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**NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: Draft Council Conclusions on Results and New Elements of Cohesion Policy and the European Structural and Investment Funds  
- Adoption

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1. On 26 September 2016, the Presidency submitted to Member States draft Council conclusions on "Results and New Elements of Cohesion Policy and the European Structural and Investment Funds". With these conclusions, the Presidency aimed, in general, at taking stock of recent and current developments of cohesion policy in view of establishing lessons learnt as building blocks for the future, and in particular at:
  - Evaluating the results of the European Regional Development Fund (ERDF) and the Cohesion Fund in the period 2007-2013, based on evidence set out in the Commission Staff Working Document "Ex post evaluation of the ERDF and Cohesion Fund 2007-2013"<sup>1</sup>;

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<sup>1</sup> Doc. 12371/16.

- Assessing the performance of some important new elements introduced into the European Structural and Investment Funds (ESI Funds) for the 2014-2020 period, namely the performance framework, thematic concentration, ex-ante conditionalities and the link to EU economic governance;
  - Assessing the need for further simplification of cohesion policy and the ESI Funds in the current and future periods, giving some guidance to the Commission on pathways and new avenues to be explored in view of cohesion policy post-2020.
2. The Working Party on Structural Measures examined the draft conclusions in its meetings of 29 September, 12 and 26 October 2016. All delegations agreed to the draft conclusions as set out in the annex to this note in a silence procedure ending on 31 October 2016.
  3. Consequently, Coreper is invited to forward the draft conclusions set out in annex to the General Affairs Council dedicated to cohesion on 16 November 2016 for adoption following their exchange of views on the subject.
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**Draft**

**Council Conclusions on Results and New Elements of Cohesion Policy and  
the European Structural and Investment Funds**

THE COUNCIL OF THE EUROPEAN UNION:

- (1) RECALLS its conclusions of 19 November 2014 on the Sixth report on economic, social and territorial cohesion: investment for jobs and growth<sup>2</sup>, of 23 June 2015 on the implementation challenges of the cohesion policy 2014-2020<sup>3</sup>, of 18 November 2015 on Simplification: Priorities and expectations of Member States with respect to European Structural and Investment Funds<sup>4</sup>, of 15 March 2016 "Investing in jobs and growth - maximising the contribution of European Structural and Investment Funds"<sup>5</sup> and of 24 June 2016 on "A more R&I friendly, smart and simple cohesion Policy and the European Structural and Investment Funds more generally"<sup>6</sup>;
- (2) RECALLS that the EU shall develop and pursue actions to strengthen the economic, social and territorial cohesion of the Union and that the specific mission of cohesion policy is to reduce disparities between the levels of development of the various regions as set out in Article 174 of Treaty on the Functioning of the European Union;
- (3) RECOGNISES that cohesion policy is the main investment policy at the EU level to achieve the objectives as set out in the Europe 2020 strategy; and UNDERLINES the added value of cohesion policy and the European Structural and Investment Funds (ESI Funds), in particular:

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<sup>2</sup> Doc. 15802/14.  
<sup>3</sup> Doc. 9622/1/15 REV 1.  
<sup>4</sup> Doc. 14266/1/15 REV 1.  
<sup>5</sup> Doc. 7075/16.  
<sup>6</sup> Doc. 10668/16.

- a) in providing a stable long-term EU framework and financial means for investment in jobs and growth and the delivery of structural reforms, through integrated interventions tailored to Member States and the various regions of the EU;
- b) in mobilising and coordinating national and subnational actors under the shared management mode by directly engaging them, based on the partnership principle, in delivering EU priorities through co-financed projects;
- c) in pioneering an evidence-based and result-oriented approach to EU investments;
- d) in providing positive incentives for many Member States and subnational actors to implement structural reforms, strengthen their strategic planning, administrative capacity, and cooperation.

I. Evaluation of the cohesion policy programmes 2007-2013

- (4) WELCOMES the Commission Staff Working Document 'Ex post evaluation of the ERDF and Cohesion Fund 2007-2013'<sup>7</sup>, which provides evidence that during the 2007-2013 programming period, cohesion policy has made a major contribution to growth, employment and social inclusion opportunities throughout the different types of EU regions, objectives defined in EU strategies, as well as to the reduction of regional disparities between Member States;
- (5) HIGHLIGHTS that the results set out in the Ex-post evaluation of the European Regional Development Fund (ERDF) and the Cohesion Fund were achieved in a context of economic and social challenges, including the deep global economic and financial crisis, the need to build up the economy, infrastructure and administrative capacity, in particular of 13 Member States joining the EU as from 2004, as well as shifting strategic political priorities and newly emerging challenges at EU level;

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<sup>7</sup> Doc. 12371/16.

- (6) **UNDERLINES** in particular the following findings of the Ex-post evaluation of the ERDF and the Cohesion Fund:
- a) The economic modelling performed by the Commission estimates that EUR 270 bn invested from the ERDF and Cohesion Fund during the period 2007-2013, together with national co-financing, will have generated EUR 1 trillion in additional GDP across all Member States by 2023;
  - b) The data reported by managing authorities of the Member States shows that the ERDF and Cohesion Fund will have led to the creation of nearly 1 million jobs, which represents a significant contribution to the net total of 3 million jobs created in the EU economy over the period;
  - c) Financial support under the ERDF programmes helped 400 000 SMEs to withstand the effects of the economic and financial crisis and increase their competitiveness and exports through innovation;
  - d) Cohesion policy contributed to a closer integration of the EU internal market, in particular through improving transport links (in particular TEN-T corridors), to improving energy efficiency, water and waste water treatment as well as waste management, to modernising education and healthcare infrastructure, as well as to strengthening research and innovation;
  - e) Funding available under European Territorial Cooperation programmes (Interreg) enhanced cooperation between neighbouring regions of different Member States and between Member States across and outside the EU, and also contributed to wider effects, notably in terms of alleviating specific barriers to cooperation across different sectors and of better economic, social and environmental integration, thus representing a prominent example of EU added value;

- (7) Notwithstanding the positive results of cohesion policy in the 2007-2013 period, NOTES some shortfalls during this period, in particular:
- a) Weaknesses in terms of relevance, monitoring, effectiveness and coherence of the actions undertaken, showing that the focus on result-orientation had not been strong enough; and
  - b) The need to enhance administrative capacity at the management level of programmes and to decrease the administrative burden and costs;
- (8) NOTES that the underlying evaluations of the Staff Working Document capture the situation at the end of 2014 when programmes could not yet have reported in full on the achievement of objectives and targets;
- (9) NOTES that the Commission has also undertaken an ex-post evaluation for the European Social Fund (the ESF) and LOOKS FORWARD to the presentation of results in the related Staff Working Document; INVITES the Commission to present the outcomes of future evaluations for the ESI Funds in a coordinated manner to facilitate a complete assessment, while paying special attention, where appropriate, to the place-based approach;
- (10) UNDERLINES that cohesion policy, being accompanied by a thorough set of rigorous evaluations, represents best practice of evidence-based policy-making, and can serve as an example for other EU policies financed from the EU budget;
- (11) CALLS ON the Commission and Member States, in cooperation with all relevant stakeholders, to widely disseminate to the public the results and benefits of cohesion policy which are supported by available evaluations.

## II. Assessment of certain new elements of cohesion policy and the ESI Funds 2014-2020

- (12) **HIGHLIGHTS** that compared to the 2007-2013 programming period, a number of new elements were introduced into the legislative framework for the 2014-2020 period aimed at strengthening the effectiveness, result orientation and EU added value of the ESI Funds. First concrete experiences with certain new elements, in particular with the performance framework, thematic concentration, ex-ante conditionalities and the link to the EU economic governance, were made in Member States during the elaboration of their Partnership Agreements and programmes. The practical application of new elements required careful preparation in terms of time and resources to ensure that the necessary conditions for effective spending, including new management and control systems, are in place. At the same time, new instruments of the legal framework such as joint action plans, integrated territorial investments or community led local development strategies provide new opportunities for Member States;
- (13) **NOTES** that the comprehensive programming exercise, in combination with the late adoption of the legal acts, parallel preparation for the closure of the 2007-2013 period, and longer than expected designation of authorities, has delayed the implementation phase in the 2014-2020 period; **EXPECTS**, however, that the efforts made by Member States and the Commission during the programming process will pay off in the years to come through a more effective implementation of high quality programmes, and the possibility to build in the future on the improvements made in the current period; **CALLS** on the Member States and the Commission to take the necessary steps to speed up the implementation and reporting on the progress of the current programmes;

- (14) RECALLS that the Youth Employment Initiative (YEI) provides a targeted support to tackle youth unemployment, accompanying the traditional actions supported by the ESF, and complementing national strategic frameworks including through the implementation of the Youth Guarantee; and TAKES NOTE of the recent Commission Communication<sup>8</sup> setting out the implementation results of the Youth Guarantee and YEI since 2013;
- (15) CALLS on the Commission to submit the legislative proposals for the next programming period of the ESI Funds as soon as possible in 2018, with a view to allowing the co-legislators to reach a timely agreement, and providing a basis for early start of the programming process;
- (16) CALLS on the Commission to consider using new elements of the ESI Funds as an example for other EU policies financed from the EU budget in the context of its "EU Budget focused on Results" initiative<sup>9</sup> launched in 2015;

#### Performance framework

- (17) RECALLS that the ESI Funds were the first EU funding instruments to introduce a performance framework based on measurable indicators, and a review with a performance reserve to be allocated during 2019 to only those priorities of Member States programmes for which the milestones set out in the performance framework of the programmes have been achieved;
- (18) RECOGNISES the efforts made and resources dedicated by Member States and the Commission to develop intervention logic and performance framework for the ESI Funds programmes (especially to define robust indicators, their baseline and target values); NOTES that this process has triggered useful reflections and discussions on the setting of objectives, monitoring of progress, and contributed to changing the mind-set towards an increased focus on results and performance within Member States and the Commission;

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<sup>8</sup> Doc. 12749/16 + ADD 1-3.

<sup>9</sup> [http://ec.europa.eu/budget/budget4results/index\\_en.cfm](http://ec.europa.eu/budget/budget4results/index_en.cfm)



### Thematic concentration

- (19) RECALLS that the ESI Funds are subject to legal requirements for thematic concentration which leads to a higher concentration of financial support on fewer areas contributing the most to reaching the targets of the Europe 2020 Strategy, and is expected to produce better results;
- (20) WELCOMES the fact that in the Member States' programmes under the ERDF and the ESF, thematic concentration has been achieved and, in many cases exceeded the minimal requirements; CONSIDERS, however, that a balance must be maintained between the predefined requirements for concentration on a limited number of thematic areas and the needs of Member States, including the flexibility to respond during the programming period to specific national and regional development challenges;

### Ex-ante conditionalities

- (21) RECALLS that ex-ante conditionalities were introduced in the 2014-2020 period to ensure that the conditions necessary for an effective use of funds were in place in Member States before the investment under the ESI Funds is made;
- (22) CONSIDERS that while the fulfilment of ex-ante conditionalities sometimes requires significant time and resources to implement legislative changes or complex reforms, they have a positive effect on the overall investment environment, the strengthening of administrative capacity and good governance in many Member States; WELCOMES the facilitating role of ex-ante conditionalities in the preparation of project pipelines, strategic documents such as smart specialisation strategies, as well as in a faster implementation of the EU acquis;

### Link to EU economic governance

- (23) RECALLS that in the legislative framework for the 2014-2020 period, measures were introduced to ensure that multi-annual investments of the ESI Funds address relevant country-specific recommendations. As a result of the programming exercise, the current ESI Funds programmes are designed to support structural reforms in line with EU priorities defined through the European Semester process;

- (24) CONSIDERS that investments that address relevant country-specific recommendations contribute to delivering structural reforms and improving the overall macro-economic situation of the Member State concerned;
- (25) CONSIDERS that more consistency should be sought in the future between various measures linking the effectiveness of the ESI Funds to economic governance, building on the first positive experience with the introduction of ex-ante conditionalities, and taking into account the need to accommodate social, economic and territorial challenges, as well as the continuity and stability of multi-annual programmes;

### Simplification

- (26) REGRETS that the full potential of the efficiency and the result orientation of the ESI Funds legislative framework is hampered by over-regulation and the existence of too many layers of rules and controls (EU, national and regional level); RECALLS that trust between all actors is essential for an effective functioning of the shared management mode, and should be further strengthened by making the ESI Funds simpler, more accessible and more understandable to citizens, businesses and administrations; REITERATES in this regard the importance of early warning mechanisms and of reinforcing the preventive role of audit at EU and national level;
- (27) WELCOMES the findings and recommendations issued to date by the High Level Group on monitoring simplification for beneficiaries of the ESI Funds established by the Commission and LOOKS FORWARD to its future work regarding the preparation of the post-2020 programming period;
- (28) TAKES NOTE of the legislative proposal aimed at the simplification of the ESI Funds for the current programming period, submitted by the Commission to the Council in September 2016, and REMAINS COMMITTED to its rapid adoption; CALLS on the Commission and Member States to make best use of all options in the legal framework (including early preparation of delegated acts) which help to simplify the implementation of the current ESI Funds programmes;

- (29) IS COMMITTED to a substantial simplification, balancing the need for stability and continuation with a significant reduction of the administrative burden and costs in the post-2020 period; CONSIDERS that the following directions and new avenues should be carefully explored without prejudice to future decisions:
- a) A simple, clear and light set of rules for the ESI Funds with a stronger emphasis on an integrated approach (e.g. multi-fund programmes and common rules for all ESI Funds), while ensuring that each ESI Fund can deliver effectively and efficiently on its Fund-specific missions, and that preference is given to the simplest solution available;
  - b) The ESI Funds rules and the rules applicable to other EU funds, as well as other EU policies having an impact on the implementation of the ESI Funds (in particular state aid rules), should be further mutually aligned in order to simplify the implementation of EU funds for beneficiaries, facilitate synergies and complementarity between different programmes and blending of various sources, as well as to allow for comparability of effectiveness and efficiency across EU funding instruments;
  - c) Further facilitation of the take-up and efficient use of the full range of simplified cost options, accompanied by clear requirements for their control and audit;
  - d) A simpler and streamlined shared management model based on performance rather than compliance, in order to further enhance the result-orientation of the ESI Funds, while taking into account the importance of prevention, proportionality and value-for-money;
  - e) An assessment of whether lessons to be drawn from delivery mechanisms used in other EU policy areas could contribute to improving the effectiveness of cohesion policy and the ESI Funds;
  - f) Broader application of proportionality and the introduction of differentiation into the implementation of the ESI Funds programmes based on objective criteria and positive incentives for programmes;

(30) REMAINS COMMITTED that a regular political debate takes place among relevant ministers in the General Affairs Council to discuss the implementation and the results of cohesion policy and the ESI Funds, as well as to support the preparation of the policy framework for the post-2020 period.

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