

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

**POLICY DEPARTMENT**  
STRUCTURAL AND COHESION POLICIES **B**



Agriculture and Rural Development



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**RESEARCH FOR REGI COMMITTEE -  
MAXIMISATION OF SYNERGIES  
BETWEEN EUROPEAN STRUCTURAL  
AND INVESTMENT FUNDS AND  
OTHER EU INSTRUMENTS TO  
ATTAIN EUROPE 2020 GOALS**

STUDY







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

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**STUDY**

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## **AUTHORS**

Martin Ferry, Stefan Kah, John Bachtler

Case studies: Stefan Kah (AT - RIS3); Irene McMaster (CZ - Horizon 2020); Viktoriya Dozhdeva (ES - COSME); Timothée Lehuraux (FR - EFSI); Martin Ferry (PL - CEF); Cristian Surubarú (RO - EIP-AGRI); Philip Vernon (UK Wales - Horizon 2020)

## **RESPONSIBLE ADMINISTRATOR**

Jacques Lecarte  
Policy Department Structural and Cohesion Policies  
European Parliament  
B-1047 Brussels  
E-mail: [poldep-cohesion@europarl.europa.eu](mailto:poldep-cohesion@europarl.europa.eu)

## **EDITORIAL ASSISTANCE**

Virginija Kelmelytė

## **LINGUISTIC VERSIONS**

Original: EN

## **ABOUT THE EDITOR**

To contact the Policy Department or to subscribe to its monthly newsletter please write to: [poldep-cohesion@europarl.europa.eu](mailto:poldep-cohesion@europarl.europa.eu)

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**Abstract**

This study provides a comprehensive and systematic analysis of the existing scope for synergies between ESIF and other EU instruments contributing to Europe 2020 goals. It identifies different arenas for the pursuit of synergies (regulatory settings, governance arrangements, strategic frameworks and implementation approaches), noting achievement thus far, and, looking towards 2020, assessing the potential for maximising synergies.



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## LIST OF ABBREVIATIONS

<b>CEF</b>	Connecting Europe Facility
<b>CF</b>	Cohesion Fund
<b>CIP</b>	Competitiveness and Innovation Programme
<b>CLLD</b>	Community-led Local Development
<b>COSME</b>	Competitiveness of Enterprises and Small and Medium-sized Enterprises
<b>CP</b>	Cohesion Policy
<b>CPR</b>	Common Provisions Regulation
<b>CSF</b>	Common Strategic Framework
<b>CSG</b>	Community Strategic Guidelines
<b>CSJU</b>	Clean Sky Joint Undertaking
<b>CSR(s)</b>	Country-specific Recommendation(s)
<b>DG AGRI</b>	Directorate-General for Agriculture and Rural Development
<b>DG ECFIN</b>	Directorate-General for Economic and Financial Affairs
<b>DG EMPL</b>	Directorate-General for Employment, Social Affairs and Inclusion
<b>DG ENTR</b>	Directorate-General Enterprise and Industry
<b>DG GROW</b>	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
<b>DG MARE</b>	Directorate-General for Maritime Affairs and Fisheries
<b>DG MOVE</b>	Directorate-General for Mobility and Transport
<b>DG REGIO</b>	Directorate-General for Regional and Urban Policy
<b>DG RTD</b>	Directorate-General for Research and Innovation
<b>EASME</b>	Executive Agency for SMEs Enterprises
<b>EC</b>	European Commission
<b>ECA</b>	European Court of Auditors
<b>EaSI</b>	Employment and Social Innovation Programme
<b>EFSI</b>	European Fund for Strategic Investments
<b>EIB</b>	European Investment Bank
<b>EIF</b>	European Investment Fund
<b>EIP-AGRI</b>	European Innovation Partnership for Agricultural Productivity and

## Sustainability

- EIT** European Institute of Innovation and Technology
- ERC-EA** European Research Council - Executive Agency
- ERDF** European Regional Development Fund
- EP** European Parliament
- ERA** European Research Area
- ESIF** European Structural and Investment Funds
- ESF** European Social Fund
- ESFRI** European Strategic Forum on Research Infrastructures
- ETC** European Territorial Cooperation
- FI(s)** Financial instrument(s)
- FP7** 7th Framework Programme
- INEA** The Innovation and Networks Executive Agency
- IPA** Instrument for Pre-accession Assistance
- ITI(s)** Integrated Territorial Investment(s)
- JRC-IPTS** Joint Research Centre - The Institute for Prospective Technological Studies
- KICs** Knowledge and Innovation Communities
- MFF** Multiannual Financial Framework
- NSRF** National Strategic Reference Framework
- OG(s)** Operational Group(s)
- OP(s)** Operational Programme(s)
- PA(s)** Partnership Agreement(s)
- RIS3** Research and Innovation Strategies for Smart Specialisation
- SF** Structural Funds
- SME(s)** Small and medium enterprise(s)
- SMEI** SME Initiative
- TEN-T** Trans-European Transport Networks
- TO(s)** Thematic Objective(s)

## EXECUTIVE SUMMARY

This study provides a comprehensive and systematic analysis of the existing scope for synergies between ESIF and other EU instruments contributing to Europe 2020 goals. It identifies different arenas for the pursuit of synergies (regulatory settings, governance arrangements, strategic frameworks and implementation approaches), noting achievements to date, and, looking towards 2020, assessing the potential for maximising synergies. This analysis is based on a review of academic and evaluation evidence from the 2007-13 period, recent research, legislation, EC and Member State policy papers and guidance for the 2014-20 period as well as evidence from EU, national and sub-national stakeholders on the degree of change in approaches to synergistic working and the associated benefits and challenges.

### **Analytical framework**

This study concentrates on four directly-managed EU funding instruments and two EU-driven strategic frameworks or structures: Horizon 2020, Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), Connecting Europe Facility (CEF), European Fund for Strategic Investments (EFSI), Research and Innovation Strategies for Smart Specialisations (RIS3) and the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI). It is based on desk research and interviews in the EC and selected Member States (Austria, Czech Republic, France, Germany, Poland, Spain and United Kingdom).

### **Evolution of synergies 2007-13**

In 2007-13, the dominant approach to pursuing synergies stressed the delineation of policy fields and management and implementation structures, the demarcation of tasks and responsibilities to avoid costly administrative overlaps, duplication or 'double financing'. The impulse to achieve synergies was more evident under some policy headings than others. For instance, the need to establish more coherent EU support for RTDI was reflected in varied initiatives. It was more straightforward to pursue synergies in CP-funded programmes with a limited number of objectives and priorities that targeted a tightly defined group of beneficiaries, where there was administrative capacity and experience of dealing with EU funds among public authorities and stakeholders.

However, the regulatory framework remained a significant barrier to synergistic working: the operation of separate and sometimes contradictory regulatory regimes for different Funds and instruments created complexity and uncertainty for authorities and beneficiaries. Also, fragmentation in implementation arrangements was a persistent barrier to synergies, both horizontal and vertical at the level of DGs, Member State authorities and sub-national actors.

Increasing synergies were evident in the establishment of overarching strategic frameworks onto which synergies could be mapped, most prominently under the Lisbon and Europe 2020 agendas. However, there were still significant gaps and inconsistencies, often stemming from differences between sectoral and territorial objectives.

Examples of concrete synergies between CP and other EU instruments 'on the ground' were quite rare. Evaluations identified some important examples (notably under ERDF and FP7), but these were often a result of ad hoc initiatives, responding to 'bottom up' impulses forwarded by engaged individuals and groups rather than the outcome of systemic approaches to synergistic working.

## **The pursuit of synergies in 2014-20**

Regulatory reforms introduced for 2014-20 have encouraged greater synergies (e.g. increased scope cumulating grants or pooling funding from different EU instruments or the potential to align cost models) but substantial challenges remain: separate regulations for Funds and instruments, complexities relating to State aid etc.

Changes in governance arrangements to pursue synergies have been limited and most have been triggered by new or changed regulatory requirements. Various initiatives are underway at EU and Member State levels (working groups, networks, fora and other 'soft' governance models), but the shared management model of ESIF remains complex and other EU-funded instruments are internally compartmentalised according to specific themes or activities.

The strengthened strategic alignment of ESIF with other EU-funded instruments under the Europe 2020 strategy is one of the key advances for the pursuit of synergies in 2014-20. However, there are weaknesses in strategic frameworks that could impede synergistic working in practice. The potential for operational synergies to develop exists and it is possible to identify emerging initiatives, but these represent good rather than common practice.

The pursuit of synergies between ESIF and other EU instruments varies across policy areas. Generally, it is clear from the research that much of the activity in increasing the scope for synergistic working in the 2014-20 period has focused on research and innovation.

Different aspects of implementation approaches are important in the pursuit of synergies: familiarity with different instruments and Funds among implementers; the availability of up-to-date information on the progress of different instruments; the use of flexible, ad hoc contact between actors; the value of formal 'linking' structures; synchronicity in design and implementation; awareness raising among beneficiaries; the role of capacity-building for synergistic working among implementers and beneficiaries.

## **Conclusions and recommendations**

The study identifies a shift from focusing on the demarcation of Funds and instruments to avoid overlaps and duplication towards a push for more synergistic working in the design and implementation of initiatives under specific themes and objectives. However, this process is not uniform: there is strong variation in the scope and extent of synergistic working at different stages in the policy process, in different thematic fields and in different territories. Key conclusions and recommendations are summarised in the following table:

Conclusions	Recommendations
<b>Regulatory context</b>	
<p>Regulatory reforms introduced for 2014-20 have addressed the issue of synergies but substantial challenges remain (e.g. in the areas of financial regulations and State aid rules).</p>	<p>Harmonising regulations governing the involvement of State aid in different instruments. Harmonising regulations concerned with the exchange of information / reporting requirements for different instruments. Strengthening regulations that facilitate joint funding operations. In the financial regulation, this should emphasise common rules and definitions to enhance interactions between instruments.</p>
<b>Governance</b>	
<p>Governance arrangements to pursue synergies, changes have been somewhat limited. EU-level initiatives, including the S3 Platform have been established and Member State networks are in operation but compartmentalised or 'silo' based implementation approaches remain evident at DG and Member State levels.</p>	<p>Strengthened coordination among DGs in the pursuit of synergies. 'Soft governance' options should be explored further.</p>
<b>Strategic frameworks</b>	
<p>The strengthened strategic alignment of ESIF with other EU-funded instruments under the Europe 2020 strategy is one of the key advances for the pursuit of synergies in 2014-20, reflected in references to synergies in ESIF PAs and OPs and in the use of the strategic programming process to identify and pursue synergies.</p>	<p>More consistency is needed in the description of synergies in strategic documents. Programmes should include a clear account of how synergies will be pursued.</p>
<b>Implementation</b>	
<p>Implementation approaches 'on the ground' have an influence on the degree to which synergies might be achieved. These include: familiarity with different instruments and funds among implementers; the availability of up-to-date information on the progress of different instruments; and ad hoc contact between actors. The strength of formal 'linking' structures, synchronicity in implementation, and capacity-building are also important.</p>	<p>The potential of developing joint work programmes or joint calls between ESIF and other EU-funded instrument should be considered.</p>



## 1. INTRODUCTION

The aim of this study is to assess the scope for realising synergies between European Structural and Investment Funds (ESIF) and other EU instruments in contributing to Europe 2020 goals. One of the fundamental objectives of the 2013 reform of cohesion policy (CP) is to increase the strategic coherence of EU funding, partly by exploiting synergies among the ESIF and other EU funding instruments. The pursuit of synergies is increasingly prominent in public policy, particularly in complex policy fields where a range of objectives, instruments and stakeholders is involved. Besides ESIF and other EU-funded instruments the pursuit of synergies is increasingly a priority in international development aid, for instance. Given this, definitional clarity is important to understanding what synergies can achieve, how they can be realised, and what the challenges are. In this respect, it is useful to compare 'synergy' with other related terms (see Table 1):<sup>1</sup>

- **'Synergies'** can be defined as the difference between the total effect of the action of a set of cooperating objects, and the sum of the individual effects these objects would have if they operated separately. The term has two components: an interactive process between initiatives, programmes or projects; and, a combined effect of this relationship exceeding the sum of the individual effects (i.e.  $1+1>2$ ).
- **'Complementarity'** is distinct from synergy in that it does not require interaction between the two entities or processes, nor does it require the outcome of this interaction to be greater than the value of their individual effects. Complementarity assumes distinct operations or spheres of responsibility, non-contradiction of outcomes, and also a common goal to which all efforts are directed. In mathematical terms, complementarity can be represented as:  $1+1=2$ .
- **'Coordination'** is a mechanism or process by which information is shared about different policy resources, goals, processes and timelines so that efforts should not undermine or duplicate each other. Under EU-funded instruments, it can occur across or between EU, Member State or sub-national levels.
- **'Coherence'** is concerned with the quality of being logically integrated and consistent.<sup>2</sup> As such, it implies clear goals, and consistency in applying multiple policy or programme efforts towards achieving that goal in a non-contradictory way. This does not automatically equate with interaction between entities or processes but only requires that outcomes do not undermine efforts from other spheres.

**Table 1: Synergy and related terms**

Term	Summary definition
Synergy	The interaction of two or more agents, resources or activities such that the product is worth greater than the sum of the component parts ( $1+1>2$ ).
Complementarity	Activities or policy efforts that build on the strengths and account for the limitations in each other ( $1+1=2$ ).
Coordination	A process by which donors share information about or identify their respective resources, goals, processes and timelines to each other in order to reduce duplication and increase complementarity.
Coherence	Where two or more distinct policies or programmes are logically consistent and do not counteract each other.

**Source:** Based on Graves *et al.* (2008) *op. cit.*

The literature has distinguished between different types of synergy:

<sup>1</sup> Graves S, Wheeler V, Foresti M, Burall S and Highton N (2008) *Synergies between Bilateral and Multilateral Activities*, report for Evaluation Department, Ministry of Foreign Affairs/Danida, Denmark, 2008/2, [http://um.dk/en/danida-en/results/eval/Eval\\_reports/evaluation-studies/publicationdisplaypage/?publicationID=685C5796-030A-4105-A370-62899E53AD03](http://um.dk/en/danida-en/results/eval/Eval_reports/evaluation-studies/publicationdisplaypage/?publicationID=685C5796-030A-4105-A370-62899E53AD03)

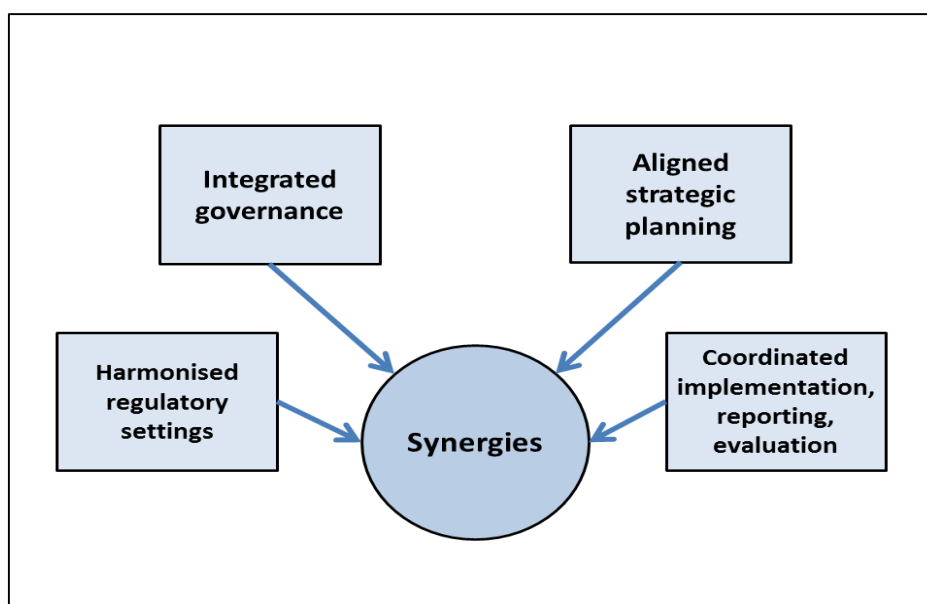
<sup>2</sup> Picciotto R (2005) 'The Evaluation of Policy Coherence for Development', *Evaluation*, 11(3): 311-30.

- **Organisational synergy** can occur where two different organisations employ their assets and skills to influence each other in order to produce stronger institutional effects.
- **Policy synergy** can occur where two organisations articulate their policy positions and implement their influencing strategies in an interactive way.
- **Operational synergy** can occur when separate programmes, projects or initiatives interact in order to achieve greater effect than their individual actions would achieve. This is distinct from the pooling of finances to fund one programme.<sup>3</sup>

Assessments of the pursuit of policy synergies have developed an analytical approach related to the policy cycle, identifying different arenas or stages where synergies can occur, from 'high level' regulatory or strategic planning to implementation 'on the ground'.<sup>4</sup>

Recognition of the need to reinforce synergies between EU Structural Funds (SF) and other EU policies was emphasised in the context of the Lisbon agenda at the beginning of the 2000s, particularly in the field of innovation policy.<sup>5</sup> Subsequent Cohesion Reports reiterated that synergies between CP, Horizon 2020 and other EU programmes were 'critical'.<sup>6</sup> For ESIF, the findings of research, as well as practitioner experience, has gradually accumulated, highlighting efforts to pursue synergies with other EU-funded instruments in different phases of the policy process (see Figure 1):

**Figure 1: Pursuing policy synergies**



- **Harmonised regulatory settings.** A fundamental issue to be addressed in the strengthening of synergies is the regulatory context. EU budgetary instruments are institutionalised in diverse regulatory frameworks. This creates divisions between funding streams (e.g. in terms of different strategic goals, time-frames,

<sup>3</sup> Graves *et al.* (2008) *op. cit.*

<sup>4</sup> OECD (2009) *Building Blocks for Policy Coherence for Development*, OECD, Paris, <http://www.oecd.org/pcd/44704030.pdf>

<sup>5</sup> European Commission (2003) *Innovation policy: updating the Union's approach in the context of the Lisbon strategy*, Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, COM(2003)112 final, Brussels, 11 March 2003.

<sup>6</sup> European Commission (2014a) *Investment for Jobs and Growth – Promoting Development and Good Governance in EU Regions and Cities: Sixth Report on Economic, Social and Territorial Cohesion*. Publications Office, Brussels, p. xvi.



implementation procedures and eligibility rules). Divisions between EU budgetary instruments, for example, are institutionalised via the EU Financial Regulation which has different financial management rules for Funds under shared versus centralised or joint management, as well as in the different regulations and guidelines agreed for each funding stream. Regulatory factors have long been recognised as a constraint to the pursuit of synergies. Compliance with regulations is a fundamental priority for EU policy administrators. Indeed, research has indicated that implementation 'is first and foremost strongly guided by criteria of good management rather than the pursuit of complementarities'.<sup>7</sup>

- **Integrated governance.** Even if coordination and communication mechanisms are set up to facilitate a more integrated approach to policy-making, in complex policy fields such as ESIF and other EU-funded instruments, governance challenges remain. Institutional divides are also inherently political, with different sectoral interest groups claiming ownership over certain budgetary instruments, and governmental organisations at different geographical levels perceiving an interest in maintaining certain funding streams, laws/rules/procedures, and relationships with recipients. Within the EU, institutional frameworks may also reflect tensions among the Member States (MS) and EU institutions on the appropriate role and scale of EU funding for certain themes and sectors.
- **Aligned strategic planning.** Setting and prioritising objectives, involves specifying the aims of the policies and determining which objectives take priority in the event of incompatibility. In this context, a key aim of the legislative proposals for the 2014-20 Multiannual Financial Framework (MFF) was the establishment of a more integrated strategic approach across EU Funds and policies to counter the 'existing fragmented approach', identifying complementarities as well as orientations on the articulation of SF with other EU policies such as Horizon 2020, the Connecting Europe Facility, COSME etc.<sup>8</sup>
- **Coordinated implementation.** Synergies rely on policies being implemented in an integrated way. Studies have highlighted different approaches to this, including the alignment or 'phasing' of funding for projects under different instruments, the participation of representatives of other instruments in project appraisal or selection processes, the incorporation of the aims of other instruments in programme priorities or project selection criteria or joint monitoring and feedback about the impact of different instruments etc. At the same time, research has highlighted the implementation challenges involved: administrative costs, lack of transparency or accountability, the need to raise awareness among potential beneficiaries etc.<sup>9</sup>

**Concerning the 2014-20 MFF, the push for strengthened synergies is particularly relevant to ESIF due to the increasing emphasis on their contribution, alongside other instruments, to Europe 2020 development goals.** CP reforms for the period have aligned the policy with EU objectives for growth and jobs through various regulatory provisions to ensure linkages with the Europe 2020 strategy and its precursor strategy, the Lisbon agenda. Thus, ESI Funds are broad both in terms of their scope and thematic priorities, and there is overlap with the objectives of other EU funding instruments. The

<sup>7</sup> EDATER and SEGESA (2010) *Analyse de la contribution des Programmes Opérationnels régionaux 2007-2013 au développement des territoires ruraux*, Rapport final, p. 59.

<sup>8</sup> Mendez C, Bachtler J and Wishlade F (2012) *Cohesion Policy after 2013: A Critical Assessment of the Legislative Proposals*, Report to European Parliament Committee on Regional Development, DG for Internal Policies, Policy Department B: Structural and Cohesion Policies, European Parliament, Brussels.

<sup>9</sup> Davies S (2011) 'Interactions between EU Funds: Coordination and Competition', *IQ-Net Thematic Paper 28(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

Europe 2020 jobs and growth strategy is being implemented by several instruments (Horizon 2020, the COSME programme, RIS3, EaSI etc.) and, for the sake of efficient implementation and maximum impact the potential for ESIF to contribute in synergy with these must be fully realised.<sup>10</sup> New opportunities for synergistic working exist, and advances can be identified, notably in the more explicit treatment of synergy potentials in ESIF Partnership Agreements (PAs) and Operational Programmes (OPs). Nevertheless, it is unclear to what extent the reforms to the ESIF and other European funding instruments have been taken up in practice to improve synergies. There is strong variation between ESIF and other EU instruments in terms of investment priorities, the regulatory and strategic framework, thematic and geographic targeting, management systems, forms of assistance and implementation procedures (see Annex II). ESIF is tasked with contributing to the delivery of Europe 2020 while retaining sufficient scope for Member States or regions to specify their own objectives. The mid-term review of the Europe 2020 Strategy and the mid-term review of OPs in 2016 will provide an opportunity to strengthen CP and synergies with other instruments. Moreover, the need for intensification of synergies is already part of the debate on the future of CP after 2020. A discussion paper drafted under the Netherlands Presidency of the European Council in 2016 noted that increasing activity geared towards synergies but argued that it is now vital to take stock of where we stand with regard to the actions that are necessary to ensure synergy, to see if best practices can be identified and to discuss where and how additional efforts can be made.<sup>11</sup>

Against this background, the following study provides a comprehensive and systematic analysis and assessment of the potentials for the maximisation of synergies between ESIF and other EU instruments in contributing to the achievement of Europe 2020 goals. The study is structured in four further parts:

- Section 2 sets out the analytical framework for the study, describing the research context, introducing the EU-funded instruments and explaining the comparative methodology applied in the research.
- Section 3 reviews the evolution of synergies in the 2007-13 period. Based largely on evaluation and academic evidence it assesses the pursuit of synergies under four headings related to the policy environment (regulatory framework, governance arrangements, strategic planning and implementation), identifying the changing conditions for synergistic working and the accompanying benefits and challenges.
- Section 4 applies the same framework for analysis of the pursuit of synergies in the 2014-20 period, based on recent research, legislation, European Commission (EC) and Member State policy papers and guidance for the 2014-20 period as well as interview evidence from EU and Member State stakeholders on the degree of change in approaches to synergistic working and the associated benefits and challenges.
- Section 5 presents the key conclusions arising from the research and recommendations concerning the pursuit of synergies in the remainder of the 2014-20 period and beyond.

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<sup>10</sup> Regulation 1303/2013 laying down common provisions of the ERDF, ESF, Cohesion Fund, EAFRD and EMFF; Regulation 1299/2013 on specific provisions for the support from the ERDF; Regulation 1300/2013 on the Cohesion Fund; Regulation 1304/2013 on the ESF and Regulation 1302/2013 on a European grouping of territorial cooperation (EGTC).

<sup>11</sup> Netherlands Presidency paper, *Fostering Synergies between ESI Funds and Horizon2020* for the meeting of Directors-General responsible for Cohesion Policy on 13 May 2016 in Amsterdam.

## 2. ANALYTICAL FRAMEWORK

### 2.1. Research context: EU funding instruments and relationships with ESIF

The Europe 2020 strategy is being implemented by several instruments that have the potential for synergies with ESIF under different thematic headings. This study concentrates on four directly-managed EU funding instruments and two EU-driven strategic frameworks or structures: Horizon 2020, Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), Connecting Europe Facility (CEF), European Fund for Strategic Investments (EFSI), Research and Innovation Strategies for Smart Specialisation (RIS3) and the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI) (see Table 2). The key features of these are presented below and in a more detailed comparative table in Annex II.

**Table 2: Directly-managed EU instruments and strategic frameworks**

EU instrument / strategic framework	Objective	Responsible body	Budget
<b>Horizon 2020</b>	Implementing the Innovation Union Flagship initiative through support for research and innovation	DG RTD	c. €70 billion
<b>COSME</b>	Improving the business environment and competitiveness of enterprises, particularly SMEs	DG GROW	€2.3 billion
<b>CEF</b>	Supporting trans-European networks and infrastructures in the sectors of transport, telecommunications and energy	DG MOVE	€29.2 billion
<b>EFSI</b>	Boosting long-term economic growth and competitiveness	EIB	€21 billion
<b>RIS3</b>	Efficient use of ESIF funding in entrepreneurial discovery process	JRC-IPTS	-
<b>EIP-AGRI</b>	Linking research knowledge and practitioners in agriculture and rural development	DG AGRI	Average 1.8% of EAFRD OPs

#### Horizon 2020

Horizon 2020, the successor to the 7th Framework Programme (FP7), is the EU's largest ever Research and Innovation programme with nearly €80 billion of funding available in 2014-20. It is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness through support for research and innovation. ESIF Thematic Objectives (TOs) are aligned with the thematic areas of Horizon 2020: excellent science; industrial leadership; and societal challenges. Various types of potential synergies have been identified between Horizon 2020 and ESIF: providing funding from alternative sources for positively evaluated FP7/Horizon 2020 proposals but not funded due to insufficient call budgets; funding actions that build research and innovation capacities of actors aimed at participating in Horizon 2020 (sequential - upstream); funding actions that capitalise on already implemented FP7/Horizon 2020 research and innovation actions aimed at market up-take (sequential - downstream); combining funding from the FP7/Horizon 2020 and ESIF (and/or from other sources) for coordinated parallel actions that complement each

other; and, bringing together funding from Horizon 2020 and the ESIF in an integrated research and innovation project that could be a single action or a group of inter-dependent actions or operations.<sup>12</sup>

### **COSME**

COSME, with a total allocation of €2.5 billion for the period 2014-20, aims to strengthen the competitiveness and sustainability of the Union's enterprises and encourage an entrepreneurial culture.<sup>13</sup> It is the successor to the Competitiveness and Innovation Framework Programme (CIP) and is directly related to ESIF efforts to enhance the competitiveness of SMEs and entrepreneurship under TO 3. SMEs that are ESIF beneficiaries are alerted to opportunities for support provided by COSME, including financial instruments (FIs).<sup>14</sup> There is scope for synergies through the COSME co-funded Enterprise Europe Network (EEN), which provides business and innovation support services customised to the needs of SMEs in a territory, focusing on place-based support with 'informal pre-allocation of funds to Member State/regions' taking part.<sup>15</sup> The Reference Guide on FIs for 2014-20<sup>16</sup> also stresses that 'synergies and complementarity should be sought'. FIs launched through ESIF should take account of and work together when justified with other EU instruments that use FIs. Moreover, the development of Smart Specialisation Strategies requires a so-called 'entrepreneurial discovery process', which might involve collaborative work between different authorities involved in designing SME and industry policy and R&I policies (including, e.g. Horizon 2020 actors and COSME-supported entities).<sup>17</sup> Furthermore, there are synergies between COSME and CP instruments in the SME Initiative. As a joint instrument, blending EU funds available under COSME, Horizon 2020 and ESIF, the SME Initiative utilises synergies between existing SME support programmes at national and EU levels and allows managing authorities to contribute ERDF and EAFRD resources to EU-level FIs. Its legal framework is based on a combination of the existing COSME and Horizon 2020 legal acts, the Financial Regulation and the Common Provisions Regulation (CPR).<sup>18</sup>

### **CEF**

The CEF is the funding instrument for the trans-European networks, rolling-out joined-up trans-European networks in the fields of transport, energy, and telecom (broadband & digital services). Investments into e-government solutions under ERDF investment priority 2.c or ESF investments in TO 11 (institutional capacity and efficiency of public administrations) can gain in quality and efficiency if they are designed to be interoperable with the solutions in other EU countries or at EU level through alignment with the CEF digital services platforms. The CPR notes the CEF role in accelerating development of infrastructure across the EU, and states that ERDF and Cohesion Fund (CF) interventions should be planned in close cooperation with the support provided from the CEF, to ensure complementarity and optimal linkage of different types of infrastructure at different spatial levels. In the context of smart specialisation strategies, the commitment to the Digital Agenda for Europe can also be

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<sup>12</sup> European Commission (2014b) *Enabling synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programmes*, Commission Staff Working Document.

<sup>13</sup> Borbás L (2013) 'Access to Finance as Main Challenge for European SMEs. Can COSME Help between 2014-2020?', *MEB 2013-11th International Conference on Management, Enterprise and Benchmarking*, 31 May-1 June, 2013, Budapest.

<sup>14</sup> European Commission (2014c) *Guidance for beneficiaries of European Structural and Investment Funds and related EU instruments*, Brussels.

<sup>15</sup> *Ibid.*

<sup>16</sup> European Commission (2014d) *Financial instruments in ESIF programmes 2014-2020; A short reference guide for Managing Authorities*, Ares(2014) 2195942, Brussels.

<sup>17</sup> European Union (2012) *Guide to Research and Innovation Strategies for Smart Specialisations (RIS 3)*, Brussels.

<sup>18</sup> Schneidewind P, Radzyner A, Hahn M, Gaspari E, Michie R and Wislade F (2013) *Financial Engineering Instruments in Cohesion Policy*, Report to the European Parliament's Committee on Regional Development.

supported by integrating ESIF with the CEF alongside Horizon 2020.<sup>19</sup> As of 2014, the CF supports transport infrastructure projects under the CEF,<sup>20</sup> focusing on infrastructure connecting transport systems in different Member States, and €10 billion is allocated under the CF for actions in this field.<sup>21</sup> This is in line with the ambition to ensure synergies and complementarities between different kinds of interventions targeting transport infrastructure in various spatial contexts. The transferred funds are earmarked exclusively for transport infrastructure projects in the Member States eligible for the CF allocations, and projects thus supported can benefit from more favourable financial support conditions.

### **EFSI**

EFSI is an investment plan for Europe that aims to stimulate additional investment in the European economy to promote growth and job creation by mobilising at least €315 billion additional investment. It is intended to be complementary to ESIF and potentially covers all TOs, with the exception of TO 11 (institutional capacity and efficiency of public administrations).<sup>22</sup> The EFSI legal basis allows Member States to use ESIF programme resources (including resources programmed to be delivered through FIs) with a view to contributing to the financing of projects eligible for EFSI support. At the same time, the ESIF legal basis (CPR) allows under certain conditions that final recipients receiving support from FIs and operations supported by ESIF programmes may also receive assistance from other instruments supported by the Union budget.<sup>23</sup> EFSI and ESIF can, therefore, be deployed so as to be complementary to each other, avoiding duplication and competition. A combination of ESIF and EFSI is therefore in principle possible in cases where the respective applicable eligibility criteria are satisfied whilst bringing a demonstrable added value for a more effective and efficient use of both funding sources. This can be either at individual project level or at Fund level.<sup>24</sup>

### **RIS3 innovation strategies**

Smart specialisation is an 'integrated agenda for place-based economic transformation with an outward looking perspective, strengthening RTD innovation, with a focus of efforts on what a region/Member State is best in and the emergence of new competitive industries in new niches and value chains and with a structural longer term impact'.<sup>25</sup> The existence of a RIS3, i.e. a national or regional smart specialisation strategy in line with the National Reform Programme, is an ex-ante condition of ESIF support for the effective and efficient achievement for all investment priorities related to research, technological development and innovation. It is applicable across several TOs but focuses particularly on TOs 1-3.<sup>26</sup> The development of RIS3 is supported by the Smart Specialisation Platform managed by a team of the Joint Research Centre (JRC-IPTS). JRC-IPTS has been implementing with DG REGIO the 'Stairway to Excellence' pilot project based on complementarities with the S3 Platform, FP7 and Horizon 2020.<sup>27</sup>

<sup>19</sup> European Union (2012) *op. cit.*

<sup>20</sup> Regulation (EU) No. 1303/2013 (Art. 92(6)).

<sup>21</sup> For more information, see:

[http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU\\_5.1.3.html](http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_5.1.3.html)

<sup>22</sup> Mendez C and Bachtler J (2015) 'Permanent Revolution in Cohesion Policy: Restarting the Reform Debate', *EoRPA Paper* 15/4, Paper prepared for the 36th meeting of the EoRPA Regional Policy Research Consortium at Ross Priory, Loch Lomondside, 4-6 October 2015.

<sup>23</sup> CPR Art. 37(8)(9) and Art. 65(11).

<sup>24</sup> Expert Group on European Structural and Investment Funds (2015) *Brochure on ESIF/EFSI complementarities*.

<sup>25</sup> Reppel K (2016) 'Synergies among EU Policies and Programmes for Innovation and Competitiveness', presentation at EPP hearing *Synergies between the European Structural and Investment Funds, Horizon 2020 and other European Innovation Funds*, 13 January 2016.

<sup>26</sup> European Commission (2011) *New Practical Guide to EU Funding Opportunities for Research and Innovation: Competitive European Regions through Research and Innovation*.

<sup>27</sup> Perez S, Conte A and Harrap N (2014) 'Synergies between EU R&I Funding Programmes. Policy Suggestions from the Launching Event of the Stairway to Excellence Project', *S3 Policy Brief Series*, No. 12/2014.



## EIP-AGRI

EIP-AGRI<sup>28</sup> is not an EU-funded instrument as such, but rather an option in rural development programmes to devote funding to the development and management of so-called Operational Groups (OGs), which connect agriculture and rural development to research. It is a vehicle to combine EAFRD funding with other innovation-related funding, especially Horizon 2020. The relationship between the two policy areas works in two directions: Horizon 2020 'multi-actor projects may provide potential innovative material to rural development Operational Groups for further development and vice versa.'<sup>29</sup> EIP-AGRI is one of seven European Innovation Partnerships and stems from the Innovation Union, one of the seven flagship initiatives of Europe 2020. Its motto is 'Ideas put into practice with success', and it is different from the other EIPs insofar as it is able to draw on significant funding from EAFRD OPs. Launched in February 2012,<sup>30</sup> it makes use of a dedicated team in DG AGRI, the EIP-AGRI Service Point<sup>31</sup>, which is funded by EIP-AGRI. It organises training events and focus groups, manages a website etc. to animate innovation in agriculture. Its principle is 'interactive innovation', i.e. connecting R&D knowledge with practitioners and end-users such as farmers. The key elements of EIP-AGRI are so-called operational groups (OGs) (Art. 56 EAFRD regulation), which can be established on a voluntary basis in EAFRD programmes under the Measure 'Co-operation' (Art. 35). OGs are multi-actor projects funded under EAFRD, consisting of actors working together on concrete, practical solutions to a problem or innovative opportunity. In the Member States, national rural networks are animating the activities of OGs. A similar concept to operational groups was already in place in 2007-13, but these were much smaller and limited to the area of food. In 2014-20, OGs can cover a wide range of themes (see Art. 35(2) a) to k)). Member States and managing authorities organise the establishment of OGs differently. Usually, there are several calls planned over the course of the programme period. OGs have been included in 95 EAFRD OPs (of a total of 118) in the vast majority of Member States (all but Estonia and Luxembourg). The average funding allocation from RDPs is 1.8 per cent, going up to 13 per cent in Malta. The budget of individual OGs ranges from €30,000 to €1 million and funding dedicated to the establishment and running of OGs is significant, e.g. €123 million (EAFRD: €93 million) in Germany alone.<sup>32</sup>

Figure 2 shows the relationship between ESIF and the other EU instruments and frameworks discussed above. While ESIF are governed under the shared management model, the other four funding instruments<sup>33</sup> described are directly-managed by the EU-level. EFSI can interact with all ESIF while the CEF is closely related to the CF. COSME and Horizon 2020 can have relations to all ESIF, but have most potential connection to the ERDF, also jointly via the SME Initiative (see Section 4.3.2). The Seal of Excellence (Section 4.4.2) links Horizon 2020 and ESIF directly, as does RIS3, which in spite of its focus on Horizon 2020 can involve a wide range of EU-level and domestic funding sources.<sup>34</sup> Also, EIP-AGRI links Horizon 2020 to ESIF, but exclusively to the EAFRD. The type of funding varies and can be exclusively in the form of

<sup>28</sup> <http://ec.europa.eu/agriculture/eip>

<sup>29</sup> European Commission (2015) *EIP-AGRI Common format for interactive innovation projects*, 14 October 2015, [https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/eip\\_common\\_format\\_-\\_14\\_oct\\_2015.pdf](https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/eip_common_format_-_14_oct_2015.pdf)

<sup>30</sup> European Commission (2012) *Communication from the Commission to the European Parliament and the Council on the European Innovation Partnership 'Agricultural Productivity and Sustainability'*, COM(2012) 79 final, [https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/communication\\_on\\_eip\\_-\\_en.pdf](https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/communication_on_eip_-_en.pdf)

<sup>31</sup> <http://ec.europa.eu/eip/agriculture/en/content/eip-agri-service-point-how-can-we-help-you>;  
<https://ec.europa.eu/eip/agriculture/en/content/EIPAGRISP>

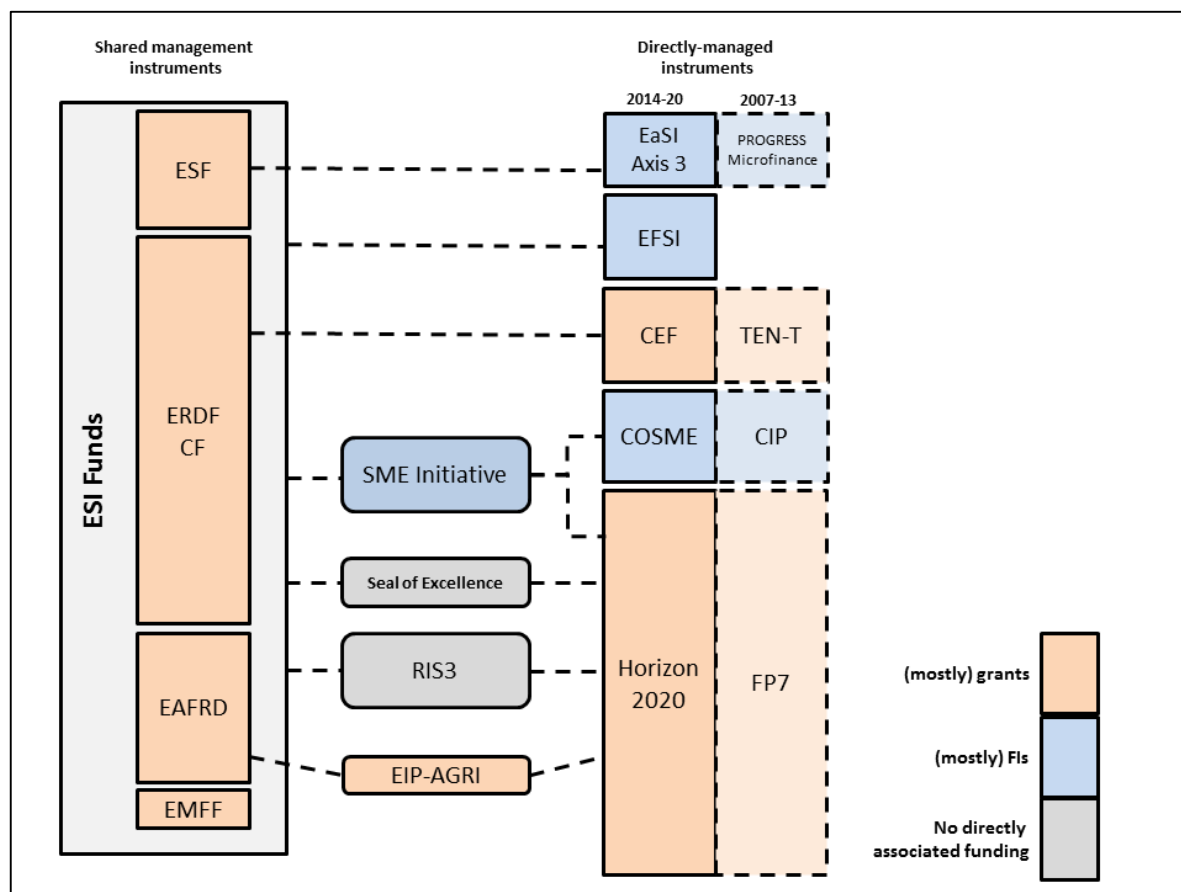
<sup>32</sup> Dietz S (2016) *Evaluierung der Europäischen Innovationspartnerschaft „AGRI“ – Konzept und Bewertungsansätze*, presentation at Zukunftsforum Ländliche Entwicklung, 20-21 January, Berlin.

<sup>33</sup> EaSI had initially been considered as a case study for this report, but has not been included due to the very early stage of implementation and the relatively small scale of funding attached to the initiative.

<sup>34</sup> The 'Seal of Excellence' scheme allows regions to recognise the quality label awarded to promising project proposals submitted under Horizon 2020, the EU's research and innovation programme and promote their access to different funding sources like the European Structural and Investment Funds (ESIF) and other national or regional investment programmes, <http://ec.europa.eu/research/regions/index.cfm>

grants (CEF) or predominantly (ESIF, Horizon 2020, EIP-AGRI), or mainly in the form of FIs (EFSI, COSME, SME Initiative).

**Figure 2: Relationships between ESIF and directly-managed EU instruments**



Looking at the thematic orientation of the ESIF and the other EU instruments, Table 3 shows where the thematic overlaps of these lie. These overlaps provide opportunities for potential synergies between the various funding sources.

**Table 3: Thematic orientation (TOs) of ESIF and other EU instruments**

EU instrument / strategic framework	TO 1	TO 2	TO 3	TO 4	TO 5	TO 6	TO 7	TO 8	TO 9	TO 10	TO 11
ERDF	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ESF				✓	✓	✓	✓	✓	✓	✓	✓
CF				✓	✓	✓	✓	✓	✓	✓	✓
EAFRD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
EMFF			✓	✓	✓	✓	✓	✓	✓	✓	
Horizon 2020	✓	✓	✓	✓	✓	✓	✓			✓	✓
COSME			✓	✓							
CEF		✓		✓			✓				✓
EFSI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RIS3	✓	✓	✓	✓	✓	✓	✓	✓			
EIP-AGRI	✓			✓	✓						

**Note:** TOs are 1. RTDI; 2. ICT; 3. SME competitiveness; 4. Low-carbon economy; 5. Climate change; 6. Sustainable resources; 7. Sustainable transport; 8. Employment & labour mobility; 9. Skills, education, learning; 10. Poverty and inclusion; 11. Institutional capacity.

## 2.2. Methodology

A comparative case study methodology was employed for this study, based on desk research as well as interviews undertaken over the period February-April 2016. The **desk research** made use of existing sources of literature, legal texts, programme documents, academic research, evaluations, studies, websites and any other relevant sources from EU institutions, Member States authorities or think tanks for each of the key instruments identified. For ESIF, the PAs and OPs, and their associated evaluations were useful sources of information.

**Interview research** provided a complementary and vital source of evidence. A programme of interviews was undertaken, covering key decision-makers and stakeholders involved at EU, national and sub-national levels in the design, management and implementation of the key instruments identified. The interviews explored the pursuit of synergies through strategic and regulatory provisions, programming processes and delivery systems and also governance and the practical experience of synergies 'on the ground'.

### *Stage I: Review and scoping*

Stage I provided a concise but comprehensive overview of the 'state of play' in terms of synergies between ESIF and other instruments across the EU. This included **a systematic review of the key regulatory provisions relating to the achievement of synergies**, looking at legislative documents (regulations, implementing and delegated acts) and official guidance documents relating to synergies between ESIF and key EU instruments. An indicative list of relevant (but not exhaustive) regulatory provisions for ESIF and the relevant instruments relating to the strengthening of synergies is available in Annex I.

### *Stage II: EU-level interviews*

The scoping study was complemented by **targeted interviews at EU level** with relevant DGs/desk officers in the European Commission (EC) (see Table 4). The objective of these interviews was to gain a preliminary perspective on where the strongest evidence of synergies lies (which instruments, which Member States) and to derive insights on the mechanisms, factors and conditions that facilitate or constrain the pursuit of synergies. This stage also informed the selection of case studies.

**Table 4: EU-level interviews**

Institution	Thematic foci	
DG	ESIF	Directly-managed instrument / strategic structure
REGIO	ERDF, CF	All
EMPL	ESF	EaSI
AGRI	AGRI	EIP-AGRI, Horizon 2020
RTD	All (focus on ERDF)	Horizon 2020
MOVE	CF	CEF
GROW	ERDF	COSME
JRC-IPTS	All (focus on ERDF)	RIS3, Horizon 2020

**Note:** For a detailed list of interviews see Annex III: List of interviewed EU and Member State authorities.

The interviews were guided by semi-structured questionnaires. An example is provided in Annex IV.

### *Stage III: Member State case studies*

Member State case studies were selected **to investigate the practical implementation of each key instrument** identified above **and the degree of attainment of synergies** in different contexts 'on the ground'. Criteria for the selection of case studies included:



- **Relevance of the selected instrument:** The aim was to identify Member State contexts where the role of specific instruments is particularly prominent, potentially emphasised in ESIF programmes.
- **Geographical coverage:** The aim was to ensure as far as possible that Member States from different parts of the EU are represented.
- **Governance:** This concerned variation in governance arrangements in Member States and variation in the ESIF programme architecture.
- **Relative financial allocation:** In the case of Horizon 2020, financial allocation the ratio between funds for the specific instrument and those available through ESIF was also taken into account. There are arguments that in more advanced regions where the Horizon 2020 income outweighs ESIF, the possibilities for synergies are de facto quite limited. Organisations from these more advanced regions who are very often strong actors within Horizon 2020, will have much smaller ESIF budgets in their regions.<sup>35</sup> Alternatively, a relatively high volume of ESIF funding available could adversely affect the scope for national/regional stakeholders to pursue synergies as they can easily access earmarked money. These arguments have been made in studies of FP7 funding in the EU13.<sup>36</sup>

Most importantly though, the selection of case studies has been based on stages I and II. The list of selected case studies is presented in Table 5.

**Table 5: Member State-level case studies**

Member State	ESIF dimension	Directly-managed instrument	Strategic structure
Austria	All (focus on ERDF)	-	RIS3
Czech Republic	All (focus on ERDF)	Horizon 2020	-
France	All	EFSI	-
Poland	CF	CEF	-
Romania	EAFRD	-	EIP-AGRI
Spain	ERDF	COSME	-
United Kingdom (Wales)	All (focus on ERDF)	Horizon 2020	-

**Note:** For a detailed list of interviews see Annex III: List of interviewed EU and Member State authorities.

As with EU-level interviews, Member State-level interviews were guided by semi-structured questionnaires. An example is provided in Annex IV.

#### *Stage IV: Comparative analysis*

**The comparative analysis of the case studies synthesised the empirical findings across the different cases.** The aim was to set out the strength of synergies with ESIF and with other relevant key instruments according to the different types of actions that can be taken to maximise synergies in different components of the policy process: regulatory frameworks, governance settings, strategic planning and operational processes.

<sup>35</sup> ERRIN & EARTO (2015) Comments to the Commission Staff Working Document 'Enabling synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programmes'.

<sup>36</sup> Saublens C (2014) *Mobilising Institutional Reforms for better R&I Systems/Institutions in Europe. Participation of EU13 countries in FP7* Scoping Paper. Part 1: Interim Report, Spring 2014, <http://www.mirris.eu/Pagine/Downloads.aspx>

*Stage V: Conclusions and recommendations*

The comparative analysis of the case studies provided the basis for drawing conclusions and providing recommendations, where possible for each of the relevant decision-making levels (EU, national and programme levels). To support the work of the EP, forward-looking recommendations are included to guide future initiatives and activities in the pursuit of synergies and complementarities between ESIF and other EU instruments.

### 3. EVOLUTION OF SYNERGIES 2007-13

#### KEY FINDINGS

- **In 2007-13, the dominant approach to pursuing synergies stressed the delineation of policy fields and management and implementation structures,** the demarcation of tasks and responsibilities to avoid costly administrative overlaps, duplication or 'double financing'.
- **The impulse to achieve synergies was more evident under some policy headings than others.** For instance, the need to establish more coherent EU support for RTDI was reflected in varied initiatives.
- **It was more straightforward to pursue synergies in CP-funded programmes with a limited number of objectives and priorities that targeted a tightly defined group of beneficiaries, where there was administrative capacity and experience of dealing with EU funds among public authorities and stakeholders.**
- **The regulatory framework remained a significant barrier to synergistic working.** The operation of separate and sometimes contradictory regulatory regimes for different funds and instruments created complexity and uncertainty for authorities and beneficiaries.
- **Fragmentation in implementation arrangements was a persistent barrier to synergies,** both horizontal and vertical at the level of DGs, Member State authorities and sub-national actors.
- **Increasing synergies were evident in the establishment of overarching strategic frameworks onto which synergies could be mapped,** most prominently under the Lisbon and Europe 2020 agendas. However, there were still significant gaps and inconsistencies, often stemming from differences between sectoral and territorial objectives.
- **Examples of concrete synergies between CP and other EU instruments 'on the ground' were rare.** Evaluations identified some important examples (notably under ERDF and FP7). However, these were often a result of ad hoc initiatives, responding to 'bottom up' impulses forwarded by engaged individuals and groups rather than the outcome of systemic approaches to synergistic working.

During the 2007-13 period, a range of initiatives sought to strengthen the alignment and coordination of EU-funded instruments and thus facilitate synergies. These adopted various thematic or territorial perspectives and focused on different approaches at EU, Member State, programme and project levels. Studies assessed this pursuit of synergies in the 2007-13 period across different combinations of EU instruments, identifying good practices and bottlenecks. As noted in the Introduction to this study, assessments of policy synergies, including those related to ESIF, can be structured under four broad categories based on components of the policy environment.

- **Regulatory environment** - the extent to which regulations governing the design and implementation of different Funds and instruments facilitate or impede synergies and the level of awareness and understanding of the opportunities for synergies offered by different EU regulations;
- **Governance systems** - ensuring the effective exploitation of the potential for synergies between funds and instruments through the establishment of mechanisms to foster coordinated access and joint working;

- **Strategic frameworks** - concerning the drafting process and content of strategic documents and action plans within the frameworks of EU instruments that facilitate synergies, the preparation of programmes taking synergies into account (including the choice of priorities and the allocation of funding to them, specific objectives, types of actions and beneficiaries, on the basis of an analysis of the needs – ‘intervention logic’);
- **Implementation approaches** - relating to the establishment of implementation mechanisms that facilitate synergies ‘on the ground’, for instance through project selection processes, information services, guidance to potential beneficiaries, monitoring etc.

Section 3 assesses the pursuit of synergies under these headings in 2007-13, exploring changes in the scope for synergistic working and related benefits and challenges. The findings of some key studies from the 2007-13 period are summarised in Table 6, organised under these headings.

## 3.1 Regulatory context

### 3.1.1. What changed?

A key regulatory development from the perspective of synergistic working in 2007-13 was that the budget negotiations in 2004-5 emphasised CP’s contribution to the Lisbon strategy (now reformulated as the Europe 2020 strategy). Under the Community Strategic Guidelines (CSGs), the regulations established an indicative framework of intervention for the ERDF, CF and ESF, based on the EU’s ‘growth and jobs’ objectives. This move was embodied in the ‘Lisbon expenditure targets’ (the ‘earmarking’ instrument which required CP programmes to indicate expenditure on Lisbon strategy priorities) and in monitoring and reporting requirements set up in the regulations. The regulations also established a new framework for strategic planning that increased the scope for synergistic working (see Section 3.3).

### 3.1.2. What were the benefits?

This **shift of emphasis in the role of CP raised awareness of the links between it and other EU budgetary instruments that contributed to the Lisbon / Europe 2020 objectives**. The CSGs highlighted a number of other associated EU-wide programmes and strategies within its exposition of EU-wide thematic guidelines, and the need for CP programming authorities to consider them. These included, for example, the need to complement grants from the TEN-T budget, and the need for synergy between CP supporting research and innovation (R&I), the Seventh Framework Programme (FP7) and the Competitiveness and Innovation Framework Programme (CIP). This was particularly relevant because, for the first time in 2007-13, CP was applied to the entire EU territory, rather than only to designated Member States and regions.<sup>37</sup> Beyond this, the ‘earmarking instrument’ was established to encourage the allocation of expenditure to Lisbon-related interventions. By encouraging a more explicit indication of the contribution to Lisbon targets, it was argued that the earmarking provisions for 2007-13, increased the capacity of CP to create synergies with research and innovation policies.<sup>38</sup>

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<sup>37</sup> Davies S (2011) *op. cit.*

<sup>38</sup> European Parliament (2010) *Report on the implementation of the synergies of research and innovation earmarked Funds in Regulation (EC) No 1080/2006 concerning the European Fund of Regional Development and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union (2009/2243(INI))*, 4 May 2010.

### 3.1.3. What were the challenges?

During the 2007-13 period, **CP managing authorities highlighted inconsistent regulations, for instance concerning the eligibility of different cost categories, actions or beneficiaries, as a barrier to synergistic working.** This related, for instance, to the calculation of eligible expenditure between FP7 and the ERDF/ESF. CP managing authorities found it difficult to increase cooperation between the ERDF OPs and FP7, due to the different regulations that underpinned the two strands: FP7 applicants could use flat rate overhead costs but in ERDF/ESF, beneficiaries had to use full project costs, whether for staff or for equipment. More generally, the complex regulatory framework was a disincentive for synergistic working among beneficiaries. From the perspective of the end-user, there was considerable confusion about what was available from different EU sources, where to go for it and what the associated regulatory requirements were. Established actors in economic development networks and more experienced beneficiaries were more familiar with the potential offer. However, people and organisations with less experience were often faced with a broad spread of entry points for accessing EU support and a confusing array of regulations.<sup>39</sup>

**A similar message emerges from evaluations of FP7: regulatory barriers impeded synergies.** The mid-term evaluation of FP7 called for a 'quantum leap' in simplification and for increasing coherence of procedures.<sup>40</sup> The ex-post evaluation noted that although there was a commitment to complementarity with related programmes, differences in legal bases and implementation rules hindered the achievement of the necessary synergies between FP7 and CP.<sup>41</sup> A Synergies Expert Group, established as part of the FP7 regional calls for 2010, made up of experts, rapporteurs and representatives from FP7, CIP and CP, also noted the urgent need to review regulations (e.g. related to Competition Policy and regulation of State aid) in order to standardise approaches.<sup>42</sup> Similarly, a key recommendation of the evaluation of TEN-T Large Projects was the harmonisation of funding regulations across related EU-funded instruments, including CP.<sup>43</sup>

## 3.2 Governance

### 3.2.1. What changed?

The period 2007-13 saw the introduction of new modes of governance in CP that had implications for the pursuit of synergies. This was prompted by the incorporation of CP into the Lisbon strategy and subsequently Europe 2020 and involved the implementation of a hybrid mix of soft and hard new modes of governance: the joint setting of framework goals (such as full employment, social inclusion, etc.) and indicators or measures for assessing their achievement by EU institutions and the Member States; freedom by Member States and other relevant actors to pursue these goals as they see fit; a requirement that these actors report regularly on their performance and participate in a comparative peer review of policy results and effectiveness; and the periodic revision of the framework goals, performance measures and decision-making procedures.<sup>44</sup> According to Mendez (2011), the introduction of such practices constituted a new governance architecture; enhancing accountability, policy

<sup>39</sup> Davies S (2011) *op. cit.*

<sup>40</sup> Annerberg R et al. (2010) *Interim Evaluation of the Seventh Framework Programme*, Report of the Expert Group for the European Commission, Directorate-General for Research.

<sup>41</sup> Fresco L O et al. (2015) *Commitment and Coherence - essential ingredients for success in science and innovation: Ex-Post-Evaluation of the 7th EU Framework Programme (2007-2013)*, November 2015.

<sup>42</sup> European Commission (2011) *Synergies Between FP7, the CIP and the Cohesion Policy Funds*. Final Report of the Expert Group, Luxembourg: Publications Office of the European Union.

<sup>43</sup> Schade W, Senger F, Rothengatter W, Meyer-Rühle O and Brouwer I (2013) *TEN-T large projects: investments and costs*, Report published by the European Parliament Policy Department B, ISBN 978-92-823-4078-3.

<sup>44</sup> Sabel C and Zeitlin J (2008) 'Learning from difference: The new architecture of experimentalist governance in the EU', *European Law Journal*, 14(3).

learning, and coordination of policy implementation aligned to broader EU goals. The policy was more 'synchronised' with the Europe 2020 strategy, which resulted not only in new demands, but also in new governance practices.<sup>45</sup>

### 3.2.2. What were the benefits?

The new arrangements led to **enhanced vertical coordination between levels of governance**.<sup>46</sup> Reviews of NSRF formulation processes show extensive collaboration between different government levels across the EU through formal consultations, thematic working groups and other fora, often focused on key Lisbon themes. The targeting of Lisbon themes also led to **more coherence and focus across programmes and, in some cases, the creation of joint management approaches**.<sup>47</sup> Strengthened horizontal integration of policy fields was encouraged through the creation of new formal coordination bodies and inter-ministerial working groups. Increased dialogue was required between CP officials and those responsible for NRPs across all Member States.<sup>48</sup> **New networks on Lisbon themes** were created in many countries, providing a basis for potential synergistic working under specific policy headings.<sup>49</sup> For instance, a targeted approach was adopted in Spain, where a network on R&D and Innovation was established to spread best practice in the management of CP interventions among different government levels and to promote the coordinated use of the SF with other policies (**Box 1**).

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<sup>45</sup> Mendez C (2011) 'The Lisbonization of EU Cohesion Policy: A Successful Case of Experimentalist Governance?', *European Planning Studies*, 19(3).

<sup>46</sup> Bachtler J, Barca F and Mendez C (2009) Policymaker Seminars on Cohesion Policy Barca Report, DG Regio, Brussels.

<sup>47</sup> Ferry M, Gross F, Bachtler J and McMaster I (2007) Turning Strategies into Projects: The Implementation of 2007-13 Structural Funds Programmes, *IQ-Net Thematic paper 20(2)*, EPRC, University of Strathclyde, Glasgow.

<sup>48</sup> Hübner D (2007) *Partnership and Proximity - Key Strengths of Cohesion Policy Approach Second Territorial Dialogue 2007*, Brussels: Committee of the Regions.

<sup>49</sup> Polverari L and Michie R (2009) 'New Partnership Dynamics in a Changing Cohesion Policy Context', *IQ-Net Thematic Paper 25(2)*, EPRC, University of Strathclyde, Glasgow.

### Box 1: The Spanish 'Red de Políticas de I+D+I'

The Spanish 'Red de Políticas de I+D+I' is a thematic network for public policies in the areas of RTDI, established in November 2010 under the Spanish NSRF 2007-13 and funded with Technical Assistance. The network is a tool to generate synergies between public R&D&I policies at regional and national levels, CP and Europe 2020, with a focus on FP7. In 2014-20, the network's role has been formally included in the PA as well as in national and regional CP OPs. Although the emphasis is on TO 1 (RTDI), the network also covers TO 3 (SMEs), thereby connecting ESIF to both Horizon 2020 and COSME. The Spanish Smart Growth OP notes that the network will assist with:

- Cooperation in project selection (aligning the cost models of ESIF programmes, where feasible, with Horizon 2020, COSME etc.);
- synchronising the funding decisions of ESIF and other directly-managed EU instruments; and
- synergies with regards to support to SMEs' innovation and competitiveness through the EEN, with respect to COSME in particular.

Similarly, the 5th work plan of the network<sup>50</sup> from 2015 notes its role in the coordination of actions supported under TO 1 of Spanish ERDF programmes and of ESIF with other EU instruments related to RTDI such as Horizon 2020 and COSME. In addition, the plan proposes the creation of a thematic working group 'to study possible complementarities with instruments of the European Union'. The working group is to have a double objective: to promote a 'common environment' between the different actors involved in the competence scope of the network and to seek potential complementarities and synergies between instruments.

Source: Interviews with Spanish policymakers and <http://www.redidi.es>.

It is worth noting the **emergence during 2007-13 of EU 'soft governance' initiatives designed to encourage synergies in different policy areas**. A prominent example is the European Strategic Forum on Research Infrastructures (ESFRI), an EC instrument to support coherent and strategic policy for research infrastructure. The ESFRI identifies and describes scientific needs for future research infrastructures through road maps. Within the ESFRI, national competent authorities in the research area are represented within the ESFRI and the EU level also influences priorities at the Member State level. These roadmaps support local choices based on global/EU perspectives, and attract inputs from different national and EU resources (in particular from FP7 and CP) involving also public-private partnerships. The final report of the Synergies Expert Group emphasises the mix, achieved in ESFRI, between Member State policy makers, scientists and representatives of different EC DGs.<sup>51</sup>

#### 3.2.3. What were the challenges?

Even where complementarity and synergies between the activities of different Funds and instruments were set down in the regulations, a fundamental difference was that they were managed by different structures. As a result, **the push for more co-ordinated use of funding tended to prioritise a clear demarcation of responsibilities to avoid overlaps, rather than the synergistic use of funds**, although both these aims were clearly related. Evaluations called for a clearer division of labour, for instance between the FP and CP.<sup>52</sup> At the end of the 2007-13 period, there was a perception among authorities responsible for programming EU funds that existing arrangements and coordination bodies, both at national and regional levels, aimed to avoid overlap and double co-financing rather

<sup>50</sup> Ministerio de Economía y Competitividad (2015) *V plan de trabajo de la Red de Políticas Públicas de I+D+i cofinanciada por fondos estructurales*, <http://www.redidi.es/sites/default/files/actualidad/plantrabajo2015.pdf>

<sup>51</sup> European Commission (2011) *op. cit.*

<sup>52</sup> Rietschel E et al. (2009) *Evaluation of the Sixth Framework Programmes for Research and Technological Development 2002-2006*, Report of the Expert Group on the ex-post Evaluation of the Sixth Framework Programme, European Commission.



than making the most of the possibilities offered by the different funds in achieving common strategic objectives.<sup>53</sup>

This challenge to synergies was identified across and between EU, Member States and sub-national levels. At EU level, the separate administration of Funds and instruments between DGs was assessed by some CP managing authorities as sending a mixed message about the seriousness of requests for the pursuit of synergies. Within CP itself, the separate supervision of the five Funds (ERDF, ESF, EAFRD, EMFF, CF) complicated Member State authorities' dealings with the EC. At every stage, from preparing their strategy to negotiating, implementing, monitoring and evaluating it, Member State authorities had to deal with several, sometimes contradictory or conflicting bodies at EC level with different tasks, priorities and operating cultures. **Weaknesses in synergies at Member State level were arguably in part a result of the structures at EC level filtering down through the policy-making infrastructure.** Moreover, there are arguments that integrated initiatives which arose 'naturally' from economic development needs at Member State or regional level were then difficult to implement because of the incompatible operating systems and timetables decided at EU level. **Critiques of weak coordination among DGs and recommendations calling for enhanced integration in order to facilitate synergies were a common feature of 2007-13 evaluations.** For instance, the ex-post evaluation of FP7 noted 'inconsistencies, competition, overlap of elements of FP7 and innovation efforts... in DGs'.<sup>54</sup> The report of the Synergies Expert Group on synergies between FP7, CIP and CP Funds identified the fragmentation of innovation policies at EU level and recommended regular consultation between different DGs responsible for different policy areas. In a similar vein, the evaluation of TEN-T recommended that DG MOVE should continue to develop and expand partnership between DGs. In particular DG REGIO and DG MOVE should set priorities and reporting requirements together as well as work together to make sure that their interests and those of the project promoters were aligned 'on the ground'.<sup>55</sup>

**Fragmented implementation in national institutional structures and governance systems was also deemed a significant obstacle to the pursuit of synergies.** As at EU level, competences for different instruments and funds in the Member States tended to be held by different organisations at both national and regional levels. This had implications for the degree of influence of different actors and for the intensity of operational interaction and information flows between them. While different institutions may have been involved in most cases, the actual degree of separation between them varied considerably. The relationships were usually contingent upon their historical development, the size and flexibility of the administrative system, the training given to staff and the general orientation, policy remit and approach of the organisations. In some cases, there were limited opportunities for formal contact between institutions – and limited prospects of setting up such contact. In addition, organisations may simply have been seen as different for 'cultural' reasons and have had little more than informal knowledge of how their counterparts worked. **Research from 2007-13 noted a 'silo' mentality in implementing EU funds in Member States that made it difficult to pursue synergies:** EU objectives were often divided according to traditional ministerial or departmental portfolios or political bargaining rather than synergistic logic. The division of different Funds and instruments between national and regional administrative levels could also constrain the scope to pursue synergies.<sup>56</sup> For innovation policy, reviews of

<sup>53</sup> Position of the Commission Services on the development of Partnership Agreement and programmes in Spain for the period 2014-2020, Ref. Ares(2012)1228388 - 17/10/2012, [http://ec.europa.eu/regional\\_policy/archive/what/future/pdf/partnership/es\\_position\\_paper.pdf](http://ec.europa.eu/regional_policy/archive/what/future/pdf/partnership/es_position_paper.pdf)

<sup>54</sup> Fresco *et al.* (2015) *op. cit.*

<sup>55</sup> Steer Davies Gleave (2012) *Ex-post evaluation of technical follow-up of TEN-T funded ERTMS projects*, carried out under Service Framework Contract TREN/E2/322-2008 (Lots 1, 2 and 3), Final Report, prepared for the European Commission, December 2012.

<sup>56</sup> Ferry M (2015) *Cohesion Policy and its Components: Past, Present and Future*, GRINCOH FP7 project, WP8 Summary Report:



the period noted a lack of cooperation and coordination at national, regional and local level: 'complementarities and synergies should be designed in the innovation support and implementation structures. At present, the situation is far from optimal'.<sup>57</sup> However, the situation varied across Member States and research identified examples of governance systems that facilitated the pursuit of synergies between CP and other EU funding streams. To take one example, in Sweden the creation of effective synergies between CP and FP7 was facilitated as the two Government authorities with the greatest involvement in these instruments (Vinnova and Tillväxtverket) had strong collaborative links.<sup>58</sup>

### 3.3. Strategic frameworks

#### 3.3.1. What changed?

Central to the new strategic approach for CP in 2007-13 were the Community Strategic Guidelines (CSG). Adopted in 2006, the purpose of the CSG was 'to foster an increase in the strategic content of cohesion policy with a view to strengthening synergies with, and helping to deliver, the objectives of the renewed Lisbon agenda'.<sup>59</sup> This was pursued through procedural innovations: a planning framework involving the adoption of EU goals for the policy (the CSG) based on the Lisbon agenda and national strategies to guide implementation (the National Strategic Reference Frameworks - NSRFs); and strategic reporting to the Council of Ministers on the achievement of objectives, as well as a closer alignment with annual reporting on the National Reform Programmes (NRPs). The NSRF introduced a single strategy, in other words a single overall vision at the level of each Member State. Annual reports had to include a section explaining the contribution of CP OPs to the implementation of the NRP.

#### 3.3.2 What were the benefits?

**The development of EU and Member State level strategies and plans for 2007-13 provided frameworks on to which potential synergies between EU-funded instruments could be mapped and implementation plans set out.** In this context, the decision that CP should contribute directly to the Lisbon strategy (succeeded by the Europe 2020 strategy) represented an important shift of emphasis. This drew attention to potential overlaps with other EU budgetary instruments that also contributed to the Lisbon / Europe 2020 strategies in fields such as R&D, innovation and transport. Strategic consistencies were increasingly emphasised.<sup>60</sup> Assessments of strategic frameworks in place for 2007-13 noted these complementarities. For instance, FP7 and CP programmes were assessed to have objectives that allowed reinforcement of inter-relationships: the former to select and fund excellent research, the latter capacity-building for excellent research in specific territories.

**CP programmes from the 2007-13 period included explicit reference to other, related EU-funded instruments, reflecting this improved strategic complementarity.** A number of programmes set out some form of coordination with FP7 and/or CIP, although the prominence and level of detail accorded to the description of potential synergies varied. In several cases, particularly where CP programmes emphasised innovation as a key strategic objective, managing authorities saw CP and other EU-funded instruments of innovation support as complementary and worked at finding ways to introduce a degree of coordination

<http://www.grincoh.eu/working-papers?filter%5B%5D=&filter%5B%5D=&filter%5B%5D=&wp=8&task=2&product=&institution>

<sup>57</sup> European Commission (2011) *op. cit.*

<sup>58</sup> Davies (2011) *op. cit.*

<sup>59</sup> Council Decision of 6 October 2006 on Community strategic guidelines on cohesion (2006/702/EC), 21.10.2006, Official Journal of the European Union.

<sup>60</sup> Molle W (2011) *Economic Governance in the European Union; the quest for consistency and effectiveness*, Routledge, London.

into their OPs. In Sweden, for example, the programme authorities placed a strong emphasis on coordinating the ERDF/ESF and EAFRD with FP7 and CIP during the planning phase of the 2007-13 period, and oriented the ERDF and ESF strongly towards research and innovation. In Austria, joint events were held to discuss the relationship between SF, FP7 and CIP. In some Member States and regions, CP programmes included priorities or actions that were explicitly linked to FP7 and allowed for integrated funding projects (e.g. Lower Austria, Saxony-Anhalt). In other cases, the approach was less specific: ERDF/ESF programmes included the broad aim of encouraging participation in FP7 (e.g. Portugal).<sup>61</sup>

### 3.3.3. What were the challenges?

Weaknesses in the effectiveness of the new approach were also identified. The **NSRFs were designed broadly with less strategic focus than anticipated**, and the Lisbon priorities pursued by the strategies and operational programmes were often in line with domestic priorities anyway. The earmarking instrument certainly encouraged a shift in expenditure towards Lisbon-related thematic priorities, but it has been criticised for being too top-down, increasingly inflexible, administratively demanding and placing too much emphasis on spending rather than outputs and outcomes. Strategic reporting was often treated as a compliance exercise with limited strategic value due to data limitations, methodological difficulties and the lack of priority placed on the NSRF beyond the programming stage in many countries.<sup>62</sup>

Evaluations of the 2007-13 period identified **persistent gaps in this overarching strategic framework**. In particular, there remained inconsistencies between the largely sectoral, 'top down' and spatially blind strategic orientation of EU interventions in the field of RTD (e.g. FP7) and innovation (e.g. CIP) and the largely 'bottom up', territorially sensitive strategic orientation of CP. CP synergies with other EU-funded pro-innovation instruments were easier to identify in programmes with a relatively concentrated focus on RTDI than in larger programmes with a broader set of objectives. The final report of the Synergies Expert Group noted a lack of common strategies in accordance with the orientations of Europe 2020 and weak complementarities and compatibilities and limited interoperability of policies and programmes, particularly regarding the regional dimension in research and innovation policy and the research and innovation dimension in regional policy.

## 3.4. Implementation

### 3.4.1. What changed?

Another set of findings from 2007-13 evaluations focused on implementation issues: the practical experience of pursuing synergies 'on the ground'. It is here that the benefits of synergies between CP and other EU instruments were most evident but also where the challenges were clearest. In this context, it is important to note the increasing prominence of Financial Instruments (FIs) in CP during the 2007-13 period. FIs in the forms of loans, guarantees, equities etc. have been used for delivering investments for SF since the 1994-99 programme period. Their relative importance increased during the programme period 2007-13, representing around 5 per cent of total ERDF resources. These initiatives operated alongside a range of comparable initiatives and instruments at an EU level, including: the operated Risk Sharing Finance Facility (RSFF) under FP7 which invested in SMEs in high growth areas and in other thematic areas; the CIP, specifically including the funding initiatives developed by the EIF, such as the High Growth and Innovative SME Facility and the

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<sup>61</sup> Davies (2011) *op. cit.*

<sup>62</sup> Mendez C, Kah S and Bachtler J (2012) *The Promise and Perils of the Performance Turn in EU Cohesion Policy, IQ-Net Thematic Paper 31(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

SME Guarantee Facility; and the Loan Guarantee Instrument for TEN-T projects (LGTT) set-up jointly by the EC and the EIB aimed at facilitating private sector involvement in the implementation of core European transport infrastructure projects.

### 3.4.2. What were the benefits?

**Evaluations and studies identified practical examples of synergies being operationalised.** For instance, some German CP programmes included specific actions that allowed the alignment of funding for projects under ERDF and FP7. Programme authorities argued that active coordination of these different EU funding sources was more likely in the case of small programmes with limited numbers of projects, where managing authorities could take a more 'hands-on' approach to help overcome implementation challenges. In Sweden, cooperation occurred at a relatively small scale and in an ad hoc way in individual projects rather than at a programme-wide level.<sup>63</sup>

- **Phased funding ERDF-FP7:** In North Rhine-Westphalia, authorities tried to find ways of providing funding for different project phases, e.g. with the ERDF funding one phase and FP7 the next phase, although this approach only worked for around five projects.
- **Capacity building: ERDF boosts advisory services for SMEs accessing FP7.** A second example of operational synergies between CP and FP7 funding streams was ERDF funding for a *Land* institute in North Rhine-Westphalia that provided advice to SMEs and others on issues relating to innovation, including on efforts to win FP7 funding.
- **Research infrastructure: ERDF strengthens innovation infrastructure for subsequent FP7 beneficiary.** In Austria (Styria), ERDF supported the creation of an innovation centre, which subsequently became a beneficiary of a research project funded by FP7.

The ex-post evaluation of FP7 also identified some cases where regional impacts and synergies with the SF had been created.

- **FP7 support for mobility of researchers used in conjunction with ERDF support for regional research infrastructure.** An example was the SoMoPro (South Moravian Programme for Distinguished Researchers) fellowship programme of the South Moravian Region (Czech Republic). SoMoPro was co-funded by the Marie Curie Actions strand of FP7 with specific actions aiming to increase the transnational mobility of researchers. The SoMoPro programme helped the region in developing its smart specialisation strategy and in combining funding from FP7 with SF initiatives in research and innovation infrastructure.
- **FP7 funds preparatory research for ERDF investment in research infrastructure.** The evaluation also cites the ELI project (Extreme Light Research Infrastructure). This was selected by ESFRI as a multilateral initiative that would lead to the better use and development of research infrastructures at EU and international level. In 2007-10 it funded through FP7 a preparatory phase project (ELI-PP) that had the mandate to decide the sites to host the infrastructure and the directory lines for the project. The preparatory phase of this laser facility, involving 40 research and academic institutions from 13 Member States. This led to the selection of three sites providing complementary technologies, situated in the Czech Republic (near Prague), Hungary (Szeged) and Romania (near Bucharest). These are now receiving ERDF funding for the construction of new research infrastructure. For instance, in Prague the

<sup>63</sup> Davies (2011) *op. cit.*

ELI Beamlines was the first large project of the OP 'Research and Development for Innovation' to be approved. The EU financial contribution amounted to €236 million.<sup>64</sup>

- **FP7 'Regions of Knowledge' boosts capacity for smart specialisation.** It is worth noting the impact of the 'Regions of Knowledge' initiative under the 'Capacities' strand of FP7. The aim is to increase the capacity of European regions to invest in and develop their commitment in research which can contribute significantly to economic development. The impact of the RoK projects was strengthened from 2011 by asking the partners involved to set up a Joint Action Plan by the middle of their project. According to the ex-post evaluation of FP7, this prepared the ground for synergies with ESIF. This happened especially in 2014 and 2015, when the process coincided with the preparation of smart specialisation strategies in European regions, enabling many regions to take advantage of 'RoK success stories' in the choice of their priorities for the 2014-20 period.<sup>65</sup>

Evaluations of TEN-T have also highlighted some examples of synergistic working, involving parallel projects targeting a common infrastructure development initiative.

- **ERDF establishes regional stakeholder network involved in TEN-T grant.** For upgrading the cross-border Rail Baltica project, under the INTERREG programme, ERDF helped set up a regional stakeholder network and raised awareness among industry and the public. The cross-border section – Tartu-Valga railways reconstruction – was supported by a €10.8 million TEN-T grant.<sup>66</sup>

### 3.4.3. What were the challenges?

Unsurprisingly, given the regulatory, governance and strategic context set out, **practical evidence and experiences of synergies between CP and other EU-funded instruments was limited.** The most frequently cited barriers to the practical operation of synergies were: the administrative burden incurred for programme authorities and potential beneficiaries in dealing with the complex regulatory environment;<sup>67</sup> confusion and uncertainty among potential beneficiaries given the large number of different EU funds for different sectors and issues, leading to a lack of transparency<sup>68</sup>; visibility issues and low levels of awareness of potential beneficiaries of the opportunities available under different funds and instruments.<sup>69</sup> Studies found limited evidence, for instance, of correlation between CP RTDI investments and participation in FP7: there was a 'time-lag' issue between investment in research infrastructure or teams in a region and the ability to compete in international programmes such as FP7 on the basis of 'excellence criteria'. Regions were attempting to coordinate the use of both CP and FP7 instruments but their success depended on their RTDI profile and on strategic governance: CP was an instrument that was significantly easier to control by the regions than FP7. In practice, the incentive to pursue synergies was limited: CP could fund activities 'normally' funded by research programmes, thus supporting 'research

<sup>64</sup> Půst L (2016) 'ELI Beamlines Laser Center', presentation at IQ-Net Conference 'Options and ideas for the management and implementation of Cohesion policy post-2020' Prague, 11 May 2016.

<sup>65</sup> European Commission (2016) *Ex-Post Evaluation of the Seventh Framework Programme*, Commission Staff Working Document On the Response to the Report of the High Level Expert Group on the Ex-Post Evaluation of the Seventh Framework Programme 3/3 Annexes.

<sup>66</sup> European Commission (2014e) *European Structural and Investment Funds - (Draft) Guidance for Beneficiaries: How to effectively access and use the ESI Funds and exploit complementarities with other instruments of relevant Union policies*, Presented to EGESIF on 23 July 2014.

<sup>67</sup> Davies S (2011) *op. cit.*

<sup>68</sup> Steer Davies Gleave (2012) *op. cit.*

<sup>69</sup> European Commission (2011) *Synergies between FP7, the CIP and the Cohesion Policy Funds*. Final report of the Expert group. DG Research & Innovation.

excellence' objectives without the obligation to form international research consortia, as in FP7.<sup>70</sup>

**Evaluations noted potential overlaps, called for the organisation of synergies between the FIs and the development of options to combine and mix the instruments from various programmes.** While noting that coordination mechanisms had been established between the DGs involved (ENTR, ECFIN, REGIO) and the European Investment Fund (EIF), assessments from the period indicated that coordination between FIs in CP and other EU initiatives was weak.<sup>71</sup> For instance, according to the European Court of Auditors (ECA), EIF assessments of the funding gap, used to justify the introduction of FIs under ERDF in Member States and regions only made scarce reference to previous EU SME access to finance support within or without the context of the ERDF. Indeed, in several cases the EIF gap assessments did not establish a link with the ERDF OPs they were addressing.<sup>72</sup>

### 3.5. Conclusions

Summing up, this review has charted the gradual evolution of synergistic working between CP and other EU-funded instruments up to 2013. It highlights some key issues and trends. First, it is important to note two different emphases in the pursuit of synergies. The first stressed the **importance of delineating policy fields and management and implementation structures, the demarcation of tasks and responsibilities**. This was the dominant approach in coordination efforts and the aim was to avoid costly administrative overlaps, duplication or 'double financing'. Gradually, another perspective emerged, supporting a **more active pursuit of synergies through the creation of strategic frameworks, joint structures or coordinating instruments**, capable of integrating different strands of EU support under specific themes and objectives.

**The pursuit of synergies between the SF and other EU-funded instruments has been uneven across policy fields and across Member States.** The impulse to achieve synergies has been more evident under some policy headings. For instance, the need to establish more coherent EU support for RTDI is reflected in the varied initiatives covered in this review. Moreover, significant differences in the level of funding available under these instruments in each Member State, the variety of objectives pursued under SF programmes and the varying levels of administrative resources available to pursue synergies at different levels has produced a territorially uneven picture. Put simply, it was more straightforward to pursue synergies in CP funded programmes with a limited number of objectives and priorities that targeted a tightly defined group of beneficiaries, where administrative capacity and experience of dealing with EU funds was present among public authorities and stakeholders.

Within this, evidence from evaluations and studies indicates that the **regulatory framework remained a significant barrier to synergistic working**: the operation of separate and sometimes contradictory regulatory regimes for different funds and instruments created complexity and uncertainty for authorities and beneficiaries. The need to comply with regulations determined spending rather than the desire to maximise synergies. Although the 2007-13 period saw the emergence of some governance initiatives that supported synergistic working across funds and instruments (notably the establishment of networks and softer forms of governance), evidence from evaluations and studies indicated **persistent fragmentation in implementation arrangements, both horizontal and vertical** at the

<sup>70</sup> Rivera-León L, Miedzinski M and Reid A (2011) *Cohesion policy and regional research and innovation potential. An analysis on the effects of Structural Funds support for Research, Technological Development and Innovation 2000-2010*, Luxembourg, European Commission.

<sup>71</sup> CSES (2011) Final Evaluation of the Entrepreneurship and Innovation Programme. Final Report, April 2011.

<sup>72</sup> European Court of Auditors (2012) Financial instruments for SMEs Co-financed by the European Regional Development Fund, Special report No 2, Luxembourg.

level of DGs, Member State authorities and sub-national actors. A key issue in this respect was the tension between instruments directly managed by the EU and the CP model of shared management. Increasing synergies were evident in the establishment of overarching strategic frameworks onto which synergies could be mapped, most prominently under the Lisbon and Europe 2020 agendas. However, there were still **significant gaps and inconsistencies, often stemming from differences between sectoral and territorial objectives.**

**Examples of concrete synergies between CP and other EU instruments 'on the ground' were quite rare.** Evaluations identified several important examples, involving: phased funding, complementary funding and capacity building where different instruments were coordinated to support specific investments (notably under ERDF and FP7). However, these were often a result of ad hoc initiatives, responding to 'bottom up' impulses forwarded by engaged individuals and groups rather than the outcome of systemic approaches to synergistic working.



**Table 6: The pursuit of synergies 2007-13 – evidence from evaluations and reviews**

Study	Instruments	Theme	Good practice	Bottlenecks
IQ-Net* (Davies 2011)	CP, FP7, CIP	Regulation	All 2007-13 CP regulations emphasise complementarity, consistency with other EU instruments.	Lack of detail, continued complexity. Compliance emphasis.
		Governance	Integrated management structures (e.g. SE).	Uncoordinated DGs. MS 'silo' mentality.
		Strategies	Synergies discussed at programming stage (e.g. AT) OP priorities, actions for synergies (e.g. DE)	'Bottom up' v 'top down' dynamics. Achieving focus, e.g. in larger OPs.
		Implementation	ERDF/FP7 funding different project phases. ERDF builds capacity to access FP7 (e.g. North Rhine-Westphalia) ERDF project becomes FP7 beneficiary (AT)	Administrative burden for managing authorities & beneficiaries.
FP7 Interim (Annerberg et al. 2010)	FP7, CP, CIP	Regulation	Revision of Financial Regulations as opportunity.	Separate legal basis. Differences in implementing rules.
		Governance	Synergies Expert Group set up.	Inconsistencies, competition of DGs.
FP7 Ex-post (Fresco et al. 2015)	FP7, CP, CIP	Strategies	Increased strategic focus (e.g. RoK) feeds into RIS3.	Challenge to integrate sectoral/territorial dimensions.
		Implementation	FP7 Marie Curie attracts researchers, ERDF strengthens regional RTDI infrastructure (e.g. SoMoPro project). FP7 'Capacities' for scoping research, ERDF for new research infrastructure (e.g. ELI project).	Lack of awareness of funding and opportunities among beneficiaries. Complexity.
Synergies Expert Group Final Report (EC 2011)	FP7, CP, CIP	Regulation	Regulatory activities in thematic areas (e.g. ICT).	Urgent to review regulations (e.g. state aid) to standardise approaches.
		Governance	Emergence of 'soft EU governance' (e.g. ESFRI).	Fragmentation of innovation policies at EU, Member State levels.
		Strategies	Potential for strategic coherence under 'excellent research' heading.	Lack of specific, common strategies under Europe 2020.
		Implementation	General time frame for funding schemes is same.	Budget, methods, timing for allocating funds to concrete measures differ. Lack of instruments that pool resources.
TEN-T Mid-term (Steer Davies Gleave 2011)	TEN-T, CP (ERDF, CF)	Regulation	Conditionalities strengthen strategic coherence.	Need to harmonise funding regulations (e.g. PPP).
		Governance	TEN-T guidelines have contributed to coordinating network development goals	Need to strengthen partnership between DGs. In Member States, separate governance of CF, ERDF and ESF means unclear prioritisation of projects.
		Strategies	Role of Commission's White Paper on Transport Policy (2011) as overarching framework	MS-level plans should list strategic objectives and key projects.
		Implementation	'Parallel projects'; TEN-T pilot study 'triggers' projects, CF/ERDF builds projects; ERDF sets up regional stakeholder network, raises awareness then involvement in TEN-T grant (e.g. Rail Baltica project).	Rivalry of CP and TEN-T for beneficiaries. Limited funding for TEN-T limits synergy incentives.
Large projects (Schade et al. 2013)				

**Note:** \* IQ-Net (Improving the Quality of Structural Funds Programme Management through Exchange of Experience) is a network that brings together regional and national partners from SF programmes across the EU. Launched in 1996, IQ-Net involves a structured programme of applied research and debate; network partners meet twice a year, with conferences being hosted by the partners on a rotation basis. It is managed by the European Policies Research Centre (EPRC) at the University of Strathclyde in Glasgow. See: <http://www.eprc.strath.ac.uk/ignet>





## 4. PURSUIT OF SYNERGIES IN THE 2014-20 PERIOD

### KEY FINDINGS

- **Regulatory reforms introduced for 2014-20 have addressed the issue of synergies** (e.g. increased scope cumulating grants or pooling funding from different EU instruments or the potential to align cost models) **but substantial challenges remain**; notably separate regulations for Funds and instruments, and complexities relating to State aid.
- **Changes in governance arrangements to pursue synergies have been somewhat limited and most have been triggered by new or changed regulatory requirements.** Various initiatives are underway at EU and Member State levels (working groups, networks, fora and other 'soft' governance models), but the shared management model of ESIF remains complex and other EU-funded instruments are internally compartmentalised according to specific themes or activities.
- **The strengthened strategic alignment of ESIF with other EU-funded instruments under the Europe 2020 strategy is one of the key advances for the pursuit of synergies in 2014-20.** However, there are weaknesses in strategic frameworks that could impede synergistic working in practice.
- **The potential for operational synergies to develop is there and it is possible to identify emerging initiatives, but these represent good rather than common practice.**
- **Assessments of the pursuit of synergies between ESIF and other EU instruments must differentiate between efforts in specific policy areas.** Generally, it is clear from the research that much of the activity in increasing the scope for synergistic working in the 2014-20 period has focused on research and innovation.
- **Different aspects of implementation 'on the ground' are important for synergies.** These include: familiarity with different instruments and Funds among implementers; the availability of up to date information on the progress of different instruments; the use of flexible, ad hoc contact between actors; the value of formal 'linking' structures; synchronicity in design and implementation; awareness raising among beneficiaries; and the role of capacity-building for synergistic working among implementers and beneficiaries.

### 4.1. Regulatory context

**Creating synergies is a central objective of the ESIF reforms introduced for the 2014-20 period.** The need to maximise impact and efficiency of public investment through achieving synergies between funding instruments is pressing. In the context of EU-funded investment, the EP and Council made it clear that this approach to creating synergies is no longer considered a 'nice to have' but is seen as a 'need to implement', directed at all layers of stakeholders, at Member State level as well as EC services level, including intermediaries and facilitators' networks.<sup>73</sup> This push for strengthened synergies is particularly relevant to ESIF due to the increasing emphasis on their contribution, alongside other instruments, to broader EU development goals. The last two CP reforms have aligned the policy with EU's objectives for growth and jobs through various regulatory provisions to ensure linkages with the Europe 2020 strategy and its predecessor, the Lisbon agenda. Thus, ESIF are broad both

<sup>73</sup> European Commission (2014b) *op. cit.*

in terms of their scope and thematic priorities and there is overlap with the objectives of other EU funding instruments. The Europe 2020 jobs and growth strategy<sup>74</sup> is being implemented by several instruments (Horizon 2020, the COSME programme, RIS3, CEF, EFSI etc.) and the potential for ESIF to contribute in synergy with these must be maximised.

The aim is to ensure a more coordinated, coherent and integrated approach to programming and implementation of ESIF through a stronger alignment with EU objectives and governance processes, harmonisation of approaches across policy areas and binding provisions in a Common Regulation for all the Funds and a Common Strategic Framework (CSF) with more possibilities for synergies across the Funds and with other EU financing. Under the headings of regulatory context, governance, strategic frameworks, and implementation, the aim of this section is to review the impact of this changed environment on the pursuit of synergies.

For the 2014-20 period, legislative changes have been introduced into the regulations governing CP and other EU instruments. The desire to 'deliver European added value' led the EC to propose in the draft regulations for the programme period 2014-20 provisions to reinforce the co-ordination of funds with each other, as well as with other Union policies and FIs. These aim to address regulatory barriers to synergistic working, created by the application of separate and sometimes contradictory rules for managing and implementing different Funds and instruments and the complexity and uncertainty this has created for programme authorities and beneficiaries.

The Commission has launched various initiatives in support of simplification. This includes a High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the ESI Funds<sup>75</sup> to assess Member States' take-up of simplification measures, analyse their implementation, identify good practice, and make recommendations e.g. in the context of the 2016 mid-term review, and looking to post-2020. This remit includes work on the strengthening of synergies. For instance, the third meeting of the Group in February 2016 addressed access to EU funding for SMEs. It highlighted the incomplete harmonisation between state aids legislation and SF regulations, and between different Funds; and the challenges of ESIF coordination with other EU policies and instruments (timing, deadlines, contributions, procedures, selection criteria).<sup>76</sup>

#### 4.1.1. What has changed?

The main regulatory reforms introduced for different Funds and instruments are summarised in Annex I. The key changes are as follows:

- **Improved coordination of the ESIF through binding regulatory provisions and a CSF**, in order to achieve synergies and avoid overlaps with each other as well as with other EU and national instruments and policies.
- **Requirements for greater clarity on synergies in strategic frameworks and programme documents.** Under ESIF, in the PAs and OPs, Member States and programme authorities were required to describe the policy areas where a coordinated use of Funds, and coordination with other EU policies and instruments was deemed necessary. They also were asked to provide details of the mechanisms to be used for coordination and any arrangements planned to help beneficiaries to access different Funds in a complementary manner.

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<sup>74</sup> European Commission (2010) *Europe 2020 - A strategy for smart, sustainable and inclusive growth*, COM(2010) 2020 final.

<sup>75</sup> [http://ec.europa.eu/regional\\_policy/en/policy/how/improving-investment/high-level-group-simplification/](http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/high-level-group-simplification/)

<sup>76</sup> Sabatini M (2016) 'Access to EU funding for SMEs', Third meeting of the High Level Expert Group on simplification for beneficiaries of ESI Funds, Brussels, 2 February 2016.

- **Possibility of cumulating grants, pooling funding from different EU instruments** (or from one or more ESIF through one or more programmes and other Union instruments) for the same beneficiary or the same project, provided that the same expenditure/cost item does not receive support also from another EU Fund (from the same Fund under different programmes, from another Fund or from other Union instruments).
- **A renewed push for harmonisation and simplification of some regulatory areas.** This includes the potential to align cost models (scales of unit costs, lump sums and flat rates) for corresponding costs and similar types of operations and beneficiaries in different EU instruments.<sup>77</sup>
- **Increased scope for structural or organisational initiatives to facilitate synergies.** As one particular aspect, Art. 123 (8) of the CPR mentions the option to set up – at an initiative of the Member State – an authority responsible for the coordination of EU funds.
- **Potential role of FIs in achieving synergies.** The new regulatory framework contains substantially more detailed provisions regarding FIs, aimed at increasing their use and widening their scope of application, including through the contribution of ESIF to EU level instruments.

#### 4.1.2. What are the benefits?

There is a general consensus among representatives of EU DGs and Member State programme authorities that **the new suite of regulations is broadly supportive of the promotion and enabling of synergies.**

First and foremost, these **regulatory provisions have helped to reinforce existing awareness that EU funding instruments should work closely together.**<sup>78</sup> The regulatory balance between the demarcation of different Funds and instruments and the pursuit of synergies between them has changed to a certain extent, in favour of the latter. Although the importance of synergistic working was evident in the 2007-13 period, there was an overriding focus on compliance with the regulations and the priority was to delineate different EU instruments, particularly given legal constraints on the use of funding from several EU instruments for the same project. For 2014-20, in contrast, the regulations of different instruments (e.g. ESIF and Horizon 2020) permit synergies and it is a clear policy priority of the EC: the regulations of these instruments unequivocally allow synergies.<sup>79</sup> For example, it is now an obligation for ESIF to seek synergies and complementarity with Horizon 2020 and other directly managed EU programmes (Annex 1 to CPR under ESIF).

There are **'top down' and 'bottom up' perspectives on the importance of the new regulatory framework** for the pursuit of synergies. For some actors, particularly at DG level, the regulatory environment is the 'starting point' and the key to strengthening synergistic working.<sup>80</sup> For others, especially those involved in the implementation process at Member State level, the regulatory role should not be overstated: the starting point is not an examination of the regulations to identify possible synergies but rather the identification of perceived opportunities 'on the ground', then ensuring that initiative are compliant.<sup>81</sup>

<sup>77</sup> Yet, the alignment of costs models is low. Only 14.5 per cent of the OPs (only 11 per cent of regional OPs) refer to it (Interview with policymaker, DG REGIO).

<sup>78</sup> Interview with policymaker, WEFO, Welsh Government.

<sup>79</sup> Interview with policymaker, DG RTD.

<sup>80</sup> Interview with policymaker, DG GROW.

<sup>81</sup> Interview with policymaker, WEFO, Welsh Government.

Specific benefits highlighted by interviewees include:

- Provisions envisaging opportunities, in theory at least, to **combine FIs across Funds and/or with other forms of support**.<sup>82</sup>
- **Opportunities to combine resources from different programmes and instruments**.<sup>83</sup>
- **Alignment of similar cost options for easier combining of funds:** lump sums, flat rates, standard scales of unit costs under ESIF may use the Horizon 2020 rules applicable for similar types of operations and beneficiaries (Art 67(5)b, 68 CPR). For instance, this includes the possibility for CP projects supporting research and innovation to use the same cost reimbursement rules as Horizon 2020.<sup>84</sup>
- **The ability of regions to spend their funding in other regions if it is for their benefit**, e.g. 15 per cent from ERDF OP axis (e.g. to pool funding for technology parks, clusters, research infrastructures or for contract research abroad, etc.) if for the benefit of the programme area (Art. 70(2) CPR). For instance, encouraging support for ESFRI research infrastructures from different sources (DG RTD).<sup>85</sup>
- **Strengthening of regulations to establish structural or organisational initiatives** that facilitate synergies, such as coordinating bodies, operational groups (under EIP-AGRI) or thematic networks.<sup>86</sup>

#### 4.1.3 What are the challenges?

It is still the case that separate regulatory regimes govern different EU instruments and funds. There are tensions, gaps and inconsistencies in these different regulatory frameworks that inhibit synergistic working. Programme authorities, while acknowledging progress in the regulatory environment for 2014-20 have called for further harmonisation of rules between ESIF and other EU instruments.<sup>87</sup> **Barriers highlighted by interviewees include State aid regulations, regulatory impediments to cumulative funding and the regulatory framework for the use of FIs.**

First, **State aid rules remain a major barrier in the pursuit of synergies**. State aid regulations were revised in the lead up to the 2014-20 period and this has implications for the pursuit of synergies. There is now more scope for automatic approval of R&D&I aid, more flexible aid ceilings for large individual aid measures, greater legal certainty for public-private R&D-collaboration and for demand-side measures that foster innovation.<sup>88</sup> These reforms increase the potential for synergistic working between funds and instruments. Nevertheless, substantial impediments remain:

- There are **fundamental differences between instruments managed centrally at EU level which are not subject to State aid regulations and those with shared management between EU bodies and Member States**. As an instrument under shared management, where Member States decide on resource allocation, ESIF

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<sup>82</sup> Interview with French policymaker, ESIF and EFSI context.

<sup>83</sup> Interview with Spanish policymaker, ESIF and COSME context.

<sup>84</sup> Interview with policymaker, DG RTD.

<sup>85</sup> Interview with policymaker, DG RTD.

<sup>86</sup> Interview with policymaker, DG AGRI.

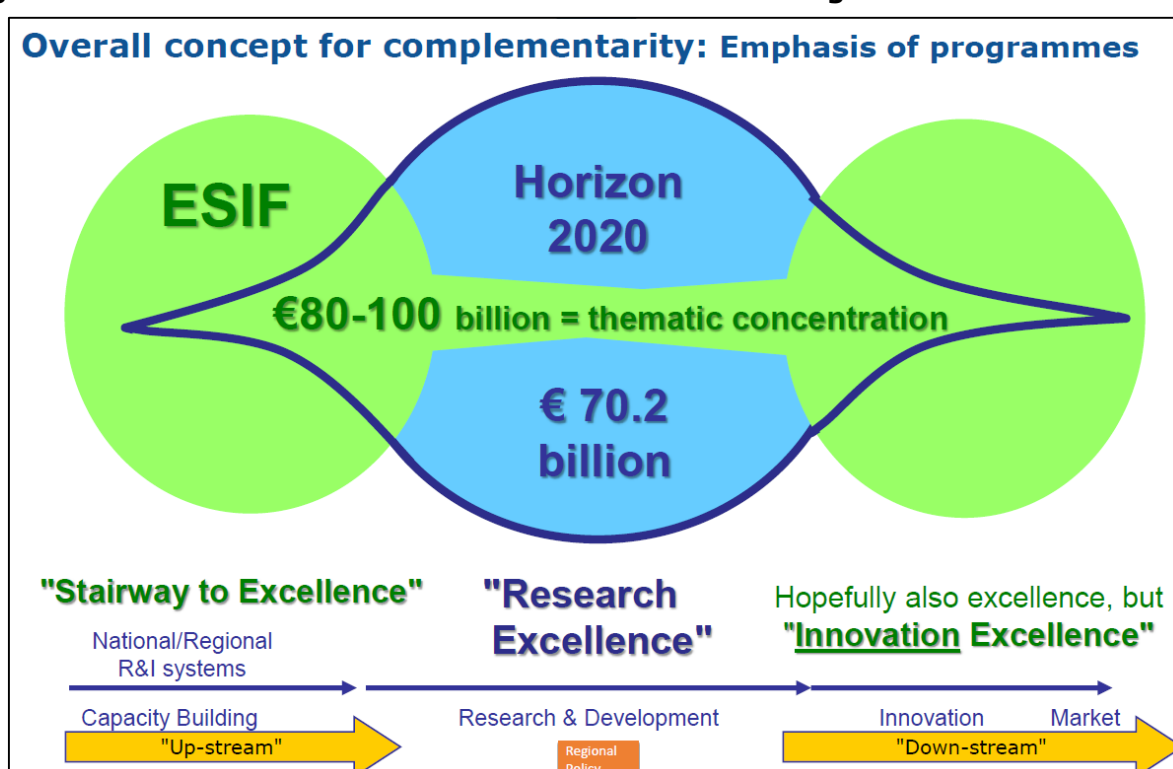
<sup>87</sup> Davies S (2015) 'Is simplification simply a fiction?' *IQ-Net Thematic Paper 37(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

<sup>88</sup> 'Supporting R&D and innovation in Europe: new State aid rules' *Competition policy brief Issue 5* | May 2014.

funding is subject to State aid rules and must respect regulations on maximum aid intensities and notification thresholds.<sup>89</sup> The different applicability in terms of State aid compliance is a disincentive for synergies, as the combination of ESIF with funding from directly-managed instruments can cause regulatory uncertainties. For instance, while an SME can use COSME funding without any notification requirement, the whole project must comply with State aid rules if the SME combines COSME support with ERDF support.

- The situation is complicated further when definitional issues arise. In the State aid framework, there is different treatment of categories of research aid, depending on whether the type of research is more or less remote from the market.<sup>90</sup> There are **challenges in achieving synergies between 'upstream' actions, for instance research based on Horizon 2020 projects and 'downstream' actions where Member State authorities have more control over fund allocation** (
- Figure 3). This can be the case for funding for clusters, science parks etc., where State aid rules can come in to play. This complexity inhibits the scope for fully integrated operations that combine ESIF with EFSI, Horizon 2020, COSME etc.

**Figure 3: Relation between Horizon 2020 and ESIF funding**



**Source:** Reppel K (2013) *Guidance on Synergies between European Structural and Investment Funds, Horizon2020 and other innovation-related EU Funds - State of Play*, presentation at AGORADA 2013+, p. 3.

- Indeed, the varying impact of State aid rules for different instruments creates the potential for **rivalry between instruments** that provide similar support. Examples highlighted by interviewees include:
  - **Infrastructure support:** for some types of transport infrastructure potential beneficiaries can either use CEF, which is directly managed and therefore does not

<sup>89</sup> Reppel K (2013) 'Guidance on Synergies between European Structural and Investment Funds, Horizon 2020 and other innovation-related EU Funds - State of Play', presentation at AGORADA 2013+, Brussels, 19/20 November 2013.

<sup>90</sup> da Graça Carvalho, M (2013) *HORIZON2020 and State Aid Rules*, Workshop on the revision of the Framework on State aid for Research and Development and Innovation (R&D&I), 9 January 2013.

- require State aid compliance, or the CF, which falls under shared management and hence needs to comply with State aid rules.
- **SME support:** SMEs can receive loans from ERDF programmes, which need to comply with State aid rules. Alternatively, they might be able to receive COSME funding, for which this is not the case.

Second, **the scope for cumulative funding is constrained.** Although there is now greater potential to combine funding from different EU instruments to support specific interventions, this stops short of pooling resources in the same project. The non-cumulative principle of Art. 129 Financial Regulation prohibits a beneficiary from receiving two EU grants for a specific operation: operations can be split up into different parts with different funds or instruments but costs cannot be financed jointly. **ESIF co-funding cannot come from other EU-funded instruments and vice versa and this is regarded as a significant barrier to implementing operations in a genuinely integrated way.**<sup>91</sup>

- **Horizon 2020 is a potential exception, in theory if not yet in practice.** Via derogations in Art. 129 of the Financial Regulation and Art. 65(11) CPR Horizon 2020 Art. 37 Rules for Participation it is now possible in theory to cumulate ESIF and Horizon 2020 funds in the same project providing they do not cover the same cost item. Nevertheless, the challenges involved in developing joint project proposals, in synchronising ESIF and Horizon 2020 project application procedures, in coordinating joint management and in taking into account the territorial dimension of ESIF. Different funding rates and eligibility rules apply in different ESIF programmes and these may not always cohere with Horizon 2020 plans. All of these challenges mean that **it is easier to use successive projects that build on each other or parallel projects than to pool funding in one project.**<sup>92</sup>

**Third, the use of FIs to pursue synergies is complicated by regulations.** There is a common trend for increased uptake in the use of FIs across EU-funded instruments and this can be seen as a potential source of synergistic working. The revisions of the Financial Regulation for 2014-20 aimed to clarify the coordinating function of the EIF, the role of financial institutions and intermediaries and increase the use of FIs across EU instruments. Nevertheless, **the extended use of FIs introduces challenges to synergistic working.** The first relates to the potential **rivalry between FIs and grant-based support.** The question of whether to use FIs or grants is problematic in the pursuit of synergies. Without full harmonisation of the relevant regulations and guidelines there is scope for instruments to compete with each other and for beneficiaries to favour grants rather than instruments that will involve some form of repayment.<sup>93</sup>

There are also challenges stemming from the fact that alongside the Financial Regulation, the **rules for FI implementation in different instruments are in many cases similar but not identical, complicating synergistic working.** For example, different EU-funded instruments include FIs in the form of guarantees. However, their aims and conditions vary considerably. Guarantee instruments with cohesion-type objectives, such as EaSI social enterprise guarantees aim to promote employment and social inclusion and have a relatively modest target for the leverage of 5.5 times the amount of finance for eligible final recipients. In contrast, the COSME Loan Guarantee Facility has a broader objective of providing guarantees for SME access to finance and other risk sharing arrangements and has a leverage target of 20 to 30 times the original finance. The InnovFin instrument under Horizon 2020 promotes firms pursuing research and innovation and has a leverage target of 9 times (see

<sup>91</sup> Interview with French policymaker, ESIF and EFSI context.

<sup>92</sup> Reppel K (2013) *op. cit.*

<sup>93</sup> Interview with policymaker, DG AGRI.



Table 7). These differences complicate efforts to bring FIs together from different funding sources, as under the SME Initiative.<sup>94</sup>

## 4.2. Governance

**Table 7: FIs under different EU instruments – objectives, target leverage**

	<b>EaSI Micro-finance and Social Enterprise - Guarantees</b>	<b>Loan Guarantee Facility under COSME</b>	<b>SMEs &amp; Small Midcaps R&amp;I Loans Service under Horizon 2020 – InnovFin SMEG</b>
Responsible DG	EMPL	GROW	RTD
ID/basic act	Regulation (EU) No 1296/2013	Regulation (EU) No 1287/2013	Regulation (EU) No 1291/2013
Description	Guarantee instrument promoting employment and social inclusion by increasing access to micro-finance	Instrument providing guarantees and other risk-sharing arrangements to improve SMEs' access to finance	Guarantee instrument promoting R&I-driven SMEs' and small midcaps' access to risk finance
Financial institutions involved	EIF	EIF	EIF
Leverage effect	Target: 5.5	Target: 20 to 30	Target: 9

**Source:** European Commission (2015) *Annex to the report from the Commission to the European Parliament and the Council on financial instruments supported by the general budget according to Art.140.8 of the Financial Regulation as at 31 December 2014*, {SWD(2015) 206 final}, COM(2015) 565 final ANNEX 1, Brussels, 13.11.2015.

The governance context is important to the pursuit of synergies: suitable governance arrangements that allow cooperation and coordination are a precondition for the creation of synergies, both at EU and Member State level. This concerns **governance relationships between different policy areas at EU level, between the EU level and the Member States, and at the level of Member State**. An important aspect is the variation between the centralised management of some EU instruments and ESIF's shared model.

### 4.2.1. What has changed?

Changes have been somewhat limited and have generally been triggered by new or changed regulatory requirements. Most importantly, the regulatory changes introduced in the CPR emphasised the **need for coordination mechanisms between ESIF and other EU national and funding instruments**. For the ESIF side, the introduction of the PA at national level (see Section 4.2.1), which represents the joint strategic framework for all ESIF in each Member State, increased the scope for coordination between the responsible DGs and thereby the different Funds. PAs were required to set out arrangements, in line with the institutional framework of the Member States (Art. 15(1)b(i)). Likewise, ESIF programmes for 2014-20 are required to set out some detail on this (Art. 96(6)a). Art. 123(8) of the CPR also notes that a Member State may, at its own initiative, designate a coordinating body whose responsibility shall be to liaise with and provide information to the EC, to coordinate activities of the other relevant designated bodies and to promote the harmonised application of applicable law.

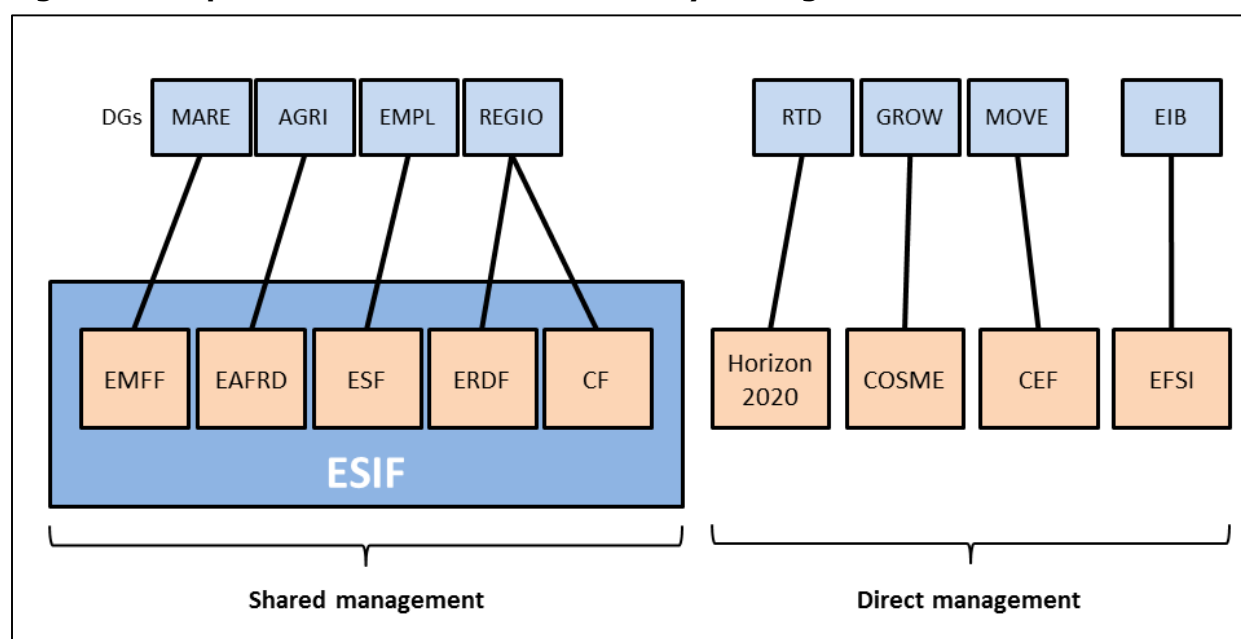
<sup>94</sup> Interview with Spanish policymaker, ESIF and COSME context.

For the 2014-20 programme period, Commission **services prepared so-called position papers in 2012 on the development of the PA and the OPs** in each Member State. These position papers were intended to provide a framework for dialogue before the formal negotiations and amongst other issues they also addressed the need for coordinating ESIF with other EU instruments. In several instances, the papers encouraged Member State authorities to increase their efforts of coordination in order to allow for synergies. A common recommendation was to develop stronger coherence with programmes under the 'investment for growth and jobs' goal with other EU or national programmes.<sup>95</sup> One EC interviewee reported that the preparation of the position papers provided a rare occasion to meet with staff from other DGs to discuss coordination and synergies between different EU instruments.

Moreover, the **introduction of new territorial instruments** such as Community-led Local Development (CLLD) and Integrated Territorial Investments (ITIs), has contributed to **synergistic working under at the regional or local level** in the Member States. CLLD and ITIs provide territorially defined governance structures that combine different sources of funding, albeit with an emphasis on ESIF only.

Otherwise, governance arrangements at EU level have not changed significantly. At EU level, **responsibilities for different instruments, including ESIF, continue to lie with different bodies** (see Figure 4). For ESIF, the supervision of the five Funds (ERDF, CF, ESF, EAFRD, EMFF) continues to be divided amongst four EC DGs (DG REGIO, DG EMPL, DG AGRI and DG MARE). Similarly, the direct management of Horizon 2020 (DG RTD), COSME (DG GROW), CEF (DG MOVE) and EFSI (DG ECFIN) is carried out by separate DGs. As a consequence, **Member State authorities continue to deal with many different EC bodies at the same time.**

**Figure 4: Responsibilities for ESIF and directly-managed EU instruments**



<sup>95</sup> Mendez C, Bachtler J and Granqvist K (2013) 'European Commission Perspectives on the 2014-2020 Partnership Agreements & Programmes: A Comparative Review of the Commission's Position Papers', *European Policy Research Paper* Number 84, European Policies Research Centre, Glasgow, p. 9.



#### 4.2.2 What are the benefits?

Responding to the regulatory context, including the new requirements for coordination set in the PAs, the EC and Member States have introduced a range of **governance arrangements to encourage synergistic working**. These can be broadly subdivided into EU-level, EU-driven and Member State-level initiatives.

**EU-level initiatives include working groups or other fora for the exchange of experience and mutual information** about the activities of different DGs in charge of different instruments. The involvement of DGs in the governance of instruments is predominantly at the 'high level', i.e. in the design of instruments and in the negotiation of strategies and programmes. DG RTD has set up a '**DG RTD-Structural Funds Contact Group**' in 2012. It is an internal platform for sharing knowledge about ESIF developments and DG REGIO staff has been regularly invited to the meetings. **EU-driven initiatives are structures that allow anchoring policy themes territorially in the Member States**. These cover both ESIF and directly-managed instruments as potential funding sources, but can go beyond these to include also to domestic support instruments. Some of these are set up at European level, such as the Enterprise Europe Network (EEN) and the S3 Platform:

- **Enterprise Europe Network (EEN)**: The network has been set up in 2008 and consists of 600 members not only from the EU28, but from over 60 countries. Members are national or regional business support organisations which coordinate access to funding. The management of EEN is funded under COSME.<sup>96</sup>
- **S3 Platform**: The Smart Specialisation Platform (S3 Platform) has been established in 2011 to assist Member States and regions in developing, implementing and reviewing their Smart Specialisation Strategies (RIS3). The S3 Platform is hosted by the Institute for Prospective Technological Studies (IPTS), part of the EC's Joint Research Centre in Seville. It provides information, methodologies, expertise and advice to national and regional policy makers.<sup>97</sup>

Lastly, there are **significant differences in governance arrangements among Member States**. While previous research showed that ESIF managing authorities are cautiously optimistic that the structures and systems planned or introduced for management and implementation of programmes will exploit synergies, there is variation in the arrangements in place to facilitate this, not least in terms of formality.<sup>98</sup> As part of the preparations for the 2014-20 ESIF programme period, Member States had to provide details about coordination arrangements in their PAs, 'in line with the institutional framework of the Member States, that ensure coordination between the ESIF and other Union and national funding instruments and with the EIB'<sup>99</sup> (see Section 4.1.1).

Examples for governance arrangements with the aim of increasing synergies between ESIF and other EU instruments are provided by the **Spanish RTDI network**, which has been continued from 2007-13 (see Box 1) and the **German synergies working group SynBLAG**<sup>100</sup>. The **German SynBLAG**, which translates as synergies working group between the federal level and the *Länder*, has been set up on the basis of an agreement reached as

<sup>96</sup> <http://een.ec.europa.eu/>

<sup>97</sup> <http://s3platform.jrc.ec.europa.eu/home>

<sup>98</sup> Kah S, Mendez C, Bachtler J and Miller S (2015) *Strategic Coherence of Cohesion Policy: Comparison of the 2007-13 and the 2014-20 Programming Periods*, Report to European Parliament, Committee on Regional Development, European Parliament, Brussels.

<sup>99</sup> European Commission (2014f) *Draft Template and guidelines on the content of the Partnership Agreement*, [http://ec.europa.eu/regional\\_policy/sources/docgener/informat/2014/pa\\_guidelines.pdf](http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/pa_guidelines.pdf)

<sup>100</sup> <http://www.eubuero.de/regionen-dialog-eu-synergien.htm>

part of the preparation of Germany's PA.<sup>101</sup> The working group's members are federal and Land-level ministries dealing with EU funding, as well as national contact points for Horizon 2020. SynBLAG has set up the secretariat 'Synergies Dialogue', which manages a web portal on synergies between ESIF and Horizon 2020, organises thematic workshops and publishes regular overviews of Horizon 2020 calls that are related to smart specialisation and ESIF.<sup>102</sup>

### 4.2.3 What are the challenges?

As in past programme periods, the **compartmentalised EC structures described above are often also evident at Member State, sub-national and programme levels** in 2014-20, forming significant obstacles to synergies. The highly sectoralised policy-making system, especially inside the Commission, has important constraining, framing and resource-distributing effects on the pursuit of synergies. This can present formidable challenges to fostering a common vision at EU and Member State levels. This scope for 'silo-based' approaches to management and implementation is evident in a boundary-spanning policy, such as ESIF, with multidimensional objectives, several funds managed by different administrative bureaus and a large budget, where battles over ideas are closely intertwined with turf wars over finance and power.<sup>103</sup>

This picture is further complicated if the view is expanded to include other instruments. The **compartmentalisation of directly-managed instruments is even more pronounced than ESIF**, as there are no dedicated governance arrangements or strategic requirements beyond the general, overarching Europe 2020 framework.

**Member States face the challenge of dealing with different EC bodies with different and sometimes conflicting tasks, priorities and operating cultures.** The challenge is compounded by the often complex ESIF governance arrangements established in different Member States. In many cases, different ministries or departments deal with different ESIF issues, with different and sometimes conflicting tasks, priorities and operating cultures. EU-wide, there are 456 national or regional ESIF OPs in addition to 79 Interreg OPs, with their own managing authorities and accordingly different implementation arrangements, priorities and rules. This creates a very complex structure with both vertical and horizontal governance challenges.

In addition, the instruments themselves are implemented via **complex governance arrangements, both at EU- and Member State level.** Horizon 2020, for instance, which is the financially most important of the selected cases, is built on three separate pillars, has different target groups (individual researchers, SMEs, large firms, institutions), different configurations of the programme committee, different objectives (fundamental research, solving societal challenges, business innovation, policy development and coordination, etc.) and over 13 different project formats (multi-country consortia, individual recipients, programme coordination, public-private partnerships). Also, it can be disbursed via grants, prizes, service contracts and risk capital and makes use of different National Contact Points for different research fields.<sup>104</sup>

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<sup>101</sup> Bundesministerium für Wirtschaft und Energie (2014) *Partnerschaftsvereinbarung zwischen Deutschland und der Europäischen Kommission für die Umsetzung der ESI-Fonds unter dem Gemeinsamen Strategischen Rahmen in der Förderperiode 2014 bis 2020*, CCI Nr. 2014DE16M8PA001, 15 September 2014, p. 170.

<sup>102</sup> See, for instance, overview table from 10 February 2016: [http://www.eubueno.de/media/content/Synergien/H2020\\_WP2016-2017\\_Querschnitt\\_RIS3\\_ESIF\\_10022016\\_Schutz.xlsx](http://www.eubueno.de/media/content/Synergien/H2020_WP2016-2017_Querschnitt_RIS3_ESIF_10022016_Schutz.xlsx)

<sup>103</sup> Mendez C (2013) 'The post-2013 reform of EU cohesion policy and the place-based narrative', *Journal of European Public Policy* 20:5, pp. 639-59.

<sup>104</sup> Reppel K (2016) *op. cit.*

The **differences and potential tensions between the governance of instruments under shared management and direct management** by the EC is one of the main obstacles to synergies between the two types of instruments.<sup>105</sup> While the governance of **ESIF is based on a shared management model, other EU instruments such as Horizon 2020, CEF, COSME, EFSI etc. are directly managed**. This has significant consequences for the degree of complexity of policy delivery, political commitment and ownership and the impact of some implementation rules:

- **Complexity:** Shared management arrangements involve additional layers of decision making, strategies and regulatory requirements in Member States, leading to increased administrative effort and lengthy implementation procedures.
- **Commitment of actors:** While the influence of Member State-level actors on directly-managed instrument is limited, the shared management of ESIF explicitly requires their involvement and allows taking into account domestic strategic priorities. Importantly, it also requires co-funding to a varying extent, increasing the commitment of domestic bodies involved in the implementation of the funding.
- **Implementation rules:** Different management types impact on the applicability of different rules, an issue emphasised frequently in interviews for this study. Most importantly, directly-managed instruments do not have to comply with State aid rules.

### 4.3. Strategic frameworks

Achieving synergies relies on the quality and alignment of strategic frameworks. This starts in the drafting process with the involvement of stakeholders from different funds and instruments and in setting out frameworks that identify strategic priorities from a medium to long-term perspective and investment plans not only from ESIF, but from all relevant funding sources.

#### 4.3.1 What has changed?

From the perspective of synergistic working, a crucial aspect of the reforms introduced for the 2014-20 period is the **strengthened strategic alignment of ESIF with the Europe 2020 strategy**. The Europe 2020 strategy provided a reference framework for the design and programming of the new cycle of ESIF. A key element of the 2013 reform is the introduction of a CSF for five ESI Funds (Annex I of the CPR). This strategic dimension to the policy was initiated in the 2007-13 period under the CSGs, which can be considered a predecessor of the CSF; it established an indicative framework for intervention of the ERDF, CF and ESF, based on the EU's 'growth and jobs' objectives. Unlike the CSGs, the CSF is included as an annex to the CPR and thus contains a more binding framework which is applicable to all five ESI Funds (ERDF, CF, ESF, EAFRD, EMFF).

This in turn strengthened strategic integration in the PAs and OPs for 2014-20, particularly through thematic concentration and alignment with Country-Specific Recommendations (CSRs). These begin with the overarching Europe 2020 strategy for smart, sustainable and inclusive growth and obligations to target funding through thematic concentration. In addition to its alignment with Europe 2020, the CSF similarly highlights the need for programming authorities to align OPs with other EU-wide strategies and instruments. This includes a dedicated section on coordination and synergies between ESIF and other Union policies and instruments, focusing on eight main domains: the Common Agricultural Policy and the Common Fisheries Policy; Horizon 2020 and other centrally managed Funds for research and

<sup>105</sup> Art. 58-59, Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.

innovation; New Entrants Reserve (NER) 300 demonstration funding; the Programme for the Environment and Climate Action (LIFE) and the environmental acquis; ERASMUS+; EaSI; the CEF; European Neighbourhood Instrument and European Development Fund (EDF). For each of these policy domains, the CSF highlights key links and priorities for funding to support synergies, albeit with varying levels of detail and guidance. The most detailed guidance is provided on Horizon 2020 (and other research and innovation Funds) and the CEF (see below).

It is important to note that **ESIF ex-ante conditionality provisions aimed to ensure that the preconditions for effective implementation of the Funds are put into place.** The regulation included conditionalities specific to each ESIF TO (see Table 8), relating mainly to the pre-existence of domestic strategies (e.g. on smart specialisation), the transposition and implementation of EU Directives (e.g. on water or waste), addressing EU guidelines (e.g. employment and social policy) and capacity-building activities (e.g. sufficient project pipelines in the transport sector).

**Table 8: Thematic ex-ante conditionalities**

Thematic Objective	Domestic strategy	EU regulation	EU priority / guideline	Capacity
1. RTDI	✓			
2. ICT	✓			
3. SME competitiveness		✓	✓	
4. Low-carbon economy		✓	✓	
5. Climate change	✓			
6. Sustainable resources	✓	✓		
7. Sustainable transport	✓	✓	✓	✓
8. Employment & labour mobility	✓		✓	✓
9. Skills, education, learning	✓		✓	
10. Poverty and inclusion	✓		✓	
11. Institutional capacity	✓			✓

**Source:** Mendez C, Kah S and Bachtler J (2012) 'The Promise and Perils of the Performance Turn in EU Cohesion Policy', *IQ-Net Thematic Paper 31(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

#### 4.3.2. What are the benefits?

As noted in previous research,<sup>106</sup> the PAs **identify potential synergies between ESIF strategic objectives (either TOs or investment priorities) and other EU policies**, albeit with varying degree of detail and coverage. The vast majority of PAs **identify potentials for synergy between ESIF and other European policy instruments and funding sources**, often using correspondence tables identifying where the strongest potential lies. In line with the CSF, the main areas of potential synergy highlighted include the European Research Area (ERA), the European Innovation Partnership, Horizon 2020, European Institute of Innovation and Technology (EIT), Knowledge and Innovation Communities (KICs), Marie Curie, COSME, CEF and LIFE.

**Examples of mechanisms highlighted in the PAs to create synergies between ESIF and other EU funds** are as follows.

- **Coordinated planning of the PA involving ESIF authorities and those responsible for various EU Funds.** This is highlighted in Estonia's PA, namely, CEF, the LIFE Programme, the Internal Security Fund, the Asylum, Migration and Integration Fund and Horizon 2020. Further cooperation is being pursued and

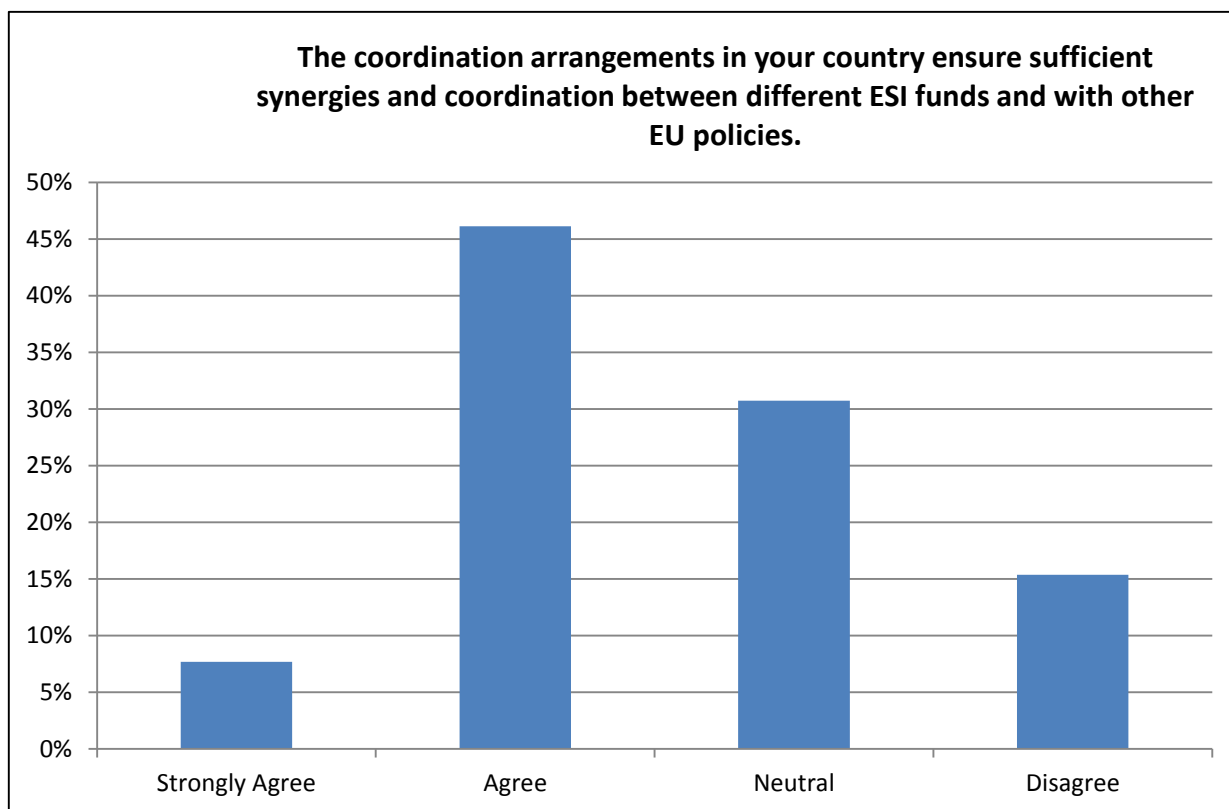
<sup>106</sup> Kah S, Mendez C, Bachtler J and Miller S (2015) *op. cit.*

information exchanged between the bodies in charge of the sectors related to these funds.

- **Enhanced coordination by setting up regular exchanges.** In France, coordination is pursued e.g. between National Contact Points for Horizon 2020 and local actors with regards to their participation in European research and innovation programmes. In the framework of EIP-AGRI, the French PA foresees support for coordination with Horizon 2020 and other ESIF (mainly EAFRD and ERDF) through collaboration and interdisciplinary approaches between national actors of the European Innovation Partnerships (particularly rural development and R&D) and the MA of the rural development plan; through consolidating or setting up networks of thematic operational groups and to ensure thematic support, innovation support services, promotion and dissemination of experiences and support for the development of specific projects (trans-regional, trans-national and cross-border); and promotion of participation of actors involved in the Innovation Partnership in EU-wide activities (EAFRD and Horizon 2020) and ensure the coordination of the two policies.
- **Cooperation between units and managers of different EU Funds.** In Spain, under EaSI, synergies are being pursued with the ESF microfinance and social entrepreneurship priorities through a stable structure of cooperation between units and managers of the EaSI and ESF.
- **Participation and representation of national bodies in international platforms and knowledge exchange networks.** This is being strengthened in Portugal, including in Horizon 2020 and other EU research programmes.
- **Awareness-raising, information and training targeting potential beneficiaries of other EU programmes.** This is planned in Portugal through more proactive efforts by the National Agency for Development and Cohesion and the MAs of ESIF programmes.
- **Thematic networks will place a greater emphasis on coordination of ESIF with other EU Funds.** In Spain the RTDI network has made a commitment to coordination among the various Funds and Horizon 2020 in its 2014 plenary.<sup>107</sup> The Spanish sustainable development network has also been working with programming authorities to promote integrated LIFE projects funded by the ESIF.

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<sup>107</sup> Building on previous periods, Spain has six ESIF networks in place addressing specific themes and horizontal priorities (RTDI, gender equality, sustainable development, urban development, social inclusion and rural development), which provide a forum for coordination and exchange of experiences between the regions, central government and experts.

**Figure 5: Self-assessment of coordination arrangements**

**Source:** Research carried out in a sample of ESIF authorities in 11 Member States by Kah S et al. (2015) *op. cit.*

The qualitative assessments by Member State authorities suggest a reasonable degree of confidence that their coordination arrangements will ensure sufficient synergies and coordination between different ESIF and with other EU policies (see Figure 5). This does, however, vary between countries, with officials in Germany and the United Kingdom more confident than their counterparts in Bulgaria, Finland and Spain. In some Member States, the **effectiveness of domestic coordination arrangements is considered to be constrained by EU regulatory requirements** (France), including differences between rules applicable to SF and EAFRD/EMFF (Finland), and because of the different nature of CP and other EU policies (Spain).

The **drafting of strategies in response to conditionalities has had an impact on the strategic framework for synergistic working**, as demonstrated by two prominent examples: RIS3 (ESIF-Horizon 2020) and General Transport Master Plans (ESIF-CEF).

**Under RIS3, strong emphasis is placed on the need for alignment of ESIF research and innovation funding with the Horizon 2020 programme** through joint funding and close collaboration among the competent authorities. Under ESIF TO 1, the thematic conditionality requires a domestic R&I strategy for smart specialisation (RIS3) that includes: SWOT analysis to concentrate resources on limited priorities; measures to stimulate private RTD investment; a monitoring and review system; a national framework outlining available budget for R&I from different sources; and, a multi-annual plan, budgeting and prioritisation linked to EU priorities. Thus, the aim of RIS3 is to provide a strategic framework for investment in RTDI from different sources, including ESIF and Horizon 2020. The drafting of RIS3 strengthens the strategic framework for synergistic working in several ways.

- Generally, any kind of **priority setting contributes to awareness raising, making future investment plans more transparent and identifying potential synergies.**



In theory, one of the clearest indications of synergies between different funding sources in the RIS3 comes in the budgetary framework which should outline available budgetary resources for RTDI, including prioritisation of investment from different resources, linked to EU priorities. The budgetary framework for the Spanish Comunitat Valenciana RIS3 provides an example (see Table 9). Yet, most RIS3 remain vague in terms of indicative budgets for their realisation.

**Table 9: RIS3 Comunitat Valenciana budgetary framework**

EU / Spain	Type of funding	Source	€ million
EU	ESIF	ERDF (regional OP)	298
EU	ESIF	ESF	42
EU	Competitive	Horizon 2020, COSME	504
EU	ESIF	ERDF (national OP)	263
Spain	Domestic	National budget	97
Spain	Domestic	Regional budget	346
Spain	Domestic	Private	280
<b>Total</b>			<b>1,828</b>

**Source:** Generalitat Valenciana (2014) *Estrategia de Especialización Inteligente para la Investigación e Innovación en la Comunitat Valenciana*, p. 21.

- Moreover, **the process of developing a smart specialisation strategy has drawn different policy ‘communities’, such as regional policy and innovation policy, together.** These communities ‘claim’ their policy areas and synergies require convergence of these communities. In Austria, for instance, smart specialisation has allowed the RTDI community to build links in the regional policy area.<sup>108</sup> Wales has made significant inroads for developing synergies between ESIF and Horizon 2020. This came from early planning midway through the 2007-13 period, and developing a clear strategy for collaboration of ERDF Smart Specialisation measures and Horizon 2020.<sup>109</sup>
- Finally, **RIS3 can be used to strengthen strategic synergies at the operational stage.** For example, in the Czech Republic, the ESIF Research Development and Education OP will allow co-financing of projects under Horizon 2020 and financing of quality projects which passed the appraisal under Horizon 2020 but owing to limited funding were not financed from Horizon 2020 (so-called shortlisted projects). The financed projects must comply with the RIS3 priorities. The aim of the activity is to increase the still low participation of Czech research teams in framework programmes.<sup>110</sup>

With respect to the CEF, the emphasis is on coordinated planning with ERDF/CF support for transport, telecommunications and energy infrastructure. The CSF calls for the prioritisation of projects linked to Trans-European Network and internal market objectives and guidelines. **For ESIF-CEF synergies, the role of conditionalities in strengthening the strategic framework is apparent.** Evaluation of the TEN-T initiative in 2007-13 had identified problems related to the flawed definition of strategic goals and the weakness or absence of national strategic transport plan or European strategic plan. This created incentives to submit project plans which were politically motivated and favoured political goals rather than strategic functionality.<sup>111</sup> According to the thematic conditionality for ESIF TO 7 ‘Sustainable transport and removing bottlenecks’, Member States are required to draft a ‘General Transport Master Plan’, which is a high-level strategy setting the major objectives of their

<sup>108</sup> Interview Austrian policymaker, Federal Ministry of Science, Research and Economics.

<sup>109</sup> Interview with policymaker, WEFO, Welsh Government.

<sup>110</sup> Interview with Czech policymaker, ESIF and Horizon 2020 context.

<sup>111</sup> Schade *et al.* (2013) *op. cit.*

national transport system in the long term (the current planning horizon is the year 2030) with prioritisation of strategic objectives, a realistic and mature project pipeline that covers ESIF and CEF investments and assurance of capacity measures to deliver on the project pipeline.

- **The drafting of National Transport Masterplans has created a stronger strategic framework for synergies.** Masterplans are drawn up according to a methodology and guidelines developed by the EC. This is to facilitate the assessment of the national objectives which must comply with those defined at EU level, notably with regard to economic sustainability and the development of the trans-European transport network. Masterplans, however, are not drafted by the EC: the strategic objectives that they set out are those of the governments concerned. The Transport Masterplans must have a list of projects and DG MOVE invited DG REGIO to participate in the assessment of project proposals in the Masterplans. In part, this was to ensure that they cohered with ESIF project applications.<sup>112</sup> Thus, strategic coordinating frameworks have been strengthened for 2014-20. There are tables of projects with implementation timetables, estimated costs and funding sources under CEF or ESIF.<sup>113</sup>

**There has also been emphasis on using strategic programming to pursue synergistic use of funds at the level of ESIF OPs.** This is demonstrated in several ways.

- A common approach has been the **involvement of representatives of different funds and instruments in the drafting of OPs.**
  - For instance in the Czech Republic, both the OP Enterprise and Innovation and OP Research Development and Education for Competitiveness, took into account the opportunities for synergies with Horizon 2020 during the programming process. Representatives from Horizon 2020 authorities were involved and consulted with during the programming process. The Education OP also notes the value of participation from EC representatives from DG REGIO and DG RTD.
  - Similarly, ESIF authorities in Wales actively considered synergies between ESIF and Horizon 2020 in the programme planning process. From a very early stage there was an awareness of the opportunities to share information and to find linkages between the two sources as part of the scoping process for 2014-20. The opportunity then arose to create a specific team in 2013 which could dedicate time to developing synergies through the programmes.
  - In Romania, at the development/preparation and programming phase, the synergies between EIP-AGRI and PNDR-RO were largely addressed within specialised working groups that debated and agreed the provisions of the measures to be supported through EIP-AGRI. Talks were held with representatives from the EC, as well as with members of the Rural Development Managing Authority and representatives from the Romanian Ministry of European Funds to identify complementarities and synergies. Representatives from the Romanian authorities and the EC discussed synergies with EIP-AGRI and how the initiative could be implemented. Several representatives of professional associations and farmers noted potential obstacles to implementation (e.g. related to limited research capacity) and discussed how these could be addressed. It should be noted, however, that this emphasis on programming as a means to pursue synergies was not universal.

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<sup>112</sup> Interview with policymaker, DG MOVE.

<sup>113</sup> Interview with Polish policymaker, Ministry of Development. See also: [http://www.mr.gov.pl/media/14234/Dokument\\_Implementacyjny\\_do\\_SRT\\_17102014.pdf](http://www.mr.gov.pl/media/14234/Dokument_Implementacyjny_do_SRT_17102014.pdf)



In Spain, the preparation phase of COSME was not used to identify synergies with ESIF, and ESIF representatives were not involved at that stage.

- Another approach is to strengthen the synergistic use of funds through **joint strategies or programmes that incorporate multiple funds or instruments**. A prominent example of this is provided by the SME Initiative (SMEI). SMEI builds on FIs under COSME and Horizon 2020, using the eligibility criteria, delivery mechanisms and best practices set out in their Basic Acts, while complying with the implementation modalities foreseen for joint instruments in the CPR. It uses securitisation and portfolio guarantee products foreseen under COSME and Horizon 2020, which have already been used and tested in the previous MFF, notably under CIP. In effect, participating Member States agree to allocate a proportion of ERDF or EAFRD to a national SMEI programme, managed by EIF and EIB, which will also draw in COSME and/or Horizon 2020 resources, sharing the risk involved. Via the SME Initiative, the EIF offers selected FIs (e.g. banks, leasing companies, guarantee institutions, debt funds) loss protection and potential capital relief at an advantageous cost. Each participating Member State is required to provide the EC with a single dedicated national programme (SDNP) per financial contribution by ERDF and EAFRD. Member States are also involved in the governance as members of the EIB and EIF boards, which approve any single transaction. **Assessments of SMEI as a vehicle for synergies are constrained**: it is at an early stage of implementation and, thus far, only a limited number of Member States have opted in. However, **some early insights are provided by the Spanish case**. According to interviewees, this instrument offers **several potential advantages**.
  - The SMEI offers a **potentially higher leverage effect on the ESIF contribution** than might be achieved otherwise, due to a combination of various resources, no requirement of co-financing from national or regional resources, no need to conduct an additional ex-ante assessment (as an EU-level assessment replaces Member State/regional ex-ante assessment), the use of an existing template for the Funding Agreement. The SMEI does not require a new legal basis (as it uses the already existing legal framework).
  - It could potentially **contribute to capacity building** (drawing on the expertise of the EC and the EIB Group in designing and implementing SME financing schemes).
- **OPs may also include priorities or measures covering different EU-funded instruments**.
  - For instance, in the Czech Republic, the Research Development and Education OP will allow co-financing of projects under Horizon 2020 (complying with the ban on double financing of the same budget items and also adhering to the principle of not replacing national co-financing of a part of the Horizon 2020 projects with ESIF funding). The aim is to increase the still low participation of Czech research teams in framework programmes. Two Priorities are given particular emphasis. Priority 1 focuses on reinforcing the capacity of research organisations. Priority 2 focuses on improving the quality of human resources in science and research by means of attracting and developing promising researchers. This includes activities involving research teams in international research projects implemented under existing EU initiatives (mainly activities under Horizon 2020). Here there is scope for complementary financing to projects (in line with RIS3 priorities) approved under Horizon 2020 and other initiatives.

- A further example is the EIP-AGRI initiative where Art. 35 of the EAFRD initiative allows rural development programmes in Member States to fund the establishment of an operational group to pursue the combination of rural development funding with other innovation-related funding, especially Horizon 2020, under the Measure 'Cooperation' (see Section 4.4.2).

### 4.3.3. What are the challenges?

**Despite explicit reference to coordination arrangements in PAs and OPs there are several gaps and weaknesses.**

- There is **often limited information in the PAs on the specific mechanisms for coordination between ESIF and other EU instruments**. For instance, Austria's PA notes that there are arrangements for coordination with Horizon 2020, COSME, ERASMUS+, FEAD, AMIF, LIFE and the EIB. However, with the exception of Horizon 2020, where a platform for Horizon 2020 and ESIF actors is planned by the Ministry of Science, no details are given on how coordination will work in practice. For some (FEAD, AMIF), reasons are provided why there are no overlaps and hence no need to coordinate. Similarly, in Finland, there is very little detail on the mechanisms and structures. For instance, the PA notes that the objectives of the LIFE programme do not overlap with ESIF but should there be a need for coordination between these programmes, this can be done together with the Ministry of Environment through the respective Monitoring Committees and their secretariats; and that Erasmus+ complementarities with ESF will be monitored and assessed by the Ministry of Education and Culture. Estonia's PA merely highlights a preference for investments that help to increase the participation and visibility of Estonia and achieve a synergy between the ESIF and Horizon 2020.
- **Arrangements for complementarities at the level of operations, including possibilities for complementary support from multiple funding sources within one operation, are only mentioned in a limited number of PAs**. Bulgaria plans to take advantage of the possibility for operations to receive financial support from one or more Funds, one or more programmes, on condition that the expenditure is funded only by one source. In those cases, the application guidelines will be elaborated and the evaluation will be made by the Managing authorities of the financing programmes. Financial support is explicitly prohibited where an activity is funded by another project, programme or scheme, funded by public sources, national budget resources and/or ESIF. In Finland, this was explicitly mentioned only in the context of the LIFE programme: funding can be possible for at least three broad integrated projects (i.e. integrating different funding instruments) as long as the objective of the SF project is in line with the objectives of LIFE. In the case of outermost regions, there is scope to coordinate ERDF with the European Development Fund (EDF) in order to optimise cooperation at the level of a geographical zone. This can be achieved by setting up regional coordination committees or EGTC and by mechanisms allowing funding joint ESF-ERDF projects.

It should be noted that there has been some **criticism of the use of ex ante conditionalities related to domestic strategies and that these have implications for their role in strengthening synergies**.

- Ensuring full compliance with the conditionality provisions involves **considerable work in some Member States**. In 2016, some Member States still had to develop domestic strategies that fulfilled some ex ante conditionalities.

- Related, **issues have arisen in relation to the timing of the preparation of strategies and synchronicity with the drafting of the SF programmes.** For instance, ideally RIS3 would have been completed before work started on the ERDF/ESF programmes. However, this was difficult because Member States had to take account of the EC's very specific requirements for the strategies.
- There is also the potential that domestic strategies developed to fulfil **ex ante conditionalities are partial and do not facilitate a 'holistic' approach to synergies.** A regional innovation strategy may be linked only to certain components of a broader SF programme: is broader synergy being achieved or is it targeting a specific element, for instance a limited number of ERDF measures?
- There are questions concerning the **quality of the strategies produced as a result of conditionalities.** Emphasis can be on having strategies in place, without sufficient consideration to the value or quality of the content: do they provide valuable planning frameworks for synergistic working or are they 'paper exercises' designed to fulfil formal requirements. In this context, although RIS3 budgetary frameworks should outline different budgetary resources for RTDI, including prioritisation of investment linked to EU priorities, according to assessments of the strategies, budgetary frameworks are among the weakest elements of the strategies.<sup>114</sup> As seen in the case of the Comunitat Valenciana, some RIS3 include such budgetary frameworks but the picture is uneven and there are significant gaps.

**The complexity of building joint strategies or programmes that incorporate multiple funds or instruments** has been noted by interviewees as a disincentive for this form of synergistic working. Despite the emergence of interesting initiatives, the challenges involved in bringing ESIF and other EU-funded instruments together in programmes or priorities should not be underestimated. A clear example of this is the limited uptake of the SME Initiative.

- **Timing issues,** as the regulatory initiative for SMEI or other instruments was created when the ESIF programme architecture was already in place.
- The complexity and **administrative cost** involved in incorporating the instrument may not be justified by the level of funding involved.
- Member States and ESIF managing authorities may have **worries over the lack of flexibility.** In the case of SMEI, there is concern over the potential loss of control over ESI funding as funds are channelled back up to the EU level. In this context, there is concern over the potential loss of territorial focus, particularly where regional programmes are considering contributing resources.

#### 4.4. Implementation

The potential for synergies between ESIF and other EU-funded instruments has been increasingly addressed in regulatory frameworks, taken into account in governance arrangements and planned in more detail in strategic documents and programming processes. However, the achievement of synergies in practice depends, on the implementation stage and the operationalisation of synergistic working 'on the ground' to address issues of compartmentalisation and 'silo-based' approaches.

<sup>114</sup> Landabaso M (2013) State of Play about Smart Specialisation (RIS3) including synergies between ESIF and Horizon 2020, ERAC Mutual Learning Seminar, 20/3/13. <http://www.docfoc.com/state-of-play-about-smart-specialisation-ris3-including-synergies-between>

#### 4.4.1. What has changed?

As noted in the review of synergistic working in the 2007-13 period, **given regulatory and governance challenges, examples of concrete synergies between CP and other EU instruments 'on the ground' are often difficult to identify.** Moreover, at this relatively early stage in the 2014-20 period, it is challenging to make robust assessments of 'what has changed' in terms of synergistic working in the implementation of programmes. Nevertheless, it is possible to identify emerging initiatives in ESIF authorities and authorities involved in the implementation of other EU-funded instruments, alongside perceived benefits and constraints.

#### 4.4.2. What are the benefits?

**Among ESIF authorities, the pursuit of synergies through programme implementation is apparent at various stages.** The approach of the approach of the European Funding Office in the Welsh Government provides an example of good practice in this regard.<sup>115</sup>

- **Cooperation in planning and setting the parameters of calls for proposals, particularly through membership in the Monitoring Committees and platforms for planning calls;** the possibility to establish selection criteria that reward operations using different funds or instruments in a synergistic manner. In Wales, for instance an important operational success of synergies between ESIF and Horizon 2020 has been Horizon 2020 involvement in the programme monitoring committees. Representatives of the European Funding Office Horizon 2020 Unit have spoken twice to the committee. They also provide papers to the meetings for information and stakeholders can request further information
- **Cooperation in assessing the acceptability of the project to the relevant programme in terms of its focus; i.e. in the form of 'cross-participation' in project selection.** Thanks to the early development of a common strategic framework, ESIF and Horizon 2020 operate in quite an integrated approach. A key operational synergy is derived from both Horizon 2020 and ERDF funding applications being scrutinised by the same investment panels – this ensures that synergies can be closely considered before funding is approved. Potential beneficiaries need to demonstrate under the core criterion of 'strategic fit' how they will integrate with such funding sources and, particularly in the case of capacity building activity, how they will increase their success or the success of others in attracting such funding to Wales.
- **Data collection, cooperation on monitoring and evaluation.** There is joint-data collection ESIF and Horizon 2020 teams, and they continue to build capacity to support this. Evidence and data gathered individually and then shared between the teams.

An example of initiatives by ESIF authorities to operationalise synergies comes from the 'Bridge-building' project in Germany (Box 2).

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<sup>115</sup> Interview with policymaker, WEFO, Welsh Government.

## Box 2: NRW bridge-building

The ERDF managing authority of North Rhine-Westphalia is carrying out the project 'NRW Bridge-building' (NRW Brückenbildung). Launched in October 2015 and with a budget of €1.5 million (ERDF: €750,000) it brings R&D actors and businesses closer together in order to explore potential synergies between ERDF and Horizon 2020. The project objectives are the improvement of the framework conditions for synergies, increased transfer of results from EU-funded research into the regional economy, increased successful participation of actors from North Rhine-Westphalia in Horizon 2020 as well as in domestic schemes, and increased awareness among all players for potential synergies. The project is based on the interplay between upstream and downstream measures, as suggested in the EC guidance on synergies.

**Source:** Janson B (2016) Brückenbildung NRW. Synergien zwischen EU-Forschungsrahmenprogrammen und ESIF, presentation at Enterprise Europe Network event on 27 January 2016, [http://nrw.enterprise-europe-germany.de/public/uploads/downloads/veranstaltungen/08\\_BrueckeBJ.pdf](http://nrw.enterprise-europe-germany.de/public/uploads/downloads/veranstaltungen/08_BrueckeBJ.pdf)

**Among authorities involved in the implementation of other EU-funded instruments** various means of strengthening synergistic working with ESIF are being pursued.<sup>116</sup>

- Potential activities include **actively cooperating with MA structures of support, interlinking websites and providing information to beneficiaries on ESIF funding opportunities**. According to EC interviewees, publicity is vital to overcome compartmentalised or 'silo' type operations. For instance, under Horizon 2020 there are varied strengths and traditions within Member States under different sectors. Some individuals or organisations may actively pursue synergies (e.g. universities) but it is difficult to generate a broader view of synergies in Member States.<sup>117</sup>
- **The organisation of workshops can bring together the relevant MAs and bodies in charge of instruments**, to brainstorm about possible synergies, to regularly exchange information and mutually learn about the state of implementation. In this respect, DG RTD and DG REGIO have jointly produced guidance to the relevant authorities on establishing synergies between European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programmes'.<sup>118</sup> DG RTD has delivered training to DG RTD & REGIO staff and also to RTD executive agencies. The EC has also published guidance for beneficiaries showcasing synergies between various instruments and ESIF<sup>119</sup> and there have been numerous seminars, conferences, other events presentations on the topic across Member States. Here, it is worth mentioning the 'Stairway to Excellence', launched in 2014 within the Smart Specialisation Platform (S3P). It aims to support EU13 regions and countries in developing and exploiting the synergies between ESIF, Horizon 2020 and other EU funding programmes. It organises national events in EU13 Members States to ease understanding of national and regional innovation ecosystems; raise awareness to enable synergies between EU funding programmes; share experiences in combining SF and Horizon 2020; and, draw lessons for the future and identify follow-up actions to enhance potential synergies.<sup>120</sup>

**In preparing work plans and call specifications, instruments can contact the MAs of relevant ESIF programmes to explore synergy potentials and synchronicity** of project calls. In this context, it is possible to highlight interesting initiatives in place for the 2014-20 period. Box 3 and Box 4 set out some interesting examples.

<sup>116</sup> European Commission (2014b) *op. cit.*

<sup>117</sup> Interview with policymaker, DG REGIO.

<sup>118</sup> [http://ec.europa.eu/regional\\_policy/sources/docgener/guides/synergy/synergies\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/guides/synergy/synergies_en.pdf)

<sup>119</sup> European Commission (2014e).

<sup>120</sup> <http://s3platform.jrc.ec.europa.eu/stairway-to-excellence>

### Box 3: Clean Sky Joint Undertaking (CSJU)

Clean Sky Joint Undertaking (CSJU): CSJU supports research to develop deliver quieter and more environmentally friendly aircraft. The public-private partnership between the EC and the aeronautics industry initially ran from 2008-16 with a budget of €1.6 billion and has been renewed in 2014 under Horizon 2020. CSJU explicitly encourages synergies between Horizon 2020 and ESIF and prepared a guidance note on synergies.<sup>121</sup> Complementary ESIF activities can be proposed by applicants to CSJU calls, e.g. amplifying the scope, adding parallel activities or continuing CSJU co-funded projects.

Source: <http://www.cleansky.eu/content/page/synergies-structural-funds>

### Box 4: 'Teaming' initiative in the Czech Republic

The 'Teaming' initiative aims to support the creation or upgrading of centres of excellence in countries with low research and innovation performance. The aim is to link partners in areas with lower levels of success in securing Horizon 2020 funding to high quality research centres and established partners in more developed countries as a means of improving performance.

The first stage of the call was issued in January 2015 and involved the development of business plans by the main applicant organisation established in a country with low levels of research and innovation performance and a university or research organisation with an international reputation in research and innovation excellence.

Stage 2 focuses on the development of the research centre for successful applications. At this stage, the EC encourages the use of 'additional' funds, specifically mentioning ESIF funds as a potential source. With practical experience of working with FP7, the Czech Ministry for Education has participated in this initiative and this is operationalizing synergies between the OP for Research Development and Education and Horizon 2020. Three projects reached the second stage 2 and the Ministry has issued a special call in the OP for elements of the work complementary to the Horizon 2020 funding, covering 'downstream' activities related to research and innovation infrastructure and 'harder' investments. For instance, the Czech Institute of Physics' HiLASE facility, financed by the Research and Development for Innovation OP (ERDF) and the UK's STFC Central Laser Facility (CLF) have been awarded around €500,000 in the first phase of funding for a new Teaming initiative under Horizon 2020.<sup>122</sup>

There are challenges associated with this initiative. Synchronising ESIF and Horizon 2020 project calls, appraisals and selections is difficult: orchestrating both sets of funding means there are time constraints to work on proposals, although the fact that there are a limited number of projects means that the Ministry has been able to invest considerable support. A related challenge is how to set up the system to assess applications through both ESIF and Horizon 2020 systems. A system is now in place that means projects first go through the OP, if they meet the appropriate standards they then go through to Horizon 2020 assessment. The project is either: accepted for Horizon 2020 funding in which case it goes back to the OP and gets a lower level of ESIF money; or, it is not selected, in which case the project can still be funded through the OP, but possibly with some new conditions attached.

It is also worth noting that the Teaming call provides an extra incentive to Member States and regions to finalise their RIS3 strategies as alignment of a Teaming proposal with the RIS3 strategy of the Member State/region is an essential Horizon 2020 evaluation criterion.

Source: Interviews with Czech policymakers and <https://ec.europa.eu/programmes/horizon2020/>

<sup>121</sup> Clean Sky Joint Undertaking (2015) *CSJU calls for proposals – guidance note. How to include in the proposal complementary activities supported by ESIF*, Version 1 - July 2015. [http://cleansky.eu/sites/default/files/documents/esif\\_guidance\\_note\\_csju\\_17\\_07\\_15.pdf](http://cleansky.eu/sites/default/files/documents/esif_guidance_note_csju_17_07_15.pdf)

<sup>122</sup> Masopust L (2016) 'HiLASE Centre: Structural Funds supporting R&D projects', presentation at IQ-Net Conference 'Options and ideas for the management and implementation of Cohesion policy post-2020', Prague, 11 May 2016.



The '**Seal of Excellence**' certificate is awarded to project proposals submitted for funding under Horizon 2020 'SME Instrument', which succeeded in passing all of the selection and award criteria but could not be funded under the available Call budget. The 'Seal' identifies project proposals which merit funding from alternative sources public or private, national, regional, European or international, including ESIF. As such it can be seen as contributing to the longer term process of building synergies. It is early to provide an assessment of this approach, but ESIF authorities have noted that it makes it a little harder to work with those who do not have the Seal, and that it creates the impression of guaranteed funding from somewhere. More fundamentally, there is the question of whether this is integrating Horizon 2020 with ESIF in the pursuit of synergies or whether it is substituting missing Horizon 2020 budget with SF.<sup>123</sup>

There is some scope for **operational synergies between EFSI and ESIF**.<sup>124</sup> EFSI and ESIF can combine at a project level, exploiting the complementarity between grants and market-based instruments. For instance, EFSI can finance the revenue-generating parts of an infrastructure project supported by ESIF grants. EFSI and ESIF can combine at a higher level, through a FI. For instance, an EFSI investment platform can participate as investor into a FI (or a 'holding fund') set up by an ESIF managing authority in an OP (see Box 5).

#### **Box 5: EFSI in Nord-Pas de Calais**

An EFSI FI has been included in Priority 3 of the ERDF-ESF OP 'Nord-Pas de Calais' 2014-20. The Priority will contribute to the 'Troisième Révolution Industrielle (TRI)', a programme targeting zero carbon emissions by 2050, whereby the region's energy needs would be covered by renewable energy sources. The low-carbon economy investment plan will entail job creation, economic development and more sustainable energy supply and usage. This represents a first for Europe in combining ESI Funds with EFSI in a climate action instrument, the TRI fund assists business-led investments in 'low carbon economy' projects.<sup>125</sup>

The FI involves a loan to an investment company set up by public and private investors to invest in the low-carbon economy in the region. EIB financing under EFSI is €15 million. EFSI fits in the initial Priority both in terms of strategy and method of delivery (the managing authority was planning to use an FI from the outset). Nord-Pas de Calais designed its Third Industrial Revolution strategy and its ERDF-ESF OP before the creation of EFSI. The themes of the Regional Strategy could be covered by ESIF and EFSI. Plus, the Region had already planned to allocate ESIF in the form of FIs.

However, key to this integrated approach was EIB's 'double role', as EFSI manager on the one hand and provider of technical assistance for the implementation of FIs with ERDF co-funding on the other hand. EIB's regular contacts with the Regions and managing authorities created informal channels for exchange of information at preparation meetings for the creation of the ESIF-funded TRI fund in the OP. It raised the region's awareness EFSI as an additional source of funding, while it was designing the FI and setting up arrangements between co-investors. This informal channel allowed EIB to identify favourable timing and led to its early involvement.

**Source:** Interviews with French policymakers.

EFSI and ESIF can be combined at a higher level, through an investment platform. In this case, the EC recommends establishing 'layered funds' in which ESIF take the 'first loss piece' position, EFSI and the EIB take the 'mezzanine tranche' and private investors take the 'senior' position. The use of ESIF to absorb part of the risk of EFSI investments can be important for countries with less sophisticated financial markets and presenting higher political and

<sup>123</sup> Interview with policymaker, DG REGIO.

<sup>124</sup> Expert group on European Structural and Investment Funds (2015) *Brochure on ESIF/EFSI complementarities*.

<sup>125</sup> <https://www.fi-compass.eu/news/2016/06/first-esi-fund-financial-instruments-combined-efsi>

regulatory risks. ESIF grants may have a role to play where the associated risks would make it unlikely for EFSI support.<sup>126</sup>

**EIP-AGRI is a way to link EAFRD funding to other policies, especially Horizon 2020.** This can be done in two ways, i.e. by **using EAFRD funding to prepare for a potential future Horizon 2020 application or by using Horizon 2020 results to feed into the work of EIP-AGRI OGs.** According to the Horizon 2020 work programme 2016-17 for 'Societal Challenges 2', Horizon 2020 results should feed into EIP-AGRI. EIP-AGRI is recommended as a suitable tool for interactive innovation.<sup>127</sup> Actors involved in interactive and practice-oriented formats under Horizon 2020 are explicitly encouraged to work with EIP-AGRI and this will form part of the selection procedure of Horizon 2020 multi-actor projects. All OGs and Horizon 2020 multi-actor projects must report their outcomes in the same common format, which will form a unique EU repository for practitioners. It will be used to measure the impact of research and innovation projects and to reward researchers for demand-driven innovation beyond publications in scientific journals. Yet, the EC's EIP-AGRI guidelines highlight the **different geographical focus of the two policies as the main challenge for synergies.** While Horizon 2020 strongly builds on international cooperation, EAFRD OPs are by nature of their territorial character 'applied within a specific programme region, whilst research policy must go beyond this scale by co-funding innovative actions at transnational level.'<sup>128</sup>

#### 4.4.3. What are the challenges?

**Most emphasis is being placed on ESIF synergies with Horizon 2020, with much less focus on other EU-funded instruments.** It is evident that these examples of new initiatives designed to operationalise synergies in 2014-20 refer to ESIF and Horizon 2020. For other instruments, such as CEF and EFSI, the current emphasis is on setting out the scope for synergies in terms of strategic frameworks. At the operational level, **demarcation and the avoidance of duplication and rivalry remains a fundamental aim.**

- For instance, as already noted, for **CEF the production of National Transport Masterplans is seen as a step forward for synergistic working but one of the main benefits is the delineation of ESIF and CEF support in the list of projects.** Even then, there is scope for rivalry: in some Member States CEF is seen as a good source of transport funding with a more manageable regulatory framework and less issues with State aid. As a result, there is a tendency to channel the 'best' transport projects into CEF. This can induce a short delay on implementation in CP transport project insofar as the best and the most mature projects are funded through an alternative funding stream.<sup>129</sup>
- **The pursuit of operational synergies between EFSI and ESIF also faces challenges.** There is a broad trend towards increased use of FIs, including under ESIF,

<sup>126</sup> Rubio E, Rinaldi D and Pellerin-Carlin T (2016) *Investment in Europe: Making the best of the Juncker Plan.* Studies and reports, March 2016, no 109. Notre Europe Jacques Delors Institut. <http://www.institutdelors.eu/media/investmentjunckerplan-rubiorinaldipellerincarlin-jdi-mar16.pdf?pdf=ok>

<sup>127</sup> 'As a minimum, this material should feed into the European Innovation Partnership (EIP) 'Agricultural Productivity and Sustainability' for broad dissemination as 'practice abstracts' in the common EIP format for practitioners. Facilitation/mediation between the different types of actors and involvement of relevant interactive innovation groups operating in the EIP context, such as EIP Operational Groups funded under Rural Development Programmes, are strongly recommended.' European Commission (2016) Horizon 2020 Work Programme 2016 – 2017, European Commission Decision C(2016)1349 of 9 March 2016, p. 12, [http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016\\_2017/main/h2020-wp1617-food\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016_2017/main/h2020-wp1617-food_en.pdf)

<sup>128</sup> European Commission (2014g) *Guidelines on programming for innovation and the implementation of the EIP for agricultural productivity and sustainability*, p. 19, [https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/pb\\_guidelines\\_eip\\_implementation\\_2014\\_en.pdf](https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/pb_guidelines_eip_implementation_2014_en.pdf)

<sup>129</sup> Bachtler J, Mendez C and Polverari L (2016) 'Ideas and Options for Cohesion Policy Post-2020' *IQ-Net Thematic Paper 38(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.



and this suggests increased scope for synergistic working with EFSI. Recent research among ESIF managing authorities indicates limited identification of synergies with EFSI.<sup>130</sup> At present, these instruments tend to operate in a parallel and separate way. There are still important fundamental characteristics and orientations in ESIF and EFSI that impede the pursuit of synergies.<sup>131</sup>

- **There are mechanisms for institutional cooperation between ESIF and EFSI authorities at the operational level but knowledge of mutual operations is weak.** EFSI and ESIF follow separate regulations, processes (management, selection, control) and coordination mechanisms between EIB and ESIF authorities are potentially crucial. There are mechanisms at the operational level: Technical Assistance for FIs in OPs; Framework Loans from EIB to public authorities for a group of small projects that can be used to co-fund projects included in OPs and Structural Programme Loans from EIB to national and regional governments to help them co-fund ESIF OPs. However, at the moment, there is limited exchange of information between responsible authorities: *'At present, DG Regio officials do not have precise information of which projects included in Operational Programs are co-financed by EIB direct or framework loans, and the same is true for EIB officials regarding whether some projects benefit from EU grants. Increasing knowledge of mutual operations could make a significant contribution to boost synergies'*.<sup>132</sup>
- **There are differences in orientation and objectives.** The main objective of EFSI is to increase investments at the EU level with the attraction of private funding through a leverage effect. The main objective of ESIF is territorial development and cohesion. EFSI focuses on high-risk projects with prospects for substantial leverage through the use of FIs while ESIF objectives of economic and territorial cohesion, pursued through grants and FIs, are more risk averse and cautious.
- **There has been strong geographical concentration of thus use of FIs in CP.** In 2011, 75 per cent of all CP FIs were in Poland, France, the UK, Italy and Germany. Although use of FIs is anticipated to expand in the current period, the uptake in ESIF is uneven, depending on financial markets, administrative capacity and expertise. If synergies between EFSI and ESIF mostly rely on the use of FIs in the latter, then this implies limited opportunities for synergies in some Member States.
- **There is a tendency for geographic concentration in EFSI, too.** The EIB is incentivised to fund projects that are ready, which are more likely to emerge in countries with more capacity and expertise. Moreover, potential investors may prefer allocating funds in already strong and structured markets. The strong involvement of National Development Banks may orientate EFSI more on countries with such strong institutions. The applicability of the 'investment clause' from the Pact for Stability and Growth is potentially restrictive: it offers larger possibilities for eligible countries to use public funding to lever private funding. However, countries with larger deficits such as Greece, Spain, Portugal and Cyprus do not benefit from it. It should be noted that the EFSI Regulation allows its Steering Board to define indicative geographical diversification and concentration guidelines to avoid excessive concentration at the end of the investment period (Annex II). Moreover, the European Investment Advisory Hub (EIAH) can compensate for cross-country inequality in attracting EFSI.

<sup>130</sup> *Ibid.*

<sup>131</sup> Rubio E, Rinaldi D and Pellerin-Carlin T (2016) *op. cit.*

<sup>132</sup> *Ibid*, p. 63-64.



## 5. CONCLUSIONS AND RECOMMENDATIONS

### 5.1. Conclusions

The objective of this study has been to provide a comprehensive and systematic analysis of the existing scope for synergies between ESIF and other EU instruments contributing to Europe 2020 goals, the achievement of synergies thus far, and, looking towards 2020, the potential for maximising synergies. This analysis was based on a review of academic and evaluation evidence from the 2007-13 period, recent research, legislation, EC and Member State policy papers and guidance for the 2014-20 period as well as evidence from EU, national and sub-national stakeholders. Broadly speaking, there has been a shift from focusing on the demarcation of Funds and instruments on order to avoid overlaps and duplication towards a push for more synergistic working in the design and implementation of initiatives under specific themes and objectives. However, this process is not uniform: there is strong variation in the scope for and extent of synergistic working at different stages in the policy process, in different thematic fields and in different territories. The following sets of conclusions and recommendations bring together the main points to emerge from the research.

#### 5.1.1. Features of the policy environment influencing synergies

This research has highlighted four aspects of the policy environment that can strengthen or impede synergistic working: the regulatory context, governance approaches, strategic frameworks and implementation issues.

- **In terms of the regulatory context, it is clear that reforms introduced for 2014-20 have addressed the issue of synergies but substantial challenges remain.** Regulatory advances include the possibility of cumulating grants or pooling funding from different EU instruments or the potential to align cost models (scales of unit costs, lump sums and flat rates) for corresponding costs and similar types of operations and beneficiaries in different EU instruments. However, the gaps in these reforms from the perspective of synergies are at least as evident.
  - Each Fund and instrument still has its own set of specific regulations, some of which may or may not cohere with others.
  - State aid rules remain an impediment to synergistic working, notably in efforts to combine directly managed instruments with those under shared management. Although operations can be split up into different parts with different funds or instruments, the non-cumulative principle in the regulation prohibits financing costs jointly.
  - A basic dilemma is that efforts to pursue the opportunities for synergies offered by regulatory reform (e.g. through pooling of ESIF-Horizon 2020 funds or standardising cost models) usually entail complicating an already complex regulatory environment.
  - The successes and failures of these regulatory reforms from the perspective of synergies cut across all of the other features of the policy environment: governance arrangements, strategic frameworks and implementation procedures.

- **Concerning the development of governance arrangements to pursue synergies, changes have been somewhat limited and most have been triggered by new or changed regulatory requirements.**
  - EU-level initiatives include working groups or other fora for the exchange of experience and mutual information about the activities of different DGs in charge of different instruments (e.g. the 'DG RTD-Structural Funds Contact Group' established in 2012).
  - There are also EU-driven initiatives, notably the S3 Platform that aims to assist Member States and regions in developing, implementing and reviewing their RIS3.
  - Valuable governance initiatives can also be identified at Member State level, usually in the form of working groups or networks dedicated to exploring synergies between specific instruments or under specific TOs.
  - Nevertheless, the shared management model of ESIF is very complex in itself and other EU-funded instruments are internally compartmentalised according to specific themes or activities. This research has identified significant shortcomings in governance arrangements that seek to address this complexity at different levels.
  - Interviewees at EU and Member State level consistently noted fragmented governance at DG level: the activity of 'inter-DG' structures focused on the preparatory phase of the 2014-20 period, there is no obligation for these structures to follow up on the strategic decisions made and the synergies pursued in a 'joined up' way. Inevitably they become distant from ESIF operations 'on the ground'.
  - This compartmentalised approach reinforces 'silo' based approaches at Member State level: different Member State ministries or departments deal with different EC bodies with different and sometimes conflicting tasks, priorities and operating cultures.
  
- **The strengthened strategic alignment of ESIF with other EU-funded instruments under the Europe 2020 strategy is one of the key advances for the pursuit of synergies in 2014-20.**
  - ESIF PAs and OPs for 2014-20 now present more explicit strategic frameworks for synergistic working, through thematic concentration, alignment with CSRs and the inclusion of dedicated sections on coordination and synergies between ESIF and other Union policies and instruments.
  - The drafting of strategies in response to ESIF ex-ante strategic conditionalities, most notably RIS3, has had a positive impact on the strategic framework for synergistic working.
  - Strategic programming has been used widely as a means of pursuing synergies at programme level, through: involving representatives of different funds and instruments in the drafting of OPs; creating joint strategies or programmes that incorporate multiple funds or instruments (e.g. OPs based on the SME Initiative); and, including priorities or measures covering different EU-funded instruments.
  - However, there are significant weaknesses in strategic frameworks that could impede synergistic working in practice. These include: often limited information in the PAs on the specific mechanisms for coordination between ESIF and other EU instruments; issues related to the quality of strategies developed in response to conditionalities and their alignment with ESIF OPs; and, the

complexity and the of building joint strategies or programmes that incorporate multiple funds or instruments.

- **An assessment of synergistic working at the operational stage is challenging given regulatory, governance and strategic difficulties and the early stage of implementation in the 2014-20 period. The potential for operational synergies to develop is there and it is possible to identify emerging initiatives, but these represent good rather than common practice.**
  - Some ESIF authorities are pursuing synergies through programme implementation at different stages: cooperation with those involved in other EU instruments in planning and setting the parameters of calls for proposals, including synergy considerations in criteria for the selection of ESIF operations, cooperation in data collection, monitoring and evaluation.
  - Among authorities involved in the implementation of other EU-funded instruments, various means of strengthening synergistic working with ESIF are being pursued: active cooperation with ESIF structures, interlinking websites and providing information to beneficiaries on ESIF funding opportunities; organising workshops bringing together the relevant ESIF authorities and bodies in charge of instruments; and preparing work plans and call specifications that include explicit reference and linkages to ESIF operations.
  - However, it should be noted that the picture is currently partial and uneven. Much more attention has been paid to the role of programming in pursuing synergies than during implementation. This is understandable given the early stage in the 2014-20 period but it indicates that alongside promising synergistic initiatives, compartmentalised or 'silo' type approaches are still common in Member States and regions. This uneven picture is due to variation in the focus of regulatory reforms on specific instruments and themes, varied strengths and traditions within Member States under different sectors, differences in governance approaches, administrative capacity and experience.

### **5.1.2. The pursuit of synergies under different thematic headings**

**Assessments of the pursuit of synergies between ESIF and other EU instruments must differentiate between efforts in specific policy areas. Generally, it is clear from the research that much of the activity in increasing the scope for synergistic working in the 2014-20 period has focused on research and innovation.**

- The pursuit of synergies between ESIF and Horizon 2020 is particularly prominent. This relates to regulatory reforms, notably the derogations in Art. 129 of the Financial Regulation and Art. 65(11) CPR Horizon 2020 Art. 37 Rules for Participation that allow cumulation of ESIF and Horizon 2020 funds in the same project providing they do not cover the same cost item.
- It also relates to governance initiatives, including coordinating structures and R&I thematic networks at EU and Member State levels. There are a range of strategic initiatives, most notably RIS3, designed to bring together sectoral emphasis on R&I with ESIF's territorial dimension.
- There is a range of implementation initiatives designed to draw ESIF and Horizon 2020 operations together, linking 'upstream' investment in research with 'downstream' strengthening of innovation-friendly market conditions and research and business environments, and aligning or phasing Horizon 2020 and ESIF operations to feed into common goals.

**There is less regulatory, strategic and implementation activity in other thematic areas (such as transport infrastructure, social inclusion etc.).** There are conceptual and pragmatic explanations for this.

- It is arguable that changes in the conceptualisation of research and innovation under ESIF has helped bridge the gap between its territorial dimension and the thematic or sectoral approach of instruments such as Horizon 2020. This conceptualisation gives a global role to every national and regional economy, including both leader and less advanced territories. All regions have a role to play in the knowledge economy, provided that they can identify comparative advantages and potential and ambition for excellence in specific sectors or market niches. The role of RIS3 in drawing these territorial and sectoral dimensions together is notable in this. Alongside this, a substantial body of literature in the field of research and innovation policy that stresses the impediments to innovation presented by 'silo thinking' and compartmentalised approaches. For other thematic areas, this conceptual work is not as developed.
- There are also pragmatic reasons for this emphasis. The focus is clearly on synergies between ESIF & Horizon 2020 because research and innovation are being given increased funding. The budget of Horizon 2020 significantly exceeds that of the other instruments covered in this research. A comparison of thematic shifts in funding from 2007-13 to 2014-20 shows a significant increase in ERDF/CF allocations to Europe 2020 TOs 1-4: R&D and innovation, ICT, SMEs and a low-carbon economy, which collectively will see an increase of 7 percentage points to 38 per cent of total funding in 2014-20. Support for the ESF priorities Employment, social inclusion and education and training will see a marginal increase (of 2 percentage points to 32 per cent of allocations). These increases are borne by reductions in infrastructure spending on environmental protection, transport and energy. The shifts are common to both less developed and more developed Member States, but more pronounced in the latter. The level of funding available under the broad heading of research and innovation justifies some of the administrative costs involved in pursuing synergies.

### **5.1.3. Insights from implementation 'on the ground'**

Different aspects of implementation approaches experienced 'on the ground' are highlighted in the research, each of which has an influence on the degree to which synergies might be achieved.

- **Familiarity with different instruments and funds among implementers,** information on programme content and progress, contact between implementing agencies, can lead to joint actions, and cooperation in the management of the application processes.
- **The availability of up-to-date information on the progress of different instruments.** E-governance enables progress of different instruments to be monitored on an increasingly detailed and constant basis, and this facilitates the flow of information among partners on the potential for synergies.
- **Synergy may be achieved because of informal, often ad hoc contact between actors.** Those involved in complementary activities can build the personal contact networks they require to facilitate synergistic working. This can be built on proximity of offices and so ease and frequency of contact or participation in joint information seminars and/or workshops in which they have both presented their own areas and funding possibilities.

- **Formal 'linking' structures are valuable.** Collaboration at the implementation stage tends to be dependent on the additional efforts of individuals so is both extremely variable and fragile. It may be short-lived if main actors change their post or lose heart because the regulations place too many barriers in their path. This emphasises the role of formal structures linking different instruments and funds but depends on 'joined up' approach from EC services.
- **Synchronicity is crucial.** Fundamental differences between ESIF and other instruments remain and these need time to overcome at the implementation stage. Time is needed to develop and align the relative strategies and programmes. Timing is also critical in the organisation of project calls.
- **Raising awareness among potential beneficiaries** is vital and there are various opportunities for this. ESIF programme launch meetings can be used to present the opportunities provided by different instruments, and to highlight examples of particularly innovative approaches. Workshops have been organised to present the possibilities on offer.
- **Opportunities and threats to operational synergies can come from endogenous factors.** On the positive side, domestic bodies (e.g. development agencies) may have a more institutionalised approach to integration with a broad remit and involvement in initiatives which are relevant to different instruments, these often being part of a pre-existing strategy. On the negative side, weaknesses in partnership, cooperation and trust among stakeholders 'on the ground' represent a potential obstacle: micro-level interactions may affect the achievement of more macro-level synergies between the different European funding instruments.
- This **emphasises the role of capacity building among implementers and beneficiaries**, particularly in new, complex fields such as FIs.

## 5.2. Recommendations

### 5.2.1. Regulatory framework

**EU regulations for 2014-20 underline the priority to promote synergies. They include provisions for joint ESIF-Horizon 2020 funding in operations. However, the potential is unlikely to be fully realised due to complicated regulatory and administrative requirements.** Although reaching agreement on regulatory change among different stakeholders at EU- and Member State levels would inevitably be problematic, there are areas that merit specific attention:

- harmonising regulations governing the involvement of State aid in different instruments.
- harmonising regulations concerned with the exchange of information / reporting requirements for different instruments.
- strengthening regulations that facilitate joint funding operations - in the Financial Regulation, this should emphasise common rules and definitions to enhance interactions between instruments.



### 5.2.2. Governance

#### **Governance approaches are vital to overcome differences between ESIF and other instruments.**

- Horizontally, it is vital that EU-level structures and actors work together. The research has highlighted the **role of coordination among DGs** in the pursuit of synergies in order to overcome compartmentalised approaches. Addressing synergies depends on high-level political and administrative commitment. The work of standing groups and the organisation of regular meetings at different levels, units etc. was clear in identifying synergies at the negotiation and programming stage but this must be maintained throughout the implementation process. Currently, however, there is no obligation for DGs to follow up on the strategic decisions made in other instruments and they can become distant from ESIF operations 'on the ground'. Given the prominence of State aid issues in the pursuit of synergies, **the inclusion of DG COMP in these coordination arrangements is essential**. It should also be noted that the European Parliament has a role in providing oversight of these activities. There is scope to improve coordination within the existing framework by, for example, establishing informal working groups focused on synergy-related issues.
- **'Soft governance' options should be explored further**. For Member States, 'top down' initiatives to strengthen synergistic working, can be too mechanistic or inflexible, placing the focus on compliance or the preparation and drafting of documents rather than on implementation. On the other hand, 'bottom up' or ad-hoc processes and initiatives can provide practical opportunities for dialogue and engagement and are more adaptable to specific circumstances. In this context, it is important to consider governance arrangements that involve all the main actors (DGs, Member States, regions, NCPs, ESIF authorities) in the process of defining specific objectives, activities and contents of joint actions while allowing the formulation of ad hoc arrangements for integrated operations. The ESFRI is an interesting model in this respect.

### 5.2.3. Strategic planning

#### **The strategic planning framework for 2014-20 provides a reference framework for the pursuit of synergies. However, there is scope for further work to be done on clarifying the objectives of different instruments, setting out how these complement and reinforce each other in a more explicit way.**

- **More consistency is needed in the description of synergies in strategic documents**. Where the PA is high quality and well established, then the programming of Funds in specific OPs more easily supports synergies. However, the quality of PAs and OPs vary in this respect across Member States. This argues for clearer guidelines on the coverage of synergies in the strategic planning of ESIF and other EU-funded instruments
- Moreover, provisions for the pursuit of synergies generally become less clear from PA to OP to the level of operations and instruments, i.e. as the pursuit of synergies gets closer to operations 'on the ground'. Given this, **programmes should include a clear description of how synergies will be pursued** (see Section 5.2.4).



#### 5.2.4. Implementation

**It is crucial that the scope for synergies set out in the negotiation and programming of ESIF and other EU-funded instruments is matched by concerted efforts 'on the ground' in the course of their implementation.**

- **The potential of developing joint work programmes or joint calls between ESIF and other EU-funded instrument should be considered.** Soft governance structures could bring together EU and Member States representatives to define selection criteria, eligibility etc. and specific arrangements could be made to accommodate implementation conditions in specific Member States and regions. Programmes or calls could use a phased or multi-stage approach to synchronise the timescales of different contributing instruments. At EU level, this could be supported by the identification of a funding line and an agency to coordinate management.
- Beyond this, **it is crucial to monitor and evaluate what has been achieved, so as to identify potential best practices and successful lessons for the future.** Emphasizing what has worked and identifying the successful areas where synergies have been achieved is crucial for policymakers. The monitoring and evaluation of synergies is potentially complex but it should focus on its two specific elements: interactivity (e.g. formal or informal, based on governance structures, strategic planning, operational processes etc.) and outcomes (whether the sum of parts is greater than if instruments acted independently. In particular, it should assess the extent which the active influencing between actors (e.g. interactivity) contributes to achieving results. In this context, the results of major studies at EU level will be important. A DG REGIO study on 'Coordination and harmonisation of the ESIF and other EU instruments', is underway, and DG RTD is in the process of launching a study to collect information and data and provide evidence on the development of synergies in view of the Horizon 2020 interim evaluation.
- Related to this, **publicity and communication activities must be maintained.** Potential beneficiaries must be aware of opportunities and benefits of synergistic working. ESIF and other EU-funded instruments used the processes of negotiation and programming to highlight the scope for synergies but these awareness raising efforts must continue at EU and Member States level e.g. highlighting examples of good practice.
- **Capacity-building for synergies is important**, particularly in Member States and regions in specific policy fields with limited knowledge and experience of working in this way. Much of the success of synergies relies on relationships at the Member State level: the links between ministries and departments, between governments and regions, between ESIF authorities and non-ESIF national contact points and domestic policy systems. The role of training programmes, seminars and workshops is emphasised.
- **A key issue is incentivisation:** ensuring the will to create the conditions to allow for synergies. The challenge is to make actors at all levels see the benefits of synergies and to ensure their commitment. It is important to examine how greater encouragement can be given to exploit the new opportunities. The EC is considering different options, e.g. the 'Seal of Excellence' initiative involves reputational incentives. The establishment of a budget line dedicated to joint programmes or actions at EU level, or the easing of administrative burdens for joint operations could also be considered. Synergies based on FIs could offer to participating Member States

such advantages as potentially higher leverage effects on the ESIF contribution than might be achieved otherwise.

### 5.2.5. Role of the European Parliament

On the basis of these points, the role of EP in monitoring the pursuit of synergies, assessing the merits of different approaches and initiatives and strengthening coordination is emphasised.

- **Monitoring of progress.** The strategic planning framework for 2014-20 provides a reference framework for the pursuit of synergies. Yet, the current programme period is still at an early stage and implementation initiatives are still evolving. Also, the broader approach at EU and national levels is developing. It remains unclear how synergies will be pursued during implementation. In this context, important for EP to monitor and assess progress to assess both progress and gaps with a view to judging effectiveness of initiatives to promote synergies in 2014-20 and make proposals for post-2020.
- **Focus on understanding what is happening on the ground.** Research has shown that it is at programme and sub-programme level where the real progress and effects of synergy initiatives can be most clearly seen as well as constraints and challenges. REGI should seek to take evidence regularly from MAs in this area to understand better whether and how synergies are being achieved and what constitutes good and common practice. Emphasis on encouraging the mainstreaming of good practice should be part of this, but without create rigidities / impositions.
- **Coordinated committee approach to synergies post-2020.** The study has shown evidence of progress in achieving synergies in 2007-13 and 2014-20 (to date). However, a key message of this report that there remain formidable regulatory, strategic, governance and implementation barriers. As proposals for 2014-20 are developed, there are dangers that different institutional interests and policy areas will develop proposals separately, without building in the need for synergies from the start. EP could play an important role in ensuring a coordinated approach. This relates to internal organisational issues for the Parliament in terms of dialogue and coordination between the EP committees responsible for ESI Funds and those concerned with other EU instruments (e.g. ITRE for Horizon 2020). Inter-committee coordination arrangements could also provide a basis for bringing together Commission services to review the pursuit of synergies under different policy headings, funds or instruments.

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- Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC Text with EEA relevance.
- Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion Text with EEA relevance.
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation goal.
- Council Regulation (EU) No 1300/2013 of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006.
- Regulation 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.
- Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European Grouping of Territorial Cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings.
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 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 and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.
- Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006.
- Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 Text with EEA relevance.
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## 7. ANNEXES

### Annex I: Synergies-related regulations

Instrument	Regulation	Article and provision
ESIF	1303/2013	Art. 15(1)b(i): Partnership Agreements (PAs) are to contain arrangements, in line with the institutional framework of the Member States that ensure coordination between ESIF and other EU and national funding instruments and with the European Investment Bank (EIB).
		Art. 65(11): Possibility of cumulating grants from different EU funding instruments (or from one or more ESI Fund through one or more programmes and other Union instruments) for the same beneficiary or the same project, provided that the same expenditure/cost item does not receive support also from another EU Fund (from the same Fund under different programmes, from another Fund or from other Union instruments).
		Art. 67(5)b and 68(1)c: Alignment of cost models (scales of unit costs, lump sums and flat rates) for corresponding costs and similar types of operations and beneficiaries in Horizon 2020 and other EU programmes.
		Art. 70(2): Up to 15% of the support from the ERDF, Cohesion Fund and EMFF at the level of the priority (up to 5% of the support from the EAFRD at the level of the programme), and up to 3% of the budget of a ESF operational programme (Art. 13(3) ESF) allocation to operations located outside the programme area.
		Art. 96(6)a: ESIF programmes are to set out the mechanisms that ensure coordination between ESIF and other EU and national funding instruments, and with the EIB, taking into account the relevant provisions laid down in the Common Strategic Framework (annex I to the CPR).
		Art. 96(3)d: ESIF programmes describe arrangements for interregional and transnational actions within the national and regional ESIF programmes with beneficiaries located in at least one other Member State.
		Art. 123(8): The Member State may, at its own initiative, designate a coordinating body whose responsibility shall be to liaise with and provide information to the Commission, to coordinate activities of the other relevant designated bodies and to promote the harmonised application of applicable law.
COSME	1287/2013	Art. 7: COSME programme should give high priority to the simplification agenda. The spending of Union and Member States' funds on the promotion of the competitiveness of enterprises and SMEs should be better coordinated in order to ensure complementarity, better efficiency and visibility, as well as to achieve greater budgetary synergies.
		Art. 8(1). The Commission shall support actions which aim to facilitate and improve access to finance for SMEs in their start-up, growth and transfer phases, being complementary to the

		<p>Member States' use of financial instruments for SMEs at national and regional level. In order to ensure complementarity, such actions shall be closely coordinated with those undertaken in the framework of cohesion policy, the Horizon 2020 programme and at national or regional level.</p> <p>Art. 10: Enterprise Europe Network may also be used to deliver services on behalf of other Union programmes such as Horizon 2020. This may include dedicated advisory services encouraging SME participation in other Union programmes.</p> <p>Art. 17(2): FIs for SMEs may, where appropriate, be combined with and complement: other FIs established by Member States and their MAs, funded by national or regional funds, or funded in the context of ESIF (under art. 38(1)(a) = FIs set at Union level, managed directly or indirectly by COM).</p> <p>Art. 17 (3): The Equity Facility for Growth and the Loan Guarantee Facility referred to in Art. 18 and 19 respectively may be complementary to the Member States' use of financial instruments for SMEs within the framework of Union cohesion policy.</p> <p>Art. 17(4): EFG and LGF may, where appropriate, allow the pooling of financial resources with Member States/managing authorities willing to contribute part of the ESIF allocated to them (as FIs set at Union level, managed directly or indirectly by COM).</p> <p>Art. 27: Close synergies should be developed between COSME, the Horizon 2020 programme, the Structural Funds and other Union programmes.</p>
Horizon 2020	1291/2013	<p>Art. 20: Horizon 2020 shall be implemented in a way which is complementary to other Union funding programmes and policies, including the European Structural and Investment Funds (ESI Funds), the Common Agricultural Policy, the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-20), the Erasmus+ programme and the Life Programme.</p> <p>Art. 21: Horizon 2020 shall also contribute to the closing of the research and innovation divide within the Union by promoting synergies with the ESI Funds. Where possible, cumulative funding may be used.</p>
EIP-AGRI	1205/2013	<p>Art. 35: Support under this measure shall be granted in order to promote forms of co-operation involving at least two entities and in particular: ... (c) the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability as referred to in Art. 56.</p>
		<p>Art. 56: EIP operational groups shall form part of the EIP for agricultural productivity and sustainability. They shall be set up by interested actors such as farmers, researchers, advisors and businesses involved in the agriculture and food sector, who are relevant for achieving the objectives of the EIP.</p>

## Annex II: Comparison of characteristics of ESIF and key EU instruments

	ESIF	Horizon 2020	COSME	CEF	EFSI	EaSI	RIS3	EIP-AGRI
<b>Objectives</b>	Strengthening economic, social, territorial cohesion, reducing disparities and backwardness of less-developed regions. Contributing to Europe 2020	Implementing the Innovation Union, Europe 2020 flagship initiative, through support for research and innovation	Improving the business environment and competitiveness of enterprises, particularly SMEs	Supporting trans-European networks and infrastructures in the sectors of transport, telecommunications and energy	Resolving difficulties financing, implementing strategic, transformative and productive investments with high economic, environmental, societal added value	Supporting employment, social policy and labour mobility across the EU	Efficient use of funding in entrepreneurial discovery process	Linking research knowledge and practitioners in agriculture and rural development
<b>Funding</b>	€351.8 billion	c. €70 billion	€2.3 billion	€29.2 billion	€21 billion (including €8 billion guarantee from EU budget)	€919 million	Strategic framework	Funded by EAFRD OPs, average funding allocation of 1.8%
<b>Geographical targeting</b>	Concentration on less-developed countries/regions through pre-allocated envelopes	No geographical targeting / pre-allocations	No geographical targeting / pre-allocations	Some targeting: €11.3 billion for projects in Member States eligible for CF	No geographical targeting / pre-allocations	No geographical targeting / pre-allocations	-	Rural areas, but no geographical targeting / pre-allocations
<b>Thematic targeting</b>	Ring-fencing of allocations to 11 TOs: (RTDI, ICT, SMEs, low-carbon economy, climate change, environment and energy, transport, social inclusion, education, training, employment, public administration efficiency)	Excellent science (31.73%) Industrial leadership (22.09%) Societal challenges (38.53%)	Access to finance (60%) Access to markets (21.5%) Framework conditions (11.5%) Promoting entrepreneurship (2.5%)	€23 billion for transport €5 billion for energy €1 billion for telecommunications	€5 billion reserved for SMEs Strategic infrastructure and support for smaller businesses.	Modernising employment and social policy (61%) Microfinancing and social entrepreneurship (21%) Promoting job mobility (18%)	-	Agriculture and rural development

<b>Use of financial instruments</b>	Non-reimbursable grants mainly (>75%)  FIs (guarantees, loans, equity, venture capital) to represent 23% of funding in 2014-20	Non-reimbursable grants  Also loans under InnovFin instrument	€1.4 billion will be allocated to FIs  EFG (Equity Facility for Growth) and LGF (Loan Guarantee Facility)	Non-reimbursable grants mainly  Some special lending, guarantees and equity investments	Loans, guarantees, equity and venture capital	Microfinance and Social Entrepreneurship axis includes microcredit and microloans for vulnerable groups and micro-enterprises	-	-
<b>Forms of assistance</b>	National and regional programmes Major projects (> €50m, funded by ERDF/CF and subject to EC decision)	Competitive procedures, consortia-based grant agreements signed between Commission and applicant	Annual work programmes contain competitive project calls, procurement of expert input	Multi-annual and annual work programmes with associated competitive project calls	Calls for projects (of high risk nature)	Annual work programmes contain competitive project calls, procurement of expert input	-	-
<b>Management</b>	Shared between EC (DG REGIO, DG EMPL, DG AGRI, DG MARE), Member States and regions  Programme management and project selection by national and regional managing authorities and implementing bodies	Direct management by DG RTD  Expert input in selection process.	Direct management by DG GROW  Assisted by the Executive Agency for SMEs Enterprises (EASME) FIs operated by EIB Group	Direct management DG MOVE  Executive Agency support for grant support. EIB for FIs	Direct management via the EIB  Project selection by EU-level Investment Committee of experts	Direct management by DG EMPL	Shared between EC, Member States and regions  Supported by JRC-IPTS	Direct management by DG AGRI
<b>Time-frame</b>	7 years (2014-20)	Annually adjusted 2 year work programmes	7 years (2014-20)	7 years (2014-20)	3 years (2015-17) with option for extension	7 years - Annual work programmes for 2014-20	7 years (2014-20)	

## Annex III: List of interviewed EU and Member State authorities

Interviews have been carried out between February and April 2016, both in person and by telephone.

### **EU level**

DG REGIO	DGA1.01 - Policy Development, Strategic Management and Relations with the Council Unit G1 - Smart and Sustainable Growth Unit H1 - Inclusive Growth, Urban and Territorial Development
DG EMPL	Unit C2 - Sectorial Employment Challenges, Youth Employment and Entrepreneurship Unit E1 - Job Creation
DG AGRI	Unit H1 - Consistency of Rural Development Unit H5 - Research and Innovation
DG RTD	Unit B5 - Spreading Excellence and Widening Participation
DG MOVE	Unit B4 - Connecting Europe Infrastructure Investment Strategies
DG GROW	Unit H3 - COSME Financial Instruments
JRC-IPTS	Knowledge for Growth Unit (KfG)
EIB	Financial Instrument Unit, Western Europe EIB
EIF	Institutional Business Development

### **Member State-level**

Austria	Austrian Conference on Spatial Planning (ÖROK) Federal Ministry of Science, Research and Economics
Czech Republic	Czech Ministry for Trade and Industry South Moravian Innovation Centre
France	EIB Office France Europe Unit, Nord-Pas-de-Calais Region Association of French Regions Deposits and Consignments Fund, North-West Interregional Direction
Germany	Synergies Dialogue secretariat
Poland	Ministry of Development, Department of Infrastructure Programmes
Romania	Romanian Ministry of Agriculture and Rural Development
Spain	Ministry of Finance and Public Administration, MA for Smart Growth OP MicroBank
United Kingdom (Wales)	Horizon 2020 Unit, WEFO, Welsh Government





## Annex IV: Questionnaire (example)

- What is your view on general **progress with implementing the instrument** thus far in 2014-20?
- What is the **role and status of this instrument** in the selected Member State, in terms of level of associated funding, status and perception of supported projects, evidence of success etc.?
- How has the **approach to synergies evolved or changed over time** (e.g. between or within programme periods)?
- What is your **practical experience of synergies** between the instrument and ESIF? Are synergies being achieved?
- Can you give any prominent **examples** – specific themes, priorities, instruments or operations?
- How **closely does the selected instrument relate** to the objectives and actions of ESIF in the Member State – particularly concerning the selected OP?
- Are synergies between the selected instrument and the selected OP **facilitated/hindered by the following factors**, and please explain why:
  - Congruence of objectives, thematic concentration
  - The ratio of ESIF funding available relative to instrument funding available
  - Forms of assistance used, e.g. grants versus **Financial Instruments**
  - Management and implementation system, e.g. centralised approach under instrument managed directly by the EC versus shared management approach under ESIF
  - Time-frame for funded interventions (e.g. annual or multiannual funding rounds)
- To what extent have any **regulatory provisions directly related to the selected instrument** been used to strengthen synergies?
- To what extent have new **Cohesion Policy-specific regulatory provisions** (e.g. CSF, CPR, scope to combine funding?) been useful in strengthening synergies?
- Are there other **European regulatory provisions** you have used?
- Are there **tensions** between the development of synergies and regulatory requirements?
- To what extent was the **development/preparation phase** of the instrument strategy used to identify synergies?
  - Did you **involve actors from ESIF** (and other instruments) in the development of your strategy?
- What is your assessment of the **role and value of Europe 2020** as an overarching strategy and a framework for facilitating synergies between instruments?
- How can **synergies between the strategic objectives** of ESIF and the selected instrument be maximised, i.e.
  - in the pursuit of the objectives of the selected instrument and

- in the pursuit of cohesion?
- What **structures or processes** are in place to facilitate synergies during implementation? For instance:
  - Publicity and communication (e.g. about funding opportunities)
  - Training and support (e.g. workshops on project application/selection procedures)
  - Dissemination: informing other actors about projects, participants and results
  - Exchange of experience (seminars, conferences, other events)
- For any of the above, do you have **examples**?
- How formalised are these structures or processes, e.g. have they been included in the **instrument's programme documents or strategies**?
- Are there any **integrated actions** that bring together funding from both ESIF and the selected instrument (e.g. through grants, FIs)?
- Can you name **instances or areas of intervention that you think are suited for synergies**?
- Are there any **joint data collection arrangements** between ESIF and other instruments?
- Do you participate in ESIF **monitoring committees**?
- To what extent ESIF activities taken into account in your **evaluation** arrangements?
- How do the following elements **support or hinder synergies** with the selected instrument?
  - different EU rules for ESIF and the selected instrument (e.g. resulting in audit concerns);
  - the simplification agenda;
  - the role of the EC, either during negotiation or implementation phases;
  - administrative effort/costs reducing the incentive to pursue synergies;
  - any other EU administrative requirements (please list); or
  - any other domestic institutional or organisational factors (please list).
- Summing up this discussion, can you identify the clearest **evidence for the achievement of synergies on the ground**, i.e. in practice?
- What **first lessons** can be drawn from the delivery mechanisms of the ESIF and other EU instruments, programmes and strategies in strengthening synergies?
- What are the **main gains and main losses** that can be made in pursuing synergies?
- What EU-level **changes to improve the scope for synergies** would you like to see
  - in the short term?
  - in the long term (i.e. post-2020)?



DIRECTORATE-GENERAL FOR INTERNAL POLICIES

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