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Part III

COMMISSION STAFF WORKING PAPER

Impact Assessment - Part III: ERDF and CF Regulations IAB opinion

Accompanying the document

**Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on specific provisions concerning the European Regional Development Fund and the
Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006**

and

**Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006

and

**Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on specific provisions for the support from the European Regional Development Fund to
the European territorial cooperation goal**

{COM(2011) 614 final}
{SEC(2011) 1139 final}

{COM(2011)611 final}
{COM(2011)612 final}

ERDF and CF regulations IAB opinion

Title	IAB Text	What we did
Overall assessment		
	<p>The report provides a sufficient evidence base to inform decisions on the scope of ERDF enterprise support and support for territorial cooperation. Certain elements should, however, be further improved, particularly the explanation and justification of the chosen infrastructure option and the rationale for only re-examining the scope of funding in limited areas.</p> <p>First, the report should better demonstrate the seriousness of the problems.</p> <p>Second, the context should be more clearly explained with a summary of evaluation findings and details on why no other problems or issues are addressed here.</p> <p>Third, the chosen infrastructure option should be better explained and justified through explaining the intervention logic and predicted effects.</p> <p>Fourth, an effort should be made to strengthen the analysis of impacts in terms of enterprise support including by more fully discussing the use of financial instruments other than grants.</p>	<p>These issues have been addressed. Details on how specific recommendations have been addressed can be found below.</p>
Main recommendations for improvements		
(1) Better demonstrate the seriousness of problems.	<p>The report should incorporate further evidence, using quantitative data where possible, showing why the identified problems require a response. Recent information should be used where available, with appropriate qualifying statements.</p>	<p>Several references to studies, evaluations and public consultations have been included in the report.</p>
	<p>On infrastructure, a strong effort should be made to underpin the claims about differing progress on cross-border and national sections of projects with data.</p>	<p>A map was already contained in the IA which shows that construction of infrastructure towards the EU periphery and cross-border infrastructure is not as advanced as infrastructure inside MS or connecting MS to the EU centre.</p>

	The concrete shortcomings of the previous approach to financing transport links (TEN-T) via ERDF and CF should be shown too.	The description of issues related to financing transport infrastructure has been rewritten and focused more clearly on EU added value and coordination of EU funding instruments.
	On the territorial cooperation issue, extracts from the evaluations should be incorporated to better substantiate the arguments and an annex could be used for context and a summary of evaluations.	Further evidence from studies and public consultation has been included.
	The reports that prompt concerns about the added value of ERDF enterprise support when used for generic grants for large firms should be more clearly summarised and perhaps quoted, not simply referenced in footnotes.	Additional references to evaluations have been included.
(2) Clarify the context explaining why only these aspects of rules are re-examined.	The report should open with a short summary of evaluation findings on ERDF and the Cohesion Fund. Where identified problems are being tackled via other proposals, this should be mentioned.	The summary of evidence from evaluations is included separately in the sections describing the problems.
	The rationale for not re-examining the scope of funding for certain other objectives within this report should be explained. Evidence should be used to show why it is not worth adjusting ERDF rules to strengthen synergies between, on the one hand, environment and climate change investments and, on the other hand, investments with different objectives (as suggested in evaluation).	A footnote has been included in the introduction to the problem definition (section 2) explaining why there is no need to re-examine the scope of interventions in the field of environment and climate change.
(3) Better explain and justify the chosen infrastructure option.	The infrastructure options should be carefully rewritten to remove technical jargon and to clarify their practical implications, including coordination arrangements and changes that will be seen from a beneficiary viewpoint.	The infrastructure options have been shortened, rewritten and structured more clearly. The focus is now on EU added value and coordination of EU funding instruments.
	For the preferred option, the key rules that will govern scope and other matters should be separately listed for: the share of CF to be ring-fenced in the Connecting Europe Facility, other CF allocation, other EU instruments. It should be clear which funds will be governed through the standard cohesion policy mechanism of the partnership contract. It should also be	The share of the Cohesion Fund to be ringfenced for the CEF has been made explicit (€10 billion). It is mentioned in the options that the Cohesion Fund is only available to poor MS.

	recalled that CF is restricted to less developed Member States.	
	The impact analysis on these options should outline the intervention logic perhaps using a diagram, e.g. changes to CF rules, expected shifts in the mix of types of supported projects, expected changes in delivered outputs (roads), subsequent impacts in travel terms, impacts over the relevant pillars. Tentative predictions should be made about the likely outputs or effects where possible, or a stronger justification for not attempting this should be supplied.	The thematic shift in expenditure is contained in the General Regulation IA. Expenditure in areas outside the scope of investment (e.g. investment support in large enterprises and basic infrastructure in richer regions) would be 0. However, it is difficult to predict how the funds freed up by limiting expenditure in these areas would be programmed by MS.
(4) Justify the chosen enterprise support option with more reference to evidence.	The predicted advantages of the selected enterprise support option are underpinned by logical reasoning with reference to evaluations which judged large firms as being more able to invest than SMEs in the absence of public support. The report should clarify the methodology used in the evaluations concerned, including whether any empirical evidence was found about whether funded firms would have probably been able to find funding from elsewhere.	References to empirical evidence from evaluations have been added supporting a focus on funding for SMEs.
	As problems with competition are mentioned in the problem section, likely impacts in this regard should be mentioned too.	There is no data available on this.
	The report should also provide arguments under the baseline option about why the established mechanisms that direct programme supervisors to make proven growth-enhancing investments would be insufficient.	There are no mechanisms currently which ensure that support to enterprises concentrates on areas where there are market failures to be addressed. This was already mentioned in the report but has been further substantiated with evidence from evaluations.
	A fuller analysis should be supplied about the use of financial instruments other than grants, to clarify the aims of interventions that would use these, the likely nature of	The IA does not contain a detailed analysis of the potential to use financial instruments, however, references to financial instruments

	these instruments (e.g. loans, guarantees, equity investments) and the expected results.	have been added in two places.
(D) Procedure and presentation	Operational objectives should be formulated in more specific terms, consistent with the appraisal criteria used.	Operational objectives have been aligned with the assessment criteria used to compare options.
	The baseline option should be scored as zero, with other options shown as relatively better or worse than this.	This has been done.