR, HU, IE, IT, LV, MT, NL, PL, PT, RO, SI, SK);
3. protecting, promoting and developing cultural heritage (HU);
4. protecting biodiversity (RO), soil protection (RO) and promoting ecosystem services including NATURA 2000 and green infrastructures (BE, DK, ES, FI, FR, GR, HR, HU, IE, IT, LT, LV, LU, MT, NL, PL, PT, SE, SI, SK, UK,);
5. action to improve the urban environment, including regeneration of brownfield sites and reduction of air pollution (BG, CY, CZ, DE, GR, ES, HU, MT, NL, PL, PT RO, SK); and reduction of transport related air pollution (EE)
6. environmental protection in agricultural areas, transition to environmentally sustainable fisheries and protection of coastal/marine areas (EE, FI, LV, RO, SE); particularly protection of marine areas and environment (CY, DE, GR, IT, NL, SI)

All of the above priorities – with the exception of 'protecting, promoting and developing cultural heritage' – are commonly identified by the Commission as important priorities across EU Member States, although concentration on three (or fewer) priorities is encouraged in most (some) countries. Reflecting the greater basic infrastructure needs in less-developed Member States, there is a greater emphasis on waste and water sectors in these countries, whereas the last three priorities are emphasised elsewhere. In addition to the priorities mentioned above, some papers refer to restoring, preserving and enhancing ecosystems dependent on agriculture and forestry (AT, DE, DK, CY) or protecting the environment, biodiversity, natural landscapes or rural areas (BG, CZ, LU),

Beyond the need to comply with ex-ante conditionalities, a wide range of considerations are listed to improve the governance and delivery of this thematic objective.

Box 10: Improving governance and delivery

Strategy

- Adopt clean air strategies in large agglomerations (SK) and defined zones (CZ)
- Adopt a formal national resource efficiency strategy (SE)
- Inform the Commission Services of strategy to address environmental issues linked to agriculture and forestry (FI)
- Implement a water pricing policy that provides incentives for the efficient use of water resources and ensures an adequate recovery of costs (SK, PT)
- Ensure compliance with EU water and waste directives (EE)
- Establishment of waste prevention programme (MT)
- Implement National Biodiversity Strategy and Plans and Aquaculture Strategy (MT)

Strategic plans/synergies

- Develop a strategic plan for environmental investments (LI, SK)
- Implement River Basin Management plans (BG, LI, FI)
- ESI Funds financing to NATURA 2000 should be consistent with the Prioritised Action Framework (PAF) (CZ, DE, ES, FI, HU, IT, LV, LT, PL, SK, SI)
- Pursue synergies and coordination with LIFE (DE, ES, FI, HU, IT, SI) and particularly with Integrated Projects (EE)
- Pursue synergies in context of Horizon 2020 (ES)
- Support the implementation of the EU Strategy for the Baltic Sea Region (FI, LV, LT, SE,), EUSBSR (FI, LV) and Blue Growth Initiative (LV)
- Develop/operationalise waste management plans and waste prevention programmes for municipal, hazardous and other waste under the 2008 Waste Framework Directive (BG, GR, IT, SK)
- Develop and implement sustainable urban interventions (GR, DE)
- Find complementarity and synergies with climate change adaptation objectives and greening requirements (LT, SE)
- Ensure a clear demarcation and coordination of ESI funds (DE)
- Incorporate sustainable development environmental protection, conservation of biodiversity, and resource efficiency as horizontal principles (FI, FR, HU)
- Improve coordination between municipal/national level (SI)
- Enhance complementarities with the Creative Europe programme (ES)
- Improve the urban environment through preservation and valorisation of natural and cultural heritage within the framework of integrated strategies (EE)

Institutional fragmentation

- Counteract fragmentation on the part of utility operators (SI)

Legal and policy frameworks

- Establish regulatory mechanisms that advance the 2020 waste targets (CZ)
- Establish national legal water framework (CZ)
- Full implementation of existing legislation (MT)
- Finalise water reform (BG)
- Enhance sustainable use of marine waters and coastal zones through legal certainty (ES, PT).
- Strengthen environmental incentives concerning vehicles e.g. taxation (EE)
- Use integrated maritime policy tools (MT)

Policy domain issues

- Support the use of Maritime Spatial Planning (MSP), Integrated Coastal Zone Management (ICZM) (BG, GR, ES, PT) and Marine litter initiatives (GR)
- Support implementation of Common Fisheries Policy (CFP) (IT, MT) and support to the transition to environmentally sustainable fisheries (MT)
- Achieve compliance with water framework directive in all areas over 2000 persons and in all sensitive areas (IT)
- Address the gaps in urban waste water collection and treatment and take measures to reduce leakages in the context of modernising drinking water distribution (GR)

- Review the support for organic farming (FI, IT, NL)
- Ensure that investments from ESI funds support the sustainable management and restoration of Natura 2000 areas of high biodiversity value (DE, IT, SK)
- Avoid intensification of already intensive forestry management (FI)
- Limit land uptake, deforestation and soil degradation (LV)
- Address the problems related to unstable land ownership and land use (BG)
- Sustainable development goals must be adopted in strategies to ensure the assimilation of environmental considerations, risk prevention and other issues (FR)
- Ensure that all transport and hydropower infrastructure investments are subject to EIA and NIA (HR)
- Support integrated, sustainable development of coastal areas (MT)

Instruments

- Ensure direct results orientation of investments (LV)
- Set in place and/or expand/improve economic/market based instruments in the field of environment (EE, IT, LV, SK, SI, SE) and encourage a more efficient use of resources in line with the Roadmap to a Resource Efficient Europe (LV, CZ, SK, SI)
- Improve application of 'polluter pays' principle (ES, MT, PT) and incentives for better water and waste management (IT, MT, PT)
- Ensure adequate pricing of environmental services and a shift towards consumption and environmental taxes (ES)

Monitoring and evaluation

- Develop impact assessments of programmes for example to biodiversity (FR)
- Improve data availability on water quality and set up of the monitoring system (HR)

Regional approach and impact

- Improve targeting, regionalisation and measurement of the impact of agri-environment climate actions (FI)
- Base investments on optimal territorial solutions (LV) and optimal operational/technological solutions (LV, PL)

Administration

- Improve the effectiveness of delivery of public services at local level (EE)

Project selection

- Encourage development of eco-conditionality criteria (FI, FR), acknowledging resource efficiency (FR)
- Improve project preparation and selection system to ensure cost efficiency and effectiveness and area specific solutions (SK)

Capacity building

- Strengthen governance and institutional capacity of environmental bodies responsible for monitoring and project implementation (BG, LT)
- Strengthen governance and institutional capacity of environmental authorities to ensure proper implementation and enforcement of EU environmental acquis (PL) and SEA and EIA (BG, SK)
- Strengthen the capacity of the contracting authorities regarding the public procurement (SI)
- Promote stakeholders' awareness in fisheries and environment (biodiversity) (HU)
- Develop adequate training measures, advisory services and measures to promote cooperation between relevant actors (HR)

The only two Position Papers to include a country-specific recommendation for 2012 under this thematic objective are Belgium and Estonia.

Box 11: Country-specific recommendations in 2012

None (AT, BG, CY, CZ, DK, ES, FI, FR, DE, GR, HR, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SE, SI, SK, UK)

BE: Take further measures to enhance the progress towards reaching the targets for reducing greenhouse gas emissions from non-ETS activities,

EE: (4) Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste, including by considering incentives such as the taxation of vehicles. Foster renewable energy use, including through upgraded infrastructure and legislation. Continue the development of cross-border connections to end relative market isolation. (5) Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of, or increased cooperation between, municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.

3.3.7 Sustainable transport and networks

The 'Promotion of sustainable transport and removing bottlenecks in key network infrastructures' objective should focus on the following sub-priorities:

1. Supporting a multimodal Single European Transport Area by investing in the Trans-European Transport Network (TEN-T) networks (BG, EE, CZ, ES, GR, HR, HU, IT, LT, LV, PL, PT, RO, SI, SK). Key TEN-T gaps and projects identified in the papers should be targeted (BG, EE, ES, HU, LT, LV, PL), including deployment of ERTS traffic management systems (CZ, HR, HU, LT, PL, SI, SK) and construction of multimodal and interoperable nodes (LT, LV, SI).
2. Enhancing regional mobility through connecting secondary and tertiary nodes to TEN-T infrastructure (CY, EE, ES, GR, HR, LT, LV, PL, RO, SI, SK)
3. Developing environment-friendly and low-carbon transport systems and promoting urban mobility (BE, BG, CZ, CY, EE, ES, FR, GR, HU, PT, RO, SI): taking into account agglomerations of cities (BG, CY, GR, PT); developing intelligent transport systems and inter-operational logistic centres (CZ, EE, HU, IT, PL, SI), particularly on the TEN-T network (LT, PL); encouraging use of environment-friendly vehicles and public transport (BE, FR, LV, PL, SK).
4. Developing comprehensive, high quality and interoperable railway system (BG, EE, HR, PT, SK), including: enhancing freight and passenger transport (BG, EE, SK); upgrading rolling stock (EE, RO); and the introduction of ERTMS management systems for rail safety (HR, PT, RO).

Recommendations to improve the governance and delivery of this objective are listed below.

Box 12: Improving governance and delivery

Strategy

- Develop a comprehensive national transport strategy (BG, CZ, GR, HU, LT, LV, PL, SK)
- Improve factual basis for strategic planning by using an appropriate traffic model (EE, HR, LT, PL, SI)
- Support for seaport infrastructure conditional on existing of comprehensive, long-term seaport strategy (ES)

Strategic plans / synergies

- Ensure synergies/coordination with CEF and/or EIB (BE, BG, CZ, ES, HU, IT, LT, SI, SK)
- Alignment needed with the Commission's White Paper on Transport (IT, LT)
- Only measures under the TEN-T guidelines should be eligible (LV)

Governance

- Reinforce management structure for integrated planning and management (HU)
- Investments in ports and multimodal logistics platforms must be supported by a appropriate governance structures and implemented through contractual arrangements (IT)
- Restructure rail and road agencies (RO)
- Create a single structure for management of rail projects (SI)

Legal/domestic policy frameworks

- Reform inefficient tariff system (EE, HR, LT, PL)
- Consider use of energy-based taxation system for vehicles (EE) or incentives to decrease car use in urban areas (SI)
- Adequate taxation and/or incentives to encourage rail freight and ro-ro traffic (IT)
- An overall rail network should be created (IT)

Policy domain issues

- Reduce support from EU funds for low added value roads at regional or local level (EE, LT, PT, SI) or to airports (PT)
- Complete key rail axes (GR)
- Funding for the TEN-T core network should be included in a national OP, while local/regional transport interventions should be included in ROPs (IT)
- Develop a vision for the future port system (PT)

Financing

- Ensure financial sustainability through a maintenance strategy and internalisation of external costs, e.g. "polluter pays" and "user pays" principles (BG, CZ, EE, ES, HR, HU, IT, LT, LV, PL, PT, RO, SK)
- Take measures to reduce units costs for projects (HU)

Instruments

- Explore project bonds to increase debt financing availability (BE), potentially involving CEF (IT)
- Promote a stronger use of financial instruments to attract private funding, i.e. PPPs (CZ, ES, HU, IT, LV).

Monitoring and evaluation

- Improve strategic environmental assessments (HU, SK)
- Carry out proper cost-benefit analysis to avoid over-investment (ES)

Territorial dimension

- Ensure connectivity towards neighbouring regions as well as hinterland and internal sea links and with the islands (GR)

- Improve railway interventions in the South of Italy
- Reinforce cooperation with neighbouring countries (SI), including Danube (RO) or Baltic Sea priorities (LT)

Project selection

- Introduce sound system for evaluation and prioritisation of projects and consider using support from JASPERS (EE, HR, LT, PL, SI, SK)
- Screen for climate resilience (RO, SK)

Capacity

- Assess and improve administrative capacity of major project beneficiaries and managers (BG, EE, HU, LT, PL, SI, SK)
- Requalification needed of skilled engineers (RO)

Country-specific recommendations from the European semester 2012 cycle are listed for just under half of the Member States which have been identified by the Commission as being eligible for funding under this thematic objective.

Box 13: Country-specific recommendations in 2012

None (CZ, CY, ES, FR, GR, LT, PT, SI, SK)

BE: Take further measures to enhance the progress towards reaching the targets for reducing greenhouse gas emissions from non-ETS activities, in particular by ensuring a significant contribution to this goal from transport

BG: ...enhance administrative capacity and reforms [...] and further improve the absorption of EU Funds, in particular in road and rail transport [...]. Strengthen public administrative capacity in key transport sectors.

EE: (i) Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste, including by considering incentives such as the taxation of vehicles. Foster renewable energy use, including through upgraded infrastructure and legislation. Continue the development of cross-border connections to end relative market isolation (ii) Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of, or increased cooperation between, municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.

HU: Reform the public transport system to make it more cost-efficient.

IT: (i) Italy has adopted important measures to liberalise services, in particular professional services, and to improve competition in the network industries. However, multiple challenges remain in the energy and transport sectors, in particular railways and ports, where infrastructure and market bottlenecks remain significant. (ii) Implement the adopted liberalisation and simplification measures in the services sector. Take further measures to improve market access in network industries, as well as infrastructure capacity and interconnections.

LV: Further encourage energy efficiency by implementing measures and providing incentives for reducing energy costs and shifting consumption towards energy-efficient products, including vehicles, buildings and heating systems. Promote competition in major energy networks and improve connectivity with EU energy networks

PL: Strengthen the role and resources of the railway market regulator and ensure effective

and swift implementation of railway investment projects.

RO: Implement the measures agreed in the June 2012 Second Supplemental Memorandum of Understanding between the EU and Romania (paragraphs 32 to 34 of Annex 1: railway reform)

3.3.8 Employment and labour mobility

The thematic objective 'Promoting employment and supporting labour mobility' includes seven sub-priorities and, in some cases, an additional sub-priority for rural and fisheries/coastal areas.

1. Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility (BE, BG, CY, CZ, DK, EE, ES, FI, FR, GR, HU, IE, IT, LT, LU, MT, NL, RO, SE, SI, SK, UK).
 - Targeted support is required for vulnerable groups (LU, MT), i.e. non-EU nationals, migrants, ROMA/minorities (BE, BG, CZ, FR, HU, SE), low-skilled (CZ, EE, ES, FR, LT, SI), women (ES, FI, HU, IE, NL, SK), women with young children (CZ), young (BE, CZ, BG, HU, EE, ES, FR, LT, SI, UK), older workers (BE, BG, CZ, ES, IT, LT, LU, SI, SK), long-term unemployed (BG, CZ, EE, HU, IE, LT, SI, SK, UK), persons with disabilities (CZ, LT), families with multiple problems (UK)
2. Sustainable integration of young people, in particular those not in employment, education or training (NEET) into the labour market (AT, BE, BG, CZ, DE, ES, FI, FR, GR, HU, IE, LU, PL, SE, RO, SK, UK)
 - Facilitate transition from school to work by expanding opportunities for young people to acquire work experience (GR, IE, LU). A focus on disadvantaged youth is stressed, particularly those with a migration background (AT, BE), including through non-formal measures (AT, BG, PL)
 - Create opportunities for start-ups for young (BG, UK, PL, SK)
 - Promote increased participation in apprenticeships and VET (BE, BG, DE, ES, FI, FR, GR, HU, IT, SE, SK, UK)
 - Improve early-career guidance (DE, HU, IT) and reinforced counselling (GR, RO)
 - Introduce or further implement the youth guarantee (BG, ES, FI, FR, GR, HU, IE, IT, LU, PL, RO, SK, UK) [
3. Self-employment, entrepreneurship and business creation (CY, DK, EE, ES, FI, GR, MT), including:
 - Targeted measures for young persons/women (CY) and for an integrated approach (coaching, mentoring, micro-financial schemes) (FI), combining financial incentives with training and support services (GR). The promotion of

business incubators is also emphasised (ES, MT, PL), notably in areas offering growth potential (ES).

4. Equality between men and women and reconciliation between work and private life (AT, DE, IT, MT, PL, SK, UK), including:

- Raise awareness and mobilize economic and social partners to address gender segmentation, gender/pension gap and unequal distribution of unpaid work (AT, DE)
- Increase the availability of good quality, sustainable and affordable child care solutions in view of increasing the employment rate of women (PL, SK)
- Enhance support for women with children or single parents and for those with migration backgrounds (DE)
- Reduce barriers to female participation in the labour market (UK), including reintegration into high quality employment after career breaks (DE)
- Provide access to affordable and quality social and health care services (IT), including child and out-of-school care (MT)
- Tackle gender stereotypes in education and training systems (AT, DE, IT, SK)
- Promote innovative/flexible work organization, e.g. teleworking, combining informal care duties with work, innovative solutions for child care and long-term care (AT, DE, IT, MT, PL, SK)
- Develop and promote elderly friendly work conditions and forms of work organization to maintain older workers longer in employment. (BG, CZ, HU, LT)
- Promote flexible work arrangements (part time work, teleworking etc.). (BG, CZ)

5. **Adaptation of workers, enterprises and entrepreneurs to change (DE, ES, SE)**

6. **Active and healthy ageing (AT, BE, DE, EE, ES, FI, FR, LU, MT, NL, PL, SE, SI)**

- Targeted and tailored active and preventive measures for older people (EE, FR) and for people with long-term chronic diseases (FI, MT, NL, PL)
- Improve the effectiveness of Active Labour Market Policies with regard to older unemployed (NL, PL)
- Basic skills training and lifelong learning measures tailored to needs (AT, BE, DE, EE, LU, SE, SI)
- Develop and promote innovative, accessible elderly-friendly forms of work organization (AT, BE, DE, EE, FI, FR, LU, NL, PL, SE, SI)

- Promote innovative actions in line with European Innovation Partnership on Healthy and Active Ageing (DE, PL)
 - Support healthy ageing and health and safety at work (AT, BE, EE, MT, SE)
 - Prolong healthier working lives through development and implementation of measures to promote healthy lifestyles and tackle health risk factors (PL, SI)
 - Reinforce public health measures to address preventable risk factors for disability and premature death, and to improve quality and access for health and preventive services, particularly for disadvantaged groups (EE)
 - Support the upgrading and adaptation of health workforce skills (MT)
 - Measures to keep older workers longer in employment, including improving professional digital skills (AT)
 - Support national working life development strategy (FI)
 - Increase access to health and social services (PL)
 - Support the upgrade and adaptation of health workforce skills (PL)
 - Increase employment rate of older persons in rural areas through a shift of employment to other sectors of economy (PL)
 - Vocational reorientation of workers affected by restructuring (PL)
- 7. Modernisation and strengthening of labour market institutions, including actions to enhance transnational labour mobility (CZ, FR, IE, IT, LU)**
- Improve quality and effectiveness of PES (CZ, FR, IT, LU), including development of skills of PES staff (FR, IE, LU)

Additional sub-priorities focus on specific rural, coastal and fisheries areas.

- 1. Promoting employment and supporting labour mobility in rural areas (CY, DK, RO, SE, UK) and coastal areas (MT, RO, SI, UK)**
- 2. Creation of jobs and labour mobility in fisheries areas/coastal areas (CY, FI, FR, NL, SE)**
- 3. Promoting social inclusion, poverty reduction and economic development of rural, coastal and fisheries areas (HU)**

The total number of sub-priorities ranges from 1 (LT) to 6 (SE), with the majority having 3 to 4. However, in many cases these include specific objectives from other sub-priorities of this thematic objective.

The main recommendations to improve governance and delivery are listed below.

Box 14: Improving governance and delivery

Strategy

- Priorities should be clearly defined to ensure the Funds add value (UK)
- Programmes should be results-oriented, with defined target groups and proper management and sufficient administrative capacity (HU)
- A strategic approach should be ensured (HU, SI)
- Should be delivered through efficient programming which includes reforms and systemic measures to support a comprehensive approach and through a strong and dedicated institutional set-up (BG, PL, RO)

Synergies

- Synergies should be sought with other instruments in line with the Youth on the Move flagship initiative (UK)
- EAFRD and ERDF could reinforce their support for rural care facilities in a complementary manner, both as means of diversification and of female job creation particularly in less-developed (Southern) regions (IT)
- Opportunities should be explored in order to coordinate the Funds, to support businesses and to promote inclusive development in all areas (UK).
- Ensure coordination, complementarity and synergies between the ESI Funds (LT)

Targeting

- The highest possible job efficiency of measures should be ensured (BG, IT, MT, PL, RO)
- A limited number of the most relevant actors for different fields of intervention should be determined (SI)
- Actions should be targeted to specific vulnerable groups to ensure their participation in the programmes (SI)
- More programmes should target individuals (job-seekers, inactive, employees) directly and not only employers (SI)
- Invest in child-care infrastructure (MT)
- New investments in infrastructure, particularly child-care, should be justified by comprehensive needs assessment. (IT)
- Funds should react flexibly to respond to particular needs and conditions of vulnerable persons to counteract any kind of discrimination on the labour market (IT)
- Actions should have clear focus on increasing the employment rate (UK)
- Exploit high potential of job creation promising sectors, such as health services, green economy and technology Information and Communication (LU)
- Targeted actions for disabled (MT)
- Ensuring the link between ALMP measures and social work (LT)
- Ensuring that employment subsidies (carefully used only for specific target groups) contain sufficient safeguards to avoid abuse (LT).

Policy domain issues

- Access to publicly funded training for young people who leave school without basic skills in literacy and numeracy should be ensured.

An extensive list of country-specific recommendations for 2012, from the European semester process, is identified for most countries.

Box 15: Country-specific recommendations in 2012

None: GR, HR, PT

AT: Bring forward the harmonisation of the statutory retirement age between men and women; enhance older workers' employability and monitor closely the implementation of the recent reforms restricting access to early exit channels in order to ensure that the effective retirement age is rising including through linking the statutory retirement age to life expectancy.

Take steps to reduce the effective tax and social security burden on labour especially for low income earners with a view to increasing employment rates for older persons and women given the need to counteract the impact of demographic change on the working population. Shift the tax burden in a budgetary neutral way, towards real estate taxes, and environmental taxes. Reduce the high gender pay gap and enhance full-time employment opportunities for women, notably through the provision of additional care services for dependants.

BE: (i) Take further steps to ensure an increase in the effective retirement age (ii) Strengthen the focus of employment support and activation policies on older workers and vulnerable groups, in particular people with a migrant background. Take advantage of the planned further regionalisation of labour market competencies to boost interregional labour mobility and to strengthen the coherence between education, life-long learning, vocational training and employment policies. Extend existing activation efforts to all age groups.

BG: (i) Take further steps to reduce risks to the sustainability and to improve adequacy of the pension system by making the statutory retirement age the same for men and women with full career contributions (ii) Accelerate the implementation of the national Youth Employment Initiative. Ensure that the minimum thresholds for social security contributions do not discourage declared work. Step up efforts to improve the Public Employment Service's performance.

CY: (i) Improve the skills of the workforce to reinforce their occupational mobility towards activities of high growth and high value added. Take further measures to address youth unemployment, with emphasis on work placements in companies and promotion of self-employment. Take appropriate policy measures on the demand side to stimulate business innovation. (ii) Further improve the long-term sustainability and adequacy of the pensions system and address the high at-risk-of-poverty rate for the elderly. Ensure an increase in the effective retirement age, including through aligning the statutory retirement age with the increase in life expectancy.

CZ: (i) Reconsider plans to allow an earlier exit from the labour market. Promote effective participation of younger workers in the envisaged funded scheme to improve adequacy of pensions (ii) Take additional measures to significantly increase the availability of affordable and quality pre-school childcare (iii) Strengthen public employment services by increasing the quality and effectiveness of training, job search assistance and individualised services, including outsourced services.

DE: Increase the availability of fulltime childcare facilities and all-day schools.

DK: Take further steps to enhance long-term labour supply by reforming the disability pension, better targeting subsidised employment schemes (the 'flex-job' system) towards people with reduced work capacity, and improving the employability of people with migrant background.

EE: Improve incentives to work by streamlining the social benefits system and increasing flexibility in the allocation of disability, unemployment and parental benefits, while ensuring adequate social protection. Improve delivery of social services, while better targeting family

and parental benefits and removing distortionary income tax exemptions related to children. Increase the participation of the young and the long-term unemployed in the labour market (ii) Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of or increased cooperation between municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.

ES: (i) Implement the labour market reforms and take additional measures to increase the effectiveness of active labour market policies by improving their targeting, by increasing the use of training, advisory and job matching services, by strengthening their links with passive policies, and by strengthening coordination between the national and regional public employment services, including sharing information about job vacancies. (ii) Review spending priorities and reallocate funds to support access to finance for small and medium-sized enterprises (SMEs), research, innovation and young people. Implement the Youth Action Plan, in particular as regards the quality and labour market relevance of vocational training and education, and reinforce efforts to reduce early school-leaving and increase participation in vocational education and training through prevention, intervention and compensation measures (iii) Ensure that the retirement age is rising in line with life expectancy when regulating the sustainability factor foreseen in the recent pension reform and underpin the Global employment Strategy for Older Workers with concrete measures to develop lifelong learning further, improve working conditions and foster the reincorporation of this group in the job market.

FI: Implement the on-going measures to improve the labour market position of young people and the long-term unemployed, with a particular focus on skills development. Take further steps to improve the employment rate of older workers, including by reducing early exit pathways. Take measures to increase the effective retirement age taking into account the improved life expectancy.

FR: adopt labour market measures to enable older workers to remain longer in employment, improving the employability of young people, especially those who are most at risk of unemployment, particularly by providing more and better apprenticeships based on needs; intensify active employment policies and ensure that public employment services offer more efficient, individualized support.

HU: (i) Make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by shifting part of the tax burden to energy taxes and recurrent taxes on property. Strengthen measures to encourage women's participation in the labour market, particularly by expanding childcare and pre-school facilities. (ii) Strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job search assistance and individualised services, with particular regard for disadvantaged groups

IT: (i) Take further action to address youth unemployment, including by improving the labour market relevance of education and facilitating transition to work, also through incentives for business start-ups and for hiring employees. Enforce nation-wide recognition of skills and qualifications to promote labour mobility. Take measures to reduce tertiary education dropout rates and fight early school leaving (ii) Adopt the labour market reform as a priority to tackle the segmentation of the labour market and establish an integrated unemployment benefit scheme. Take further action to incentivise labour market participation of women, in particular through the provision of childcare and elderly care (iii) Pursue the fight against tax evasion. Pursue the shadow economy and undeclared work, for instance by stepping up checks and controls.

IE: Conditions set out in the memorandum of understanding include: "Implement the measures laid down in Implementing Decision 2011/77/EU and further specified in the Memorandum of Understanding of 16 December 2010 and its subsequent supplements." The employment and social related conditionalities set out in the MoU mostly concern pension sustainability and structural reforms to tackle long-term unemployment through measures to

improve the effectiveness and efficiency of labour market institutions and to reform the benefit system to create financial incentives for employment. More specifically the 5th update of the Memorandum of Understanding states that the Irish authorities will ensure that activation services are enhanced to tackle the high and persistent rate of unemployment. In particular the Department of Social Protection will take steps to improve the ratio of vacancies filled off the live register, focus on retraining the unemployed to reduce the risk of long term unemployment and ensure appropriate incentives through the implementation of sanctions.

LT: (i) Adopt legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, establish clear rules for the indexation of pensions, and improve complementary savings schemes. Underpin pension reform with active ageing measures. (ii) Tackle high unemployment, in particular among youth, the low-skilled and the long-term unemployed, by focusing resources on active labour market policies, while improving their efficiency. Enhance the effectiveness of apprenticeship schemes. Amend the labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements.

LU: Take additional measures to increase the participation rate of older workers, in particular by reducing early retirement ... "" Continue efforts to reduce youth unemployment by strengthening the participation of stakeholders, and enhancing training measures and education, especially for people with low level of education, for a better match between the skills and qualifications of young people and the needs of the labour market.

LV: Take measures to reduce long-term and youth unemployment by fighting early school leaving, promoting more efficient vocational education and training and its apprenticeship component, enhancing the quality, coverage and effectiveness of active labour market policy and its training component and through an effective wage subsidy scheme.

MT: (i) Take action, without further delay, to ensure the long-term sustainability of the pension system, comprising an increase in the effective retirement age, including through a significant acceleration of the progressive increase in the statutory retirement age compared to current legislation and through a clear link between the statutory retirement age and life expectancy, and measures to encourage private pension savings. Take measures to increase the participation of older workers in the labour force and discourage the use of early retirement schemes. (ii) Enhance the provision and affordability of more childcare and out-of-school centres, with the aim of reducing the gender employment gap. Additionally, two recitals state: (a) As regards the long-term sustainability of public finances, Malta is projected to have a long-term increase in age-related expenditure exceeding considerably the EU average. A very low activity rate of older workers, including of older women; a relatively low exit age; and recourse to early retirement schemes add to the scope of the challenge (b) Malta still exhibits a low participation rate in its labour market for women and older workers. Malta is taking steps to bring women back into the labour force recognising the difficulties related to older women. However, the gender employment gap is particularly negative for women, primarily due to the lack of sufficient provision of affordable childcare and accessible after-school facilities, coupled with a low uptake of family-friendly measures such as flexitime and teleworking.

NL: (i) Take measures to increase the statutory retirement age, including linking it to life expectancy and underpin these with labour market measures (ii) Enhance participation in the labour market, particular of older people, women and people with disabilities and migrants, including by further reducing tax incentives for second-income earners, fostering labour market transitions, and addressing rigidities.

PL: (i) To reduce youth unemployment, increase availability of apprenticeships and work-based learning. (ii) Reinforce efforts to increase the labour market participation of women and raise enrolment rates of children in both early childcare and pre-school education by ensuring stable funding and investment in public infrastructure, provision of qualified staff and affordable access. Tackle entrenched practices of early retirement to increase exit ages from the labour market.

RO: Implement the measures agreed in the June 2012 Second Supplemental Memorandum of Understanding between the EU and Romania (paragraphs 37 to 39 of Annex 1: labour market).

SI: Take urgent steps to ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions, by: equalising the statutory retirement age for men and women; ensuring an increase in the effective retirement age, including through linking the statutory retirement age to life expectancy; reducing early retirement possibilities; and reviewing the indexation system for pensions. Increase the employment rate of older workers also by further developing active labour market policies and lifelong learning measures (ii) Adjust employment protection legislation as regards permanent contracts in order to reduce labour market segmentation, in consultation with social partners and in accordance with national practices. Further tackle the parallel labour market caused by student work.

SK: Enhance the administrative capacity of public employment services with a view to improving the targeting, design and evaluation of active labour market policies to ensure more individual employment services for the young, the long-term unemployment, older workers and women. Ensure the provision of childcare facilities. Reduce the tax wedge for low-paid workers and adapt the benefit system.

SE: Take further measures to improve the labour market participation of youth and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, facilitating the transition from school to work, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation

UK: Continue to improve the employability of young people, in particular those not in education, employment or training, including by using the Youth Contract. Ensure that apprenticeship schemes are taken up by more young people, have a sufficient focus on advanced and higher-level skills, and involve more small and medium-sized businesses. Take measures to reduce the high proportion of young people aged 18-24 with very poor basic skills.

3.3.9 Social inclusion and poverty

The thematic objective 'Promoting social inclusion and combating poverty' covers 7 sub-priorities:

1. Active inclusion with a view to improving employment opportunities (all countries, except EE). The focus is on integrated pathways combining various forms of employability measures (AT, DE, GR, IT, LT, LU, PT) such as individualised support (DE, DK, HU, MT, PL, SI), counselling and guidance (BE, FI, HU, IE, NL, SI), access to general and vocational education and training (AT, CY, DK, FI, FR, HU, IE, MT, NL, SE, SI, UK); as well as access to services, notably health and social services (AT, BE, CY, GR, HU, IT, LT, MT, RO, SK, UK) and child care (ES, UK). Contrasting with the CSF, less attention is given to modernisation of social protection systems (except for LT, SI).
2. Integration of marginalised communities such as the Roma (BG, CZ, ES, SK), i.e. integrated pathways and measures to eliminate the segregation of Roma and other marginalised communities from the labour market (BG), individualized services, counselling and inclusive education (CZ, SK).

3. Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation (BE).
4. Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest (CZ, EE, ES, HU, MT, LV, PL, PT, SI).
5. Promoting the social economy and social enterprises (DE, ES, GR, HU, IT).
6. Community-led local development strategies (ES, FI, LT, SE). Support for physical, and economic and social regeneration and development of deprived urban and rural communities and areas is also emphasised as a distinct sub-priority (AT, CY, CZ, DE, DK, FR, HU, HR, IE, MT, PL, SI, SK).
7. Finally, a sub-priority for social and health innovation is identified in some cases (BG, MT, PL, SE), i.e. to build innovative solutions to better respond to societal challenges (e.g. distance learning, microfinance initiatives for specific groups, health and social care, ageing, urban farming, waste reduction).

The number of sub-priorities identified for each country ranges from 1 (HR, NL, LU, UK, EE) to 5 (ES). While most Position Papers concentrate on 2-3 sub-priorities, they often subsume additional sub-priorities or objectives.

Country-specific recommendations for 2012 under the European semester process are identified in more than half of the Position Papers.

Box 16: Country-specific recommendations in 2012

None: BE, CZ, DK, FI, FR, GR, HR, LU, MT, PT, SI

AT: Take further steps to strengthen the national budgetary framework by aligning responsibilities across the federal, regional and local levels of government, in particular by implementing concrete reforms aimed at improving the organisation, financing and efficiency of healthcare and education.

BG: (i) Strengthen efforts to enhance the quality of public spending, particularly in the education and health sectors (ii) Take further steps to reduce risks to the sustainability and to improve adequacy of the pension system by making the statutory retirement age the same for men and women with full career contributions. Introduce stricter criteria and controls for the allocation of invalidity pensions (iii) To alleviate poverty, improve the effectiveness of social transfers and the access to quality social services for children and the elderly and implement the National Roma Integration Strategy

CY: Complete and implement the national healthcare system without delay, on the basis of a roadmap, which should ensure its financial sustainability while providing universal coverage.

DE: maintain appropriate activation and integration measures, in particular for the long-term unemployed

EE: (i) increasing flexibility in the allocation of disability, unemployment and parental benefits, while ensuring adequate social protection. Improve delivery of social services, while better targeting family and parental benefits and removing distortionary income tax exemptions related to children. Increase the participation of the young and the long-term unemployed in the labour market. (ii) Enhance fiscal sustainability of municipalities while improving efficiency

of local governments and ensure effective service provision, notably through stronger incentives for the merger of, or increased cooperation between, municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.

ES: Improve the employability of vulnerable groups, combined with effective child and family support services in order to improve the situation of people at risk of poverty and/or social exclusion, and consequently to achieve the well-being of children.

HU: Strengthen the activation element in the public work scheme through effective training and job search assistance. Implement the National Roma Integration Strategy, and mainstream it with other policies.

IE: In the Memorandum of Understanding, the Irish authorities commit to the enhancement of activation services and the focus on retraining of the unemployed to reduce the risk of long-term unemployment.

IT: Promoting employment and supporting labour mobility" also apply adjusted to the needs of the most vulnerable groups.

LT: (i) Adopt legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, establish clear rules for the indexation of pensions, and improve complementary savings schemes. Underpin pension reform with active ageing measures (ii) Increase work incentives and strengthen the links between the social assistance reform and activation measures, in particular for the most vulnerable, to reduce poverty and social exclusion.

LV: Tackle high rates of poverty and social exclusion by reforming the social assistance system to make it more efficient, while better protecting the poor. Ensure better targeting and increase incentives to work.

NL: Enhance participation in the labour market, particular of older people, women and people with disabilities and migrants, including by further reducing tax incentives for second-income earners, fostering labour market transitions, and addressing rigidities.

PL: To combat labour market segmentation and in-work poverty. CSRs for thematic objective "Promoting employment and labour mobility" also apply adjusted to the needs of the most vulnerable group.

SK: Take active measures to improve access to and quality of schooling and pre-school education of vulnerable groups, including Roma. Ensure labour market reintegration of adults through activation measures and targeted employment services, second- chance education and short-cycle vocational training.

SE: Take further measures to improve the labour market participation of youth and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, facilitating the transition from school to work, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.

UK: Step up measures to facilitate the labour market integration of people from jobless households. Ensure that planned welfare reforms do not translate into increased child poverty. Fully implement measures to facilitate access to childcare services

To improve the governance and delivery of the sub-priorities and specific objectives, recommendations are provided for a limited number of countries.

Box 17: Improving governance and delivery

Strategy

- A strategic approach should be ensured (HR, SI)
- Reforms should be implemented, not just a strategy in place. Improve the physical health infrastructure with a view to providing high-quality healthcare. However, EU co-financing to health infrastructure measures should be an integrated part of a national health reform strategy. In the event that no such strategy is in place, health infrastructure investments with ESI Funds are not a priority, as sound financial management could be compromised (BG)
- Improve the governance of the social protection system; develop active inclusion policies that rely on adequate income support, an inclusive labour market and access to quality health and social services (HU)
- Reinforce the National Social Inclusion Strategy by aligning mainstream policies to its goal setting; revise the Action Plan for upcoming years in a comprehensive way; launch the monitoring system of the strategy without delay (HU)
- Improve the supportive environment for social economy by creating an integrated strategic policy framework for promoting social economy and social entrepreneurship (HU)
- Establish the implementation plan for national healthcare reform; investments in the health sector should be preceded by a thorough evaluation (including forward-looking monitoring provisions) of the results, efficiency and sustainability of the measures financed during the 2007-2013 period (HU)
- Resolve the problem of "home centres" to comply with the UN Convention requirements. Use local potential (e.g. LEADER Local Action Groups) to develop Community-led Local initiatives (HU)
- Recommendations of the World Bank research and outcomes of the dialogue with the Commission should be taken into account regarding improvement of the social assistance system (LV)
- Expertise from non-governmental organisations (NGOs) should be used when designing and implementing social integration measures (LV)
- Funding should be delivered through efficient programming which includes reforms and systemic measures to support a comprehensive approach and through a strong and dedicated institutional set-up (PL, RO, SK)
- Investments in health infrastructure should only be realised within a strong health policy framework and be embedded in a system of provision of health services. Support should be allocated on the basis of well-defined territorial challenges and actual needs taking into account declining demographic trends and striving to find the right balance between efficiency of the system and accessibility of services. Financial sustainability of investments should be given due attention, while taking into account the affordability of services (PL).

Strategic coordination

- Integrated urban programs conducted during the period 2007-2013 can be a solid foundation for the physical and economic regeneration of deprived urban and rural communities through the new integrated territorial investment instrument. For this purpose, coordination is needed between the ERDF and ESF (FR)

Targeting

- The highest possible job efficiency of measures should be ensured (IT, MT, PL, SK)
- The participation of vulnerable groups such as Roma, beneficiaries of international protection, to ESI actions and measures should be increased through targeted

information actions. It should also be encouraged through the setting of specific priorities and selection criteria (IT)

- ESI Funds should react flexibly to respond to particular needs and conditions of vulnerable persons to counteract any kind of discrimination on the labour market (IT, MT, PL, SK)
- Investment in adaptation of infrastructure to particular needs of disabled persons to enable their participation in education and labour market should be ensured (MT, PL)
- Support other complementary policies to reduce the risk of relative poverty among groups for whom labour market inclusion is not an effective or realistic option (UK)
- Only measures supporting the transition from institutional to community-based care should be financed (LT)
- Support to the most vulnerable groups should be also provided when they are in a job in order to avoid rotation between low quality jobs and unemployment/inactivity (LV)
- Infrastructure support for provision of social services should prioritise measures related to labour market activation with special attention to marginalised groups and those at risk of poverty (PL)
- A limited number of the most relevant actors for different fields of intervention should be determined (SI)
- Actions should be targeted to specific vulnerable groups to ensure their participation in the programmes (SI)
- More programmes should target individuals (job-seekers, inactive, employees) directly and not only employers (SI)

Financing

- The necessary resources should be allocated in order to improve the socio-economic situation of the Roma community enabling the implementation of measures provided for in the National action plan/strategy for Roma integration (LT)
- Sustainability of community based care should be ensured (LV)

Policy domain issues

- As part of the active inclusion of people far removed from the labour market, it may be desirable to use the funds for complementary actions prior to their integration into the labour market (FR)
- The governance and quality of inclusion measure should be improved (FR)
- Greater emphasis and financial allocation to social inclusion, with particular attention to appropriately targeted approaches, taking into account also differences between rural and urban areas (PT)
- Support should be provided to improve health care and social services of general interest, particularly regarding elderly and children in order to enhance access to affordable, sustainable and high-quality services. A special attention should be given to the enlargement of some care facilities, which is also a key sector for job creation given the ageing in population (PT)
- Invest in measures that reduce early school leaving and increase the education level in general, including training and life-long learning participation of adult population with lower qualifications and those unemployed. Investment must be also targeted at increasing the effectiveness of other active labour market policies targeted at younger and older people as well as other vulnerable groups (PT)
- Financial concentration on business support, contributing to long-term success of social economy and social enterprises. The investment in this priority could also contribute to supporting adequate social responses for the most at-risk groups and to intensify local development (PT)
- The relevant ESI funds should cooperate in the area of social inclusion by financing care services, social economy, intercultural dialogue, community-led projects and local development projects (including in rural areas) (PT)
- Effective support for the integration of the marginalized Roma communities requires strengthening the capacity of the Plenipotentiary Office and of the concerned municipalities and local communities (SK)

Monitoring and evaluation

- Programmes should be results-oriented, with defined target groups and proper management and sufficient administrative capacity (HR)
- Future investments should demonstrate financial sustainability while taking into account the affordability of services in the framework of a comprehensive needs analysis. New investments in infrastructure should be justified by comprehensive needs assessment (IT)
- An EU- Statistics on Income and Living Conditions (SILC) booster-sample will improve the evidence-based policy making for the MRC (SK)
- Improve the governance of the system and the quality of support by promoting stakeholders' participation and by ensuring a fully operational monitoring and evaluation system for active inclusion policies (GR)

Territorial dimension

Integrated and coordinated intervention of ESI funds (ITI, Community-led Local Development, etc.) have to be put in place to reduce territorial and social inequalities, in particular concentrating interventions in the least-developed micro-regions (HU)

3.3.10 Education, skills and lifelong learning

Investments in education, skills and life-long learning should address the three sub-priorities identified in the Regulations and a range of specific objectives.

1. Preventing and reducing early school-leaving; promoting equal access to good-quality early-childhood, primary and secondary education (AT, BE, CZ, BG, DE, DK, ES, FI, GR, IE, IT, LT, LU, MT, PT, RO), including prevention, early intervention and compensation (BE, BG, DE, DK, EE, ES, GR, HU, IT, LT, LU, LV, MT, PT, RO).
2. Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels (AT, CZ, EE, HR, HU, IT, LT, LU, MT, PL, PT, SK, RO). The focus should be on adapting higher education to labour market needs (BG, HR, HU, IT, PL, PT, RO), including partnerships between higher education, research and business sectors (EE, HR, MT, LU, LV, PT) and extending practical work experience / apprenticeships (BG, LU, LV, PL); increasing the quality of staff and teaching (BG, EE, HU, MT, PL, PT); and improving career guidance and counselling services (IT, MT, PT). Increasing participation and attainment rates among under-represented groups is emphasised in some countries (AT, IT, HR, HU, LT, PT), including a special focus on rural areas (RO)
3. Enhancing access to lifelong learning, upgrading the skills and competences of the workforce, including apprentices, and increasing the labour market relevance of education and training systems (AT, BE, BG, CY, ES, FI, FR, GR, HR, IT, LT, LV, MT, PL, PT, SE, SI, SK, UK), including in the agriculture, fisheries and aquaculture sectors (CY, DK, ES, IE, LT, MT, PL, SE, UK). Among the most common specific objectives and measures are:

- Targeted support for up/re-skilling (CY, ES, FI, FR, HU, IT, MT, PT, SK, UK) notably older-aged and/or younger age groups (FI, HR, IT, MT, PL, SE, SI), unemployed (CY, SI); areas, i.e. rural areas (CY, FR); and sectors, with high growth and job potential (BE, BG, CY, ES, IT);
- supporting skills matching at all levels, including public-private collaboration (AT, CY, ES, GR, SI, UK) and apprenticeship/trainee programmes attuned to needs of labour market (BE, MT, SI);
- reducing territorial disparities and fostering non-segregated education (AT, BG, GR)
- upgrading the quality of adult education systems (IT) and VET (GR, HU, SI, SK) in line with the quality assurance frameworks (MT, PL)
- implementing accreditation systems (BE, ES, IT) and integrated systems of lifelong guidance (CY);
- promoting flexible modes of delivery (LV), including online learning resources (BG, IT);
- improving competences of VET teachers (MT, LV, PL, SK)
- updating and modernising education and training infrastructure (GR, LV, PL, RO), especially non-segregating school infrastructure (BG, HU)

The number of proposed sub-priorities varies from 1 (DE, SK) to 4-5 (HU, LV, ET) with most having between 2-3 sub-priorities. However, there are variations in the structure of sub-priorities across Member States, mainly to distinguish the contribution by different Funds. For instance, in some cases support for education and training infrastructure (mainly funded by the ERDF) is identified as a distinct sub-priority, but in others it is subsumed under the above sub-priorities.

The key recommendations relating the governance and delivery of the sub-priorities and specific objectives are listed below

Box 18: Improving governance and delivery

None: AT, BE, CY, DE, ES, FR, GR

Strategy

- Investment in education infrastructure should build on a comprehensive strategy for education system development (LV, PL, RO)
- Prepare a national strategic policy framework to increase tertiary education (HU)
- Prepare a national strategy on early-school leaving (HU)
- Define a strategic policy framework for lifelong learning and skills development (HU)
- A strategic approach should be ensured (SI), including results-oriented programming including defined target groups, proper management and sufficient administrative capacity (HR)

Synergies

- Complementary and integrated investment in vocational training and LLL infrastructure (MT, PL)
- Pursue synergies between research and agricultural sectors (MT)
- Explore opportunities to coordinate the ESI Funds, e.g. in supporting business involvement in vocational education and training (UK)

Targeting

- skills acquisition and policies and guidance should better meet the needs disadvantaged groups (older job seekers, migrants and workers from disadvantaged backgrounds, disabled) (FR, SI)
- Highest possible job efficiency of measures should be ensured (IT, SK)
- Priority to combatting early-school leaving and fostering the integration of disadvantaged groups (HU)
- A limited number of actors for relevant fields should be determined (SI)

Legal/policy frameworks

- Reforms to general and tertiary education (BG)
- Adopt necessary change to law on Pre-School Child Institutions (EE)
- Investments in secondary education restructuring needs to be preceded by an agreement on the main principles of the reform (EE)

Policy domain issues

- Align with the European reference framework for quality assurance in education and training (FR, LU, LV)
- Facilitate educational trips, including use of European transfer credits for education and professional training (FR)
- Improve and the quality and attractiveness of vocational education training systems (BG, PT)
- VET should provide vocational competences and broader key competences, targeted at disadvantaged groups and involve partnership among education and labour market institutions (LV)
- The career guidance system should be independent, impartial and in the best interests of the students, and involve cooperation between education and labour market institutions (LV)
- Investment in adaptation of infrastructure to particular needs of disabled people (SK)

Governance

- Funds should react flexibly to respond to particular needs and conditions of vulnerable groups (IT, SK)

Monitoring & evaluation

- New investment in infrastructure should be accompanied by comprehensive needs assessment (IT, RO) including evaluation of results of past investments (LV)
- Develop system to analyse and address the reasons leading to high incidence of early school leaving (MT)

Country-specific recommendations for 2012 under the European semester process are identified for three quarters of the Member States.

Box 19: Country-specific recommendations in 2012

None: GR, HR, IE, MT, PT, RO, SE, SK

AT: Continue to implement measures to improve educational outcomes, especially of disadvantaged young people. Take measures to reduce drop-outs from higher education.

BE: Take advantage of the planned further regionalisation of labour market competencies to [...] strengthen the coherence between education, life-long learning, vocational training and

employment policies.

BG: (i) strengthen efforts to enhance the quality of public spending, particularly in the education and health sectors (ii) speed up the reform of relevant legal acts on schools and higher education and of accompanying measures by focusing on modernising curricula, improving teacher training, and ensuring effective access to education for disadvantaged groups.

CY: Improve the skills of the workforce to reinforce their occupational mobility towards activities of high growth and high value added. Take further measures to address youth unemployment, with emphasis on work placements in companies and promotion of self-employment. Take appropriate policy measures on the demand side to stimulate business innovation.

CZ: Adopt the necessary legislation to establish a transparent and clearly defined system for quality evaluation of higher education and research institutions. Ensure that funding is sustainable and linked to the outcome of the quality assessment. Establish an improvement-oriented evaluation framework in compulsory education.

DE: Take measures to raise the educational achievement of disadvantaged groups, in particular through ensuring equal opportunities in the education and training system.

DK: Implement announced measures, without delay, to improve the cost-effectiveness of the education system, reduce drop-out rates, in particular within vocational education, and increase the number of apprenticeships.

EE: (i) Link training and education more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Increase opportunities for low-skilled workers to improve their access to lifelong learning. Foster prioritisation and internationalisation of the research and innovation systems (ii) Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of, or increased cooperation between, municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.

ES: Review spending priorities and reallocate funds to support access to finance for small and medium-sized enterprises (SMEs), research, innovation and young people. Implement the Youth Action Plan, in particular as regards the quality and labour market relevance of vocational training and education, and reinforce efforts to reduce early school-leaving and increase participation in vocational education and training through prevention, intervention and compensation measures.

FI: Implement the on-going measures to improve the labour market position of young people and the long-term unemployed, with a particular focus on skills development. Take further steps to improve the employment rate of older workers, including by reducing early exit pathways. Take measures to increase the effective retirement age taking into account the improved life expectancy.

FR: adopt measures to increase adult participation in lifelong learning.

HU: Prepare and implement a national strategy on early school-leaving by ensuring adequate financing. Ensure that the implementation of the higher education reform improves access to education for disadvantaged groups.

IT: Take further action to address youth unemployment, including by improving the labour market relevance of education and facilitating transition to work, also through incentives for business start-ups and for hiring employees. Enforce nation-wide recognition of skills and qualifications to promote labour mobility. Take measures to reduce tertiary-education dropout rates and fight early school leaving.

LT: Tackle high unemployment, in particular among youth, low-skilled and long-term unemployed, by focusing resources on active labour market policies while improving their efficiency. Enhance the effectiveness of apprenticeship schemes. Amend the labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements.

LV: Take measures to reduce long-term and youth unemployment by fighting early school leaving, promoting more efficient vocational education and training and its apprenticeship component, enhancing the quality, coverage and effectiveness of active labour market policy and its training component and through an effective wage subsidy scheme.

Continue reforms in higher education, inter alia, by implementing a new financing model that rewards quality, strengthens links with market needs and research institutions, and avoids fragmentation of budget resources. Design and implement an effective research and innovation policy encouraging companies to innovate, including via tax incentives, upgrading infrastructure and rationalising research institutions.

MT: Take steps to reduce the high rate of early school leaving. Pursue policy efforts in the education system to match the skills required by the labour market. Enhance the provision and affordability of more childcare and out-of-school centres, with the aim of reducing the gender employment gap.

PL: increase the availability of apprenticeships and work-based learning. Improve the quality of vocational training and adopt the proposed lifelong learning strategy. Better match education outcomes with the needs of the labour market and improve the quality of teaching.

SI: Improve the matching of skills with labour market demand, particularly of low-skilled workers and tertiary graduates, and continue reforms of vocational education and training.

UK: Continue to improve the employability of young people, in particular those not in education, employment or training, including by using the Youth Contract. Ensure that apprenticeship schemes are taken up by more young people, have a sufficient focus on advanced and higher-level skills, and involve more small and medium-sized businesses. Take measures to reduce the high proportion of young people aged 18-24 with very poor basic skills.

3.3.11 Institutional capacity

For those countries where institutional capacity is identified as a thematic objective, the main focus should be on developing the efficiency of public administrations and public services with a view to reforms, better regulation and good governance. The key investment sub-priorities are:

1. reforms to ensure better legislation, synergies between policies and effective management of public policies, and transparency, integrity and accountability in public administration and spending of public funds:
 - strengthen the capacity to formulate policy and to make use of regulatory tools, particularly to strengthen the business environment and alleviate barriers to business (BG, EE, GR, IT, HU, LT, PL, RO), i.e. impact assessment, involvement of stakeholders, administrative simplification, e-government and use of ICT to support regulatory reform;
 - increase capacity of local governments to provide high-quality services (BG) and create incentives for local government cooperation (EE);
 - improve the functioning of the judicial system and/or anti-corruption strategies (BG, CZ, GR, HR, HU, IT, LT, PL, PT, RO, SI);

- improve the efficiency of the tax system (CZ, GR) and customs administration (GR, IT), including cross-border capacity-building (LT, PL);
 - strengthen the performance management and strategic planning systems of the public administration (LT);
 - develop data collection and data sharing systems (IT), i.e. for the justice system (LV) and maritime sectors (BG, RO); and
 - improve the system of transposition, implementation and enforcement of EU Directives, especially in the environment domain (PL), and improve preparation and implementation of public procurement (GR, SI)
2. Develop effective human resources strategies for the public administration (CZ, FR, HR, LT, RO)
 3. Enhance capacity of stakeholders delivering social, employment and education policies and territorial pacts (BG, FR, HR, IT, PL, PT, SI)

Box 20: Improving governance and delivery

Strategy

- Carry out a detailed process and human resources analysis for the entire PA implementation structure (CZ)
- Develop a credible action plan for the Public Management Development Programme (LT)
- Establish an e-Government plan and fully exploit the potential of e-government in the field of human resource strategies (HU)

Strategic plans / synergies

- E-government measures should contribute to the development of the Digital Single Market (BG)
- The EU's Digital Agenda for Europe and the e-Government Action Plan 2011-2015 should be the guides for electronic public services (LT)

Targeting

- A limited number of the most relevant actors for the different fields of intervention should be determined (SI)
- Concentrate on efforts on developing the quality and accessibility of electronic public services (LT)
- Separate technical assistance interventions, which focus on structural funds delivery only, from institutional capacity ones, whose goals is much wider, to ensure that institutional capacity resources are not diverted (IT)

Financing

- Provide adequate funding to this investment priority (BG, PT, RO) and for capacity-building for social partners, NGOs and other stakeholders (PT, RO)

Instruments

- Support the allocation of adequate human resources for the most sensitive areas in the implementation of ESI programmes, and the reinforcement of career development and training capacities of public staff (HU).
- Support should go beyond training to include expertise, international exchange of information, consultancy etc. (BG, PT, RO)

- Only fund measures that are part of the strategic reform in the public administration (LV)

Legal frameworks

- Implement the national anti-corruption strategy (CZ)
- Implement the Public Servants Act (CZ)
- Implement the Public Procurement Act (CZ)
- Introduce structural reform to provide better services at local level before SF allocations (EE)

Institutional fragmentation

- Provide incentives for merger or increased cooperation between local authorities (EE)

EU law

- Transpose and correctly apply Environmental Impact Assessment Public (CZ)

Territorial dimension

- Invest in cross-border e-Government, including synergies with the CEF (LV)

Country-specific recommendations for 2012 under the European semester process are identified for 5 of the fifteen Member States with a thematic objective for institutional capacity (BG, CZ, EE, HU, SI).

Box 21: Country-specific recommendations in 2012

None: FR, GR, HR, HU, LT, LV, PL, PT, RO, SK

BG: (i) implement a comprehensive tax-compliance strategy to further improve tax revenue and address the shadow economy (ii) step up efforts to enhance administrative capacity and reforms by reducing red tape and the cost of tax compliance and collection, and further improving the absorption of EU Funds, in particular in road and rail transport and water management. Improve the quality and independence of the judicial system and speed up the introduction of e-government. Strengthen public administrative capacity in key transport sectors and regulatory authorities (iii) ensure sound implementation of public procurement legislation. Strengthen the prevention of irregularities and effectively apply the sanctions under the Public Procurement Law and those of the Law on Conflict of Interest.

CZ: Adopt and implement as a matter of urgency the Public Servants Act to promote the stability and effectiveness of public administration and avoid irregularities. Ensure adequate implementation of the new Public Procurement Act. Address the issue of anonymous shareholding. Ensure correct implementation of EU funds and step up the fight against corruption.

EE: (i) Continue enhancing the efficiency of public spending (ii) Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of, or increased cooperation between, municipalities.

HU: Relevant reform proposals should be put in place within a reasonable timeframe. Implement measures envisaged to reduce the administrative burden

SI: Take further steps to strengthen market opening and speed up the reorganisation of professional services. Improve the business environment through: (i) implementing the reform of the Competition Protection Office, (ii) establishing a framework for state-owned enterprises guaranteeing arms-length management and high standards of corporate governance, and (iii) improving bankruptcy procedures, in particular in terms of timeliness and efficiency.

4. EFFECTIVE PROGRAMMING AND DELIVERY

4.1 Ex-ante conditionalities

Ex-ante conditionality is a key mechanism to ensure that an appropriate policy, legal and administrative framework underpins the investments made by the ESI Funds thereby contributing to their effectiveness. The conditionalities and key criteria are defined in an Annex to the General Regulation, all of which need to be fulfilled by the approval of the Partnership Agreements or a deadline agreed with the Commission (31 December 2016 at the latest). Based on current experiences, the Commission Services have identified a range of 'critical' conditionalities for the Member States, mainly relating to strategic policy frameworks, the implementation of EU acquis and legislation.

- **Research and Innovation.** The key conditionality is the existence of national and/or strategies for smart specialisation (AT, BG, DK, EE, ES, FI, GR, HR, HU, IE, LV, LU, NL, PL, PT, RO, SI, SK, UK), including:
 - an ICT chapter on digital growth and, in some cases, a next generation access national (NGA) plan (BG, CZ, GR, HR, HU, IT, LV, MT, PL, PT);
 - outline of measures to simulate private sector, costings, budgets and clarification of short and long-term needs (GR);
 - indicative time-frame and success criteria (IE);
 - effective coordination and cooperation between regions in development and implementation of the regional strategies (DE);
 - exploring the opportunities of having strategies at devolved administration level along with a national strategy that provides an overview and highlights actions to be taken at national level (UK)
 - involving support from the Commission's S3 platform in developing the strategy if necessary (ES)
 - reflections on the Baltic Sea context (FI, LT);
- **SME Competitiveness.** Actions for effective implementation of the Small Business Act are highlighted in several papers (BG, CZ, ES, GR, HU, IT, MT, PL, PT)
- **Transport.** A comprehensive and coordinated national transport plan is the key conditionality (BG, CZ, EE, HR, HU, IT, LT, LV, MT, PL, PT, RO, SI, SK)
- **Environmental protection and climate change.** It is necessary to ensure effective implementation of EU environmental acquis in the sectors of waste management, water management and environmental impact assessment (CZ, FR OMRs, GR, HR, HU, IT, LV, MT, PL, PT, SI, SK). The adoption of a pricing policy for the use of water resources is emphasised in two cases (ES, GR) as is timely compliance with the

relevant Water Framework directive (IT, PT) including adoption of river basin management plans (ES).

- Ensure effective implementation of EU acquis on **energy efficiency and renewables** (HR, IT, PL, MT, PT, SK). Other conditions include:
 - measures for the effective implementation of the National Energy Efficiency Action Plan and the National Renewable Energy Action Plan (HU);
 - advisory capacity to ensure guidance on requirements linked to sustainable management and climate action in agriculture and forestry (BG, IT);
 - increase clarity in the definition of Good Agricultural and Environmental Conditions (IT);
 - a national strategy on climate change, including action plans to underpin investments (IT);
 - national or regional strategies for risk assessment of natural disasters taking into account climate change adaptation (MT, PT).

- **Employment.** The main conditionalities are the design and delivery of active labour market policies in line with Employment Guidelines (GR, IE, HR, HU, MT, PT, SK); and the modernisation and strengthening of labour market institutions (ES, GR, HR, PT, RO, SK), especially public employment services (ES, FR). Further country-specific conditionalities include:
 - a comprehensive strategy for inclusive start-up support should be in place in accordance with the Small Business Act, Employment guidelines and the Broad Economic Guidelines (GR);
 - Policies favouring anticipation and good management of change and restructuring at all levels (MT, PT);
 - complete and implement a national system for validating and recognising skills and qualifications (IT);
 - active ageing policies designed and delivered in accordance with the Employment Guidelines and Council recommendations (AT, SI)

- **Education.** The main strategic conditionalities are to develop national or regional strategies for increasing tertiary education attainment, quality and efficiency (AT, BG, CZ, HU, MT, PL, SK); and a strategic policy framework to reduce early school leaving (BG, GR, HU, IT, MT, PT, RO), including clear, concrete and measurable targets and a strategy for the most disadvantaged addressing territorial inequalities (GR). The existence of a national or regional policy framework for lifelong learning in line with EU policy guidance is highlighted in three papers (MT, PT, SK)

- **Inclusion and poverty reduction.** The main conditionality is the development and implementation of a national strategy for poverty reduction (DE, GR, HU, LV, MT, NL, PL, RO, SI). A national ROMA inclusion strategy should be in place (GR), including a strong monitoring system to evaluate and review actions (HU). A national or regional strategy for health is a key condition in some cases (GR, MT, RO). Ensuring effective coordination and balance between the pillars of inclusive labour markets, access to services and adequate income, is highlighted in Spain.
- **Public Administration.** Existence of a strategic policy framework for administrative efficiency including public administration reform (BU, CZ, GR, HU, LV, PL, RO, SI, SK), with particular attention to the capacity of bodies involved in ESI Funds (IT).
- **Fisheries.** Sufficient administrative capacity should be in place for data collection for fisheries management and the implementation of a control, inspection and enforcement system (AT, BE, BG, CZ, DE, DK, EE, ES, FI, FR, GR, HR, HU, IE, IT, LT, MT, NL, PL, PT, RO, SE, SI, SK, UK). A multi-annual national strategic plan for aquaculture has also to be drawn up (AT, BU, CZ, DE, DK, EE, ES, FI, FR, GR, HR, IE, IT, LV, MT, NL, PT, RO, SE, SI, SK, UK).
- **Agriculture & Rural Development.** Create or reinforce agricultural advisory services linked with sustainable management and climate action (IT, RO). Develop a functional cadastre system covering the territory of the country and an agricultural strategy with priorities per sector (RO). Define appropriate and congruent selection criteria for the implementation of the rural development policy (DE, SI)
- **Public procurement rules.** Arrangements and capacity for effective application of EU public procurement law (BG, CZ, FR OMRs, LU, PL, RO, SI).
- **State Aid rules.** Strengthen the capacity on state aid (CZ, MT, FR OMRs, HR, HU, LU, PL), including sufficient budget and qualified staff (BE, GR, IT, MT, SK) and ensuring that central coordinators are consulted on the design of state aid measures and that their opinions are take into account (BE, IT, MT, SK). A central state aid registry (BE, GR, IT, MT) or an appropriate recording system is needed to ensure compliance with state aid rules (SI, SK), particularly to avoid accumulation (RO).

Additional general conditionalities specified in the Croatian paper are

- **Administrative capacity.** The existence of a strategy for reinforcing administrative efficiency including public administration reform, and appropriate tendering capacity, templates and procedures.
- **Monitoring.** The existence of appropriate statistical systems and result indicators.

4.2 Added value

All of the Position Papers include general statements about the importance of increasing the added value of expenditure, particularly to contribute to Europe 2020 objectives. The need for more innovative approaches and concentration to achieve critical mass is frequently highlighted. Additionally, greater use of financial instruments is encouraged to provide more flexible and sustainable forms of financing, attract private sector investment and improving access to financing for beneficiaries.

Certain types of infrastructure expenditure are considered to be of questionable added value in some countries, mainly in the domains of: ICT; environment and transport; sport, culture and tourism; social, health and education.

- **Information Communication Technology.** Large networks of ICT infrastructure should not be financed by the ERDF in Luxembourg, while in France a justification is required (with the exception of connections between public and private users with major networks). Similarly, Portugal should reassess and rigorously justify investment in broadband infrastructure.
- **Environment.** Environmental infrastructure for water and waste should not be financed by the ERDF in Luxembourg, while France is required to justify such support. In Spain, water infrastructure should be limited because some types of existing investment remain under-utilised (e.g. desalinations plans) and the emphasis should be on reducing water demand. The rehabilitation of illegal landfills would not be co-funded by the Commission in Greece, where the focus should be on the construction of integrated solid waste management projects.
- **Transport.** Investments in local roads are only justifiable when contributing to physical, economic and social regeneration of deprived urban/rural communities (CZ, GR, HR, HU, PL, SK); providing link to motorway and expressway network and filling gaps in cross-border links (BU, CZ, GR, HR, PL); addressing a specific need in the agriculture or forestry sectors (HR); necessary for supporting connectivity in remote areas (GR); promoting sustainable urban mobility to reduce emissions of greenhouse gases (FR, LU). In Spain, some transport infrastructures should not be funded since the actual supply may in general be sufficient and because of the high-resource intensity involved. Further, co-financing of already or almost finished projects should be excluded. In Italy, support should not be used for local, regional or national road or highway infrastructure as the transport mix is already much too strongly skewed towards road transport (IT). Similarly, Portugal should reassess and rigorously justify investment in road infrastructure.
- **Sport, culture, tourism.** Sports/cultural/tourist/promotional/entertainment events should not be financed by ERDF due to low added value (IT). Investments in sport, culture and tourism require rigorous justification even if technically eligible (LT).
 - Support to **sport infrastructure** should not be financed from ERDF due to low European value added (PL). Other Position Papers require a

reassessment or justification of investment in sport infrastructure (CZ, PT, SI). In Latvia, support for sport infrastructure should be avoided unless linked to education infrastructure or high European added value can be demonstrated.

- Investment in **cultural heritage** in Latvia should be aimed at developing the 'creative sector', with a strong focus on RTD&I and innovative entrepreneurship in cultural and creative industries, and major cultural infrastructures (theatres, museums) only within the framework of integrated urban regeneration projects.
- Commercial **tourism** facilities (such as hotels, leisure and spa facilities) should be financed by private funds instead (CZ, HU, SK). However, basic public tourism infrastructure, information, cross-border co-operation, small scale facilities, agri-tourism represent potentially justifiable investment in some areas, for example as a means of diversification and unlocking the economic potential of rural areas (CZ, HU, SK).
- **Social, health and education.** The need for further EU-funded investments in social, health and education infrastructure should be re-assessed in Lithuania. In other countries restrictions are noted on health or education infrastructure:
 - Investment in **education** infrastructure, including IT equipment, should be reassessed and rigorously justified (PT). Justification required for support to general education infrastructure, unless targeted to achieve EU objectives on primary, VET and LLL education (CZ, SK).
 - **Health** infrastructure should only be funded as part of a poverty reduction strategy (SK). Justification required for construction of new and extension of existing hospitals (CZ). Investment in the health care sector will not be funded in the absence of a national strategic policy framework (BU)
- **Business parks / zones.** Due to poor impact of such types of investments of pre-accession funds in Croatia, the funding of business zones should not be financed from ERDF unless an obvious contribution to economic growth in line with specialisation strategies can be proven.

4.3 Programme architecture

The Commission underlines that the balance of programme funding, the number of programmes and the most suitable architecture will be developed in partnership with stakeholders and with the Commission in negotiations in most papers. Beyond an invitation to explore the options available under the new regulations, specific recommendations are not made to a number of countries, (AT, BG, CY, DK, FI, GR IR, LT, LV). In some cases, a thorough analysis of existing managing structures is necessary to inform the architecture of programmes (CZ, SE, SK) or the balance of funding between the national and regional level (PL). More direct recommendations on the overall number of programmes have been made to

Spain and Portugal, where the Commission has asked for a reduction. While comments are not provided on financial allocations in most cases, a recommendation to Germany is to distribute the funds on the basis of need not historical trends.

A range of other issues raised relate to specific types of programmes or Funds.

- **Regional programmes.** A continuation of the current number of regional programmes is proposed in several cases (BE, NL, PL, PT), including a strengthened strategic framework for cooperation between regions (NL, PL). In Germany, experience suggests difficulties for state-cities to manage separate regional development programmes but there is scope for joint programmes across regions. A common structure of ROP priorities is recommended for the Netherlands in line with the present arrangements.
- **National programmes.** NOPs should avoid a sectoral approach (CZ, PT) and may be used for groups of regions underpinned by a regional dimension (ES). Municipalities and/or districts need to be better taken into account in Bulgaria's future national programme for regional development. While Portugal is expected to limit the number of NOPs, Poland is encouraged to increase the number of programmes and to structure them according to distinct themes (i) environment, climate change and energy (ii) transport (iii) R&I (iv) and information society. An increase the share of funding allocated to centrally-managed OPs is recommended in Italy.
- **Technical Assistance.** A separate and small TA NOP should focus on monitoring, evaluation and the performance framework in Poland. By contrast, Spain is encouraged to discontinue the ERDF NOP TA due to its limited added value.
- **European Social Fund.** Continue with 1 NOP ESF (FR, LU) or the current mix of national/regional OPs (PT). In the case of the UK, the COM considers that the ESF NOP has been more effective than regionalised management in the past. By contrast, in Belgium the added value of a separate national ESF OP focussed on vulnerable groups should be re-evaluated as these actions could be integrated in the regional OPs without precluding the existence of a separate NOP covering a different policy area. While the development of JAPs within programmes is encouraged the ESF management structure is seen as a preferable model in Netherlands.
- **Rural development.** The option to draw up thematic sub-programmes within a rural development programme is noted in most Position Papers. Regional programming is likely to be maintained in Italy requiring stronger coordination at national level, while Spain is urged to 'review' the architecture of seventeen ROPs, and the 'objectives' and 'funding' for the NOP Rural Network. In Germany, a separate programme should be continued for the national rural development framework with a 'sufficient' budget.
- **European Maritime and Fisheries Fund.** A single EMFF NOP is required, but the Commission notes that this could be structured along regional lines to match needs or administrative and political set-ups (DE, ES, FR, IT, NL, PL, PT).

4.4 Coordination, complementarity and synergies (incl. ITI, SUD, CLLD)

The Commission encourages all Member States to pursue coordination among ESI Funds and with other EU policies, i.e. Horizon 2020, Erasmus for All, COSME, EIT KICS, LIFE programme etc. Nevertheless, there is limited if any guidance on how the coordination of ESI Funds with other EU Funds should be done. Instead, the main focus is on coordination across the ESI Funds, managing bodies and on the integrated approach to territorial development.

The need for greater **strategic coordination** is emphasised through various mechanisms and structures.

- In Belgium, the Commission suggests creating a coordination/discussion mechanism at the supra-regional level to enhance coordination across funds and national/regional funding mechanisms.
- The creation of a forum for discussion between managing authorities on horizontal and strategic issues is encouraged in the Czech Republic.
- A joint inter-ministerial monitoring committee should be considered in Bulgaria to improve coordination of management, and the directorates for coordination should be more proactive transferring best management practice.
- Hungary should set up coordination mechanisms and fora between the Managing Authorities of different OPs to develop common approaches on horizontal and strategic issues relating to the Partnership Agreement and exchange views with the Commission (in addition to Annual Review Meetings).
- Romania is encouraged to improve the cooperation between managing authorities and the sectoral directorates of line ministries to better mainstream national policies in managing authority financing strategies and mechanisms. It also urged to extend the role of the central coordination body to other Funds (EAFRD and EMFF) and objectives (ETC and macro-regional strategies).
- Austria is encouraged to explore the option of joint monitoring committees for different Funds.

Institutional coordination recommendations have a stronger vertical or top-down logic in other instances. For instance, Italy, Latvia and Poland should develop strong coordination centre to improve 'enforcement' of the development strategy including 'binding strategic documents' and the development of 'in-house policy expertise' for managing authorities. In a similar vein, the Managing Authorities in Croatia, Slovenia and Romania should be empowered to ensure stronger coordination of Intermediate Bodies, beneficiaries and project selection. The MA of Hungary also needs to fully play its role in the selection of operations based on clearly-defined and result-oriented selection criteria.

A new voluntary provision for the next period is **integrated programming** through the voluntary provisions for setting up multi-fund (ERDF-ESF) programmes. The Commission

notes in many papers that this option could be explored but does not take a firm stance on the issue. By contrast, for Luxembourg the Commission expresses a preference for two mono-fund ERDF and ESF programmes, justified by the country's small size. Another way to coordinate the funds is through the joint planning of project calls. For instance, the Commission suggest issuing joint calls by different Funds on those topics where synergies could be achieved (Slovenia, Spain).

The need for **greater integration in specific policy domains** is highlighted in various papers, notably across thematic objectives to maximise synergies. There are also calls for better links with spatial planning in supporting infrastructure in agrarian regions (Belgium).

Finally, the **integrated approach to territorial development** is addressed in this section of the Position Papers, including the new provisions on sustainable urban development strategies, Integrated Territorial Investments (ITIs) and Community-Led Local Development (CLLD).

- **Integrated approach to Territorial Development.** A standard clause refers to the need to design an appropriate management structure, designate a management body and identify allocations in OPs (AT, CZ, DK, ES, FR, GR, HR, LU, PT, RO, SI). ITIs may be used for the sustainable urban development theme (CZ, SI), smart specialisation growth poles or the challenges associated with mountainous areas (SI).
- **Sustainable Urban Development Strategies.** Partnership Agreements are required to identify cities or principles for selection, as noted in the AT, DE, ES, DK, LU, PT, SI Position Papers. A recommendation to Greece is to focus on a small number of growth poles / cities of excellence, while the Czech Republic is encouraged to provide assistance to cities/towns in elaborating or upgrading integrated socio-economic strategies.
- **Community-Led Local Development.** Explain approach including preparatory work for local actors (AT, DE, ES, FR, DK, IE, IT, LU, PL, PT, RO, UK). Could be used when focusing on part of a city with severe problems (CZ). LEADER approach should be continued and extended to aquaculture-based areas (CZ). An increase in the proportion of funding for LEADER is suggested in IT, PL, SI.

4.5 Partnership

Cooperative and efficient partnership at all levels is an important ingredient for raising the quality of spending and increasing ownership. **Proper and wide consultation of all decisional levels and relevant bodies** is recommended in a number of Position Papers (AT, BG, DE, LV, SE), although greater emphasis is placed on specific types of partners in several countries:

- regional and/or local partners (BG, LT, NL);
- social partners, NGOs, environmental partners and non-discrimination bodies (AT, BG, MT, DE, FR, LU, PL, SK);

- social partners and civil society or NGOs (HR, RO);
- social partners and environmental bodies (CY, GR);
- social partners (DK, FI, PT, SE); and
- civil society (IT, MT)

Monitoring Committees are in practice the main mechanism for involving partners during the implementation of programmes. The Commission considers that more could be done to encourage participation, improve the representation of partners and raise the quality of debate in the committees.

- **More active participation of different stakeholders** is needed (ES, LU), notably environmental bodies (IT, PL, SK), social partners and NGOs (RO). To enable social partners to express their views the set-up and working methods of committees could be changed (LT). This could include more frequent meetings, i.e. at least two meetings per year (SI); or targeted capacity development support for social and environmental partners and NGOs (EE, PT) in line with existing practice (SI).
- **More balanced composition** (CZ, IE, LT). The regional development councils should have representation in Lithuania, while adjustments to membership in Ireland should ensure appropriate participation by higher education, private sector, NGO, environmental and local community interests
- **Assure the independent functioning** of the committees by reconsidering the chairmanship (NL), especially where one person/body has considerable responsibility in both managing authority and monitoring committee.
- **More strategic discussions on performance** in the committees including a greater focus on results and evaluation (CZ, ES, FR, LU). Related, informal platforms could be reinforced to debate strategic content (ES). Making better use of existing networks should be explored (HR, IT, MT, PL) including dissemination of developed knowledge (MT) and regular assessment of performance and needs (HR, SK).

4.6 Horizontal principles

The integration of horizontal principles into programming has received increased priority from the Commission over successive programme periods. However, only a limited number of Position Papers include a specific sub-section or comments related to the horizontal priorities. The key principles that need to be taken into account in designing and implementing programmes are gender equality, equal opportunities, non-discrimination including accessibility for disabled persons, social innovation, transnational cooperation and sustainable development (AT, BG, DE, IT, LU, SK). An additional horizontal priority that could be considered in the Latvian case is youth unemployment.

The main measures to improve the integration of the horizontal priorities are the issuing of guidance and better monitoring and evaluation of the principles.

- **Guidance.** Better and more precise guidance on the principles' objectives and implementation should be provided in the new period (AT, BG).
- **Monitoring and evaluation.** Radical improvement of monitoring and evaluation of the horizontal priorities is needed in Slovak Republic. The development of indicators, targets and appropriate monitoring and evaluation of the priorities is recommended in Latvia, while Bulgaria should ensure that lessons learnt from evaluations are taken into account.

Looking at specific priorities, various actions are proposed in relation to **sustainable development**

- **Commission guidance on climate change.** Planning, tracking and reporting of climate-related expenditure in accordance with the methodology developed by the Commission services (BE, EE).
- **National guidance.** Should be better and more precise on the objectives and expectations (Hungary)
- **Diagnostic tools.** Develop diagnostic means to measure the impact of the programmes and the selection of projects such as eco-conditionality criteria (AT, DE). Similarly, appropriate instruments should be designed for monitoring and evaluating climate change mainstreaming (DK, SE).
- **Integrated management.** The introduction and promotion of integrated management approaches to sustainability in planning, implementation and monitoring/evaluation of programmes is proposed in Germany, following governmental recommendations to use sustainability-oriented management systems as proposed by the German Council on Sustainable Development or comparable schemes successfully applied at international or Länder level.
- **Energy and resource efficiency.** Should be integrated in the preparation of the programmes and in the selection and implementation of projects (AT)
- **Procurement.** Introduce green public procurement (AT)
- **Financial incentives.** Remove existing environmentally harmful subsidies and increase the scope and level of environmental taxation (SK).

Regarding **equal opportunities and non-discrimination**, the Commission proposes the targeting of investments, better cooperation with key bodies and integration into the project life-cycle.

- Targeting vulnerable groups at risk of discrimination, in particular people with a migration background and ethnic minorities, should be a priority in key ESF actions (AT, BG), while investment in improving accessibility of infrastructure would contribute to equal opportunities (AT, HU).

- Partnerships with non-discrimination bodies in planning should be promoted (BG, HU).
- The criteria of ensuring equal opportunities, non-discrimination and accessibility for all kinds of disadvantaged groups would need to be integrated, monitored and followed-up throughout the lifetime of a project (HU).

4.7 Financial management, audit and control

The principle of sound financial management remains the key goal underpinning financial management, audit and control. Most of the country papers include a statement on the need to ensure an effective and efficient control environment and to confirm the operability of the systems in advance. Beyond this, the main recommendations relate to the coordination/independence of audit and control bodies, addressing human resource constraints and complex procedures, and the use of simplified costs options.

The need to enhance the **coordination and independence of audit and control** bodies was raised in a number of Position Papers.

- In **Austria**, the delegation of ESF audit and certification functions should be reconsidered in favour of one central body. Additionally, the Certifying Authority should not be in the same directorate as the Audit Authority, while national-regional coordination could be improved in the rural development control system.
- In **Bulgaria**, synergies should be pursued across national control units to achieve better use of resources and reduce overlaps.
- In **Germany**, the number of Audit Authorities should be reduced, ideally to one AA for Germany at the Federal level with a few regional offices. The same could be considered for the Certifying Authority. Further, the AA should not be in the same Ministry as the MA/CA as at present, to strengthen the independence of the AA.
- In **Hungary**, the AA should be clearly separated from the MA, IBs and body in charge of ex-ante verification of public procurement. Financing of the AA through technical assistance should be clearly earmarked in the programme and the appointment of the head should be the responsibility of the national parliament or a committee with all parties represented (not only or directly by the government).
- In **Italy**, more supervision and integration of regional Audit Authorities under by the national body is necessary to guarantee the autonomy of the regional AAs from their respective administrations. Centralisation of management verifications responsibility within the Managing Authority is also needed, or the establishment of a quality control unit if management is decentralised; and controls on the existence of management verifications must be included the IT systems.
- In **Latvia**, the ERDF, CF, ESF management and control system would be strengthened if the managing authority and audit authority were placed in separate bodies..

- In **Romania**, concentration of audit activities in a national office should be considered in the light of the coordination difficulties encountered and the exposure of regional offices to local political influences.
- In the **Slovak Republic**, the independence of delegated audit bodies located in line Ministries should be enhanced by positioning them under the AA in the Ministry of Finance.
- In **Slovenia**, the MA should improve supervision and monitoring of ESF intermediate bodies (including on the spot checks in the IBs and on the projects) based on a regularly updated risk analysis.

Human resources constraints present another challenge to undertaking audit and control tasks. More adequate resourcing of Audit Authorities is recommended in Austria and Italy, while a better allocation of core staff tasks in management and control is needed in the Slovak Republic.

The complexity of audit and control rules is a well-known problem in Cohesion policy and national rules sometimes contribute to this. Simplification of processes and procedures is recommended in relation to the signature trail, payments procedures (Greece, Latvia) and dispute resolution measures (Greece).

To address the high administrative burden in financial management, audit and control, **wider use of simplified costs options** is encouraged (AT, CZ, CY, DE, ES, FR, GR, HR, NL). A targeted focus on SMEs and small beneficiaries is encouraged in Spain, while France is recommended to have mandatory simplified costs for ESF projects under €50,000. In Portugal, the use of the standard scales of unit costs option is encouraged under the ESF, requiring a sound methodology and data at national level. Addressing the lack of a common understanding on audit requirements among implementing bodies and the audit authority may facilitate the wider use of simplified costs options in Denmark. To reap the potential administrative benefits, the Cypriot Managing Authority is encouraged to begin working on the issue as early as possible.

Building on the simplified costs options, the introduction of **Joint Action Plans** is proposed in only three countries with a view to simplifying financial management and enhancing the output orientation of approaches to payments (Latvia, Lithuania and Spain).

Finally, issues with **co-financing and financial circuits were raised**. A review of co-financing arrangements for the ESF is proposed in Sweden and the UK. To attract private funding in Spain the option to declare expenditure on the basis of total eligible costs – instead of public costs – should be considered where foreseen by the legislation. As regards financial circuits, Ireland should reduce the long lead times for the certification of expenditure and Hungary is urged to streamline payments. The devolution of managing authority status to some regions in Spain could streamline procedures and avoid unnecessary financial delays.

4.8 Administrative capacity

Institutional and administrative capacity is increasingly seen as critical to effective and efficient implementation. The Commission's Position Papers propose measures to enhance the capacity for programme management and to reduce the burden of administration on beneficiaries

4.8.1 Programme management

The ability to administer Funds is generally sound in a number of countries (AT, BE, DK, IE, HU, LV, LU, NL, PT, SE, SI, UK). However, there is still room for progress through fine-tuning (DK, SE, LV, LU, UK); and future budgetary restrictions on the public administration may raise challenges (PT). While improvements could be made in Germany, the Commission notes that this is not an 'urgent' priority.

The greatest administrative capacity challenges faced in the current period were in the EU12, given the major increase in funding and associated institutional adaptations. Within the EU15, the Commission also identifies weak capacity in Greece - due to unclear demarcation between administrative and political levels, policy reforms and changes in the political leadership of ministries – and in the southern regions of Italy. Following the ending of the pre-accession period, Croatia faces the particular challenge of new rules, a broader thematic scope and heavier workload associated with an increase in funding allocations.

Looking at the specific proposals for change, the need for a **capacity-building strategy** is underlined in several papers, either in terms of a domestic administrative modernisation programme or through Technical Assistance under the ESI Funds.

- In the Czech Republic, administrative capacity measures should be integrated into a Public Services Act by the start of 2014.
- In Romania, management weaknesses will need to be overcome by implementing the measures in the Priority Action Plan for strengthening absorption and dedicating special efforts to the simplification of management procedures.
- The Slovak Republic is encouraged to develop a strategy for reinforcing administrative capacity and efficiency of bodies responsible for the Funds within the context of overall administrative reform, including: a review of functions of MAs, audit of staffing financed by TA and adequate expertise in technical sectors such as ICT.
- In Poland, TA should operate in a more structured and better regulated framework to ensure the adequate capacity of the Polish administration to manage EU funds. Analysis of implementation bodies' management processes to reduce administrative burden. An annual action plan to enhance coordination of TA actions should be developed and the actions should be evaluated by external evaluators (including the development of criteria to verify appropriate capacity to handle projects) to introduce incentives for performance based payments.

More effective **targeting of Technical Assistance** is called for in some countries.

- concentrating on a limited number of measures (Italy);
- better targeting of key implementing bodies, particularly municipalities and managers of large infrastructure projects (Slovak Republic); and
- development of external expertise on specific technical areas and on developing in-house expertise (Greece, Italy)
- better coordination of technical assistance actions through the development of annual action plans (PL)

A number of **new requirements may entail the development and reinforcement of certain tasks** with corresponding capacity and training needs, e.g. the performance framework (ES, AT, LV, SI), climate change reporting (SE) greater use of financial instruments (ES), monitoring and evaluation of rural development (AT). In particular, programme changes will be required in set-up of MAs in view of the fact that some instruments that were previously managed by DG MARE under direct management will be managed with ex-EFF measures under shared management in 2014-2020 (BE, BG, LV, NL)

Human resource constraints are highlighted in several countries, particularly because of high staff turnover and motivational challenges.

- High staff turnover challenges were identified in several countries (GR, IT, LV, RO, SI, SK). Effective human resource management policies are needed to address this (Latvia), including an ex-ante needs assessment of human resources (Czech Republic, Slovenia). In Greece, it is proposed that MA staffing is done on a long-term basis using transparent and objective criteria and focused on specific job profiles (such as specialised lawyers, IT officers, statisticians).
- Difficulties in motivating staff are particularly acute in Bulgaria, given the high level of responsibilities, low pay, institutional instability and political interference. Moreover, there are shortages in staff knowledge and experience in all core management tasks: strategic planning, programme and project management, financial controls and management, monitoring and evaluation.
- Human resource issues are also noted in more developed countries. In the Netherlands, instability in some areas has created bottlenecks to efficient implementation and there are concerns about a loss of knowledge and expertise at the expense of potential beneficiaries if a new ERDF managing structure is introduced. Human resource constraints may arise as result of budgetary constraints on public administrations, particularly in smaller EMFF programmes (Austria).

Finally, the Commission recommends improvements in **administrative capacity to comply with horizontal EU legislation** on state aid, public procurement and the environmental acquis.

- The need for enhanced capacity on **public procurement** is highlighted in a number of countries (HU, LT LU, LV, PL, PT, SI, SK). Institutional reviews and reforms are

also suggested: review the role of the Competition Protection Office (CZ), strengthen the supervisory role and capacity for the Procurement Office (SK), make the procurement body independent from the MAs and Intermediate Bodies (HU), and implement Commission evaluation recommendations on procurement and the functioning of competent national institutions (RO).

- The need for enhanced capacity on **state aid rules** is noted in several papers (LV, LU, FR, PL, PT, SI) and, in a more limited number, on **environmental impact assessment** (HR, LU, SI).

4.8.2 Beneficiaries

Reducing the administrative burden on beneficiaries and enhancing their capacity is an important priority for the Commission in the next period. Various Position Papers call for **targeted technical assistance to support capacity-building** for different types of beneficiaries:

- municipalities, main state beneficiaries and private beneficiaries (BG);
- innovation projects (FR);
- RTDI and railway infrastructure (LV);
- smaller beneficiaries under the EMFF (FR);
- local authorities and bodies supporting urban development and regional territorial development (CZ, EE, HU); and
- the least performing beneficiaries, e.g. small-scale fisheries beneficiaries (PT).

The types of actions envisaged include training, advisory services and guidance.

- **Training** should be reinforced (HU), especially for civil society organisations and social partners (SK) and environmental partners (DE).
- **Advisory services** should be tailored to needs of beneficiaries and create a critical mass to ensure efficiency of services, e.g. for farmers in Portugal. Tailored assistance to larger beneficiaries is emphasised in Romania, while streamlining assistance to sectors sheltering a broader scope of heterogeneous beneficiaries (guidance, help desk, dissemination of standardised documents etc.). Support should be easily reachable (help-desk, online information/FAQ etc.) (PT). Improved advice by managing authorities is needed in Latvia.
- **Guidance** should be uniform, clear (Cyprus, Hungary) and available in advance of the launch of the programmes (Poland, Slovak Republic).

Other measures focus on reducing the administrative burden for beneficiaries

- **Review and simplification of procedures.** Making them as easily accessible to beneficiaries as possible (PT) and setting deadlines for procedural steps (PT). Avoid complex measures (DE, FR), especially where there is very little take-up (DE)
- **Evaluation of administrative burden for beneficiaries.** Regular evaluation of burden for beneficiaries is needed (DE, PL SK). In Greece, beneficiaries' administrative capacity should be confirmed by an acknowledged standardisation organisation.
- **Best practice dissemination.** Regular dissemination of good practices on reduction of administrative burden should be institutionalised as part of monitoring and reporting on implementation system processes (Poland). This could include the establishment of national and regional benchmarks.

Finally, all Member States will be required to comply with the new **e-cohesion** requirements that all exchanges of information between beneficiaries and authorities responsible for management and control of programmes can be carried out solely by electronic data exchange. Beyond the restatement of this general obligation, the Position Papers contain variations on the justification and requirements:

- Wider use of e-cohesion principles is necessary to decrease burden for beneficiaries and managing bodies (BE, CZ, ES, LU, PL, SK)
- All communication with beneficiaries should be solely by electronic data exchange (IT, GR, HU, LV)
- E-cohesion requirements are not obligatory for the EAFRD but are encouraged (SI).
- Each programme should develop a user friendly e-cohesion system/platform (FR) on the basis of existing good practices (PL)
- The system should be fully operational when programmes are adopted to avoid delivery delays (ES)
- E-application forms should be extended and linked with UMIS and with other e-government initiatives (BG)

4.9 Project delivery

Heavily bureaucratic project selection procedures are criticised in a number of the papers. The main recommendations are streamlining procedures, better planning and coordination, more transparent/objective project selection criteria and issuing clear and timely guidance.

- **Streamlining of application procedures.** Only the essential elements should be retained (CZ, SK). This would have the added benefit of reducing the need for excessive outsourcing of preparation of projects by beneficiaries (CZ). Finally, reporting processes could be redesigned to what is essential for monitoring (PL, SK)

- **Better project planning and coordination.** Insufficient planning and preparation of projects in less-developed regions is a problem in Italy, requiring enhanced supervision by national ministries. Improve strategic planning, project prioritisation and development capacity is needed across all sectors (in HR) or in the specific domains of transport and environment (SI). Optimisation of the way estimates on the potential number of applications are produced is necessary in the Netherlands to avoid drastic under - or overbooking of certain actions. A mature project pipeline should be developed in Croatia.
- **Objective and transparent selection systems.** Enhanced objectivity and transparency in project selection criteria is required (CZ, HR, PL, SK). Greater use of open and transparent tenders is needed in France. To allow for more transparent allocation of Funds and increase added value, the Netherlands should reconsider the “first-come first-serve” principle and project selection criteria should better reflect programme objectives.
- **Uniform, clear and updated guidance.** More transparency is needed in all stages of the project life-cycle (CZ), including uniform, clear and regularly updated guidance to beneficiaries (DE, FI, IT, HR, NL, LV). In the Netherlands, the system of early counselling of potential project requests could be improved to avoid a high rate of non-realised projects.

A high share of resources is spent on **major projects** in many countries, particularly those with high levels of funding and that are eligible for the Cohesion Fund. Key actions include:

- **Expansion in project pipeline initiatives and tailored assistance** for beneficiaries on project preparation and management, particularly for project promoters in areas suffering from weak capacities, i.e. innovation, RTDI, ICT, human resources (Poland, Slovak Republic) and rail infrastructure (Latvia). Efforts to improve the project pipeline in Greece could be supported by identifying a mass of projects for the first year of implementation well in advance and by focussing on bigger projects. In Poland, strategic “key projects” should be limited to specific sectors and identified at the programming stage not during the implementation phase. JASPERS should be involved to define needs and develop actions (Hungary).
- **Improved coordination and planning** of investments should focus on the economic/social rationale (cost-benefit analysis), cost-effectiveness (procurement, cost estimation, variant analysis) and physical implementation of projects in line with environmental legislation (HR, PL, SK).
- **Speeding-up decision-making processes.** In Greece, the process of approving major projects could be sped up by limiting the number of studies for the maturation of projects and by removing the requirement for inter-ministerial and parliamentary approval.

4.10 Monitoring & evaluation

All monitoring and evaluation system will need to be adjusted to the requirements of the new regulations, in particular the performance framework and results orientation. With respect to monitoring, the main proposals relate to indicators, data collection arrangements and IT systems.

- **Indicators.** The validity and/or reliability of indicators should be reviewed (DK, SE, LT, UK). More harmonised use of indicators is necessary to allow for comparability of data and performance across programmes (CZ, DE, LU, PL). A reduction in the number of indicators is proposed in Lithuania and Sweden, although the Commission also notes in that all key aspects of programme content must be covered in Lithuania. Finally, targets should be more ambitious (LT) and realistic (UK).
- **Data collection.** Provisions are needed from the outset to ensure a sound collection and treatment of data for monitoring and evaluation (DE), including arrangements with National Statistics Office on better and quicker data collection (CZ, PL). More timely data input by beneficiaries is encouraged in Cyprus.
- **IT system.** Well-coordinated systems are needed, as in the Czech Republic where the IT system should be expanded (to cover all MAs) and simplified (2 levels instead of 3). Similarly, the Netherlands should set up one ERDF national IT system covering the regional programmes, requiring timely preparations. In France, adjustments should focus on the needs of different funds (particularly the ESF) and address problems faced with the absence and non-cumulation of physical indicators. Improvements to the Hungarian system should focus on allowing better monitoring of output and results data and to allow management decisions to be better informed.

Evaluation should be enhanced by focussing on outcomes, supporting decision-making, involving stakeholders in the process and building capacity.

- **Effectiveness and efficiency.** Evaluation should focus more on results (ES), including the added value of interventions to provide evidence-based justification to continue/scale-up those with good results (and wind up those that do not pay off) (DK, FI, SE). A sound evaluation system is needed that would allow a proper cost-benefit analysis and comparison of projects (LU, PL).
- **Feeding decision-making.** An improved follow up system is needed for recommendations from evaluations to ensure effective implementation (CZ, DE, IT, LU, PL). To make better use of evaluation results, evaluations should be properly designed, planned and focussed on concrete recommendations that can be acted upon at the appropriate stages of programme and project cycles (RO). In a similar vein, Slovenia needs to take better account of evaluation at the programming stage to inform the design and the instruments selected (SI). The introduction of on-going evaluation is also important in this respect (LT).

- **Partnership.** Stakeholders need to be associated throughout the evaluation process, including design and planning (RO).
- **Capacity-building.** Building strong national and regional capacities for monitoring and evaluation should be a priority in Spain, particularly through ad-hoc training and the use of external expertise.

5. EUROPEAN TERRITORIAL COOPERATION

A concise section dedicated to European Territorial Cooperation is included in all of the country Position Papers, outlining strategic principles, key thematic objectives and priorities, and governance considerations.

5.1 Strategic principles

The Commission calls on a number of countries to pursue a more strategic approach (FR, LU, PT, SK) based on (AT, DE, HR, MT, NL): a clear understanding of the major challenges of the border regions and programme areas; taking into account the experiences from previous programming periods; a better awareness of and links with national policies and other Community-funded programmes; and increased sense of partnership. The need to involve private partners in programming is also highlighted (AT, HR).

A common recommendation is to develop stronger coherence with programmes under the 'investment for growth and jobs' goal with other EU or national programmes in order to exploit synergies for interventions in different thematic areas (BG, CZ, DE, FR, HU, LT, LU, LV, SE, SI). European territorial co-operation could also help improve coherence, coordination and alignment of policies and instruments having an impact on maritime regions and that allow for the highest European value added (BE, GR).

At the macro-regional level, the objectives of the territorial cooperation programmes as well as future operational programmes of the ESI Funds should all take into account the priorities of the EU Strategy for the Baltic Sea Region (EUSBSR) (DE, EE, FI, HU, LT, LV, PL, SE) and the EU Strategy for the Danube Region (EUSDR) (AT, BG, CZ, DE, HU, RO, SI). The need to take account of maritime cooperation frameworks such as the Maritime Strategy for the Atlantic Ocean Area is also highlighted (IE, PT).

Concentration on a limited number of priorities (BG, HU, SI) with tangible impact (PT, SK) is emphasised in several papers. Similarly, several countries are encouraged to adopt a more selective approach focusing on a limited number of objectives and greater selectivity in measures, including the establishment of a transparent system of 'flagship projects' that are likely to have a significant impact (CZ, FR, LU).

Missing from most of the Position Papers are recommendations on the architecture of ETC programmes. An exception is Bulgaria, where a smaller number of cross-border and trans-national programmes are requested for "for reasons of efficiency and effectiveness".

5.2 Thematic objectives and priorities

The key thematic objectives and priorities identified in the country Position Papers are:

- Strengthening research, technological development and innovation (BE, CY, FI, GR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK, UK)
 - business R&I investment, product and service development, technology transfer and dissemination (BE, GR, LV)

- fostering innovation clusters in Europe (BE, IE, UK) and connections between business, research and higher education sectors (GR, IE, MT, UK), including actors from beyond the usual scientific and academic partners (IE)
- supporting exchange of experiences, favouring exchanges of know-how and joint innovative projects (CY, HR, HU, IT, PL, PT, SI, SK)
- fostering integration in international networks (RO)
- Developing eco-innovation projects (IE, UK)
- targeting SMEs (LV) in the maritime sector (FI)
- SME internationalisation and cooperation (IT, IE, LT, LU, SE)
- Protecting the environment and promoting natural resources efficiency (FR, GR, LV, MT, NL, PT, SK, UK)
 - Protecting the environment and promoting resource use efficiency, especially in the water sector (PT)
 - Co-operation in the field of environment with a cross-border impact, such as water quality or anti-flood measures (SK)
- Low-carbon economy, especially energy efficiency (CY, FR, GR, HU, IE, LT, LU, LV, MT, RO, UK), including exchange of experiences and pilot projects (CY, RO)
- Water and flood management, natural and technological risk prevention, climate change mitigation and adaptation (CY, FR, HU, IT, LU, MT, NL, PL, RO, SE, SI), including joint management of environmental resources (water, waste, pollution, nature & biodiversity) across borders and transnationally
- Removing bottlenecks in network infrastructure and improving accessibility (BG, CZ, FR, GR, HR, HU, IT, LT, LV, LU, MT, PL, SE, SI, SK)
 - including multimodal public transport services (PL, SK) to the motorways to the sea (SI)
 - communications (FR)
 - TEN-T networks and connections (BG, LV, RO), especially sea links (CY, GR), inland waterway, rail/road links (HU)
 - maritime connections and interconnection of telecommunication networks (MT)
 - support for modernisation of EU customs infrastructure, equipment and systems (BG, GR, LT, PL)

- Employment, education and social inclusion (BE, HU, ES, IE, IT, MT, NL, PL, PT, RO, SK, UK)
 - Remove barriers to labour mobility and integrate cross-border labour (BE, ES, IT, MT, NL, PL, PT, SK)
 - special focus on marginalised communities (e.g. Roma) (HU, RO)
 - Encouraging education and training and taking appropriate measures in order to reduce the number of early school leavers (MT)
 - Social innovation and public services application (BE)
 - Promote the shared use of common public services along borders (ES, PT), especially healthcare provision (NL)
 - Transnational exchanges in the employment and education and training area (LT, SE)
 - In the context of the peace process in Northern Ireland and the border counties of Ireland, a PEACE programme should address the challenges of social inclusion, youth work, education and capacity-building (IE, UK)
- Tourism development
 - cooperation with other Mediterranean countries to address weaknesses in tourist products (CY, GR)
- Institutional capacity (LT, PT), especially promoting legal and administrative cooperation (PT)
- Promoting the blue/marine economy to unlock growth, jobs and synergies (BE, ES, FI, FR, CY, FI, FR, GR, HR, IE, LV, NL, SI, UK)
 - improving marine knowledge, Maritime Spatial Planning and Integrated Maritime Surveillance (BG, CY, LT, MT, RO, SE)
 - Protection of marine environment (BG, CY)
 - Development of maritime and coastal tourism (CY, GR, MT)
 - Enhancing maritime safety issues (FI, GR)
 - Developing the transnational dimension of the Atlantic strategy (ES, FR, IE, PT, UK) and the Adriatic and Ionian strategy (GR, HR, SI)

5.3 Effective governance

Limited attention is given to ETC governance issues in the Position Papers, beyond the potential use of the European Grouping for Territorial Cooperation instrument and the need to improve the coordination work under macro-regional cooperation.

- The EGTC instrument should be considered and used as appropriate when planning and implementing cooperation approaches (AT, DE, EE, MT, NL). Similarly, the French outermost regions are encouraged to establish mechanisms for regional cooperation with organizations in neighbouring countries at political and administrative levels, to bring coherence to the management of European, national and international funds in the area of cooperation.
- Regarding macro-regional strategies, better governance could be supported by providing sufficient resources and attention to the role of Priority Area Coordinators and Steering Groups (AT, HR, SE, SI). Improvement in national coordination between the respective ministries is also needed (SI, SE), i.e. a high-level inter-ministerial working group, as established in other Danube countries, could serve as a good practice example (SI). At the implementation stage, more attention should be paid to the publicity and to the communication of the projects contributing to macro-regional strategies, and calls for projects deriving from/or contributing to the strategies should be organised (DE, SE)

6. OVERALL ASSESSMENT

The post-2013 reform of EU Cohesion policy is at a critical juncture. The inter-institutional negotiations between the Council of Ministers and the European Parliament on Cohesion policy funding and on the regulatory package are currently underway and the strategic planning for the 2014-2020 Partnership Agreements and programmes is in full swing in the Member States. This report has reviewed the Commission's emerging position on the Partnership Agreements and Operational Programmes, based on a comparative analysis of the Commission Position Papers for all Member States.

The comparative review of the Position Papers in this report, and associated feedback from Member States, provides a mixed assessment of the coherence, consistency and utility of the Commission's analysis and recommendations.

On the positive side, the papers provide a succinct analysis of key challenges and priorities across the Member States. Many Member State have welcomed a clear statement of what the Commission regards as important; national officials acknowledge the value in bringing together the expectations of different Commission services and obligations as a basis for informal discussion between Member State authorities and the Commission, especially given the delays in finalising the regulatory framework, and the new requirements for 2014-20. The Position Papers explain effectively how the Europe 2020 goals can be translated into priorities and interventions at Member State level. Highlighting the critical issue of institutional capacity is also important. Further, the Commission is commended for publishing the papers on the DG REGIO website, providing more public transparency to the process compared to the previous period.

However, there are several drawbacks, tensions or inconsistencies in the Position Papers, some of which may be addressed as the Commission clarifies its main negotiation priorities during the formal negotiations, once the official drafts of Partnership Programmes and Programmes have been produced by the Member States.

First, the dominant focus on Europe 2020 objectives and targets detracts attention from the territorial dimension. In particular, the focus on the national level ignores the range of territorial differences within Member States under different thematic priorities and may hinder a place-based approach tailored to territorial needs and potentials. This is particularly important given the stronger thematic/sectoral approach of Cohesion policy for 2014-20.

Second, the integrated approach, which has been presented as a hallmark of the post-2013 reform, is not sufficiently reflected or developed in the Position Papers. While there are many references and statements calling for synergies across different thematic objectives, there is little in the way of operational guidance on how this ought to be done.

Third, the hierarchy, level of detail and categorisation of sub-priorities and specific objectives varies and is inconsistent across countries. For instance, the same specific objectives appear under different sub-priorities for different countries under some thematic objectives. Specific objectives are sometimes phrased vaguely or confused with interventions. A more general concern among Member States is the range of apparent expectations and lack of

prioritisation, an issue of particular concern where national or regional managing authorities disagree with the proposed allocation of funding.

Fourth, the Position Papers have missed an opportunity to encourage knowledge transfer and innovation in programming. Over the past five years, DG REGIO has conducted the most extensive evaluation exercise in the history of the policy, relating to both the 2000-06 and 2007-13 periods. There has also been considerable investment in policy learning, exchange of experience and 'good projects'. The Position Papers would have been an opportunity not just to set out challenges and priorities but also to provide pointers to what has worked (or not) elsewhere, if only as an input to the thinking underway in managing authorities and programme partnerships with respect to the content and structure of programmes and administrative capacity for managing interventions. This would have been particularly valuable given the heightened expectations of performance and results in the new period.

Fifth, there is inconsistency in the prescriptiveness of the governance recommendations. In many instances, there is a restatement of regulatory requirements or vague recommendations, which are of questionable value in providing a strategic steer to programming. In other cases, there is a more prescriptive approach including an exhaustive list of recommendations with significant implications for domestic policies and frameworks, and arguably intruding into domestic competences.

Finally, and fundamentally, many Member States are concerned at the legal status of the Position Papers and the extent to which it is binding in the programming of Partnership Agreements and Operational Programmes. Along with some dissatisfaction with the templates for the PA and OP, there are clearly important issues still to be resolved in the preparation of documents that are sensitive to Member State needs and challenges while meeting the strategic priorities of the Commission in the new period.