Cohesion Policy

The use of central- local partnerships to ensure territorial development and cohesion

CEMR analysis of the respect for the partnership principle during the implementation phase of European Structural and Investment Funds

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CEMR key recommendations

- ➔ The partnership is better when there was already a good cooperation during the programming phase; it forms a good basis and ensures continuity of dialogue. Local authorities need to be involved early and not after publication of draft OPs, otherwise it is too late for having projects responding well to local needs.
- ➔ Partnership looks good in some cases but is not always very substantial when EU funds are mainly used for central government's purpose. EU funds must serve EU territories' development and not be diverted to shorter term domestic priorities which may or may not truly meet the needs of the local area.
- ➔ A transparent and clear signed cooperation agreement between all levels of government would be the best, in order to have a common statement of central and local authorities presented to the Commission's services on investment priorities and to ensure ownership. The representative body of local and regional authorities should also form part of the central government negotiating team.
- ➔ The local level is overlooked in some cases, and the agreement is only been made between federal/central level and regional level. The participation of local authorities in all relevant Monitoring Committees and working groups has to change in order to increase local authorities' opportunities to influence the Monitoring Committees.
- ➔ It can be harmful for local development when unilateral non-concerted changes are undertaken on the role of local areas, especially if contrary to what they want, such as being downgraded to a simple advisory status.
- ➔ It is important for local authorities and their associations to receive regular information, to participate in a frequent dialogue with the Managing Authorities, but also to have bilateral meetings to fulfil their interface role.
- ➔ Nurturing good relationships with the Managing Authority in order to informally obtain non-public information is essential, even if a more formal arrangement were to give local authorities more rights.
- ➔ Inviting key actors involved in EU funds in national associations' board meetings is also an idea to improve the relationships. And involvement of local and regional authorities in draft guidelines for applicants before any publication is desirable.
- ➔ The impact is even greater when cooperation with other sectors (triple helix) exists in both policy-making and project implementation.

Executive Summary

1. Local authorities who are well involved during the preparation phase of the European Structural and Investment Funds (ESIF) 2014-2020 are more likely to be well involved in the implementation phase, are more aware of EU funding opportunities and are quite capable of better using EU funds.
2. Most local governments are involved directly and/or through their national associations in Programme Monitoring Committees for the European Regional Development Fund (ERDF), often for the European Social Fund (ESF) and sometimes for other funds. However, there is a great variance over their influence in the implementation of the programmes (size of partnership structures, information availability, clarity and foresight of meetings workload). We can conclude that most of the operational aspects of the European Code of Conduct on Partnership (ECCP) are not properly applied in most cases.
3. As during the preparation phase of Operational Programmes (OPs), regions often remain the privileged interlocutors for the central governments and have more influence and power over decisions than local public authorities.
4. In some cases, national associations of local authorities (contrary to Art.5 Common Provision Regulation on partnership) are not full partners but only informed about the major decisions, rather than taking part in the concrete decision-making. Other national associations of local authorities have a more strategic role to ensure an efficient delivery of ESIF: this has to be the way forward for a better absorption of ESIF in this programming period 2014-2020. The signature of an agreement between central governments and other levels of government would ensure a common statement to the Commission's services, greater ownership of investment priorities, better knowledge of ESIF opportunities by local and regional authorities, and therefore better efficiency in the use of EU funds on the ground.
5. Recognition of the importance of local authorities can also be analysed through the territorial dimension of OPs, local authorities' ability to access and use EU financial instruments, and their nomination as intermediate bodies or beneficiaries of an Integrated Territorial Investment (ITI). In most cases, the target of devolved responsibilities are, if anyone, larger urban areas or regions. This is a missed opportunity to involve local areas of *all* types in shaping funding decisions for the benefits of their local area development.
6. Regarding simplification, the willingness of cutting administrative costs for beneficiaries should not lead to additional costs for the Managing Authorities, or local authorities with devolved responsibilities.
7. Local authorities willing to be more engaged in ESIF management should be given the opportunity by central governments to receive more decision-making powers, starting with project selection. Technical Assistance and early involvement in the discussions on investment priorities in future funding rounds will help this process.
8. Given that most countries and regions have only now started to launch the programmes, there is scope for Managing Authorities and the Commission to enforce more consistently the Partnership Principle as set out in the Regulation and the Code of Practice.
9. CEMR together with its national member associations covering all EU Member States are keen to contribute to further deepening the partnership principle both in terms of monitoring its application and to draw the appropriate lessons for the next programming period.

Introduction

For 2015, CEMR has decided to conduct a new study[1] on the respect of the partnership principle under cohesion policy 2014-20 (art. 5 Common Provision Regulation[2]), based on a questionnaire sent to its member associations of local and regional authorities.

17 national associations of local and regional authorities have responded so far, from 13 Member States: **Austria** (Austrian Association of Municipalities, and Austrian Association of Cities and Towns), **Belgium** (Association of the City and the Municipalities of the Brussels-Capital Region, and Association of Flemish Cities and Municipalities), **Bulgaria** (National Association of Municipalities), **Czech Republic** (Union of Towns and Municipalities), **Denmark** (Local Government Denmark and Danish Regions), **Estonia** (Association of Estonian Cities), **Finland** (Association of Finnish Local and Regional Authorities), **Germany** (German County Association), **Italy** (CEMR Italian Section), **the Netherlands** (Association of Netherlands Municipalities), **Romania** (National Union of County Councils of Romania), **Sweden** (Swedish Association of Local Authorities and Regions), **United Kingdom** (Local Government Association, and Convention of Scottish Local Authorities).

The difference of involvement between the preparation phase and the implementation phase of European Structural and Investment (ESI) Funds is strongly marked, in particular as many local and regional authorities in most Member States are now involved in Monitoring Committees of OPs, directly (as individual local and regional authority) or in many cases indirectly through their national associations. However, many differences in the respect of the partnership principle during this implementation phase still need to be highlighted and raised, especially as the situation varies a lot from one Member State to another.

In this new study, different points are analysed: the state-of-play of OP adoption, the involvement of local authorities to date after OP preparation, the use of intermediate body status, the engagement of the national association of local and regional authorities in ESI Funds' delivery, the territorial development orientation, the share of financial instruments which should give additional financial opportunities to local and regional authorities and feedbacks received from stakeholders. Finally key recommendations are formulated based on the input of CEMR's members.

This report was made possible with the active contribution of CEMR's member associations and their experts.

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[1] Planning of EU Structural Funds: is Local Government treated as a real partner? (CEMR, 2014) http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_report_structural_funds_EN.pdf

[2] Common Provision Regulation, Article 5: Partnership and multi-level governance: "*In accordance with the multi-level governance approach, the partners referred to in paragraph 1 [competent urban and other public authorities] shall be involved by Member States in the preparation of Partnership Agreements and progress reports and throughout the preparation and implementation of programmes, including through participation in the monitoring committees for programmes in accordance with Article 48*".

Analysis of the respect for the Partnership Principle during the implementation phase of European Structural and Investment Funds

To date, most OPs have been approved, especially in Member States having more developed regions, receiving less budget, or with fewer problems of absorption in the former programming period.

Most OPs have been adopted in most Member States, like in the **Netherlands**, the national European Maritime and Fisheries Fund (EMFF) being the latest OP approved in March 2015; in the **Czech Republic** where all 11 OPs are officially approved by the European Commission; or in **Germany** where all OPs are now adopted: 15 ERDF, 16 ESF, 13 European Agricultural Fund for Rural Development (EAFRD), 11 European Territorial Cooperation (Interreg), and 1 multi-fund.

In **Sweden**, they have already implemented 8 regional Ops (regional operational programmes) and 1 national program for the ERDF, 13 European territorial cooperation programmes (ETC), 1 OP and 8 regional action plans for the ESF, 1 national program for the EMFF, 1 national program for EAFRD.

In **Denmark,** the OP for the ESF and the OP for ERDF were adopted early during the summer 2014. Both programmes are now in operation. The regional growth forums[3] have even almost finished the business development strategies which will form the basis for the distribution of the funds and for more projects being implemented. The latest status of the implementation of n+3 is that **Denmark** is currently not fulfilling the expectation.

The multi-fund opportunity will only be taken up by a few Member States, like in **Bulgaria** where there will be three multi-fund programmes: one OP Transport and Transport Infrastructure and one OP Environment, both funded by the Cohesion Fund and ERDF, and in addition one OP Science and Education for Smart Growth financed by ERDF and ESF. **Finland** is a particular case where the number of OPs has been drastically reduced compared to the previous programming period 2007-2013: there is now only one multi-fund Operational Programme. It was approved by the Commission in December 2014. Implementation started already beforehand in autumn 2014. The OP covers the whole country while implementation is mainly on regional level. In May 2015, already 15% of the Programme budget had been allocated to projects. The choice to have a multi-fund programme has been viewed to date as a success. On the other hand, there is criticism that when the target is to boost chances for ERDF and ESF projects and activities to be mutually supportive, it is not always easy given the stronger emphasis on social inclusion in ESF, than in the previous programming period. According to the Partnership Agreement adopted by **Romania,** only one programme on large infrastructure was designated as multi-fund (ERDF and Cohesion Fund).

In other countries the decision was taken to not use this multi-fund possibility, such as in **Denmark, Belgium or England.** However the case of England is an interesting one as each ESI fund has its own Operational Programme, ERDF, ESF, and part of EAFRD have nevertheless been brought together into a single national programme known as the ‘England Growth Programme’. This should facilitate common procedures and coordination across the ESI Funds, although several differences in approach remain in practice, as the funds continue to be managed by different government departments.

Finally some Member States were subject to a delay in adoption like **England**, whose ESF Operational Programme was only adopted in September 2015, or **Romania**: not all Operational Programmes have been adopted (as of September 2015). Yet it has not prevented these countries to start the implementation. In **England** the first call for projects took place between March and May

[3] They are composed of “*representatives from the private business (6), knowledge and higher education institutions (3), labour market policy organisations (2), the municipalities (6 mayors) and the Regional Councils (3*

2015, and a second call for the Autumn 2015 is underway. In **Romania**, the Operational Programme for Helping Disadvantaged People is currently underway and absorbing funds. The needs of local public authorities in Romania are currently very high and steadily increasing; thus, the use of ESI Funds will be even greater than in the past. In early 2015, the absorption rate of ESI funds for the 2007-2013 programming period was 52%. For the period 2014-2020, European principles for fund allocation according to the degree of development of each region and to national priorities defined in the Partnership Agreement will be followed nationally.

There is an urgent need for a strong involvement of all local governments during the design but also the implementation phase starting after the adoption of the OPs: the earlier the involvement, the greater impact investments will have on territories.

The Association of **Netherlands** Municipalities has been involved from the start of the negotiations in the preparation of the Partnership Agreement, as well as in the ESF Operational Programme, due to the fact that employment is an official competence of local government in the Netherlands. For the same reason the Association of Netherlands Provinces has been involved from the start of the preparation of the EAFRD programme, because rural development is a competence of the provinces. The way the ERDF, ESF and EMFF have been prepared in the Netherlands is a good example of the implementation of article 5 of the CPR and the Code of Conduct on Partnership. This represents a good basis for the involvement of local authorities in the OP implementation phase.

This is also the case for instance in **Bulgaria** where the National Association of Municipalities now has representatives in the Monitoring Committees of all OPs', and also in the Monitoring Committee of the Partnership Agreement. Working groups with several Managing Authorities were also organised mainly for discussion of the drafts of the guidelines for applicants. According to Bulgarian legislation for management and absorption of ESIF, all potential beneficiaries, including municipalities, are consulted before the Monitoring Committees' approval of the so-called indicative working schedule for forthcoming announcement of application procedures. Also according to the legislation, the drafts of the guidelines for applicants are published and the applicants are consulted before the official announcement of the calls for projects. In December last year the National Association of Municipalities signed an agreement for cooperation with the newly composed Government. Part of the Agreement is devoted to the 'Establishment of a sustainable environment for absorption of ESIF through:

- ⇨ Establishment of uniform and simplified procedures at all stages – application, implementation, accounting and reimbursement - 2015.
- ⇨ Respecting the principles of equal treatment, transparency and partnership between the Managing Authorities and the beneficiaries in the whole process and clear procedures for appealing.
- ⇨ Annual evaluation of the necessary co-financing in the framework of annual budget procedure.
- ⇨ Access by municipalities to the European Investment Bank's resources in support of the requested co-financing – 2015-2016.
- ⇨ Elaboration of mechanisms for prevention and managing the effects of financial corrections - 2015.
- ⇨ Improvement of transparency and accountability in public procurement procedures through development and implementation of uniform models, specified by types of services and activities – 2015.
- ⇨ Active cooperation for implementation of financial instruments, taking into account the specificities of municipalities – 2015- 2016'.

In **Sweden**, local governments have been earmarked within the regional fund for sustainable urban development. As a result they can cooperate with the Managing Authorities and the regional political bodies in their development of urban strategies, using the regional fund for financing urban projects.

For the regional Operational Programmes (ERDF and ESF) there is a partnership consisting of regional representatives (majority of politicians) and other stakeholders. In Sweden this partnership is called “Structural Funds Partnership”, and prioritises ESF and ERDF projects regionally and that have been legally approved first by the Managing Authority. In Sweden, regions and municipalities are also involved co-financing ESF or ERDF projects according to their regional development strategy and the urban development strategy.

In **Italy,** regions are the Managing Authorities (MA) of Regional Operational Programmes (ROP) and the National Representation of Municipalities is usually involved in the Monitoring Committee. Municipalities are generally informed through multilateral or bilateral meetings with their own Region or consulted with workshops on the field.

However this involvement is not that strong in all Member States, in particular for the local level compared to the regional level. Many local authorities remain dependent upon political decisions taken at regional level, and they just participate in a limited number of information session on calls or in some Monitoring Committees but with a very limited number of seats. This is for instance the case in **Belgium** where regions were involved from the beginning in the preparation phase, and which must collectively approve the national Partnership Agreement. Yet the local level was almost forgotten in the discussions, and opportunities for real input are now limited.

Out of the twelve Member States, eight have appointed intermediate bodies, in particular larger cities or regions.

Some local areas will have more say than others over how EU funds are spent locally, the Managing Authority of their country to devolve decision-making to these regional or local areas. For instance in **Finland,** the Ministry of Employment and the Economy is the Managing Authority (MA). It has delegated most of the work to intermediate bodies which are state regional authorities (Centres for Economic Development, Transport and the Environment) and on the other hand regional councils, which represent joint municipal authorities.

In most Member States, the status of intermediate body will be mainly attributed to larger cities or regions. For instance in **Denmark,** the six regional growth forums have been appointed intermediate bodies. They are responsible for receiving, assessing and recommending projects to be funded by ESIF. The Managing Authority then controls the legality of the recommendations, issues approvals and rejections, and manages the daily case handling of the projects. In **Italy**, there are National Operational Programmes (NOPs) for 14 Metropolitan Urban areas where “Regional capitols” are the Intermediate Bodies of the NOP. In that case, each Metropolitan Urban area comprises its own Regional capitol and the surrounding municipalities. In Italy, most municipalities of each Regional Operational Programme (ROPs) play a role as intermediate bodies. In **Austria,** 4 federal and 12 regional bodies are appointed intermediate bodies. Local authorities are not appointed intermediate bodies.

It seems difficult in several countries for local authorities to be appointed intermediate bodies or to benefit from an ITI, in particular due to the complexity of the programmes and the administrative burdens that may come about as a result of delegation. Therefore, in **England,** for example, the Government has stepped back from its original plans to fully devolve decision-making to all 39 Local Enterprise Partnership areas: only the Greater London Authority will be allowed to play the fullest role in funding decisions locally, after being granted intermediate body (IB) status and eight ‘core cities’ have been granted a limited intermediate body status solely in relation to urban development projects. There will also be special decision-making abilities devolved to Cornwall and Greater Manchester, following their extensive campaigning, but even at this late stage the details are unclear. The UK Government has refused to extend these decision-making abilities to other local areas in England which are equally capable of taking local decisions.

In **Scotland,** there is a mixed picture: on one hand there is a lot of sub-delegation to Councils (amounting to 1/3 of the Programmes, the largest figure ever). At the same time, this significant level of transfer is not explicitly recognised in the Operational Programmes, in contrast to previous periods, where much less money was earmarked for local development.

In **Sweden,** as it was mentioned above, there is a legal body called "Structural Funds Partnership" (SFP) that includes mainly regional politicians and other stakeholders. Even if this body it is not a "real" intermediate body, it has a legal status to prioritise between the projects applications

In **Romania,** to date, no local public authorities have been appointed as intermediate body.

In other countries, only the areas covered by an Integrated Territorial Investment (ITI)[4] will be appointed intermediate body: this is the case in the **Netherlands** for the four main cities or in **Czech Republic.**

In general, those intermediate bodies will have the responsibility to select projects and the Managing Authority will undertake the legality check and final approval tasks.

The role of national associations in the delivery of ESI Funds is crucial but varies from one country to another.

In all Member States, local and regional authorities work together in national associations, which provide local and regional authorities support and expertise. National Associations also provide an interface with central government, as a unique interlocutor representing the interests of all local and regional authorities.

In the context of ESI Funds, the role of such associations can be crucial to supporting project promoters and ensuring an efficient delivery of the funds on the ground. The following key characteristics of such associations have been reported.

They generally have an information role in the context of ESI funds and programmes (dissemination activities through publications and events), rather than being directly involved themselves in EU funded projects. In several countries, national associations not considered as full partners by central governments as should be the case (art. 5 CPR); they are only informed of major decisions but do not take part in the concrete decision-making (**AT, BE**). They are neither well informed nor in a timely way about the latest developments applicable in their country by the central government. They always have to request information, which makes the follow-up of all EU funds complex and difficult in the long term. Another issue for some national associations is human resources capacity.

However as previously indicated, in other Member States, associations have a more strategic role, being in various Monitoring Committees (**NL, EE, FI, England**), thematic advisory committees (**RO**), and working groups related to programme delivery like on communication, evaluation, measurement of output and outcome (**DK**), or on performance management, governance, technical assistance, a local partners boards advising the Managing Authority (**England**).

They may also provide assistance for project design on demand and responses to questions (**BE**): in that case, they accompany the preparation of projects more than they are involved in the preparation and follow-up of OPs. National association of local and regional authorities may also be involved in the implementation phase of the ESI Funds through the participation of representatives (experts or politicians) (**SE**).

Finally, some are beneficiaries of ESIF, in order to better support municipalities in the implementation of EU funded projects **(BG),** to develop an e-system of elaboration and management of EU funded

[4] A separate CEMR study is available on the use of Integrated Territorial Investments (ITIs) at the local and regional level.

projects (e-application and e-reporting; equipping and providing hardware to municipalities) **(BG),** to participate in trainings in other EU countries **(BG),** to support inter-municipal cooperation **(CZ).**

Most OPs contain a territorial dimension, however it is often geographically limited, and mainly targeting urban areas through ITI and CLLD.

To assess the importance of local areas in ESI Funds implemented in Member States, it is also interesting to analyse the territorial dimension contained in OPs.

In **Finland**, there are two kinds of approaches in the single OP: a sustainable city development ITI and a possibility to support Community-Led Local Development (CLLD) with ESI funds in city areas where no LEADER financing is available.

In **Italy,** there is an integrated local approach to tackle specific needs of remote areas within each region and the integrated territorial development strategies will be implemented through an ITI.

In **Germany**, the territorial dimension is more limited, apart from Baden-Württemberg and Schleswig-Holstein with the ITI and Saxony-Anhalt with Community-Led Local Development (CLLD).

In **Estonia**, there is a priority for developing five city-regions and each region is supposed to make its own plan for using EU funds. However the sectors the money can be used for are determined by the central government, even if some discussions happened beforehand with the national associations of local and regional authorities. So the regions have to agree upon priorities finally given by the central government, they are not able to decide alone in which fields where to spend the funds.

We can deduct from the different cases that the territorial approach is principally targeting the main urban areas. For instance, in **England,** 10% of ERDF is being spent on sustainable urban development in the 8 English “core cities”. In the **Netherlands,** only the ERDF programme for the West of the Netherlands has a special priority on Territorial/Local Development. The obliged minimum percentage of 5% of the national ERDF budget for local development (article 7 ERDF Regulation) will be fully carried by this programme through the implementation of the four ITIs in the four main cities. In **Romania**, the Regional Operational Programme includes a dedicated priority axis aimed at CLLD in urban areas, while rural or specific areas are covered by axes included in the National Rural Development Programme or the Operational Programme for Fisheries and Maritime Affairs. ITI which will receive multi-fund financing under several Operational Programmes will be used as well.

The geographical scope will thus be very limited. In **Austria** Integrated Territorial Development is only met by regional-decision making and project-selection on NUTS 2-level. The ERDF prioritises sustainable urban development and urban-rural linkages, CLLD will be run as a pilot in one out of nine regions (Tyrol). In **Scotland** as an alternative to ITI it was offered that a Territorial Committee, a form of sub-regional PMC, would be created within the national Operational Programmes for the Transition and Youth Employment eligible areas.

The issue of financial instruments is interesting as well in order to assess the additional financial autonomy local authorities may have with new innovative instruments.

Several Managing Authorities have decided to include financial instruments as an option in their OPs, but the scale of the resulting loan funds may be limited. In the **Netherlands** for instance, only the ERDF programme for the West of the Netherlands will use financial instruments based on European arrangements for energy efficiency, innovation and urban regeneration. The other three regional ERDF programmes will use regional arrangements for the implementation of financial instruments.

In general, financial instruments will be mainly developed under the ERDF OP, like in the **Brussels-Capital Region** where they should represent a minimum 10% of ERDF allocation (EUR 19 million for 3 different axis); the ex-ante impact assessment is now starting.

In **Sweden**, there are regional financial instruments covering all 8 ERDF programmes (entrepreneurship). There are also 2 national financial instruments: one for entrepreneurship investments funds and another fund supporting energy efficiency investments.

Some do not foresee EU arrangements, as municipalities have had so far no particular difficulties to access loans from regular banks (**Flanders**), but it might change in the future. For instance in **Denmark** there is a lack of venture capital and a gap analysis has been launched. Therefore, the Monitoring Committee has asked the Managing Authority to investigate the options of using ESI Funds to organise the use of financial instruments. By the way, both ERDF and ESF programmes include an option to establish financial instruments.

Moreover, a growing interest is shown in relation to the Juncker Investment Plan. For example, in **England**, EU financial instruments matched with ERDF to create local loan funds (JEREMIE, JESSICA) account for less than 10% of the UK's ERDF allocation. This share would grow if EFSI 'Juncker fund', mainstream EIB loans/guarantees, and the new Employment and Social Innovation (EaSI) programme financial instruments were included. EFSI 'Juncker Fund' has a strong national strategic focus which is nevertheless of relevance to local authorities. It remains unclear exactly how local authorities can benefit from the EFSI fund on the ground, and which activities can be financed. A greater communication effort is needed to raise awareness of the EFSI.

The main priorities for financial instruments are in general low carbon economy, SME support, innovation, technology transfer, sustainable urban development / regeneration. For instance in **Austria,** one of 23 measures in the Austrian ERDF OP foresees a regional arrangement. It provides ERDF-funding for a revolving "Hightech-fund" for SME-support. In **England**, the priority is to provide financing to local SMEs. London, Sheffield and the North West currently have a JESSICA (Joint European Support for Sustainable Investment in City Areas) funding to set up green or sustainable urban development loans funds. The 'London Green Fund' (EUR 100 million) supports waste, energy efficiency, and greener social housing.

In several Member States, the share of ESIF being spent through financial instruments has already increased, like in **Bulgaria**: during the 2007-2013 programming period only the biggest cities were allowed to use the JESSICA fund (EUR 30 million- mainly for projects for urban regeneration and tourist sites). Now under the programming period 2014-2020, the share will rise and approximately 20% of EU funds for municipalities will be absorbed via financial instruments. Arrangements for financial instruments implementation are still not elaborated, but, as planned, local authorities will use them for investments in urban regeneration, urban transport, business zones; and sport and tourist infrastructure development.

Stakeholders' feedback on some difficulties already appearing at the beginning of this implementation phase

The processes has only started recently, therefore it is difficult to receive comprehensive feedback from stakeholders. While various issues have already been reported, most of them are under discussion in order to find rapid solutions:

- Issues concerning delays, human resources, drawing up selection criteria.
- Some difficulties have also been detected in the interpretation of the wording of the activities described in the programmes. The Managing Authorities interpretation seems sometimes too restrictive.
- If not involved during the preparation phase of Operational Programmes, some municipalities are now surprised by some measures, and have very strong negative reaction on the new approach. Like in **Bulgaria** for instance regarding EU funds for renovation of water & waste water infrastructure under OP 'Environment' 2014-2020.

- ⇨ Different institutions dealing with different EU funds or with different tasks lead to administrative complexity for project promoters.
- ⇨ Problems with the administrative relation with their own region (a problem of multi-level governance)
- ⇨ Some difficulties concerned the increasing relevance of management and control systems on the appropriate methods to reach sustainable and multi-sectors results.
- ⇨ There are still some questions on how to achieve a multi-fund approach.
- ⇨ Local partners are experiencing some capacity issues, and there are some frustrations around the relatively central delivery model chosen. Like in **England:** the OPs limit the role of most local partners to an ‘advisory’ role, they can offer advice to the Managing Authority but cannot have the final say on which projects are funded in their local area
- ⇨ Some initial issues with the IT system used to submit bids for funding were also noted like in **England** under the first round of calls (easily resolved) or in **Finland** where the new electronic data system is causing problems for both applicants and authorities. Applying for support and making financing decisions is totally electronic. The system is still partly under construction which causes delays and extra work.
- ⇨ There is a need to ensure that summaries of bids arriving from the Managing Authorities to local ESIF committees are well sequenced to avoid bottlenecks.
- ⇨ Implementing ITI seems not to be easy in some Member States, like in **Germany**, as the programme is new for the regional management as well as for the local level. It is, though, too early to assess the process at the moment. One problem could be the missing support from the Managing Authority, when setting-up an ITI was more a political decision. The Managing Authority also needs to be convinced of the approach.
- ⇨ The objective at EU level to lower the administrative burden for Cohesion policy programmes has not been realised. In fact, the administrative costs for beneficiaries have been cut, but also transferred to the Managing Authorities. In total there was not a real cut of red tape.
- ⇨ The rules for the use of financial instruments are too complicated. This discourages Managing Authorities from using financial instruments based on European arrangements.
- ⇨ Guidance from the European Commission on several aspects of the ESIF programmes came (much) too late, e.g. guidance on ITI, Smart Specialisation and Joint Action Plan (JAP). This has complicated seriously the preparations of the Operation Programmes.
- ⇨ Local public authorities have sent numerous signals regarding the simplification of procedures in terms of both accessing and implementing projects.

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About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 50 national associations of municipalities and regions from 41 European countries. Together these associations represent some 150 000 local and regional authorities.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

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