

INFORMAL MEETING OF MINISTERS RESPONSIBLE FOR COHESION POLICY

Gödöllő, 20 May 2011

"Towards a more effective Cohesion Policy"

PRESIDENCY CONCLUSIONS

1. INTRODUCTION

At the invitation of the Hungarian Presidency of the Council of the European Union, Ministers responsible for Cohesion Policy met in Gödöllő on 20 May 2011 to discuss the future of Cohesion Policy.

The Commissioners for Regional Policy and for Employment, Social Affairs and Inclusion, the Chairman and representatives of the Committee on Regional Development of the European Parliament, the President of the Committee of the Regions, representatives of the European Economic and Social Committee, representatives of the European Investment Bank and representatives of the Organisation for Economic Cooperation and Development participated in the meeting. The Presidency was also pleased to welcome representatives from the candidate countries of Croatia, Iceland, the Former Yugoslav Republic of Macedonia, Montenegro and Turkey, as well as representatives of Liechtenstein, Norway and Switzerland as members of European Economic Area/European Free Trade Association.

Ministers engaged in a wide and open exchange of views on how to move *"Towards a more effective Cohesion Policy"* that contributes to the Europe 2020 Strategy and thus a *"Strong Europe"*.

The discussions built strongly on the Council Conclusions on the Fifth Report on economic, social and territorial cohesion adopted at the General Affairs Council meeting of 21 February as well as on the orientation debate conducted at the same occasion. They took into consideration the Conclusions of the High Level Meeting on the Future of Cohesion Policy held in Budapest on 31 March - 1 April and the ideas put forward during the key issue debates in the meetings of the Structural Actions Working Party. They took note of the progress achieved over the last months by the High Level Group reflecting on the Future of the Cohesion Policy as well as the Conditionality Task Force set up by the Commission following the request of the Ministers responsible for Cohesion Policy last November in Liège.

2. MAIN POLITICAL MESSAGES

A number of key political messages generally shared by the Ministers should be underlined.

2.1. The importance of Cohesion Policy

Cohesion Policy is an important tool of European integration which has, as also established by the Fifth Cohesion Report, demonstrated its effective assistance in reducing economic, social and territorial disparities between the regions of the European Union and at the same time in improving regional competitiveness. It also contributed to raising the quality of public investment culture by spreading best practices and methodologies.

While the effective and efficient use of Cohesion resources was always in the forefront, taking account of the post-crisis economic and budgetary situation, it is essential to further increase the effectiveness of all common policies and to do this in the most cost-efficient

manner. To that end, it is to be underlined how the Cohesion Policy 'community' has shown a strong and unanimous commitment to redirect political attention increasingly towards tangible results and to enhance the effectiveness of the Policy, thereby setting an example to other policy areas as well. It was agreed that the system of conditionalities and incentives and thematic concentration should be in service of that goal.

Enhanced effectiveness of Cohesion Policy can best be achieved if its improved tools and mechanisms are aligned with and build upon the characteristics and added values of the Policy, that is, the ability to reflect on territorial differences through an integrated and bottom-up approach.

2.2. The result-orientation of Cohesion Policy

Ministers expressed unanimous support and strong commitment that the effectiveness of Cohesion Policy can and should be further increased. For this – beside other factors such as a more result-focused programming, increased emphasis on evaluation and indicators, as well as a streamlined but efficient delivery system – conditionalities and incentives that are strongly linked with, and contribute to the effectiveness of Cohesion Policy were widely supported.

There was an overall understanding that conditionalities should ensure before expenditure is made that factors which allow interventions to deliver the best results are in place. Whereas it was recognised that taking due account of Country Specific Recommendations is important, Member States shared the view that such reforms should not be set as conditionalities, for they cannot be assessed objectively.

Participants shared the view that conditionalities can best work in practice and thus serve the effectiveness of our Policy the most if they are built on certain principles such as focus, flexibility, ownership, transparency, accountability, proportionality and simplification.

2.3. The contribution of Cohesion Policy to the Europe 2020 Strategy

Ministers underlined that in order to produce tangible results for our highest priority objectives, public resources should be focused on a limited number of commonly agreed thematic objectives reflecting the goals of the Europe 2020 Strategy. It was emphasised that Cohesion Policy, even in the 2007-13 programming period, contributes to smart, sustainable and inclusive growth, and should continue to be a key tool to help the implementation of the Europe 2020 Strategy in the future. The best way this can be achieved is by translating its objectives into concrete actions on the ground.

It was stressed that such thematic concentration of actions and resources is most effective if it takes account of different contexts and recognises that these may require different integrated policy-mixes or measures to allow for the delivery of the same objectives.

2.4. Timing

The new Cohesion Policy set-up will require a more thorough preparation of programmes and assessment of their success factors. It is therefore crucial that the legislative proposals governing Cohesion Policy and its Funds for the post-2013 implementation period are submitted to the Council during summer 2011, allowing for a comprehensive preparation and a timely launch of the new generation of programmes as of 1 January 2014.

3. DETAILED PRESIDENCY CONCLUSIONS OF THE MEETING

The Presidency conclusions of the discussion carried out at the Informal Ministerial Meeting are set out below in more detail, structured according to the two main questions addressed by the Ministers.

How to make Cohesion Policy more effective in achieving results?

1. Ministers acknowledged that in the aftermath of the crisis it is crucial to maximise the value of all public expenditure and common policies. With regard to this, they politically committed themselves to further enhancing the effectiveness of Cohesion Policy.
2. Taking into account that although Cohesion Policy contributes to a large extent to the implementation of the Europe 2020 Strategy, its results cannot be solely interpreted in relation to the progress towards these objectives, Ministers explored possibilities of how this result-orientation can be best achieved in practice.
3. In order to accomplish increased result-orientation, Ministers called the attention to the need for a more careful preparation and design of programmes, setting out a clear intervention logic comprising realistic targets, as this enables the measurement of actual results.
4. They also deemed crucial in this regard an improvement of the current methodological and technical background of monitoring of performance, as well as appropriate indicators, including common indicators, that allow for the comparability and visibility of progress. It was stressed that greater emphasis should be put on evaluation.
5. Ministers stressed that one of the prerequisites of effectiveness is enhanced efficiency of management which requires a more transparent and simplified delivery system.
6. Ministers noted that several disciplines to facilitate effectiveness are in place in the present programming period. They emphasised that a new system of conditionalities should be built on accumulated experience and sufficient continuity should be ensured. Positive incentives were clearly preferred over negative sanctions.
7. For the abovementioned reasons of efficiency and cost-effectiveness, Ministers stressed that the proposed system of conditionalities should not cause a multiplication in the layers of monitoring and control or increase overall administrative burden, but serve the acknowledged purposes of simplification, transparency and proportionality. Several Ministers stressed that no automatic sanctions should be attached to conditionalities, as the achievement of desired results may be affected by unforeseen or external factors.
8. Ministers supported ex-ante preconditions addressing critical success factors. They stressed that in order for them to be effective in practice, such conditionalities should have a direct link with the effectiveness of Cohesion Policy programmes and should be tailored to specific contexts taking into account the different starting points of Member States and regions. It was also raised that these conditionalities should be set up in line with individual statutory and institutional arrangements in order to avoid legal difficulties.
9. Ministers also shared the view that in order for such conditionalities to deliver the maximum gains, they should be limited in number, concentrate on the most important success factors and be clear, predictable and objectively verifiable. It was emphasised that conditionalities should form a unified system, be common to all Funds of Cohesion Policy and avoid a sectoral approach. They should be established on the agreement

with Member States and regions, thus bear the ownership of stakeholders affected, as well as their capacity and competence to influence the set criteria.

10. Ministers reiterated their opposition to conditionalities connected to structural reforms as set out in Council Recommendations on National Reform Programmes. Ministers emphasised that while such reforms are important, they cannot be set as conditionalities since their causality effect with programme performance as well as their fulfilment will always be relative, subjective and open to discussion, and such conditionalities might be interfering with the principle of subsidiarity.
11. Ministers considered that there could be scope for setting up optional national, regional, or programme-level incentive mechanisms, provided that reliable and technically robust monitoring and evaluation systems to ensure the comparability of results and target achievements are in place at the corresponding levels. Most Ministers did not favour the idea of an EU-level performance reserve, as such funds would be difficult to objectively allocate on the basis of actual performance and could encourage Member States and regions to opt for less ambitious and innovative interventions, thus to concentrate on absorption rather than results.
12. It was regarded of utmost importance by Ministers that specificities of the new system are available as soon as possible so that ex-ante success factors are made best use of during the planning and implementation of post-2013 programmes.

How to make Cohesion Policy contribute more effectively to the Europe 2020 Strategy?

13. It was pointed out by Ministers that a joint effort from all European policies is necessary for the success of the Europe 2020 Strategy, thus also Cohesion Policy – as it so does even in the present programming period – should and will contribute to the Europe 2020 targets of a smart, sustainable and inclusive growth.
14. Ministers shared the view that since Cohesion Policy is about addressing bottlenecks for growth and stimulating endogenous potential in order to raise the competitiveness of different regions, the aims of Cohesion Policy and those of the Europe 2020 Strategy are generally in line. It was highlighted that Cohesion Policy, through its multi-level governance system and cross-sectoral approach, is a key instrument for the implementation of the Europe 2020 Strategy on the ground. Ministers emphasised that thematic concentration should be a means to establish a mutually reinforcing connection between the two frameworks.
15. Thematic concentration was seen by Member States as a powerful tool to concentrate public efforts on a limited number of objectives of the highest priority, to achieve a critical mass of investments and thus maximise the impact and visibility of Cohesion Policy in line with the objectives of the Europe 2020 Strategy.
16. Ministers called attention to the fact that depending on the actual situation of individual Member States and regions, the same objectives may be most effectively delivered upon through different types of policy-mixes. To that end, Ministers stressed that the ownership of the Europe 2020 objectives and thus their most effective implementation can best be ensured if broadly defined objectives can be translated into concrete actions interpretable for regional and local levels in response to their territorial needs. Thus the system of thematic concentration should enable tailor-making actual interventions that serve the same objectives to different territorial contexts in order to guarantee their effectiveness.

17. To that extent, Ministers underlined that obligatory thematic objectives established at EU-level may counter the alignment with circumstances on the ground. Following the same logic, it was also stressed that neither the allocation of separate Funds, nor resources dedicated to certain thematic areas should be pre-set.
18. In order to maximise synergic effects and thus ensure a more effective and efficient use of public resources, Ministers argued that the menu of thematic objectives should follow an integrated approach as opposed to a sectoral logic.
19. Regarding that, Ministers also deemed important that the menu of thematic objectives should make use of the combination of the Funds, as all Funds may be relevant for contributing to the same aims depending on the policy-mix put together. For this reason, Ministers voiced the need for an enhanced cooperation of the different Funds, including the harmonisation of their rules, the optional use of multi-fund programmes, flexible geographical scope of programmes, a unified local development methodology, and the alleviation of cross-financing rules.
20. Ministers pointed out that it is yet to be clarified how thematic concentration will affect programming especially regarding the role of National Reform Programmes in the alignment of Cohesion Policy and the Europe 2020 Strategy, as well as the number of operational programmes, priority axes within operational programmes or categories of expenditure. Ministers shared the view that alignment with the Europe 2020 process should keep programming as concise as possible and not duplicate monitoring and reporting duties or increase administrative burden. Some Member States added that since thematic objectives may be achieved through different measures, no restriction as regards the categories of expenditure should be made.

Ministers trust that the Commission will soon put forward a proposal, including inter alia ex-ante conditionalities as well as thematic concentration, that best serve the objective of further enhancing Policy effectiveness and delivering on European priorities. They firmly believe that the above criteria, based on their experience in implementation, will provide significant help to come up with mechanisms that will advance these purposes in the most effective way, without increasing the administrative burden attached to the utilisation of Cohesion Policy instruments.

Member States highlighted that further technical-level discussions regarding implementation details will be necessary after the publication of the Commission's proposals in order to complement and support the negotiation of the regulations.

Ministers were looking forward to working closely together with the European Parliament in order to have stable and implementable regulatory provisions allowing for the maximum effectiveness and efficiency of Cohesion Policy ready well in advance for the timely launch of post-2013 programmes.