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POLICY DEPARTMENT
STRUCTURAL AND COHESION POLICIES **B**

Agriculture and Rural Development

Culture and Education

Fisheries

Regional Development

Transport and Tourism

**HOW TO INTEGRATE THE EU
FLAGSHIP INITIATIVES INTO
COHESION POLICY**

STUDY



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

REGIONAL DEVELOPMENT

HOW TO INTEGRATE THE EU FLAGSHIP INITIATIVES INTO COHESION POLICY IN THE CURRENT AND FUTURE FUNDING PERIODS

STUDY

This document was requested by the European Parliament's Committee on Regional Development.

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Abstract

This study focuses on the Europe 2020 strategy with particular reference to its seven Flagship initiatives (Innovation Union, Digital Agenda, Industrial Policy, Resource-efficient Europe, Youth on the Move, New Skills and Jobs, and the European Platform against Poverty). It explores their coherence with Cohesion Policy with a view to the 2014-20 programming period and identifies ways of integrating the Flagship initiatives into the future Common Strategic Framework. Using a number of detailed case studies, the report thoroughly examines experience in the implementation of the Lisbon strategy in the context of the Structural Funds. Detailed roadmaps are provided for each Flagship initiative, indicating what, when, how and by whom actions should be carried out over short-, medium- and long-term perspectives. Lastly, the report delivers recommendations related to the implementation of the Flagship initiatives using Cohesion Policy instruments.

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LIST OF ABBREVIATIONS

AIR	Annual Implementation Report
AT	Austria
BMUKK	Federal Ministry of Education, Art and Culture (Austria)
bn	Billions
Cat	Category
CBC	Cross-Border Cooperation
CF	Cohesion Fund
CIP	Competitiveness and Innovation Framework Programme
CO₂	carbon dioxide
CONV	Convergence
CP	Cohesion Policy
CRES	Centre for Renewable Resources
CSF	Common Strategic Framework
CSR	Corporate Social Responsibility
DG	Directorate General
DPS	Economic Development and Social Cohesion (Italy)
DSM	Strategic Document for the Mezzogiorno
DSPN	Preliminary National Strategic Paper (Italy)
e.g.	for example
EAFRD	European Agricultural Fund for Rural Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EHS	Environmentally Harmful Subsidies
EIF	European Investment Fund
EIP	Entrepreneurship Innovation Programme
EIT	European Institute of Innovation and Technology
EMCO	Common Principles, Employment Committee
EMFF	European Maritime Fisheries Fund
EP	European Parliament
EPMF	European Progress Microfinance Facility

ERA	European Research Area
ERDF	European Regional Development Fund
ERIC	European Research Infrastructure Consortium
ESCO	Competences and Occupations classification
ESF	European Social Fund
ESFRI	European Strategy Forum on Research Infrastructures
ETC	European Territorial Cooperation
ETEAN	Hellenic Fund for Entrepreneurship and Development
EU	European Union
EU-12	Member States that joined the EU in 2004 and in 2007
EU-15	Member States before the 2004 enlargement
EURES	European Employment Service
EYD EPAE	Operational Programme Competitiveness and Entrepreneurship (Greece)
EYE	Erasmus for Young Entrepreneurs
EYSED	Operational Programme Energy, Natural Resources and Climate
EN/KA	Change (Greece)
FI	Flagship initiatives
FISCALIS	EU cooperation programme enabling national tax administrations to create and exchange information and expertise
FP7	Seventh Framework Programme for research
G20	Finance ministers and central bank governors from 20 major economies
G8	A forum for the governments of eight of the world's largest economies
GDP	Gross Domestic Product
GIF	Growth and Innovative SME Facility
GPP	Green Public Procurement
HCI	Human Capital Investment
HORIZON 2020	Horizon 2020 – research programme for the 2014-2020 period (FP7, CIP and the European Institute of Innovation and Technology (EIT)).
HR	Human Resources
IB	Intermediate Bodies
ICT	Information and Communication Technologies

ICT-PSP	Information and Communication Technologies Policy Support Programme
ILO	International Labour Organisation
JASMINE	Joint Action to Support Micro-Finance Institutions in Europe
JEREMIE	Joint European Resources for Micro-to-Medium Enterprises
JESSICA	Joint European Support for Sustainable Investment in City Areas
JTS	Joint Technical Secretariat
KIC	Establishment of Knowledge and innovation communities
LCA	Life cycle assessment
LIFE+	Financial Instrument for the Environment
LLL	Lifelong Learning
IPR	Intellectual Property Rights
LRA	Local and Regional Authorities
MA	Managing Authority
Mbps	Millions of bits per second
MEECC	Ministry for the Environment, Energy and Climate Change (Greece)
mn	Million
MS	Member State
n.a.	Not applicable
NGO	Non-governmental Organisation
NRP	National Reform Programme
NSRF	National Strategic Reference Framework
OP	Operational Programme
PIA	Poverty Impact Assessment
POIN	Interregional Operational Programmes
PON	National Operational Programmes (Italy)
R&D	Research and Development
RCE	Regional Competitiveness and Employment
RES	Renewable Energy Systems
ROP	Regional Operational Programme
RSFF	Risk-sharing Finance Facility
R&D	Research and Development
RTD	Research and Technology Development

RTDI	Research, Technological Development and Innovation
SET	Strategic Energy Technology
SEPA	Single Euro Payment Area
SF	Structural Funds
SK	Slovakia
SME	Small and medium-sized enterprises
TA	Technical Assistance
TEFU	Treaty on the Functioning of the European Union
TEN	Trans-European Networks
TEP	Territorial Employment Pact
TEU	Treaty on European Union
TO	Thematic Objective
UN	United Nations
USA	United States of America
VET	Vocational Education and Training
WFD	EU Water Framework Directive

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EXECUTIVE SUMMARY

Background

The Europe 2020 strategy was presented in 2010 and should provide the basis for Europe towards 2020. The strategy is the follow up to the Lisbon strategy, and it intends to avoid the mistakes of the past. Together with its embedded seven Flagship initiatives, the strategy establishes synergies between different thematic fields and addresses different levels. The Flagship initiatives form pathways in thematic areas such as innovation, digitalisation, poverty, employment, industry, youth and resource efficiency. The thematic fields cover many different European and national policy fields and relate to different European instruments and in particular to the Cohesion Policy instruments.

Europe 2020 replaces the Lisbon agenda. The thematic impact of the Lisbon agenda can be found in various policies and instruments of the European Union. However the economic crisis clearly affected the baseline of the agenda, and consequently its targets could not be achieved. However, it is questionable whether the failure was due only to the crisis or if implementation was weak from the beginning. A recent evaluation¹ identified many different challenges associated with the Lisbon agenda, most of all its complexity and the lack of adoption by Member States.

Among others, the Cohesion Policy programmes have been drafted utilising the so-called 'Lisbon codes'. This 'Lisbonisation' of Cohesion Policy had a major impact on the thematic allocation, but the process still lacked the necessary ownership from the Member States. The thematic approach under Cohesion Policy was pioneered by the Lisbon strategy and provides some important lessons; there are both successes and failures.

The current Cohesion Policy proposal for the 2014-2020 programming period is under development and the European Parliament is seeking better implementation of the Europe 2020 strategy at European and (particularly) Member State levels. In this respect, the European Parliament wants national initiatives more closely monitored through observance of the subsidiarity principle, by developing a coherent proposal for financing Europe 2020 objectives, and by ensuring that the policy reforms of the European Commission are aligned with the Europe 2020 Flagship initiatives.²

Using Cohesion Policy instruments to implement Flagship Initiatives requires attention to their interrelationships. However the coherence between the current Cohesion Policy proposal and the Flagship initiatives is not yet clear. In this respect there is a need for clear roadmaps to indicate how different levels of action and different instruments can contribute to the Flagship initiatives.

¹ European Commission (2010), *Lisbon Strategy evaluation document, Commission Staff Working Document*, SEC(2010),114 final, Brussels, 2.2.2010.

² European Parliament (2011), *Structural and Cohesion Policies for 2020: tools to overcome the crisis*, note, Directorate General for Internal Policies Policy Department B: Structural and Cohesion Policies, Brussels, November 2011.

Flagship initiatives and their implementation in European Policies

The study presents an **overview of the seven Flagship initiatives** and shows possible means of implementation within European policies and especially within Cohesion Policy instruments. The Europe 2020 strategy introduces seven Flagship initiatives:

1. Innovative Union
2. A Digital Agenda for Europe
3. An Industrial Policy for the Globalisation Era
4. Resource-efficient Europe
5. Youth on the Move
6. An Agenda for New Skills and Jobs
7. European Platform against Poverty

The Flagship initiatives correspond to the objectives and targets of the strategy. However, the thematic orientation of the Flagship initiatives is multi-dimensional and considers several different levels of action (European Union, Member State, local and regional levels) in order to reach the related Europe 2020 targets. Some of the initiatives evolved from earlier projects and programmes and build on an existing foundation (e.g. Innovation Union, Digital Agenda). This is the reason why those Flagship initiatives are very mature in their development and the related documentation provides detailed action plans for improvement. Other initiatives are less developed (e.g. Platform against Poverty, Youth on the Move). These latter two initiatives are socially-oriented and therefore lack the economic impetus of the previously-mentioned topics. In addition, socially-oriented initiatives are typically more locally and regionally dependent in their implementation than industrial and innovation topics would be. For each of the Flagship initiatives, the study provides a factsheet.

The multi-dimensional character of the initiatives implies a certain thematic overlap between different pathways. Flagships do not have their own budgets, and their realisation depends on effective coordination and management of different financial resources. By screening the different documents available about Flagship initiatives, as well as the current Cohesion Policy proposal, it is most obvious that the current Cohesion Policy proposal³ does not explicitly include the Flagship initiatives, but the communication documents on Flagship initiatives mention several financial support instruments and specifically European Regional Development Fund (ERDF) and European Social Fund (ESF). Other policy instruments most notably the Seventh Framework Programme (FP7) and the successor Horizon 2020 refer directly and intensively to the relevant Flagship initiatives. Nevertheless, the realisation of Flagship initiatives relies heavily on financial support from Cohesion Policy instruments.

³ European Commission (2011), *Proposal for a Regulation of the European Parliament and of The Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006* {SEC(2011) 1141 final} {SEC(2011) 1142 final, COM(2011) 615 final, Brussels, 6.10.2011.

The current Cohesion Policy proposal barely mentions Flagship initiatives. The proposal is oriented along the lines of 11 Thematic Objectives, which cover all the five Funds included in the Community Support Framework (Cohesion Fund (CF), ERDF, ESF, European Agricultural Fund for Rural Development (EAFRD), European Maritime Fisheries Fund, (EMFF)). However, even though these objectives are very relevant for the Flagship initiatives, they do not consider the action plans proposed in the Flagship communications.

In comparing the different thematic objectives, the different funding fields and the thematic orientation of the Flagship initiatives, the following results emerge. For the Flagships 'Digital Agenda', 'Innovation Union' and 'Industrial Policy', the ERDF covers a broad range of relevant themes, but the role of the ERDF in relation to Resource-efficient Europe is less clear. With regard to social factors, the Flagships on 'New Skills and Jobs' and 'European Platform against Poverty' are mostly related to ESF. 'Youth on the Move' is somewhat less important in relation to the ESF, but is covered by other non-Cohesion Policy instruments such as the Lifelong Learning Programme. EAFRD and the EMFF directly mention the contribution to innovation, improvement of ICT infrastructure, resource efficiency, support for SMEs and skills development.

Examples of Lisbon implementation in the current programming period

Overall, the Lisbon strategy impacted on the current 2007-2013 programming period thematically and in terms of the involvement of the regional and local level. The largest impact can be identified in the National Reference Framework Programmes and the Operational Programmes. Concerning the involvement of stakeholders at central and regional level, in most cases only the central level has been involved in the elaboration and implementation of Lisbon-relevant topics. The lowest involvement of Lisbon-thematic fields occurred in Member States where hard infrastructure projects are favoured or were inherited from the previous period. Only Member States above a certain GDP/capita and with a longer history of European Membership focused on soft projects that were much more aligned to the Lisbon agenda.

The implementation of the Lisbon-thematic fields has been accepted as obligatory in most cases, and Managing Authorities aligned Operational Programme budgets in more or less arbitrary ways. In some instances, Lisbon codes were matched ex post to existing strategies. The same is true for some programming processes that involved the regional and local levels. The differences between those who involved regional stakeholders in the whole programming processes and those who viewed the involvement as an inevitable burden are strikingly related to Member States with decentralised administrations and Member States with centralised administrations respectively. Further differences emerge in Member States where the size of the country demands a more decentralised approach.

Another difference occurs between hard infrastructure projects and softer innovation and social projects. While the former are managed more centrally, the latter are managed at regional or local level. The choice between central or regional implementation is also a question of efficiency; Member States regionalised by necessity rather than heritage (e.g. because of their size, such as in Poland) are facing this dilemma more directly and with various levels of success. Some thematic fields and broad policies (e.g. digital agenda) are spread over national and regional Operational Programmes and are implemented in a mixed way.

The monitoring process of the Lisbon implementation has not been obligatory and therefore the updated indicative budget allocation is not reflected in most of the Annual Implementation Reports. In practice, some Member States did involve the codes in the

reporting scheme, but the difference in reporting does not allow any comprehensive evaluation of the Lisbonisation.

The various ways of implementing Lisbon-aligned projects show that no generalisation of good and bad implementation is possible. However, the case studies reveal that the most successful projects have been those with a certain umbrella character. In Sweden, the 'A&O' is one of the ESF's five national theme groups disseminating experiences from the projects. The A&O is charged with compiling, analysing and sharing experiences from workplace-learning-related projects. The objective is to promote the value of continuous workplace-learning to labour market parties such as employer organisations and policy-makers.

The Irish 'Equal at Work' labour market programme has focused on reforming and developing HR policies and practice to create a more equal and accessible labour market. Activation measures are targeted at employers, service producers and disadvantaged groups (older people, people with disabilities, travellers, lone parents, women, ethnic minorities and refugees) across the four main employment sectors in Ireland, namely the health sector, public local government sector, the private sector, and the very large community and voluntary sector.

In Poland, no particular project was chosen as a case study. Instead, the Polish administration pointed out the general implementation of the innovation topic using a combined top-down (centralised Operational Programme) and bottom-up (each Voivodship⁴ has an Innovation Programme) approach for implementing the thematic field.

Cross-border programmes are very much bottom-up with a substantial involvement of regional and local stakeholders. However, cross-border projects contend with different problems such as language and cultural barriers. In those cases, more soft projects are implemented supporting different economic interaction across the border.

In some instances, it has been proven that the involvement of too many administrative levels can hinder fruitful project generation. In Greece, for example, the central management avoided the involvement of local administration and directly engaged beneficiaries in implementing resource-efficient systems. This approach most likely saved considerable administrative effort.

Although different in their thematic orientation and management, the case studies show only a small picture of the European implementation of the Lisbon agenda. Nevertheless, it is evident from the case studies that the implementation process concerns not only the project level but also the whole programme management cycle and broader context.

However, the recent financial crisis in 2008 had a deep impact on the current 2007-13 programming period. As the Lisbon agenda was designed before 2008, some aspects were inappropriate and not required during the crisis period. Although the Lisbon agenda was moving in the right direction, it lacked a certain consistency in its implementation, and therefore Member States saw the whole exercise as having little practical value.

⁴ Administrative area in Poland

Roadmaps for Flagship initiatives

In order to show an implementation path for the Flagship initiatives, they were subjected to a universal roadmap grid, in each case defining and answering the questions of who does what, at which level, when and how. Detailed pictures were drawn for each Flagship initiative, but there is no common approach in implementation. Specific Flagship initiatives foresee considerable work at the EU level in the short term (e.g. 'Digital Agenda' and 'Industrial Policy'), whereas others operate at the MS level with activities over the medium-to-long term (e.g. 'European Platform against Poverty').

The characterisation as short-, medium- or long-term action is dependent on the Member State and its respective governance structures. Actions to be implemented in the short term in more-developed regions are often long-term issues in less-developed regions. By contrast, when considering funds and policy instruments, a fairly universal pattern is visible. Whereas Horizon 2020 is more or less a universal instrument relevant to almost all Flagship initiatives, other instruments focus on specific activities. In the sphere of Cohesion Policy, a clear division of tasks is identifiable, with ERDF covering the hard factors (i.e. physical infrastructure) and ESF encompassing the soft elements (i.e. human resources and skills). EAFRD and EFF are complementary to ERDF in their respective environments, and the Cohesion Fund assumes responsibility for some hard factors where applicable, mainly related to the Flagship 'Resource-efficient Europe'.

However, each roadmap covers activities at the European, Member State, regional and local levels. The activities are listed in detail and clustered between Member States dominated by transition and developed regions and Member States dominated by less-developed regions. The following paragraphs provide a summary of the roadmaps.

The Flagship initiative **Innovation Union** has the aim of supporting research, development and innovation policies on topics such as climate change, energy and resource efficiency, health and demographic change. The Flagship initiative should provide synergies between the various policies and instruments at European and Member State levels. Different European instruments are involved (e.g. Seventh Framework Programme for research, Lifelong Learning Programme, ERDF, ESF, etc), especially in this thematic field, but Member States also have national and regional policies and programmes related to this field. The Flagship initiative provides the opportunity to establish a unified innovation framework; however, it must establish a compromise between the pursuit of cohesion and the promotion of excellence. On one side, there is increasing global competitiveness, and on the other side there is scarce public funding and a fragmented operating environment. At the EU level, an extensive set of actions is detected in the short term for the definition and standardisation of the framework and the launch of specific support mechanisms (e.g. on mobility of researchers). These activities serve the purposes of coherence and performance in the medium term, leading to the enhancement of the European Research Area in the long term. At the Member States and local and regional levels, no novel breakthroughs are necessary; instead, steady and coherent steps to improve existing structures, adjustment and coordination of tools, and improvement of the research infrastructure are required.

The Flagship initiative **Digital Agenda** has the aim of supporting the Digital Single Market by improving fast and ultra-fast internet and interoperable applications. This includes broadband access for all regions in Europe by 2013, increased internet speeds (30 Mbps or above) by 2020, and more than 50 percent of European households connected to internet with a speed above 100 Mbps. The Flagship initiative concentrates on the broad improvement of the 'hard' and 'soft' factors concerning ICT. The potential of a single market framework for ICT and the potent market drive on ICT are significant drivers of success related to this initiative. On the other side, the market orientation might also lead

to market failures, which will require some form of public intervention. This is especially true in the EU-12, which often lack a sufficient basic infrastructure in their ICT network. At the EU level, in the short term the build-up of a legal and procedural framework including guidance to the Member States is foreseen. This will lead to the establishment of capable European agencies and the definition of an interoperable and cross-border network in the medium term, and to Europe-wide e-governance in the long term. At the MS and local and regional levels, the focus is on the enhancement of ICT skills in the short-to-medium term and the improvement of the infrastructure in the medium-to-long term.

The Flagship initiative **An Industrial Policy for the Globalisation Era** concentrates on economic, business and labour force aspects considering among others innovation, resource efficiency, business environment, the Single Market and the improvement of SME support. However, this broad thematic spectrum can lead to a loss of focus, and competition between Member States, the lack of coordination and the deepening of existing disparities also jeopardise effectiveness. At the EU level, the establishment of an EU Industrial Policy in the short term is the cornerstone, accompanied by related regulations and guidance. In the medium-to-long term, the horizontal approach to industrial policy, the enhancement of EU standards and the promotion of resource efficiency are identified as paramount challenges.

At the MS and local and regional levels, the focus in the short-to-medium term is on the enhancement of skills, the reduction of the administrative burden for SMEs, and the guarantee of a stable and trustworthy operational environment for SMEs. The restructuring of industries and the promotion of resource efficiency are mentioned for the medium term, and the utilisation of telematics and the creation of efficient transport and logistics networks are a long-term issue.

The Flagship initiative **Resource-efficient Europe** covers a very broad spectrum concerning resource efficiency and environmental protection related to all policies and programmes at European and national levels, emphasising the horizontal character of the topic. However, this horizontal dimension means that effectiveness and efficiency will only be generated through EU-wide implementation. The EU's fast-growing 'green' industry can be a powerful global asset. At the same time, globalised industrial competition confronts European industry with low-price products and low environmental standards, making the adoption of rigid legal changes towards resource efficiency less welcome. At the EU level, a long list of activities is envisaged for the short term, covering the formulation of new visions and strategies (e.g. on biodiversity), the review of existing policies, operationalisation via financial instruments, structures and monitoring provisions, amongst others. In the medium term, the establishment of concrete tools is addressed (e.g. Life Cycle Assessment, eco-labelling, Green Public Procurement and others), leading to long-term support for research, the introduction of market-based instruments and the abolition of counter-productive subsidies. At the MS and local and regional levels, the focus in the short term is on the finalisation of the legal and administrative framework (where needed), leading to concrete implementation in the medium-to-long term of very specific actions (e.g. energy efficiency in buildings, development of storage technologies, introduction of fiscal incentives etc.).

The Flagship initiative **Youth on the Move** addresses the high youth unemployment, suggesting actions concerning educational and professional mobility and the facilitation of entry into the labour market. However, the obvious benefit of coordinating and harmonising MS policies and systems is somehow compromised by the long timescale required for investments in education to bear fruit, and connectivity to the local labour market and brain drain can be additional hindrances. At the EU level, the challenge in the short term lies in the definition of an education modernisation agenda to be carried out by the relevant programmes (e.g. Erasmus, Leonardo da Vinci, Comenius, Grundtvig, Erasmus Mundus, Tempus) in the medium term. At the MS and local and regional levels, the focus is on immediately improving entry into the labour market, while investments in infrastructure and human resources and the establishment of qualification frameworks in the medium term should lead to improved educational outcomes and reduced drop-out rates in the long term.

The Flagship initiative **New Skills and Jobs** is closely related to 'Youth on the Move', shifting the focus onto vocational training aimed at demand-driven education and on-the-job learning. The main concern lies in matching skills with labour market demand and EU-wide harmonisation. National competences pose a serious obstacle in this field, and national administrations might be too weak or too slow in adapting to the rapid changing needs of businesses, hence the emphasis on on-the-job training approaches. At EU level, the focus in the short term is on a review of the relevant directives and policies, and in the medium term on setting up an Integration Fund for third-country nationals. At the MS and local and regional levels, where the main action is located, the administrations should focus in the short-to-medium term on the improvement of skills, investments in infrastructure, and support of self-employment and entrepreneurship. In the medium-to-long term, the focus shifts to concrete training and skills programmes and Lifelong Learning Frameworks. The establishment of 'flexicurity' frameworks is mentioned as a long-term issue.

The Flagship initiative **European Platform against Poverty** addresses the disparity between wealth and poverty (and underlying unemployment) throughout Europe. The main aim is to make poverty visible on the daily agenda. To facilitate an informed discussion on the topic, the lack of adequate data to support theoretical considerations is addressed. However, this field is not problem-free, as Member States either lack the capacity or willingness (for various reasons) to implement the necessary activities. At the EU level, the promotion of evidence-based research in the short term is a *sine qua non*, which should lead to the medium-term support of social economy initiatives and partnership. At the MS and local and regional levels, where the main action is located, the administrations should focus on the improvement of policies and coordination in the short term, assisted by evidence-based research in the medium term, which should lead to efficient migration management and flexibility of education and training in the long term.

Main findings and recommendations

Analysis of the different features of Flagship initiative implementation reveals that the initiatives were defined with the purpose of better guiding the implementation of the Europe 2020 strategy. However, this purpose has not been acknowledged when it comes to policy development. Based on the study results, the following recommendations are proposed for the better integration of the Flagships within policy instruments and to assure a coherent alignment during the next programming period. The lessons learned in the implementation of the Lisbon agenda should result in improvements to future strategy implementation.

The 'Lisbonisation' of the current Cohesion Programming Period at European Union level

The Lisbon agenda was a rather top-down strategy that lacked a certain ownership by Member States. Accordingly, it is necessary to break down the strategic and abstract concepts into down-to-earth project ideas that can be comprehended and adopted at the local level. This is a crucial point for both programming and consultation, but also for implementation, allowing easier orientation of the programme bodies and the beneficiaries. These project ideas must be indicative, allowing stakeholders with the necessary capacity to design their interventions but supporting the performance of those less capable. Framework support at the OP level has also proved to be a useful investment, allowing for assistance and guidance at the local level.

1. Currently, European strategies are still perceived as detached and non-applicable. It is necessary to break down European strategies and concepts into understandable and applicable actions that can be adopted at local and regional levels.
2. Managing Authorities have incorporated the earmarking codes into the monitoring system. Now they use these codes as a standard indicator. In order to generate an added value based on this 'learning effect', it would be useful to keep the earmarking code feature for future allocations towards Europe 2020 targets.
3. It is recommended that provisions be introduced for an 'automatisation' between programme implementation progress (as expressed in the financial performance) and 'earmarking indicator' change. Since 2007-2013, programmes have assigned earmarking codes at the 'measure level', and it would be useful to introduce a key of percentile contribution per measure, hence automatically calculating earmarking codes progress as per financial progress. Subsequent revisions of the programme can be easily introduced either at the measure level or in the percentile keys. Such an approach will deliver a fit-for-purpose picture of reality with almost no administrative burden, a constant concern of Managing Authorities and their monitoring departments.
4. Ensuring consistency between European and national instruments must include the management of synergies between the different instruments in place.

The implementation of Flagship initiatives using Cohesion Policy instruments

The Europe 2020 strategy formed the Flagship initiatives to gain better involvement of the Member States. However, this approach has not yet reached the Member States, and this will not change without consistent implementation of the European financing instruments.

Recommendations - European level

5. Given the fact that those initiatives form a central part of the Europe 2020 strategy, the lack of adjustment and coordination between Cohesion Policy and Europe 2020 must be addressed.
6. All Flagship initiatives must be positioned in such a way that Member State representatives at all levels are aware of their existence.
7. Territorial Cohesion should be considered when designing Flagship initiative roadmaps and in implementing Flagship initiatives.
8. Aligning Cohesion Policy with Europe 2020 requires not only allocating Cohesion Policy funding to Flagship initiatives, but also ensuring adequate framework conditions. The intervention logic of Cohesion Policy needs to focus on areas of structural and regulatory change, as well as capacity-building.

9. The coherence between Flagships and ERDF and ESF must be elaborated and defined in the general regulations of the Cohesion Policy instruments.
10. Indicators defined for Structural Funds evaluation need to reflect the objectives of the Flagships.
11. The duplication of processes and reporting obligations should be avoided and transparency ensured.

Recommendations - Member State level

12. When defining Operational Programmes, ring-fencing should be clearly in line with the pathways of the Flagship initiatives.
13. Member States should take into account the objectives and goals of the Flagship initiatives when elaborating their partnership contracts.
14. Given that Flagship initiatives considerations in the partnership contracts and resulting Operational Programmes did not result in any additional funds materialising or any other kind of bonus, the introduction of incentives for the Member States should be considered, so that Flagship initiatives integration goes beyond lip service or simple monitoring relevant intervention codes. Eventually, path-setting projects that refer to one of the Flagship initiatives should be empowered, than, for example, 'standard projects of hard infrastructure'. This is especially the case in EU-12 Member States.

European Parliament involvement in the implementation process

The European Parliament can play an important role in the early stages of actions that define the framework for the implementation of the Flagships. This applies both to the topics identified in the roadmaps (i.e. short-to-medium-term actions at EU level with mainly Type A and eventually Type C activities) and to the form of consultations for the final version of the Structural Funds regulations.

15. The European Parliament should ensure the alignment of Cohesion Policy financing with the activities outlined in the roadmaps, as well as monitoring the national implementation of the different steps in the roadmaps.
16. Due to the complexity and thematic broadness of the Flagship initiatives, comprehensive monitoring of progress is recommended (e.g. in a form of a mind-map around the Flagship initiatives Communications, indicating previous and subsequent documents). At present, this could be rudimentary, focusing on the generation of supporting documents, but in the short-to-medium term it must become more sophisticated in capturing the new elements, i.e. revision of regulations and new strategies at EU level developed because of the Flagship initiatives, etc. This monitoring could be structured either vertically along the topics of the Flagship initiatives (addressing visibility and comprehension) or horizontally along the type of 'products' concerned (e.g. policies, regulations, structures, monitoring etc., addressing efficiency and coordination).
17. In similar manner to Flagship initiative monitoring, the contribution of thematic input from working groups or committees could be envisaged. In that case, the vertical structure focusing on topics is more manageable, creating dedicated working groups with the necessary expertise.

The involvement of regional and local levels

Involvement in implementation at regional and local levels is not restricted to regional and local administrations. In some instances, other stakeholders prove to be more appropriate partners for the effective and efficient use of European financial support. Nevertheless, the regional and local levels should understand the larger picture of the Programme.

Recommendations - European level

18. Include concrete indicative suggestions for actions by the regional and local authorities in the supporting documents to the regulations. It can be assumed that most regional and local authorities do not have the capacity or the motivation for involvement in the higher-level strategy of the Flagship initiatives, especially considering that no extra funding is foreseen. Hence, the easier to follow and the closer to 'local level' the indicative suggestions are, the greater the uptake potential will be.

Recommendations - Member State level

19. Enhance the development of territorial pacts amongst regional and local authorities in order to improve the implementation of partnership contracts.
20. Local and regional authorities are not sufficiently involved in European strategic implementation, and in many cases a better and more comprehensive transfer of know-how is necessary. Again, the Member States are responsible for ensuring a continuous transfer of know-how.
21. Include regional and local authorities in the programming and consultation processes in ways that they can cope with and which generate meaningful responses. Present them with concrete indicative actions, and gain their approval or explore alternative opinions, rather than engaging them in 'high policy' discourses or presenting them with given and non-negotiable scenarios.
22. Foster the exchange of experience and best practices dissemination, providing easy step-by-step instructions for the implementation of Europe 2020 relevant actions, supported by Helpdesk services.

1. INTRODUCTION

The Lisbon agenda was developed in 2000 to provide a strategy for the European Union for the ten years ahead. The overall aim of the strategy was: *for the European Union to be the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion* (European Commission 2000).⁵ The agenda was based on four pillars:

- Preparing for the transition to a competitive, knowledge-based economy and society.
- Modernising the European social model, investing in people and combating social exclusion.
- Applying an appropriate macro-economic policy mix.
- Sustainable development (added at the Göteborg European Council meeting in 2001).

By 2004, it was clear that the Lisbon strategy was failing to achieve its targets, and a revised strategy was launched in 2005. The re-launched strategy focuses more on a two-dimensional approach, implying a new governance structure between Member States and EU institutions on a partnership basis and an open method of coordination, encouraging Member States to exchange knowledge and cooperate. The renewed strategy covers three main areas:

- Knowledge and innovation for growth.
- Making Europe a more attractive place to invest and work.
- Creating more and better jobs.

In 2008, the economic downturn significantly changed the European environment and triggered another revision of the European strategic focus, with an acknowledgement of the most pressing needs:

- The European Union more than ever needs to stabilise its competitiveness by providing a supportive environment for its research excellence and innovation. The European economy depends heavily on SMEs that must be supported in their growth and development. The European internal market should form a unified and supportive framework for EU enterprises of all sizes. This support should also and most importantly address micro-firms and entrepreneurs as those with the highest risk of failure.⁶

⁵ Lisbon European Council (2000), *Presidency Conclusions*, 23 and 24 March 2000.

⁶ European Commission (2011), *Industrial Policy: Reinforcing competitiveness*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2011) 642 final, {SEC(2011) 1187 final}{SEC(2011) 1188 final}, Brussels, 14.10.2011, p. 6.

- Human resource development in Europe should be adaptable and flexible, matching the needs of the market. Education and skills development should be improved, starting with young people. Lifelong learning and skills development for all ages should be matched with market needs.⁷
- Energy efficiency and resource protection provide not only a wide range of competitive challenges but also create new jobs. However, this requires a better education and research environment in relevant thematic fields. Furthermore, the European Union should conduct Europe-wide emissions reduction effectively in all thematic fields.⁸
- Healthcare and the integration of elderly people into social life will be a pressing need for the future. In this respect, social inclusion also relates to consistent access to virtual (internet) and actual networks (transport).
- Agglomeration and metropolitan areas will be the leading nodes in future development and should be strengthened in the light of their influence on peripheral regions and their hinterlands.⁹
- Lastly, increasing poverty encountered at all levels of society is targeted with each measure. Each initiative that supports the above-mentioned issues will also support the fight against poverty and support social inclusion.

The post-Lisbon era was triggered in 2008 during the French presidency. The result of this process was the Europe 2020 strategy introduced in 2010, which now forms the basis for implementation of the strategy in the new programming period 2014-2020. The lessons learned in the implementation of the Lisbon strategy can be of substantial help in this process if adopted properly.

The Lisbon strategy undoubtedly had positive impacts on the development of the European Union, and its implementation was accompanied by several precarious external influences. The main benefit of the Lisbon strategy was to achieve a broad consensus between Member States in important policy implementation. The Lisbon strategy acknowledged the most pressing needs of the European Union and focused on the most important objectives (human resource development, innovation, labour market). This directly supported citizens and businesses in the European Member States.¹⁰

However, the European Union failed to reach the challenging goals defined in the strategy for several reasons. The fact that the structural-oriented strategy did not have the potential to react adequately to the crisis can be seen as inherent. More striking is that policy instruments were not clearly linked to the strategy goals, and they were not evaluated along Lisbon objectives. The over-complexity of the strategy was an obvious drawback, omitting to clarify the implementation path or responsibilities. Moreover, the lack of synergies between different policy instruments related to overlapping thematic fields led to

⁷ European Commission (2011), *An Agenda for new skills and jobs: A European contribution towards full employment, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*, COM(2010) 682 final, Strasbourg, 23.11.2010, p. 2.

⁸ European Commission (2011), *A resource-efficient Europe – Flagship initiative under the Europe 2020 Strategy, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*, COM(2011) 21, Brussels, 26.1.2011, p. 3.

⁹ European Union (2011), *Evidence based Cohesion Policy and its role in achieving Europe 2020 objectives*, Conference Background Report, 7 July 2011, p. 11.

¹⁰ European Commission (2010), *Lisbon Strategy evaluation document*, Commission Staff Working Document, SEC(2010) 114 final, Brussels, 2.2.2010, p. 3.

inefficient use of resources. The fact that policy instruments were managed and implemented differently further increased complexity.¹¹

In the 2007-2013 Cohesion Policy programming period, Member States have been orienting the majority of their cohesion investments towards Lisbon objectives (over 60 percent in Convergence regions and 75 percent in Competitiveness and Employment programmes). The main headings covered innovation, the knowledge economy, new information and communication technologies, employment, human capital entrepreneurship, support for SMEs and access to risk-capital financing. The targets of earmarked funds even exceeded the original goal and reached 78.8 percent in Competitiveness programmes and 64.5 percent in Convergence programmes.¹² In this respect, the evaluation report praises the role of Cohesion Policy instruments and the emphasis on achieving Lisbon objectives on a multiple-governance level. However, in all fields, substantial drawbacks include the lack of awareness amongst citizens and institutions of the importance of an EU-wide strategy. This lack of awareness is reflected by the relatively slow progress in the 'Lisbonisation' of instruments in some Member States.¹³ Moreover, the report stated that implementation lacked strong ownership of governance structures.

Although the evaluation paper outlined important issues, this was performed at a very general level. In terms of Cohesion Policy, a more detailed analysis of strategy implementation was carried out in different Member States and Structural Funds networks. The conclusion of these discussions should be taken into consideration when defining conditions for the new 2014-2020 Structural Funds period.

The Europe 2020 strategy now concentrates on similar objectives but emphasises a more aligned implementation of its goals. Moreover, the Europe 2020 strategy seeks to establish synergies between different thematic fields and implementation levels in order to steer policy implementation towards a common path. The outline of the Europe 2020 strategy covers three priorities of smart, sustainable and inclusive growth, including five objectives on employment, innovation, education, social inclusion and climate/energy.¹⁴ Those objectives have been translated into national objectives to secure a more direct influence on Member State policies.

To achieve better integration and implementation, seven Flagship initiatives have been formed that should outline the paths towards the goals and objectives set. The Flagship initiatives currently address a number of different activities at different levels of responsibility (European, Member State, regional and local authority levels), but it is not yet clear how these Flagship initiatives are expected to influence policy instruments in their actual implementation.

A significant part of the Flagship initiatives is related to Cohesion Policy issues and instruments. Accordingly, the Flagship initiatives should be considered in the current Cohesion Policy discussion for the new 2014-2020 programming period. Although the initiatives consider Cohesion Policy as one key element in the realisation of the Europe

¹¹ European Commission (2010), *Lisbon Strategy evaluation document*, p. 4.

¹² LSE Enterprise (2011), *Study on the Impact of the Single Market on Cohesion: Implication for Cohesion Policy, Growth and Competitiveness* CCIN 2010CE16BAT006, submitted by LSE Enterprise with consortium partners Vienna University of Economics and Business, University of Helsinki and Centre for Social and Economic Research (CASE), Final Report, December 2011, p. 12.

¹³ European Commission (2010), *Lisbon Strategy evaluation document*, p. 5.

¹⁴ European Commission (2010), *Europe 2020, A strategy for smart, sustainable and inclusive growth*, Communication from the Commission, COM (2010) 2020, Brussels 3.3.2010, p. 5.

2020 targets, the proposed Cohesion Policy directive and the Common Strategic Framework do not have particular and direct links to the Flagship initiatives. This raises the concern of how to integrate the Europe 2020 strategy into Cohesion Policy instruments a more sustainable fashion.

For a variety of reasons, implementation and coordination is significant. First of all, within each initiative the EU and national authorities must effectively coordinate their efforts so they are mutually reinforcing. Furthermore, the Flagship initiatives do not have their own budgets, and their realisation has to be assured through European and national policies. Consequently, the top-down definition of the initiatives must be matched by bottom-up acceptance and support.

Cohesion Policy, focusing on the involvement of regional and local authorities, has the potential to take over a significant part of the realisation. Thus, Cohesion Policy can form an effective vehicle for the implementation of those initiatives at local and regional levels.

The current debate about the new programming period is still ongoing, and the European Parliament now has the scope to emphasise improved strategy implementation. For this purpose, this study summarises the main findings of the different evaluations of the implementation of the Lisbon strategy in the Structural Funds and the lessons learned. To gain a coherent picture, different Operational Programmes will be analysed directly.

The results of the study should allow the European Parliament to constructively influence the current discussion about future Cohesion Policy instruments.

2. STUDY OBJECTIVES AND METHODOLOGY

The objective of the study is to provide an overview of the Flagship initiatives and their relevance for future Cohesion Policy. The study proposes a roadmap and advice for the successful implementation of the Flagship initiatives in the coming years. The European Commission and the European Parliament regard the initiatives as major steps in contributing to the Europe 2020 strategy. In short, the study involves the following:

- an overview of the Flagship initiatives;
- an assessment of the coherence of the proposed Objectives of future Cohesion Policy and the goals of the Flagship initiatives;
- analysis of the successes and failures of Lisbon strategy implementation in the current period;
- a roadmap and advice for the successful implementation of the Flagship Initiatives in the coming years;
- further recommendations on how to improve the integration of the Flagship initiatives.

The study is divided into three phases that mirror the different analytical steps in the elaboration process. The objective of the first phase is two-dimensional and includes an outline of the Flagship initiatives and Cohesion Policy after 2013. One output of this study phase comprises factsheets for each Flagship initiative, including the analysis of the FI's position in the Policy Lifecycle Model. A second result is a comprehensive comparison between the new Cohesion Policy proposal of the European Commission and the Communication documents of the Flagship initiatives. The different Cohesion Policy funds are analysed in detail for their potential contribution towards Flagships and how the relevant documents reflect each other and how the different documents are adjusted to each other.

The second phase of the study includes a selection of case studies. The case studies should contribute to a better understanding of how Cohesion Policy instruments have been implemented in line with the Lisbon agenda. Lessons learned should help to formulate and improve the implementation of Europe 2020 in the new programming period. The analysis of the case studies is based on a literature review of the current Strategic Reference Framework and corresponding Operational Programmes of the ERDF and ESF Cohesion Policy funds as well as other national strategy papers. The literature review should establish a picture of the status quo in each sample MS in the particular topics of the Flagship initiatives and where gaps are detected. The main aspects of the analysis are the strategic alignment between national and European policies, the implementation of 'Lisbonised' Operational Programmes, the role of regional and local authorities in the development and implementation process, and finally successful projects in Lisbon-relevant thematic fields.

The choice of case studies is based on a preliminary MS grouping according to their total Lisbon-related budget, location, size and Cohesion Policy objectives (Convergence, Regional Competitiveness and Employment and ETC). The selected Member States are Italy, Sweden, Greece, Austria, Ireland and Poland. The Operational Programme SK-AT was chosen for the ETC example.

The third phase of the study includes the elaboration of roadmaps for each Flagship initiative. The roadmaps reflect differences according to the types of MS. Finally, the study provides conclusions based on the theoretical analysis and the survey of case studies. The recommendations relate to the roadmaps and how the European Parliament could be involved in their realisation.

The initial analysis is based on a literature review that includes European Commission documents related to each Flagship initiative. The principal sources are the European Commission proposal for European Policies in the 2014-2020 programming period (Cohesion Policy) and other policy documents relevant for the implementation of Flagship initiatives.

The 'picture' – incorporating all different levels and relevant topics – is further refined by telephone interviews with key stakeholders at national, regional and local levels who are involved in the definition and implementation of national and European strategies. Accordingly, the interview partners include Managing Authorities, representatives of the relevant ministries related to the flagship topic, regional representatives of public authorities (possibly intermediate bodies) involved in the specific flagship topic, and representatives (agencies) of national strategies and their implementation. For each case study, one-to-two interviews were undertaken.

3. FLAGSHIP ANALYSIS AND THEIR ROLE IN EUROPEAN POLICIES

KEY FINDINGS

- The **Europe 2020 strategy** formulates targets and objectives for **limiting the competitive gap between Europe and the USA**. In this respect, the strategy supports the aim of the single market.
- The Flagship initiatives directly **correspond to the respective objectives** and targets of the strategy. However, the thematic orientation of the Flagship initiatives is **multi-dimensional**.
- The Europe 2020 strategy cited **seven Flagship initiatives**: (i) An Industrial Policy for the Globalisation Era, (ii) Innovation Union, (iii) a Digital Agenda for Europe, (iv) Resource-efficient Europe, (v) Youth on the Move, (vi) an Agenda for New Skills and Jobs, and (vii) a European Platform against Poverty.
- Flagship initiatives cover topics and initiatives **already partly elaborated** during the current (2007-2013) or previous (1999-2006) programming period.
- Each Flagship initiative has a main theme and the specific aim to **support the improvement of Europe in that field**. The related documents describe **actions at different levels of interventions** (European level, Member State level, regional and local level).
- Flagship initiatives **overlap** with each other and form **pathways for different policy instruments** to be used coherently to achieve a common goal.
- Activities proposed to Member States are related to Cohesion Policy instruments.

This chapter provides an overview of the Flagship initiatives and their relationship to Europe 2020 and the Lisbon strategy, elaborated in the light of the crisis starting in 2008. In order to provide a quick overview, only the main aspects of each initiative are introduced. Further details of the Flagship initiatives and their correlation with Cohesion Policy instruments are provided in a factsheet in the Annexes.

3.1. Europe 2020

The European Commission published the Europe 2020 strategy for smart, sustainable and inclusive growth in March 2010. The strategy aims to provide an answer to the recent economic downturn and should enhance the achievements of the Lisbon strategy.

In addition to addressing the pressing needs resulting from the economic downturn, the European Commission intends to reduce the gap in innovation and research between Europe and the USA and Japan. In order to achieve this goal, the Commission aims to speed up the process of forming the European single market in all relevant aspects. Against this background, the Europe 2020 strategy formulates key targets and forms a strategy that should serve the single market purpose most effectively. To this end, Europe 2020 defines three priorities (smart, sustainable and inclusive) that should cover all aspects of the European Union concerns. However, rather than solely providing new objectives and targets, the strategy reflects the understanding of the need to provide more integrated and coherent actions. In the effort to provide a tool for increasing synergies, the Commission

introduced seven Flagship initiatives as pathways towards Europe's single market. Table 1, although simplified, shows the correlation between the three priorities, the targets and the Flagship initiatives. Although primarily linked to single priorities and targets, Flagship initiatives are multi-dimensional in their thematic orientation.

Table 1: Europe 2020 and the Flagship initiatives

EUROPE 2020 TARGETS	EUROPE 2020 PRIORITIES		
	SMART KNOWLEDGE AND INNOVATION	SUSTAINABLE RESOURCE EFFICIENCY	INCLUSIVE FOSTERING A HIGH- EMPLOYMENT ECONOMY
	FLAGSHIPS		
EMPLOYMENT			
75% of the 20-64 year-olds to be employed	Industrial Policy for the Globalisation Era	Industrial Policy for the Globalisation Era	Industrial Policy for the Globalisation Era
R&D / INNOVATION			
3% of the EU's GDP (public and private combined) to be invested in R&D/innovation	Innovation Union	Innovation Union	Innovation Union
	Digital Agenda for Europe		Digital Agenda for Europe
CLIMATE CHANGE / ENERGY			
Greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990	Resource-efficient Europe	Resource-efficient Europe	Resource-efficient Europe
20% of energy from renewable			
20% increase in energy efficiency			
EDUCATION			
Reducing school drop-out rates below 10%	Youth on the Move		Youth on the Move
At least 40% of 30-to-34-year-olds completing third-level education	Agenda for New Skills and Jobs		Agenda for New Skills and Jobs
POVERTY / SOCIAL EXCLUSION			
At least 20 million fewer people in or at risk of poverty and social exclusion			European Platform against poverty

Source: European Commission (2010) COM(2010), p. 30, adapted by Metis 2012.

Table 1 shows the official links in black and additional linkages to other priorities and targets in italics. When comparing the Flagships, it is clear that all seven cover the targets related to employment and social inclusion. Five of the seven Flagship initiatives also address innovation-related targets.

3.2. Flagship initiatives

Each Flagship initiative is based on specific Communication papers. Those papers vary in their size, degree of detailed breakdown of action, and their level of implementation. This fact mirrors the different backgrounds of Flagship initiatives. While some (e.g. Innovation Union) have strong support from stakeholders in Europe, others lack this mostly economic support. Another distinction can be observed between the Flagship initiatives that have been extensively elaborated in the current and past programming period. Actions related to Innovation Union were launched at the beginning of the current 2007-2013 programming period or even earlier, such as the European Research Area in 2000.¹⁵ Actions concerning human resource development were already covered by ESF measures in the previous 2000-2006 programming period.¹⁶ Nevertheless, the European Commission proposed the seven initiatives in order to improve the coordination between different-but-related actions in similar thematic fields and their effective fulfilment of the Europe 2020 targets.

Each Flagship initiative describes a general aim and proposes sub-initiatives and actions to fulfil this aim. These actions relate to different levels of intervention. The first level covers the European Commission, where mainly strategic and policy-relevant actions are proposed, and the second level relates to Member States, where national strategies should be formulated and implemented and programmes developed. Thirdly, even though the Flagship initiatives address the regional and local level indirectly, it is the most important level for implementing actions and should support the fulfilment of the targets.

Sub-initiatives relevant for the European level are, for example, the improvement of the internal market with legislative and regulative adjustments. Those European interventions include the improvement of standardisation and intellectual property rights, as well as the support of interactive and international exchange of experts in relevant fields.¹⁷ Furthermore, the European Commission aims to create benchmarks for Member States on which basis activities at national level can be evaluated (e.g. research infrastructure, skills development, innovation support).

Other initiatives deal directly with implementation at regional or local level (e.g. poverty, skills and jobs). Those sub-initiatives are mainly supported by Cohesion Policy instruments (ERDF, ESF) but also by EIF-supported financial engineering instruments (e.g. Jessica, Jeremie, European Progress Microfinance Facility). The thematic areas covered by the Flagship initiatives correlate with each other. The Flagship initiatives overlap and should be

¹⁵ European Commission (2000), *Towards a European research area*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2000) 6, Brussels 18. January 2000.

¹⁶ European Commission (2001), *Commission Regulation (EC) No 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds*, Official Journal of the European Communities, 3.3.2001, Annex IV.

¹⁷ European Commission (2010), *Europe 2020 Flagship Initiative Innovation Union*, Commission Staff Working Document: A rationale for Action, accompanying document to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2010) 546, SEC(2010) 1161 final, Brussels, 6.10.2010, p. 19.

seen as a net of proposed pathways rather than singular, isolated initiatives. The following descriptions provide a brief overview of the main aspects of each initiative.

3.2.1. Innovation Union

The aim of the flagship 'Innovation Union' is *to re-focus R&D and innovation policy on the challenges facing our society, such as climate change, energy and resource efficiency, health and demographic change* (European Commission, 2010).¹⁸

This initiative was launched on the basis of Europe's deficit in research and innovation compared to the USA. The European Commission identified key deficiencies:

- under-investment in research and innovation;
- system component weakness;
- system linkage weakness; and
- system governance weakness.

The Innovation Union Flagship initiative should improve the European innovation environment and make Europe more attractive for researchers and innovative people. To this end, the European Commission has proposed a set of initiatives that should help to support this aim at different levels.¹⁹

- The first and most pressing theme for European competitiveness is the promotion of **excellence in education and skills development**. In this matter, Innovation Union works in combination with the parallel Flagship initiative on 'New Skills and Jobs'. The European Commission intends to pool talents on one hand, while improving the human resource base with the appropriate mixture of skills on the other hand. This is accompanied by the need for improvement of public and private organisations facilitating knowledge and technology transfer. University performance must be improved with substantial support for research systems. Education systems together with regulations and financial systems should support innovative new start-ups and SMEs. A specific fundamental issue enabling research and innovation is the improvement of e-skills for innovation.

The **European Research Area** should provide a platform for knowledge and technologies in which transnational synergies and complementarities are fully exploited. In order to actively support this platform, specific activities are envisaged. One of the most important activities is to boost the mobility of researchers throughout Europe and from third countries. The main problem concerning mobility is the lack of available funding. This should be changed towards increasing brain circulation within Europe. Mobility could be improved by building a more coherent legal and administrative framework for research funding in Europe. The second step is to improve the research infrastructure in Europe in order to make it more compatible with, for example, the USA. This could be financed with several different funding instruments such as the Seventh Framework Programme, risk-sharing finance facilities or Structural Funds. Currently, research facilities in many Member States (particularly EU-12) lack state-of-

¹⁸ European Commission (2010), *EUROPE 2020 A strategy for smart, sustainable and inclusive growth*, Communication from the Commission, COM(2010) 2020 Brussels, 3.3.2010, p. 10.

¹⁹ European Commission (2010), COM(2010) 546, SEC(2010) 1161 final, Brussels, 6.10.2010.

the-art infrastructure. Progress in this respect has been initiated with the European Strategy Forum on Research Infrastructures (ESFRI) roadmap.

- Secondly, the Innovation Union initiative tries to **generate EU funding** from different programmes available. The initiative should combine and focus programmes relevant for research in the direction of the Europe 2020 targets. The European Commission understands the need for high-growth SMEs to have access to specific financial support. Current programmes lack flexibility in supporting innovative entrepreneurs, but the Flagship initiative foresees the reinforcement of SME support in that matter. Together with the adjustment of regulations towards SME support simplification and the streamlining of procedures, this should help to improve the availability of funds for researchers.

In order to integrate the Knowledge Triangle (education, research, business) at European level, the **European Institute of Innovation and Technology** has been launched to improve Europe's global position in research and innovation. This will be accompanied by an improved policy framework.

- Thirdly, the European Commission is keen to move forward on **market-oriented research**. This includes an improved legal and standardisation framework as well as better access to finance for SMEs. Furthermore, cross-border business and innovation should be made easier and more attractive for enterprises. The aim is to create a single innovative market with simulative regulations, standardisation, adjusted public procurement, knowledge management and protection and the combination of demand and supply-side measures. For this purpose, the Lead Market Initiative²⁰ has been launched, through which research and innovation should support the most pressing needs such as eco-innovation.
- The forth initiative includes support for realising creative potential in innovation more broadly in the economy, improving **knowledge flow** and opening access to publications and data from publicly-funded research.

The EC understands the need for spreading the benefits of innovation across the Union. The heterogeneity of innovative developments across Europe leads to brain drain, 'innovation division' between regions and social exclusion. The Flagship initiative paper directly names ERDF and ESF as the instruments to combat this development with specific activities in line with the above-mentioned action framework.

This should all be supported and improved by **pooling forces** with European Innovation Partnerships. The partnership between the European Commission and Member States should help to speed up the implementation of improvements and generate synergies between Member States and institutions. However the Flagship initiative is still very strategic oriented and most of the sub-initiatives stay on that level. Only a few down to earth actions for implementation have been mentioned indirectly. The communication paper names the ERDF and ESF as the main instruments for implementation but does only partly imply what kind of actions are foreseen. In this respect it will be on the Member States to translate these rather general objectives into specific actions. Table 2 shows in a simplified manner how different actions covered by the initiative lack a coherent path of actions

²⁰ The Lead Market Initiative is the European policy for six important sectors that are supported by actions to lower barriers to bring new products or services onto the market.

starting with European strategic actions and ending with initiatives on regional and local level.

Table 2: Lifecycle matrix of Innovation Union

	STRATEGIC FRAMEWORK	PROGRAMME	INITIATIVES	IMPLEMENTATION
EU	<ul style="list-style-type: none"> Creation of a single innovative market Coherent legal and administrative framework Adjustment of regulations towards SME 	<ul style="list-style-type: none"> ESFRI roadmap Combine and focus programmes 	<ul style="list-style-type: none"> European Research Area Combine and focus programmes European Institute of Innovation and Technology 	<ul style="list-style-type: none"> Mobility of researchers Specific financial support for growth SMEs Access to publications
MS	<ul style="list-style-type: none"> Coherent legal and administrative framework Adjustment of regulations towards SME 	<ul style="list-style-type: none"> Improvement of public and private organisations Combine and focus programmes 		<ul style="list-style-type: none"> Improve the research infrastructure Specific financial support for growth SMEs Access to publications
LRA		<ul style="list-style-type: none"> Improvement of public and private organisations Combine and focus programmes 		<ul style="list-style-type: none"> Improve the research infrastructure

Source: European Commission (2010) COM(2010) 546, 6.10.2010; adapted by Metis 2012.

LINKS TO OTHER FLAGSHIPS AND OTHER RELEVANT INITIATIVES

- Youth on the Move
- Industrial Policy

3.2.2. Digital Agenda

The aim of the 'Digital Agenda' Flagship initiative is *to deliver sustainable economic and social benefits from a Digital Single Market based on fast and ultra-fast internet and interoperable applications, with broadband access for all by 2013, access for all to much higher internet speeds (30 Mbps or above) by 2020, and 50% or more of European households subscribing to internet connections above 100 Mbps* (European Commission, 2010).²¹

The initiative has been launched on the basis that the digital market in Europe is rather fragmented and lacks interoperability. Furthermore, the European Commission has observed rising cybercrime and a low level of trust in networks. Compared to the USA, relevant research and innovation as well as digital literacy and skills are low.

This Flagship comprises two main levels of action.²²

- The first level of action involves significant effort to **build up and strengthen the legal and procedural framework** at European and national levels. This should improve the current situation and support individuals, public authorities and enterprises, researchers and institutions with specific needs. To this end, the European Commission is proposing a set of actions that focus on the improvement of the single market by easing the cross-border interaction of business.

Another effort at this level is the **improvement of interoperability and standards**. This focus goes hand-in-hand with the improvement of the digital single market. The main target is to improve the set of standards necessary for digital operability across Europe.

Last but not least this level concentrates on the **field of security**. This will be addressed by launching a European Network and Information Security Agency, a European cybercrime platform and a European cybercrime centre. This should support a multi-stakeholder dialogue between experts in this field and enhance a joint undertaking in order to improve internet security at European level.

When implemented, the actions described should form **guidance for national actions**. The European Commission is keen to improve digital aspects in Europe at all levels and in all Member States to support the single market.

- The second level of action involves the **improvement of infrastructure** at all levels and in all Member States and the enhancement of digital literacy and skills. ICT access at all levels should contribute to social inclusion and combat poverty and unemployment. Several different actions are proposed at EU level:
 - reinforce and rationalise the funding of high-speed broadband through EU instruments (e.g. ERDF, EAFRD, TEN, CIP);
 - facilitate access to European Research Funds in the field of ICT for SMEs and young researchers;

²¹ European Commission (2010), *A Digital Agenda for Europe*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2010) 245 final/2, Brussels, 26.8.2010, p. 5.

²² European Commission (2010), COM(2010) 245 final/2, Brussels, 26.8.2010, p. 7.

- develop online education tools; and
- develop indicators for better skill assessment.

The European Commission requires Member States to implement the **proposed framework conditions** to generate improved single market conditions. Furthermore, the Commission asks Member States to use European Funds for the improvement of ICT infrastructure and ICT literacy and skills (see Table 3).

Enhanced ICT access and usage should enable Member States to deploy ICT in several **different aspects of society** (e.g. environment, healthcare, culture and diversity, e-government, transport). Lastly, with the actions proposed in this Flagship initiative, the European Commission aims to improve international trade conditions.

Table 3: Lifecycle matrix of Digital Agenda

	STRATEGIC FRAMEWORK	PROGRAMME	INITIATIVES	IMPLEMENTATION
EU	<ul style="list-style-type: none"> • Build up and strengthen the legal and procedural framework • Easing cross-border interaction • Improvement of interoperability and standards 		<ul style="list-style-type: none"> • European Network and Information Security Agency • European cybercrime platform • European cybercrime centre. 	<ul style="list-style-type: none"> • Guidance for national actions • Development of indicators for better skill assessment • Reinforce and rationalise funding of high-speed broadband through EU instruments (e.g. ERDF, ERDP, EAFRD, TEN, CIP) • Enable Europe-wide e-governance • Reinforce funding for innovation
MS		<ul style="list-style-type: none"> • Enhancement of digital literacy and skills 		<ul style="list-style-type: none"> • Improvement of infrastructure • Development of online education tools • Facilitate broadband investments
LRA				<ul style="list-style-type: none"> • Improvement of infrastructure

Source: European Commission (2010), COM(2010) 245 final/2 , 26.8.2010, adapted by Metis 2012.

LINKS TO OTHER FLAGSHIPS AND OTHER RELEVANT INITIATIVES

- Innovation Union
- New Skills and Jobs

3.2.3. Industrial Policy

The main aim of the Flagship initiative on 'Industrial Policy for the Globalisation Era' is to *help the Member States to use their limited resources smartly in order to increase the global competitiveness of their industries* (European Commission 2011).²³

Industry and especially SMEs have been hit hard by the economic crisis. This factor creates serious constraints not only on demand, but also on the provision of financial means, thus hampering recovery and growth. Additionally, global processes such as the challenges of globalisation and the adjustment of production processes and products to a low-carbon economy increase the level of difficulty.

These challenges affect individual sectors differently – some will have to restructure, others will flourish. As a baseline, competitive enterprises of all sizes are needed.

The EU identifies the following themes as requiring attention if significant progress is to be made towards the Europe 2020 goals:

- **Structural changes** in the economy: Industries in individual Member States have followed a different path; some opted for higher-technology or higher-skills industries, others for low-end sectors. As a general rule, the former have suffered less from global competition. However, in each Member State there are competitive industries and growing firms. At the EU level, it is necessary to move towards innovative, knowledge-based sectors, decisive actions to facilitate change by improving product market regulation, supporting innovation, and investing in education and training throughout the lifecycle.
- **Innovativeness of industries:** Research and innovation are prerequisites for productivity growth and industrial competitiveness. A modern intellectual property regime will protect the initial innovator without hampering further developments of existing ideas. The unitary EU patent currently being negotiated among Member States will significantly improve the framework. Innovativeness could be further enhanced by pooling scarce resources, by increasing cooperation in innovation to create large-scale test facilities (e.g. ESFRI) and by reducing the fragmentation of innovation support systems.
- **Sustainability and resource efficiency:** Long-term competitiveness of European industries requires resource efficiency and low-carbon processes. In general, a decoupling of growth from material input can be identified in all Member States. Long-term incentives encourage material efficiency, promote innovation and facilitate the participation of SMEs in these processes. Furthermore, the EU must ensure fair pricing of energy and interconnected energy distribution networks. Another important element in the sense of social sustainability will be reinforced by the Social Business Initiative Communication and the Corporate Social Responsibility Communication.
- **Business environment:** An open, efficient and competitive business environment is crucial for competitiveness and growth. This affects the administrative burden, time needed to start a business, complexity of legislation, taxation compliance burden etc.

²³ European Commission (2011), *Industrial Policy: Reinforcing competitiveness*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2011) 642 final, {SEC(2011) 1187 final}{SEC(2011) 1188 final}, Brussels, 14.10.2011, p. 3.

Furthermore, high-quality infrastructure (energy, transport, and broadband) is required. Efforts should also consider initiatives such as unified service centres for the public, one-stop shops (so-called 'Points of Single Contact'), shared networks, e-government and e-procurement and data centres.

- **Optimising the Single Market for services:** Services are the largest part of the EU economy and their integration with manufacturing has grown as specialised services are used to manage the production and product-distribution processes. The importance of business-related services is growing as these services become integrated in the value chains of other industries by means of intermediate consumption, knowledge production and technology flows. However, standardisation remains a problem – intra-EU trade in services is still weak. The proposed Regulation on European Standardisation has extended European standards-setting to the services sector to reduce multiple and conflicting national standards.
- **Focus on small and medium-sized enterprises:** Many SMEs still encounter a lack of demand because of time lags, but also because of difficulties in accessing finance and export markets. In response to these problems, Member States have adopted corrective measures such as increasing the capacity of loan guarantee schemes, investing in equity funds and microcredit programmes, credit mediators and finance providers for small businesses, including socially-oriented firms.
- **Taking into account that high-growth SMEs** exhibit higher net job creation rates than larger enterprises, support them becomes imperative. It should also be noted that a large proportion of SMEs are unaware of support measures, and awareness and accessibility of public support could be further improved.

Last but not least, average payment delays can be very long in some Member States, threatening the survival of small firms. The situation has worsened with regard to payments from public administrations. Table 4 shows the main activities proposed by the European Commission in order to achieve the FI targets.

Table 4: Lifecycle matrix of Industrial Policy

	STRATEGIC FRAMEWORK	PROGRAMME	PILOT PHASE	IMPLEMENTATION
EU	<ul style="list-style-type: none"> Improving product market regulation Increasing cooperation in innovation Reducing the fragmentation of innovation support systems 	<ul style="list-style-type: none"> Business Initiative Communication Fair pricing of energy and interconnected energy Corporate Social Responsibility Communication 	<ul style="list-style-type: none"> European Strategy Forum on Research Infrastructures 	<ul style="list-style-type: none"> Unitary EU patent Points of Single Contact European Standardisation Intra-EU trade Business-related services
MS	<ul style="list-style-type: none"> Facilitating the participation of SMEs 	<ul style="list-style-type: none"> Reduction of administrative burden 		<ul style="list-style-type: none"> Shared networks e-government e-procurement Data centres Quality infrastructure Loan guarantee schemes Equity funds and microcredit etc. for SMEs
LRA				<ul style="list-style-type: none"> Quality infrastructure Improvement of awareness and accessibility of public support

Source: European Commission (2011), COM(2011) 642 final, 14.10.2011, adapted by Metis 2012

LINKS TO OTHER FLAGSHIP INITIATIVES

- New Skills and Jobs
- Innovation Union
- Youth on the Move
- Resource-efficient Europe

3.2.4. Resource-efficient Europe

The aim of the Flagship initiative a resource-efficient Europe is to support the shift towards a resource-efficient and low-carbon economy that is efficient in the way it uses all resources, to decouple economic growth from resource and energy use, reduce carbon dioxide (CO₂) emissions, enhance competitiveness and promote greater energy security. The Flagship initiative aims also to:

- retain Europe's position as a first mover in green solutions, while meeting the challenge from global competitors;
- achieve climate goals by reducing emissions;
- fully exploit the potential of new technologies such as carbon capture and sequestration;
- improve resource efficiency;
- strengthen economies' resilience to climate risks, and capacity for disaster prevention and response; and
- realise the job potential of renewable energy and energy-efficiency topics.

Efforts towards a resource-efficient and low-carbon economy must fulfil three conditions:²⁴

1. resource efficiency is a horizontal issue requiring coordinated action in a wide range of policy areas and needs political visibility, demonstration and support;
2. initiatives are time-sensitive, and long investment lead-times require careful timing of interventions, even if some of them seem unattractive in the short term; and
3. any change must be carried by the consumers, who must be encouraged to move to resource-efficient consumption, generate innovation and avoid rebound effects annihilating any specific efficiency gains.

Considering the **complex and interlocking approach** required, building a resource-efficient Europe can only be achieved with a policy mix that optimises synergies and addresses trade-offs between different stakeholders and policies. For example, a resource efficiency objective will create jobs in some sectors and eliminate jobs in other sectors; low-carbon technologies reduce fuel dependency and can improve public health; and waste reduction reduces pressure on land used for disposal.

Resource efficiency requires and at the same time fosters **technological improvements**, a significant transition in energy, industrial, agricultural and transport systems, and changes in behaviour amongst producers and consumers. In order for businesses to follow this path, long-term certainty from the public sector is necessary. A long-term regulatory framework can provide stability and induce cost savings by reducing material and energy consumption and thus fostering future competitiveness. This Flagship initiative will help to build a strategic and integrated approach that will ensure that concrete actions already decided for 2020 pave the way towards longer-term goals for 2050.

²⁴ European Commission (2011), *A resource-efficient Europe – Flagship initiative under the Europe 2020 Strategy*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2011) 21, Brussels, 26.1.2011, p. 3.

Consumers must be made **aware** of the implications of resources wastage in technological, social and economic terms. Resource-efficient green technologies are not a fashion or an expensive alternative but the only viable opportunity in the light of globalisation.

Considering these conditions, the Flagship initiative mainly addresses four groups of activities:

- **Exploiting synergies and addressing trade-offs**, which requires an adequate policy mix. In this context, synergies such as employment stability in sustainable sectors, reduction of vulnerability to oil shocks and energy prices volatility, benefits for public health through reduction of carbon use, balancing increases in resources taxation with reduction in labour taxation, innovation boost through recycling requirements, relief of pressure on land use etc. must be taken in account. At the same time, trade-offs such as loss of jobs in rigid energy-intensive industries, dependency on transport and fossil fuels for 'just-in-time' supply chains, rebound effects and lastly resource intensity of 'green solutions' should also be picked out, avoiding the propagation of a 'problem-free green future'.
- **Defining components for delivering the Flagship initiative**, specifically persuading stakeholders, industries and consumers that 'we are serious about it' and providing long-term stability and assurance. In that context, the launch of reliable and detailed roadmaps on the low-carbon economy, energy, transport etc. are the first steps towards establishing this long-term framework. In the medium term, relevant activities include an energy efficiency plan, the reform and alignment of the Common Agricultural Policy, the Common Fisheries Policy, Cohesion Policy and the TEN networks (energy and transport), the definition of a EU biodiversity strategy 2020, the introduction and update of waste management, recycling and water efficiency in the policy cycle and public support for targeted R&D and innovation. Lastly, market measures are required both to achieve price and cost transparency and to tackle the challenge of the volatility of commodity markets and raw materials prices.
- In order to broadly adopt **policy decisions** related to resource efficiency (and the subsequent pricing **consequences**), apart from shared medium- and long-term visions, a robust and universal knowledge base is necessary, including common assumptions, parameters and baselines. As a first step, the Commission has developed modelling scenarios up to 2050 on climate, energy and transport policies. This first step must be supported by further work to monitor and evaluate policies, delivering impact assessment methodologies and fostering the global dialogue, e.g. via the Seventh Framework Programme for research.
- The attention paid by the EU to governance and monitoring of progress goes hand in hand with the above elements.

In the context of the Resource-efficient Europe Flagship, two roadmaps are fundamental, namely the Energy Roadmap 2050²⁵ and the Roadmap to a Resource-efficient Europe.²⁶ Briefly, they foresee the following indicative activities.

²⁵ European Commission (2011), *Energy Roadmap 2050*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2011) 885/2, {SEC(2011) 1565}, {SEC(2011) 1566}, {SEC(2011) 1569}.

The Energy Roadmap

- Considering **energy demand**: energy efficiency on new and existing buildings, new standards for consumer appliances, smart meters and transparency on energy consumption and pricing, provision of financing for consumers and businesses willing to invest in energy efficiency, and adapted urban and spatial planning.
- Considering the **switch to renewable** energy sources (RES): market integration of RES, promotion of storage technologies, interconnection and smart grids, introduction of renewable heating and cooling.
- **Considering the future of fossil fuels** and alternative sources of energy: fostering the use of gas as an important link in the transformation of the energy system, promoting unconventional gas sources, introducing carbon capture and storage, considering the role of (imported) oil and (locally available) coal in the future energy mix, considering nuclear energy as a decarbonisation option and developing alternative fuels, smart technologies and storage capacities.
- **Considering the energy market**: introducing new ways of managing electricity (i.e. market integration, penetration of RES and ability to recover investment costs, access to markets, capacity and flexibility of the energy regulators in the Member States), integrating local resources and centralised systems, especially in the light of RES, and renewal of the transmission and distribution networks. In this context, the request for a unified approach to attracting investors is mentioned, especially regarding carbon pricing, market imperfections, the need to support early movers and the role of public financial institutions such as the European Investment Bank (IB) and the European Bank for Reconstruction and Development (EBRD).
- **Lastly, the social dimension** of the topic is underlined. For all these steps to be implemented, public support is necessary and informing consumers is paramount. Simultaneously, support for vulnerable groups must be demonstrated.

The Roadmap to a Resource-efficient Europe

- **Setting up a framework for making and measuring progress**: ensuring that stakeholders at all levels will be mobilised to ensure that policy, financing, investment, research and innovation are coherent and mutually reinforcing. In the context of creating a knowledge base, indicators should be defined to support public and private decision-makers, rendering resource efficiency a shared objective of the international community.
- **Transforming the economy**: e.g. improving products and affecting consumption patterns via price signals, environmental information and performance standards, boosting efficient production via policy incentives for efficiency investments.
- **Turning waste into a resource**: e.g. through separate collection systems and the establishment of functional markets for recycled raw materials, elimination of landfills and energy recovery of residuals.

²⁶ European Commission (2011), *Roadmap to a Resource Efficient Europe*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2011) 571 final, {SEC(2011) 1067 final},{SEC(2011) 1068 final}, {SEC(2011) 1068 final}, Brussels, 20.9.2011.

- **Supporting research and innovation:** through substantial increases in investment, coherence in addressing the societal challenge of resource efficiency, climate change and resilience, and in gains from smart specialisation and cooperation within the European research area.
- **Removing environmentally harmful subsidies:** removing and abolishing Environmentally Harmful Subsidies (EHS) and separating social or business support measures from subsidies that might hamper sound environmental practice (e.g. artificially low electricity prices), shifting taxation from labour to resources consumption.
- **Safeguarding ecosystem services:** introducing an ecosystem services and natural capital valuation system, introducing an EU biodiversity strategy and assessment of the impact of agriculture and fisheries.
- **Improving efficiency of natural resources** and protecting air, land and water: ensuring security of supply, introducing a 'circular economy', where waste becomes a resource, taking lifecycle impacts into account, improving market structures and in the case of water ensuring the implementation of all Water Framework Directive (WFD) River Basin Management Plans. In the case of food, the inputs of the food production chain should be reduced by 20 percent.
- **Improving the efficiency of buildings and transport:** introducing the lifecycle approach, achieving nearly zero energy demand and minimising transport impacts on the environment.

The main activities proposed by the European Commission concerning the Flagship initiative are summarized in the life cycle table below.

Table 5: Lifecycle matrix of Resource-efficient Europe

	STRATEGIC FRAMEWORK	PROGRAMME	PILOT PHASE	IMPLEMENTATION
EU	<ul style="list-style-type: none"> • present proposals to modernise and decarbonise the transport sector thereby contributing to increased competitiveness • complete the internal energy market and implement the strategic energy technologies (SET) plan • establish a vision of structural and technological changes required to move to a low carbon, resource efficient and climate resilient economy by 2050 	<ul style="list-style-type: none"> • Mobilise EU financial instruments • enhance a framework for the use of market-based instruments • present an initiative to upgrade Europe's networks, including Trans European Energy Networks • adopt and implement a revised Energy Efficiency Action Plan 	<ul style="list-style-type: none"> • enhance a framework for the use of market-based instruments 	<ul style="list-style-type: none"> • mobilise EU financial instruments • accelerate the implementation of strategic projects with high European added value

	STRATEGIC FRAMEWORK	PROGRAMME	PILOT PHASE	IMPLEMENTATION
MS		<ul style="list-style-type: none"> To phase out environmentally harmful subsidies ensure a coordinated implementation of infrastructure projects, within the EU Core network, Use regulation, building performance standards and market-based instruments 	<ul style="list-style-type: none"> Deploy market-based instruments such as fiscal incentives and procurement to adapt production and consumption methods Develop smart, upgraded and fully interconnected transport and energy infrastructures and make full use of ICT 	<ul style="list-style-type: none"> Deploy market-based instruments such as fiscal incentives and procurement to adapt production and consumption methods Develop smart, upgraded and fully interconnected transport and energy infrastructures and make full use of ICT
LRA		<ul style="list-style-type: none"> Use regulation, building performance standards and market-based instruments 	<ul style="list-style-type: none"> Deploy market-based instruments such as fiscal incentives and procurement to adapt production and consumption methods Develop smart, upgraded and fully interconnected transport and energy infrastructures and make full use of ICT Focus on the urban dimension of transport 	<ul style="list-style-type: none"> Deploy market-based instruments such as fiscal incentives and procurement to adapt production and consumption methods develop smart, upgraded and fully interconnected transport and energy infrastructures and make full use of ICT Incentivise energy saving instruments that could raise efficiency Focus on the urban dimension of transport Incentivise energy saving instruments that could raise efficiency

Source: European Commission (2011), COM(2011) 21, 26.1.2011, adapted by Metis 2012.

LINKS TO OTHER FLAGSHIP INITIATIVES

- Digital Agenda
- New Skills and Jobs
- Innovation Union
- Industrial Policy
- Youth on the Move
- Platform against Poverty

3.2.5. Youth on the Move

The aim of the Flagship initiative 'Youth on the Move' is to enhance the performance and international attractiveness of Europe's higher education institutions and raise the overall quality of all levels of education and training in the EU, combining both excellence and equity by promoting student mobility and trainees' mobility and by improving the employment situation of young people.

The initiative was launched on the basis that on the one hand young people are the future carriers of Europe's prosperity and on the other hand they are experiencing obstacles in exploiting education and training systems and especially in entering the labour market. Europe has fewer young people with a higher education degree than the USA or Japan and a relatively high drop-out rate. Member States' policies show different levels of effectiveness and often suffer from lack of coordination.

'Youth on the Move' focuses on four main fields.²⁷

- **Lifelong learning systems**, developing key competences and quality learning outcomes, in line with labour market needs. The EU needs to extend learning opportunities for young people to integrate formal and non-formal educational activities. It should especially consider apprenticeship-type vocational training and high-quality traineeships as an entry to the labour market.
- **Attractive higher education**, making institutions more attractive and open to the world, fostering innovation and keeping up with competitors in the knowledge-based economy. 'Youth on the Move' will seek to improve the quality, attractiveness and responsiveness of higher education and promote more and better mobility and employability, while also increasing participation in higher education.
- **Support for learning mobility** through programmes and initiatives being expanded and linked up with national and regional resources. All young people in Europe should have the possibility to spend a part of their educational pathway abroad, including via workplace-based training. Measures will include a 'Mobility Scoreboard', a dedicated website, a 'Youth on the Move card' and a new intra-EU initiative 'Your first EURES Job'.
- **Improvements to the employment prospects for young people**, by formulating a framework of policy priorities for action at national and EU levels. Youth unemployment is to be addressed in the areas of transition from school to work and in reducing labour market segmentation. Specific tools to be employed by Public Employment Services are a Youth Guarantee to ensure all young people are in a job, in education or in activation, a European Vacancy Monitor and support for young entrepreneurs.

Table 6 shows the main activities proposed by the European Commission according to their life cycle position and the level of action.

²⁷ European Commission (2010), *Youth on the Move, An initiative to unleash the potential of young people to achieve smart, sustainable and inclusive growth in the European Union*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2010) 477 final, Brussels, 15.9.2010, pp. 4

Table 6: Lifecycle matrix of Youth on the Move

	STRATEGIC FRAMEWORK	PROGRAMME	PILOT PHASE	IMPLEMENTATION
EU	<ul style="list-style-type: none"> Step up the modernisation agenda of higher education Promote the recognition of non-formal and informal learning Launch a youth employment framework outlining policies aimed at reducing youth unemployment rates 	<ul style="list-style-type: none"> Integrate and enhance the EU's mobility, university and researchers' programmes (such as Erasmus, Erasmus Mundus, Tempus and Marie Curie) and link them with national programmes and resources 	<ul style="list-style-type: none"> Explore ways of promoting entrepreneurship through mobility programmes for young professionals Promote the recognition of non-formal and informal learning 	<ul style="list-style-type: none"> Explore ways of promoting entrepreneurship through mobility programmes for young professionals
MS	<ul style="list-style-type: none"> Step up the modernisation agenda of higher education 	<ul style="list-style-type: none"> Ensure efficient investment in education and training systems at all levels Improve educational outcomes, addressing each segment (pre-school, primary, secondary, vocational and tertiary) within an integrated approach, encompassing key competences and aiming at reducing early school leaving Enhance the openness and relevance of education systems by building national qualification frameworks and gearing learning outcomes more towards labour market needs 	<ul style="list-style-type: none"> Enhance the openness and relevance of education systems by building national qualification frameworks and gearing learning outcomes more towards labour market needs Improve young people's entry into the labour market 	<ul style="list-style-type: none"> Improve young people's entry into the labour market
LRA			<ul style="list-style-type: none"> Improve young people's entry into the labour market 	<ul style="list-style-type: none"> Improve young people's entry into the labour market

Source: European Commission (2010) COM(2010) 477 final, 15.9.2010, adapted by Metis 2012.

LINKS TO OTHER FLAGSHIPS AND RELEVANT OTHER INITIATIVES

- New Skills and Jobs
- Industrial Policy for the Globalisation Era

3.2.6. New Skills and Jobs

The aim of the Flagship initiative 'Agenda for New Skills and Jobs' is *to create conditions for modernising labour markets with a view to raising employment levels and ensuring the sustainability of our social models. This means empowering people through the acquisition of new skills to enable our current and future workforce to adapt to new conditions and potential career shifts, reduce unemployment and raise labour productivity* (European Commission, 2010).²⁸

The specific objectives of the Flagship initiative are:

- better functioning labour markets;
- a more skilled workforce;
- better job quality and working conditions; and
- stronger policies to promote job creation and demand for labour.

The initiative covers several key actions with accompanying and preparatory measures (see also Table 7).²⁹ A **substantial review of directives and policies** is on-going or planned. Second, the flagship aims to **improve the national frameworks of job creation**, matching jobs and skills development. In this respect, the focus is on monitoring the implementation and improvement of national frameworks and the support for know-how exchange. The four main aspects are flexicurity, skills upgrading and matching, quality of work and working conditions, and job creation.

- **Flexicurity** will be supported mainly by shaping the legal framework at national and regional levels. Support will be provided through partnership activities aimed at the reform of national and regional frameworks.
- **Skills upgrading and matching**, by contrast, is supported by several programmes and funds, the **most important** being the **European Social Fund (ESF)**. Skills upgrading and matching of skills and jobs is one of the main instruments of the ESF. In addition to the ESF, two other programmes support the aim for better job integration and matching. The first is the 'European Fund for the Integration of third-country nationals', which aims to integrate migrants into the employment process, and the second is the Lifelong Learning Programme, which consists of four sub-programmes dealing with school education, higher education and adult education in Europe. Further

²⁸ European Commission (2010), *Europe 2020: A strategy for smart, sustainable and inclusive growth*, Communication from the Commission, COM(2010) 2020 final, Brussels 3.3.2010, p.18

²⁹ European Commission (2010), *An Agenda for new skills and jobs: A European contribution towards full employment*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2010) 682 final, Strasbourg, 23.11.2010, p. 3.

support can also be given in the fields of **education infrastructure** through **ERDF** programmes.

- **Quality of work and working conditions** very much relies on the review and adaptation of European and especially national legislation. The thematic field covers a **wide range of different factors** such as health, non-discrimination, safety, fair payment, etc. The ESF can contribute in this field indirectly with supporting measures that reconcile work and private life, non-discrimination and equal opportunities.
- **Job creation** mainly comprises **support for self-employment and entrepreneurship**. This is facilitated through ESF with training and consultancy for start-ups. Furthermore, access to finance is the main obstacle supported via the instrument 'Joint Action to Support Micro-finance Institutions in Europe' (JASMINE), financed by the ERDF and the recently created 'European Progress Microfinance Facility' (EPMF) which provides micro-credits.

Table 7: Lifecycle matrix of New Skills and Jobs

	STRATEGIC FRAMEWORK	PROGRAMME	PILOT PHASE	IMPLEMENTATION
EU	<ul style="list-style-type: none"> Review of directives and policies 			
MS	<ul style="list-style-type: none"> Improve the national framework towards flexicurity Improve the quality of work and working conditions 	<ul style="list-style-type: none"> Skills upgrading and matching 		<ul style="list-style-type: none"> Improvement of education infrastructure with ERDF Training and skills development with ESF Support of self-employment and entrepreneurship with ESF training Support of self-employment and entrepreneurship with access to finance (Microfinance facilities) European Fund for the Integration of third-country nationals Lifelong Learning Programme
LRA				<ul style="list-style-type: none"> Training and skill development with ESF Support of self-employment and entrepreneurship with ESF training Support of self-employment and entrepreneurship with access to finance (Microfinance facilities) Improvement of education infrastructure with ERDF Support of self-employment and entrepreneurship European Fund for the Integration of third-country nationals Lifelong Learning Programme

Source: European Commission (2010) COM(2010) 682 final, 23.11.2010, adapted by Metis 2012.

LINKS TO OTHER FLAGSHIPS AND OTHER RELEVANT INITIATIVES

- Industrial Policy for the Globalisation Era

3.2.7. European Platform against Poverty

The aim of the Platform against Poverty Flagship initiative is *to create a joint commitment amongst Member States and stakeholders in the fight against poverty. The platform should help to increase efficiency and effective use of public spending with a more coherent and Europe-wide framework of actions* (European Commission, 2010).³⁰

The Europe 2020 target for the reduction of poverty is based on three indicators: at risk of poverty, material deprivation, and households with very low work intensity. In total, this covered over 100 million people in Europe in 2008. The Platform against Poverty and Social Exclusion and Europe 2020 defined poverty throughout the lifecycle:

- Over 20 mn children are at risk of poverty.
- 20 percent of young people in the EU are at risk of poverty.
- Unemployment is the main cause of poverty for the working-age population.
- Elderly people are more exposed to poverty than the average population and are victims of material deprivation.

Those most affected by poverty are people who have already lost their homes, who have no regular income, and who have slipped into indebtedness. Moreover, migrant population and ethnic minorities (e.g. Roma) are more exposed to social exclusion and poverty.³¹

The European Platform against Poverty and Social Exclusion Flagship should be seen as a horizontal instrument covering all aspects that directly or indirectly help to tackle poverty. The most relevant in this respect is the improvement of access to employment for working-age people. This will be implemented in close cooperation with routes and actions set out in the New Skills and Jobs Flagship.

- The **first key initiative** will be the **improvement of policies and policy-related fields** at European and national levels. The European Commission underlines that efficiency improvements are necessary in the public service (pension systems, health systems) and that policies should be readjusted towards more preventive service.

Another aspect will be the **improvement and flexibility of education and training**. Whereas the most important aspect comprises education for children and youth, attention is also given to the link between youth education and labour market needs. In this context, the platform will work closely with the 'Youth on the Move' Flagship initiative.

³⁰ European Commission (2010), *The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2010) 758 final, SEC(2010) 1564 final, Brussels, 16.12.2010, p. 3.

³¹ European Commission (2010), COM(2010) 758 final, p. 5.

Another aspect of policy adjustments relates to the **management of migration** and the integration of migrants, anti-discrimination (against minorities and disabled) and gender equality.

The work on improvement of policies should not exclude any sector, and therefore the platform is **considering different sectors** that can support the fight against poverty. These sectors include **infrastructure, energy and telecommunications**. An effective and consistent network of infrastructure can help to reduce social disparities and promote social inclusion. The European Commission also intends to develop a policy dialogue with partners such as the G20, G8, UN and ILO.

- The **second key initiative** of the platform will be the **inclusion of European Commission funds**. The most important in this respect will be the **ESF**. There are plans to readjust the ESF with a simplified access for beneficiaries dealing with Europe 2020 targets. Member States will be encouraged to define specific groups at risk and earmark ESF funding. However, other programmes such as the European Fund for the Integration of third-country nationals, the European Refugee Fund, the Progress Programme (supporting national and regional authorities in policy implementation), the European Progress Microfinance Facility, and finally the ERDF in specific Operational Programmes that indirectly fight against poverty.
- The **third initiative** of the platform is to support and initiate **evidence-based research** towards social innovation and reforms. The idea behind this initiative is to support social policies with evidence-based experimentation, which should guide structural reforms towards the Europe 2020 targets. The evidence-based research and innovation should be **interactive between European actors** in this field in order to increase cross-border learning. This initiative can be supported through the Seventh Framework Programme but also with ESF.
- The **forth initiative on promoting partnership and social economy** should boost a broad stakeholder involvement in relevant discussion. Stakeholders include national, regional and local authorities, social partners, NGOs and people who have experienced poverty. Furthermore, **social economy initiatives** should be supported in bringing forward innovative ideas regarding social needs. In this respect, the European Commission is keen to improve the legal and administrative framework of the growing social economy.
- **Finally**, the platform should support **policy coordination between Member States** in order to assist them in implementing social policies effectively.

The lifecycle matrix below (see Table 8) shows the main activities to support the implementation of the platform. However, as the platform is very horizontal in character, it will also be supported by other FIs.

Table 8: Lifecycle matrix of Platform against Poverty

	STRATEGIC FRAMEWORK	PROGRAMME	INITIATIVES	IMPLEMENTATION
EU	<ul style="list-style-type: none"> Improvement of policies and policy-related fields 		<ul style="list-style-type: none"> Initiative about promoting partnership and social economy Support of social economy initiatives 	<ul style="list-style-type: none"> Support of evidence-based research
MS	<ul style="list-style-type: none"> Improvement of policies and policy-related fields 		<ul style="list-style-type: none"> Policy coordination between Member States 	<ul style="list-style-type: none"> Management of migration Support of evidence-based research Inclusion of European Commission funds Improvement and flexibility of education and training
LRA				<ul style="list-style-type: none"> Improvement and flexibility of education and training

Source: European Commission (2010) COM(2010) 758 final, 16.12.2010, adapted by Metis 2012.

LINKS TO OTHER FLAGSHIPS AND OTHER RELEVANT INITIATIVES

- Youth on the Move
- New Skills and Jobs
- Digital Agenda
- Innovation Union
- Resource-efficient Europe.

4. FLAGSHIP INITIATIVES INTEGRATED INTO COHESION POLICY

KEY FINDINGS

- The European Commission has finalised its first Common Strategic Framework that covers the three **Structural Funds, the EAFRD and the EMFF**. Partnership contracts should be negotiated between the Member States and the European Commission to replace the current National Strategic Reference Framework.
- The new programme covers **11 thematic objectives** that are linked to the Europe 2020 targets. With the use of a **ring-fencing mechanism**, Member States will be required to concentrate on their main topics rather than spread funding over various fields with a consequent inefficient use of funds.
- The **ring fencing** concentrates on **four thematic objectives**: in more-developed regions, 80 percent must be allocated to RTDI, SME competitiveness and low-carbon economy (min. 20 percent of total); in less-developed regions, 50 percent must be allocated to the three objectives listed above. In **ESF**, 20 percent must be allocated to social inclusion.
- Amongst the documents related to the thematic objectives, each uses a **different terminology**. While the CSF refers to key actions, ERDF, ESF and CF refer to investment priorities, and EAFRD and EMFF refer to EU priorities.
- Although the **Cohesion Policy instruments relate** to each **Flagship** initiative, the **relevant documents** of the instruments do **not sufficiently mention** the initiatives. The **most direct references** are made to **Innovation Union and Digital Agenda** within the **ERDF** and to **Youth on the Move, New Skills and Jobs, and the Platform against Poverty** within the **ESF**.
- In terms of Cohesion Policy instruments, the **most relevant funds** for the realisation of the Flagship initiatives are **ERDF and ESF**. Whereas the ERDF covers considerable aspects of the Digital Agenda, Innovation Union and Industrial Policy Flagships, the **role of the ERDF** in relation to **Resource-efficient Europe** is less clear.
- The ESF has a long tradition in **skills development and social inclusion**. However, the ESF is less important for Youth on the Move, which is covered by other non-Cohesion Policy instruments such as the Lifelong Learning Programme.
- The **Cohesion Fund** has the **least relevance** for the FIs, while **EAFRD** and the **EMFF** contribute to innovation, improvement of ICT infrastructure, resource efficiency, support of SMEs and skills development.

This chapter provides an assessment of the coherence between the proposed Objectives of future Cohesion Policy and the goals of the Flagship initiatives. It briefly describes the future 2014-20 programming period according to the proposals presented by the European

Commission on 6 October 2011.³² It also draws on an unofficial draft of the Common Strategic Framework (CSF) circulated in December 2011. The second part looks at Flagship initiatives and Cohesion Policy. It examines the integration of Flagship initiatives within legislative documents for the CSF Funds and the degree of coherence of Flagship initiatives with the individual Funds and the Thematic Objectives. It then presents an overview on how Cohesion Policy provides funding for Flagship initiatives and concludes with a number of considerations on coherence between the two policy areas.

4.1. Summary of legislative proposals for 2014-20

4.1.1. Strategic planning framework

Following the Commission's proposals, the 2014-2020 programming period will entail a more coordinated approach across EU Funds and policies. The Europe 2020 strategy is translated into the **Common Strategic Framework** (CSF), which applies not only to the Structural Funds (ERDF, ESF) and the Cohesion Fund but also to the EAFRD and the EMFF. In each Member State, the Partnership Contract will then translate the CSF into a national strategy, replacing the current National Strategic Reference Framework (NSRF). Similarly, the national strategy will incorporate not only Cohesion Policy, but also rural development and maritime and fisheries policy. There will also be provisions for joint support from different funds; this will apply to the Structural Funds (ERDF, ESF) and the Cohesion Fund, but not to EAFRD and EMFF. Nevertheless, in multi-fund programmes each Priority will receive funding from one fund only.

As schematically shown in Table 9, the **Partnership Contracts** will be prepared by the Member States in dialogue with the European Commission and following the partnership principle, i.e. involving regions, local authorities and other stakeholders. Finally, on the basis of the Partnership Contract, it is proposed that national and regional authorities develop Operational Programmes (OPs), which continue to be the main management instrument, divided into priorities. There will be a stronger results-orientation, with clearer and measurable targets to contribute to national targets for Europe 2020. According to the proposals, this will entail more quantification, baseline values and the use of common indicators, amongst other features.

Table 9: Strategic framework hierarchy

LEVEL	STRATEGIC FRAMEWORK					
EU	Europe 2020					
EU	Common Strategic Framework					
Member States	Partnership Contract			Partnership Contract		
Member States/Regions	OP	OP	...	OP	OP	...

Sources: ERDF and ESF draft regulations

³² European Commission (2011), COM(2011) 615 final, Brussels, 6.10.2011.

4.1.2. Thematic concentration

A main aim of the new strategic framework is **thematic concentration**. It is proposed that the majority of funding will be concentrated on **11 Thematic Objectives** linked to Europe 2020. In order to achieve this, a **ring-fencing mechanism** is proposed, requiring a minimum allocation to ESF programmes and some significant thematic concentration within ERDF and ESF programmes. To date, no ring-fencing has been proposed for the CF, EAFRD or EMFF. The requirements differ according to the status of a region, i.e. whether it is a more-developed region, a transition region or a less-developed region.³³ With regard to the ESF share of total Structural Funds, the Commission proposes a minimum of 25 percent in less-developed regions, 40 percent in transition regions and 52 percent in more-developed regions.

Within the ring-fencing in ERDF and ESF programmes, there is a distinct **prioritisation** of four Thematic Objectives (see Table 10). In transition and more-developed regions, at least 80 percent of ERDF funds would have to be allocated to Thematic Objectives 1 (RTDI), 3 (SME competitiveness) and 4 (Low-carbon economy, min. 20 percent of total). The regulations also contain a requirement to allocate five percent to sustainable urban development, which would leave 15 percent to spend on other Thematic Objectives. There is more flexibility for less-developed regions, where only 50 percent needs to be spent on the three Thematic Objectives and the minimum for Thematic Objective 4, Low-carbon economy, goes down to 6 percent. With the 5 percent for urban development, 45 percent would be left for other Thematic Objectives.

Ring-fencing in ESF programmes prioritises Thematic Objective 9, **Social inclusion**, to which all regions must allocate a minimum of 20 percent. In addition, each programme needs to focus on four selected investment priorities from those suggested in the ESF regulation. The minimum allocation to them differs in less-developed regions (60 percent), transition regions (70 percent) and more-developed regions (80 percent). This would leave 20 percent flexibility in less-developed regions and 10 percent in transition regions. In more-developed regions, there would be no scope to allocate funding beyond Objective 9, Social inclusion, and the four chosen investment priorities.

In a next step, the draft regulations develop the Thematic Objectives into so-called **investment priorities** for ERDF, CF and ESF, **EU priorities** for EAFRD and EMFF, and **key actions** in the CSF proposal. Although there are **some differences** between the suggested priorities and the CSF's key actions, they mostly cover similar aspects. There are 103 key actions in the CSF proposal, which are expected to be those measures with the highest added value in relation to smart, sustainable and inclusive growth. Their selection was based on the European Council conclusions, Europe 2020 headline targets, the Integrated Guidelines and the Flagship initiatives.³⁴ Table 10 shows the ring-fencing proposed by the draft ERDF, ESF and CF regulations.

³³ The current proposals suggest three different regions: more-developed regions (more than 90 percent of the average EU27 GDP), transition regions (75 percent to 90 percent) and less-developed regions (less than 75 percent).

³⁴ European Commission (2011), *Common Strategic Framework*, unofficial draft, December 2011, p. 5.

Table 10: Ring-fencing of expenditure

	TRANSITION AND DEVELOPED REGIONS	LESS-DEVELOPED REGIONS
ERDF	Minimum of 80% of allocation on Thematic Objectives: 1) RTDI 3) SME competitiveness 4) Low-carbon economy (min. 20% of total)	Minimum of 50% of allocation on Thematic Objectives: 1) RTDI 3) SME competitiveness 4) Low-carbon economy (min. 6% of total)
ESF	Minimum of 20% of allocation on Thematic Objective 9, Social inclusion Minimum of 70% (transition)/80% (developed) of allocation concentrated on up to 4 investment priorities (out of 18)	Minimum of 20% of allocation on Thematic Objective 9, Social inclusion Minimum of 60% of allocation concentrated on up to 4 investment priorities (out of 18)

Sources: ERDF and ESF draft regulations

Combining the information from both the regulations and the CSF allows an overview of which Funds should address which Thematic Objectives (see Table 11). According to the current proposals, the ERDF addresses all 11 Thematic Objectives, and the EAFRD covers most of them. In comparison, the CF, ESF and EMFF are intended to focus on a smaller number of Thematic Objectives.

Table 11: Thematic Objectives addressed by ERDF, CF, ESF, EAFRD and EMFF

THEMATIC OBJECTIVE	ERDF	CF	ESF	EAFRD	EMFF
1) Strengthening research, technological development and innovation	✓			✓	
2) Enhancing access to and use and quality of information and communication technologies	✓			✓	
3) Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and fisheries and aquaculture sector (for the EMFF)	✓			✓	✓
4) Supporting the shift towards a low-carbon economy in all sectors	✓	✓		✓	✓
5) Promoting climate change adaptation, risk prevention and management	✓	✓		✓	
6) Protecting the environment and promoting resource efficiency	✓	✓		✓	✓
7) Promoting sustainable transport and removing bottlenecks in key network infrastructures	✓	✓			
8) Promoting employment and supporting labour mobility	✓*		✓	✓	✓
9) Promoting social inclusion and combating poverty	✓		✓	✓	
10) Investing in education, skills and lifelong learning	✓		✓	✓	
11) Enhancing institutional capacity and an efficient public administration	✓	✓*	✓		

Sources: ERDF, CF, ESF, EAFRD and EMFF draft regulations, and CSF draft.

* Only referred to in the regulations, not in the CSF.

4.2. Flagship initiatives and Cohesion Policy

4.2.1. Integration of Flagship initiatives in CSF legislation

The formal integration of Flagship initiatives into the draft legislative Cohesion Policy framework varies. Flagship initiatives are currently only sporadically integrated into the legislative proposals for the 2014-20 Cohesion Policy Framework. In the **draft CSF**, four of the seven FIs are explicitly mentioned under Thematic Objectives:

- 'Innovation Union' under Thematic Objective 1 (RTDI);
- 'Digital Agenda' under Thematic Objective 2 (ICT);
- 'Industrial Policy' under Thematic Objective 3 (SME competitiveness); and
- 'Resource-efficient Europe' under Thematic Objective 6 (Environment and resource efficiency).

In addition, the 'Platform for Poverty' initiative is mentioned indirectly under the horizontal principle of social innovation. However, the FIs 'Youth on the Move' and 'New Skills and Jobs' are not mentioned in the CSF.

The inclusion of FIs into the six different draft regulations varies. The **draft general regulation** makes reference to two FIs as part of its 22 thematic ex ante conditionalities:³⁵

- Innovation Union: The existence of a national or regional research and innovation strategy is one of the thematic ex ante conditionalities for the Thematic Objective 'Strengthening RTDI'. A multi-annual strategy is one of the features of a well-performing national or regional innovation system.
- Digital Agenda: Within a national or regional innovation strategy, budgeting and prioritisation of actions should be carried out through a SWOT analysis aligned with the Scoreboard of the Digital Agenda.

With regard to the fund-specific regulations, the **ESF** and the **EMFF regulations** are the only ones that provide a clear statement on their contribution to the FIs. The ESF will contribute to the FIs on 'New Skills and Jobs', 'Youth on the Move' and 'Poverty', and at the same time it will support activities within the FIs 'Digital Agenda' and 'Innovation Union'.³⁶ In comparison, the EMFF will be contributing to three FIs: 'Resource-efficient Europe', 'Innovation Union' and 'Skills and Jobs'.³⁷

The **EAFRD regulation** is less clear, but, similar to the general regulation, it includes a reference to the FI 'Digital Agenda' as part of its Annex on thematic ex ante conditionalities.³⁸ Finally, **no reference is made to FIs** in the **CF** and **ERDF regulations**. This is somewhat unexpected, especially in the case of the ERDF, as each of the seven FIs mentions the latter, at least implicitly, as one of its potential funding sources.

³⁵ European Commission (2011), *Proposal for the regulation, COM(2011) 615 final*, Annex IV, pp. 137-150.

³⁶ European Commission (2011), ESF draft regulation, p. 8.

³⁷ European Commission (2011), EMFF draft regulation, p. 5.

³⁸ European Commission (2011), EAFRD draft regulation, Annex IV, p. 102.

4.2.2. Coherence of Flagship initiatives and CSF Funds

Although **FI communications and Cohesion Policy documents make little reference** to each other, some trends can be identified regarding the importance of each CSF Fund for the delivery of the FIs. On the basis of the FI communications and the drafts of the CSF and regulations, Table 12 provides an overview of the relevance of the five CSF Funds for each FI.³⁹ In cases where the importance of a Fund is especially emphasised in a FI communication, its primary role is highlighted in the table (√√√). In other cases, the role of a Fund is secondary (√√), i.e. a supporting role is assumed. A third category indicates an implicit role (√) of a Fund, e.g. cases in which a Fund is noted (for instance, as part of a general reference to Structural Funds), but no further detail is given.

Table 12: EU Funds mentioned in the EC communication on the Flagship initiatives

Flagship initiative	ERDF	CF	ESF	EAFRD	EMFF
1) Digital Agenda	√√√		√√	√√√	
2) Innovation Union	√√√		√√		√*
3) Youth on the Move	√		√√√		
4) Resource Efficiency	√	√			√*
5) Industrial Policy	√√√**		√		
6) Skills and Jobs	√√		√√√	√√	√*
7) Poverty	√√		√√√	√	

Sources: Flagship initiatives, CSF and draft regulations of ERDF, CF, ESF, EAFRD and EMFF.

√√√ Primary role; √√ Secondary role; √ Implicit/noted role.

* Highlighted only in draft regulation, ** highlighted only in CSF.

An example is provided by the Flagship initiative 'Innovation Union', where explicit reference is made to both ERDF and ESF. However, the focus is on the ERDF, and the communication⁴⁰ argues that ERDF funding should be fully exploited on the basis of **smart regional specialisation strategies**, and that more ERDF funding should be allocated to innovation initiatives in future. The ESF is seen as a means to provide training for the skills needed for the Innovation Union. ESF funds should also be used for social innovation, which should become a mainstream focus of ESF programmes in 2014-20. The Cohesion Fund is briefly mentioned as part of a series of European policies in need of increased integration. No mention is made of the EAFRD, and the EMFF contribution is highlighted only in the EMFF draft regulation, not in the FI communication.

³⁹ The Connecting Europe Facility has not been included. It is funded by €10 billion from the Cohesion Fund and managed directly by the European Commission.

⁴⁰ European Commission (2010), *Europe 2020 Flagship Initiative Innovation Union*, p. 31.

Looking at the overall picture, it becomes apparent that the ERDF and ESF are considered to be appropriate instruments to implement FIs. With the exception of the EAFRD for 'Digital Agenda', the role of other Funds is only secondary or implicit:

- The **ERDF** plays a role in the delivery of all seven FIs, albeit not explicitly in the cases of 'Resource-efficient Europe' and 'Industrial Policy'. It is the main funding source for 'Innovation Union' and, together with the EAFRD, for 'Digital Agenda'. Finally, ERDF funds play a supporting role for 'Skills and Jobs' and 'Poverty'.
- The **Cohesion Fund** is not mentioned explicitly in any FI, but only within wider references to 'Structural and Cohesion Funds' or 'Cohesion Funds'⁴¹ in the communications for the FIs 'Innovation Union', 'Youth on the Move' and 'Resource-efficient Europe'. Nevertheless, it has an implicit role in those FIs under the Smart and Sustainable Growth Priorities.
- The **ESF** is supposed to provide funding to all seven FIs, and it plays a leading role in the delivery of three FIs: 'Youth on the Move', 'Skills and Jobs' and 'Poverty'. It has a supporting role for 'Digital Agenda' and 'Innovation Union'.
- The **EAFRD** has a primary role for 'Digital Agenda', together with the ERDF, and it has a secondary role for 'Skills and Jobs'.
- No FI attributes any role to the **EMFF**. Yet, the EMFF draft regulation explicitly highlights its contribution to three FIs.

It is important to note that **no Fund** has specifically been **designated** for the delivery of the FI 'Resource-efficient Europe'. Instead, only a wider reference to 'Cohesion and Structural Funds' is made in the 'Resource-efficient Europe' communication.

In an **opinion of the Committee of the Regions**, the role of Structural Funds is highlighted, especially in the context of the FIs 'Digital Agenda', 'Innovation Union', 'Resource-efficient Europe' and 'Industrial Policy', as follows.⁴²

- There are close links between the **FI 'Digital Agenda'** and Cohesion Policy, particularly in terms of universal broadband access in rural areas and the development of new services to cope with demographic change.
- The **FI 'Innovation Union'** offers scope to improve how tasks and responsibilities are shared between the central European level and the decentralised level. Cohesion Policy measures play an important role, e.g. in building regional innovation systems and territorial cooperation instruments, providing risk capital for the introduction of innovative products.

⁴¹ The FIs 'Digital Agenda' and 'Industrial Policy' make reference to 'Structural Funds', which strictly speaking do not include the Cohesion Fund. However, the exclusion of the Cohesion Fund might not have been intentional.

⁴² Committee of the Regions (2010), *Draft opinion of the Committee of the Regions on the contribution of Cohesion Policy to the Europe 2020 Strategy*, COTER-V-008, 86th plenary session, 5 and 6 October 2010, pp. 7-8.

- Greater use should be made of Structural Funds resources for the **FI 'Resource-efficient Europe'**, especially in terms of energy efficiency measures, alternative energy sources, the promotion of a recycling-based economy and the development of sustainable transport plans
- With regard to the **FI 'Industrial Policy'**, Cohesion Policy can contribute to improving competitiveness by developing the potential of weaker regions, supporting clusters and SMEs, developing business-related infrastructure and fostering industrial diversification.

4.2.3. Coherence of Flagship initiatives and Thematic Objectives

The 11 Thematic Objectives have been developed on Europe 2020 and its seven FIs. Both the Europe 2020 headline targets and FIs feature prominently in the proposed menu of Thematic Objectives. Also, a recent report acknowledges that the Europe 2020 objectives correspond in many cases to traditional Cohesion Policy areas.⁴³ However, **not all Thematic Objectives can be traced back in a direct line to a specific FI**. In a few cases, the draft Cohesion Policy legislation provides some indications about the relations. For instance, the FI 'Industrial Policy' is mentioned under Thematic Objective 3, SME competitiveness, which allows the assumption of a connection. Similarly, the CSF refers frequently to the FI 'Innovation Union' under the heading of Thematic Objective 2, RTDI, and their thematic coherence is evident.

⁴³ LSE Enterprise (2011), p. 14.

Table 13: Coherence of Thematic Objectives and Flagship initiatives

THEMATIC OBJECTIVE	FLAGSHIP INITIATIVE						
	DIGITAL AGENDA	INNOVATION UNION	YOUTH ON THE MOVE	RESOURCE EFFICIENCY	INDUSTRIAL POLICY	SKILLS AND JOBS	POVERTY
1) RTDI	Weak	Strong	Weak	Weak	Weak	Weak	Weak
2) ICT	Strong	Weak	Weak			Weak	Weak
3) SME competitiveness	Weak	Weak	Weak	Weak	Strong	Weak	
4) Low-carbon economy	Weak	Weak		Strong	Weak		
5) Climate change adaptation	Weak	Weak		Strong			
6) Environment and resource efficiency	Weak	Weak		Strong	Weak	Weak	
7) Transport and network infrastructures	Weak	Weak		Weak	Weak		
8) Employment and labour mobility	Weak	Weak	Strong	Weak	Weak	Strong	Weak
9) Social inclusion and poverty		Weak	Weak		Weak	Weak	Strong
10) Education, skills and lifelong learning	Weak	Weak	Weak		Weak	Strong	Weak
11) Institutional capacity	Implicit	Implicit	Implicit	Implicit	Implicit	Implicit	Implicit

Sources: Flagship initiatives and drafts of CSF, ERDF, CF, ESF, EAFRD and EMFF regulations.

4.2.4. Cohesion Policy funding and Flagship initiatives

It has been shown how FIs are operationalised into Thematic Objectives for CSF Funds, albeit with varying degrees of precision (see Table 13). The prioritisation of some Thematic Objectives (see Table 10) also implies a prioritisation of FIs. Hence, **thematic concentration** of funding on the basis of the Thematic Objectives **means also limiting** the extent to which funding can be **freely allocated to support** specific FIs.

According to current proposals, the detailed ring-fencing requirements for ERDF and ESF give priority to four Thematic Objectives – 1 (RTDI), 3 (SME competitiveness), 4 (Low-carbon economy), and 9 (Social inclusion and poverty) – which can be traced to the four FIs of Innovation Union, Industrial Policy, Resource-efficient Europe, and Poverty.

However, the prioritisation of some Thematic Objectives (and FIs) does not necessarily exclude programme authorities from targeting other themes. In particular, the conditions for ESF allocations are very limited (see Section 4.1.2 above): only **20 percent of ESF funding** can be invested into Thematic Objective 9 on Social inclusion and poverty, i.e. the respective FI 'Poverty'. The **remaining 80 percent can be allocated relatively freely** to other Thematic Objectives, under the condition that the funding is **not spread across more than four investment priorities**. Those investment priorities can be liberally chosen by the programme authorities from the menu available (see Table 25, Annex I), i.e. those under Thematic Objectives 8, 9, 10 and 11. Furthermore, they may or may not be part of the same Thematic Objective.

The situation is different for ERDF, where – depending on the eligibility status of the region – 50 to 80 percent must be focused on Thematic Objectives 1, 3 and 4. When the obligatory 5 percent for sustainable urban development is taken into consideration, this leaves 15 percent or 45 percent to be allocated to the remaining Thematic Objectives or, in other words, to the remaining four FIs 'Digital Agenda', 'Youth on the Move', 'Skills and Jobs' and 'Poverty'. ERDF funding is supposed to support the FIs 'Digital Agenda' in particular and 'Youth on the Move' to some extent (see Table 12). Although the ring-fencing mechanism would limit the available ERDF resources to a maximum of 15 percent in more-developed regions, this should pose only minor difficulties, since the 'Digital Agenda' mainly addresses the needs of less-developed and transition regions.

Although Flagship initiatives are not extensively mentioned in the regulatory proposals, the thematic orientation of the Cohesion Policy instruments significantly overlaps with the initiatives. If Table 12 and Table 13 are combined, the actual relevance between the Cohesion Policy Funds and the Flagship initiatives can be clearly illustrated.

Table 14 shows **how Cohesion Policy instruments can contribute to the implementation of Flagship initiatives**. The table is based on the different reviews of European Commission communication papers and indicates which kind of thematic areas are most relevant in the respective Fund for supporting the FI implementation.

Table 14: Contribution of the Cohesion Policy Instruments to Flagship initiatives

	Flagship initiative						
	Digital Agenda	Innovation Union	Youth on the Move	Resource Efficiency	Industrial Policy	Skills and Jobs	Poverty
ERDF	2) ICT 7) Transport and network infrastructures	1) RTDI	10) Education, skills and lifelong learning	4) Low-carbon economy 5) Climate change adaptation 6) Environment and resource efficiency	3) SME competitiveness	11) Institutional capacity	7) Transport and network infrastructures)
CF	2) ICT			6) Environment and resource efficiency			
ESF	10) Education, skills and lifelong learning	8) Employment and labour mobility 10) Education, skills and lifelong learning	8) Employment and labour mobility		8) Employment and labour mobility 10) Education, skills and lifelong learning	8) Employment and labour mobility 10) Education, skills and lifelong learning	9) Social inclusion and poverty
EAFRD	2) ICT	1) RTDI		4) Low-carbon economy 6) Environment and resource efficiency	3) SME competitiveness	10) Education, skills and lifelong learning	9) Social inclusion and poverty
EMFF		1) RTDI		6) Environment and resource efficiency		10) Education, skills and lifelong learning	

Source: Metis 2012⁴⁴

⁴⁴ The intensity of the grey shadow in each cell is based on the classifications in Table 12 and Table 13.

The results of the desk research clearly show that the **ERDF has relevance** for all seven Flagship initiatives. The degree to which ERDF supports the thematic field varies between the FIs. Whereas ERDF has a wide coverage in 'Digital Agenda,' Innovation Union' and 'Industrial Policy', the role of the ERDF in aspects related to 'Resource-efficient Europe' is less clear and is not explicitly mentioned in the respective regulation and communication proposals.

The 'Skills and Jobs' and 'Poverty' FIs are substantially **supported by ESF**. This relates especially to skills development and social inclusion, where the ESF has a long tradition, and it is clearly the most important Cohesion Policy instrument for FIs. However, other non-Cohesion Policy instruments are relevant for project implementation (e.g. lifelong learning). 'Youth on the Move' is somewhat less important in relation to the ESF, and it is covered by other non-Cohesion Policy instruments that are more suitable for achieving the aim of the FI (e.g. Erasmus). In addition to the above-mentioned FI, the ESF plays a more indirect role in the FIs for 'Innovation Union', 'Digital Agenda' and 'Industrial Policy'. In this context, the ESF supports specific skills developments related to topics in the respective thematic field.

The Cohesion Policy instrument of the **Cohesion Fund** has the least relevance for the FIs. The main purpose of the Cohesion Fund is to support 'hard' infrastructure and environmental projects. Thus the fund indirectly supports most of the FIs by increasing the competitiveness of the region. Nevertheless, it can only be directly related to the FI 'Resource-efficient Europe'.

In addition to the three main Cohesion Policy funds, the **EAFRD** and the **EMFF** are included in the Common Strategic Framework in the new programming period. The current regulation proposals indicate several correlations between those two Funds and thematic areas of the FIs. Both Funds focus on innovation, improvement of ICT infrastructure, resource efficiency, support of SMEs and skills development. The focus in all these aspects is clearly related to agriculture and fisheries, but those two sectors have a significant influence on the European economic development.

5. LISBON STRATEGY IMPLEMENTATION – LESSONS LEARNED

KEY FINDINGS

- The Lisbon strategy brought a **thematic boost** to Cohesion Policy Operational Programmes in 2007-2013. At least at the **central level**, the people involved were **aware of the provisions** of the strategy and were able to respond to it in their programming documents, although in some the codes of expenditure (Lisbon codes) were matched ex post to existing strategies.
- The main **Lisbon-relevant topics** have been innovation, ICT, environmental resources, and skills development. Other topics such as poverty have been indirectly targeted.
- Differences can be seen between **federal and centralised Member States**. While the former have a strong culture of LRA implementation, the latter have a more top-down decision process. Furthermore, soft projects have been more regionally or locally managed, and hard **infrastructure projects** have been more centrally managed.
- The initial allocation of the budget to the respective Lisbon codes has been indicative, and it has not been monitored or evaluated. The **Annual Implementation Reports did not reflect the Lisbon codes**.
- It is **not possible to generalise** about the best and most comprehensive form of project implementation. However, framework and '**meta**' **projects** concentrating on a better interaction between different stakeholders and projects have been shown to provide **added value in social and educational fields**. **Business-related projects** proved to be most successful when they were very **close to the actors** involved with only a few managerial levels in between.
- **The implementation process** concerns not just the project level but the whole **programme lifecycle**.
- The matching of Lisbon with national policies and the development of '**ownership**' at the **MS and regional level** remain as points of concern. For Member States in great need of hard infrastructure, the overall Lisbon process might have been regarded as a high-level intellectual exercise with little practical value.
- For that reason, it is necessary to **break down strategic and abstract concepts into 'down-to-earth' project ideas** that can be comprehended and adopted at the local level.

This chapter presents an illustration of the different levels of implementation of topics relevant to the Flagships in a group of Member States selected as the most representative for all 27 MS. The synthesis of case study results shows how the Lisbon strategy has been implemented, at which level, and where major success and drawbacks occurred.

5.1. Member State grouping

The grouping of Member States is based on the assumption that different types of Member States have different strategies and outcomes in their implementation of the Lisbon strategy. The most obvious distinction in this respect is between Convergence and Regional Competitiveness and Employment Member States. While the former are characterised by the need for 'hard' infrastructure investments in many sectors such as road, rail, ICT, research and environment, the latter concentrate more on the improvement of high-quality systems that already exist, so called 'soft' factors.

The second major distinction can be drawn between Member States in central and peripheral locations. The basis for this distinction is access to resources and labour markets. The peripheral regions are characterised by low-density areas, a high degree of agriculture, weak accessibility and hence fewer opportunities to exploit the benefits of Lisbon strategy implementation.

The third distinction includes the size of the Member States and lastly their degree of devolution. Both are relevant for the scale, effectiveness and efficiency of strategy implementation.

Taking into account the four different indexes, the following group of MS were defined:⁴⁵

- 'Advanced' with a high Europe 2020 performance: Sweden, Denmark, Finland, Netherlands, Luxemburg, France and Germany;
- 'Advanced' with a medium Europe 2020 performance: Austria, Belgium, UK, Slovenia, Ireland, Estonia;
- 'Less advanced' with a medium Europe 2020 performance: Cyprus, Spain, Portugal, Czech Republic, Lithuania, Latvia, Italy; and
- 'Less advanced' with a low Europe 2020 performance: Poland, Malta, Greece, Slovakia, Hungary, Bulgaria, Romania.

5.2. Case studies

For each of the four Member State groups above, two respective case studies were chosen. In correlating the MS, one of the most relevant topics implemented in the chosen Member States was interlinked. The case studies should provide punctuated insight about the level of implementation of different strategic topics relevant for Europe 2020. For this purpose, the current Strategic Framework and its related Operational Programmes were reviewed in order to understand 'how Cohesion Policy supported the implementation of the Lisbon strategy'.

⁴⁵ See also Annex III.

Each case study involves a set of specific thematic fields relevant for the future Europe 2020 objectives with respect to the Flagship initiatives. The basis of the case studies comprises the objectives and targets of the revised Lisbon strategy of 2005, which covers three main objectives:⁴⁶

- Knowledge and innovation for growth.
- Making Europe a more attractive place to invest and work.
- Creating more and better jobs.

Those objectives combine several actions proposed at different levels of responsibility. The correlation of sub-objectives with Cohesion Policy intervention codes is presented in Table 15.

Table 15: Lisbon Strategy objectives and relevant thematic foci

OBJECTIVES	SUB-OBJECTIVES ⁴⁷	COHESION POLICY RELEVANCE ALONG RELATED CODES ⁴⁸
Knowledge and innovation for growth	Increase and improve investment in RTD	01, 02, 04, 09
	Promote the information society for all	10, 11, 13, 14, 15
	Facilitate innovation and promote entrepreneurship	03, 05, 06,
	Improve access to finance	08, 07
Making Europe a more attractive place to invest and work	Expand and improve transport infrastructure	12,17,18,21,27,32,34,36,38
	Strengthen synergies between environmental protection and growth	
	Address Europe's intensive use of traditional energy sources	6,39,40,41,42,43
Creating more and better jobs	Attract and retain more people in employment and modernise social protection systems	65, 66, 67, 68, 69, 70
	Improve adaptability of workers and enterprises and the flexibility of the labour market	62, 63, 64
	Increase investment in human capital through better education and skills	64, 62, 72,73,74
	Develop effective administrative capacity	
	Help maintain a healthy labour force	

Source: European Commission (2005), own adaptation.

⁴⁶ European Commission (2005), *Communication from the Commission to the Council and the European Parliament, Common Actions for Growth and Employment: The Community Lisbon Programme*, COM(2005) 330 final, [SEC(2005) 981] Brussels, 20.7.2005.

⁴⁷ Bachtler J, Mendez C, and Kah S (2010), *Taking stock of programme progress: implementation of the Lisbon Agenda and lessons for Europe 2020*, IQ-Net Thematic paper No. 27(2), Prague, Czech Republic, December 2010, p. 4.

⁴⁸ European Commission (2006), *Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 Official Journal of the European Union*, Brüssel 11.07.2006.

The outline of each case study covers the complete lifecycle of the Operational Programme. This is necessary to understand the wide context of programme implementation and its relevance with respect to national strategies and objectives. The major topics of the case studies include:

- Relevant policies at national and regional level.
- Programme strategy and implementation.
- Success stories and pilot actions that provided value-added to the Lisbon strategy.
- Lessons learned for future implementation of EU strategies.

From the thematic fields and the grouping of Member States described above, a sample was selected (see Table 16).

Table 16: Selected case studies

MEMBER STATES	OPERATIONAL PROGRAMME	RELEVANT FLAGSHIP INITIATIVE
Sweden	medium-sized, peripheral, medium decentralised state	Agenda for new Skills and Jobs
Austria	medium-sized, central, highly decentralised state	Youth on the Move
Ireland	small-sized, peripheral, low decentralised state	European Platform Against Poverty
Italy	large-sized, central, highly decentralised state	Digital Agenda for Europe
Poland	large-sized, central, medium decentralised state	Innovative Union
Greece	medium-sized, peripheral, medium decentralised state	Resource-efficient Europe
Slovak Republic - Austria	ETC cross-border programme	Industrial Policy for the Globalisation Era

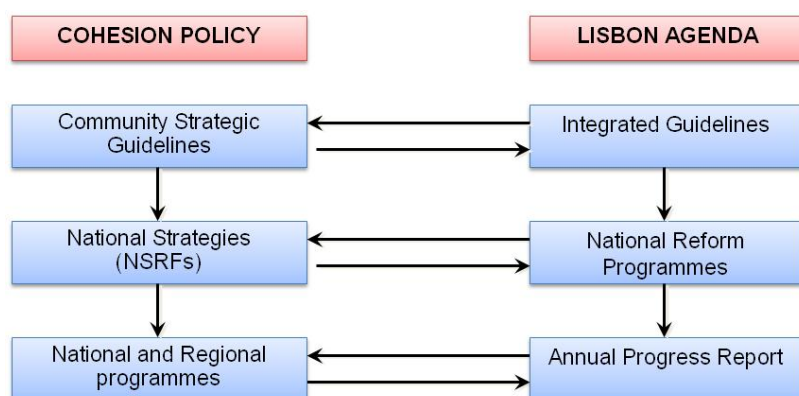
Source: Metis 2012.

5.2.1. Strategic alignments

The **Lisbon strategy** undoubtedly substantially impacted on the European policy environment by orienting numerous fields in a unified direction. After the launch of the Lisbon strategy in 2000, the Member States had to adapt their national and regional policies and legal framework. By the time the Cohesion Policy 2007-13 programming period started, the policy and legal framework had been adapted to various degrees in most Member States.⁴⁹ However, national strategies, policies and interventions do not focus only on Lisbon strategy implementation but also take account of various policy papers at European level.

Accordingly, European, national and regional policies form the fundamental basis for Cohesion Policy implementation together with the Community Strategic Guidelines defined by the European Commission and which incorporate **Lisbon-integrated guidelines**. Depending on the specific foci in Member States due to their particular economic and social situation, different thematic fields dominate. When developing the National Strategic Reference Frameworks, Member States were required to analyse development disparities, weaknesses and potential in their regions and outline priorities in accordance with the results of the analysis (see Figure 1).⁵⁰

Figure 1: Correlation between Cohesion Policy and Lisbon agenda



Source: DG Regio (2006) The Lisbon strategy for growth and jobs and EU regional policy.

Member States adopted a balance between **long-term goals** and **short-term objectives** with a spatial concentration on 'growth poles'. The growth pole approach was particularly relevant for those Member States with a higher share of RCE regions and thus only a small share of Structural Funds. For those Member States, the concentration on only a few specific issues created higher value than spreading funding across different measures with no real input for each of the interventions. However, the actual budget distribution depended on whether Member States were **centrally organised** or more **regionally dominated**.

⁴⁹ Nordregio (2009), *The Potential for regional Policy Instruments, 2007-2013*, to contribute to the Lisbon and Göteborg objectives for growth, jobs and sustainable development, Final Report to the European Commission, Directorate-General for Regional Policy, Evaluation Unit, No 2007.CE.16.0.AT.041, 22 July 2009.

⁵⁰ Bachtler J, Mendez C, and Kah S (2010), p. 8.

Other distinctions can be drawn between the different levels of experience with the European mode. While the EU-15 did not see 'Lisbonisation' as a novelty, but rather as a continuance of the goals of the previous 2000-2006 period, the procedure was an important support for EU-12 Structural Funds budgeting. The most important thematic impact was achieved in the topics related to **innovation, knowledge and entrepreneurship**.⁵¹

However, the recent **economic crisis** modified this scheme, with Member States shifting their expenditure **towards short-term targets** rather than to long-term goals (see Case Study 1).

Case Study 1: Shift of priorities in Human Capital Investment Operational Programme Ireland

CASE STUDY

Shift of priorities in the Irish Operational Programme

The Human Capital Investment (HCI) Operational Programme was developed by the Managing Authority in tandem with the preparations for the National Development Plan 2007-2013 and other relevant strategic plans and policies. In the interview, the ESF Unit explained that the allocation of budget was made by priorities and areas for investment in the programming phase, and the Lisbon-relevant codes were matched to these activities only afterwards. However, all Lisbon-relevant policy areas were part of the guiding instruments in the creation of the new ESF OP. The areas that were emphasised at the time of planning the HCI OP in 2006-2007, when Ireland had full employment, were as follows:

- Disability/Equality/disadvantaged = 35 percent;
- Education = 34.7 percent;
- Training for employed and unemployed = 29.5 percent.

The emphasis then changed from 2009 due to the economic downturn that commenced in 2008 to:

- Disability/equality/disadvantaged = 8 percent;
- Education = 35 percent;
- Training for the unemployed = 56 percent.

Concerning the implementation of **specific thematic** fields, Ireland drew a specific focus on poverty risks and associated interventions, due to the immense impact of the economic crisis on the Irish labour market. The so-called **Poverty Impact Assessment**, which was first implemented in 1998, was transformed into the Regulatory Impact Assessment in 2006. Although this approach seems promising, to date **no actual results have been generated**. The **Combat Poverty Agency** and the Office for Social Inclusion commissioned a review of the Poverty Impact Assessment (PIA) in the National Development Plan 2000-2006 and recommended improvements in the PIA process and reporting, which were included in the NDP 2007-2013. Although it is responsible for the monitoring and evaluation of the Poverty Impact Assessment process in Ireland, the division has no responsibility with regard to poverty-proofing EU programmes (Interview with a representative from the Social Inclusion Division).

⁵¹ Bachtler J, Mendez C, and Kah S (2010), p. 8.

In terms of **ICT** and **innovation and research**, all Member States have relevant strategies and policies that have been implemented in the national reference frameworks. However, those innovation and research policies are not always significant for actual implementation, nor do they guarantee successful project generation. In fact, **success or failure depends on the programme management level**. In another example, **Poland** acknowledged the fundamental need for an improvement in innovation and research infrastructure, and several different Operational Programmes now cover this topic. The Polish Managing Authority has already reported its expenditure in relation to Europe 2020 goals (Case Study 2).

In Greece, alternatively, the Lisbon strategy triggered a significant thematic shift towards environmental technologies and renewable energy sources (Case Study 3). Aligning with Europe 2020, Greece adapted its national policy programmes in favour of sustainable energy resources. However, the Greek stakeholders referred to Lisbon strategy goals only because it had been made obligatory in the drafting guidance for the Operational Programmes. Hence, in many cases the Lisbon strategy was considered *ex post*, rather than being a driving force.⁵²

With regard to **policies and interventions related to social inclusion and labour market** needs, policy development and implementation procedures are much more locally and regionally-driven. Furthermore, national and regional policies take **various European strategies** into account in this respect. The most important are the Broad Economic Policy Guidelines, the Social Inclusion Strategy, the European Employment Strategy, Integrated Guidelines for Growth and Jobs, and the Employment Policy Guidelines. Those policy papers had substantial influence on the design of national and regional policies as well as on the ESF Operational Programmes. Finally, strategies and policy papers responding to the European financial crisis shaped the ERDF and ESF landscape after 2008 to some extent.

ESF forms a significant part of labour market support in almost all EU-12 and the southern EU-15. On the other hand, ESF also supports **innovative and horizontal crossover projects** in many of the northern EU-15. In Sweden, for example, the ESF aims to build a more adaptable workforce that is open to learning the new skills needed to keep Sweden's high-technology industries at the forefront of world markets. In addition, the programme reaches out to those currently outside the labour market, such as the young and immigrants, and promotes the reintegration of people on sick leave, to bring them all into productive and fulfilling work (see Case Study 5).⁵³ Sweden is very keen to improve thematic coverage and places emphasis on knowledge exchange and constant monitoring of the involvement of experts.

In Austria, the ESF concentrates on projects concerning social integration, but it is seen as too top-down to meet regional issues concerning youth support, for which the Lifelong Learning Programme is considered more suitable and bottom-up. The use of ESF in this respect was triggered during the financial crisis (see Case Study 6).

⁵² Case study interviewees see Annex V

⁵³ Svenska ESF-rådet (2007), *National Structural Fund programme for regional competitiveness and employment* (ESF) 2007-2013, CCI number 2007SE052PO001

Case Study 2: Innovation and Research in the Polish CP programmes

CASE STUDY

Innovation and Research in the Polish CP programmes

In Poland, there are 21 Operational Programmes (OPs): five national programmes and 16 regional programmes. The central OP Innovative Economy has its entire thematic focus on RTDI, innovativeness and entrepreneurship. Each of the Regional OPs includes a priority that directly focuses on innovation (and generally on entrepreneurship). The Coordination and Implementation of Regional Programmes Department at the Ministry of Regional Development coordinates the 16 regional programmes. According to the Director, the activities realised in the areas of 'Research and technological development', 'Innovation and entrepreneurship', and 'Information society' as well as 'Education' within the ROPs, are concurrent with 'Innovation Union' aims.

The Operational Programmes and their respective AIRs include reports on how the Lisbon goals have been implemented. In the AIR 2010 for the OP Innovative Economy, a sub-chapter was dedicated to reporting on how the Europe 2020 strategy goals have been implemented through the OP projects. The AIR 2010 reports that around 99 percent of the funds contracted under the programme finance projects that correspond to the Europe 2020 strategy goals, whereby:

- 96.5 percent of the value of the projects carried out corresponds to Smart Growth;
- 2.2 percent of the value of the projects carried out corresponds to Sustainable Growth; and
- 7 percent of the value of the projects carried out corresponds to Inclusive Growth.

Case Study 3: Resource efficiency in Greece

CASE STUDY

Renewable energy resources in the Greek national reform programme

The Lisbon strategy outlined the priorities and provided guidelines for reforms in accordance with country-specific problems and needs. In the context of the review of the Lisbon strategy, Greece presented the European Commission with a National Reform Programme (NRP) for Employment and Development, for the period 2005-2008, according to the Integrated Guidelines. National Energy policy as described in NRP report was largely based on actions for the completion of new energy networks and the development of the domestic energy market by enhancing private investment in **renewable energy systems (RES)** and promoting energy efficiency for houses.

However, recent developments in the economic background of the country prompted a redraft of the Greek National Reform Programme (NRP) for the years 2011-2014 under the Europe 2020 strategy in coherence with the 'Economic Adjustment Programme for Greece'. The NRP represents the efforts of the government to implement a new growth model, on the basis of which the Greek economy will be able to achieve sustainable and balanced growth.

In the context of the current NRP (2011-2014), the key priorities concerning the energy sector have been augmented with the substantial reduction of state shareholdings in the Public Power Corporation and in gas pipeline business. With regard to the field of 'sustainable economic development', energy continues to be one of the priority areas of strategic importance to the country.

In 2010, the Greek Government adopted the **National Renewable Energy Action Plan** under the Scope of Directive 2009/28/EC, stating the legal, technical and regulatory regime to meet '20-20-20' obligations and the acceleration of the Greek economy through 'green' development and enhanced competitiveness of the private sector. The Action Plan is an overview of all policies and combinations of measures for energy efficiency as well as for the enhanced penetration of Renewable Energy Systems (RES) technologies in electricity production, heat supply and transport. All national and regional interventions in the energy and natural resources sector are implemented under the National Strategic Reference Framework 2007-2013 (NSRF) and specifically by the National Sectoral Operational Programmes.

Case Study 4: 27 Operational Programmes in Italy

CASE STUDY

27 Operational Programmes in Italy

For the development of the Italian National Strategic Framework, the Italian authorities produced **preliminary documents** as a basis for the discussion, culminating in two main policy documents:

- DSPN, Preliminary National Strategic Paper, at national level, and
- DSM, Strategic Document for the Mezzogiorno, focused on the regions of the Mezzogiorno.

These documents were used as a **basis for the negotiations** leading to the National Strategic Framework 2007-2013 and the Operational Programmes. Most Italian Operational Programmes include initiatives relevant for the Lisbon strategy priority relative to ICT:

- All 21 ERDF Regional Operational Programmes plus the ESF Abruzzo, Molise, and Lazio Regional Operational Programmes.
- The Cooperation Programmes Italy-France ALCOTRA (Alps), Italy-France Sea-Border, and Italy Switzerland.
- The ERDF National Operational Programmes for Networks and Mobility, Security for Development, Research and Innovation, and Learning Environments.

Case Study 5: Good supply of skills and an increase in the supply of labour – Sweden

CASE STUDY

Good supply of skills and an increase in the supply of labour – Sweden

In Sweden, there are eight ERDF Regional Operational Programmes and one national ESF OP. The ESF OP aims to build a more adaptable workforce that is open to learning the new skills needed to keep Sweden's high-technology industries at the forefront of world markets. In addition, the programme reaches out to those currently outside the labour market, such as the young and immigrants, and promotes the reintegration of people on sick leave, to bring them all into productive and fulfilling work. Two Priorities out of three (whereby the third Priority Axis is Technical Assistance) in the Swedish ESF OP address the major employment challenges identified for education: Priority 1 'Skills supply' Priority 2 'Increased labour supply'.

Furthermore, the ESF in Sweden has established five **national theme groups** whose role is to collect, analyse and systemise experiences from ESF projects in Sweden. The themes are:

- workplace learning and adjustment;
- youth;
- integration in working life;
- equality; and
- entrepreneurship.

With regard to target groups, there are variations between Priorities 1 and 2. Given the thematic orientation of Priority 2, the proportion of youth is larger in that priority. In Priority 1, the middle-aged are over-represented due to redundancies, and the highly educated are over-represented as well as companies (especially SMEs).⁵⁴

⁵⁴ Swedish ESF Council (2010), p. 43.

Case Study 6: Youth support in the Austrian ESF Operational Programme

CASE STUDY

ESF Operational Programme 'Employment' – Austria

Austria has two Operational Programmes involving the ESF: The Competitiveness OP 'Employment' and the 'Phasing-out Burgenland' OP. The OP Employment covers all eight federal states with the exception of Burgenland.

The OP Employment aims to:

- increase employability;
- support workers and enterprises in anticipating and adapting to economic change;
- encourage social inclusion; and
- increase employment by integrating those on the margins of the labour market.

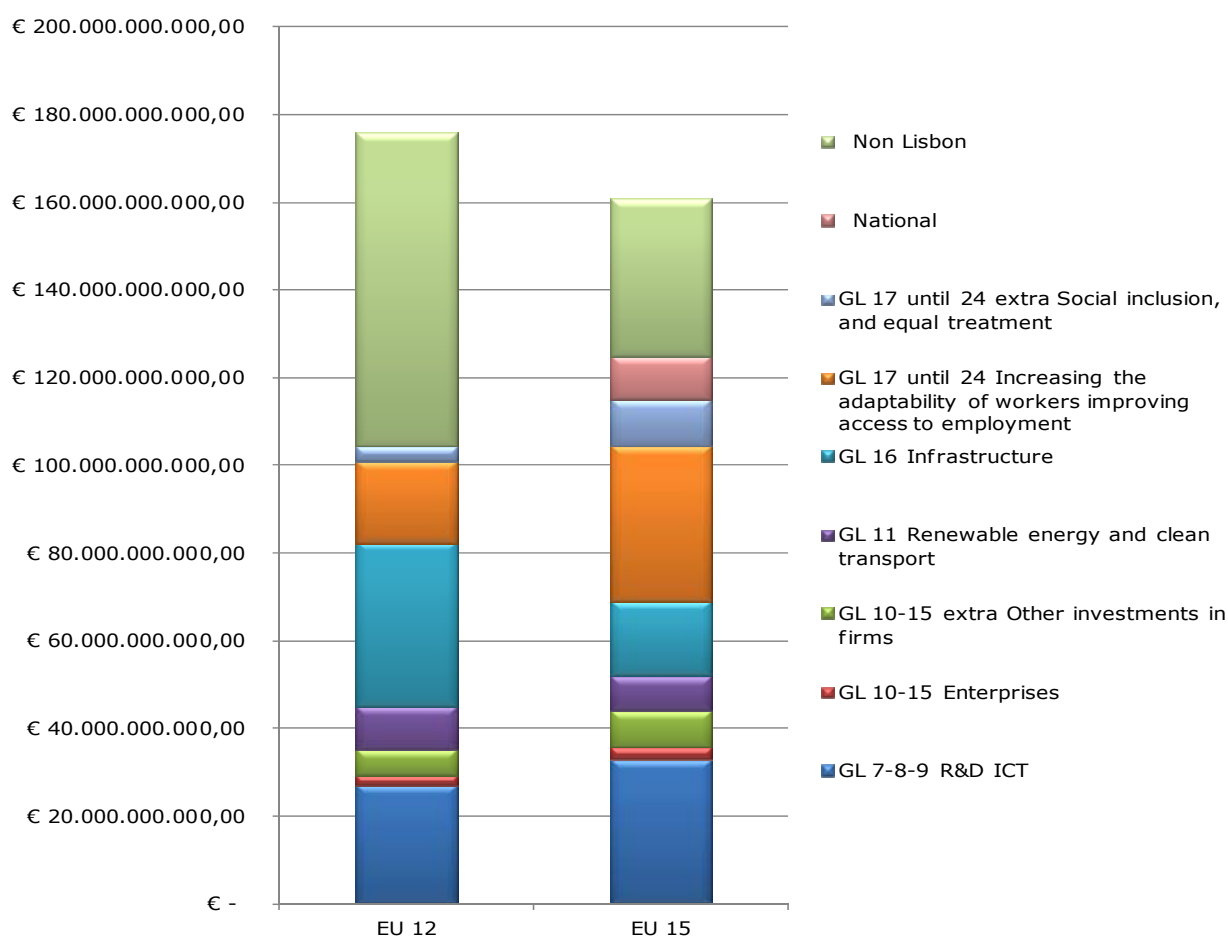
At the beginning of the programming period, youth was not identified as a target group for ESF funding. It was considered that financial support for this particular target group was sufficiently covered by **national youth development programmes** implemented **without ESF co-financing**. The programme was amended in mid-2009 to include specific 'qualification' measures for hard-to-place young unemployed people (especially those with a migrant background), young people with difficulties in the education system, and young people who faced difficulties in accessing the job market.

5.2.2. Operational Programme budget allocation

The Cohesion Policy programmes in the current 2007-2013 programming period required an **earmarking of the budget** of each Operational Programme along codes of expenditure of Regulation (EC) No 1828/2006, Annex II, which are also referred to as Lisbon codes.⁵⁵ The earmarking of Lisbon targets has influenced the Structural Funds budgets in the Member States significantly due to the high share of earmarking required. The EU regulation asked the Member States to allocate **64 percent of their SF budget in Convergence regions** and **75 percent in Regional Competitiveness and Employment regions**.⁵⁶ The **actual allocation has been even higher** in many Member States. The European Commission linked each of the Lisbon guidelines to a specific set of codes (see Annex IV) and used that as a basis for interpreting actual Lisbon-related expenditure (see Figure 2) linked to thematic foci. Lisbon-related codes include R&D, employment, ICT, infrastructure and environment related to TEN and renewable energy, social inclusion and improving human capital. In addition to these Lisbon-related thematic areas, the expenditure codes also cover expenditures such as transport, environmental protection and risk prevention, tourism, culture, urban and rural regeneration, and investment in social infrastructure (summarised as 'non-Lisbon' in the figure below).

⁵⁵ European Union (2006), *Setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund*, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, Commission Regulation (EC) No 1828/2006 of 8 December 2006, Official Journal of the European Union, Brussels 27.12.2006, Annex II.

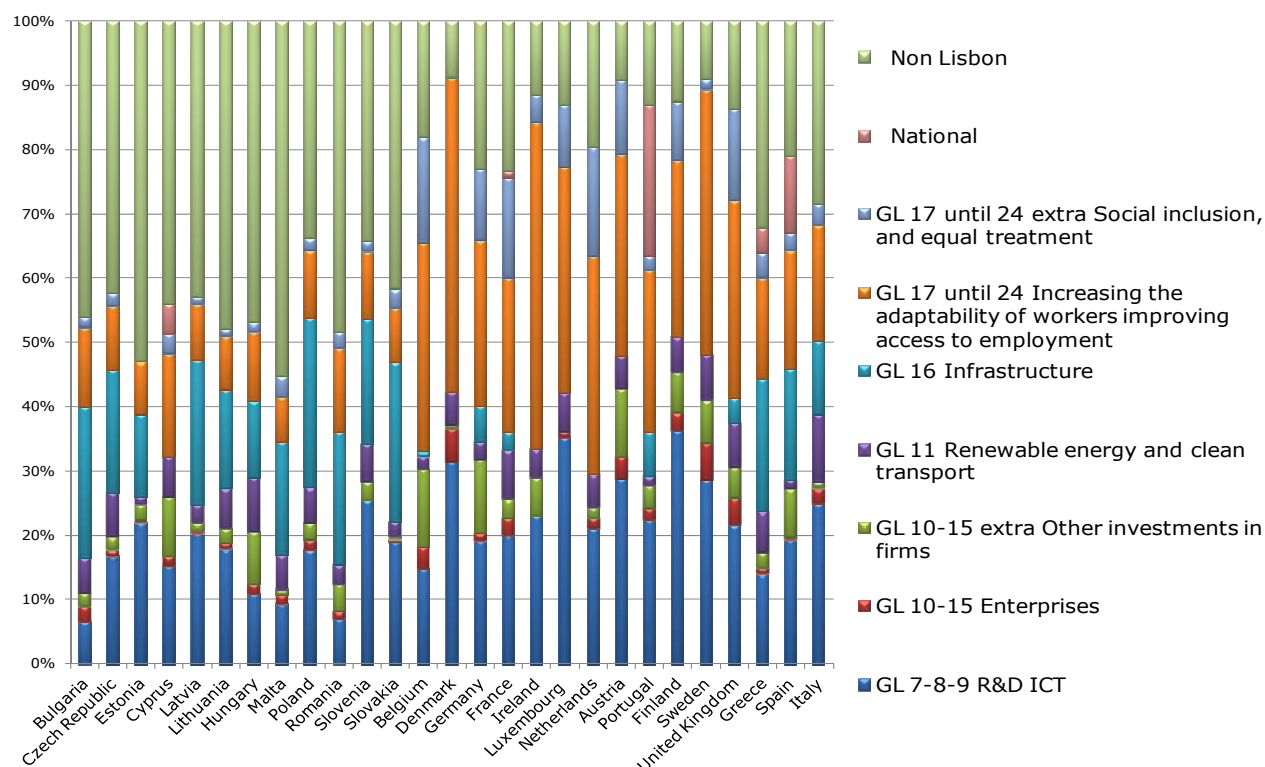
⁵⁶ European Commission (2006), *Laying down general provisions on the European Regional Development Fund*, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, Council Regulation (EC) No 1083/2006 of 11 July 2006, Article 9.

Figure 2: SF Operational Programme budget allocation along Lisbon guidelines

Source: European Commission, DG Regio, Evaluation Unit, 2011.

The difference between the EU-12 and the EU-15 is clear in the allocation. Most of the new Member States concentrate on developing their **'hard' infrastructure factors** (including non-Lisbon expenditure); whereas Member States with already well-developed **infrastructure** concentrate more on **'soft' project implementation** such as **skills development, innovation and cooperation**.⁵⁷ However, all Member States have **comparably high budget allocations on innovation, research and ICT**, whereas employment and social inclusion was clearly preferred by EU-15 Member States. In the EU-15 group, Greece, Spain, Italy and Portugal mostly registered a high share of infrastructure allocation (Lisbon-related as well as non-Lisbon-related expenditure); while the thematic foci in Austria, Denmark, Sweden, the Netherlands and Germany have been the adaptability of workers and R&D. In the EU-12 group, the highest share of overall SF budget occurs in Poland. Poland has 21 Operational Programmes with a high share of R&D, ICT and Lisbon-related infrastructure. Other EU-12 Member States allocated the budget equally, with Bulgaria having the lowest share in R&D and ICT (see Figure 3).

⁵⁷ LSE Enterprise (2011), p. 14.

Figure 3: Share of thematic budget allocation along Lisbon guidelines of total SF MS budget

Source: European Commission, DG Regio, 2011.

Generally speaking, the Competitiveness programmes focused on R&D, employment and renewable energy and the Convergence programmes on transport and accessibility, knowledge promotion and urban/rural infrastructure.

5.2.3. Programme Strategy and Implementation

The implementation arrangements for the 2007-2013 period were accompanied **by improved strategic management of programmes**. Each Operational Programme has been budgeted along the thematic expenditure codes. The financial codes and the obligatory allocation of a certain percentage assured a certain alignment with the Lisbon strategy. However the **'earmarking' of the budget has not been undertaken in a comprehensive manner**. Reporting on how the budget allocations were performed is limited, but interviews have revealed that the process **was rather arbitrary** (see Case Study 7). Apart from those actors mainly occupied with the design of the NSRF and the respective Operational Programmes, the Lisbon agenda did not play any particular role in the implementation of Cohesion Policy instruments. Implementing bodies stated that they **put more emphasis on thematic actions with which they already had experience**, rather than projects with an innovative character. Finally, 'hard' infrastructure projects with visible outcomes were favoured by alternative models for access to finance.⁵⁸

⁵⁸ Daniel A (2009), *The EU Cohesion Policies and the Lisbon Strategy*, Berlin School of Economics and Law, 17.08.2009, p. 8.

Case Study 7: SK-AT Operational Programme

CASE STUDY

Programming of the SK-AT Operational Programme

The programming of the Operational Programme started in autumn 2005. The process was based on the common experiences and co-operation structures from the 1995-1999 and 2000-2006 programming periods and took into account the challenges for the integrated development of the border region. According to the interviews with authorities of Austrian ETC programmes, the initial decisions on budgetary allocations by codes were taken in an arbitrary way. At the programming stage, **the OP was first divided into priorities, then into measures. The thematic codes were allocated in groups by measures**, and, in order to avoid duplication, the ETC programme managers avoided allocating thematic codes to more than one activity.

The **budgetary allocations by thematic codes are indicative**, as they were based on estimates of the amount and size of projects foreseen to be implemented within a given activity field. These **estimates were prepared by regional and/or local authorities** involved in the programming phase, and the actual implementation usually only vaguely related to these preliminary allocations.

In ETC programmes, the coverage of themes is generally wider than in national or regional programmes, which is why more codes are allocated under ETC programmes (see Annex IV).

According to the ETC programme authorities, even though the AIR mentions the Lisbon strategy and its goals, there is **no specific relation between actual expenditure and the original allocations to Lisbon-relevant codes**, as the allocations in the programme are only indicative. However, interviewees stated that those dealing directly with applicants and project implementation have the least knowledge and interest concerning strategies and objectives. Instead, **project support is focused primarily on available budgets** and the needs and ideas of individuals/applicants. Many actors are strongly involved in forming project ideas to match programme targets to achieve the necessary budget expenditure.

This observation has been confirmed by the respective IQ Network report revealed the following drawbacks in the earmarking process:⁵⁹

- there was an imbalance between thematic fields, with an emphasis on road infrastructure over rail infrastructure projects;
- environmental allocations were still not sufficient;
- innovation and research as well as entrepreneurship themes had a strong emphasis, but with qualitative and quantitative disparities in different Member States;
- due to the unspecific character of the thematic code '08 – other investments in firms', many Member States allocated the innovation and research budget to that code. Various types of projects were realised with this budget, which does not have any comparative value due to the associated diversity of the projects;
- substantial delays in human capital, labour market and social inclusion projects occurred partly because of complex decision-making structures at national and regional level;
- some Operational Programmes experienced ineffective targeting of interventions that required applicants to fulfil unrealistic targets (e.g. Czech OP);

⁵⁹ Bachtler J, Mendez C, and Kah S (2010), pp. 16-19.

- lack of understanding of the differences and specifics of different thematic fields;
- lack of alignment between the Lisbon targets and national focus; and
- several administrative and management obstacles result from capacity issues of implementing bodies.⁶⁰

The **economic crisis** substantially affected Cohesion Policy implementation and triggered several shifts within Operational Programmes. In **Greece**, there were six sectoral Operational Programmes and five regional Operational Programmes.⁶¹ The strategic shift towards resource efficiency initiated by the Lisbon agenda indirectly had a significant impact on the Greek thematic focus. During the 2007-2013 programming period, national actions in the energy efficiency and energy for transport sectors are implemented under the sectoral Operational Programmes: OP Competitiveness and Entrepreneurship, OP Environment and Sustainable Development, and OP Accessibility Improvement (see Case Study 8). Only a small part of the energy-relevant topics is covered by Structural Funds, but that part experiences significant problems in implementation.

Case Study 8: Energy policy in Greece

CASE STUDY

Greek energy policy

The Lisbon strategy had a large impact on the Greek National Strategic Reference Framework. However, the earmarking process faced various obstacles at the beginning, because the MA needed to balance the expenditure among the key priorities, i.e. entrepreneurship, the 20-20-20 target and the development of large energy networks. In addition, a range of regulatory reforms was necessary at the outset in order to implement the strategy. More specifically, the problem was whether the investments for Renewable Energy Systems (RES) would be funded by Structural Funds or through a national investment support programme (the so-called Development Law). In view of the thematic orientation and negotiations, the Ministry of Economy decided to fund large investment schemes in RES not through Structural Funds but from national private investments initiatives. For the solar energy sector specifically, the Ministries agreed to exempt funding of photovoltaic from OPs, in order to allow for a high-offer contract (i.e. feed-in tariff). The goal of feed-in tariffs is to offer cost-based compensation to renewable energy producers, providing price certainty and long-term contracts that help finance renewable energy investments.

In the recent economic and political circumstances that put Greece into prolonged recession, the implementation phase **experienced significant delays**. In addition, most of the energy projects, especially in RES, show a significant percentage of overbooking, meaning that the expenditure committed was **not coherent with the market demand**. Despite the fact that substantial expenditure had been contracted, the level of payments in 2009-2010 was very low because of the **shortage in public finance**.

⁶⁰ Weak financial management performance, excessive demands caused by overlapping between the 2000-2006 and 2007-2013 programming periods, new financial instruments, simplification proposals of the European Commission.

⁶¹ Five regions in transition and two phasing-in regions, compared to eight Objective 1 Regions.

In **Italy, Cohesion Policy is being re-orientated**. A Cohesion Action Plan was presented in November 2011 and updated in February 2012 (the update takes stock of advances and specifies goals). The Plan aims to re-launch programmes that lag behind and to utilise additional resources by focusing on four priorities: education, digital agenda, employment, and railways. Although commitments are less than half the initial budget allocation for ICT interventions, this is not unusual for the Italian QSN in this programming period. Financial difficulties, the effects of the crisis, and other factors appear to have slowed down the implementation of the programmes in the first years. The changes in the national policy, with their renewed emphasis on this theme, should accelerate both commitments and expenditures. The thrust of the digital agenda has recently been increased within Italy's Cohesion Policy. While the former NSF already included the digital agenda, the re-orientation of the policy places emphasis on it (see Case Study 9).

Case Study 9: Digital agenda in Italy

CASE STUDY

Digital agenda in Italy

The **national digital agenda recently acquired greater visibility and political relevance**, and it is currently (February-March 2012) **being reshaped**. The institutional setting is changing: an inter-ministerial Working Group (Cabina di Regia) has been set up, coordinated by the Ministry for Economic Development and including the Ministry for Education, Universities and Research and the Ministry for Civil Service Reform.

The **Working Group is developing the policy around six priorities**. Each priority has a separate working group coordinated by one or two Ministries: **Infrastructure and Security** (Ministry for Economic Development); **E-Commerce** (Ministry for Economic Development and Office of the President of the Council of Ministers); **E-government and Open data** (Ministry for Education, Universities, and Research and Ministry for Civil Service Reform); **Information Literacy** (Ministry for Education, Universities, and Research and Ministry for Civil Service Reform); **Research and Investments** (Ministry for Education, Universities, and Research and Ministry for Economic Development); and **Smart Communities** (Ministry for Education, Universities, and Research and Ministry for Cohesion).

According to one interviewee, 'it is not easy to talk about the digital agenda, **because ITC is involved with everything**'. The policy includes infrastructure, development and the enforcement of rules for both the public and the private sector, and projects and applications in sectors such as education, e-government, health, social inclusion, risk prevention, and justice.

The **Cohesion Action Plan appears coherent with the priorities and goals of the European digital agenda**. It aims at completing the infrastructure in order to develop (and allow the free development of) applications and services. The goals are:

- **100 percent broadband coverage**
- **Ultra-wide band infrastructure**
- **Data Centres**

The Cohesion Action Plan includes further **activities that fall within the education** priority but are relevant for the digital agenda. It is pursuing ERDF Learning Environments PON activities aimed at introducing digital technologies in schools in the Convergence regions. The goals are to reach 1,388 schools (32.7 percent of first and second education) through 3000 projects, with a coverage of 35 percent of students (821,000).

5.2.4. Involvement of regional and local levels

Triggered by the Lisbon agenda, the current 2007-2013 programmes put strong emphasis on the regional and local levels. Thus the involvement of regional and local-level actors has been described as intensive in all programmes. However, there is a **distinction between the involvement of LRAs in the programming phase and in the subsequent implementation phase**. It depends on the Operational Programme approach (whether it is regional or national) and on the thematic fields. While social and human resource development is situated at the local level, more strategic, infrastructure and environmental topics have a top-down character.

In general, in the **programming phase** the communication process included an invitation to cooperate in the elaboration of the NSRF as well as training and coaching on the Lisbon agenda. However, earmarking was deemed to be a preliminary bureaucratic exercise.

Involvement in actual project generation and project management differs significantly between Member States and Operational Programmes. Programmes dealing with **social and labour market issues** in the ESF depend on **local-level** implementation. The ESF has a long history in this respect. With regard to projects dealing with **social inclusion**, a greater **bottom-up approach** is required to reach the right target groups (see Case Study 13). On the other hand, when it comes to skills and training, implementation can be managed either centrally or via regional public employment services (e.g. Austria AMS). However, not all Member States regard ESF as a bottom-up instrument. For example, regional administrations in Austria finance youth support through national support instruments rather than the ESF to ensure the necessary flexibility to react to short-term needs.

In the field of **'hard' transport infrastructure or environmental projects**, the involvement of local and regional administrations is seen as **counterproductive**. The **Greek** example shows that, even though it was envisaged differently in legal terms, environmental **projects are centrally managed**. The general perception in this respect is that **LRAs lack the necessary capacity** and increase the bureaucratic process, so promoting an inefficient use of funds (see Case Study 10).

Projects dealing with **research and innovation** are sometimes managed on a **two-dimensional** basis. In the case of **Poland**, there is a specific central Operational Programme that should support the national strategy, but due to the size of the country Poland has several regional programmes that also include innovation and research (see Case Study 11).

However, the implementation and involvement of LRAs very much **depends on the political structure** of the Member State – whereas Greece has a more centralised structure, Italy is very much dominated by regional autonomy. In Italy, the Department for Economic Development and Social Cohesion (DPS), responsible for coordination of Cohesion Policies, **involved all relevant actors at regional and national level** (regions and ministries) and **socio-economic partners** in in-depth discussions on the achievements and problems of the previous programming period.

Finally, the **ETC programmes** follow a different approach. Due to their cross-border character, the regional and local levels are consulted by the Joint Technical Secretariats (JTSs). Those Secretariats are mainly involved in dissemination and project generation, and it is their responsibility to involve local and regional bodies in all partner Member States (see Case Study 12).

The question of whether regional and local levels necessarily need to know about strategies, aims and the background to budget allocations cannot be fully answered. However, it can be assumed that those individuals who are directly involved with beneficiaries are sometimes confronted with politically delicate situations. In such instances, strategies and objectives should be presented at the local level in such a way that local actors can 'sell' the necessary aspects of the strategy 'message' directly to the community.

Case Study 10: Top-down process in Greece

CASE STUDY

The top-down process in Greece

The **Lisbon strategy had a broad impact on drafting energy policy objectives**, and **stakeholders in the energy sector drew attention to fulfilling horizontal EU directives**. The decision process was led by the Ministry of Economy and followed the open coordination method; however, the thematic orientation and earmarking procedure were based on the Ministry's guidelines, **leaving little room for consultation**.

At regional level, Greek energy policy is considered to be a **spatial application** of national energy guidelines. Energy policy planning and implementation is carried out and agreed mainly at central level. There is **no specialised regional energy policy**, and the only framework that sets the guidelines for the development and planning of RES installations at regional and local level is the Special Physical Planning Framework for the development of RES and land management (SPPF-RES). This framework indicates restrictions or specific requirements for RES applications that concern land use and also sets and maps out specific regions as priority zones for the development of RES projects.

In the **OP Competitiveness and Entrepreneurship**, the Managing Authority of the OP is monitored by the Ministry of Development, Competitiveness and Maritime Policy. The Implementing bodies regarding energy-oriented programmes are the **Ministry of Development (EFEPAE)**, the **General Secretariat for Industry**, the **Monitory Authority for Energy and Natural Resources monitored by the Ministry for the Environment, Energy and Climate Change (MEECC)** and the **Centre for Renewable Resources (CRES)**.

Specific programmes are implemented at national and regional level by leveraging investments from private operators for energy efficiency in housing, focusing on energy saving by public bodies and by individuals and households. For energy efficiency projects in local authority buildings, the **Centre for Renewable Energy Resources (CRES) acts as the Implementing Body**. This national entity was chosen **because of its know-how and rich experience**, particularly in knowledge transfer. At the same time, CRES is **coordinating the project for the Network of Municipalities** funded by the EU Intelligent Energy Initiative.

Case Study 11: The Polish interaction between central and regional OPs

CASE STUDY

The Polish interaction between central and regional OPs

With regard to the budget allocation, the decision on the earmarking process was made at national level. Following the decision to make greater use of the regional programmes, 25 percent of total allocation was given to regional OPs. The following **stakeholders were involved** in the programming process: the Ministry of Regional Development (as a coordination body and representing the Member State to the European Commission), regional authorities (mainly marshal offices, although all programmes were discussed in regions with all the regional participants: gminas, powiats, social partners, etc.), representatives from all relevant ministries (Infrastructure, Health, Environment, Labour and others) and social partners. Discussions took place at national level and with the European Commission (coordinator of regional OPs).

The **distribution of the allocation between the regions is based on the number of inhabitants**, the level of unemployment and the GDP per capita (the methodology is the same as it was in 2000-2006 in the Integrated Regional Operational Programme). Poland aimed to designate 63.9 percent of funding made available within the 'Convergence' Objective of Cohesion Policy to implementing the Lisbon goals. To this end, average target expenditure thresholds were set out for particular NSRF instruments included in the categories used for the implementation of Lisbon tasks. Regional OPs allocated 40 percent of the total allocation to the implementation of the Lisbon strategy's objectives.

The Polish system acknowledges the importance of regional bodies for the implementation of the regional OPs. Voivodships are very autonomous in their decision-making process. This structure will most probably be continued in the 2014-2020 financing period, and according to the Coordinator of the regional OPs, the most committed regional authorities are involved in the process of preparations for the new financing period (Interview Coordinator of regional OPs).

Case Study 12: Involvement of regional and local stakeholders SK-AT OP

CASE STUDY

ETC Programme AT - SK

The **National Strategic Reference Framework** (NSRF, in Austria named STRAT.AT), was drafted through an intensive dialogue process that included all relevant partners at the Federal and the Länder level. In accordance with the federal structure of regional policy in Austria, the platform for this process was provided by the Austrian Conference on Spatial Planning (Österreichische Raumordnungskonferenz). Similarly, the **programme Slovakia-Austria was drafted by a Bilateral Working Group** composed of national and regional authorities and relevant experts (see above). Throughout the whole programming phase, working group sessions identified common priorities for the development of the border region. By the end of 2007, 17 Bilateral Working Group meetings and 3 task forces had taken place.

The programme has established **Regional Bodies in each partner region of the programme**. These Regional Bodies develop, **implement and disseminate operations**. The Joint Technical Secretariat (**JTS**) **is regularly in contact with the Regional Bodies** (via e-mail, telephone and face-to-face meetings). The **Regional Bodies are familiar with the allocations by thematic codes**, as they were involved in the programming phase and are responsible for providing an indicative number of projects to be carried out under particular activity fields.

According to the interviewees, **Slovak administrations and institutions are less experienced** with Structural Funds, and this makes regular communication with the programme secretariat and management even more important.

Case Study 13: Swedish ESF council

CASE STUDY

Swedish ESF council

The interview with the MA of the ESF OP revealed that, in the framework of the **ESF council**, the **social partners were involved** in discussions concerning the content of the OP. A working group of stakeholders with long-standing experience with the ESF was established and met several times. The meetings were generally conflict-free and produced 'very engaged discussions and productive ideas' (Interview with the Coordinator of the ESF in Sweden). Furthermore, a **dialogue was held with representatives of organisations with different interests in the ESF**; for example, to fight discrimination in the labour market, which involved NGOs, social economy actors and, to some extent, the Arbetsförmedlingen, Sweden's largest employment agency (Interview with the National coordinator of the European Social Fund in Sweden).

The priorities were decided upon by the ministry responsible for Cohesion Policy in cooperation with the Employment Ministry. The codes were analysed and chosen by a senior civil servant and the interviewee working together and presented as suggestions to the decision-makers. The budget allocation by priorities was decided at high level by the Secretary of State of the Employment Ministry. **According to the interviewee, the allocation of budget to the codes followed a sophisticated process**, and the advance budget allocation proved to be difficult in practice. (Interview with the National coordinator of the ESF in Sweden).

A number of meetings, similar to hearings, were held in various geographical locations in Sweden. Local and regional stakeholders from various backgrounds were invited to present their points of view to the programme authorities and national authorities. The interviewee (Interview with the Coordinator of the ESF in Sweden) had open discussions with the social partners and anti-discrimination stakeholders in this working group.

At national level, the labour market organisations, public authorities and other interested social partners are represented in the Monitoring Committee. **Regional plans were drawn up by the Structural Funds partnership in consultation** with the Managing Authority, based on the ESF OP. These plans, which require approval from the Monitoring Committee, aim to give the OP a sharper focus on regional conditions. According to the NSRF, for the national Structural Funds programme to succeed a productive dialogue with labour market organisations is essential in terms of both preparing programme proposals and programme implementation.⁶²

The programmes are conducted in partnership with various interest groups to secure a broad influence on the activities and scope to monitor and enhance the effects of the programmes. The dissemination of experience and information is also anticipated. **In each of the eight regions, there is a partnership consisting of local actors and representatives of the labour market organisations** (Interview with the Coordinator of the ESF in Sweden).

⁶² Swedish Ministry of Enterprise, Energy and Communications (2006), *A national strategy for regional competitiveness, entrepreneurship and employment 2007–2013*, Article number N7003, Governmental Publications, Sweden 2006.

Case Study 14: Territorial Employment Pacts in Austria

CASE STUDY

Territorial Employment Pacts in Austria

The **ESF in Austria involves regional and local authorities** through so-called Territorial Employment Pacts (TEPs), which are also the subject of Priority 5 of the OP. The aim of the TEPs is to provide support for the implementation of employment targets through better coordination of the relevant actors at regional and local level. This is achieved through the establishment of broad regional or local partnerships that:

- identify local problems;
- utilise all available funding in an integrated strategy;
- integrate and coordinate employment measures; and
- implement measures for people furthest from the labour market.

The Federal Ministry of Labour, Social Affairs and Consumer Protection has supported cooperation between federal and provincial authorities in employment-related topics under the Territorial Employment Pacts. The objectives and tasks set in the 2000-2006 programming period are essentially unchanged.

Each of the nine TEPs organised/structured at the level of the provincial states coordinates TEP activities and programmes with the relevant actors at regional and local levels. The Styrian TEP and the Employment and Qualification Pact in Upper Austria work closely with their own regional pact structures, which are linked to regional management structures. In Styria, there are currently six regional pacts, and in Upper Austria there are two regional managers that coordinate the Regional Pact's activities on employment policy, labour market and training at regional level. The TEP activities are also regionalised in Salzburg (Reko - regional pact coordination). In the regional pacts of the Viennese TEP (which are not comparable to those in Styria, Salzburg and Upper Austria), organisations work together in the form of district cooperation to strengthen the local labour markets within the districts.

The results of evaluations carried out for the previous period show the relevance and effectiveness of implementing the TEPs' structures, which is why these structures were retained. The main message from the evaluations was the importance of involving partners from the local level.

The national TEP network and the support of TEPs through the Austrian Coordination Unit have been identified as a success factor for implementation.

The following measures are carried out under Priority 5, which deals with the support of TEPs:

- **Promotion of support structures** and networks that help regional and local bodies to carry out analyses and define strategies, and with financial management, development of projects, monitoring and evaluation and/or in the implementation of the national/Länder strategies at local level.
- **Networking between the TEPs** and with the local, national and international levels.
- **Studies, monitoring and evaluation**, and PR.

In Priority 3b, TEPs develop specific measures for the integration of people who are excluded from the labour market. TEPs thereby aim to improve the employment situation at regional level.

Regional managers can adapt the top-down measures of the Pact for Employment and qualification in Upper Austria to existing, operational and planned regional activities. However, it is more difficult to use the ESF in a bottom-up manner, which means that regional priorities and thematic fields can be related to TEP (or ESF) project forms to a limited extent only. As a consequence, it is difficult to establish compatibility between top-down programme measures and bottom-up ideas in an ESF context.

5.2.5. Success stories and pilot actions

No generalisation is possible with regard to the best and most comprehensive form of project implementation. However, as already stated, success depends on managing different thematic fields and budget allocations appropriately. While some Member States and thematic fields have a significant amount of budget available, and this can be used broadly to meet the Lisbon targets, other Cohesion Policy programmes have limited budgetary resources. Allocation to specific activities is more difficult and requires adjustment in line with national and regional funds. Many projects recommended as case studies by Managing Authorities are **communication and knowledge-transfer platforms**. Those projects concentrate on **better interaction between different actors and projects**. The main aim is to learn from each other and jointly form innovative new activities. In Sweden, for example, the ESF has been used in more innovative fields to provide policy-makers with new and more appropriate tools for social and labour market interventions. In order to gain an overview and effective knowledge transfer, a so-called 'ESF meta project' has been launched to gather knowledge and experience (see Case Study 15).

Most promising in this respect have been 'framework' projects, which work as an intermediary between the programme and individual projects. Framework projects are characterised by a wider thematic spectrum, based at local or regional level, and are implemented by NGOs or other local-level organisations. Framework projects involve many different initiatives and provide a platform for learning and information exchange between different projects and activities. One example is the Irish 'Equal at work' project, which is led by the Dublin Employment Pact and aims to increase access to employment through open human resource projects. Many different initiatives grow out of projects with an innovative character (see Case Study 16).

In many cases, projects for **innovation and research** are 'hard' projects funding a particular research process and the necessary equipment. However, as in the Polish case, there is no single success story other than comprehensive funding support. Poland's research support is two-dimensional, at the national and regional level. With regard to concrete examples of projects, none of the interviewees was willing to name particularly successful projects. However the following projects illustrate the type funded:

- Innovative technology for creating therapeutic monoclonal antibodies used for treating lymphoma,
- Construction of multi-platform components for creating mobile Web applications,
- Digitalisation/Computerisation of land registry departments, implemented by the Ministry of Justice, in the framework of Priority Axis 7.⁶³

Projects related to the **support for business development** mainly concentrate on access to finance and/or consultation at national or regional level. Business interventions across borders are more sophisticated. Although there are several information platforms at European level, SMEs especially do not get involved in European platforms. In this respect, supportive regional platforms targeting cross-border exchange on a down-to-earth level are

⁶³ Polish Ministry of Regional Development (2011), *Sprawozdanie roczne z realizacji Programu Operacyjnego Innowacyjna Gospodarka 2007-2013 za 2010 r* [Annual implementation Report of the Operational Programme Innovative Economy 2007-2013 for 2010], Warsaw, Poland 2011, pp. 78-79.

most appreciated. Particular value can be generated when support is provided in a joint effort between cross-national authorities. The SK-AT Programme provides multi-level business support including capacity-building and pragmatic procedural information about the legal framework with the aim of supporting broad cross-border project generation (see Case Study 17).

The Greek **energy efficiency effort** is carried broadly by three main Operational Programmes with different foci. Priorities and efforts are overlapping and correspond to each other, and the programme framework provides a substantial basis for the fast implementation of resource-efficient projects. In practice, implementation is behind schedule due to administrative capacity problems and the economic situation, but following legal adaptations project implementation seems to be improving in Greece (see Case Study 18).

Case Study 15: Swedish ESF meta project A&O

CASE STUDY

ESF meta project A&O – Sweden⁶⁴

The ESF OP Managing Authority recommended an interview with 'A&O', the so-called 'ESF meta-project'. In January 2009, the ESF decided to give more than €7.8 million to five national thematic groups to disseminate experience from the projects: the themes comprised (i) A&O (workplace-learning and adjustment), (ii) youth, (iii) integration in working life, (iv) equality, and (v) entrepreneurship. The first theme, A&O (workplace-learning), is a collaborative project run by Luleå University of Technology, the University of Gothenburg, Linköping University and the ApeL R&D centre. The coordinators are based at LTU. **A&O operates on regional, national and transnational levels.**

The A&O is **compiling, analysing and sharing experience gained** during the course of the projects to **better understand the conditions for and benefits of workplace learning** for the community, businesses and the individual. The objective is to **promote the value of continuous workplace-learning to labour market parties** such as employer organisations and policy-makers. The aim is to 'influence policy-makers, public authorities, trade unions, businesses and other interested parties to make decisions that support workplace-learning as a tool for meeting the changing demands on the labour market'.⁶⁵ **The A&O is developing a new Swedish model for competence maintenance and workplace-learning.** A&O coordinates and evaluates the ESF projects. Based on the reports by the ESF projects, the coordinators **choose the most interesting and effective projects** and communicate their activities to policy-makers and public authorities to disseminate them to a broader public and apply the methods more widely. For instance, the A&O has evaluated the effectiveness of the higher allocation of funds to projects hit by redundancies from the economic crisis.

The interview partner from A&O provided records and evidence including presentations that the A&O has held to issue policy recommendations on workplace-learning to the government, regional actors, and trade union and industry representatives based on the methods and activities reviewed (see also Annex IV).

⁶⁴ Recommendations and selected projects are listed in Table 29 and Table 30 in Annex IV of this document.

⁶⁵ A&O (2012), *About A&O*, A&O Official Website available from: <http://www.arbetsplatslarande.se/om-aoo/om-a-o-o>.

Case Study 16: Framework project in Ireland

CASE STUDY

Framework project in Ireland

The framework project '**Equal at Work**' is a labour market programme **led by the Dublin Employment Pact** (an alliance between local government, trade unions, employers and social partners). Its theme is 'Increasing access to employment through open human resource (HR) practices'. It has focused on **reforming and developing HR policies** and practice to create a more **equal and accessible labour market**. Projects are implemented by relevant stakeholders in the four main sectors: the health sector, the public local government sector, the private sector, and the very large community and voluntary sector.

Over two rounds, this framework project under the EU Equal Initiative has involved over 50 partner organisations from the public, private and community sectors in Dublin. These have included four local authorities, seven area partnerships, various social partner organisations, seven hospitals and health service agencies, six major employers, 40 community and voluntary sector organisations, various training institutions, and representative organisations etc. (Interview with representative of Equal at work and project documents).

The project **targets employers, service producers, older people, people with disabilities, travellers, lone parents, women, ethnic minorities and refugees**. The project carries out activation measures to facilitate or improve the access of disadvantaged people or people excluded from the labour market. Moreover, the Dublin Employment Pact is always up-to-date with relevant Social Inclusion / anti-poverty policies at EU level, which feed into their projects. The project representative interviewed for this case study maintains that the activities are designed in accordance with the national Employment Action Plan, the European Employment Strategy and the Lisbon agenda. In addition, **the Dublin Employment Pact makes recommendations to the national authorities, always informed by EU policies**.

Case Study 17: DUO**STARS Project

CASE STUDY

DUO**STARS Project

The project focuses on e-procurement, qualification, capacity-building and administration. The general goal of the project is to strengthen cross-border industrial cooperation supporting the integration of firms and (semi-)public institutions in global knowledge-based high-technology networks. With a focus on high-technology industries (especially the automobile, aerospace and electronics industries) and human capital-centred initiatives, the regions strive to build on their strengths by capitalising on their skilled workforce and innovative capacities.

Activities: E-procurement Folder, E-procurement Training, Virtual Lab, Dissemination

Outputs: E-Procurement folder, Seminars and presentations, Virtual Lab, Summer Academy,

Results: The E-procurement Initiative.

The Virtual Lab resulted in at least three orders for delivery to companies, and these orders are currently being carried out.

Smart Net is the follow-up project and cross-over project of the two above-mentioned projects. According to the JTS, this project will further develop the best elements of its predecessors, DUO**STARS and Innovmat. In fact, especially through the 'Virtual Lab' project (under the DUO**STARS E-procurement initiative), the cooperation between the DUO**STARS project and the Innovmat project was increased, furthering emphasising the need to build upon their cross-over characteristics.

Case Study 18: Greek Energy Efficiency in Household Buildings

CASE STUDY

The 'Energy Efficiency in Household Buildings' Programme

This co-financed programme concerns owners whose homes are classified as low-energy-efficiency buildings (i.e. more than 30 years old and not meeting specific technical criteria). The programme offers citizens incentives to carry out the most important interventions, aimed at improving their houses' energy efficiency, while at the same time contributing to the achievement of **Greece's energy and environmental targets**; once completed, the programme will help to make **energy savings of up to 1 billion kWh annually**. The combined application of the programme and the maturation of the **legal framework** (e.g. concerning Building Energy Performance Certificates) establish an integrated framework for the implementation of energy efficiency actions. The scope of the action is to **finance interventions with two forms of funding** (grants and loans). Furthermore, **grants are available to support energy audits in the housing sector**. The planning, management and implementation system of the programme is ensured by the cooperation of the following stakeholders:

- The **Management Authority** for the Operational Programme 'Competitiveness and Entrepreneurship' (EYD EPAE).
- The **Department for planning and coordination of the NSRF** co-finances actions in the fields of Energy, Natural Resources and Climate Change.
- **Hellenic Fund for Entrepreneurship and Development, (ETEAN)** – 'Energy Efficiency in Household Buildings' Holding Fund. ETEAN is the formal beneficiary of the programme. The beneficiary develops and maintains an appropriate information system for receiving applications, performing inspections and monitoring the implementation of projects.
- **Hellenic Energy Inspectorate Body** performs the required inspections in all regions, in order to verify that energy assessments, related to projects undertaken by citizens within the framework of the programme, have been carried out properly.
- **Banks** are Implementing Bodies that disburse loans and pay grants. They make payments to suppliers/contractors and certify the implementation of the project on the basis of administrative controls.

The programme was a success and resulted in the recent review of the eligibility criteria for the houses. In addition, the programme provided the opportunity to mobilise markets of suppliers and technical engineering. The **main obstacles to the implementation of the programme are the severe liquidity challenges facing banks**.

Case Study 19: Schools in Calabria

CASE STUDY

Infrastructure support in schools in Calabria

Interviewees singled out the ERDF national Operational Programme Learning Environment (Ministry for Education, Universities and Research) as an example of good practice. The Operational Programme has financed 11,903 **individual projects in schools in Calabria, Campania, Apulia, and Sicily**. Projects include **networks and connectivity**, but mainly refer to **laboratories and ICT classroom teaching equipment**. They can be considered as a single project aiming at spreading ICT technology for all aspects of teaching in all schools in the Convergence Regions.

The same school can have more than one project (e.g. language, physics, or science laboratories, network improvements, etc.). It is highly likely that all the schools in these regions have been covered by at least one project.

The Ministry is the Managing Authority of this Operational Programme and of the ESF Competence for Development Operational Programme. It **coordinates the implementation between the two programmes**: it is now starting a **project providing training in using ITC equipment to the personnel of the schools** that have benefitted from the Learning Environments Operational Programmes. Individuals (endorsed by the school management) request the training if they feel they need it. Students are, of course, excluded, since (as the Ministry observes) most students are digital natives and learn how to utilise ITC equipment out of school.

Case Study 20: two selected projects supporting Youth in Austria

CASE STUDY

Two selected projects supporting Youth in Austria

C'mon 14: C'mon 14' supports the integration of young people aged under 17 into the labour market. The project especially focuses on those who risk dropping out of school and young people with a migrant background. The project offers counselling and support to young people and parents that is adapted to the school type. According to Elisabeth Proksch of the Austrian Public Employment Service (AMS), projects such as c'mon are essential in a system where children are scholarised relatively late and have to take career decisions early. Ms Proksch states that, 'Although Austria has the second lowest youth unemployment rate in the EU and a drop-out rate of under 10 percent, 10,000 pupils per year face challenges in passing from compulsory education to further education or apprenticeships. This is why young people need additional counselling and supportive guidance facilities'. 62 schools took part in the project in two Viennese districts (the 10th and the 22nd districts) between January 2010 and May 2011. Over 5,300 pupils received information, 84 thematic workshops were carried out, and 1,700 youngsters received counselling. 760 youngsters benefitted from case management whereby they received individual structured counselling before graduating from school on making their professional or educational career choice and in the transition from school to job.

VIA Produktionsschule: The goal is to support the integration of young disadvantaged women, and especially young women with a migrant background, into the labour market. Participants either enter a vocational training system (return to school) or take up a placement.

Young women are encouraged to undertake creative activities and further develop their competence-based, social and intercultural skills. The project is based on the so-called 'Danish model' according to Kurt Hofer, the representative of the Produktionsschule VIA in Innsbruck. This model targets disadvantaged young people who have not completed vocational training, who are unemployed, or who have dropped out of education. The production schools give women the scope to explore the wide range of opportunities on the job market including 'atypical' technical jobs in woodwork, metalwork, textiles, etc. According to Kurt Hofer, most women still decide to take up 'classical' jobs (retail, administration, etc), but the project will continue showing young women the variety of opportunities available.

5.3. Synthesis of the case studies

5.3.1. Programme Strategy and Implementation

Programme strategy formulation and **budget allocation** are perfect reflections of the devolution stage and heritage of the Member State. Whereas in some cases the MA involved the stakeholders in a **long process of consultation**, in other cases the stakeholders were consulted in a **static and formal way**, with the Lisbon strategy goals accepted as obligatory. This difference was striking between **centralised** and **decentralised** Member States, but also between ERDF and ESF programmes, the latter being more consultation-friendly.

The same principle applies to **implementation**. On the one hand, many MAs and IBs tend to **stick to thematic actions** they are familiar with, hence ensuring absorption and efficiency, while others attempt more complex processes, simultaneously investing in capacity-building and monitoring. Here also, the choice between regionalised or centralised structures is addressed. ERDF programmes with hard infrastructure projects are more often managed centrally, while ESF and soft projects are managed on a decentralised basis (even if the ESF is implemented via a single national OP). The choice between central or regional implementation is also a **question of efficiency**; Member States regionalised by necessity rather than heritage (e.g. because of their size, such as in Poland) face this dilemma more directly and with various levels of success. Some thematic fields and broad policies (e.g. digital agenda) are spread over national and regional OPs and are implemented in a mixed way.

With regard to **monitoring**, many Member States explain that the initial allocation of budget to Lisbon codes was indicative and is not reflected in the AIRs. Others go as far as reporting on how the Europe 2020 Strategy goals have been implemented through the OP projects.

5.3.2. Success stories and pilot actions that provided value-added to the Lisbon strategy

No generalisation is possible regarding the best and most comprehensive form of project implementation. Apart from the obvious strategic choice between top-down and bottom-up, success depends on how different thematic fields and budgetary allocations are managed. Allocation to specific activities is more difficult and requires adjustment in accordance with national and regional funds. Some topics, such as ICT and innovation and research and entrepreneurship, **could be addressed directly**, whereas others were addressed **indirectly**, for example poverty under the 'Creating more and better jobs' heading.

However, certain success factors apply in all cases. Thus framework- and '**meta**'-projects concentrating on better interaction between different stakeholders and projects have been proven as a means to learn from each other and to jointly form innovative new activities. Local partnerships have also been used as standing structures facilitating implementation. In other cases, the thematic orientation proved crucial. Hence, business-oriented interventions fared better when they were very close to the 'real-life' needs of SMEs, while the inclusion and operational empowerment of bodies and professionals engaged in practical implementation at the local level (e.g. banks, engineers, suppliers etc.) and restricting the MA to high-level management proved to be productive. In that context, successful and promising concepts should be separated from administrative bottlenecks and current financing droughts caused by lack of public money or the hesitance of private financing institutes.

5.3.3. Failures in the current implementation

Matching the Lisbon agenda with national policies and the development of '**ownership**' at the MS and regional levels remain as points of concern. Although at the **central level**, the people involved were aware of the provisions of the strategy and were able to respond to it in their programming documents, in some cases **Lisbon codes** were matched to existing strategies **ex post**. This was especially the case for the EU-12 and some EU-15 Member States, where **hard infrastructure projects are favoured** or inherited from the previous period, whereas many EU-15 Member States focus on soft projects, much more aligned to the spirit of Lisbon. For Member States in great need of hard infrastructure, the overall Lisbon process might have been regarded as a high-level intellectual exercise that had with little practical value and was too abstract.

The **involvement of LRAs** in the implementation of the Operational Programmes has been dependent on the thematic field and the political environment. Particular 'hard' projects have been **centrally managed** or implemented via specific non-governmental agencies. Local and regional authorities have been deemed to be over-**bureaucratic** and **lacking capacity and experience** in thematic fields.

Some Member States **reconsidered** their **national strategies** during the programming period (e.g. Greece and Italy) and adapted policies in line with the Europe 2020 strategy. The shift of strategies caused delays in OP implementation. Triggered by the recent economic crisis, some Member States changed priorities in their Operational Programmes towards more short-term goals with reduced emphasis on certain other targets.

Even though different in their thematic orientation and management, the case studies show only a small picture of the European implementation of the Lisbon agenda. Nevertheless, they show that the implementation process concerns not only the project level but the **whole programme lifecycle** and broader context.

5.3.4. Lessons learned

Firstly, the Lisbon strategy led to **thematic orientations of higher value** than would have occurred without the Lisbon guidance. The Europe 2020 strategy has moved in the right direction in this aspect, but there is still some distance to go. This is a crucial point for both programming and consultation, but also for implementation, allowing for **easier orientation** of the programme bodies and beneficiaries. These project ideas will have to be indicative, allowing stakeholders with the necessary capacity to design their interventions but also supporting those who are less capable. Framework support at the OP level has also proved to be a useful investment, allowing for assistance and guidance at the local level.

It is necessary to break down strategic and abstract concepts into down-to-earth project ideas that can be comprehended and adopted at the local level.

Last but not least, global perturbations such as the **European financial crisis after 2008** must be considered as more likely in future. Hence, flexibility should be ensured, especially concerning the need to coordinate national policies with the Europe 2020 strategy.

6. FLAGSHIP INITIATIVE - ROADMAPS

KEY FINDINGS

- The seven Flagship initiatives have been subjected to a **universal roadmap grid**, in each case defining and answering questions on who does what, at which level, when and how. Detailed illustrations have been drawn for each Flagship initiative.
- **Not all Flagship** initiatives have **comparable starting points**. Some (e.g. 'Innovation Union' or 'Resource-efficient Europe') have already developed a series of support documents and detailed roadmaps, while others (e.g. 'Youth on the move') remain more abstract.
- There is **no common approach to implementation**. Specific Flagship initiatives foresee a lot of work at the **EU level** in the short term (e.g. 'Digital Agenda' and 'Industrial Policy'), whereas others at the **MS level** envisage activities extending into the medium-to-long term (e.g. 'European Platform against Poverty').
- The characterisation of an action as **short, medium or long term** is dependent on the Member State and its respective governance structures. Actions to be implemented in the short term in **economically more-developed regions** are often long-term issues in **economically less-developed regions**.
- By contrast, a **fairly universal pattern is identifiable amongst funds** and policy instruments. While 'Horizon 2020' is more or less a universal instrument relevant to most Flagship initiatives, other instruments (e.g. EGF or 'Progress Microfinance') focus on specific activities. In the sphere of Cohesion Policy, there is a **clear division of tasks**, with **ERDF covering the hard factors** (i.e. physical infrastructure) and **ESF the soft elements** (i.e. human resources and skills). EAFRD and EFF complement ERDF in their respective environments. Where applicable, the Cohesion Fund assumes responsibility for hard factors related mostly to the Flagship 'Resource-efficient Europe'.

The results of Chapters 3 to 5 form the basis for preparing roadmaps for the Flagship initiatives. The first step before establishing the roadmap is to present an overview of **what** is to be done, **how**, **when**, at **which level**, and by **whom**.

The Flagship Fact sheets in Chapter 3 provide the information on '**What**' is to be done. '**How**' is answered by the identification of the relevant policy instrument (based on Chapter 4) and by the attribution of an activity type to each item, namely:

- **Type A:** Regulatory and conceptive actions: the relevant institutions issue regulations, suggestions and documents that allow the target groups to implement the activity related to the flagship content, e.g. changes in land-use plans for RES deployment;
- **Type B:** Provision of infrastructure/funding: the relevant bodies provide the necessary infrastructure/funding for the target groups to implement the activity related to the flagship content, e.g. technology transfer centres or loans for innovative endeavours;
- **Type C:** Promotion/award: the relevant bodies promote target groups implementing the activity related to the flagship content, e.g. by introducing awards for innovative local SMEs;

- **Type D:** Own implementation: the relevant institutions carry out their own implementation, e.g. municipalities introduce energy efficiency schemes for their buildings.

'**When**' is answered by the division of the activities into three categories, namely:

- **Short term** (i.e. within the current programming period);
- **Medium term** (i.e. in the period 2014-2020); and
- **Long term** (i.e. after 2020).

In instances where a roadmap omits certain categories, e.g. no 'short-term' cell at the EU level, this means that the experts believe that no relevant activities are possible or reasonable at this level within this time horizon.

At '**Which level**' and '**By whom**' are answered on the basis of the classification of the Flagship Lifecycle Matrices in Chapter 4 and on the MS grouping in Chapter 5, which – for simplification reasons – is reduced from four to two categories (**Cat. 1:** Member States dominated by transition and developed regions, i.e. groups 1 and 2 of chapter 5.1; and **Cat. 2:** Member States dominated by less-developed regions, i.e. groups 3 and 4 of chapter 5.1), thus better reflecting the conditions confronting the different Member States. This classification implicitly observes the difference in Cohesion Policy financial envelopes (i.e. less-developed regions are better funded) but also reflects the difference in devolution and administrative capacities. This distinction is not normative; rather, it should help all stakeholders involved understand the level at which interventions are necessary and reasonable.

To this end, the envisaged roadmap is based on:

- an assessment of the 'compatibility' of the Flagship initiatives with Cohesion Policy procedures and instruments;
- an analysis of current practices in implementing the Lisbon strategy, which should provide a basis for the roadmap for future implementation procedures; and
- the development of proposals for using Cohesion Policy instruments to implement the initiatives, efficiently incorporating the local and regional authorities.

Sample Box 1: How to read the Roadmaps: an example**HOW TO READ THE ROADMAPS: AN EXAMPLE**

At the **European level**, the Flagship Initiative 'Innovation Union' foresees mainly Type A activities (i.e. mostly regulative documents) in the **short term**, with a few Type B and Type C elements (primarily fine-tuning of programmes and visibility actions).

In comparison, at the **Member State level** there are more Type B activities. This is an indication that, in the short term, Member States must 'put things to work' rather than engage in conceptive endeavours. The same pattern is evident at the **regional and local authorities' level**.

With regard to the **medium term**, the **European level** comprises a mix of possible activities, ranging from the establishment of a coherent legal and administrative system (Type A) to more concrete actions such as the empowerment of the European Institute of Innovation and Technology and specific financial support for growth SMEs (mainly Type B, C and D actions).

By contrast, **Member States and regional and local authorities** must initiate a mix of actions (mainly Type A and B or D) to operationalise the provisions of the new programming period and also provide the necessary tools.

In the **long term**, the **European level** focuses on the enhancement of the European Research Area, a clear long-term goal encompassing almost all types of action, whereas **Member States and regional and local authorities** will have to shift their attention to the very practical issue of the improvement of the research infrastructure (i.e. type B and D activities, meaning investments, operation and maintenance).

By **zooming out**, the path of actions for the Flagship Initiative 'Innovation Union' becomes more evident.

Whereas in the **short term** the focus at the **European level** is mainly on '**shaping and norming the environment**', at the levels of **Member States and regional and local authorities** the attention lies more on '**norming and performing**'.

In the **medium term**, the roles change. At the **European level**, attention is given to **incremental improvements** while **Member States and regional and local authorities** must define the '**rules and tools**' for their own territories.

In the **long term**, the **European level** reassumes its '**shaping and norming**' role, whereas **Member States and regional and local authorities** continue to focus on **making the system perform**.

Different stakeholders can draw different benefits from the roadmap. The European Commission and the European Parliament can focus on Type A and D actions over a medium-to-long term perspective (focusing on the new programming period), while local and regional authorities will probably be more interested in Type B and D activities over the short-to-medium-term timescale.

6.1. Innovation Union

The Flagship initiative 'Innovation Union' provides a very widespread action plan that considers all levels, starting with the European Commission and ending with local authorities involved in the specific support of innovative SMEs. This particular Flagship initiative can be a primary tool to improve the competitiveness of Europe in a global context. However, two main features are important in this respect: first, to diminish disparities, and second, to improve excellence. This must all be supported by a coherent and flexible legal and regulative framework at the European and Member State levels.

The **added value** of the Flagship initiative can be the provision of a unified and improved innovation environment in Europe that supports diminishing territorial divergence, interaction and partnerships between researchers and business, and which provides benchmarking for European innovation and research. However, its **limitations** might include the concentration on fast-growing, innovative companies, in effect excluding the majority of enterprises in Europe which are also innovative in their daily life but not fast growing.

Opportunities in this respect are increased competitiveness in a globalised market (China, USA, Japan) and the increased attractiveness of Europe for international researchers. However, the initiative faces corresponding **risks** of the availability of public funds, barriers hindering administrative flexibility, and the heterogeneity of administrative and legal frameworks.

When the foundation is established, financial support for innovative individuals and companies as well as the improvement of education should be assured in European regions. In this respect, **two main European financial instruments** are significant for realising and supporting the Flagship targets.

Horizon 2020 (current FP7 and CIP) is one of the main instruments to support the 'Innovation Union' Flagship initiative. The current Competitiveness and Innovation Framework Programme (CIP) supports the Flagship initiative with the Entrepreneurship and Innovation Programme (EIP) and Information Communication Technologies Policy Support Programme (ICT-PSP). The **Lifelong Learning Programme** is the major programme for supporting higher education and the education of adults and students.

Both programmes can be supported and **complemented with ERDF Operational Programmes** financing RTD and ICT infrastructure and supporting SMEs in their general improvement and innovation development. Other **financial support instruments** such as the High Growth and Innovative SME Facility (GIF), Risk-sharing Finance Facility (RSFF) and other innovative start-up facilities should be adjusted to Cohesion Policy and Horizon 2020 activities.

The following activities are divided into short, medium and long-term actions related to different levels of actors.

Table 17: Roadmap – Innovation Union

EUROPEAN LEVEL	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY
Improvement and enhancement of the legal and regulative framework to support a single innovative market.	A, C
Further adjustment of regulations towards SMEs based on the Small Business Act.	A
Support for the implementation of ESFRI in Member States along the roadmap.	A
Combination of and focus on different financial programmes concerning R&TD and ICT.	A, D
Improvement of mobility of researchers with flexible programmes and support for institutions and organisations hosting researchers. Reduction of bureaucratic procedures and involvement of third countries.	A, B, C
Improvement of access to publications with centralised e-solutions and reduction of duplication. Standardisation as a baseline for MS solutions.	A, B, C
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY
Coherent legal and administrative framework across all European systems.	A
Enhancement and empowerment of the European Institute of Innovation and Technology.	A, D
Specific financial support for growth SMEs across all relevant financial support programmes.	A, B, C
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY
Enhancement of the European Research Area	A, C, D

MEMBER STATE LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Enabling public access to publications in line with a Europe-wide standard.	A, B, C	ERDF investments under Thematic Objective (TO) 1, RTDI.
Improvement of specific financial support for growth SMEs in all relevant financial support programmes (for Cat. 1 MS).	A, B	ERDF support under Thematic Objective TO 1, RTDI – grants and loans (e.g. JEREMIE).
Improvement of public and private organisations with educational and training activities, and support for organisational change.	B, C, D	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Coherent legal and administrative framework to support innovation and researcher mobility.	A, D	ERDF support under TO 11, Institutional capacity.

Adjustment of regulations towards SMEs following European proposals.	A	ERDF support under TO 11, Institutional capacity.
Improvement of specific financial support for growth SMEs in all relevant financial support programmes (for Cat. 2 MS).	A, B	ERDF support under TO 1, RTDI – grants and loans (e.g. JEREMIE).
Combination and focus of national programmes in line with European financial support programmes.	A, D	ERDF support under TO 11, Institutional capacity.
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of the research infrastructure.	B, D	ERDF support under Thematic Objective (TO) 1, RTDI – grants and loans (e.g. JEREMIE); EAFRD and EMFF investments under TO 1, RTDI.

REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of public and private organisations in their effectiveness and efficiency as well as their customer orientation.	B, C, D	ERDF support under TO 11, Institutional capacity.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Combination and focus of regional programmes in line with national and European financial support programmes.	A, D	ERDF support under TO 11, Institutional capacity.
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of the research infrastructure.	B, D	ERDF support under Thematic Objective (TO) 1, RTDI – grants and loans (e.g. JEREMIE).

Source: Metis 2012.

Innovation Union could be an initiative to **provide synergies between various policies and instruments** at European and Member State level. Whereas a range of European instruments is involved in this thematic field (e.g. Framework Programme, Lifelong Learning, Erasmus, ERDF, ESF, etc), Member States also implement relevant national and regional policies and programmes. These different activities do not necessarily match each other, and therefore they can undermine efficient policy implementation. In this respect, the Flagship initiatives could serve as **umbrellas for different and sometimes overlapping single activities**.

6.2. Digital Agenda

The Flagship initiative 'Digital Agenda' again very much concentrates on the Europe-wide improvement of the 'hard' and 'soft' factors concerning ICT. Hard factors mainly comprise infrastructure provision (networks and computerisation), whereas the soft factors involve ICT knowledge as a user and the potential development and innovation dimensions of ICT. The Flagship also focuses on standardisation and the fight against cybercrime. This joint undertaking involving relevant stakeholders should enhance the ICT framework for Europe.

The **added value** of the FI can be the improvement of a single market framework for ICT, which is a significant step against disparity, and the consolidation and cooperation of experts and stakeholders in all Member States. The **opportunities** include the fact that ICT is private-sector driven, and therefore private investment can be generated. However, private business is market driven, and therefore in some cases the European Commission and the Member States must create the market in order to get the private sector involved. The development of an effective ICT framework at European level is important for an improved single market; however, the **limitation** of the Flagship initiative lies in its lack of indicators for evaluating results. The **risks** are the territorial disparity in terms of access to ICT. In some Member States, this access is still significantly weak, especially in the EU-12, which lack an adequate ICT network. The improvement of those aspects is time consuming and requires substantial financial effort. Further risks include the reluctance of a market-driven sector against standardisations and stranding investments.

Nevertheless, the Flagship initiative has a history and is very much market-driven and supported by the private sector. Digital agenda is a very innovative and research-driven topic, and therefore the main financial support programme is the future **Horizon 2020** and the current **FP7 and CIP**. The **Lifelong Learning Programme** supports the educational aspect of the Flagship initiative, although its relevance is smaller than for the 'Innovation Union' initiative. The second main policy field supporting the FI is Cohesion Policy. ICT plays a major role in all of the current and future Cohesion Policy instruments. The **Cohesion Fund** supports ICT infrastructure investments. In **ERDF**, ICT is supported through providing infrastructure to public and private organisations. **ESF** again includes educational aspects related to ICT. In addition, the future European **Agricultural Fund for Rural Development** (EAFRD) includes support for ICT in the agricultural sector.

Table 18: Roadmap - Digital Agenda

EUROPEAN LEVEL	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY
Build up and strengthen the legal and procedural framework related to ICT.	A
Facilitate cross-border interaction in terms of infrastructure development and cooperation.	A, C
Guidance for national actions concerning the improvement of ICT infrastructure and know-how.	A, C
Development of indicators for better skills assessment.	A, C, D
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY
Improvement of interoperability and standards.	A, C, D
Establishment of the European Network and Information Security Agency.	A, D

Establishment of the European cybercrime platform.	A, D
Establishment of the European cybercrime centre.	A, D
Reinforce and rationalise funding of high-speed broadband through EU instruments (Type A, C).	A, C
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY
Enabling of Europe-wide e-governance.	A, C, D
Reinforce funding for innovation in ICT in Cohesion Policy instruments as well as in Horizon 2020.	A, C

MEMBER STATE LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Enhancement of digital literacy and skills (Cat. 1).	A, B, C, D	ESF investments under TO 10, Education, skills and lifelong learning.
Facilitate broadband investments (Cat. 1).	B, D	ERDF investments under TO 2, ICT; EAFRD investments under TO 2, ICT.
Development of online education tools (Cat. 1).	B,C, D	ERDF investments under TO 2, ICT.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of infrastructure (Cat. 1).	B	ERDF investments under TO 2, ICT and TO 7, Transport and network infrastructures (synergies between transport and broadband network); EAFRD investments under TO 2, ICT.
Enhancement of digital literacy and skills (Cat. 2).	A, B, C, D	ESF investments under TO 10, Education, skills and lifelong learning.
Facilitate broadband investments (Cat. 2).	B, D	ERDF investments under TO 2, ICT; EAFRD investments under TO 2, ICT.
Development of online education tools (Cat. 2).	B,C, D	ERDF investments under TO 2, ICT.
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of infrastructure (Cat. 2).	B	CF investments under TO 2, ICT; ERDF investments under TO 2, ICT and TO 7, Transport and network infrastructures (synergies between transport and broadband network); EAFRD investments under TO 2, ICT.

REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of infrastructure (Cat. 1).	B, D	ERDF investments under TO 2, ICT and TO 7, Transport and network infrastructures (synergies between transport and broadband network).
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of infrastructure (Cat. 2).	B, D	CF investments under TO 2, ICT; ERDF investments under TO 2, ICT and TO 7, Transport and network infrastructures (synergies between transport and broadband network).

Source: Metis 2012.

The aim and efforts of this Flagship initiative are more straightforward and focus mainly on **infrastructure improvement** and **skills development**. In both cases, **considerable heterogeneity in quality levels can be found in European Member States**. The combined improvement and homogeneity in infrastructure and knowledge, as well as in the legal framework, substantially serve territorial cohesion. In the field of infrastructure as well as in the field of skills development, Cohesion Policy instruments could be very significant in the implementation process. With regard to research, the initiative very much overlaps with the Flagship initiative 'Innovation Union'. This illustrates the great interdependence between the different flagships.

6.3. An Industrial Policy for the Globalisation Era

The Flagship initiative 'An Industrial Policy for the Globalisation Era' concentrates on economic and business factors while taking labour force aspects into account. The European workplace conditions are amongst the best in the world and should be preserved while supporting the European industrial environment. However, the FI covers a wide range of different topics related to European industry and acknowledges the economic disparity between European Member States. Themes such as innovation, resource efficiency, business environment and single market are considered in this FI. Furthermore, the FI acknowledges the importance of SMEs in Europe's industry and specifically focuses on the improvement of SME support.

The **added value** of the FI is its thematically wide spectrum that includes several different aspects related to industrial development; however, this spectrum also encounters **limitations** by losing focus on certain issues. The use of financial instruments should be focused on specific aspects correlating with the individual region. Competition between Member States for financial support instruments based on their economic situations should be avoided, as this decreases the effectiveness of the instrument. However an **opportunity** from using the FI is to increase the awareness of stakeholders about the heterogeneity of the industry framework and to cooperate with other thematically more specific instruments in order to reach common targets. **Risks** comprise the lack of coordination between policies and programmes and the diminution of effectiveness.

With regard to industrial development, the **Cohesion Policy Operational Programmes** are the key instruments for supporting individual regions. The essential characteristic of this activity is the involvement of regional and local stakeholders providing local knowledge

about specific needs. Again, Cohesion Policy instruments should be complemented with **financial engineering** instruments through the **CIP** programme or supported by the EIB European Progress Microfinance Facility (EPMF). Additional programmes such as **FISCALIS**⁶⁶ support public authorities in the improvement of their regulatory and fiscal framework. In terms of innovation, **FP7** and **CIP** are again the main financial support programmes. In terms of education and mobility, the **Lifelong Learning Programme** with its sub-programmes is the main support instrument.

Table 19: Roadmap - An Industrial Policy for the Globalisation Era

EUROPEAN LEVEL	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY
Establishment of an industrial policy.	A
EU strategy Corporate Social Responsibility.	A
Regulations to support the transition of service and manufacturing sectors to greater resource efficiency, including more effective recycling.	A
Business environment for SMEs.	A, C
Internationalisation of SMEs.	A, C
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY
Establishing industrial policy as a horizontal topic.	A
European and international standards for the long-term competitiveness of European industry.	A, C, D
Promote technologies and production methods that reduce natural resource use, and increase investment in the EU's existing natural assets.	A, C
Supporting the transition of manufacturing sectors to greater energy and resource efficiency.	A, C
Transport and logistics networks TO enable industry to have effective access to the Single Market and the international market.	A, C
Develop an effective space policy to provide the tools (Galileo and GMES).	A, C, D

⁶⁶ FISCALIS is a programme of the European Commission for enhancing the fight against tax fraud: improving administrative procedures and practices to the benefit of administrations and business within the EU and ensuring the exchange of information between national tax administrations as well as with traders through projects such as trans-European tax IT systems.

MEMBER STATE LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Quick redeployment of skills to emerging high-growth sectors and markets and support from the EU's state aids regime and/or the Globalisation Adjustment Fund (Cat. 1).	A, B	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Improvement of the conditions for enforcing intellectual property rights (Cat. 1, 2).	A	ERDF investments under TO 11, Institutional capacity.
Reduce administrative burden on companies, and improve the quality of business legislation (Cat. 1).	A	ERDF investments under TO 11, Institutional capacity.
Improve the business environment, especially for SMEs (Cat. 1).	A, B, C	ERDF investments under TO 3, SME competitiveness.
Promote the internationalisation of SMEs (Cat. 1).	A, B, C	ETC investments under TO 3, SME competitiveness.
Work closely with stakeholders in different sectors (Cat. 1, 2).	D	ERDF - TO 11, Institutional capacity; ETC.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Reduce the administrative burden on companies, and improve the quality of business legislation (Cat. 2).	A	ERDF - TO 11, Institutional capacity.
Improve the business environment, especially for SMEs (e-government, e-contracting) (Cat. 2).	A, B, C	ERDF investments under TO 3, SME competitiveness; ERDF - grants and loans (e.g. JEREMIE).
Promote the internationalisation of SMEs (Cat. 2).	A, B, C	ETC - TO 3, SME competitiveness.
Promote the restructuring of sectors in difficulty towards future-oriented activities (Cat. 1, 2).	A, C, D	ERDF - TO 11, institutional capacity.
Quick redeployment of skills to emerging high-growth sectors and markets and support from the EU's state aids regime and/or the Globalisation Adjustment Fund (Cat. 2).	A, B	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Promote technologies and production methods that reduce natural resource use, and increase investment in the EU's existing natural assets (Cat. 1, 2).	A, C, D	ERDF - TO 4, Low-carbon economy, TO 5, Climate change adaptation, and TO 6, Environment and resource efficiency; EAFRD is contributing to TO 3, SME competitiveness.

LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Ensure transport and logistics networks enable industry throughout the Union to have effective access to the Single Market and the international market beyond (Cat. 1, 2).	A, B, D	ERDF - TO 7, Transport and network infrastructures.

REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Promote the internationalisation of SMEs (Cat. 1).	B, C, D	ETC - TO 3, SME competitiveness.
Improve the business environment especially for innovative SMEs, including through public sector procurement to support innovation incentives (Cat. 1).	B, C, D	ERDF investments under TO 1, RTDI, TO 2, ICT, and TO 3, SME competitiveness; EAFRD is contributing to TO 3, SME competitiveness.
Work closely with stakeholders in different sectors (Cat. 1, 2).	D	ERDF - TO 11, institutional capacity; ETC.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Promote technologies and production methods that reduce natural resource use, and increase investment in the EU's existing natural assets (Cat. 1).	C	ERDF - TO 4, Low-carbon economy, TO 5, Climate change adaptation, and TO 6, Environment and resource efficiency; EAFRD is contributing to TO 3, SME competitiveness.
Improve the business environment especially for innovative SMEs, including through public sector procurement to support innovation incentives (Cat. 2).	B, C, D	ERDF investments under TO 1, RTDI, TO 2, ICT, and TO 3, SME competitiveness. EAFRD is contributing to TO 3, SME competitiveness.
Promote the internationalisation of SMEs (Cat. 2).	B, C, D	ETC - TO 3, SME competitiveness.
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Promote technologies and production methods that reduce natural resource use, and increase investment in the EU's existing natural assets (Cat. 2).	C	ERDF - TO 4, Low-carbon economy, TO 5, Climate change adaptation, and TO 6, Environment and resource efficiency; EAFRD is contributing to TO 3, SME competitiveness.

Source: Metis 2012.

This Flagship initiative tackles a wide range of different issues **related to economic growth and enterprise**. There is a clear division between the EU level, where there is a strong focus on strategic and regulatory actions, and the MS and LRA levels, where the activities are mainly concrete implementation-oriented steps.

It overlaps with a broad array of other Flagship initiatives concerning prerequisites for industrial activity (i.e. innovation, skills and mobility of the **labour force, and resources** availability and efficiency). However, with **SMEs** as one of its main target groups, its **stakeholder-focus** is quite different from the other Flagships.

6.4. Resource-efficient Europe

The Flagship initiative 'Resource-efficient Europe' covers topics related to resource efficiency and environmental protection in different areas in Europe. This very horizontal theme influences all policies and programmes at European and national levels.

Again, the **value added** of the FI lies in the joint effort and the acknowledgement of the horizontal character of the topic. However, this has its **limitations**, as only a general agreement between all European Member States about environmental protection and resource efficiency allows effective implementation. All Member States are making efforts to implement these aspects into their legislative and regulative frameworks. **Opportunities** lie in the demand of a new and fast-growing 'green' industry, which should drive global change, and the increasing pressure of global climate change. The **risk** lies in the competition from globalised industry confronting European industry with low-price products and low environmental standards. This could lead to an industrial denial of too rigid legal changes towards resource efficiency.

The FI can be supported in many different ways, but first and foremost it should motivate Member States to shape their legislative and regulatory frameworks. The key feature is to support research and innovation towards resource efficiency. Current research still does not provide satisfactory solutions for resolution and prevention of short-term and medium-term environmental problems. In this respect, **Horizon 2020** should focus on supporting innovation and research in the field of resource efficiency. In addition to innovation, the provision of environmental infrastructure is important for all Member States. In this field, the **Cohesion Fund** and **ERDF** form the main support instruments for Member States with less-developed infrastructure and for Member States with the potential for innovation and research in this field. Alongside the more research-driven **FP7, CIP, ERDF** and **LIFE+** are close to market innovation support instruments. Those instruments are currently acting independently, but they should be more coordinated at MS and EU level.

Table 20: Roadmap - Resource-efficient Europe

EUROPEAN LEVEL	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY
Establish a vision of structural and technological changes required to move to a low-carbon, resource-efficient and climate-resilient economy by 2050, considering the future of fossil fuels and alternative sources of energy.	A
Review all relevant policies (e.g. on waste, water, soil, dangerous substances, etc.).	A
Mobilise EU financial instruments.	A
Present proposals to modernise and decarbonise the transport sector, thereby contributing to increased competitiveness.	A
Consider the future of fossil fuels and alternative sources of energy.	A, C
Introduce new ways of managing electricity.	C
Launch the EU biodiversity strategy.	A
Consider internalisation of external costs on transport.	A
Launch an EU resource-efficiency transition platform.	A, C, D
Render resource efficiency a shared objective of the international community.	A, C, D
Establish an indicators set.	A, D
Focus research funding.	A
Inform the public.	A, C, D
Mobilise stakeholders at all levels.	A, C, D
Assess the impact of agriculture and fisheries.	D
Assess how state aid affects resource efficiency.	D
Present an initiative to upgrade Europe's networks, including Trans-European Energy Networks.	D
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY
Complete the internal energy market and implement the strategic energy technologies (SET) plan.	A
Provide financing for consumers and business willing to invest in energy efficiency.	A, B, C
Improve products and affect consumption patterns.	C
Adapt urban and spatial planning.	C
Foster Green Public Procurement.	A, C, D
Foster lifecycle assessments.	A, C, D
Foster eco-labelling.	
Foster Green Infrastructure and No Net Loss Initiative.	A, C, D
Develop the knowledge base.	A, C, D
Monitor via the European Semester follow-ups in the MS on environmental taxation.	D

LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY
Support research and innovation on resource-efficiency climate change and resilience.	A, D
Elaborate a framework for the use of market-based instruments.	A, D
Remove environmentally harmful subsidies.	A, D

MEMBER STATE LEVEL (CAT. 1 AND 2 ⁶⁷)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Adopt and implement a revised Energy Efficiency Action Plan.	A, D	
Support research and innovation on resource efficiency, climate change and resilience.	B, C, D	ERDF investments under TO 1, RTD, TO 4, Low-carbon economy, TO 5, Climate change adaptation, and TO 6, Environment and resource efficiency.
Accelerate the implementation of strategic projects with high European added value.	B, D	ERDF investments under TO 4,5,6
Enhance energy efficiency on new and existing buildings.	A, B, C, D	ERDF investments under TO 6, Environment and resource efficiency.
Introduce renewable heating and cooling.	A, B, C, D	ERDF investments under TO 6, Environment and resource efficiency.
Introduce new ways of managing electricity.	A, C, D	ERDF investments under TO 6, Environment and resource efficiency.
Promote storage technologies, interconnection and smart grids.	A, B, C, D	ERDF investments under TO 4, Low-carbon economy.
Separate waste collection systems.	A, B, D	ERDF investments under TO 6, Environment and resource efficiency.
Mobilise stakeholders at all levels.	A, C, D	ERDF investments under TO 4,5,6.
Inform the public.	D	ERDF investments under TO 4,5,6
Establish an indicators set.	D	ERDF investments under TO 4,5,6
Report on mainstream resource efficiency.	C, D	ERDF investments under TO 4,5,6
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Introduce new ways of managing electricity.	A, B, D	ERDF investments under TO 1, RTD, TO 4, Low-carbon economy, TO 5, Climate change adaptation, and TO 6, Environment and resource efficiency.
Mobilise EU financial instruments.	D	

⁶⁷ Member State (Cat. 2): as in Cat. 1, but with a respective time lag, i.e. short-term actions move to the medium term and medium-term actions to the long term.

Provide financing for consumers and businesses willing to invest in energy efficiency.	B	ERDF investments under TO 4, Low-carbon economy, TO 5, Climate change adaptation and TO 6, Environment and resource efficiency.
Market integration of Renewable Energy Systems (RES).	A, B, D	ERDF investments under TO 4, Low-carbon economy, and TO 6, Environment and resource efficiency.

MEMBER STATE LEVEL (CAT. 1 AND 2 ⁶⁸)		
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Promote storage technologies, interconnected and smart grids.	A, B, C, D	ERDF investments under TO 4, Low-carbon economy.
Improve products and influence consumption patterns.	A, C	ERDF investments under TO 4,5,6 EAFRD investments under TO 4, Low-carbon economy.
Introduce ecosystem services and natural capital valuation system.	A, D	ERDF investments under TO 4,5,6
Implement framework directives.	A, D	
Foster Green Public Procurement.	A, C, D	
Foster life cycle assessments.	B, D	
Foster eco-labelling.	A, B, C, D	
Focus research.	A, D	
Establishment of functional markets for recycled raw materials.		ERDF investments under TO 6, Environment and resource efficiency.
Adapt urban and spatial planning.	A, D	ERDF investments under TO 5, Climate change adaptation.
Identify and remove environmental harmful subsidies.	A, D	ERDF investments under TO 6, Environment and resource efficiency.

⁶⁸ Member State (Cat. 2): as in Cat. 1, but with a respective time lag, i.e. short-term actions move to the medium term and medium-term actions to the long term.

LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Elaborate a framework for the use of market-based instruments.	A, D	
Improve products and influence consumption patterns.	A, C	ERDF investments under TO 4,5,6 EAFRD investments under TO 4, Low-carbon economy.
Improve efficiency of natural resources and protecting air, land and water.	A, D	ERDF investments under TO 6, Environment and resource efficiency.
Develop smart, upgraded and fully interconnected transport and energy infrastructures and make full use of ICT.	A, B, D	ERDF investments under TO 4, Low-carbon economy.
Deploy market-based instruments (fiscal incentives, procurement to adapt production, consumption methods).	A	

REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2 ⁶⁹)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Focus on the urban dimension of transport.	A, C	ERDF investments under TO 4, Low-carbon economy.
Energy efficiency in new and existing buildings.	B, C, D	ERDF investments under TO 4, Low-carbon economy, and TO 6, Environment and resource efficiency.
Incentives for energy-saving instruments that could raise efficiency; use regulation, building performance standards and market-based instruments.	B, C, D	ERDF investments under TO 4, Low-carbon economy, and TO 6, Environment and resource efficiency.
Introduce renewable heating and cooling.	B, C, D	ERDF investments under TO 4, Low-carbon economy, and TO 6, Environment and resource efficiency.
Separate waste collection systems	B, C, D	ERDF investments under TOs 6) Environment and resource efficiency
Mobilising stakeholders at all levels	D	

⁶⁹ As in Cat. 1, but with a respective time lag, i.e. short-term actions move to the medium term and medium-term actions to the long term.

MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Phase out environmentally harmful subsidies.	D	ERDF investments under TO 6, Environment and resource efficiency.
Provision of financing for consumers and business willing to invest in energy efficiency.	B, C)	ERDF investments under TO 6, Environment and resource efficiency.
Adapted urban and spatial planning.	D	ERDF investments under TO 6, Environment and resource efficiency.
Improving efficiency of natural resources and protecting air, land and water.	D	ERDF investments under TO 5, Climate change adaptation and TO 6, Environment and resource efficiency.

Source: Metis 2012.

This Flagship is the most **comprehensive, pivotal** and **cross-cutting initiative**, directly or indirectly **affecting all other Flagships**. Some of them (e.g. Digital Agenda, New Skills and Jobs, Innovation Union) act as feeders, providing tools, skills and knowledge to enable Resource-efficient Europe, while others are affected by its provisions and framework (Industrial Policy directly and Platform against Poverty indirectly).

The **array of possible actions** is **very large**, ranging from **conceptual long-term actions** to be **established at EU** (or even global) level to **broad implementation** of very concrete interventions at the local level. The success of this specific Flagship initiative is **dependent** on the **influence of a series of factors** that lie beyond the means of the EU. Global competition for resources will raise the pressure, thus fostering the achievement of the Flagship's aims. On the other hand, demand and path-dependencies in many industries might generate reluctance in the medium term, jeopardising the whole concept. In any case, the cross-cutting nature of the initiative underlines the need for broad consultation and inclusion addressed in the Roadmap to a Resource-efficient Europe.

6.5. Youth on the Move

In the light of the dramatic youth unemployment rates in Europe, this FI supports the joint effort to support youth employment across national borders. The Flagship initiative should facilitate better and more intensive mobility and should help to reduce administrative and formal barriers for young people to enter jobs. This Flagship initiative mainly concerns the educational and business levels.

With regard to the educational level, it is more important to motivate and support young people towards self-dependency and flexibility. On the other hand, the educational system must be moved towards meeting the demands of the business world, while promoting individual talents.

The **added value** of the Flagship initiative is the intention to coordinate and harmonise Member States' policies and with this to enhance mobility and employability. However, the **limitation** that confronts the Flagship initiative is the time lag between investments in the education system and performance in the labour market. The **opportunity** lies in the technological development, resource efficiency requirements and demographic trends that increase the demand for high-level qualifications, hence legitimating the objectives of the Flagship. **Risks** lie in the weak connections to the labour market and administrative obstacles that can lead to 'brain drain'.

The Flagship initiative has many different aspects that can be supported with different financial instruments. Aspects concerning mobility first and foremost are targeted by the **Lifelong Learning Programme** (**Erasmus** for higher education, **Leonardo da Vinci** for vocational training, **Comenius** for school education, **Grundtvig** for adult education, the **Transversal** programme, **Jean Monnet** for European integration) and the **Youth in Action Programme**. For international mobility, further external programmes are available (**Co-operation with industrialised countries**, **Erasmus Mundus**, **Tempus**). Labour market issues are covered by **ESF**. Hard infrastructure projects can be financed with **ERDF** Operational Programme support. Support for the mobility of researchers is provided by **Horizon 2020**.

Table 21: Roadmap - Youth on the Move

EUROPEAN LEVEL	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY
Speed up the modernisation agenda of higher education.	A, C
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY
Promotion of the recognition of non-formal and informal learning.	A
Launch a Youth employment framework outlining policies aimed at reducing youth unemployment rates.	A, C
Integrating and enhancing the EU's mobility, university and researchers' programmes (such as Erasmus, Erasmus Mundus, Tempus and Marie Curie) and link them up with national programmes and resources.	A, C, D
Explore ways of promoting entrepreneurship through mobility programmes for young professionals.	A, C

MEMBER STATE LEVEL (CAT. 1 AND 2 ⁷⁰)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improving young people's entry into the labour market.	A, B, D	ESF investments under TO 8, Employment and labour mobility; ERDF investments under TO 10, Education, skills and lifelong learning.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Ensuring efficient investment in education and training systems at all levels.	B, D	ERDF investments under TO 10, Education, skills and lifelong learning.

⁷⁰ As in Cat. 1, but with Openness and Relevance of the Education System moving to the long term.

Enhancing the openness and relevance of education systems by building national qualification frameworks and better gearing learning outcomes towards labour market needs.	A, B, D	ESF investments under TO 8, Employment and labour mobility; ERDF investments under TO 10, Education, skills and lifelong learning.
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improving educational outcomes, addressing each segment within an integrated approach encompassing key competences and aiming at reducing early school leaving.	A, B, D	ESF investments under TO 8, Employment and labour mobility; ERDF investments under TO 10, Education, skills and lifelong learning.

REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2 ⁷¹)		
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improving young people's entry into the labour market.	B, C, D	ESF investments under TO 8, Employment and labour mobility; ERDF investments under TO 10, Education, skills and lifelong learning.

Source: Metis 2012.

This Flagship initiative is **two-pronged**. On one hand, activities are concentrated at the EU and Member State levels on **coordination and harmonisation of the education and Vocational Education and Training** systems, the universal certification of skills and capabilities, the attractiveness of education centres and the **mobility and employability** of graduates. The operationalisation of the above should be supported by measures such as the 'Mobility Scoreboard' or the 'Youth on the Move card' to be established at EU level. In this context, the level of success of the initiative can be expected to be high.

On the other hand, at the Member State **and mainly at LRA levels**, the focus will be on the **employment situation of young people** through the introduction of practical tools in relation to Public Employment Services (which in some Member States are organised centrally and in others regionally) and in the support of graduates and young entrepreneurs (e.g. through the provision of infrastructure, legal support, subsidies etc.). In these instances, the **success will depend on the governance structures** and experience of each region and Member State. While European guidelines will help, the outcomes are expected to be much more variable.

⁷¹ As in Cat. 1, but with a respective time lag, i.e. improving young people's entry into the labour market moves to the long term.

6.6. New Skills and Jobs

The Flagship initiative 'New Skills and Jobs' is clearly related to the above-mentioned FI 'Youth on the Move'. However, 'New Skills and Jobs' covers all people of working age. The main target is to improve education and move towards a higher share of demand-driven education and on-the-job learning. Again, the FI acknowledges the need for greater flexibility and independence for people.

The **added value** of the FI lies in the enhancement of mobility and joint activities including social partners. The FI can improve the match between skills and labour on a Europe-wide level and can enforce the legal framework for labour market conditions. This should only be performed on a European level, not at national level. The **limitations** in this instance lie in the national competences and the willingness to adapt and change. National subsidiarity can hinder a Europe-wide undertaking, particularly in this field. Many of the economically weaker Member States will not be able to adapt their social systems to meet the EU-15 standards. The quality of labour market policies and support in many Member States is still weak, and this will take time to improve. Further limitations lie in the timeframe for educational adaptation and actual business implementation. Business is changing faster than educational systems are able to adapt, and therefore skills development always lags behind actual business demand. Skills development on-the-job can therefore reduce this effect. The **opportunity** lies in the current crisis where all Member States understand the need for change in order to secure European competitiveness in the global market. **Risks** lie especially in the globalised business world, which is unwilling to support costly European labour market policies. The main financial instrument for this Flagship initiative is clearly the **ESF**. The **ERDF** can also be applied with regard to infrastructure development.

Table 22: Roadmap - New Skills and Jobs

EUROPEAN LEVEL	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY
Review of Working Time Directive.	A
Evaluation of the EU Strategy 2007-2012 on Health and Safety at Work.	A
Review of the effectiveness of EU legislation in the area of information and consultation of workers, as well as EU directives on part-time work and fixed-term contracts and their impact on female participation in employment and equal pay.	A
Review of health and safety legislation in partnership with Member States and the European social partners, in the framework of the Advisory Committee on Safety and Health at Work.	A
Examine the impact of employment-relevant non-discrimination directives.	A
Propose guiding principles to promote enabling conditions for job creation.	A
Support the knowledge alliances.	A
Reform the European Employment Services EURES and its legal basis.	A
Extend and transform the Preparatory Action Erasmus for Young Entrepreneurs (EYE) into a permanent programme.	A
Support specific teacher-training programmes as well as the exchange of best practice to develop teachers' training in entrepreneurship.	A

MEMBER STATE LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Skills upgrading and matching (Cat. 1, 2).	A, C	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Focus on the reduction of segmentation in the labour market (Cat. 1).	A, B	ESF investments under TO 8, Employment and labour mobility.
Improve access to lifelong learning (Cat. 1, 2).	A, B	ESF investments under TO 10, Education, skills and lifelong learning.
Improve education infrastructure (Cat. 1).	A, B, C, D	ERDF investments under TO 10, Investing in education, skills and lifelong learning.
Support self-employment and entrepreneurship with access to finance (Microfinance facilities) (Cat. 1).	A, B	ESF investments under TO 8, Employment and labour mobility.
Establish effective incentives and cost-sharing arrangements (Cat. 1).	A, B, C, D	
Adapt the mix of ALMPs and their institutional setting to reduce the risk of long-term unemployment (Cat. 1).	A	
Reform benefits (Cat. 1).	A	
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Match people's skills and job opportunities (Cat. 1, 2).	B, C	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Enhance geographical mobility throughout the EU (Cat. 1, 2).	B, C	ESF investments under TO 8, Employment and labour mobility.
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improve the national framework towards flexicurity (Cat. 1).	A, D	ERDF investments under TO 11, Institutional capacity.
Improve quality of work and working conditions (Cat. 1, 2).	A, C, D	ESF investments under TO 8, Employment and labour mobility.
Improve education infrastructure with ERDF (Cat. 1, 2).	A, B, C, D	ESF investments under TO 8., Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Training and skills development (Cat. 1, 2).	A, C, D	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Support self-employment and entrepreneurship with ESF training (Cat. 1, 2).	A, B, C	ESF investments under TO 8, Employment and labour mobility.

Establishment of regional Lifelong Learning Programmes (Cat. 1).	A, C, D	ESF investments under TO 10, Education, skills and lifelong learning.
Adapt the mix of ALMPs and their institutional setting to reduce the risk of long-term unemployment (Cat. 2).	A	
Reform benefits (Cat. 2).	A	
Focus on the reduction of segmentation in the labour market (Cat. 2).	A, B	ESF investments under TO 8, Employment and labour mobility.
Establish effective incentives and cost-sharing arrangements (Cat. 2).	A, B, C, D	
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improve quality of work and working conditions (Cat. 1, 2).	A, C, D	ESF investments under TO 8, Employment and labour mobility.
Establishment of regional Lifelong Learning Programmes (Cat. 2).	A, C, D	ESF investments under TO 10, Education, skills and lifelong learning.
Improve the national framework towards flexicurity (Cat. 2).	A, D	ERDF investments under TO 11, Institutional capacity.

REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2⁷²)		
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Training and skill development.	D	ESF investments under TO 10, Education, skills and lifelong learning.
Support of self-employment and entrepreneurship.	B	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
Support of self-employment and entrepreneurship with access to finance (Microfinance facilities).	B	
Improvement of education infrastructure with ERDF.	D	ERDF investments under TO 10, Investing in education, skills and lifelong learning.
Support of self-employment and entrepreneurship.	B	ESF investments under TO 8, Employment and labour mobility, and TO 10, Education.

Source: Metis 2012.

⁷² As in Cat. 1, but with support for self-employment and entrepreneurship with access to finance (Microfinance facilities) moving into the long term.

This Flagship initiative, more than any other, **relies very much on national and regional governance**. Its main aims are to improve European human resources and to support the labour market effectively. The key instrument for this initiative will be the **ESF**. No other Flagship initiative has this direct link to any Cohesion Policy instrument. The key success factor will be the **commitment of national and regional governance** to support and implement the actions and targets defined in the initiative.

6.7. European Platform against Poverty

The Flagship initiative 'European Platform against Poverty' is a response to the increasing disparity between wealth and poverty throughout Europe. Poverty in this respect has different phases and characteristics, and in many cases it is directly related to unemployment.

The European level of this FI can trigger Europe-wide joint activities against poverty. **Added value** can be generated from better and more comprehensive and differentiated discussion about different forms of poverty. The exchange of knowledge and experience about the fight against poverty should help to improve the situation throughout Europe. Research and data collection could help to promote better understanding of different solutions for poverty and so improve instruments to fight poverty, utilising better and more reliable data with relevant figures for the European level. The **limitations** are the lack of available data and the reluctance of Member States to deliver information. Many of the new Member States lack the capacity to implement the necessary measures, and activities against poverty are difficult to evaluate. Poverty can be found in many different areas, and it is mainly a national rather than a European topic. European institutions and activities can only indirectly influence Member States in their national and regional activities. However, **opportunities** can arise with consolidated findings and joint know-how exchange. The FI in this respect will have overlaps with all other FIs. Nevertheless, in times of lower European budgets and national economic crisis, there is a **risk** of Member States under-achieving the jointly-set targets and failing to make the economic and social connection with the rest of Europe. In many cases, this goes hand in hand with inefficient and ineffective use of national and European instruments.

To a great extent, this FI involves European and national policy-makers. However, at the level of implementation the ESF serves as the main European financial support instrument. The ERDF indirectly supports the FI in establishing infrastructure, housing and educational infrastructure. Horizon 2020 can contribute with regard to matters linked to research. As the FI topic is horizontal, many different factors are involved. This includes support for self-employment through the **Progress Programme** and **European Progress Microfinance Facility** (micro-credits) and social integration supported by the **European Integration Fund** and the **European Refugee Fund**.

Table 23: Roadmap - European Platform against Poverty

EUROPEAN LEVEL		
SHORT TERM (1-3 YEARS)		TYPE OF ACTIVITY
Support of evidence- based research.		A, B, C, D
MEDIUM TERM (3-8 YEARS)		TYPE OF ACTIVITY
Initiative about promoting partnership and social economy.		A, B, C
Support of social economy initiatives.		A, B, C
Support of evidence-based research.		A, B, C, D
MEMBER STATE LEVEL (CAT. 1 AND 2)		
SHORT TERM (1-3 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement of policies and policy (Cat. 1, 2).	A, D	ESF investments under TO 9, Social inclusion and poverty.
Policy coordination between Member States (Cat. 1, 2).	A, D	ESF investments under TO 9, Social inclusion and poverty.
Support of evidence-based research (Cat. 1).	A, B, C, D	
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Support of evidence-based research (Cat. 2).	A, B, C, D	
LONG TERM (AFTER 8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Management of migration (Cat. 2).	A, D	ESF investments under TO 9, Social inclusion and poverty.
Improvement and flexibility of education and training (Cat. 2).	A, B, D	ESF investments under TO 9, Social inclusion and poverty; EAFRD investments under TO 9, Social inclusion and poverty.
REGIONAL AND LOCAL AUTHORITIES LEVEL (CAT. 1 AND 2)		
MEDIUM TERM (3-8 YEARS)	TYPE OF ACTIVITY	USE OF COHESION POLICY FUNDS
Improvement and flexibility of education and training.	B, D	ESF investments under TO 9, Social inclusion and poverty. EAFRD investments under TO 9, Social inclusion and poverty.

Source: Metis 2012.

The 'Platform against Poverty' Flagship is clearly a **horizontal initiative** that concerns all **sectors from infrastructure to social inclusion**, and it relates to all levels of implementation. Whereas policies and instruments at the **European and national levels** should be adapted and adjusted along a set of criteria, the regional and local levels are important for implementing these instruments at the local level. Poverty can only be seen and prevented at this level. This initiative is regarded as a **provision for interaction between different levels and actors**. The success of this platform and the results it will achieve very much depend on the way it is conducted. Rather than being perceived as yet another initiative, in practice it should combine the manifold activities and actions already existing in this field in order to increase their effectiveness and to involve all Member States and actors equally.

7. CONCLUSIONS AND RECOMMENDATIONS

The European Commission effort to **align national strategic targets with European targets** was given a **strong impetus with the introduction of the Lisbon agenda**. Although the Lisbon agenda **did not achieve these high and ambitious expectations**, it was still important in moving Europe towards a unified common goal.

However, the **strategic umbrella** still **lacks a certain quality in implementation**. In this respect, implementation is not only in the hands of the Member States but also highly concerns the European Commission. While strategic guidelines are being developed to support an integrated and synergetic approach at European and national levels, different stakeholders are working in their specific thematic fields but lack the necessary appreciation of a greater purpose. This is partly caused by national interests, which are still placed above European interests. This is mirrored in incoherent funding programmes at European as well as national level. Nevertheless, the strategic umbrellas of Lisbon and now the Europe 2020 strategy have achieved a **certain change in paradigm**.

Member States, and especially the EU-12, have adopted the strategy since it partly filled a gap in their national policy fields. Nevertheless, only a **small group of 'insiders' was involved in the adaptation** and development of national and regional policies according to the Lisbon strategy. The core of people using and managing European Funds was not aware of the significance of the overriding strategy. Although this changed with the new Europe 2020 strategy, again only a limited number of people actually know the content of Europe 2020 beyond the three priorities and the seven targets, and the **Flagship initiatives are relatively unknown**. Whether this has any significant impact on the implementation of funds is debatable, but the motivation behind the Flagship initiative design should not be lost from sight.

Although sectoral in form, **the Flagship initiatives cover different levels of implementation** (EU, Member State, regional level), different policy fields and a range of funding instruments (Horizon 2020, LLL, ERDF, ESF, etc). **None of the Flagship initiatives stands alone**, and they interrelate in their activities. They can be viewed as a **jig-saw puzzle**, where each action influences a series of other activities. With this acknowledgement, the Flagship initiatives can be seen as pattern paving the path towards Europe 2020. The most important **value-added** that can be generated from implementing the Flagships comprises a reduction in the **overlap between funding systems** and an **increase in interaction between the European, Member State and regional levels**.

7.1. Implementation of Flagship initiatives using Cohesion Policy instruments

Cohesion Policy instruments form a significant part of the relevant instruments to achieve the Europe 2020 targets. Yet this is not recognised at Member State level. The interviews revealed that, because **Europe 2020 was launched in the middle of the programming period**, **none of the Europe 2020 objectives or the Flagship initiatives has yet been considered** in any of the Cohesion Policy interventions. Recent research⁷³ shows that some programme authorities felt there was **insufficient information on how Europe**

⁷³ LSE Enterprise (2011)

2020 and the FIs should be translated into action, especially at the regional level. Although Europe 2020 and the FIs will ultimately feed into the 2014-20 programming period, there is a widespread perception amongst programme authorities that the launch of Europe 2020 in 2010 happened at an inopportune time in the Cohesion Policy cycle.⁷⁴

At the **strategic level**, there are no **conflicts between the objectives of the Flagship initiatives and Cohesion policy**. However, when analysing **coherence and correlation** between the Flagship initiatives and the Structural Funds, **relevant documents lack consistency**. With the exception of 'Industrial Policy' and 'Resource-efficient Europe', the Flagship initiatives in general refer to the Structural Funds, but **the European Commission proposal for the new 2014-2020 programming period does not refer to Flagships** in the same way. Either there is no reference at all, or the references differ to those in the Flagship communication papers. Most significant is the fact that the **EMFF** is the **only fund that directly and explicitly referred** to several Flagship initiatives. On the other hand, criticism has been expressed that the Flagship initiatives contribute only to a limited extent to the goal of cohesion due to the Flagship initiatives' sectoral character. Some Cohesion Policy programme authorities are concerned about a **weakening of the integrated territorial approach** in favour of a national and sectoral approach to programmes.⁷⁵ Nevertheless, the FIs are designed to support the European single market that understands Europe as a whole rather than a sum of different national territories.

The purpose of FIs is to set pathways to reach European targets. The criticism of their sectoral approach should be contrasted with the fact that the **seven Flagship initiatives cover horizontal topics with relevance for many different sectors and all European regions**. Cohesion Policy and any other European and even national policy would do well to consider these pathways. Hence, the Flagship initiatives should be integrated into coherent Operational Programmes. The current absence of the links leads to a **low level of awareness** amongst stakeholders in the Member States regarding the Flagships and a lack of interest in aligning their programmes with the initiatives. On the other hand, 'integration' should not become 'assimilation'; implementation experience shows that **Operational Programmes tend to favour so-called 'routine projects' instead of pioneering ideas** for the sake of absorption, efficiency and the avoidance of irregularities. Considering the path-setter role of the Flagship initiatives, a symbiotic *modus operandi* must be sought.

Lastly, the three Objectives of Cohesion Policy fare differently but are complementary to the Flagship initiatives. As demonstrated in the roadmaps in **Convergence** regions with large ERDF and Cohesion Fund envelopes, **physical infrastructure investments** are possible. In comparison, in **Regional Competitiveness and Employment** regions ERDF and mainly ESF can be used to **enhance human resources** and for **specialised infrastructure**. Considering the addressed time lag between countries dominated by Objective 1 and Objective 2, the orientation of the first two Cohesion Policy Objectives seems to fit well. Objective 3 European **Territorial Cooperation can play a niche role** as mediator and facilitator for the maturation and legitimisation of Flagship initiatives topics, thus assisting their broad uptake in the 'mainstream' programmes.

⁷⁴ LSE Enterprise (2011), p. 85.

⁷⁵ LSE Enterprise (2011), p. 56.

Recommendation European level

1. Given the fact that those initiatives form a central part of the Europe 2020 strategy, the **lack of adjustment** and coordination between the CP and Europe 2020 **has to be addressed**.
2. All Flagship initiatives must be **positioned** in such a way that Member State representatives at all levels **are aware** of their **existence**.
3. **Territorial Cohesion should be considered** when designing Flagship imitative roadmaps and implementing Flagship initiatives.
4. Aligning Cohesion Policy with Europe 2020 requires not only allocating Cohesion Policy funding to Flagship initiatives, but also ensuring **adequate framework conditions**. The intervention logic of Cohesion Policy needs to focus on areas of structural and regulatory change, as well as capacity-building.

The topics relevant for the different funds of the ERDF and ESF are in many ways highly relevant for realising the Flagship initiatives. Yet, the proposed thematic concentration and especially its **ring-fencing mechanisms** might limit the extent to which Cohesion Policy can contribute to FIs.

Recommendation European level

5. The **coherence between Flagships** and **ERDF and ESF** has to be elaborated and defined in the general regulations of the Cohesion Policy instruments.
6. **Indicators defined for Structural Fund** evaluation need to reflect the objectives of the Flagships.
7. The **duplication of processes** and reporting obligations should be **avoided** and transparency ensured.⁷⁶

Member State level

8. When defining the operational programme, **ring-fencing** should be clearly **in line** with the pathways of the Flagship initiative.
9. Member States should **take into account the objectives** and goals of the Flagship initiatives when elaborating their partnership contracts.
10. Taking into account that Flagship imitative considerations in the **partnership contracts** and resulting Operational Programmes **do not materialise into additional funds** or any other kind of bonus, the introduction of incentives for the Member States should be considered, so that Flagship imitative integration goes beyond lip service or simple **monitoring** of relevant **intervention codes**. Eventually, **path-setting projects** that refer to one of the Flagship initiatives should be empowered rather than, for example, 'standard projects of hard infrastructure'. This is especially the case in EU-12 Member States.

⁷⁶ Committee of the Regions (2010), p. 7.

In terms of detail, **Cohesion Policy Funds** might be **only partially relevant** for some Flagship initiatives ('Youth on the Move' and 'Innovation Union'). However, they can **contribute in all cases**. The following table provides an overview of which Cohesion Policy instruments and other relevant programmes relate to Flagship initiatives.

Table 24: Relevant Policy instruments for Flagship initiatives

FLAGSHIP INITIATIVE	MAIN INSTRUMENT	MEDIUM CONTRIBUTION	SMALL CONTRIBUTION
Digital Agenda	ERDF EAFRD	HORIZON 2020	ESF
Innovation Union	HORIZON 2020	ERDF	ESF LLL EMFF EAFRD
Youth on the Move	LLL	ESF	
Resource-efficient Europe	ERDF LIFE programme	CF EAFRD EMFF	
Industrial Policy	EIB, EIF, ERDF	ESF	
Skills and Jobs	ESF	LLL	ERDF
Poverty	ESF	ERDF	EAFRD

Source: Metis 2012

7.2. Lisbonisation of the current Cohesion Programming period

The **Lisbonisation** of the current programming period clearly had an impact on the thematic alignment of the Operational Programmes. However, although the stakeholders involved in the elaboration of the NSRF and the Operational Programmes were aware of the Lisbon codes, this knowledge was not transferred sufficiently to those stakeholders involved in the implementation of the OPs. Named as the '**Lisbon paradox**', it can be seen that regions and cities **are engaging** in virtually all Lisbon-related policy areas, but they **do not perceive the Lisbon strategy** as contributing to their regional or local development to the same degree.⁷⁷

The fact that only a few of the **Annual Implementation Reports** referred to the Lisbon codes is also significant. Furthermore, **evaluation and monitoring did not** take those **codes into account**. The **lack of traceability of Lisbon-related** actions seriously questions the whole sense of the codes.

Nevertheless, generally speaking **R&D-earmarked allocations performed much better than the social inclusion and human resource allocations**.⁷⁸ Managing Authorities expressed criticisms that the **indicators** currently in use are **not adequately adjusted** to the Lisbon codes. However, due to the fact that too many indicators are already in use, existing indicators should be used rather than generating additional indicators.⁷⁹ This should be unified for all Operational Programmes.

Concerning the implementation of relevant Flagship initiative topics, the **case studies** clearly indicated that the **quality of implementation concerns** the whole programme **lifecycle**. It starts with the strategic phase, the programming phase including the allocation to certain codes, the pilot phase, and ends with the actual project management. In this respect, **two groups of projects** have been proven to be **most effective**. The **first group** concerns **small-scale infrastructure** (Renewable Energy Systems) and business support (ICT, Innovation), where the direct distribution of funds to the end user has the most effective output. The **second group** concerns **framework projects** designed to interconnect various projects in a specific thematic field in order to support knowledge exchange and cooperation. Programmes that include too many hierarchical levels are the least effective ones.

However, the **main drawback** lies in the **lack of adjustment** between European and national strategies and financial support systems. European strategies in many cases are not adopted by Member States in an appropriate way. Member States with lower economic status and a greater need of infrastructure projects especially lack a precise understanding of the Lisbon process.

⁷⁷ Committee of the Regions (2008), *Tackling the Lisbon Paradox*, Third Territorial Dialogue for Growth and Jobs Brdo, Slovenia 4 March 2008.

⁷⁸ Bachtler J, Mendez C, and Kah S (2010), p. 35.

⁷⁹ Bachtler J, Mendez C, and Kah S (2010), p. 40.

Recommendation European level

11. Currently, European **strategies** are still **perceived** as detached and **non-applicable**. It is necessary to break down European strategies and concepts into **understandable** and **applicable** actions that can be adopted by local and regional levels.
12. Managing authorities have incorporated the earmarking codes into the monitoring system. Now they use these codes as a standard indicator. In order to **generate added value** based on this '**learning effect**', it would be useful to **keep the earmarking code** feature for future allocations towards Europe 2020 targets.
13. It is recommended that provisions are introduced for an '**automatisation**' between **programme implementation progresses** (in terms of financial performance) and '**earmarking indicator**' change. Since 2007-2013, programmes have assigned earmarking codes at the 'measure level' it would be useful to introduce a key of percentile contribution per measure, hence automatically calculating earmarking codes' progress as per financial progress. Later revisions of the programme can be easily introduced either at the measure level or in the percentile keys. Such an approach will deliver a fit-for-purpose picture of reality with almost no administrative burden, a constant concern of Managing Authorities and their monitoring departments.
14. Ensure **consistency between European and national instruments**, including managing a synthesis between different instruments already in place.

7.3. Involvement of the European Parliament

The **European Parliament** can play an important role in the early stages of actions that define the framework for the implementation of the Flagships. This applies both to the **topics identified in the roadmaps** (i.e. short-to-medium-term actions at the EU level with mainly Type A and eventually Type C activities) and to the form of consultations for the final version of the regulations on the Structural Funds.

Recommendation European level

15. Due to the complexity and thematic breadth of the Flagship initiatives, a comprehensive monitoring of progress is recommended (e.g. in a form of a mind map around the Flagship initiative Communications, indicating preceding and subsequent documents). At present, this could be rudimentary, **focusing** on the **generation of supporting documents**, but later on it must become more sophisticated in capturing the new elements, i.e. **revision of regulations, new strategies** at EU level that will be developed because of the FI, etc. in the short-to-medium term. This **monitoring** could be structured either **vertically along the topics** of the Flagship initiatives (addressing visibility and comprehensiveness) or **horizontally along the type of 'products'** concerned (e.g. policies, regulations, structures, monitoring etc., addressing efficiency and coordination).
16. In a similar manner to Flagship initiative monitoring, the contribution of **thematic input from working groups** or committees could be envisaged. In that case, the vertical structure focused on topics is more manageable, creating dedicated working groups with the necessary expertise.

7.4. Involvement of regional and local level

The **involvement of the regional and local level** has been improved within the current period due to the introduction of the open-method coordination. Local and regional stakeholders have been involved in the programming phase; however, their involvement did not extend beyond this stage. Nevertheless, there are **differences between Member States** with a more **centrally managed government** and Member States with **federal systems**. While the former are traditionally top-down oriented in their decision-making process, the latter are used to involving regional and local actors. Many of the EU-12 lack this bottom-up approach and/or do not trust the capacity of the LRAs in implementing projects.

Flagship initiatives are considered to be more oriented towards EU and Member State levels than towards regional level. The Committee of the Regions highlights the importance of Structural Funds for integrated problem-solving at regional level and argues that the devolved approach of Cohesion Policy could provide suggestions for implementation at regional level.⁸⁰ It is the responsibility of the Member States to successfully support the involvement of LRAs in the implementation phase.

As demonstrated in the roadmaps of the Flagship initiatives, there is plenty of scope for the engagement of the regional and local level. Wherever Type B and Type D actions are identified, concrete suggestions forwarded to the regional and local authorities should be manageable and effective.

Recommendation European level
17. Include concrete indicative suggestions for actions to the regional and local authorities in the supporting documents to the regulations. It can be assumed that most regional and local authorities do not have the capacity or the motivation for involvement in the higher-level strategy of the Flagship initiatives, especially considering that no extra funding is foreseen. Hence, the easier to follow and the closer to 'local level' the indicative suggestions are, the greater the uptake potential will be.
Member State level
18. Enhance the development of territorial pacts amongst regional and local authorities in order to improve the implementation of partnership contracts.
19. LRAs are not sufficiently involved in European strategic implementation, and in many cases better and more comprehensive know-how transfer is necessary. Again, it is the responsibility of the Member States to ensure continuous transfer of know-how.
20. Include regional and local authorities in the programming and consultation process in ways that they can cope with and which generate meaningful responses. Present them with concrete indicative actions, and gain their approval or explore alternative opinions rather than engaging them in 'high policy' discourses or presenting them with given and non-negotiable scenarios.
21. Foster exchange of experience and best practices dissemination, providing easy 'step-by-step' instructions for the implementation of Europe 2020 relevant actions, supported by Helpdesk services.

⁸⁰ Committee of the Regions (2010), pp. 7-10.

Regional and local level

22. Engage in **peer networks** and facilitate exchange with other more experienced regional and local authorities, using either national frameworks or Objective 3 European Territorial Cooperation instruments.

ANNEX I – FACT SHEETS

FLAGSHIP INITIATIVE – INNOVATION UNION			
Lisbon-relevant codes	01, 02, 03, 04, 05, 06, 07, 08, 09, 74		
EUROPE 2020 – objectives	Smart growth – knowledge and innovation		
EUROPE 2020 – targets	3 percent of the EU's GDP (public and private combined) to be invested in R&D/innovation		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
Strengthening the knowledge base and reducing fragmentation (Promoting excellences, European Research Area)	European Career Framework for Researchers, ERA funding framework, European Strategic Forum on Research Infrastructure (ESFRI), EU legal framework for a European Research Infrastructure Consortium (ERIC)	FP7, Horizon 2020, ERDF, Risk sharing facility, ESF, European Institute of Innovation and Technology (EIT), Establishment of Knowledge and innovation communities (KIC)	Researchers, universities, research institutions
Good ideas to market (PP, Patent protection, standardisation)	Risk capital guideline, state aid framework for research and development and innovation, EU lead market initiative definition of demand-side measures, Review of the existing regulation framework, Eco-Innovation Action plan	JEREMIE, CIP, FP7, High-growth and innovation SME facility (GIF), Horizon 2020, Risk-sharing Facility (RSFF), Innovative start-up facility	Enterprises, entrepreneurs
Maximise social and territorial cohesion	Framework programme to invest in social innovation, European Innovation Partnership, public procurement	ESF, European Regional Development Fund, Cohesion Fund	Individuals, SMEs, entrepreneurs
European Innovation Partnerships	Research and innovation, health, consumers, environment, energy and natural resources, food safety	FP7, SET, CIP, Horizon 2020	Public and private actors involved in specific topics such as climate change, energy and food security, health and an ageing population

Objectives

The aim is to re-focus R&D and innovation policy on the challenges facing our society, such as climate change, energy and resource efficiency, health and demographic change. (European Commission, 2010).⁸¹ This initiative was launched on the basis of Europe's deficit in research and innovation compared to the USA. The European Commission identified key deficiencies:

- under-investment in research and innovation;
- system-component weakness;
- system-linkage weakness; and
- system-governance weakness.

Background

Under-investment in research and innovation

- Low investment in education and training
- Lack of world-class research infrastructure
- Low level of investment in R&D in the private sector
- Fewer high-tech sector companies
- Access to finance
- Difficulties of survival of young companies
- Smaller firms

System-component weakness

- Lack of skilled people
- Lack of the right kind of education
- Constrained mobility of researchers
- Lack of modernised universities
- ERA not yet adequately developed
- Lack of adequate IPR
- Absence of effective marketplace
- Constraints by regulations as a disincentive to change
- Standards and shortening of innovation cycles are needed
- Public procurement is not used to stimulate innovation

System-linkage weakness

- Low attractiveness of interlinkages between science base, industrial research and innovation activities
- Difficulties of SMEs in establishing links with sources of finance
- Links between knowledge creation, knowledge utilisation and economic and social benefits

⁸¹ European Commission (2010), COM(2010) 2020 Brussels, 3.3.2010, p. 10.

- Lack of a broad policy mix that helps pave the way from idea to market

System-governance weakness

- Balance between supply- and demand-side instruments
- Interaction between demand-side and supply-side instruments
- Appropriate policy mix

Description

The Innovation Union Flagship initiative should improve the European innovation environment and make Europe more attractive for researchers and innovative people. To this end, the European Commission has proposed a set of initiatives that should help to support this aim at different levels.⁸²

- The first and most pressing theme for European competitiveness is the **promotion of excellence in education and skills development**. In this matter, Innovation Union works in combination with the parallel Flagship initiative on 'New Skills and Jobs'. The European Commission intends to pool talents on one hand, while improving the human resource base with the appropriate mixture of skills on the other hand. This is accompanied by the **need for improvement of public and private organisations** facilitating knowledge and technology transfer. University performance must be improved with substantial support for research systems. Education systems together with regulations and financial systems should support innovative new start-ups and SMEs. A specific fundamental issue enabling research and innovation is the improvement of e-skills for innovation.
- The **European Research Area** should provide a platform for knowledge and technologies in which transnational **synergies and complementarities** are fully exploited. In order to actively support this platform, specific activities are envisaged. One of the most important activities is to **boost the mobility of researchers** throughout Europe and from third countries. The main problem concerning mobility is the lack of available funding. This should be changed towards increasing brain circulation within Europe. Mobility could be improved by building a more **coherent legal and administrative framework** for research funding in Europe. The second step is to **improve the research infrastructure** in Europe in order to make it more compatible with, for example, the USA. This could be financed with several different funding instruments such as the Seventh Framework Programme for research, risk-sharing finance facilities or Structural Funds. Currently, research facilities in many Member States (particularly EU-12) lack state-of-the-art infrastructure. Progress in this respect has been initiated with the **European Strategy Forum on Research Infrastructures (ESFRI) roadmap**.
- Secondly, the Innovation Union initiative tries to generate EU funding from different programmes available. The initiative should **combine and focus programmes** relevant for research in the direction of the Europe 2020 targets. The European Commission understands the need for **high-growth SMEs** to have access to **specific financial support**. Current programmes lack flexibility in **supporting innovative entrepreneurs**, but the Flagship initiative foresees the reinforcement of SME support in that matter. Together with the adjustment of regulations towards **SME support simplification** and the **streamlining of procedures**, this should help to improve the availability of funds for researchers.
- In order to integrate the Knowledge Triangle (education, research, business) at European level, the **European Institute of Innovation and Technology** has been launched to improve Europe's global position in research and innovation. This will be accompanied by an improved policy framework.

⁸² European Commission (2010), COM(2010) 546, Brussels, 6.10.2010.

- Thirdly, the European Commission is keen to move forward on market-oriented research. This includes an improved legal and standardisation framework as well as better access to finance for SMEs. Furthermore, **cross-border business and innovation** should be made easier and more attractive for enterprises. The aim is to create a **single innovative market** with simulative regulations, standardisation, adjusted public procurement, knowledge management and protection and the combination of demand- and supply-side measures. For this purpose, the Lead Market Initiative⁸³ has been launched, through which research and innovation should support the most pressing needs such as eco-innovation.
- The forth initiative includes support for realising creative potential in innovation more broadly in the economy, **improving knowledge flow** and opening **access to publications** and data from publicly-funded research.

The EC understands the need for spreading the benefits of innovation across the Union. The heterogeneity of innovative developments across Europe leads to brain drain, 'innovation division' between regions, and social exclusion. The Flagship initiative paper directly names **ERDF and ESF as the instruments** to combat this development with specific activities in line with the above-mentioned action framework.

This should all be supported and improved by pooling forces with European Innovation Partnerships. The **partnership between the European Commission and Member States** should help to speed up the implementation of improvements and generate synergies between Member States and institutions. However the Flagship initiative is still very **strategically oriented** and most of the sub-initiatives stay on that level. Only a few down-to-earth actions for implementation have been mentioned indirectly. The communication paper names the **ERDF** and **ESF** as the main instruments for implementation but only partly implies the kind of actions foreseen. In this respect, it will be the responsibility of the Member States to translate these rather general objectives into specific actions.

Links to other Flagships and other relevant initiatives

- Youth on the Move
- Industrial Policy for the Globalisation Era

Relevance to Cohesion Policy

- ERDF investments under TO 1, RTDI
- ERDF support under TO 1, RTDI – grants and loans (e.g. JEREMIE)
- ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.

Other relevant Instruments

- Seventh Framework Programme (FP7)
- Competitiveness and Innovation Framework Programme (CIP)
- High-growth and innovation SME facility (GIF)
- Risk-sharing Facility (RSFF),
- Innovative start-up facility

⁸³ The Lead Market Initiative is the European policy for six important sectors that are supported by actions to lower barriers to bring new products or services onto the market.

- SET
- Horizon 2020
- Lifelong learning

Added Value	Limitations
<p>The added value of the Flagship initiative can be the provision of a unified and improved innovation environment in Europe that supports diminishing territorial divergence, interaction and partnerships between researchers and business, and which provides benchmarking for European innovation and research.</p>	<p>Its limitations might include the concentration on fast-growing, innovative companies, in effect excluding the majority of enterprises in Europe that are also innovative in their daily life but not fast-growing.</p>
Opportunities	Risks
<p>Opportunities in this respect are increased competitiveness in a globalised market (China, USA, Japan) and the increased attractiveness of Europe for international researchers.</p>	<p>The initiative faces corresponding risks in the availability of public funds, barriers hindering administrative flexibility, and the heterogeneity of administrative and legal frameworks.</p>

FLAGSHIP INITIATIVE – DIGITAL AGENDA			
Lisbon-relevant codes	10, 11, 12, 13, 14, 15		
EUROPE 2020 – objectives	Smart growth – developing an economy based on knowledge and innovation		
EUROPE 2020 – targets	3 percent of the EU's GDP (public and private combined) to be invested in R&D/innovation		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
A vibrant single market	Framework Directive on collective rights management, Directive on orphan works, Directive on Re-Use of Public Sector Information, Single Euro Payment Area (SEPA), Unfair Commercial Practices Directive, Consumer Rights Directive, data protection regulatory framework	Distance Marketing of Financial Services, cross-border licencing, Europe-wide e-Signature, Europe wide e-Invoicing, contract law instrument, Online Dispute Resolution system, European Radio Spectrum Policy Programme	Public authorities
Interoperability and standards	Reform of rules on implementation of ICT standards in Europe in 2010, adopting a European Interoperability Strategy and European Interoperability Framework	Provide guidance on the link between ICT standardisation and public procurement in 2011	Public authorities
Trust and security	New Telecommunications Framework	European Network and Information Security Agency, European cyber crime centre and platform	Public authorities
Fast and ultra-fast intranet access	European Spectrum Policy Programme, Next Generation Access networks	ERDF, ERDP, EAFRD, TEN, CIP CEF, Horizon 2020	Public authorities
Research and innovation	EU RTD Framework	FP7, Horizon 2020	Enterprises, households, public authorities, research centres, universities, researchers
Enhancing digital literacy, skills and inclusion	European Framework for ICT, Memorandum of	Indicators of digital competences and media literacy,	Individuals

	Understanding on Digital Access, European Qualifications Framework	Lifelong learning, ESF	
ICT benefits for EU society	Energy and natural resources, Environment, consumers and health, Culture, education and youth, Business	TEN, CIP, CEF	Infrastructure suppliers, public authorities, healthcare business, cultural sector, environmental sector
Internationalisation	External relations and foreign affairs	Internet Governance Forum	Public authorities

Objectives

The aim is to deliver sustainable economic and social benefits from a Digital Single Market based on fast and ultra-fast internet and interoperable applications, with broadband access for all by 2013, access for all to much higher internet speeds (30 Mbps or above) by 2020, and 50% or more of European households subscribing to internet connections above 100 Mbps (European Commission, 2010).⁸⁴

Background

- Fragmented digital markets
- Lack of interoperability
- Rising cyber crime and risk of low trust in networks
- Lack of investment in networks
- Insufficient research and innovation efforts
- Lack of digital literacy and skills
- Missed opportunities in addressing societal challenges

Description

The initiative has been launched on the basis that the digital market in Europe is fragmented and lacks interoperability. Furthermore, the European Commission has observed rising cyber crime and a low level of trust in networks. Compared to the USA, relevant research and innovation as well as digital literacy and skills are low.

This Flagship comprises two main levels of action.⁸⁵

- The first level of action involves significant effort to **build up and strengthen the legal and procedural framework at European and national levels**. This should improve the current situation and support individuals, public authorities and enterprises, researchers and institutions with specific needs. To this end, the European Commission is proposing a set of actions that focus on the improvement of the single market by **easing the cross-border interaction** of business.
- The second effort at this level is the improvement of **interoperability and standards**. This focus goes hand-in-hand with the improvement of the digital single market. The main target is to improve the set of standards necessary for digital operability across Europe.
- The third effort at this level concentrates on the field of security. This will be addressed by launching a **European Network and Information Security Agency**, a **European cyber crime platform** and a **European cyber crime centre**. This should support a **multi-stakeholder dialogue** between experts in this field and enhance a joint undertaking in order to improve

⁸⁴ European Commission (2010), COM(2010) 245 final/2, Brussels, 26.8.2010, p. 5.

⁸⁵ European Commission (2010), COM(2010) 245 final/2, Brussels, 26.8.2010, p. 7.

internet security at European level.

- When implemented, the actions described should form **guidance for national actions**. The European Commission is keen to improve digital aspects in Europe at all levels and in all Member States to support the single market.
- The second level of action involves the **improvement of infrastructure** at all levels and in all Member States and the **enhancement of digital literacy and skills**. ICT access at all levels should contribute to social inclusion and combat poverty and unemployment. Several different actions are proposed at EU level:
 - reinforce and rationalise the funding of high-speed broadband through EU instruments (e.g. ERDF, EAFRD, TEN, CIP);
 - facilitate access to European Research Funds in the field of ICT for SMEs and young researchers;
 - develop online education tools; and
 - develop indicators for better skill assessment.

The European Commission requires Member States to implement the proposed framework conditions to generate improved single market conditions. Furthermore, the Commission asks Member States to use European Funds for the improvement of ICT infrastructure and ICT literacy and skills.

Enhanced ICT access and usage should enable Member States to deploy ICT in several different aspects of society (e.g. environment, healthcare, culture and diversity, e-government, transport). Lastly, with the actions proposed in this Flagship initiative, the European Commission aims to improve international trade conditions.

Main actors for implementation

National parliaments for legal changes, national and regional public authorities for implementation of frameworks, actors in the field of ICT protection, service providers.

Links to other Flagships and other relevant initiatives

- Innovation Union
- New Skills and Jobs

Relevance to Cohesion Policy

- CF investments under TO 2, ICT
- ERDF investments under TO 2, ICT, and TO 7, Transport and network infrastructures (synergies between transport and broadband network)
- ESF investments under TO 10, Education, skills and lifelong learning
- EAFRD investments under TO 2, ICT

Other relevant instruments

- Seventh Framework Programme (FP7)-ICT (esp. COOPERATION and CAPACITIES)
- Competitiveness and Innovation Framework Programme (CIP) (esp. Information Communication Technologies Policy Support Programme (ICT-PSP))
- Lifelong learning
- Horizon 2020

Added Value

The added value of the FI can be the improvement of a single market framework for ICT, which is a significant step against disparity, and the consolidation and cooperation of experts and stakeholders in all Member States.

Limitations

However, the limitation of the Flagship initiative lies in its lack of indicators for evaluating results.

Opportunities	Risks
<p>The opportunities include the fact that ICT is private-sector driven, and therefore private investment can be generated. However, private business is market driven, and therefore in some cases the European Commission and the Member States must create the market in order to get the private sector involved. The development of an effective ICT framework at European level is important for an improved single market.</p>	<p>The risks are the territorial disparity in terms of access to ICT. In some Member States, this access is still significantly weak, especially in the EU-12, which lack an adequate ICT network. The improvement of those aspects is time consuming and requires substantial financial effort. Further risks include the reluctance of the market-driven sector with regard to standardisations and stranding investments.</p>

FLAGSHIP INITIATIVE – AN INDUSTRIAL POLICY FOR THE GLOBALISATION ERA			
Lisbon-relevant codes	3-9, 10, 11, 12, 14, 15, 62, 63, 64, 68		
EUROPE 2020 – objectives	Sustainable growth – promoting a more resource-efficient, greener and more competitive economy		
EUROPE 2020 – targets	75 percent of the population aged 20-64 to be employed		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
Foster Industrial Change	Cohesion Policy, Energy, Transport	ERDF, CF, TEN	National authorities, social partners
Innovative industry	Unitary EU patent laws European Strategy Forum on Research Infrastructures	ERDF, CIP	National patent offices, grant agencies
Sustainability and resource efficiency	Corporate Social Responsibility	ERDF, CF, TEN Connecting Europe Facility	National authorities, universities, chambers of commerce, SMEs
Business Environment	Cohesion Policy, Energy, Transport	ERDF, CF, TEN Connecting Europe Facility	National authorities, universities, chambers of commerce, SMEs
Optimising the Single Market for services	Regulation on European Standardisation	ERDF, CF, TEN	National authorities
Supporting SMEs	SBA Review Communication Social Investment Funds Late Payments Directive	ERDF, CIP	National authorities, chambers of commerce, SMEs
Objectives			
The main aim of the Flagship initiative on 'Industrial Policy for the Globalisation Era' is <i>to help the Member States to use their limited resources smartly in order to increase the global competitiveness of their industries</i> (European Commission, 2011). ⁸⁶			

⁸⁶ European Commission (2011), COM(2011) 642 final, 14.10.2011, p. 3.

Background

Industry and especially SMEs have been hit hard by the economic crisis. This factor creates serious constraints not only on demand, but also on the provision of financial means, thus hampering recovery and growth. Additionally, global processes such as the challenges of globalisation and the adjustment of production processes and products to a low-carbon economy increase the level of difficulty. These challenges affect individual sectors differently – some will have to restructure, others will flourish. As a baseline, competitive enterprises of all sizes are needed.

Description

The EU identifies the following themes as requiring attention if significant progress is to be made towards the Europe 2020 goals:

- **Structural changes in the economy:** Industries in individual Member States have followed different paths; some opted for higher-technology or higher-skills industries, others for low-end sectors. As a general rule, the former have suffered less from global competition. However, in each Member State there are competitive industries and growing firms. At the EU level, it is necessary to move towards innovative, knowledge-based sectors, decisive actions to facilitate change by **improving product market regulation**, supporting innovation, and investing in education and training throughout the lifecycle.
- **Innovativeness of industries:** Research and innovation are prerequisites for productivity growth and industrial competitiveness. A modern intellectual property regime will protect the initial innovator without hampering further developments of existing ideas. The **unitary EU patent** currently being negotiated among Member States will significantly improve the framework. Innovativeness could be further enhanced by **pooling scarce resources**, by **increasing cooperation in innovation to create large-scale test facilities** (e.g. the European Strategy Forum on Research Infrastructures (ESFRI) and by **reducing the fragmentation of innovation support systems**.
- **Sustainability and resource efficiency:** Long-term competitiveness of European industries requires resource efficiency and low-carbon processes. In general, a decoupling of growth from material input can be identified in all Member States. Long-term incentives encourage material efficiency, promote innovation and **facilitate the participation of SMEs** in these processes. Furthermore, the EU must ensure **fair pricing of energy and interconnected energy** distribution networks. Another important element in the sense of social sustainability will be reinforced by the **Social Business Initiative Communication** and the **Corporate Social Responsibility Communication**.
- **Business environment:** An open, efficient and competitive business environment is crucial for competitiveness and growth. This affects the **administrative burden**, time needed to start a business, **complexity of legislation, taxation compliance burden** etc. Furthermore, **high-quality infrastructure** (energy, transport, and broadband) is required. Efforts should also consider initiatives such as **unified service centres** for the public, **one-stop shops** (so-called 'Points of Single Contact'), **shared networks, e-government** and **e-procurement** and **data centres**.
- **Optimising the Single Market for services:** Services are the largest part of the EU economy and their integration with manufacturing has grown as specialised services are used to manage the production and product-distribution processes. The importance of **business-related services** is growing as these services become integrated in the value chains of other industries by means of intermediate consumption, knowledge production and technology flows. However, **standardisation** remains a problem – **intra-EU trade** in services is still weak. The proposed Regulation on European Standardisation has extended European standards-setting to the services sector to reduce multiple and conflicting national standards.
- **Focus on small and medium-sized enterprises:** Many SMEs still encounter a lack of demand because of time lags, but also because of difficulties in accessing finance and export markets. In response to these problems, Member States have adopted corrective measures such as **increasing the capacity of loan guarantee** schemes, investing in **equity funds** and

micro-credit programmes, **credit mediators** and **finance providers** for small businesses, including socially-oriented firms.

- Taking into account that high-growth SMEs exhibit higher net job-creation rates than larger enterprises, supporting them becomes imperative. It should also be noted that a large proportion of SMEs remains unaware of support measures, and **awareness and accessibility of public support** could be further improved.

Links to other Flagships and other relevant initiatives

- New Skills and Jobs
- Innovation Union
- Youth on the Move
- Resource-efficient Europe

Relevance to Cohesion Policy

- ERDF – TO 1, RTDI, TO 2, ICT, TO 3, SME competitiveness, TO 4, Low-carbon economy, TO 5, Climate change adaptation, TO 6, Environment and resource efficiency, TO 7, Transport and network infrastructures, TO 11, Institutional capacity.
- ERDF – grants and loans (e.g. JEREMIE).
- ETC investments under TO 3, SME competitiveness.
- ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
- EAFRD is contributing to TO 3, SME competitiveness.

Other relevant Instruments

- Seventh Framework Programme (FP7)
- Competitiveness and Innovation Framework Programme (CIP)
- European Progress Microfinance Facility (EPMF)
- FISCALIS⁸⁷
- Horizon 2020
- Lifelong Learning

Added Value	Limitations
The added value of the FI is its thematically wide spectrum that includes several different aspects related to industrial development.	However, this spectrum also encounters limitations by losing focus on certain issues. The use of financial instruments should be focused on specific aspects correlating with the individual region. Competition between Member States for financial support instruments based on their economic situations should be avoided, as this decreases the effectiveness of the instrument.

⁸⁷ FISCALIS is a programme of the European Commission for enhancing the fight against tax fraud: improving administrative procedures and practices to the benefit of administrations and business within the EU and ensuring the exchange of information between national tax administrations as well as with traders through projects such as trans-European tax IT systems.

Opportunities	Risks
<p>Opportunities from using the FI are to increase the awareness of stakeholders about the heterogeneity of the industry framework and to cooperate with other thematically more specific instruments in order to reach common targets.</p>	<p>Risks comprise the lack of coordination between policies and programmes and the diminution of effectiveness.</p>

FLAGSHIP INITIATIVE – RESOURCE-EFFICIENT EUROPE			
Lisbon-relevant codes	06, 11, 12, 28, 39, 40, 41, 42, 43, 52, 63		
EUROPE 2020 – objectives	Sustainable growth – promoting a more resource-efficient, greener and more competitive economy		
EUROPE 2020 – targets	Greenhouse gas emissions 20 percent (or even 30 percent, if the conditions are right) lower than 1990 20 percent of energy from renewables 20 percent increase in energy efficiency		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
Exploiting synergies and addressing trade-offs	Energy 2020 Strategic Energy Technology Plan for Europe, Energy infrastructure priorities for 2020 and beyond, European Energy Efficiency Plan 2020, Energy Taxation Directive, Energy Roadmap 2050 (2011), CAP Reform (2011), Green Paper on phosphorous (2012) etc.	n.a.	European Commission, European Parliament, European Council, Member States (regulatory authorities)
Defining components for delivering the Flagship initiative	Cohesion Policy, Common Agricultural Policy, Common Fisheries Policy, TEN networks, EU biodiversity strategy 2020, Directives on waste, energy, recycling and water	ERDF, CF, EAFRD, EFF, CIP, FP7, Horizon 2020	European Commission, European Parliament, European Council, Member States (regulatory authorities, environmental departments), local and regional authorities, SMEs, chambers of commerce, research centres, consumers unions etc.

Set up a universal knowledge base	n.a.	FP7, Horizon 2020	European Commission, EEA, Member States
Governance and monitoring	All of the above	FP7, Horizon 2020	European Commission, EEA, Member States

Objectives

The aim of the Flagship initiative is to support the shift towards a resource-efficient and low-carbon European economy that is efficient in the way it uses all resources, to decouple economic growth from resource and energy use, reduce CO² emissions, enhance competitiveness and promote greater energy security. The Flagship initiative also aims to:

- retain Europe's position as a first mover in green solutions, while meeting the challenge from global competitors;
- achieve climate goals by reducing emissions;
- fully exploit the potential of new technologies such as carbon capture and sequestration;
- improve resource efficiency;
- strengthen economies' resilience to climate risks, and capacity for disaster prevention and response; and
- realise the job potential of renewable energy and energy-efficiency topics.

Background

The consumption of natural resources that characterises our economy is considered a perquisite in the quest for quality of life. These resources include exhaustible fossil fuels, minerals and metals but also replenishable food, water, air and biomass in non-exhaustible but degradable space and ecosystems.

The consumption and thus the demand for resources is accelerated by preferred lifestyles and by the global population growth, which is expected to reach nine billion by 2050, hence putting global resources under pressure and threatening the security of supply. Resource availability, competition for resources globally and consumption growth rates make clear that the status quo is not sustainable, and they will render resource efficiency key to securing growth and jobs for Europe.

Hence it is necessary to find new products and services and find new ways to reduce inputs, minimise waste, improve management of resource stocks, change consumption patterns, optimise production processes, management and business methods, and improve logistics. Such an endeavour will stimulate technological innovation and in the medium term boost employment in the fast-developing 'green technology' sector and sustain EU trade by opening up new export markets and benefiting consumers through more sustainable products.

Description

Efforts towards a resource-efficient and low-carbon economy must fulfil three conditions:⁸⁸

1. resource efficiency is a **horizontal issue requiring coordinated action** in a wide range of policy areas and needs political visibility, demonstration and support;
2. initiatives are **time-sensitive**, and long investment lead times require careful timing of interventions, even if some of them seem unattractive in the short term; and
3. any change must be **carried by the consumers**, who must be encouraged to move to resource-efficient consumption, generate innovation and avoid rebound effects that undermine specific efficiency gains.

Considering the complex and interlocking approach required, building a resource-efficient Europe can only be achieved with a **policy mix** that **optimises synergies** and **addresses trade-offs between different stakeholders and policies**. For example, a resource- efficiency objective will create jobs in some sectors and eliminate jobs in other sectors; low-carbon technologies reduce fuel dependency and can improve public health; and waste reduction reduces pressure on land used for disposal.

Resource efficiency requires and, at the same time fosters, **technological improvements**, a significant **transition in energy, industrial, agricultural and transport systems**, and changes in behaviour amongst producers and consumers. In order for **businesses** to follow this path, **long-term certainty from the public sector** is necessary. A long-term **regulatory framework** can provide **stability** and **induce cost savings** by reducing material and energy consumption and thus fostering future competitiveness. This Flagship initiative will help to build a strategic and integrated approach that will ensure that concrete actions already decided for 2020 pave the way towards longer-term goals for 2050. **Consumers must be made aware** of the implications of resources wastage in technological, social and economic terms. Resource-efficient green technologies are not a fashion or an expensive alternative but the only viable opportunity in the light of globalisation. Considering these conditions, the Flagship initiative mainly addresses four groups of activities, as follows.

- Exploiting synergies and addressing trade-offs, which requires an adequate policy mix. In this context, synergies such as employment stability in sustainable sectors, reduction of vulnerability to oil shocks and energy prices volatility, benefits for public health through reduction of carbon usage, balancing increases in resources taxation with reduction in labour taxation, innovation boost through recycling requirements, relief of pressure on land use etc. must be taken in account. At the same time, trade-offs such as loss of jobs in rigid energy-intensive industries, dependency on transport and fossil fuels for 'just-in-time' supply chains, rebound effects and lastly resource intensity of 'green solutions' should also be highlighted, avoiding the propagation of a 'problem-free green future'.
- Defining components for delivering the Flagship initiative, specifically persuading stakeholders, industries and consumers that 'we are serious about it' and providing long-term stability and assurance. In that context, the launch of reliable and detailed roadmaps on the low-carbon economy, energy, transport etc. are the first steps towards establishing this long-term framework. In the medium term, relevant activities include an energy efficiency plan, the reform and alignment of the Common Agricultural Policy, the Common Fisheries Policy, Cohesion Policy and the TEN networks (energy and transport), the definition of a EU biodiversity strategy 2020, the introduction and update of waste management, recycling and water efficiency in the policy cycle and public support for targeted R&D and innovation. Lastly, market measures are required both to achieve price and cost transparency and to tackle the challenge of the volatility of commodity markets and prices of raw materials.

⁸⁸ European Commission (2011), COM(2011) 21, Brussels, 26.1.2011, p. 3.

- In order to broadly adopt policy decisions related to resource efficiency (and the subsequent pricing consequences), apart from shared medium- and long-term visions, a robust and universal knowledge base is necessary, including common assumptions, parameters and baselines. As a first step, the Commission has developed modelling scenarios up to 2050 on climate, energy and transport policies. This first step must be supported by further work to monitor and evaluate policies, delivering impact assessment methodologies and fostering the global dialogue, e.g. via the Framework Programmes for research.
- The attention paid by the EU to governance and monitoring of progress goes hand-in-hand with the above elements.

In the context of the Resource-efficient Europe Flagship, two roadmaps are fundamental, namely the **Energy Roadmap 2050**⁸⁹ and the **Roadmap to a Resource-efficient Europe**.⁹⁰ Briefly, they foresee the following indicative activities.

The Energy Roadmap

- Considering energy demand: energy efficiency on new and existing buildings, new standards for consumer appliances, smart meters and transparency on energy consumption and pricing, provision of financing for consumers and businesses willing to invest in energy efficiency, and adapted urban and spatial planning.
- Considering the switch to renewable energy systems (RES): market integration of RES, promotion of storage technologies, interconnection and smart grids, introduction of renewable heating and cooling.
- Considering the future of fossil fuels and alternative sources of energy: fostering the use of gas as an important link in the transformation of the energy system, promoting unconventional gas sources, introducing carbon capture and storage, considering the role of (imported) oil and (locally available) coal in the future energy mix, considering nuclear energy as a decarbonisation option and developing alternative fuels, smart technologies and storage capacities.
- Considering the energy market: introducing new ways of managing electricity (i.e. market integration, penetration of RES and ability to recover investment costs, access to markets, capacity and flexibility of the energy regulators in the Member States), integrating local resources and centralised systems, especially in the light of RES, and renewal of the transmission and distribution networks. In this context, the request for a unified approach to attracting investors is mentioned, especially regarding carbon pricing, market imperfections, the need to support early movers and the role of public financial institutions such as the EIB and the EBRD.
- Lastly, the social dimension of the topic is underlined. For all these steps to be implemented, public support is necessary and informing consumers is paramount. Simultaneously, support for vulnerable groups must be demonstrated.

The Roadmap to a Resource-efficient Europe

- Setting up a framework for making and measuring progress: ensuring that stakeholders at all levels will be mobilised to ensure that policy, financing, investment, research and innovation are coherent and mutually reinforcing. In the context of creating a knowledge base, indicators should be defined to support public and private decision-makers, rendering resource efficiency a shared objective of the international community.
- Transforming the economy: e.g. improving products and affecting consumption patterns via price signals, environmental information and performance standards, boosting efficient production via policy incentives for efficiency investments.

⁸⁹ European Commission (2011), COM(2011) 885/2,

⁹⁰ European Commission (2011), COM(2011) 571 final, Brussels, 20.9.2011.

- Turning waste into a resource: e.g. through separate collection systems and the establishment of functional markets for recycled raw materials, elimination of landfills and energy recovery of residuals.
- Supporting research and innovation: through substantial increases in investment, coherence in addressing the societal challenge of resource efficiency, climate change and resilience, and in gains from smart specialisation and cooperation within the European research area.
- Removing environmentally harmful subsidies: removing and abolishing environmentally harmful subsidies (EHS) and separating social or business support measures from subsidies that might hamper sound environmental practice (e.g. artificially low electricity prices), shifting taxation from labour to resources consumption.
- Safeguarding ecosystem services: introducing an ecosystem services and natural capital valuation system, introducing an EU biodiversity strategy and assessment of the impact of agriculture and fisheries.
- Improving efficiency of natural resources and protecting air, land and water: ensuring security of supply, introducing a 'circular economy', where waste becomes a resource, taking lifecycle impacts into account, improving market structures and in the case of water ensuring the implementation of all Water Framework Directive (WFD) River Basin Management Plans. In the case of food, the inputs of the food production chain should be reduced by 20 percent.
- Improving the efficiency of buildings and transport: introducing the lifecycle approach, achieving nearly zero energy demand and minimising transport impacts on the environment.

Links to other Flagships and other relevant initiatives

- Digital Agenda
- New Skills and Jobs
- Innovation Union
- Industrial Policy
- Youth on the Move
- Platform against Poverty

Relevance to Cohesion Policy

- ERDF investments under TO 1, RTD, TO 4, Low-carbon economy, TO 5, Climate change adaptation, and TO 6, Environment and resource efficiency.
- EAFRD investments under TO 4, Low-carbon economy.

Other relevant Instruments

- Seventh Framework Programme (FP7)
- Competitiveness and Innovation Framework Programme (CIP)
- Horizon 2020
- LIFE+

Added Value	Limitations
Again, the added value of the FI lies in the joint effort and the acknowledgement of the horizontal character of the topic.	However, this has its limitations, as only a general agreement between all European Member States about environmental protection and resource efficiency allows effective implementation.

	All Member States are making efforts to implement these aspects into their legislative and regulative frameworks.
Opportunities	Risks
Opportunities lie in the demand of a new and fast-growing 'green' industry, which should drive global change, and the increasing pressure of global climate change.	The risks lie in the competition from globalised industry confronting European industry with low-price products and low environmental standards. This could lead to an industrial reluctance to accept legal changes towards resource efficiency that are perceived as too rigid.

FLAGSHIP INITIATIVE – YOUTH ON THE MOVE			
Lisbon-relevant codes	(03), 62, 72, 73		
EUROPE 2020 – objectives	Smart growth – an economy based on knowledge and innovation (and indirectly on inclusive growth)		
EUROPE 2020 – targets	At least 40 percent of the population aged 30-34 should have completed tertiary or equivalent education Reduce early school leaving to 10 percent		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
Lifelong learning systems	Council Recommendation to encourage Member States to tackle the high level of early school leaving through the 2011 European Year of Volunteering, Council Recommendation on the validation of non-formal and informal learning	ESF	Ministries, education agencies, universities
Attractive higher education	Agenda for the reform and modernisation of higher education	National	Ministries, education agencies, universities
Support for learning mobility	Council Recommendation aimed at removing obstacles	Erasmus Erasmus Mundus, Tempus and Marie Curie Erasmus for young entrepreneurs	Students
Improve the employment situation of young people	Youth Employment Framework CSR Strategy	ESF	Public employment services, enterprises
Objectives			
The aim of the Flagship initiative 'Youth on the Move' is to enhance the performance and international attractiveness of Europe's higher education institutions and raise the overall quality of all levels of education and training in the EU, combining both excellence and equity by promoting student mobility and trainees' mobility and by improving the employment situation of young people.			

Background

Europe's future prosperity depends on its young people. However, young people are experiencing obstacles in utilising education and training systems and especially in entering the labour market. Jobs increasingly require high-level qualifications, e.g. in the ICT sector. Europe has a lower share of young people with a higher education degree (31 percent) than the US (40 percent) or Japan (50 percent). In addition, many young people leave school early, thus increasing the risk of becoming unemployed or inactive, live in poverty, and impose costs on the economy and society.

Member States have adopted national strategies for lifelong learning, but they have different levels of effectiveness and are uncoordinated.

Description

The initiative was launched on the basis that young people are the future carriers of Europe's prosperity, but they are currently experiencing obstacles in utilising education and training systems and especially in entering the labour market. Europe has fewer young people with a higher education degree than the USA or Japan and a relatively high drop-out rate. Member States' policies show different levels of effectiveness and often suffer from lack of coordination. 'Youth on the Move' focuses on four main fields.⁹¹

- **Lifelong learning systems**, developing key competences and quality learning outcomes, in line with labour market needs. The EU needs to extend learning opportunities for young people to integrate formal and non-formal educational activities. It should especially consider apprenticeship-type vocational training and high-quality traineeships as an entry to the labour market.
- **Attractive higher education**, making institutions more attractive and open to the world, fostering innovation and keeping up with competitors in the knowledge-based economy. 'Youth on the Move' will seek to improve the quality, attractiveness and responsiveness of higher education and promote more and better mobility and employability, while also increasing participation in higher education.
- **Support for learning mobility** through programmes and initiatives being expanded and linked up with national and regional resources. All young people in Europe should have the possibility to spend a part of their educational pathway abroad, including via workplace-based training. Measures will include a 'Mobility Scoreboard', a dedicated website, a 'Youth on the Move card' and a new intra-EU initiative 'Your first EURES Job'.
- **Improvements to the employment prospects for young people**, by formulating a framework of policy priorities for action at national and EU levels. Youth unemployment is to be addressed in the areas of transition from school to work and in reducing labour market segmentation. Specific tools to be employed by public employment services are a Youth Guarantee to ensure all young people are in a job, in education or in activation, a European Vacancy Monitor and support for young entrepreneurs.

Links to other Flagships and other relevant initiatives

- New Skills and Jobs
- Industrial Policy for the Globalisation Era

⁹¹ European Commission (2010), COM(2010) 477 final, Brussels, 15.9.2010.

Relevance to Cohesion Policy	
<ul style="list-style-type: none"> • ESF investments under TO 8, Employment and labour mobility • ERDF investments under TO 10, Education, skills and lifelong learning 	
Other relevant Instruments	
<ul style="list-style-type: none"> • Lifelong Learning Programme (Erasmus for higher education, Leonardo da Vinci for vocational training, Comenius for school education, Grundtvig for adult education, the Transversal programme, Jean Monnet for European integration) • Youth in Action Programme • International mobility – co-operation with industrialised countries, Erasmus Mundus, Tempus • Seventh Framework Programme (FP7) • Horizon 2020 	
Added Value	Limitations
The added value of the Flagship initiative is the intention to coordinate and harmonise Member States' policies and with this to enhance mobility and employability.	However, the limitation that confronts the Flagship initiative is the time lag between investments in the education system and performance in the labour market.
Opportunities	Risks
The opportunity lies in the technological development, resource efficiency requirements and demographic trends that increase the demand for high-level qualifications, hence legitimating the objectives of the Flagship.	Risks lie in the weak connections to the labour market and administrative obstacles that can lead to 'brain drain'.

FLAGSHIP INITIATIVE – NEW SKILLS AND JOBS			
Lisbon-relevant codes	62, 63, 64, 65, 66, 67, 68, 69 70, 71, 72, 73		
EUROPE 2020 – objectives	Inclusive growth Fostering a high-employment economy		
EUROPE 2020 – targets	At least 40 percent of the population aged 30-34 should complete third-level education		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
Towards a new momentum for flexicurity: reducing segmentation and supporting transitions	Common Principles, Employment Committee (EMCO)	ESF, FP7	Public authorities
Equipping people with the right skills for employment	Panorama of European Skills, Competences and Occupations classification (ESCO), Framework of the SME performance review, Roadmap towards a resource-efficient Europe, Eco-innovation Action plan, New agenda for integration, Rights of EU migrant workers, European policy for multilingualism	European Skills Passport, European Employment Services EURES, European centres of excellence ESF	Individuals
Improving the quality of work and working conditions	Working Time Directive, EU Strategy 2007-2012 on Health and Safety at Work, EU legislation in the area of information and consultation of workers, EU directives on part-time work and fixed-term contracts, health and safety legislation, Advisory Committee on Safety and Health at Work, Employment-relevant non-discrimination directives	ESF	Public authorities

Supporting job creation	Employment and social rights	ESF, JASMINE, European Progress Microfinance Facility, Erasmus for Young Entrepreneurs	Entrepreneurs, Individuals
Objectives			
<p>The aim is to create conditions for modernising labour markets with a view to raising employment levels and ensuring the sustainability of our social models. This means empowering people through the acquisition of new skills to enable our current and future workforce to adapt to new conditions and potential career shifts, reduce unemployment and raise labour productivity (European Commission, 2010).⁹² Specific objectives comprise:</p> <ul style="list-style-type: none"> • better-functioning labour markets; • a more skilled workforce; • better job quality and working conditions; and • stronger policies to promote job creation and demand for labour. 			
Description			
<p>The initiative covers several key actions with accompanying and preparatory measures.⁹³ A substantial review of directives and policies is on-going or planned. Second, the Flagship aims to improve the national frameworks for job creation, matching jobs and skills development. In this respect, the focus is on monitoring the implementation and improvement of national frameworks and the support for know-how exchange. The four main aspects are flexicurity, skills upgrading and matching, quality of work and working conditions, and job creation.</p> <ul style="list-style-type: none"> • Flexicurity will be supported mainly by shaping the legal framework at national and regional levels. Support will be provided through partnership activities aimed at the reform of national and regional frameworks. • Skills upgrading and matching, by contrast, is supported by several programmes and funds, the most important being the European Social Fund (ESF). Skills upgrading and matching of skills and jobs is one of the main instruments of the ESF. In addition to the ESF, two other programmes support the aim for better job integration and matching. The first is the 'European Fund for the Integration of third-country nationals', which aims to integrate migrants into the employment process, and the second is the Lifelong Learning Programme, which consists of four sub-programmes dealing with school education, higher education and adult education in Europe. Further support can also be given in the fields of education infrastructure through ERDF programmes. • Quality of work and working conditions very much rely on the review and adaptation of European and especially national legislation. The thematic field covers a wide range of different factors such as health, non-discrimination, safety, fair payment, etc. The ESF can contribute in this field indirectly with supporting measures that reconcile work and private life, non-discrimination and equal opportunities. • Job creation mainly comprises support for self-employment and entrepreneurship. This is facilitated through ESF with training and consultancy for start-ups. Furthermore, access to finance is the main obstacle addressed via the instrument 'Joint Action to Support Micro-finance 			

⁹² European Commission (2010), COM(2010) 2020 final, Brussels 3.3.2010.

⁹³ European Commission (2010), COM(2010) 682 final, Strasbourg, 23.11.2010, p. 3.

Institutions in Europe' (JASMINE), financed by the ERDF and the recently created 'European Progress Microfinance Facility' (EPMF) which provides micro-credits.

Main actors for implementation

National parliaments for legal changes, national and regional public authorities for implementation of frameworks, public employment services, social partners.

Links to other Flagships and other relevant initiatives

- Youth on the Move
- Industrial Policy for the Globalisation Era

Relevance to Cohesion Policy

- ESF investments under TO 8, Employment and labour mobility, and TO 10, Education, skills and lifelong learning.
- ERDF investments under TO 10, Investing in education, skills and lifelong learning.

Other relevant Instruments

- Seventh Framework Programme (FP7) (social research)
- European Progress Microfinance Facility (EPMF)
- European Progress Microfinance Facility (micro-credits)
- JASMINE (micro-credits)

Added Value	Limitations
The added value of the FI lies in the enhancement of mobility and joint activities including social partners. The FI can improve the match between skills and labour on a Europe-wide level and can enforce the legal framework for labour market conditions. This should only be performed on a European level, not at national level.	The limitations lie in the national competences and the willingness to adapt and change. National subsidiarity can hinder a Europe-wide undertaking, particularly in this field. Many of the economically weaker Member States will not be able to adapt their social systems to meet the EU-15 standards. The quality of labour market policies and support in many Member States is still weak, and this will take time to improve. Further limitations lie in the timeframe for educational adaptation and actual business implementation. Business is changing faster than educational systems are able to adapt, and therefore skills development always lags behind actual business demand. Skills development on the job can therefore reduce this effect.
Opportunities	Risks
The opportunity lies in the current crisis, where all Member States understand the need for change in order to secure European competitiveness in the global market.	Risks lie especially in the globalised business world, which is unwilling to support costly European labour market policies.

FLAGSHIP INITIATIVE – EUROPEAN PLATFORM AGAINST POVERTY			
Lisbon-relevant codes	No relevant Lisbon codes		
EUROPE 2020 - objectives	Inclusive growth – fostering a high-employment economy delivering economic, social and territorial cohesion.		
EUROPE 2020 - targets	At least 20 million fewer people in or at risk of poverty and social exclusion.		
Key initiatives	Relevant European policies	Relevant financial programmes and institutions	Targeted groups
Delivering actions across the policy spectrum	Employment and social rights Education and youth Transport, Energy	n.a.	European Commission, National public authorities
Greater and more effective use of the EU Funds to support social inclusion	Employment and social rights Regions and local development	European Fund for the Integration European Refugee Fund, Progress microfinance facility, PROGRESS programme, ERDF, EAFRD, FP 7, Horizon 2020, ESF	European Commission, National public authorities
Promoting evidence-based social innovation	Employment and social rights Science and technology	FP 7, Horizon 2020 ESF, PROGRESS programme	Public authorities, NGOs in the relevant fields, research centres and researchers in the relevant field
Working in partnership and harnessing the potential of the social economy	Employment and social rights	n.a.	European Commission, National public authorities
Enhance policy coordination among Member States	n.a.	ESF	National and regional public authorities

Objectives

The aim of the Platform against Poverty Flagship initiative is *to create a joint commitment amongst Member States and stakeholders in the fight against poverty. The platform should help to increase efficiency and effective use of public spending with a more coherent and Europe-wide framework of actions* (European Commission, 2010).⁹⁴

Background

The Europe 2020 target for the reduction of poverty is based on three indicators: at risk of poverty, material deprivation, and households with very low work intensity. In total, this covered over 100 million people in Europe in 2008. The Platform against Poverty and Social Exclusion and Europe 2020 defined poverty throughout the lifecycle:

- Over 20 million children are at risk of poverty.
- 20 percent of young people in the EU are at risk of poverty.
- Unemployment is the main cause of poverty for the working-age population.
- Elderly people are more exposed to poverty than the average population and are victims of material deprivation.

Those most affected by poverty are people who have already lost their homes, who have no regular income, and who have slipped into indebtedness. Moreover, migrant population and ethnic minorities (e.g. Roma) are more exposed to social exclusion and poverty.⁹⁵

Description

The European Platform against Poverty and Social Exclusion Flagship should be seen as a horizontal instrument covering all aspects that directly or indirectly help to tackle poverty. The most relevant in this respect is the improvement of access to employment for working-age people. This will be implemented in close cooperation with routes and actions set out in the New Skills and Jobs Flagship.

- The **first key initiative** will be the **improvement of policies and policy-related fields** at European and national levels. The European Commission underlines that efficiency improvements are necessary in the public service (pension systems, health systems) and that policies should be readjusted towards more preventive service.

Another aspect will be the **improvement and flexibility of education and training**. Whereas the most important aspect comprises education for children and youth, attention is also given to the link between youth education and labour market needs. In this context, the platform will work closely with the 'Youth on the Move' Flagship initiative.

Another aspect of policy adjustments relates to the **management of migration** and the integration of migrants, anti-discrimination (against minorities and disabled) and gender equality.

The work on improvement of policies should not exclude any sector, and therefore the platform is **considering different sectors** that can support the fight against poverty. These sectors include **infrastructure, energy and telecommunications**. An effective and consistent network of infrastructure can help to reduce social disparities and promote social inclusion. The European Commission also intends to develop a policy dialogue with partners such as the G20, G8, UN and ILO.

⁹⁴ European Commission (2010), COM(2010) 758 final, Brussels, 16.12.2010, p. 3.

⁹⁵ European Commission (2010), COM(2010) 758 final, p. 5.

- The **second key initiative** of the platform will be the **inclusion of European Commission funds**. The most important in this respect will be the **ESF**. There are plans to readjust the ESF with a simplified access for beneficiaries dealing with Europe 2020 targets. Member States will be encouraged to define specific groups at risk and earmark ESF funding. However, other relevant programmes include the European Fund for the Integration of third-country nationals, the European Refugee Fund, the Progress Programme (supporting national and regional authorities in policy implementation), the European Progress Microfinance Facility, and finally the ERDF in specific Operational Programmes that indirectly fight against poverty.
- The **third initiative** of the platform is to support and initiate **evidence-based research** towards social innovation and reforms. The idea behind this initiative is to support social policies with evidence-based experimentation, which should guide structural reforms towards the Europe 2020 targets. The evidence-based research and innovation should be **interactive between European actors** in this field in order to increase cross-border learning. This initiative can be supported through the Seventh Framework Programme for research but also with ESF.
- The **forth initiative** on **promoting partnership and social economy** should boost a broad stakeholder involvement in relevant discussion. Stakeholders include national, regional and local authorities, social partners, NGOs and people who have experienced poverty. Furthermore, **social economy initiatives** should be supported in bringing forward innovative ideas regarding social needs. In this respect, the European Commission is keen to improve the legal and administrative framework of the growing social economy.
- **Finally**, the platform should support **policy coordination between Member States** in order to assist them in implementing social policies effectively.

Links to other Flagships and other relevant initiatives

- Youth on the Move
- New Skills and Jobs
- Digital Agenda
- Innovation Union
- Resource-efficient Europe

Relevance to Cohesion Policy

- ESF investments under TO 9, Social inclusion and poverty
- EAFRD investments under TO 9, Social inclusion and poverty

Other relevant Instruments

- Progress Programme
- European Progress Microfinance Facility (micro-credits)
- European Integration Fund
- European Refugee Fund

Added Value	Limitations
Added value can be generated from better and more comprehensive and differentiated discussion about different forms of poverty. The exchange of knowledge and experience about the fight against poverty should help to improve the situation throughout Europe.	The limitations are the lack of available data and the reluctance of Member States to deliver information. Many of the new Member States lack the capacity to implement the necessary measures, and activities against poverty are difficult to evaluate. Poverty can be found in many

Research and data collection could help to promote better understanding of different solutions for poverty and so improve instruments to fight poverty, utilising better and more reliable data with relevant figures for the European level.	different areas, and it is mainly a national rather than a European topic. European institutions and activities can only indirectly influence Member States in their national and regional activities.
Opportunities	Risks
However, opportunities can arise with consolidated findings and joint know-how exchange. The FI in this respect will have overlaps with all other FIs.	Nevertheless, in times of lower European budgets and national economic crisis, there is a risk of Member States underachieving the jointly-set targets and failing to make the economic and social connection with the rest of Europe. In many cases, this goes hand in hand with inefficient and ineffective use of national and European instruments.

ANNEX II - CHAPTER 4 APPENDIX

Table 25: Relations between Thematic Objectives, investment priorities and Structural Funds

THEMATIC OBJECTIVE	ERDF	CF	ESF
1) Strengthening research, technological development and innovation	<ul style="list-style-type: none"> • R&I infrastructure • Business R&I investment, technology transfer, social innovation, clusters and open innovation in SMEs through smart specialisation • Technological and applied research, pilot lines, early product validation actions, and advanced manufacturing capabilities in Key Enabling Technologies and diffusion of general-purpose technologies 		
2) Enhancing access to and use and quality of information and communication technologies	<ul style="list-style-type: none"> • Broadband deployment • ICT products and services, e-commerce • Strengthening ICT applications for e-government, e-learning, e-inclusion and e-health 		
3) Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and fisheries and aquaculture sector (for the EMFF)	<ul style="list-style-type: none"> • Entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms • New business models for SMEs in particular for internationalisation 		

THEMATIC OBJECTIVE	ERDF	CF	ESF
4) Supporting the shift towards a low-carbon economy in all sectors	<ul style="list-style-type: none"> Renewable energy systems Energy efficiency and renewable energy in SMEs Energy efficiency and renewable energy in public buildings and housing Smart distribution systems at low voltage levels Low-carbon strategies for urban areas 	<ul style="list-style-type: none"> Renewable energy systems Energy efficiency and renewable energy in SMEs Energy efficiency and renewable energy in public infrastructures Smart distribution systems at low voltage levels Low-carbon strategies for urban areas 	
5) Promoting climate change adaptation, risk prevention and management	<ul style="list-style-type: none"> Investment for adaptation to climate change Investment to address specific risks, ensure disaster resilience and develop disaster management systems 	<ul style="list-style-type: none"> Supporting dedicated investment for adaptation to climate change Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems 	
6) Protecting the environment and promoting resource efficiency	<ul style="list-style-type: none"> Investment in waste sector to meet EU acquis Investment in water sector to meet EU acquis Protecting, promoting and developing cultural heritage Protecting biodiversity, soil protection and promoting ecosystem services Urban environment actions including regeneration of brownfields and reducing air pollution 	<ul style="list-style-type: none"> Investment in waste sector to meet EU acquis Investment in water sector to meet EU acquis Protecting /restoring biodiversity, including green infrastructures Urban environment actions including regeneration of brownfields and reducing air pollution 	

THEMATIC OBJECTIVE	ERDF	CF	ESF
7) Promoting sustainable transport and removing bottlenecks in key network infrastructures	<ul style="list-style-type: none"> Supporting a multimodal Single European Transport Area by investing in TEN-T network Connecting secondary and tertiary nodes to TEN-T infrastructure Low-carbon transport systems and sustainable urban mobility Interoperable railway systems 	<ul style="list-style-type: none"> Supporting a multi-modal Single European Transport Area by investing in TEN-T Low-carbon transport systems and sustainable urban mobility Interoperable railway systems 	
8) Promoting employment and supporting labour mobility	<ul style="list-style-type: none"> Business incubators and support for self-employment and business creation Local development and structures providing neighbourhood services for jobs Public employment services infrastructure 		<ul style="list-style-type: none"> Access to employment for jobseekers and inactive people, including local employment initiatives, and supporting labour mobility Sustainable integration into the labour market for young people not in employment, education and training Self-employment, entrepreneurship and business creation Equality between men and women and work-life balance Adaptation of workers, enterprise and entrepreneurs to change Active and healthy ageing Modernisation and strengthening of labour market institutions

THEMATIC OBJECTIVE	ERDF	CF	ESF
9) Promoting social inclusion and combating poverty	<ul style="list-style-type: none"> Community-led local development strategies Social economy and social enterprises Education, skills and lifelong learning 		<ul style="list-style-type: none"> Active inclusion Integration of marginalised communities Combating discrimination Access to services including healthcare and social services of general interest Social economy and social enterprises Community-led local development strategies
10) Investing in education, skills and lifelong learning	<ul style="list-style-type: none"> Education and training infrastructure 		<ul style="list-style-type: none"> Reducing early school leaving and promoting equal access to good-quality early childhood, primary and secondary education Improving tertiary and equivalent education Access to lifelong learning, upgrading the skills and competences of the workforce and increasing the labour-market relevance of education and training
11) Enhancing institutional capacity and an efficient public administration	<ul style="list-style-type: none"> Institutional capacity and efficiency of public administration and services related to ERDF and in support of ESF actions 	<ul style="list-style-type: none"> Institutional capacity and efficiency of public administration and services related to ERDF 	<ul style="list-style-type: none"> Institutional capacity and efficiency of public administration with a view to reforms, better regulation and good governance Capacity-building for stakeholders

Source: European Commission (2011), Proposal for the regulation, COM(2011) 615 final.

ANNEX III – CLUSTERING OF MEMBER STATES

With regard to the formation of four groups of Member States for the facilitation of the analysis, the following steps were conducted.

1. Step: Distance from the EU average of Lisbon Allocations

For all Member States, the allocations of funds to the following categories were collected:

Table 26: Lisbon-code typology according to DG Regio

CATEGORISATION According to EC database	TOPICS
GL 7-8-9	R&D ICT
GL 10-15	Enterprises
GL 10-15 extra	Other investments in firms
GL 11	Renewable energy and clean transport
GL 16	Infrastructure
GL 17-24	Increasing the adaptability of workers, Improving access to employment
GL 17-24 extra	Social inclusion, and equal treatment
National	
Non-Lisbon	

Source: European Commission, DG Regio 2012.

For these categories, the EU average percentages were calculated, and the 'distance' between Member States percentage-wise allocation and EU average was extracted.

Minimum 'distance' means that the Member State is a good representation of the EU average; maximum 'distance' indicates specific cases.

This index is an **indication** of the extent to which a Member State is going its '**own way**' or if it is approximating to the EU average.

2. Step: Performance regarding EU2020 Indicators and Flagships

Using the Eurostat 2020 indicators⁹⁶ and some additional Eurostat Indicators, a **EU2020 Performance Index** (0-1) was set up.

The indicators used were:

- Gross domestic expenditure on R&D, related to the Flagship 'Innovative Union'.
- Tertiary educational attainment by gender, age group 30-34, related to the Flagship 'Youth on the Move'.

⁹⁶ http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators

- Broadband penetration rate, related to the Flagship 'A Digital Agenda for Europe'.
- Share of renewables in gross final energy consumption, related to the Flagship 'Resource-efficient Europe'.
- Labour productivity per hour worked,⁹⁷ related to Flagship 'An Industrial Policy for the Globalisation Era'.
- Employment rate by gender, age group 20-64, related to Flagship 'An Agenda for New Skills and Jobs'.
- People at risk of poverty or social exclusion, related to Flagship 'European Platform against Poverty'.

The Member States' values were **normalised** and **sorted** in descending order according to this a EU2020 Performance Index.

This order is the main criterion for the definition of the four Groups of Member States.

It is noteworthy that the EU2020 Performance Index correlates very highly with 'distance' from the EU average (correlation coefficient of 0,92), indicating that high-performing countries eventually 'go their own way', while lower-performing states follow a more "conform pattern".

3. Step: Characterisation of Member States

As a next step, all Member States were characterised by the following nominal and ordinal attributes:

- Size of the MS (Small/Medium/Large)
- Location (Centre/Periphery)
- Devolution and Regional Governance (Low/Medium/High)

The assumption here is that these attributes play a role in the performance and independence of policy, with larger, more central and regionally decentralised states faring better than small, peripheral and centralised states.

These attributes were used as **a guide for the selection of case studies** in order to form a mostly representative set.

4. Step: Grouping of Member States

Based on the findings of the above, the following groups were proposed:

⁹⁷ Non-EU2020 Indicator.

Table 27: Member State grouping

NR.	COUNTRY	SIZE	LOCATION	DEVOLUTION	EU2020 PERFORMANCE INDEX	DISTANCE
26	Sweden	Medium	Periphery	Medium	0.83	6.57
4	Denmark	Small	Centre	Medium	0.73	6.16
25	Finland	Medium	Periphery	Low	0.70	5.74
18	Nederland	Medium	Centre	Low	0.62	5.24
15	Luxembourg	Small	Centre	Low	0.60	4.99
9	France	Large	Centre	Medium	0.55	5.40
5	Germany	Large	Centre	High	0.53	5.61
19	Austria	Medium	Centre	High	0.52	4.44
2	Belgium	Medium	Centre	High	0.48	4.76
27	United Kingdom	Large	Periphery	Medium	0.47	5.30
23	Slovenia	Small	Centre	Low	0.41	3.47
10	Ireland	Small	Periphery	Low	0.39	4.25
6	Estonia	Small	Periphery	Low	0.38	3.57
12	Cyprus	Small	Periphery	Low	0.37	3.68
8	Spain	Large	Periphery	Medium	0.31	3.99
21	Portugal	Medium	Periphery	Low	0.27	3.26
3	Czech Republic	Medium	Centre	Low	0.26	2.23
14	Lithuania	Small	Periphery	Low	0.20	3.12
13	Latvia	Small	Periphery	Low	0.16	3.18
11	Italy	Large	Centre	High	0.16	3.02
20	Poland	Large	Centre	Medium	0.13	2.76
17	Malta	Small	Periphery	Low	0.13	1.77
7	Greece	Medium	Periphery	Medium	0.13	2.33
24	Slovakia	Medium	Centre	Low	0.13	1.78
16	Hungary	Medium	Centre	Low	0.09	2.27
1	Bulgaria	Medium	Periphery	Low	0.00 ⁹⁸	2.70
22	Romania	Large	Periphery	Low	0.00	2.73

Source: Metis 2012.

⁹⁸ Note: A EU2020 Performance Index of 0 does not indicate zero performance. It simply shows that these cases have the lowest performance in comparison to the other cases.

From this table, seven cases studies were selected in order to provide a comprehensive set.

Table 28: Case Study Member States⁹⁹

MS	OPERATIONAL PROGRAMME	FLAGSHIP INITIATIVE
Sweden	medium-sized, peripheral, medium decentralised state	An Agenda for New Skills and Jobs
Austria	medium-sized, central, highly decentralised state	Youth on the Move
Ireland	small-sized, peripheral, low decentralised state	European Platform Against Poverty
Italy	large-sized, central, highly decentralised state	A Digital Agenda for Europe
Poland	large-sized, central, medium decentralised state	Innovative Union
Greece	medium-sized, peripheral, medium decentralised state	Resource-efficient Europe
Slovak Republic - Austria	ETC cross-border programme	An Industrial Policy for the Globalisation Era

⁹⁹ The selection of Operational Programmes is not made at that stage. Operational Programmes relevant for the selected topic emerged from the interviews.

ANNEX IV – CASE STUDY APPENDIX

Sweden ESF meta Project A&O

Table 29: Table of recommendations as a result of the A&O project

Experience so far	<ul style="list-style-type: none"> • Co-operation between different actors in the labour market (trade unions, work organisations, work agencies etc). • A combination of different learning strategies (formal and non-formal) adjusted to fit local conditions. • Competence development addressed as a strategic question. • Development of a learning environment at the workplace (methods for validation, business development, mentoring and formal education are integrated in the daily work). • Competence development to be connected with strategies for regional development work, innovation and growth. • Existing infrastructure, such as public learning centres, used as a way to co-ordinate and strategically develop efforts made to influence the public debate.
Suggestions to the government	<ul style="list-style-type: none"> • Adult learning and workplace learning must have a high priority within the European Union national reform programme. • Develop a knowledge-creating labour market policy with special investments for risk groups such as youth, elderly and low-skills employees. • Define a national vision and agenda for competence development and workplace learning. • Establish a social innovation fund for project experimentation and innovation within workplace learning.
Suggestions to Regional Actors	<ul style="list-style-type: none"> • Establish a more distinct method for analysing the effects of globalisation within the region. • Develop networks and platforms that work continually with competence development and workplace-learning and which have an infrastructure that can be mobilised quickly in case of crisis.
Suggestions to Trade Unions	<ul style="list-style-type: none"> • Take action to ensure that workplace-learning and competence development become key questions on the trade union agenda. • Take more regional initiatives with the aim of mapping the need for competence development within your different trades. • Take the lead and initiate and administrate projects, especially together with small and medium-sized companies.

Suggestions to actors within industry and trade	<ul style="list-style-type: none"> • Establish a dialogue. • Discuss a future model that addresses employees' needs for increased employability and job security, and which also fulfils the employers need for a flexible workforce. • Discuss mutual campaigns with the aim of supporting flexibility in the labour market. • Aim to find agreements or guidelines on how crises should be handled in order to increase the job security within the most exposed trades. • Create incentives that motivate workplace-learning. • Competence development and workplace-learning must be a strategic question, established within the whole organisation. • Leadership and organisation must support workplace-learning and the employees' employability. • Develop routines for the identification of a lack of competence and the implementation of workplace-learning, and tools for self evaluation.
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The A&O has identified the following projects as being particularly 'interesting' or effective in the area of workplace learning:¹⁰⁰

Table 30: Good practices selected by the A&O platform

Project	Description
'SpråkSam'	The project was launched in spring 2009 and funded by the ESF. A year later, similar projects were carried out by the City of Stockholm. The project combines language and competence development for employees in the area of care for older people and people with disabilities in the county of Stockholm. By the end of 2011, 600 people at more than 50 workplaces had participated in the projects. The target group was people whose first language was not Swedish. The idea of the project is that people who work in (health) care should be able to communicate to older people or their relatives whose first language might not be Swedish (language courses to staff and managers; language representatives for support in daily work, etc). The follow-up to this project is 'Arbetsam', which is however targeted at people whose mother tongue is Swedish (a total of 800 employees at 60 workplaces in municipalities, districts and private companies are involved, including managers).
IF Metall	IF Metall is the project leader of a series of projects in Central Norrland financed by the ESF to enable SMEs to develop both their organisation and the competence of their staff. Since 2009, 1386 people from different companies in Central Norrland have participated in a total of 42,000 training hours. The trigger was the fact that employees receive on average only half-an-hour of training in a year. In 2010, IF Metall then received a further SEK 13 million from the ESF to develop the competence of 1800 employees at 27 different companies within the project KYI (focused on strategic competence development). IF Metall also leads the competence development project in Västerbotten and Östergötland, which started in 2010 and is intended to run until November 2012.

¹⁰⁰ A&O (n.a.), The Learning Workplace - The Swedish Way, A&O and Swedish ESF Council (2010), The Social Fund in Figures – project participants and benefits, A co-production between the Swedish ESF Council and Process Support for Strategic Impact and Learning in the Social Fund, Revised November 2010, p. 42.

	<p><i>Project 1: Skills development Höga Kusten [the Swedish High Coast]</i></p> <p>Turnover: 2.2 million SEK</p> <p>Project period: 1/7/2009 – 31/12/2010</p> <p>Participants: employees from 3 companies</p> <p><i>Project 2: KY Höga Kusten</i></p> <p>Turnover: 3.1 million SEK</p> <p>Project period: 15/4/2009 – 14/4/2010</p> <p>Participants: 300 employees from 8 companies</p> <p><i>Project 3: KZY Skills Development ZY II</i></p> <p>Turnover: 3 million SEK</p> <p>Project period: 2/2/2009 – 1/2/2010</p> <p>Participants: 180 employees from 4 companies</p> <p><i>Project 4: KZY Skills Development ZY II</i></p> <p>Turnover: 4.8 million SEK</p> <p>Project period: 1/4/2009 – 31/3/2010</p> <p>Participants: 100 employees from 10 companies</p> <p><i>Project 5: KZY Central Norrland</i></p> <p>Turnover: 5.3 million SEK</p> <p>Project period: 15/4/2009 – 14/4/2010</p> <p>Participants: 250 employees from 11 companies</p>
Project	Description
Kravmärkt Yrkesroll	Kravmärkt Yrkesroll is a project implemented through collaboration between several municipalities and city districts in Stockholm and has been financed by the ESF on several occasions. The project's idea was to change the requirements and criteria that had been in force for working in geriatrics. The project aimed to make use of the knowledge and skills of employees in geriatric nursing. In order to do so, an individual curriculum was designed through interaction between the individual, the professional analyst and the manager. Most of the competence development occurs at the workplace with the support of supervisors. By the end of 2011, 6000 employees in geriatric nursing had been validated. A follow-up project for 2011-2013 incorporates lessons learnt from the challenges faced.
Scania	Due to the financial crisis, in autumn 2008, Scania chose to meet the decline in orders with competence development instead of redundancies. With the help of the county administrative board, they received SEK 120 million from ESF. Scania manufactures buses and lorries, operates in 100 countries and has a total of 35,000 employees. In the crisis, Scania employees signed a so-called crisis agreement, which meant that 60 percent of the members agreed to work 20 percent fewer hours for 10 percent less pay. The agreement operated during 2009. In addition, together with the county administrative board of Stockholm, Scania chose to apply for money from the ESF in order to offer employees competence development during the period of lower production. In May 2009, Scania received €11 million, the highest amount the Social Fund has ever awarded a project. Scania also invested several hundred million SEK by paying salaries during training. The aim was to improve the employees' positions in the

company but also to strengthen their position on the labour market as a whole. The money enabled the 6,000 employees at Scania to receive further training in industrial engineering, Scania's production system, mathematics and languages. The trade unions operating within Scania were not part of the decision; instead it was decided by the management and the county administrative board. However, the union was positive about the decision. The training was conducted in the workplace at Scania.

Expenditure in operational programmes

Table 31: Italy Operational Programme 'Information Society'

CODE	PRIORITY THEME	COMMITTED FUNDS	FUNDS EXPENDITURE	% ACHIEVED	NUMBER OF PROJECTS	NAMES OF PROJECTS
10	Telephone infrastructures (including broadband networks)	140,865,230	60,859,001	43%	25	Broadband, State Aid
11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)	674,752,920	397,355,969	59%	2,021	Broadband, Aid for SMEs and other entities, School Equipment, Security Technology, Training and Work experiences, Risk Prevention, Aid for SMEs for innovations in TV broadcasting
12	Information and communication technologies (TEN-ICT)	269,820,802	202,116,802	75%	11,932	Training and Work Experience, Aid, School Equipment
13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)	250,020,900	64,422,288	26%	2,699	School Equipment, E-Health, E-Government, Aid, Training and Work Experience
14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	72,829,456	31,386,342	43%	1,006	Aid, Training and Work Experience
15	Other measures for improving access to and efficient use of ICT by SMEs	54,720,434	51,839,873	95%	223	Training and Work Experience
Total		1,463,009,742	807,980,275	55%	17,906	

Table 32: Poland Operational Programme 'Innovation and Research'

CODE	THEMATIC FIELDS	INDICATIVE AMOUNT OF ERDF AS PLANNED IN THE OP	AMOUNT OF ERDF CO- FINANCING CONTRIBUTION (AIR 2010)	% ACHIEVED (AIR 2010)
1	R&TD activities in research centres	773,170,000	782,839,824.34	101%
2	R&TD infrastructure (<i>including physical plant, instrumentation and high-speed computer networks linking research centres</i>) and centres of competence in a specific technology	1,016,412,000	951,336,284.39	94%
3	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (<i>scientific and technological parks, technopoles, etc.</i>)	250,153,000	162,527,360.54	65%
4	Assistance to R&TD, particularly in SMEs (<i>including access to R&TD services in research centres</i>)	331,210,000	123,676,968.31	37%
5	Advanced support services for firms and groups of firms	411,349,910	268,021,356.33	65%
7	Investment in firms directly linked to research and innovation (<i>innovative technologies, establishment of new firms by universities, existing R&TD centres and firms, etc.</i>)	2,962,004,000	1,813,379,255.59	61%
8	Other investment in firms	30,919,000	2,397,420.89	8%
9	Other measures to stimulate research and innovation and entrepreneurship in SMEs	33,150,000	6,229,877.17	19%
11	Information and communication technologies (<i>access, security, interoperability, risk-prevention, research, innovation, e-content, etc.</i>)	344,784,000	539,958,197.31	157%
13	Services and applications for the citizen (<i>e-health, e-government, e-learning, e-inclusion, etc.</i>)	604,976,000	365,563,053.82	60%

14	Services and applications for SMEs (<i>e-commerce, education and training, networking, etc.</i>)	681,293,210	97,652,686.23	14%
15	Other measures for improving access to and efficient use of ICT by SMEs	358,962,080	140,886,168.41	39%
Total		7,798,383,200	5,254,468,453.33	67%

Table 33: Greece Operational Programme 'Resource Efficiency'

CODE	PRIORITY THEME	OP ALLOCATION	EXPENDITURES 2011	% ACHIEVED TILL 2011	NUMBER OF PROJECTS	NAMES OF PROJECTS
6	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (introduction of effective environment-managing system, adoption and use of pollution-prevention technologies, integration of clean technologies into firm production)	47,267,059	1,723,651	4%	52	Green Business
			308,771		48	Green Infrastructures
11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)	78,578,200				
39	Renewable energy: wind	94,890,588	50,739,656	53%	1	Private Business funded by Development Law
40	Renewable energy: solar	39,574,706	34,980,107	88%	1	Private Business funded by Development Law
41	Renewable energy: biomass	30,426,471	660,050	2%	1	Private Business funded by Development Law
42	Renewable energy: hydroelectric, geothermal and other	170,398,824	3,001,440	2%	1	Private Business funded by Development Law

43	Energy efficiency, co-generation, energy management	76,644,706	168,230,782	219%	7	Grants and Audits for Saving Energy in Housing Saving Energy in Housing Recycling and Replace Home Devices (6 projects) Energy Efficiency in School (8 projects) Energy Efficiency in Public Buildings (9 projects) Building the future – Large-scale Interventions Green Pilot Urban Neighbourhood
52	Promotion of clean urban transport	928,780,000	316,568,376	34%	4	Renovation of under and over structure of the ISAP lines and Omonoia tunnel Athens metro, extension of line 3, section 'Egaleo-Haidari', depot 'Eleonas', transfer station 'Xaidari, transfer station 'Keramikos' Extension of line 3 of the Athens Metro, part Chaidari - Piraeus New ETHEL buses Metro of Thessaloniki Westward extension of tram to Piraeus
Total		1,466,560,552	596,775,211	41%	17	
	Share of Lisbon-relevant allocation	91%				

Table 34: Ireland ESF Programme

CODE	THEMATIC FIELDS	ESF ALLOCATION	ESF EXPENDITURE FOR 2008	ESF EXPENDITURE CUMULATIVE (2007-2010)	% ACHIEVED TILL 2010	NUMBER OF PROJECTS
64 ¹⁰¹	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills.	28,500,000	5,958,000	10,273,000	36%	
66	Implementing active and preventive measures in the labour market.	n.a.	n.a.	n.a.	0%	1
69	Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market, and to reconcile work and private life, such as facilitating access to childcare and care for dependent persons.	19,375,000	310,000	2,206,521	11%	3
70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration.	4,400,000	73	650,601	15%	1
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity in the workplace.	107,519,965	631,000	4,407,004	4%	201
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge-based economy.	82,289,168	20,095,000	119,141,445	145%	27

¹⁰¹ The OP then matched the activities to the Lisbon-relevant codes 64, 69, 70, 71, 72, and 73 (although code 72 was recently replaced by code 66 at the request of the European Commission), as revealed in the interviews. The OP includes a table on p. 95 ('Table 1: Categorisation of ESF Expenditure by Region') which shows the planned expenditure for activities under the Lisbon-relevant codes 64, 69, 70, 71, 72, 73 and by regions (Border-Midlands West - BMW; Southern and Eastern - SAE). In the interview, a representative of the ESF OP management stated that it should be noted that the European Commission had recently asked that code 72 be replaced by code 64.

CODE	THEMATIC FIELDS	ESF ALLOCATION	ESF EXPENDITURE FOR 2008	ESF EXPENDITURE CUMULATIVE (2007-2010)	% ACHIEVED TILL 2010	NUMBER OF PROJECTS
73	Measures to increase participation in education and training throughout the lifecycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training.	130,278,237	27,493,000	173,922,772	134%	166
	Totals	372,362,370	54,560,000	310,601,343	83%	399

Table 35: Sweden National ESF Programme

CODE	THEMATIC FIELDS	ESF (EURO) ALLOCATION AS IN OP	ESF (EURO) EXPENDITURES 31/12/2010	% ACHIEVED BY 31/12/2010	NUMBER OF PROJECTS
62	Development of lifelong learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation.	92,875,679	62,860,707	68%	654
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills.	82,556,158	36,344,152	44%	292
66	Implementing active and preventive measures on the labour market.	435,677,230	187,980,048	43%	454
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity in the workplace.	23,734,896	11,981,430	50%	96
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge-based economy.	29,045,149	74,474,203	256%	180
85	Preparation, implementation, monitoring and inspection.	20,746,535	3,031,771	15%	0
86	Evaluation and studies; information and communication.	6,915,511	421,258	6%	0
Total		691,551,158	377,093,569	55%	1,676

Table 36: ETC Operational Programme SK-AT

CODE	THEMATIC FIELDS	OP ALLOCATION	APPROVED EXPENDITURE 22/02/2012	% ACHIEVED 22/12/2012	NUMBER OF PROJECTS
01	R&TD activities in research centres.	1,800,000	3,082,098	171%	5
02	R&TD infrastructure (including physical plant, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technology.	799,739		0%	
03	Technology transfer and improvement of cooperation networks between small businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres.	2,379,608	1,698,255	71%	4
05	Advanced support services for firms and groups of firms.	2,939,739	2,803,838	95%	2
09	Other measures to stimulate research and innovation and entrepreneurship in SMEs.	3,399,739	676,778	20%	1
10	Telephone infrastructure (including broadband networks).	511,010		0%	
11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.).	711,010		0%	
12	Information and communication technologies (TEN-ICT).	1,400,000		0%	
13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion etc.).	2,607,524	668,793	26%	2
14	Services and applications for SMEs (e-commerce, education and training, networking, etc.).	399,869		0%	
16	Railways	1,239,524	2,503,357	202%	1
23	Regional/local roads	2,600,000	411,314	16%	1
24	Cycle tracks	841,010	5,280,899	628%	3
25	Urban transport	411,010		0%	
26	Multimodal transport	1,071,010	521,013	49%	1
28	Intelligent transport systems	1,084,404	749,994	69%	1
29	Airports	155,505		0%	

30	Ports	248,808		0%	
31	Inland waterways (<i>regional and local</i>)	548,808		0%	
40	Renewable energy: solar	222,150		0%	
41	Renewable energy: biomass	2,722,150	1,274,498	47%	2
43	Energy efficiency, co-generation, energy management	1,714,299		0%	
44	Management of household and industrial waste	1,094,299	890,424	81%	2
45	Management and distribution of water (drinking water)	222,150	743,583	335%	1
46	Water treatment (<i>waste water</i>)	222,150		0%	
48	Integrated prevention and pollution control	522,150		0%	
49	Mitigation and adaptation to climate change	1,450,000		0%	
51	Promotion of biodiversity and nature protection (including Natura 2000)	2,889,869	2,177,519	75%	3
53	Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)	997,150	928,277	93%	2
54	Other measures to preserve the environment and prevent risks	325,000	678,829	209%	2
55	Promotion of natural assets	553,277		0%	
56	Protection and development of natural heritage	1,893,029	1,555,538	82%	3
57	Other assistance to improve tourist services	1,453,277	722,945	50%	1
58	Protection and preservation of the cultural heritage	495,518	1,715,180	346%	3
59	Development of cultural infrastructure	694,312	1,848,376	266%	3
60	Other assistance to improve cultural services	698,795		0%	
61	Integrated projects for urban and rural regeneration.	1,144,299	837,708	73%	2
62	Development of lifelong learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation.	568,703		0%	
63	Design and dissemination of innovative and more productive ways of organising work.	200,000		0%	
64	Development of specific services for employment, training and support in connection with	624,352		0%	

	restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills.				
65	Modernisation and strengthening labour market institutions.	1,138,703	1,223,000	107%	2
69	Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market, and reconcile work and private life, such as facilitating access to childcare and care for dependent persons.	534,352		0%	
70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration.	366,580		0%	
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity in the workplace.	277,720	380,978	137%	1
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel.	230,000	1,327,949	577%	1
73	Measures to increase participation in education and training throughout the lifecycle, including through action to achieve a reduction in early school leaving and gender-based segregation of subjects.	1,243,703	576,071	46%	1
74	Developing human potential in the field of research and innovation, in particular through postgraduate studies and training of researchers, and networking activities between universities, research centres and businesses.	1,118,702	1,261,935	113%	2

CODE	THEMATIC FIELDS	OP ALLOCATION	APPROVED EXPENDITURE 22/02/2012	% ACHIEVED 22/12/2012	NUMBER OF PROJECTS
80	Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders.	1,743,599	2,614,554	150%	4
81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local levels, capacity-building in the delivery of policies and programmes.	3,803,369	2,620,402	69%	3
85	Preparation, implementation, monitoring and inspection.	3,594,381	2,019,816	56%	8
	Share of Lisbon	19,857,588	14,974,192	75%	23

ANNEX V – LIST OF CASE STUDY INTERVIEWEES

MEMBER STATE	CASES STUDY THEMATIC FIELD	RELEVANT OPERATIONAL PROGRAMMES	NAME OF PROJECT EXAMPLES OR GROUPS OF PROJECT	INTERVIEW PARTNER NAME AND INSTITUTION
Sweden	An Agenda for New Skills and Jobs	ESF OP Sweden		Cecilia Eng Jakobsson, National coordinator ESF Sweden
Sweden	An Agenda for New Skills and Jobs	ESF OP Sweden		Nardin Crisbi, ESF Sweden
Sweden	An Agenda for New Skills and Jobs	ESF OP Sweden	A&O - Workplace learning and adjustment to changes at the labour market	Karolina Parding, A&O, Luleå University of Technology
Ireland	Platform Against Poverty	Human Capital Investment OP		Catherine Ryan, ESF Unit, Department of Education and Skills
Ireland	Platform Against Poverty	Human Capital Investment OP		Willie McIntosh, ESF Unit, Department of Education and Skills
Ireland	Platform Against Poverty		Poverty Impact Assessment	David Logan, Social Inclusion Division, Department of Social Protection
Ireland	Platform Against Poverty	Human Capital Investment OP	Equal at work	Philip O'Connor, Dublin Employment Pact
Poland	Innovative Union	Regional Operational Programmes (ERDF)		Ewa Wnukowska, Director of Coordination and Implementation of Regional Programmes Department Ministry of Regional Development
Poland	Innovative Union	Innovative Economy OP (ERDF)		Krzysztof Maszewski, Unit of Information and Promotion, Department for the management of the Innovative Economy OP
Poland	Innovative Economy	Innovative Economy OP (ERDF)		Agnieszka Palenik, Department for the management of the Innovative Economy OP
Slovakia-Austria	An Industrial Policy for the Globalised Era	Cross-Border OP Slovakia-Austria 2007-2013		Martin Hutter, Managing Authority, City of Vienna

Slovakia-Austria	An Industrial Policy for the Globalised Era	Cross-Border OP Slovakia-Austria 2007-2013		Bernhard Schausberger, Joint Technical Secretariat of the OP
Slovakia-Austria	An Industrial Policy for the Globalised Era	Cross-Border OP Slovakia-Austria 2007-2013		Francois-Edouard Pailleron, Regional Body Lower Austria, Land Lower Austria
Slovakia-Austria	An Industrial Policy for the Globalised Era	Cross-Border OP Slovakia-Austria 2007-2013	DUO**STARS	Dr Christian Helmenstein, Head of Unit, Economic policy and Economics, The Federation of Austrian Industries (Industriellenvereinigung IV)

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