Support of ESI Funds to the implementation of the Country Specific Recommendations and to structural reforms in Member States

First Interim Report

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Support of ESI Funds to the implementation of the Country Specific Recommendations and to structural reforms in Member States

First Interim Report

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# Introduction: structure of deliverable

This is a First Interim Report of the study on “Support of European Structural and Investment Funds (ESI Funds) to the implementation of the Country Specific Recommendations and to structural reforms in Member States”. The contract for this study was awarded in the context of the framework contract for "Provision of Studies related to the future development of Cohesion Policy and the ESI Funds" 2014CE16BAT007 / 2014CE16BAT008 / 2014CE16BAT009 - Lot 2: Studies assessing the impact of other European Union policies on economic, social and territorial cohesion. This Report covers task 2 and 3 of the study.

The report is structured in three main sections: the first section provides an brief overview of the study, by recapping the objectives and the overall methodological approach; the second section presents the findings of task 2 “Map structural reform needs in the Member States of the EU”. The third section provides an analysis of task 3 “Set out how the CSR have steered the programming and implementation of ESIF in the Member States”.

# Study Overview

## Context and purpose of the study

The EU economic governance was significantly revised in response to the economic, financial and sovereign debt crises. The crises highlighted poorly coordinated reactions of Member States, hampering the effectiveness of both national and EU policy, and a widespread difficulty in respecting the rules for public finance stated in the EU Treaty, especially in the Euro area.

The new integrated system of rules (introduced through the so-called "Six Pack", the "Two Pack" laws and the Treaty on Stability, Coordination and Governance[[1]](#footnote-2)) is grounded in the European Semester, the EU's economic policy coordination calendar introduced in 2010. In addition to providing clearer rules, this integrated system ensures that there is better coordination of national policies, regular follow-ups and the possibility of swifter sanctions for non-compliance.

The European Semester ensures that Member States discuss their budgetary and economic plans with their EU partners at specific times throughout the year. This allows them to comment on each other's plans and enables the Commission to give policy guidance before Member States adopt final decisions. As part of the process, the Commission also monitors whether Member States are working towards the targets of ‘Europe 2020’ growth strategy which aims at promoting jobs, education, innovation, poverty reduction as well as climate change mitigation and adaptation.

As part of the European Semester process, in May the Commission proposes Country-Specific Recommendations (CSR) for every Member State, except for those subject to the macro-economic adjustment programme. CSR provide tailor-made policy advice to Member States in areas deemed as achievable priorities for the next 12-18 months. At the end of June or in early July, the Council formally endorses the CSR. Therefore policy guidance is given to Member States before they start to finalise their draft budgets for the following year.

The use of ESI Funds to support structural reforms is particularly important in the context of the European Semester and to promote policy coordination. The ESIF Regulations required to take into account, in the preparation of the Partnership Agreements and the Operational Programmes, “relevant” CSRs into account, defined in the CPR[[2]](#footnote-3) as those relating to structural challenges which it is appropriate to address through multiannual investments that fall directly within the scope of the ESI Funds as set out in the Fund-specific Regulations-. Nonetheless, a Member State might as well decide not to address a relevant CSR for various reasons: it has limited ESIF funding and has decided to focus on another CSR; the challenge is addressed by the national measures; it is not appropriate to do so, taking into account the specific development needs and challenges of a specific region (the CSR is not relevant in all regional OPs); the MS prefers to address other priorities with EU and national Funds, which are not encompassed in the CSR, including concentrating a significant mass of funding.

Understanding to what extent programmes address CSR is not straightforward as no reference in programmes does not necessarily means that CSR were not taken into account. References can be explicit and implicit as long as the OPs discuss how the relevant policy challenges are to be addressed by the OP itself and/or other, national funding.

The present study aims at exploring the actual linkages between the Semester and the ESIF, to what extent there was alignment so far and how the synergies between them can be strengthened. Specifically, the main objectives of the study are to: provide an overview of the structural reforms recommended by the Council to the Member States, in order to have a clear map of reforms affecting the 2014-2020 programming period; assess how the ESI Funds are helping to implement the structural reforms (how the CSR have been considered in the initial strategies and the impact of the ESIF ex-ante conditionalities); analyse whether and to what extent investments in institutional capacity are needed to implement structural reforms and the role of TO11, taking into account also initiatives which can occur under other TOs such as TO 8, 9 and 10. Finally, the study will provide conclusions on the role of the ESIF in supporting structural reforms and main lessons learned for the preparation of the post 2020 programming period.

This is one of the studies that DG EMPL and DG REGIO are commissioning for the preparation of the post-2020 programming period (the study on new provisions, the study on Ex-Ante Conditionalities, a study on the performance budget and a study on alternative delivery modes which is focused on strengths and weaknesses of the ESIF and is aimed at learning from other organisations e.g. World Bank)[[3]](#footnote-4). All these are meant to be complementary to the analysis of CSR. The present study is important mostly because it is aimed at shedding light on the strategic alignment of the ESI Funds with the European Semester. In particular, it examines the bottlenecks of this alignment as well as the role of ex-ante conditionalities (ExAC). In relation to ExAC it is worth mentioning here the legal basis for the Commission that is Art. 19 of the Common Provisions Regulation[[4]](#footnote-5). The Regulation introduced ExAC in 2014-2020 as preconditions that need to be fulfilled to ensure efficient and effective use of the ESI Funds. If an applicable ExAC is not (entirely) fulfilled at the time of submission of the Partnership Agreement (PA) and/or of an Operational Programme, Member States have to include in their PA/OP an action plan to fulfil it, setting out the actions to be taken, the responsible bodies and a timetable for their implementation.

There is a need to assess alignment between the ESI Funds and the European Semester primarily during the programming phase and to the extent feasible during the programmes' lifecycle. In this respect, taking into account the different time frames of the two processes is essential: while the ESI Funds are part of the Multiannual Financial Framework (MFF) and target medium and long term changes the EU Semester follows an annual cycle and can have annual objectives. Therefore there cannot be a one-on-one comparative analysis of how the two EU instruments jointly perform.

The study has a dual perspective, taking into account both the ESIF and the European Semester. In particular, it assess how far ESIF contributes to structural reforms, also taking into account the importance of the funds in a certain country (i.e. in terms of volume of available resources), how can they be better articulated in the overall context of the Semester, how can the two elements be better aligned, what the implications are for the Impact Assessment of the next round of the regulations. In this respect the macro-economic conditionalities could also be an important instrument to be used as a mechanism to strengthen alignment. The reform of Cohesion Policy in 2013 has introduced the principle of macroeconomic conditionality to all ESI Funds. The Commission may request amendments to Member States' Partnership Agreements and programmes governing the use of EU Funds in order to support the implementation of Council recommendations or to maximise the impact of ESI Funds in the Member States receiving financial assistance from the EU. If a Member State fails to undertake such amendments, the Commission may propose to the Council to suspend the payments of the programmes concerned. In the second strand, the Commission must propose to suspend the commitments or payments when a Member State fails to take corrective action under the economic governance procedures (e.g. the Excessive Deficit Procedure and/or the Excessive Imbalances Procedure or a stability support programme). This is part of the broader effort to ensure that ESI Funds are used to support reforms identified to be of key importance for social and economic performance in the Member States, and to ensure that the effectiveness of the funds is not undermined by unsound macroeconomic policies[[5]](#footnote-6). It is an innovative provision. Given the different time-horizons under the programming period and the European Semester, this provision provides a way of ensuring that changes in the Semester can be translated into changes in the programming of ESI funds. The macro-economic conditionality is not any longer a theoretical option but it may give rise to concrete actions/decisions with regard to a Member State. It is difficult to assess the impact of the provision of macro-economic conditionality, at least for the time being.

The ToR discuss challenges in terms of investments needs. One aspect that has to be taken into consideration is thematic concentration, set by the Common Provision Regulation and the Fund-specific Regulations[[6]](#footnote-7). It is important to consider that in some cases, obligations on thematic concentration are likely to have impacted more than CSR on actual investment choices. This element may raise a contrast between “a fits for all” approach (thematic concentration, which is in any case different across funds) and the need for specific allocations (CSR). In general it is worth highlighting that the influence of CSR on 2014-2020 programming is complex to assess, with other elements and external factors also in the mix (e.g. thematic concentration, ExAC, Climate tracking, 20% social inclusion etc.).

An additional key question is the relationship between national recommendations and regional programmes. The study makes it possible to shed light on how CSR are reflected in the Regional programmes, even if there might be no direct link between the CSR addressed at the level of the Member State and regional policy challenges.

During the kick off meeting it was also underlined that, there is still little information on implementation of programmes and how the funds have contributed so far to structural reforms. OPs plan their future implementation, but the actual consistency must be assessed, and therefore this is part of the study. Some key methodological challenges have been discussed in detail in the Methodological Report: the definition of structural reforms; the mismatch between the CSR 12-18 months implementation period and the 7 years programming cycle, bearing in mind that a number of OPs were also based on a set of priorities in the previous years; the different types of CSR and how they can be clustered; how the ESIF context (e.g. earmarking for certain policy objectives) is taken into account. The analysis presented in this report applies the methods and tools developed in the Methodological Report to address such challenges.

## Overall methodological approach: a brief recap

To explore the structural reforms and CSR and how the programming and implementation of ESIF support them, six tasks are undertaken:

* Task 1 – Development of the Methodological Report; this describes the methodology to be applied to the study, as well as a detailed work plan for completing the tasks.
* Task 2 – Map structural reform needs identified in the 2012-2015 CSR relevant for ESI Funds in the EU as well as additional structural challenges emerging from Country Reports. This mapping uses a typology of CSR/structural challenges to allow comparisons across Member States, programmes and funds.
* Task 3 – Set out if and how ESIF programmes address the structural reforms and specifically CSR, what recommendations have been supported and to what extent the resource allocation reflects these choices (some recommendations can be supported explicitly through funding, others may be not dependent on funding but have a more legislative/administrative nature); and analyse how the commitment for structural reforms is influencing the implementation. This task requires the examination of all the programming documents and the use of different analytical tools (desk research, case studies, direct interviews, focus groups, survey and statistical analysis) to offer a comprehensive view of ESIF effort to support structural reforms. This will help identifying what reforms have been promoted and to what extent they have been promoted by country, programme and policy area.
* Task 4 - Examine how ex-ante conditionalities, defined for the first time in the 2014-2020 regulatory framework, promote the implementation of structural reforms. The results of previous studies on ex ante conditionalities may help to identify those conditionalities which are directly related to structural reforms while case studies, direct interviews and a web survey will investigate their influence on the reforms.
* Task 5 - Assess whether the improvement of institutional capacity, which may be considered as: 1) capacity necessary to achieve reforms in “line policy” or in specific policy areas and programmed under those respective TOs, was reflected in Partnership Agreements, OPs and the allocation of funds; 2) to what extent Thematic Objective 11 on enhancing institutional capacity of public authorities and efficient public administration is used to support structural reforms and to enhance capacity to manage EU Funds. A mix of analytical tools (desk research, interviews, web survey) will be used.
* Task 6 - Draw conclusions on the role of ESIF in the support to structural reforms and identify lessons learnt and caveats for post-2020 programming on: whether linking ESIF with CSR has led to better programming or whether it has created obstacles; in which policy areas these linkages are more developed and what mechanisms were used across Member States to trigger reforms; whether ex ante conditionalities are a useful tool in this framework; whether and how administrative capacity building supported by the funds contributes to the development and implementation of the structural reforms and CSR; how the European Semester and/or the ESIF mechanisms can be improved to make possible a better alignment between CSR and ESIF programmes.

While the Tasks are separately listed in the ToR and are developed one by one in the Methodological Report, it is important to recognise that they are tightly interconnected. Task 2 is obviously an essential basis for carrying out Task 3 and 5 because it provides a coherent classification of CSR/structural challenges to be used in the subsequent activities. The results of the in-depth analyses of Task 3, 4 and 5, will feed into Task 6 which is aimed at cross-analysing the various evidence and providing useful conclusions and recommendations for the future.

The wide scope of the analysis and the large number of documents and information to be examined requires a well organised integration of the different methodological steps and tools. As mentioned, the ToR require the use of a wide range of tools and it is very important that the planned activities are efficiently integrated to avoid overlaps and duplications. In addition, an effective use of the different instruments allows a more in depth analysis and a triangulation of the sources. To ensure integration of analytical activities and minimise duplications, the following steps are taken:

* A single survey is used to cover simultaneously Tasks 3, 4 and 5; it includes three modules to address the various issues at stake.
* The desk analysis of programming documents is carried out by national experts all at once, to make possible that information relevant for the various tasks is extracted efficiently rather than in a fragmented way, which would be the case if experts have to go through the same documents multiple times during the course of the study.
* The interviews are also as much as possible integrated, meaning that relevant stakeholders will be interviewed on several issues (e.g. relevant to Task 3, 4 and 5) at once to maximise efficiency and respect the tight project schedule.

The large amount of information collected needs to be systematised and stored adequately. To this purpose two important tools are used:

* *Country fiches*, organised by country and main theme, make it possible to summarise and consolidate information and findings from desk analysis, interviews etc.
* *Overview tables* to summarise the available information and enable some cross country comparisons, as requested by the ToR. The tables will be produced in Excel format and include a filter function to facilitate comparisons between different Member States, programmes, themes and funds.

# Task 2 – Map structural reform needs in the EU

## Background: objectives of the task and basis for identifying structural challenges

According to Regulation 1303/2013 (articles 15 and 96), the 2014-2020 programming period has to be linked to the objectives of the European Semester and, particularly, to the Country-Specific Recommendations (CSR).

The objective of this task is to map structural reforms and structural challenges, which have been identified within the European Semester Country Reports and which Member States have been called upon to address. The focus is on cohesion relevant CSR of the period 2012-2015, as previously defined and hence excluding those which it is not appropriate to address through multiannual investments that fall directly within the scope of the ESI Funds as set out in the Fund-specific Regulations. These include challenges related to public finance and taxation, pension system, liberalisation, banking, corruption, reform of state-owned enterprises and also regulatory issues such as wage setting, labour taxation or employment protection legislation.

The output of the task is a mapping of recommended structural reforms in 2012-2015, based on available sources such as: CSR (extracted, in each country, from the respective Council Recommendation on the National Reform Programme), the Country reports (previously called Staff Working Documents) or the Memorandum of Understanding (MoU) between the European Commission and a Member State, which sets out needed structural reforms in Countries without CSR or that received CSR only in certain years during the period of time considered in the analysis. Such MoU countries do not receive CSRs under European Semester because their structural reform are actually guided by the MoU. This mapping is essential for carrying out the subsequent tasks of the study.

During the finalisation of the Methodological Report, following a preliminary desk analysis of documents, some tests conducted by the team, and taking into account the discussion in the kick-off and in the first SG meeting, as well as a round of meetings in Brussels with Geographical Units, it was decided to focus the analysis of structural challenges (in addition to those underlying CSR) on Country Reports and MoU. These are quite comprehensive, up-to-date documents and can be considered the best syntheses, produced by the Commission, of the structural challenges faced by the Member States. Other sources could be also considered but, in the light of the preliminary analysis, the added value would be limited, if at all positive since the Country Reports and the MoU are very inclusive and wide-ranging. Moreover, the need for carrying out such an extensive mapping in a relatively limited amount of time, and with a set budget, makes it necessary to circumscribe the scope the analysis in order to render the effort feasible and productive.

The analysis of CSR, of Country Reports and, where applicable, MoU, was carried out in parallel, in order to identify, in each country and for each year, only the **structural challenges additional to those captured by CSR** and hence avoid duplications and overlapping.

While CSR are recommendations of a limited number, and hence straightforward, the Country Reports and the MoU are comprehensive documents which embody structural challenges and policy recommendations in a more implicit manner. Therefore, extracting challenges from these documents requires necessarily a subjective assessment. In order to apply a uniform approach to this exercise and make it, in other words, as objective as possible, the executive summary of the Country Reports/MoU was used as guidance. It provides a synthesis of the key issues faced by a Member State and hence was of crucial importance for identifying priorities among the numerous challenges treated in the documents. After reading the executive summary, and extracting a preliminary list of key priorities, the remaining sections of the documents were analysed to understand better the nature of each challenge and classify them in a similar fashion as done for the CSR. In order to avoid duplications in the mapping, the challenges highlighted in the Country Reports and MoU which overlap with those included in the CSR were not selected. This work was carried out by a small team of 4 experts which had a constant discussion and comparison to maximise uniformity of judgement. The main text of the Country Reports and MoU may refer to many more issues than what is included in the executive summary, which was only used as a guidance to identify priorities and not as an exhaustive reference In the process of extracting challenges from the Country Reports, the team made reference to the definition of structural challenge included in the Methodological Report.

The only alternative approach, to the one which we followed, would be to consider exclusively CSR and no additional structural challenge. However, the Terms of Reference asked explicitly for a wider mapping and this need was reiterated in the kick-off meeting as well as in the following meetings, with a view to reflecting the more comprehensive analysis contained in the country reports (compared to the CSR).

Structural reforms are one of the “pillars” (together with fiscal responsibility and investments) of the EU economic strategy to promote growth. Although there is not a unique definition of structural reforms, the term is used extensively by the Commission as well as by international organizations, such as the OECD and the IMF.

Pursuing structural reforms to modernise European economies is one of the economic and social priorities proposed by the Commission in the Annual Growth Survey (AGS). The most recent AGS highlights that: (i) reforms must be based on effective coordination between the Member States and aim at higher productivity and upward social and economic convergence; (ii) labour market policies need to balance flexibility and security considerations; a particular focus should be on tackling youth and long term unemployment; (iii) more integrated and competitive product and services markets should stimulate innovation and job creation.

According to the AGS, effective implementation of reforms to ensure a sound regulatory and institutional environment and a smoothly-functioning economy is crucial in encouraging investment fostering new employment, raising living standards and promoting convergence in the European Union. It is also highlighted that Member States should use the current favourable momentum to strengthen their efforts to ensure well-functioning labour, product and capital markets, quality education and training systems, modern and efficient social security systems and to promote innovation and entrepreneurship.

The key points of the AGS section on “pursuing structural reforms to modernise our economies” are summarised in the Methodological Report of the present study. For a detailed description of those key points refer to the report and the Annual Growth Survey.

## Classification of CSR/Country Reports structural challenges by policy area

In the present study, CSR and Country Reports (CR) structural challenges are categorised by policy area as shown in the following table. The policy area typology is built upon a preliminary analysis of CSR and takes into account relevant work carried out by the Commission services to track recommendations such as:

* a DG EMPL categorisation of challenges, mostly focused on ESF relevant issues;
* a DG REGIO checklist for monitoring CSR, mainly focused on ERDF relevant themes;
* a DG ECFIN classification of 2011-2015 CSR, which includes all themes but also non cohesion relevant recommendations (e.g. on public finance and taxation, market liberalisation etc.); this dataset was used as reference basis for breaking down CSR but it must be highlighted that: a) it does not provide a univocal classification of challenges[[7]](#footnote-8) and b) the approach followed in breaking down CSR into sub-parts is not necessarily consistent over time and across countries[[8]](#footnote-9).

Furthermore, the material and suggestions provided by other DGs[[9]](#footnote-10) were also taken into account as far as possible in developing the typology. In any case the typology used in this analysis is original as it tries to mediate and find commonalities between the different approaches and interests of the various DGs.

The applied typology is designed in a way that makes it possible to link CSR/CR structural challenges with 2014-2020 programmes, in particular with Thematic Objectives, Investment/Union Priorities.

Table 1 - Typology of policy areas

|  |  |  |  |
| --- | --- | --- | --- |
|  | **1. Policy area** | **2. Relevant TOs** | **3. Relevant IPs/UPs** |
| *Broad area: Business and innovation environment* | | | |
| 1 | Research, technology development and innovation (RTDI) | * TO1 - Technological dev., res. and innov. (R&I) * UP1 - fostering knowledge transfer and innovation in agriculture, forestry, and rural areas | * TO1IPa - Enhance R&I infrastructure * TO1IPb - Promote business R&I investment * UP1FAa - fostering innovation, cooperation, and the development of the knowledge base * UP1FAb - strengthening the links between agriculture, food production and forestry and R&I * UP1FAc - fostering lifelong learning and vocational training in the agricultural and forestry sectors. |
| 2 | Business environment (Enterprise support, business creation and development) | * TO3 - SME competitiveness * UP2 - enhancing farm viability and competitiveness * UP3 - promoting food chain organisation, processing and marketing of agr. Products | * TO3IPa - Promoting entrepreneurship * TO3IPb - New business models for SMEs * TO3IPc - Capacities for product and service development * TO3IPd - Capacity of SMEs to grow * UP2FAa - improving the economic performance of farms and facilitating restructuring and modernization * UP2FAb - facilitating the entry of adequately skilled farmers into the agr. sector * UP3FAa - improving competitiveness of primary producers * UP3FAb - supporting farm risk prevention and management |
| *Broad area: Network industries and environment* | | | |
| 3 | Digital infrastructure and services | * TO2 - ICT access and quality | * TO2IPa - Extend broadband deployment * TO2IPb - Develop ICT products and services * TO2IPc - Strengthen ICT applications |
| 4 | Energy networks, RES and emissions | * TO4 - Low-carbon economy shift * UP5 - resource efficiency and low carbon economy shift | * TO4IPa - Energy from renewable sources (RES) * TO4IPb - Energy efficiency and RES use – enterprises * TO4IPc - Energy efficiency and RES use - public infrastructure. * TO4IPd - Smart distribution systems * TO4IPe - Low-carbon strategies * TO4IPf - R&I/adoption low-carbon technologies * TO4IPg - Co-generation heat and power * UP5FAa – increase water efficiency * UP5FAb – increase energy efficiency * UP5FAc – use of renewable sources * UP5FAd – reduction of greenhouse gas emissions * UP5FAe – carbon conservation |
| 5 | Environmental protection and adaptation to climate change | * TO5 - Climate change adapt. /risk management * TO6 - Environmental protection and resource efficiency * UP4 - restoring, preserving and enhancing ecosystems related to agriculture and forestry | * TO5IPa - Investment adaptation to climate change * TO5IPb - Investment to address specific risks * TO6IPc - Natural and cultural heritage * TO6IPd - Biodiversity, soil and ecosystem services * TO6IPe - Improve the urban environment * TO6IPg - Industrial transition * UP4FAa – restoring, preserving and enhancing biodiversity * UP4FAb – water and pesticide management * UP4FAc – preventing soil erosion and improving soil management |
| 6 | Resource efficiency (water and waste) | * TO6 - Environmental protection and resource efficiency * UP4 - restoring, preserving and enhancing ecosystems related to agriculture and forestry | * TO6IPa - Investment waste sector * TO6IPb - Investment water sector * TO6IPf - Innovative technologies env. protection/resource efficiency * UP4FAb – water and pesticide management |
| 7 | Transport (rail, road networks and other transport infrastructure) | * TO7 - Sustainable transport/removing bottlenecks | * TO7IPa - Investing in the TEN-T network * TO7IPb - Enhancing regional mobility * TO7IPc - Environmental friendly and low-carbon transport systems * TO7IPd - Developing railway systems * TO7IPe - Smart energy distr. and transmission systems |
| *Broad area: Active labour market and employment*  *(note: “wage setting”, "employment protection legislation", or "labour taxation" are not ESIF-relevant as such unless specific complementary initiatives which indirectly facilitate their implementation are financed by the funds).* | | | |
| 8 | Access to employment and employability of workers (including activation, LM participation and labour tax wedge) | * TO8 - Sustainable employment and labour mobility | * TO8IPa - Business incubators and investment for self-employment * TO8IPb - Employment-friendly growth * TO8IPc - Local development initiatives * TO8IPd - Infrastructure for employment services * TO8IPi - Access to employment for job-seekers * TO8IPii - Integration into labour market of young people * TO8IPiii - Self-employment, entrepreneurship * TO8IPiv - Equality between men and women * TO8IPv - Adaptation of workers etc. to change * TO8IPvi - Active and healthy ageing * TO8IPvii - Modernise labour market institutions |
| 9 | LM integration of young people |
| 10 | Wage setting - wage in line with productivity; minimum wage |
| *Broad area: Inclusion, discrimination and poverty* | | | |
| 11 | Gender equality (including reconciliation of work and private life) | * TO9 - Social inclusion, poverty, discrimination * TO8 - Sustainable employment and labour mobility * UP6 - promoting social inclusion, poverty reduction and ec. dev. | * TO8IPiv - Equality between men and women * TO9IPb - Support regeneration of deprived communities * TO9IPc - Support for social enterprises * TO9IPd - Investment community-led local dev. strategies * TO9IPi - Active inclusion * TO9IPii - Socio-econ. integration marginalised communities * TO9IPiii - Combating all forms of discrimination * TO9IPiv - Enhance access to affordable services * TO9IPv - Social entrepreneurship, vocational integration * TO9IPvi - Community-led local development strategies * UP6FAa - Facilitating diversification, creation of new small enterprises and job creation. * UP6Fab - Promoting local development in rural areas. * UP6FAc - Enhancing accessibility to, and use and quality of ICT in rural areas. |
| 12 | Integration of marginalized groups |
| 13 | –Combatting discrimination and poverty |
| 14 | Deprived urban and rural communities |
| *Broad area: Health and social infrastructure* | | | |
| 15 | Health and long-term care | * TO9 - Social inclusion, poverty, discrimination | * TO9IPa - Investing in health and social infrastructure * TO2IPc – Strengthening ICT applications for (…) e-health * TO8IPvi - Active and healthy ageing * TO9IPiv - Enhancing access to affordable services, including healthcare |
| 16 | Housing and other social infrastructure | * TO9 - Social inclusion, poverty, discrimination | * TO9IPa - Invest in health and social infrastructure * TO9IPb - Support regeneration of deprived communities * TO9IPc - Support for social enterprises * TO9IPd - Investment community-led local dev. strategies * TO9IPii - Socio-econ. integration marginalised communities * TO9IPiii - Combating all forms of discrimination * TO9IPiv - Enhance access to affordable services * TO9IPv - Social entrepreneurship, vocational integration * TO9IPvi - Community-led local development strategies |
| *Broad area: Education and training* | | | |
| 17 | Improving access to quality education and training (ECEC, primary, secondary and tertiary education) including disadvantaged learners | * TO10 - Education, training and vocational training | * TO9IPii - Socio-econ. integration marginalised communities * TO10IPa - Education and training infrastructures * TO10IPi - Reduce early school-leaving * TO10IPii - Improve tertiary and equivalent education * TO10IPiii - Enhance equal access to lifelong learning * TO10IPiv - Improve relevance of education/training systems |
| 18 | Reducing and preventing early school leaving |
| 19 | Improving life-long learning for all age groups (e.g. by providing flexible learning pathways, guidance, validation of competences) |
| 20 | Improving the LM relevance of education & training systems (including VET systems) |
| *Broad area: Institutional capacity* | | | |
| 21 | Institutional capacity, public administration and justice systems | * TO11 - Institutional capacity of public authorities * TO8, 9 and 10 (when they feature investment for institutional capacity) | * TO11IPa - Actions to strengthen public administration * TO11IPi - Institutional capacity/efficiency public admin. etc. * TO11IPii - Cap. building stakeholders education delivery etc. * TO8IPvii - Modernise labour market institutions * TO9IPiv - Enhance access to affordable services |
| *Other structural challenges (not directly relevant and linked to TOs)* | | | |
| 22 | Public finance and taxation | * N/A | * N/A |
| 23 | Pension system |
| 24 | Corruption/shadow economy |
| 25 | Banking reform |
| 26 | Encouraging competition and liberalisation of services |
| 27 | Reform of state-owned enterprises |

Note: IP codes which contain low case letters (e.g. a, b, c…) are related to ERDF and CF; IP codes which contain roman numbers (i, ii, iii…) are related to ESF.

## General trends: CSR and structural challenges over time and across policy areas

### Main trends in Country-Specific Recommendations

In total, 535 CSR were proposed in the period 2012-2015. While here we refer to the full text of CSR, in the following paragraphs we break down CSR into sub-parts, when necessary, to “isolate” specific policy recommendations and make it possible an analysis by policy area.

It should be noted that a number of “programme countries” (i.e. Greece in 2012/2013/2014/2015; Cyprus in 2013/2014/2015; Ireland in 2012/2013; Portugal in 2012/2013; Romania in 2012) were given recommendations through a Memorandum of Understanding and hence do not have CSR. The challenges from MoU are considered in the following paragraph.

A distinction between EU15 and EU13 is proposed in this as well as following paragraphs, where relevant, because clear commonalities within these groups and differences among them emerged from the subsequent analysis of programming documents (task 3) and the interviews (with both EC officials and National/Regional authorities).

For a more detailed analysis of commonalities and differences across countries please see Task 3, in particular paragraph 3.7, which provides additional considerations on possible clusters of Member States to be considered in the analysis when conclusions and policy recommendations are formulated. Here it is worth highlighting that the distinction between EU15 and EU13 is not a mere division of countries on the basis of the EU entry date (new vs. old MS). In all EU13 Countries, CSR and Country Reports had a fundamental role in programming, they were a basis for preparing the PA and the OPs. In other words CSR/structural challenges were a starting point for developing the strategies underlying the use of ESI Fund. Differently, in the EU15, both CSR and Country Reports were certainly an influential component but not the main basis as in the rest of the EU, irrespective of size and scope of the recommendations themselves. In these Member States, CSR had a role but clearly more confined to specific areas and programmes (for a discussion of this as well as alternative grouping approaches see paragraph 3.7).

As shown in the following table, the 2012-2015 CSR are roughly equally distributed among EU15 and EU13 countries. Looking at the total count, the number of recommendations ranges from a minimum of 7 in Cyprus, which as mentioned above did not have CSR in 2013-2015, to a maximum of 29 in Spain over the entire period.

Looking at the distribution of CSR, approximately 25% of the examined CSR were proposed in 2012, 26% in 2013 and 29% in 2014. The share of CSR proposed in 2015 dropped to 19% of the total following a streamlining which affected both the number of recommendations as well as their contents (see below).

Table 2 - CSR 2012-2015 by Member State

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **Total**  **2012-2015** | ***%***  ***of Total EU*** |
| AT | 7 | 7 | 5 | 4 | **23** | 4.3 |
| BE | 7 | 7 | 6 | 4 | **24** | 4.5 |
| BG | 7 | 7 | 6 | 5 | **25** | 4.7 |
| CZ | 6 | 7 | 7 | 4 | **24** | 4.5 |
| CY | 7 | - | - | - | **7** | 1.3 |
| DE | 4 | 4 | 4 | 3 | **15** | 2.8 |
| DK | 5 | 3 | 3 | 2 | **13** | 2.4 |
| EE | 5 | 5 | 5 | 3 | **18** | 3.4 |
| ES | 8 | 9 | 8 | 4 | **29** | 5,4 |
| FI | 5 | 5 | 5 | 4 | **19** | 3,6 |
| FR | 5 | 6 | 7 | 6 | **24** | 4,5 |
| HR | - | - | 8 | 6 | **14** | 2,6 |
| HU | 7 | 7 | 7 | 5 | **26** | 4,9 |
| IE | - | - | 7 | 3 | **10** | 1,9 |
| IT | 6 | 6 | 8 | 6 | **26** | 4,9 |
| LT | 6 | 6 | 6 | 3 | **21** | 3,9 |
| LU | 5 | 6 | 5 | 3 | **19** | 3,6 |
| LV | 7 | 7 | 5 | 4 | **23** | 4,3 |
| MT | 6 | 5 | 5 | 4 | **20** | 3,7 |
| NL | 5 | 4 | 4 | 3 | **16** | 3,0 |
| PL | 6 | 7 | 6 | 4 | **23** | 4,3 |
| PT | - | - | 8 | 5 | **13** | 2,4 |
| RO | - | 8 | 8 | 4 | **20** | 3,7 |
| SE | 4 | 4 | 4 | 1 | **13** | 2,4 |
| SI | 7 | 9 | 8 | 4 | **28** | 5,2 |
| SK | 5 | 6 | 6 | 4 | **21** | 3,9 |
| UK | 6 | 6 | 6 | 3 | **21** | 3,9 |
| **Total** | **136** | **141** | **157** | **101** | **535** | *100.0* |
| *% of total 2012-2015* | *25.4* | *26.4* | *29.3* | *18.9* | *100.0* |  |
| *EU15 as % of total* | *49.3* | *47.5* | *51.0* | *50.5* | *49.5* |  |
| *EU13 as % of total* | *50.7* | *52.5* | *49.0* | *49.5* | *50.5* |  |

\*Greece is missing from this table as it did not receive CSR.

Source: Own elaboration on CSR 2012-2015 mapping.

### Main trends in structural challenges from Country Reports and MoU

Parallel to the mapping of CSR, an analysis of Country Reports/SWD or, where applicable, MoU, was carried out to identify additional structural challenges not covered by CSR. All available 2012-2015 Country Reports and MoU[[10]](#footnote-11) were examined and the key challenges mentioned, in line with the definition of structural challenges provided in the Methodological Report, and complementary to those underlying CSR were extracted.

It is worth noting that there is coherence between CSR and challenges identified in Country Reports meaning that the latter cover all challenges underlying CSR but are wider and in most cases identify additional issues and structural reform needs compared to those captured by CSR.

The following table provides an overview of structural challenges, additional to those underlying CSR, extracted from Country Reports/MoU. In total 504 additional challenges were identified. Differently from CSR, the majority of these, roughly 53%, concern EU13 countries. The count of complementary challenges ranges from a minimum of 4 in Estonia, to a maximum of 74 in Greece where there are no CSR. Being complementary to CSR, the number of additional challenges identified by country depends mainly on two factors: the depth of the analysis carried out in the Country Reports; the number of CSR, meaning that the more numerous and comprehensive are the CSR for a given year in a certain country, obviously the larger is the overlapping with the Country Report and hence the fewer are the additional challenges which can be extracted from it.

Table 3 - Challenges extracted from Country Reports and MoU[[11]](#footnote-12)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **Total**  **2012-2015** | **%**  **Total EU** |
| AT | 2 | 2 | - | 2 | 6 | 1.2 |
| BE | 1 | 3 | - | 1 | 5 | 1.0 |
| BG | 6 | 2 | 3 | 11 | 22 | 4.4 |
| CZ | 5 | 3 | 2 | 8 | 18 | 3.6 |
| CY | 5 | 14 | 12 | 13 | 44 | 8.7 |
| DE | 2 | 1 | 2 | 3 | 8 | 1.6 |
| DK | 3 | 1 | 1 | - | 5 | 1.0 |
| EE | 2 |  | 1 | 1 | 4 | 0.8 |
| EL | 17 | 19 | 22 | 16 | 74 | 14.7 |
| ES | 2 | 3 | 1 | 6 | 12 | 2.4 |
| FI | 2 | 3 | 4 | 2 | 11 | 2.2 |
| FR | 2 | 3 | 3 | 4 | 12 | 2.4 |
| HR |  | 17 | 2 | 4 | 23 | 4.6 |
| HU | 1 | 2 | 3 | 12 | 18 | 3.6 |
| IE | 6 | 9 | 3 | 6 | 24 | 4.8 |
| IT | 5 | 1 | 2 | 6 | 14 | 2.8 |
| LT | 3 | 4 | 5 | 3 | 15 | 3.0 |
| LU | 3 | 1 | 1 | 7 | 12 | 2.4 |
| LV | 7 | 7 | 3 | 5 | 22 | 4.4 |
| MT | 3 | 3 | 1 | 6 | 13 | 2.6 |
| NL | 3 | 2 | 6 | 5 | 16 | 3.2 |
| PL | 6 | 4 | 2 | 6 | 18 | 3.6 |
| PT | 9 | 3 | 1 | 3 | 16 | 3.2 |
| RO | 13 | 2 | 5 | 8 | 28 | 5.6 |
| SE | 3 | 2 | 2 | 3 | 10 | 2.0 |
| SI | 4 | 6 | 3 | 4 | 17 | 3.4 |
| SK | 9 | 5 | 6 | 7 | 27 | 5.4 |
| UK | 1 | 3 | 3 | 3 | 10 | 2.0 |
| ***Total*** | **125** | **125** | **99** | **155** | **504** | **100.0** |
| *% of total 2012-2015* | 24.8 | 24.8 | 19.6 | 30.8 | 100.0 |  |
| *EU15 as % of total* | 48.8 | 44.8 | 51.5 | 43.2 | 46.6 |  |
| *EU13 as % of total* | 51.2 | 55.2 | 48.5 | 56.8 | 53.4 |  |

Source: Own elaboration based on mapping of Country Reports 2012-2015 and MoU

The following figures display the 2012-2015 trends of both CSR and additional challenges extracted from Country Reports/MoU. As already known there was a growth in the number of CSR in the first three years considered, from 129 in 2012, to a peak of 157 in 2014. Then, a streamlining took place and the number of CSR dropped to 101 in 2015.

2015 was a sort of “fresh start” also with respect to the contents of CSR which are shorter and with fewer sub-parts. These changes aimed at focusing the recommendations on a limited number of key challenges. In terms of policy areas (see below), fewer employment and social CSR were proposed while there is a lack of recommendations in the areas of energy, resource efficiency and environment. The 2015 CSR were not considered in the PA and OPs as these were adopted earlier (2014 or first half of 2015). Despite this, the ToR requested to map all CSR/structural challenges in the period 2012-2015.

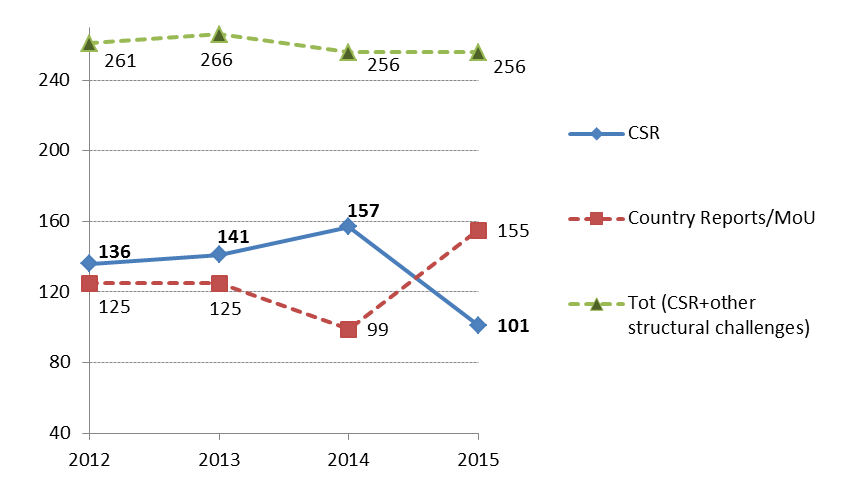
Considering the long negotiations, some 2015 CSR can be still considered relevant to OP programming, in particular for the programmes adopted in 2015, also in light of the fact that a significant number of them reiterate recommendations made in previous years[[12]](#footnote-13)..

Considering the streamlining, aimed at focusing on key challenges, the reduction in the number of CSR in 2015 does not necessarily reflect an improvement in the situation of a certain country. On the contrary, the parallel increase in the number of challenges identified in the country reports highlights often a lack of improvements or at least a persistence of certain challenges. For example, the Bulgarian and Czech 2015 country reports explicitly highlight that “[the country] has made limited progress in addressing the 2014 country specific recommendations. This includes [in the case of Czech Republic] recommendations to: reduce taxation on labour; reform the pension and healthcare systems; increase the inclusiveness and quality of education; accelerate the reform of regulated professions; set up an effective research and innovation system; and reinforce the fight against corruption."

Considering that we mapped challenges from Country Reports and MoU which are additional/complementary to those captured by CSR, it is not surprising that the trend of these complementary challenges is specular with the lowest value in 2014 and a peak in 2015.

Overall, taking CSR and other challenges together, the total number of challenges is roughly constant over time (see the green dotted line in the graph below).

Figure 1 - CSR and other structural challenges: trends 2012-2015



Source: Own elaboration based on mapping of CSR, Country Reports and MoU 2012-2015.

The differences in the trends characterising EU15 and EU13 countries are shown in the figure below. The CSR trends are quite consistent across country groups. The total number of CSR is slightly higher in EU15 in all years except for 2013 but the dynamic is very similar in EU15 and EU13: a growth until 2014 followed by a fall.

The trends of the additional challenges extracted from Country Reports and MoU are also consistent across country groups, however, the total number of EU13 additional challenges is significantly higher than in EU15 Member States (see dotted lines in the graph).

For instance in 2014, 28 challenges were extracted from the EU15 country reports and 36 from the EU13 country reports. In 2015, the difference is even wider: 51 additional challenges in EU15 and 70 in EU13. This difference is mostly explained by the considerable number of cohesion relevant issues listed in the 2015 country reports of some EU13 countries such as Bulgaria, Hungary, Czech Republic, Romania and Slovakia.

Figure 2 – CSR and other structural challenges: EU15 vs. EU13

Source: Own elaboration based on mapping of CSR, Country Reports and MoU 2012-2015.

### Single policy recommendations (CSR sub-parts) and other structural challenges by nature: investment choices, regulatory changes or mixed

In some cases CSR contain a single recommendation or focus on a single policy area but, most of the times, they have sub-parts, each of them being a policy recommendation in itself. These specific policy recommendations or CSR sub-parts are the **unit of analysis** for the mapping of challenges by policy area. Indeed it is often the case that the same CSR addresses several topics and can be broken down into multiple sub-challenges.

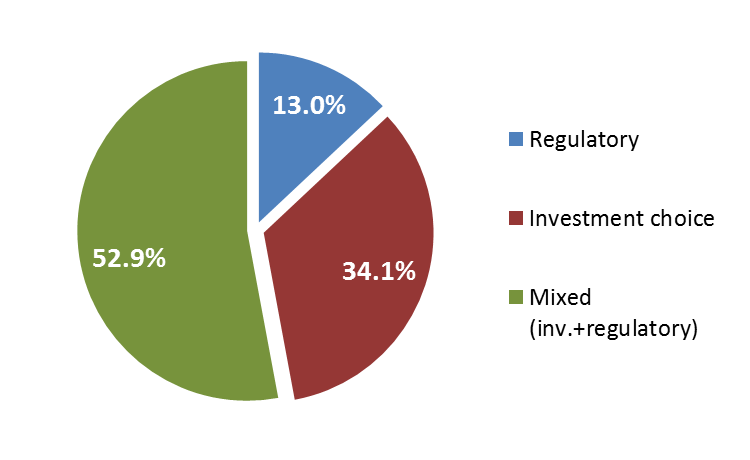
In the mapping, the DG ECFIN classification of 2011-2015 CSR was considered as a reference basis. However, the classification of CSR proposed in this database, in particular the breakdown of CSR into sub-parts which is particularly detailed in relation to public finance and macroeconomic aspects, was revised to fit our policy areas which are constructed with the aim of exploring the linkage with ESIF programming. Moreover, our revision intended to smoothen the different approaches of breaking down CSR across countries and over time, since in some cases and for certain years the level of detail was great while in other cases CSR were left very much aggregated and comprised multiple topics which are rather separated in our classification.

Overall, we found 999 single policy recommendations in the period 2012-2015 which result from “breaking down” the CSR. These policy recommendations, CSR or sub-parts of CSR, are complemented, as we have seen, by 504 additional challenges emerging from Country Reports and/or MoU.

If we look at the nature of policy recommendations, we can distinguish between those suggesting to invest in a certain field in order to achieve a specific policy goal, those suggesting the need for a regulatory change and those suggesting the need for combining investments and regulatory changes.

The following figure shows the distribution of cohesion relevant policy recommendations and additional challenges by their nature, namely the kind of change that they require to be pursued. Most of them, 578 or 53% of the total, simultaneously require investments as well as a regulatory change. 372 or 34% of recommendations/structural challenges imply investment choices and 142 or 13% involve only regulatory changes.

Figure 3 - Nature of cohesion relevant policy recommendations: investment vs. regulatory changes (%)



Source: Own elaboration based on mapping of CSR, Country Reports and MoU 2012-2015.

### Single policy recommendations (CSR sub-parts) and other structural challenges by policy area

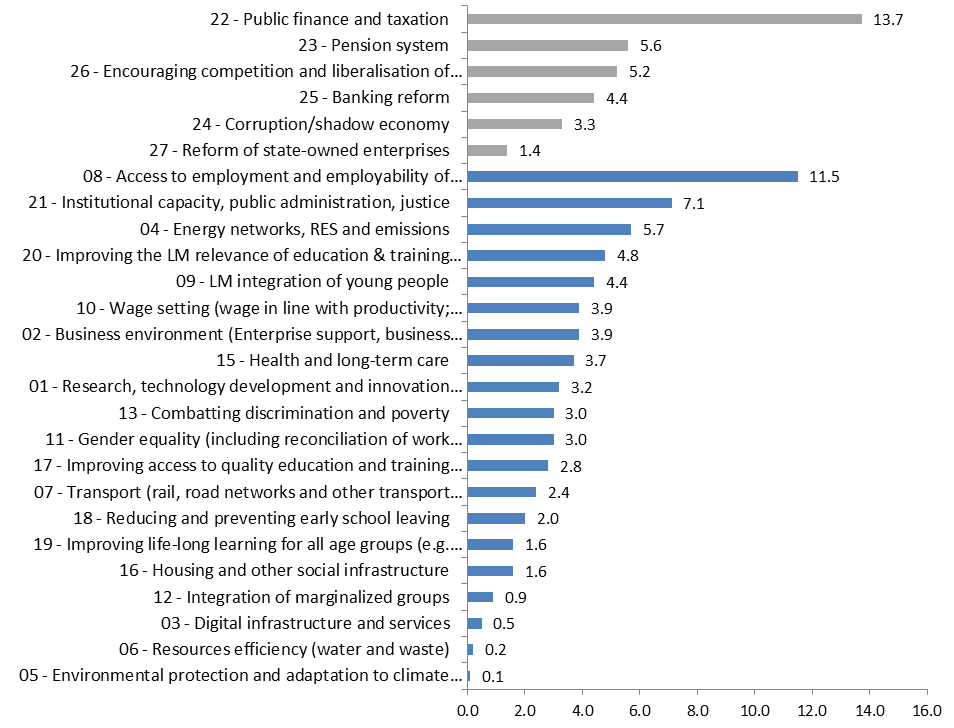
The analysis of challenges by policy area, which is the basis of the analyses of the following tasks of the study, takes stock of a total of 1,503 single policy recommendations (999 CSR sub-parts + 504 additional challenges from Country Reports and MoU; of these, 1,092 are ESIF relevant).

The distribution of the 999 sub-parts of CSR by policy area is shown in the following figure. The grey bars highlight policy recommendations which cannot be directly linked to Thematic Objectives as they concern public finance and taxation, pension systems, competition and liberalisation, banking reform, corruption and shadow economy, reform of public-owned enterprises. This group of recommendations represents less than 1/3 of the total number of CSR sub-parts.

The most important area in this groups is public finance and taxation (13.7% of the total recommendations) followed by pension systems and recommendations encouraging competition as well as liberalisation of services. These areas account respectively for 5.6% and 5.2% of the total.

The blue bars in the graph indicate cohesion relevant recommendations, namely those which can be directly linked to TOs. This group includes 665 policy recommendations and accounts for approx. 66% of the total. As shown in the graph, the most important category is access to employment and employability of workers (including activation, LM participation, labour tax wedge) which represents 11.5% of the total number of recommendations in Europe. This is followed by: institutional capacity, public administration and justice systems (7.1% of total) and by energy networks, renewable energy sources (RES) and GHG emissions (5.7% of total).

Figure 4 - Distribution of policy recommendations (CSR sub-parts) by policy area (% of total)



Source: Own elaboration based on mapping of CSR 2012-2015.

The relative importance of the other policy areas varies considerably. A significant share of policy recommendations concern the labour market. For instance, improving the labour market relevance of education and training systems (including VET systems) represents 4.8% of total recommendations and labour market integration of young people accounts for 4.4% of the total.

On the opposite side of the scale, environmental protection and resource efficiency account altogether for only 0.3% of the total. Obviously the situation is differentiated across countries as illustrated in the country graphs (see paragraph 2.4).

The picture emerging from the Country Reports (see figure below) is considerably different as these documents are much more comprehensive than CSR in terms of policy areas covered. The distribution of these additional challenges by policy area shows a prevalence of cohesion relevant challenges, the red bars in the following graph (85% of the total challenges extracted in addition to CSR), and a significant role of policy areas less frequently targeted by CSR such as transport, resource efficiency, research, technological development and innovation.

Institutional capacity is the most important cohesion relevant policy area, addressed in 11% of the total number of challenges. This is followed by energy networks, renewable energy sources and emissions (9.7%) and transport (8.9%). The policy areas which are less frequently targeted are housing and other social infrastructure as well as deprived urban and rural communities (0.2% each).

Figure - Distribution of structural challenges from Country Reports/MoU by policy area (% of total)



Source: Own elaboration based on mapping of Country Reports and MoU 2012-2015.

Some key messages emerge from the country analysis of trends and the distribution of recommendations and structural challenges across policy areas:

* There is an overall consistency of trends over time, meaning that the number of CSR sub-parts grew until 2014 and then dropped significantly roughly everywhere.
* The number of policy areas targeted and relative importance of specific areas varies across countries. A wide range of policy are addressed in most EU13 MS while there is more concentration in EU15.
* While there was a streamlining in the number and contents of CSR since 2015, the scope and depth of the Country Reports was highly detailed throughout the period and deepened in 2015.
* Institutional capacity and public administration is among the most important policy areas targeted by CSR and/or Country Reports across EU13 MS.

Table 4 – ESIF relevant CSR (sub-parts) and structural challenges by Member State and policy area

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Policy areas** (see detailed coding below) | | | | | | | | | | | | | | | | | | | | | **TOT** |
|  | **Business and innovation environment** | | **Network industries and environment** | | | | | **Active labour market and employment** | | | **Inclusion, discrimination and poverty** | | | | **Health and social infrastructure** | | **Education and training** | | | | **Institutional capacity** |  |
|  | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** |  |
| AT | 1 | 1 |  |  |  |  |  | 8 |  |  | 2 |  |  |  | 2 |  | 4 | 2 |  |  | 2 | 22 |
| BE |  |  | 1 | 6 |  |  | 1 | 6 |  | 4 |  | 2 |  |  | 2 |  | 1 | 3 | 1 | 4 | 2 | 33 |
| BG | 4 | 5 | 4 | 4 |  |  | 1 | 4 | 4 | 3 |  | 4 | 4 |  | 4 |  | 4 |  | 2 | 4 | 9 | 60 |
| CY | 1 | 1 | 1 | 3 |  | 1 | 1 | 2 | 4 | 4 | 1 |  | 2 |  | 4 |  | 1 |  |  | 1 | 3 | 30 |
| CZ | 4 | 1 |  | 3 | 1 |  |  | 4 | 3 |  | 4 | 4 | 1 |  | 3 | 4 | 3 |  | 1 | 3 | 5 | 44 |
| DE | 5 |  |  | 4 |  |  |  | 4 |  | 4 | 3 | 4 |  |  | 1 |  | 2 |  |  |  | 3 | 30 |
| DK |  |  |  | 2 |  |  | 1 | 5 |  |  |  |  |  |  |  | 1 |  | 2 |  | 3 | 1 | 15 |
| EE | 4 | 1 |  | 6 |  | 1 | 2 | 5 | 1 |  | 4 |  | 1 |  |  |  |  |  | 2 | 4 | 3 | 34 |
| EL | 1 | 3 |  | 4 |  | 2 | 4 | 4 | 2 | 4 | 2 |  | 5 |  | 4 |  | 4 |  |  | 2 | 12 | 53 |
| ES | 3 | 2 |  | 6 |  | 3 | 5 | 6 | 3 | 1 |  |  | 3 |  | 3 |  | 1 | 2 |  | 2 | 6 | 46 |
| FI |  | 3 |  | 2 |  | 2 | 1 | 7 | 4 | 3 | 1 |  | 3 |  |  |  |  | 2 |  |  | 5 | 33 |
| FR | 3 | 2 |  | 3 |  | 1 | 6 | 8 | 3 | 4 | 2 |  |  | 1 |  |  | 1 | 1 | 2 | 1 | 5 | 43 |
| HR | 2 | 5 |  | 3 |  | 2 | 1 | 5 | 2 | 3 | 1 |  | 3 |  | 2 |  | 1 |  |  | 3 | 6 | 39 |
| HU | 3 | 3 |  | 4 |  | 3 | 4 | 9 | 3 | 1 | 4 | 3 | 2 |  | 3 |  | 5 | 4 | 2 | 3 | 7 | 63 |
| IE | 2 | 2 |  | 2 |  | 2 |  | 4 | 3 | 2 | 2 |  |  |  | 2 |  |  |  |  | 3 | 1 | 25 |
| IT | 1 | 4 | 2 | 3 |  | 3 | 3 | 7 | 3 | 3 | 3 |  | 3 |  |  |  | 2 | 2 | 1 | 1 | 12 | 53 |
| LT | 3 |  |  | 6 |  | 3 | 4 | 8 | 3 |  |  |  | 3 |  | 1 |  |  |  |  | 3 |  | 34 |
| LU | 4 |  |  | 6 | 3 |  |  | 4 | 4 | 4 |  |  |  |  | 3 |  |  |  | 4 | 4 |  | 36 |
| LV | 4 |  | 2 | 5 |  | 4 | 4 | 3 | 1 | 1 | 1 |  | 4 |  | 2 |  | 4 | 1 |  | 4 | 7 | 47 |
| MT | 2 | 2 |  | 4 |  | 2 | 2 | 3 |  | 1 | 3 |  | 1 |  | 2 |  | 2 | 4 |  | 3 | 6 | 37 |
| NL | 2 | 2 |  | 4 |  |  | 2 | 6 |  | 1 |  |  |  |  | 3 | 4 | 1 |  | 1 | 1 | 3 | 30 |
| PL | 4 | 2 | 4 | 5 | 1 | 3 | 6 | 6 | 2 |  | 4 |  |  |  | 1 |  | 2 |  | 1 | 2 | 3 | 46 |
| PT | 1 | 3 |  | 3 |  |  | 2 | 2 | 2 | 3 |  |  | 2 |  |  |  | 3 | 1 |  | 1 | 5 | 28 |
| RO | 3 | 3 | 2 | 4 |  | 2 | 4 | 6 | 1 | 3 | 2 |  | 4 |  | 3 |  | 1 | 2 |  | 3 | 12 | 55 |
| SE | 2 | 1 |  | 2 |  |  | 2 | 4 | 6 |  |  |  | 2 |  |  | 4 |  |  |  |  |  | 23 |
| SI | 3 | 2 | 1 | 5 |  | 3 | 4 | 4 | 1 | 4 |  |  | 1 |  | 3 |  |  |  | 1 | 3 | 6 | 41 |
| SK | 4 | 4 | 2 | 4 |  | 2 | 4 | 4 | 2 |  | 4 | 4 | 3 |  | 2 |  | 4 |  |  | 4 | 4 | 51 |
| UK | 3 | 4 |  | 3 | 2 | 2 | 5 | 1 | 3 |  | 3 |  | 3 |  | 1 | 4 |  |  | 4 | 1 | 2 | 41 |
| **TOT** | **69** | **56** | **19** | **106** | **7** | **41** | **69** | **139** | **60** | **53** | **46** | **21** | **50** | **1** | **51** | **17** | **46** | **26** | **22** | **63** | **130** | **1,092** |

Policy area coding:

|  |  |
| --- | --- |
| 01 - Research, technology development and innovation (RTDI)  02 - Business environment (Enterprise support, business creation and develop.  03 - Digital infrastructure and services  04 - Energy networks, RES and emissions  05 - Environmental protection and adaptation to climate change  06 - Resources efficiency (water and waste)  07 - Transport (rail, road networks and other transport infrastructure)  08 - Access to employment and employability of workers (including activation, LM participation and labour tax wedge)  09 - LM integration of young people  10 - Wage setting (wage in line with productivity; minimum wage)  11 - Gender equality (including reconciliation of work and private life)  12 - Integration of marginalized groups  13 - Contrasting discrimination and poverty  14 - Deprived urban and rural communities | 15 - Health and long-term care  16 - Housing and other social infrastructure  17 - Improving access to quality education and training (ECEC, primary, secondary and tertiary education) including disadvantaged learners  18 - Reducing and preventing early school leaving  19 - Improving life-long learning for all age groups (e.g. by providing flexible learning pathways, guidance, validation of competences)  20 - Improving the LM relevance of education & training systems (including VET systems)  21 - Institutional capacity, public administration and justice systems |

### Reiteration of policy recommendations and other structural challenges over time

A significant share of the CSR and the challenges identified in country reports are recursive, meaning that they repeat fully or in part, often with different wording, the recommendations made or the challenges highlighted in previous years.

The following table shows that approx. 52% of all the ESIF relevant recommendations made in 2012-2015 (CSR sub-parts as well as challenges from Country Reports and MoU) are in part reiterated. The share of total challenges that repeat fully or in part challenges of other years vary across countries from a minimum of 37.8% in Malta to a maximum of 66.7% in Bulgaria.

This is important for the analysis because it provides information on the relative importance of CSR/structural challenges. Those that are repeated are likely to reflect important and still unresolved issues. The distribution by policy areas displayed in Figure 6 shows in which fields the repeated challenges are concentrated (see commentary below).

Table 5 – Reiteration of ESIF-relevant CSR/other structural challenges identified in 2012-2015

|  |  |  |  |
| --- | --- | --- | --- |
| **Member State** | **“overlapping” CSR and challenges**  **2013-2015** | **Total CSR and challenges**  **2012-2015** | **% of**  **Overlapping on total** |
| AT | 13 | 22 | 59.1 |
| BE | 15 | 33 | 45.5 |
| BG | 40 | 60 | 66.7 |
| CY | 15 | 30 | 50.0 |
| CZ | 22 | 44 | 50.0 |
| DE | 20 | 30 | 66.7 |
| DK | 7 | 15 | 46.7 |
| EE | 20 | 34 | 58.8 |
| EL | 29 | 53 | 54.7 |
| ES | 21 | 46 | 45.7 |
| FI | 15 | 33 | 45.5 |
| FR | 20 | 43 | 46.5 |
| HR | 22 | 39 | 56.4 |
| HU | 38 | 63 | 60.3 |
| IE | 14 | 25 | 56.0 |
| IT | 23 | 53 | 43.4 |
| LT | 21 | 34 | 61.8 |
| LU | 24 | 36 | 66.7 |
| LV | 24 | 47 | 51.1 |
| MT | 14 | 37 | 37.8 |
| NL | 13 | 30 | 43.3 |
| PL | 24 | 46 | 52.2 |
| PT | 12 | 28 | 42.9 |
| RO | 22 | 55 | 40.0 |
| SE | 10 | 23 | 43.5 |
| SI | 16 | 41 | 39.0 |
| SK | 32 | 51 | 62.7 |
| UK | 20 | 41 | 48.8 |
| **Total** | **566** | **1,092** | **51.8** |

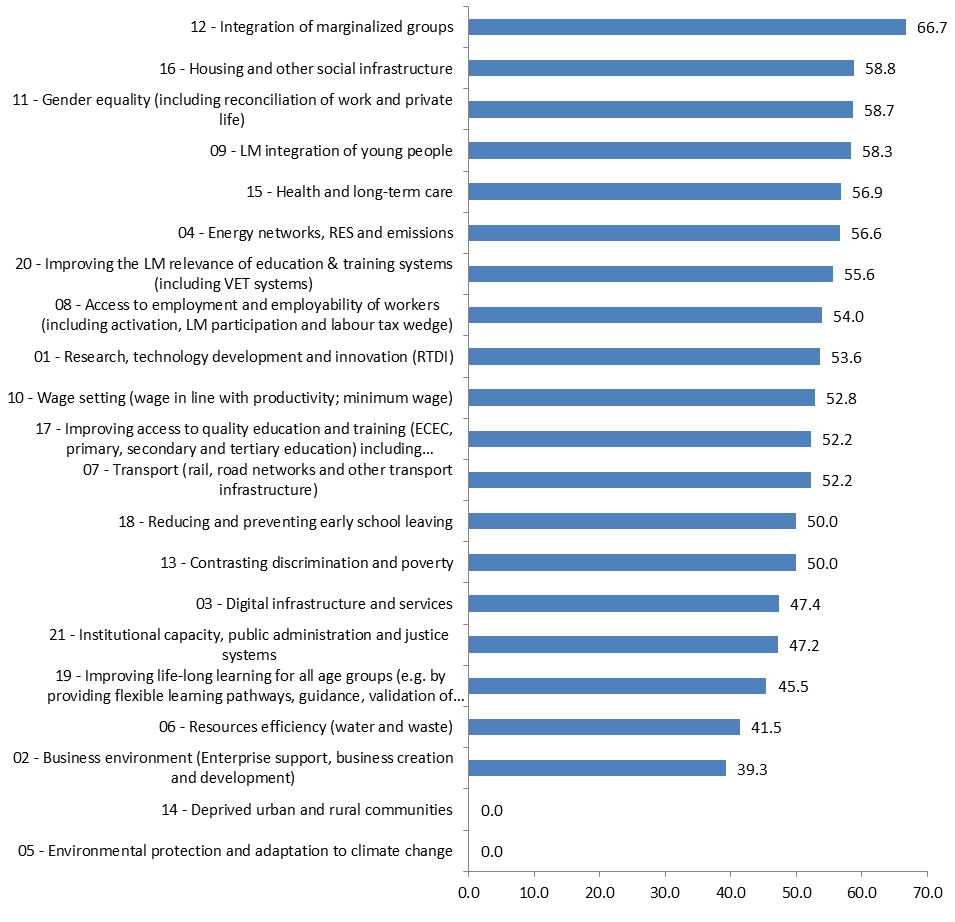
Source: Own elaboration based on mapping of CSR, Country Reports and MoU 2012-2015.

The following figure shows the distribution of ESIF relevant policy recommendations and challenges that are reiterated over the years by policy area. The repetition of CSR and other challenges over time characterises all policy areas and in a significant number of cases (14 cohesion relevant policy areas), between 50% and 70% of the recommendations made as well as of the challenges identified in 2012-2015 are reiterated in full or partially. The areas where the reiteration is more frequent are those concerning: integration of marginalized groups (nearly 70% are repeated), housing and other social infrastructure, gender equality (including reconciliation of work and private life), LM integration of young people, health and long-term care, energy (including RES and GHG emissions), labour market relevance of education & training systems (including VET systems), access to employment and employability of workers (including activation, LM participation and labour tax wedge), RTDI, improving access to quality education and training, transport, reducing and preventing early school leaving, contrasting discrimination and poverty.

For other 5 cohesion relevant policy areas, a share of the challenges ranging from 39% of total in the case of business environment to 47% of total in relation to digital infrastructure and services overlap across years.

Finally, the CSR/CR/MoU structural challenges concerning deprived urban and rural communities and environmental protection are more rarely evidenced in the first place and never repeated over the years.

Figure 6 - Share of challenges that are repeated, once or more than once, in 2012-2015 (as % of total challenges in a policy area)



Source: Own elaboration based on mapping of CSR, Country Reports and MoU 2012-2015.

### Distribution of policy recommendations and other challenges by target group

In the mapping of CSR and additional structural challenges, the mentioning of specific target groups was also considered. Target groups are made explicit in 23% of the policy recommendations/challenges. Sometimes a single target group can be associated to a certain recommendation but, most of the times, several targets can be relevant to the same CSR/challenge. For instance a recommendation which concerns poverty and social exclusion can target all at once several vulnerable groups, including Roma, migrants, people living in deprived areas etc.

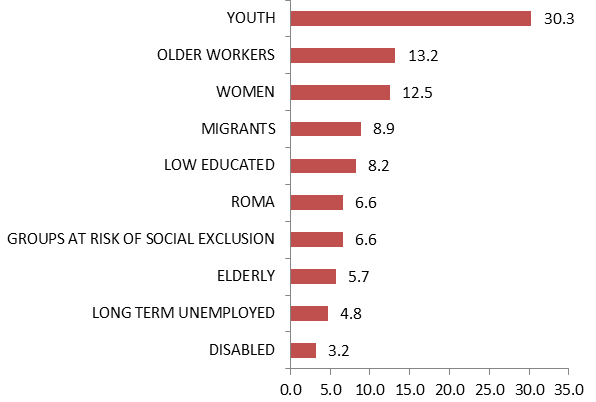
The following figure shows the relative importance of different groups targeted in CSR and other structural challenges for which a target was made explicit. Young people are targeted in over 30% of the cases. The groups of older workers and women follow suit with 13% of cases each. The “women” group is relevant in all recommendations on gender equality, reconciliation of work and private life, child care.

Migrants are targeted in 9% of the cases and their importance grew over the years, low educated people in around 8% of the total cases. Roma and other vulnerable segments at risk of exclusion (e.g. low income households, people living in urban deprived areas, including non-EU nationals etc.) count for 13% of the targets or 6.6% each.

The elderly are targeted in nearly 6% of cases, long term unemployed in 5% of the cases and disabled persons in 3% of the circumstances.

Only in 9 cases (of structural challenges), “migrants” are identified as the specific and only target group. In most cases, 30 in total, migrants are targeted together with other groups such as Roma, long-term unemployment, women, low educated and other groups at risk of exclusion.

Figure 7 – Relative importance of different categories of target groups (% of total groups targeted)



Source: Own elaboration based on mapping of CSR, Country Reports and MoU 2012-2015.

# Task 3 - Set out how the CSR have steered the programming and implementation of ESIF in the Member States

## Background and objectives of the task

Task 3 is intended to set out how the CSR and, more in general, the EU Semester have steered the programming and implementation of ESI Funds in the Member States of the EU. Specifically, this task is aimed at:

* examining the coverage of CSR and structural reforms in Commission Position Papers;
* analysing how CSR have been translated in the ESIF programming documents (Partnership Agreements and Operational Programmes);
* analysing the funding received by policy fields covered by CSR;
* analysing how has the ESIF implementation been influenced so far by the actual commitment to deliver structural reforms.

The analysis of Position Papers and Programming documents relies on the mapping produced in Task 2 and was carried out by means of a template which guided the national experts on where to look in the documents, what information need to be extracted and what assessment to be provided. The templates for each category of documents are illustrated in the Methodological Report.

As shown in the templates, the national experts have been required to carry out a textual analysis and then provide a **qualitative** assessment, which is meant to summarise the alignment between CSR/challenges and ESIF programming and feed an overview Excel table.

Operationally, each national experts received a list of CSR/structural challenges of the period 2012-2014, with a description, a progressive coding and classified by policy area (i.e. this is one of the outputs of the mapping conducted in task 2). The national experts familiarised with this list of CSR/structural challenges and, by means of the templates prepared by the core team, analysed each programming document of their country to understand which CSR/structural challenges have been taken into account and what is their influence on programming.

The following paragraphs provide a synthesis of the analysis of the Position Papers as well as of the Partnership Agreements. Then the key results of the analysis of OPs are summarised. The findings from this qualitative assessment of the experts and additional information collected through the interviews conducted has been consolidated in the Country Fiches attached to this report.

The analysis concentrates on ESIF “relevant” challenges, as defined in paragraph 1.1. CSR/structural challenges are cohesion or ESIF “relevant”, according to the CPR, when they relate to structural challenges which it is appropriate to address through multiannual investments that fall directly within the scope of the ESI Funds, as set out in the Fund-specific Regulations. By construction the CSR/structural challenges falling within Policy Areas 23-27[[13]](#footnote-14), which cannot be directly related to Thematic Objectives, are not cohesion relevant. Furthermore, CSR/structural challenges concerning “wage setting”, "employment protection legislation", or "labour taxation" are not ESIF-relevant as such, even if they fall within policy areas which can be directly linked with TOs, because are mostly characterised by a regulatory nature, that require legislative/regulatory changes to be taken at national level. These are considered in the analysis only to the extent that specific complementary initiatives which indirectly facilitate their implementation are financed by the funds.

The synoptic tables[[14]](#footnote-15) which are used to summarise the key results of the analysis of Position Papers and Partnership Agreement also provide a synthetic assessment of the experts on the alignment between the document and the Semester. This assessment is based on a qualitative analysis and is hence subjective. To ensure a judgement as consistent as possible across countries, the guidelines circulated among the experts provided instructions on how to assign “scores” according to a 3-point scale:

* 3 – High alignment 🡪 The document addresses key areas of cohesion relevant CSRs/structural challenges. The initiatives proposed/envisaged aim to contribute to tackling the respective challenges.
* 2 – Medium alignment 🡪 The document addresses certain elements of the cohesion relevant CSRs/structural challenges. The initiatives proposed/envisaged aim to contribute to tackling the respective challenges.
* 1 – Low alignment 🡪 The document does not address cohesion relevant CSRs/structural challenges significantly and it is unclear if the measures proposed will contribute to tackling the relevant challenges.

## Analysis of Position Papers

### Introduction

The purpose of the 2012 Commission Country Position Papers was to lay the framework for dialogue between the Commission services and the Member States on the preparation of the Partnership Agreement and Programmes starting in autumn 2012. The Position Papers reflect the new approach proposed by the Commission for the use of the funds in the context of the 2014-2020 Multiannual Financial Framework, which aims at ensuring that the ESI funds deliver long-lasting economic, environmental and social impacts. In this framework, strong alignment with the Europe 2020 agenda, macroeconomic and ex-ante conditionality, thematic concentration and performance incentives are expected to result in more effective spending.

The key sections of each Country Position Paper (CPP) which were examined are:

* 1. Main challenges for the Member State
* 2. Priorities for funding
* 3. Success factors for effective delivery
* 4. Priorities for territorial cooperation
* Annex A – Arrangements for effective programming and delivery
* Annex B – Assessment of funding needs in relation to thematic objectives
* Annex C – Administrative arrangements

Timing is relevant as all the CPP, published in the last quarter of 2012, are linked with the 2012 CSR and the Country Reports of 2012 (or with MoU, in the cases in which there are no CSR for a specific year). The analysis of CPP is focused on the following issues:

* Examining whether there is systematic reference to CSR and other key challenges (e.g. those extracted from Country Reports);
* Highlighting if there are relevant CSR/structural challenges not sufficiently covered;
* Understanding the role played by CSR in the selection of priority;
* Assessing the overall alignment between CSR and CPP.

### Key points emerging from the analysis of Position Papers

The introductory sections of all CPP state that the “The CSF funds will provide an important source of public investment and serve as a catalyst for growth and jobs by leveraging physical and human capital investment while they serve as an effective means to support the implementation of the Country Specific Recommendations issued in the context of the European Semester.” Even though this statement is widely confirmed by the analysis of documents, the situation is varied across countries as summarised in the synoptic table in the Annex 3.

On the basis of the analysis of selected sections of the CPP, the national experts were first asked to summarise to what extent the document refer to CSR and other key structural challenges coherently, in one or more sections of the document.

**The assessment of the coverage of CSR and structural challenges identified in Country Reports is largely positive.** There are no large differences across countries meaning that all CPP cover the key CSR and structural challenges of 2012, in all or in several sections of the text. Certainly Annex B - Assessment of funding needs in relation to thematic objectives is the key part of the CPP because it links TOs and structural challenges and hence makes it possible to understand the degree of alignment between of funding needs and CSR and to what extent ESI Funds can be expected to be used to support reforms.

CPP do not only cover CSR but also additional challenges identified in the Country Reports. Overall, it is worth nothing that CPP are comprehensive as they cover a wide range of issues and therefore they are strongly aligned with Country Reports, while the CSR capture only a subset of challenges emerging from these documents.

The analysis of CPP and also of the programming documents requires a great deal of attention since structural challenges underlined by CSR or Country Reports can be addressed both explicitly and implicitly or indirectly. There is an explicit reference when a certain CSR or the Country Report is quoted in the document. The reference is implicit when a CSR or a challenge mentioned in the Country Report is not quoted but the CPP addresses the specific issues.

For example in Romania, some of the recommendations such as those regarding the access to health and long term care, access to education and training, early childhood education and care, education and vocational training reform are not specifically mentioned but they are treated in the analysis of the main challenges and in the assessment of funding needs. In Spain the 2012 CSR 2.2 “underpin the Global Employment Strategy for Older Workers with concrete measures to develop lifelong learning further, improve working conditions and foster the reincorporation of this group in the job market” is explicitly quoted in Annex B but not elsewhere in the document; however, the CPP refers implicitly to this challenges also in other Sections (e.g. Priorities for funding) when talking about efforts needed in relation to the long-term unemployed and older workers, including active aging and training. In Lithuania, the 2012 CSR 4.1 (Increase work incentives and strengthen the links between the social assistance reform and activation measures, in particular for the most vulnerable, to reduce poverty and social exclusion) is not quoted but implicitly discussed in Section 1, main challenges for the Member State, when growing poverty, social exclusion and income inequality are cited as the key challenges for Lithuania.

The extent to which CPP address key structural challenges is significant: **only in few cases there are important challenges, underlying CSR or identified in the Country Reports, which are not covered by the CPP**.

These “missing” challenges are mostly those that are not directly relevant to cohesion and not linked to TOs. For example this is the case of CSR / challenges highlighted in the Country Reports which concern public finance and taxation, corruption, banking and pension reforms, liberalisation of services, reform of state-owned enterprises.

There are also cases of cohesion relevant challenges that are missing or are only superficially discussed. For instance:

* in the case of Belgium, there was an explicit choice not to mention in the CPP the inefficient government bureaucracy, still listed as one of the three major problems in terms of doing business (Country Report 2012).
* In Denmark, a 2012 CSR which is not covered is to “Consider further preventive measures to strengthen the stability of the housing market and financial system in the medium term”, including by taking account of the results of the ongoing study by the Ministry of Business and Growth.
* In France, a challenge emerging from the 2012 Country Report on improving the performance of the French ports, which are lagging behind in terms of performance, reliability and connections with the hinterland, is not covered.
* In Luxembourg, the policy recommendation on reducing GHG emission by increasing taxation on energy products (sub-part of CSR 5 of 2012) is not covered.
* In the Netherlands, the lack of a central 'State Aid' Registry, a challenge mentioned in the 2012 Country Report, is not mentioned anywhere in the CPP.

Despite these discrepancies between the CPP and CR/CSR, according to the expert analysis, **CSR and structural challenges play a central role in the selection of priorities in most cases**, confirming a central role of the Semester. In the majority of the MS, the CPP clearly states that the selection of priorities and funding needs is related to the relevant recommendations made and/or to the Country Reports or the MoU. The CPP highlight that structural reforms and financial consolidation play a key role in enhancing the overall efficiency and thereby the growth potential of the States. They are also considered a key condition for the successful implementation of the ESI Funds which can only have an optimal impact, if an appropriate policy, legal and administrative framework is in place. The CPP also highlight the importance of Ex-ante-conditionalities to contribute pursuing reform needs.

The national experts were asked to provide an assessment, following the analysis of the documents carried out, on the overall alignment between the CSR / structural challenges and the framework laid down by the CPP for 2014-2020 programming. **The assessment of the alignment between CPP and the Semester is mostly positive**, due to the fact that the funding priorities strongly overlap with the CSR and other structural challenges from the Country Reports. However, the situation may vary across countries.

* In Belgium and Denmark, the CPP addresses the CSR but not all reform needs.
* In Germany and France the support of CSR varies in the different policy fields. CSR play a rather big role in the funding priority "Enhance labour market potential, social inclusion and raise educational achievement" (all 3 TOs are linked to CSR), while the role in the other 2 funding priorities (“Reducing regional disparities in competitiveness taking account of demographic change” and “Supporting transformation of the energy system and strengthening sustainable use of natural resource”) is more modest.
* In France, the selection of priorities and funding needs is related to the recommendations made on the labour market (position of young people, seniors, migrants), as well as on the fight against poverty and lifelong learning. On the contrary, the link between CSR and CPP is not so clear in relation to the factors able to enhance the competitiveness of the economy. The CPP is much more oriented on the needs to develop research and economic innovation.
* In Bulgaria what is noticed is that important issues such as water and maritime management, environment, climate change, transport, etc., are not substantially addressed by the 2012 CSR, which are those referred to by the CPP. However, an improvement can be observed in the scope and coverage of CSR in the following years.
* Similarly in the case of the UK, the CSR are relatively limited in some respects and, for instance, there is no CSR specifically focused on technological development, research and innovation although structural reforms in this area are essential and mentioned in the CPP.

Public governance and in particular the distribution of competences in a Member State may play a considerable role to explain difference across countries. Large countries, federal states or regionalised/high devolution Member States, may be characterised by wide variety of strategies and chosen priorities which impacts on the extent CSR/structural challenges are tackled through ESI Funds programming.

Notwithstanding the various differences and gaps pointed out in the previous paragraphs, on the basis of the analysis of Position Papers, we can conclude that the overall framework for implementation of ESIF during the 2014 - 2020 programming is sound and strongly aligned with the European Semester. To what extent CSR and structural reforms needs are reflected in programming is the subject of the following subtasks which concentrate on Partnership Agreements and Operational programmes.

## Analysis of Partnership Agreements

### Introduction

Partnership Agreements between the European Commission and individual EU countries set out the national authorities' plans on how to use ESI funds between 2014 and 2020. They outline each country's strategic goals and investment priorities, linking them to the overall aims of the Europe 2020 strategy for smart, sustainable and inclusive growth.

The Partnership Agreement is negotiated between the European Commission and national authorities, following their consultation of various levels of governance, representatives from interest groups, civil society and local and regional representatives. The starting point for the Partnership Agreements were the 2012 Position Papers produced by the Commission for each Member State setting out how EU investments should support smart, sustainable and inclusive growth.

The structure of PA is set out in the Article 15 of the Common Provisions Regulation. The key sections of the Partnership Agreements which were examined are:

* Section 1.1: Analysis of disparities, development needs and growth potentials with reference to the TO and the territorial challenges, taking account of the National Reform Programme and relevant CSR;
* Section 1.3: Selected thematic objectives, and for each of them a summary of the main results expected for each of the ESI Funds;
* Section 2.3: A summary of the assessment of the fulfilment of applicable ex ante conditionalities;
* Section 2.5: Assessment of whether there is a need to reinforce the administrative capacity of the authorities involved in the management and control of the programmes and, where appropriate, of beneficiaries, as well as a summary of the actions to be taken for that purpose.

The majority of the Partnership Agreements were adopted in the last quarter of 2014, therefore the analysis of the national experts is concentrated on CSR and structural challenges of the period 2012-2014. The analysis of PAs carried out in this report is focused on:

* Whether the treatment of CSR/reforms in the PA is coherent with the requests of the Position Paper.
* The extent to which the document refer to CSR and other structural challenges systematically (or they are only quoted in the introductory parts) either explicitly or implicitly.
* Whether there are cohesion relevant CSR and other structural challenges identified in the Country Reports that are not covered (explicitly or implicitly) in the document.
* Whether there is evidence that the selection of priorities and funding needs is somehow related to the relevant recommendations made.
* Whether, in the expert view, the support to CSR/structural challenges plays a central or a marginal role in programming; whether the document clearly define how it is intended to support CSR and structural reform.

In the preparation of the Methodological Report, the study on “the use of new provisions during the programming phase of the ESI Funds” was taken into account. This work claims that explicit references to EU2020 headline targets and CSR are much more important in PAs than in the OPs, where most references are made to other strategies (national/regional). According to the study, on average for all TOs in PAs, the choice of thematic objectives was underpinned by a direct Europe 2020 or CSR reference in about 40% of the cases, representing also about 40% of the overall allocations. At PA level, the TOs with the highest frequency of references to CSR and Europe 2020 headline targets are education and training, employment and innovation; and the less frequent ones are information and communication technologies, transport and SMEs.

Our analysis went more in depth by considering both explicit quoting of CSR and Country Reports and also implicit references, namely when a CSR is not quoted directly but the analysis of development needs and the main results expected address the specific challenges which underlie a certain policy recommendation. As the following paragraphs highlight, the analysis shows that the role of CSR/structural challenges is much more pervasive than what can be inferred by looking only at explicit references.

### Key points from the analysis of Partnership Agreements

As in the case of other programming documents, Partnership Agreements have been examined by the national experts in the relevant languages on the basis of a common template summarised in the Methodological Report. The analysis was carried out in two steps: first a textual examination to locate explicit and indirect references to the structural challenges mapped by the Core team (see Task 2) was carried out; second, a qualitative assessment of the alignment between programming and CSR/challenges was produced.

The **Partnership Agreements are characterised, as expected, by a strong coherence with the previously examined Position Papers**. In most cases the key structural challenges identified in the Position Paper are recalled in the Partnership Agreement. However, even in consideration of the diverse nature of the two documents, some differences emerge in some countries. Overall the following observations can be made:

* In most countries, there is often a full matching between the PA and CPP in relation to key structural challenges (see synoptic table in Annex 4). For instance in Germany, CSR and challenges not covered in the CPP are, consistently, not addressed in the PA. In Hungary, there is a clear correspondence between the Main National Development Priorities in the PA and the CPP funding areas (e.g. “Improving competitiveness and global performance of the business sector” in the PA refers directly to the CPP’s first funding area “Enhancing business innovation and competitiveness. Increasing the effectiveness of R&D” and the same is true for the other national development priorities).
* Often, the PA has a wider scope in relation to structural challenges. For instance in Austria, the PA goes beyond the CPP, by covering also other themes such as SME support (in general as well as in agriculture and fisheries) and adaptation to climate change and risk prevention. In Lithuania, some issues such as the reform of state-owned enterprises (CSR 5.1 of 2012-2013-2014) are covered in the PA while it was not addressed in CPP. In general in this case there is a more comprehensive treatment of structural challenges in the PA which develops a specific dimension not cited in the CPP, that is the balance of development between territories, with specific views to rural and urban areas.
* There are also examples in which the CPP puts far more emphasis than the PA on specific topics. E.g. in Czech Republic the CPP, unlike the PA, discusses: (i) the necessary political steps crucial for improvement of quality in the public administration and its management and (ii) on the issue of missing Public Servant Act.
* The PA may also reflect, in some cases and in specific sectors, political views of the national government and consequent choices which diverge from European Policy approach and Country-Specific Recommendations. For instance in France, a large number of CSR issues are not considered in the PA, because there is a French political choice e.g. to pay attention first to increase of competitiveness by boosting innovation and not by facilitating liberalisation of the economy.

Despite the actual linkage with the position papers, there is, in most Partnership Agreements, a **systematic reference to CSR and other structural challenges extracted from Country Reports**. This is true especially in Sections 1.1 “Analysis of disparities, development needs and growth potentials” and Section 1.3 “Selected thematic objectives, and summary of the main results expected for each of the ESI Funds” of the PA.

Apart from explicit references, most CSR are implicitly addressed. This means that very often the structural reforms of challenges raised in the CSR can be linked to the selected Thematic Objectives and the main results expected. In other words, according to the analysis of the national experts, actual linkages to the CSR and the Semester are much more frequent and pervasive than what emerges from the count of direct references (i.e. only in 40% of the cases there is a direct reference according to the study on the use of new provisions). One reason for addressing CSR implicitly may be the need for respecting thematic concentration requirements of the Regulations which do not allow an extensive coverage of all challenges in specific TOs and IPs.

The following observations can be made on the extent to which CSR and other structural challenges are actually “embodied” in the Partnership Agreement:

* In the majority of the Partnership Agreements, explicit references to CSR and/or structural challenges emerging from the Country Reports are concentrated in Section 1.3 on “Selected thematic objectives, and summary of the main results expected for each of the ESI Funds”. Implicit linkages to CSR/structural challenges are spread throughout the documents.
* Also Section 2.5 on “assessment of the needs in terms of administrative capacity”, explicitly or implicitly address CSR, apart for a few cases (e.g. Netherlands, Poland). For instance in Slovenia, the PA does not include an explicit reference to CSR but highlights that one of the actions to be carried out concerns the need for adequate administrative capacity (especially in the field of public procurement and environmental impact assessments), which is in line with one of the issues raised in the 2014 Country Report (3.1). In France, the PA clearly includes CSR views but it is not clear whether the CSR have actually had a role in the national debate. In fact, the French position of diversifying the MAs was exactly the contrary of the European Commission position, especially in relation to ESF.

In each Partnership Agreement, most of which are highly coherent with the CPP as explained at the beginning of this paragraph, there is **a relatively limited number of CSR/structural challenges emerging from Country Reports** which **have not been addressed** either explicitly or implicitly. The following points can be highlighted in relation to non-considered CSR/structural challenges:

* In the majority of the cases, structural challenges not covered in the PA are those which are not directly cohesion relevant or that require legislative/regulatory changes to be taken at national level. Non-covered challenges are frequently linked to public finance and taxation, banking reform, liberalisation of services, reform of state-owned enterprises.
* Nonetheless, there are also several cases in which the PA does not tackle structural issues related to access to employment and employability of workers (e.g. labour market segmentation in Poland and Portugal, employment protection in Romania and Slovenia), wage setting (Finland, Luxembourg, Italy), health and long-term care (Czech Republic, Belgium, Netherlands), social housing and other social infrastructure (Denmark and Sweden), transport (e.g. France, Belgium, Finland), public administration and procurement, institutional capacity, justice (Germany, Netherlands). When this is the case, the lack of coverage is presumably caused by a mismatch between European and national priorities and a prevalence of the latter in the strategy underlying the PA or by a commitment to address some structural issues with national resources rather than with ESIF, such as the case of CSR on public administration in Spain which are not addressed for this reason.
* In some countries despite there are references to CSR, the explanation of how the programmes will address them is considered insufficient/not satisfactory by experts and hence scarcely credible. For example in Estonia, it is stated that activities under TO5 contribute to 2013 CSR 5.1 (better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure provision of quality local public services). However, the provided explanation of how “the proposed interventions [under TO5] will contribute to reduce the adverse environmental impact of human activities (incl. the economy and water transport) and will also indirectly help to implement the CSR” is insufficient.
* In any case, the “missing” CSR/structural challenges are a minority if compared to the large number of issues highlighted in each country (as shown in task 2) and, therefore, the assessment of a good coverage of the issue brought forward by the Semester process in the Partnership Agreement is unaffected.

There is evidence that the selection of priorities is related to the recommendations made. **CSR and structural challenges of 2012-2014 play a central role in many (but not all) cases** as they are referred to either explicitly or indirectly in the examined PA and, except some exceptions, the national experts highlighted a clear linkage between challenges raised and chosen priorities. In general the role of the CSR/structural challenges seems prominent in the EU13 countries while it was not so central in the EU15 Member States. The following points can be made in relation to the role of CSR/structural challenges in the choice of the programming priorities:

* The PAs themselves explicitly claim that the strategy is aligned with the Country-Specific Recommendations and, apart from formal claims, there are also concrete indications on how the funding priorities are expected to contribute to pursue the policy recommendations, especially in the EU13 countries. For instance in Latvia, the PA first indicates that the funding priorities are aligned with the CSR mentioned in the document, as well as with the Europe 2020 goals. Then, in section 1.3 (para. 310), where the PA directly refers to the need for increasing R&D efforts in Latvia, it is clearly outlined how the recommendation made should be addressed: “support in big cities (except Riga) will be implemented using ITI (integrated territorial investments) approach, while the support in other territories will be complemented with CLLD (community-led local development) measures within the framework of EAFRD and EMFF”. Even though other sections of the same paragraph can be less clear on the approach undertaken to address the issue (e.g. para 310.1 “it is necessary to enhance the creation and development of new, innovative and viable SME’s *inter alia* providing them with consulting services required during the start-up stage, facilitating the access to finance, carrying out the by implementing financial instruments activities in accordance with the SME Access to Finance Market Gap assessment”), the general idea of how a recommendation would be fulfilled is conveyed by the paragraph as a whole. In Czech Republic, in the sphere of education (2014 CSR 5.1-5.3 and 2014 CSR 4.3), for instance, there is an explicit statement about the extraordinary importance of the ESIF support to address the relevant challenges listed in CSR. Explicitly or not, the CSR play a relatively central role in the PA, especially when it comes to adopting and tailoring thematic objectives and funding priorities but, in certain cases, as highlighted by some EU13 country experts (e.g. Bulgaria), they were used as a supporting instrument rather than as a basis for creating the PA.
* In some EU15 Member States there are signs of more marginal importance of the recommendations. For instance in Denmark, CSR seem to play a central role but, according to the national expert, most of the recommendations mentioned were already high on the agenda and hence we can argue that they would have been addressed anyway. In Germany, the Partnership Agreement itself makes it clear that the CSR are not directly relevant for ESI fund support in the country because they mostly concern the stabilisation of growth and employment and the financial sector. In other cases, despite the importance of CSR and their clear link with the chosen priorities, the selected approach seems insufficient to contribute to address some of the challenges identified in the framework of the Semester, even though they are addressed in the PA. For example in Spain, according to the expert, much more could be done to facilitate SME investment, to improve coordination between national and regional policy and to boost public-private cooperation in RTDI. Despite the importance of these challenges is remarked in the PA, in fact, public funding has decreased in 2012-2015. Also, there is scope for a better definition of priorities and funding, in this country, for reducing youth unemployment and increasing employability of young people and vulnerable groups.

To conclude, the **overall alignment between the Partnership Agreements and the CSR as well as other structural challenges is “medium-high”**. In other words, the documents address key areas of structural challenges most of the times and the initiatives envisaged contribute to tackle such challenges. In a minority of countries (e.g. France and Portugal) the alignment was assessed as relatively limited (or medium-low). Apart from the need to strengthen active labour market policies, several recommendations related to employment protection, LM segmentation, participation and wage setting were not targeted in Portugal[[15]](#footnote-16). Also regarding transport, the references to relevant CSR are vague in the experts’ view and do not cover issues like ports sector reforms, ports and metropolitan transport concessions, financial sustainability and management independence of state owned transport companies, and increased efficiency and competition in the railway sector. In France, except for a common appraisal between the Commission and the French government on the importance of human development and social issues (e.g. fight against poverty, need for helping vulnerable groups, the situation of youth and older people in LM, access to lifelong learning), a large number of CSR are not considered because there is a French political choice to pay attention first to increase competitiveness by innovation and not by liberalisation of the economy as suggested by the recommendations. Management of EU funds is another area characterised by a significant mismatch between the Commission and the French positions. Following the 2014 decentralisation reform, the Regions have taken the role of MA on the ERDF, the EARDF and 35% of the ESF programmes, corresponding to the areas of vocational training for youth and job seekers and corresponding part of the YEI program, with dividing lines between the national and regional ESF OP which were often negotiated region by region, in particular in relation to the school drop-outs and to support to business creation. The current situation is very diverse between regions and it may soon change because the state is experimenting a delegation of the employment policy to regions.

## Analysis of Operational Programmes

### Summary of the approach to set out how CRS/structural challenges have been addressed by the OPs

A qualitative analysis of Operational Programmes was carried out in this task. This analysis, done by the national experts on the basis of the templates (one specific for each fund), was complemented by interviews with policy authorities in charge of the European Semester or sectoral reforms (e.g. ministries, agencies, EU representations) as well as MAs[[16]](#footnote-17).

The findings of the desk analysis of programming documents, including CPP and PA, and of the interviews feeds into the Country Fiches annexed to this report. These Country Fiches now only deal with task 3 while in the Second Interim Report they will also contain relevant findings of task 4 and 5.

The distribution of direct interviews which are relatively limited in absolute number has been balanced across countries on the basis of the following main criteria:

* Ensure coverage of all EU28 MS.
* Take into account the total number of programmes (ESF, ERDF/ CF, EAFRD, EMFF) to be examined by country for deciding the total number of interviews per MS.
* Ensure a balance between the different types of stakeholders (e.g. MAs vs. officials responsible for the European Semester where the former should be at least 1/3 of the total stakeholders interviewed).
* In the interviews with MAs, pursue coverage of both regional and national OPs, prioritising the latter, since structural reforms often require national intervention[[17]](#footnote-18).

The first batch of interviews (within task 3) have been conducted in the relevant languages by national experts. Considering the limited number of interviews to be carried out in each country, the expert have been asked to propose the target of the interviews to the core team and agree with them on the interviewees before planning them. When a potential interviewee was not available, the expert tried to replace her/him with an equivalent person in the same organisation or another relevant organisation in the country.

The interviews have been structured around the following main questions:

* In your experience, what are the main steps of the process of “incorporating” CSRs in programming? Who have been the key actors of this process?
* For the national government what CSRs are now priority? How does it want to pursue them?
* Whether and how the reforms required by the CSRs are monitored.
* Whether and to what extent (if applicable) selection criteria respond to the need for implementing structural reforms. Are there relevant examples of how selection criteria can contribute to pursue CSRs? (e.g. in cases in which an administration makes sure that procurement is appropriately managed and/or the country received a CSR on improving such aspects).
* How the partnership principle[[18]](#footnote-19) was applied and whether it added value to the process.
* Which obstacles hamper the implementation of the CSRs in the interviewees’ views (e.g. the timing of the regulations, changes to / elimination of CSRs during the programming process, the lack of responsibility as regards carrying out reforms, the financial allocation which required a concentration on few objectives/priorities and left little to tackle other issues etc.)
* The CSRs are produced each year while Cohesion Policies are planned over a seven-year period. To what extent and why, in the experience of the interviewee, these different timing approaches limited the effectiveness of the implementation of the CSRs.
* In cases in which ESI Funds are not used to contribute to CSRs and structural reforms, what are the reasons for not using them.

In total 64 interviews of key stakeholders were carried out by national experts in this phase (see attached list of people interviewed), others are already planned. As indicated in the Methodological Report, the total number of minimum 80 interviews foreseen in the ToR are distributed in a balanced manner among tasks and across countries taking into account the number of OPs examined for each Member State.

The following table shows the programmes examines and the interviews carried out by country as part of Task 3.

Table 8 - Programmes examined and related distribution of first batch of interviews by MS (excluding case studies interviews)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **EAFRD/EMFF\*** | **ERDF/CF** | **ERDF/ESF** | **ESF** | **Total OPs** | **Interviews**  (carried out so far) |
| AT | 2 | 1 |  | 1 | 4 | 1 |
| BE | 2 | 3 |  | 4 | 9 | 3 |
| BG | 2 | 5 | 1 | 2 | 10 | 3 |
| CY | 2 | 1 |  | 1 | 4 | 1 |
| CZ | 2 | 5 | 2 | 1 | 10 | 2 |
| DE | 4 | 15 | 1 | 16 | 36 | 6 |
| DK | 2 | 1 |  | 1 | 4 | 1 |
| EE | 2 |  | 1 |  | 3 | - |
| ES | 4 | 22 |  | 23 | 49 | 4 |
| FI | 2 |  | 2 |  | 4 | 1 |
| FR | 4 | 7 | 27 | 6 | 44 | 6 |
| GR | 2 | 1 | 16 | 1 | 20 | 3 |
| HR | 2 | 1 |  | 1 | 4 | 1 |
| HU | 2 | 2 | 5 |  | 9 | 3 |
| IE | 2 | 2 |  | 1 | 5 | 2 |
| IT | 4 | 22 | 8 | 21 | 55 | 1 |
| LT | 2 |  | 1 |  | 3 | 2 |
| LU | 1 | 1 |  | 1 | 3 | 2 |
| LV | 2 |  | 1 |  | 3 | 1 |
| MT | 2 | 2 |  | 1 | 5 | - |
| NL | 2 | 4 |  | 1 | 7 | 2 |
| PL | 2 | 5 | 16 | 1 | 24 | 4 |
| PT | 2 | 2 | 8 | 2 | 14 | 3 |
| RO | 2 | 4 |  | 2 | 8 | 4 |
| SE | 2 | 9 | 1 | 1 | 13 | 2 |
| SI | 2 |  | 1 |  | 3 | 3 |
| SK | 2 | 5 | 1 | 1 | 9 | 1 |
| UK | 2 | 6 |  | 6 | 14 | 2 |
| **Total** | **63** | **126** | **92** | **95** | **376** | **64** |

\*a sample of EAFRD and EMFF programmes is covered (with a priority given in each MS to the financially largest ones); this approach takes into account that the coverage of CSRs is limited in these programmes, as emerged in the preliminary analysis as well as in the discussion of the kick off meeting.

### Key findings from the analysis of ESI Funds’ programmes

As mentioned above, a detailed qualitative analysis by country is provided in the annexed Country Fiches. These consolidate the findings of the desk analysis as well as of the interviews, while the Overview Tables compiled and assembled as Excel file provide information on the individual OPs mobilised to address the CSR/challenges as well as on Investment Priorities and Specific Objectives (SO) used.

All this information was used in the qualitative analysis of the Country Fiches but it is worth noting that processing information on Specific Objectives in an aggregate manner is a challenge, as those cannot be easily standardised without a significant information loss, being specific to countries and programmes. Despite this limit, the list of SO[[19]](#footnote-20) is compiled and is provided in annex.

The following paragraph provide a cross analysis of the main findings emerging from the work of each country expert.

**Coverage of CSR/structural challenges in OPs**

The desk analysis of Operational Programmes, supported by the interviews, has shown that the OPs generally address most of the cohesion relevant CSR as well as the structural challenges highlighted in the Country Reports. The extent to which structural challenges are covered depends on the specific thematic orientation of individual Operational Programmes and particular country specific recommendations.

Overall the ESF OPs are the most important for targeting structural challenges and cover the recommendations related to employment, labour market participation of young people, women, elderly and people with migration background, education and training, life-long learning, prevention of school dropouts, discrimination and poverty. The main reason for this relevance of ESF is obvious: most of ESIF-relevant CSR concern ESF intervention fields.

Relevance of CSR/structural challenges is more limited in ERDF/CF programmes. They tend to target recommendations in the fields of energy efficiency in buildings, GHG emissions, research, technological development and innovation as well as business environment, ICT networks but also to some extent employment, skills shortages/mismatches, lifelong learning, government bureaucracy. Nonetheless, on average there are less ESIF-relevant CSR concerning the ERDF intervention fields compared to ESF.

Scarcer but existing is the coverage of structural challenges by EAFRD RDP and EMFF OPs; e.g. promoting innovation, support young farmers; finance supply chain development policy and business networks. There are interesting cases of programmes contributing to address challenges, also in the social sphere.

For instance in Belgium, the EMFF and EAFRD OPs mainly cover the CSR on the reduction of GHG emissions and on energy efficiency but also on employment as well as skills shortages/mismatches for the EMFF, and early school leaving for EAFRD. Faced to the increasing number of vulnerable young people in rural areas, and in particular people aged 18-25 who have not completed their school, Flanders set up specific programmes to foster lifelong learning and vocational training in the agricultural and forestry sector; there are also measures aiming to provide support to young people willing to start-up a farm.

CSRs and structural challenges that concern how to regulate the economy and especially the wage setting-system have not been addressed in the majority of cases, not only because some of those challenges require initiatives that go beyond the sphere of intervention of ESI Funds but also because there is no consensus at the national level on these policy fields (e.g. France). In some EU13 Countries it is pointed out that challenges characterised by a complex nature can be addressed by the ESI Funds only partially. These include recommendations related to cost-efficiency of the healthcare sector, energy efficiency etc.

In the EU15, often the interviews suggest that the total amount of available ESI Funds is too small to target all the CSRs. This is certainly the case of country with no less developed (or convergence regions). As a consequence, the regions have made selective and different choices on the most relevant challenges to deal with. For example, in the Netherlands, the West Netherlands OP is focused on the “energy-related” and “labour market-related” CSR. At the national level, the focus is on the “innovation” and “low carbon energy-related” CSRs/structural challenges.

The following table provides some examples of specific objectives in order to show how ESI funding actually address CSRs. The examples include information on the targeted CSRs, the mobilised OPs, the relevant SOs and the targeted change they seek to generate (2023 target vs. baseline values).

Overall, the CSR are addressed at the level of Specific Objectives across all ESI Funds: mostly ESF and ERDF but also by EAFRD and EMFF. However, it will be difficult to measure the actual change they aim to produce on the basis of the available programme indicators since these are often not very closely linked to the SOs and it is often unclear whether the targets are meaningful. This study is not an evaluation of the robustness of the intervention logic and of the meaningfulness of the indicators and targets. However the quality of the indicators and targets has an impact on the capacity to measure policy results related to the CSR/structural challenges.

The ex post evaluations of Cohesion policy 2007-2013[[20]](#footnote-21) have highlighted a lack of relevant indicators to monitor and evaluate outcomes. There is a need not only for better indicators on programme performance but also for better data on the context in which policy is implemented, so that outcomes can be more meaningfully interpreted. While regional data from Eurostat have improved markedly over recent years, there is still a lack of data on a number of policy areas, including the environment and social aspects, as well as on government investment at regional level, to compare with that financed by Cohesion policy. In addition, the monitoring systems and indicators are characterised by several deficiencies. The focus has been traditionally on the financial performance of funds while there is a need for shifting the attention to the performance in contributing to programme objectives. There is a need to develop monitoring indicators which relate not only to the direct output of projects but to what the programmes are attempting to achieve. In the current period, 2014-2020, some changes took place with the obligatory use of common output and result indicators. To what extent the changes are sufficient to overcome the highlighted problems still needs to be seen and evaluated. However, the examination of the OPs shows that the quality of the results indicators remains low on average as it is difficult to relate many of them to the actual planned outcomes. In this paragraph we tried to provide examples as meaningful as possible in relation to the aim of linking SOs and CSR/structural challenges. As stressed this is a difficult exercise because most outcome indicators seem to suffer still from the 2007-2013 shortcomings mentioned above.

Table 9 - Examples of Specific Objectives and indicators addressing CSRs[[21]](#footnote-22)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Relevant policy areas** | **CSR** | **DG** | **OP CCI** | **Specific Objective** | **Indicator/s** | **Baseline Value** | **Target Value (2023)** |
| LM integration of young people | IT 2014 CSR 5.3 | EMPL | 2014IT05M9OP001 | SO 8.1 Increase employment of NEETs | * Inactive participants not in education or training who complete the YEI supported intervention * Inactive participants not in education or training who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving * Inactive participants not in education or training who are in education/training, gaining a qualification, or are in employment, including self-employment, upon leaving | 81.0% (2013)  19.0% (2011)  37.0% (2011) | 88.0%  25.0%  50.0% |
| Reducing and preventing early school leaving | ES 2014 CSR 4.3 | EMPL | 2014ES05SFOP002 | SO 10i1 Reduce the number of students who leave school early, involved in basic vocational training and new itineraries of compulsory secondary education | * Third year secondary school students who pass the academic year | 84.0% (2013) | 88.0% |
| Gender equality (including reconciliation of work and private life) | SK 2013 CSR 3.2  SK 2014 CSR 3.3 | EMPL | 2014SK05M0OP001 | SO 3.2.1 Increasing employment of persons with parental duties, women in particular, by improving conditions for the reconciliation of work and family life | * Number of parents who are granted allowance and childcare, six months after leaving employment, including self-employed | 4,152.0 (2013) | 5,198.0 |
| Improving life-long learning for all age groups | FR 2013 CSR 6.2 | EMPL | 2014FR16M0OP006 | SO2 Increase quality and efficiency of training systems | * Success rate for skills training diplomas * Discontinuation rate in training courses | 80%  28.7% | 85%  25% |
| Digital infrastructure and services | PL 2013 CSR 6.4  PL 2014 CSR 5.3 | REGIO | 2014PL16RFOP002 | SO 1 Eliminating the territorial differences in accessing high-broadband bandwidth (Less developed regions) | * ICT Infrastructure: Additional households with broadband access of at least 30 Mbps | 44.5% | 100.0% |
| Research, technology development and innovation | PT 2014 CSR 4.3 | REGIO | 2014PT16M3OP001 | SO 4 Reinforce networks, partnerships and cooperation towards business innovation and internationalization | * Companies with 10 or more employees involved in cooperation for innovation, out of the total surveyed companies | 13.6% (2010) | 20-30% |
| Institutional capacity, public administration and justice systems | IT 2013 CSR 2.1 | EMPL | 2014IT05M2OP002 | SO 11.6 - Improvement of multi-level governance and administrative and technical capacity of government in public investment programmes | * Share of operations with implementation duration higher than the reference values indicated by VISTO[[22]](#footnote-23) (Less developed regions) | 66.0% (2013) | 40.0% |
| Resources efficiency | PL 2013 CSR 6.5 | REGIO | 2014PL16M1OP001 | SO 6a.1 – Smaller amount of municipal waste subject to storage | * The share of municipal waste collected selectively | 10.0% ( 2011) | 50.0% |
| Access to employment and employability of workers (including activation, LM participation and labour tax wedge) | BE 2015 CSR 3.1 | AGRI | 2014BE06RDRP001 | UP6FAa - facilitating diversification, creation and development of small enterprises, as well as job creation | * Number of agriculture holdings with RDP supported business development plan/investments for young farmers | N/A | 1,400.0  (Context indicator of Agricultural holdings: 25,217.0) |
| Energy networks, RES and emissions | BE 2014 CSR 6.1 | MARE | 2014BE14MFOP001 | UP1(a) reduction of the impact of fisheries on the marine environment, including the avoidance and reduction, as far as possible, of unwanted catches | * Change in the fuel efficiency of fishing (fuel consumption) | 1,730.0 (Litres of fuel per barrel of fish delivered) | 1,645.0 (Litres of fuel per barrel of fish delivered) |

**Overall assessment of how programming and implementation of ESI Funds was influenced by CSRs and the EU Semester**

The assessment of whether and how implementation of ESI Funds was influenced by the Semester reflects the extent to which CSR/CR structural challenges are covered in the documents. In other words, as the coverage was wide on average, the influence on programming and implementation tend to be also significant.

In several countries, Austria, Belgium, Bulgaria, Czech Republic, Estonia, Spain, Italy, Malta, Romania and Sweden, the CSRs/CR structural challenges had a significant impact on the programming and implementation of ESI Funds, at least as far as ESF as ERDF are concerned. The role of CSR/structural challenges was particularly important in the early stages of programming in Croatia, Slovenia and Lithuania. As most CSRs referred to challenges in the labour markets, public employment services, social inclusion, equality and education, marginalised communities (e.g. Roma), it was especially the ESF OPs that were affected most by the European Semester.

CSR/structural challenges are less relevant for the other funds. Overall the CSRs/structural challenges that seem to be more integrated in the OPs and their priority axes are those focusing on: business environment and R&D support, energy efficiency, public administration, education, regional accessibility, health and long-term care, life-long learning.

Overall, in most EU13 cases, the CSR/CR structural challenges played the role of important standpoints for the definition of developmental problems and funding needs and priorities as emerged during the interviews with key stakeholders who highlighted that the definition of development issues, funding needs and priority was influenced by CSR/structural challenges and hence the selection of TOs and IPs was largely based on them. In 10 of EU15 countries (Austria, Belgium, Denmark, Italy, Ireland, Luxembourg, Netherlands, Portugal, Sweden, United Kingdom), the ESI Funds programming was hence clearly influenced by the CSRs, apart from those of legislative or regulatory nature (e.g. Spain). Some CSR/structural challenges were a point of reference for programming but not an exclusive one. It is pointed that that there is a broad convergence but not a direct causal relationship between some CSRs/structural challenges and national as well as regional programming (e.g. France).

The high alignment is not surprising considering that CSR/structural challenges are wide ranging and are in line with the majority of recommendations of domestic strategic documents. In some cases the analysis highlights that that CSRs/structural challenges were important especially in the early stage of programming but, according to the interviews, despite the coherence between the various documents, the actual alignment can be more accidental than sought: the range of goals of Cohesion policy is so wide that it is relatively easy to find implicit references to CSR. This emerged in Lithuania, Latvia, , Hungary and Poland. This observation can lead to opposite conclusions. On a one hand it can be considered positively as an indicator of convergence between the two policy approaches (European Semester and Cohesion policy). On the other hand, it raises doubts on the actual contribution that ESI Funds are able to provide to structural reforms. Only when the funds are concentrated in areas where a country has challenges, ESIF are likely to be influential but this may require that concentration rules are not equal across countries.

In addition, the identified close interconnection of CSRs/structural challenges with ESIF programming documents can be also attributed to the fact that most of the structural recommendations are in line with the respective ex-ante conditionalities, as it was mentioned in the case of Czech Republic in relation to: efficiency and transparency of public administration, namely the Public Service Act; social inclusion of Roma people; performance-based funding of research institutions.

Given that not all CSR/structural challenges require the use of ESI Funds and that the national budget for addressing structural issues in some Member States (e.g. Germany) is substantially larger than the EU resources, OPs are only one of the several “instruments” that contribute to tackle CSR/structural challenges. Also in the EU13 the scale of resources is considered important. Due to the limited funds and to the complexity of structural reforms, which would need a very broad, systematic and inclusive approach, the impact of ESI Funds is likely to be limited (e.g. Slovenia), and the actual extent to which this strategic alignment will be reflected in actual spending can be assessed only in the next years (Slovakia).

Distribution of competences plays an important role. In Germany, which is a federal state, as programming is mostly managed at regional (Länder) level, the specific situation and policy priorities in the respective Land play an important role. The influence of these priorities on the programming process is stronger than the influence of CSR. In other large and regionalised but not federal states such as Italy and Spain the interviews highlighted that the influence of the Semester was stronger even on regional OPs.

In the particular case of Portugal, the interviews highlighted that, despite the great overall alignment between the priorities presented in the Portuguese ESI Funds programming documents and the structural challenges/CSRs, in retrospective, a great part of the issues addressed by the structural challenges/CSRs produced in the context of the European Semester were already steering the programming and implementation of ESI Funds in the previous programming period.

**Obstacles to the use of ESI Funds to pursue structural reforms**

According to the desk analysis and the interviews there are no major obstacles to use ESI Funds to address structural challenges and contribute to reforms. Indeed, as previously highlighted, the funds are being used to a significant extent in most cases to pursue structural challenges, even though they role may vary considerably across countries, funds and policy areas.

Nonetheless, several impediments are underlined:

* The **division of competences** between various levels of government can be a constraint in federal states.
  + In Germany some recommendations concern policy areas that go beyond the sphere of competence of Länders which manage the bulk of ESIF.
  + In Belgium, the fragmentation of responsibilities is seen as the main obstacle to implement the structural reforms. Indeed, while education and training are for instance under the responsibility of the communities (as they are related to the language spoken), employment is a regional competence. The major issue is therefore how to comply with the EU Regulations while respecting the range of competencies in each region. For instance, during the preparation of the ESF OP in the Brussels-capital region, Actiris (the regional PES) prepared a proposal for a new traineeship financed with the YEI resources but the State Council rejected the measure, arguing that the region did not have the necessary competencies yet. The difficulty is also to ensure a proper coordination between the regions in a context where priorities are different and are managed by various institutions. In this context, it is important to highlight the creation of Synerjob, which is a non-profit organisation in charge of ensuring the coordination in terms of employment and training between the various PES offices in Belgium (but it also includes institutions specialised in training). Related to the previous obstacle is the fact that all CSR are provided at the level of the country and none at the level of the regions.
  + In Austria, which is another "federation" this issue was not mentioned
* The **mismatch between annual CSR and multiannual ESIF planning** is another mentioned impediment. The current design of OPs (including the N+3 rule) as well as the lengthy procedure of OP amendment limits significantly the space for incorporation of newly formulated recommendations. However, the fact that a significant number of challenges (52% of total 2012-2015) are actually repeated, at least in part, mitigates such problem which is mentioned in the interviews but it is actually more “theoretical” than real. Certainly, considering also the heavy bureaucratic load that the Managing Authorities have to deal with, a further streamlining of CSRs could be beneficial, in the sense, for example, of producing recommendations with a frequency lower than annual.
* **Nature of challenges**: 53% of CSR/structural challenges require a mix of investments and regulatory changes and 13% require only regulatory changes. Summing the two, 66% of CSR/structural challenges require, to a varying degree, some regulatory change. As a consequence these can be addressed by an investment policy only to a limited extent. The implementation of CSRs related to national responsibilities requiring national legislative changes cannot be easily supported by ESI funds or, to put it differently, ESI Funds can only contribute to some extent. This concerns to a varying degree all Member States. For example in Spain, 54% of recommendations require both investments and national regulatory changes (a mix of the two or only regulations). These concern, for instance, the electricity tariff deficit, the national RTDI strategy or the set-up of an independent body to assess major transport infrastructures. When CSRs raise issues that have a regulatory component and/or that are mostly relevant for the national policy rather than regional intervention such as the mentioned examples, regional OPs are less likely or suitable to contribute because their focus is on a specific territory. This is not a problem as such but it must be noted that some national issues would require a coordinated national intervention and the contribution of regional policy, which has a different and narrower scope, can be limited. There are implications/questions for the future, for instance whether a single-size-fit-all approach (policy recommendations which do not consider regional disparities) is the best possible option or there are viable alternatives. This will be considered and discussed in the conclusions.
* The **limited amount of ESIF resources** made available in a certain context can be an important constraint for what is actually feasible in relation to contributing to structural change (e.g. this was clearly mentioned in the Netherlands, in Germany and in France, as well as in some Eastern European countries – see below). For instance in Germany, ESI Funds can be used to address regional shortages in the availability of fulltime childcare facilities and all-day schools. Nevertheless, it is only relevant for some Länder that have sufficient resources or already perform relatively well. In France, the ESI Funds have a marginal financial weight compared to the national public funding available for innovation support, SMEs development, training and life-long learning and active inclusion policies. Therefore, the role of ESIF in these cases can be only marginal as regards structural change. Also in some EU13 cases resources are considered few for implementing complex structural reforms (Slovenia, Slovakia), despite on average ESIF represent a large share of resources invested in several policies in most EU13 countries.
* Other **administrative and institutional difficulties** also play a role. The frequent changes in the structures and human resources of relevant state organisations can hinder reforms; this was mentioned in Hungary but may as well concern other Eastern European countries which have suffered from high staff turnover in 2007-2013 and are still affected. This is, according to the ex post evaluation of Cohesion policy one of the features which prevented an efficient use of the structural funds. In some cases, e.g. France, despite the Commission's proposals to simplify the use of ESI Funds, there are still problems related to the mobilisation of stakeholders, the implementation of management systems and the implementation and use of the “Synergie” information system.
* The **adverse macro-economic context** may make the progress in tackling structural challenges insufficient, even though is still no evaluation evidence on the implementation of the ESI Funds in 2014-2020 and it is too early to assess effectiveness. Past experience with the funds points to this. As highlighted in the recent ex post evaluations of Cohesion policy 2007-2013, the onset of the economic and financial crisis radically altered the context in which operational programmes were implemented. The assumption when the programmes were formulated was that growth would continue at the relatively high rate experienced over the previous decade or so. However, the global recession and the economic and financial crisis which followed led to severe pressure on public finances, and to cutbacks in public investment and in central government transfers to regional and local authorities to carry out such investment. The resources available for co-financing projects were, therefore, reduced and Cohesion policy funding became even more important than before as a source of finance for development expenditure in many parts of the EU, especially in the new Member States and in southern Europe (Greece, Spain, Italy and Portugal).
* **Tensions among stakeholders** may arise when resources are reallocated from some activities to others in order to address CSRs. This is another potentially relevant obstacle for using ESIF for targeting CSRs, even though a rather minor one, as it was only mentioned by the interviewees in Czech Republic.
* The **lack of political will as regards the implementation of structural reforms and the poor institutional capacities** were mentioned as additional obstacles in some Eastern European Member States: Lithuania, Slovakia and Slovenia. This is accompanied often by a poor coordination among political parties and ministries, in those countries as well as in Estonia and Croatia. Political will may help to ensure the correspondence between CSRs/structural challenges and ESIF programming documents. Good institutional capacities are vital for ensuring the smooth implementation of ESI Fund initiatives and, accordingly, CSRs/structural challenges that these funds address (e.g. Lithuania). In some cases a lack of credible national policies makes it difficult to address the challenges raised (e.g. Slovakia). A lot of CSRs/structural challenges (e.g. labour market, integration of marginalised groups, RTDI, education etc.) are periodically raised by the European Commission, however their implementation requires political commitment and political will. CSRs are not always adequately communicated (e.g. Slovenia). Sometimes horizontal coordination between ministries is not adequate, this happens for instance in Estonia, Croatia and Slovenia(CSRs very often require inter-ministerial coordination) or there are different views among political parties, ministries and experts on what would be politically and economically feasible. As it will be highlighted in the Task 5 of this study, fragmented governance and scarce cooperation between public authorities is considered a challenge in several New Member States due to limited experience (Estonia, Czech Republic, Croatia, Lithuania, Latvia, Slovakia and Romania), but also in southern Europe (e.g. Greece, Portugal) and, to a more relative extent, in some central European Member States (e.g. Belgium, Austria, France).

More details on the key findings from the analysis of Operational Programmes are included in the table in Annex 5, while the following synoptic table summarises the overall analysis of the alignment between CSR/structural challenges and ESI Funds programming, based on the “programming chain”: CPP 🡪 PA 🡪 OPs.

In most countries there is a high degree of coherence between the various programming stages, starting from the position paper until the programmes. In the majority of the Member States, the influence of CSR/structural challenges on ESIF programming is significant and this is often reflected in the high share of resources mobilised in order to contribute to tackle structural challenges. This is the case, for instance, of Austria, Belgium, Finland, Spain, Italy etc. as well as of Bulgaria, Estonia, Hungary, Malta, Romania, Slovakia. In the Czech Republic, the significant influence of the Semester on programming does not seem to be fully matched by the financial contribution of ESIF to CSR which is moderate.

In other countries the influence of CSR/structural challenges on ESIF programming is moderate. Despite this weaker strategic influence, in several cases the share of funds allocated to CSRs/structural challenges in the relevant policy areas is high. This is the case of Denmark, UK, Latvia, Poland, Slovenia as well as Portugal and Netherlands where the strategic influence of the Semester is considered limited. In other cases, a weaker strategic influence is also matched by a lower financial contribution of ESIF towards CSR/structural challenges.

Table - Summary of the alignment between CSR/structural challenges and ESI Funds programming

| Member State | Position Paper | Partnership Agreement | Operational Programmes | General Assessment |
| --- | --- | --- | --- | --- |
| Austria | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between programming documents. * High financial contribution of ESIF to structural challenges. |
| Belgium | High alignment | Medium-High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| Bulgaria | Medium alignment | Medium alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to CSR in policy areas where there are challenges. |
| Croatia | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming. * Coherence between programming documents |
| Czech Republic | High alignment | Medium-High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * Moderate financial contribution of ESIF to structural challenges. |
| Cyprus | Medium alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming. * Coherence between programming documents but PA and OPs are more comprehensive than the CPP in relation to challenges targeted. |
| Denmark | Medium-Low alignment | Medium alignment | Medium alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to CSR in policy areas where there are challenges. |
| Estonia | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| Finland | High alignment | High alignment | Medium alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| France | Medium alignment | Medium-Low alignment | Medium-Low alignment | * Limited influence of CSR/structural challenges on ESIF programming. * Coherence between programming documents. |
| Germany | Medium alignment | Medium alignment | Medium alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents * Moderate financial contribution of ESIF to structural challenges. |
| Greece | Medium alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; * Coherence between programming documents but PA and OPs are more comprehensive than the CPP in relation to challenges targeted. |
| Spain | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| Hungary | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents. * High financial contribution of ESIF to structural challenges. |
| Ireland | Medium alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents. * High financial contribution of ESIF to structural challenges. |
| Italy | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents. * High financial contribution of ESIF to structural challenges. |
| Lithuania | High alignment | High alignment | Medium alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| Latvia | High alignment | High alignment | High alignment | * Significant influence of CSR/structural challenges on ESIF programming. * Coherence between programming documents. |
| Luxembourg | High alignment | High alignment | Medium alignment | * Significant influence of CSR/structural challenges on ESIF programming. * Coherence between programming documents. |
| Malta | High alignment | High alignment | High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| Netherlands | High alignment | High alignment | Medium-Low alignment | * Limited influence of CSR/structural challenges on ESIF programming; OPs do not reflect the emphasis that CPP and PA put on CSRs. * High financial contribution of ESIF to CSR in policy areas where there are challenges. |
| Poland | High alignment | High alignment | Medium alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents. * High financial contribution of ESIF to CSR in policy areas where there are challenges. |
| Portugal | Medium alignment | Medium alignment | Medium alignment | * Limited influence of CSR/structural challenges on ESIF programming; coherence between documents. * High financial contribution of ESIF in policy areas where there are structural challenges. |
| Romania | High alignment | High alignment | Medium-High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents. * High financial contribution of ESIF to structural challenges. |
| Slovakia | High alignment | High alignment | High alignment | * Significant influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF to structural challenges. |
| Slovenia | High alignment | High alignment | Medium-High alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF in policy areas where there are structural challenges. |
| Sweden | High alignment | High alignment | Medium-High alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents. * Moderate financial contribution of ESIF to structural challenges. |
| United Kingdom | Medium alignment | High alignment | Medium-High alignment | * Moderate influence of CSR/structural challenges on ESIF programming; coherence between documents * High financial contribution of ESIF in policy areas in which there are structural challenges. |

## eSurvey: first results concerning Task 3

An eSurvey was launched to collect information on whether and how, in the experience of the MAs, CSRs have been taken into account in programming and implementation. The results of the survey are useful to “triangulate” the information collected through the desk analysis and the interviews in order to obtain a solid understanding of how CSRs have steered the programming and implementation of ESIF, going beyond, as far as possible, the possibly biased views of a single group of stakeholders.

The survey collects information for task 3 as well as for tasks 4 and 5. A list of 376 Managing Authorities with contact details was received from the Commission, with several repeated address and invalid emails. This list was integrated manually as far as possible.

To make sure that the dataset refers to a representative sample of OPs, basic stratification techniques have been used based on the following main criteria: distribution of OPs by country group, distribution of OPs by fund and typology. The survey was constantly monitored and a weekly reminder was sent.

As far as task 3 is concerned, at the end of June, we received answers from 104 authorities of which 90 were complete and usable. The response rate is therefore approximately 25% which is an above average outcome for a EU28 survey.

The questionnaire was kept relatively simple (i.e. mostly based on a limited number of closed-ended questions such as Likert-scales integrated, where necessary, by a few open-ended questions to allow for feedback) to maximise response rate and hence avoid causing an additional burden on the MAs.

Closed-ended questions and Likert scales facilitate cross-analysis, consolidation of results to examine patterns across Member States, funds and areas of intervention. Some open-ended questions make it possible to gather perceptions of the role played by ESIF in structural reforms and to better understand the kind of interventions triggered or supported by the OPs.

The following survey questions are the most relevant for task 3:

* To what extent the 2014-2020 programming took into account Country-Specific Recommendations and structural reform needs, proposed within the European Semester? To what extent do the programmes actually contribute to address structural challenges?
* What are the main obstacles to address CSR/structural challenges in the Operational Programmes?
* In which policy area, in the experience of the Managing Authorities, were ESI Funds able to contribute more, directly or indirectly, to the implementation of CSR?
* Does the Managing Authority monitor the implementation of CSR? If so, is there a feedback mechanism?

### Influence of the European Semester on programming

The following graph shows to what extent the MAs agree with a number of claims concerning the influence of the Semester on programming. In general, nearly 90% of MAs agree on the influential role of CSR.

According to the MAs, CSR have been taken into account in the preparation of 2014-2020 programmes, which confirms the outcome of our desk analysis. 74% of the respondents also confirm that the OPs contribute, through the planned initiatives, to pursue structural reform needs suggested as part of CSR.

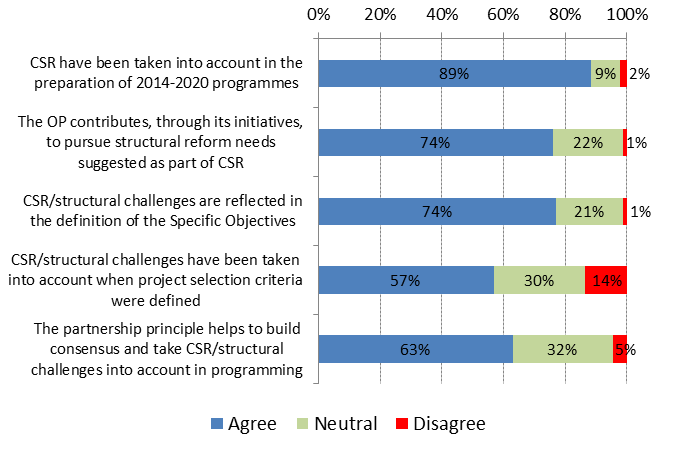
Moreover, three quarters of the Managing Authorities highlight that CSR are reflected in the selection of the Specific Objectives. The Specific Objectives actually mobilised for pursuing CSR/structural reforms are indicated in the Overview Tables compiled by national experts during the analysis of the OPs. It must be noted that these are not standard or standardisable, if not at a very high level of generalisation, as they are defined by the OPs or, sometimes, at the PA level. Therefore it is not possible to cross-analyse Specific Objectives but, at the same time, in most cases they provide precise information of the lines of initiative taken with the funds.

Interestingly, according to 57% of the MAs, the CSR were somewhat reflected in the design of the selection criteria defined in the OPs, and the partnership principle had a role in the pursuit of CSR in 63% of the cases, as it helps to build consensus around the structural reform needs.

The examples made by respondents in relation to the use of selection criteria are various. For instance:

* New jobs creation is one of the selection criteria for most of the measures, and this is relevant, according to MAs, to contribute to CSR/structural challenges concerning the increase in employment.
* The socio-economic conditions of prospective beneficiaries is used to “pilot” investments towards certain targets (when there are relevant CSR/structural challenges pointing to them). E.g. the assessment of the economic conditions of families is used to select targets, within TO9.
* Results orientation is also a way MA can make a contribution to structural challenges. For example, projects can be selected taking into account the envisaged effect on certain groups of beneficiaries and territories.
* Pre-conditions for accessing funds may be required, such as for example innovation plans to be drafted by SMEs, if there are challenges concerned with the improvement of the business environment.
* The involvement of high level experts may be useful to select projects that are capable to effectively boost RTDI, if there are challenges focused on strengthening research and technological development.
* Low carbon criteria are used when the OP is faced with challenges concerning GHG emissions
* The likely impact on horizontal themes (e.g. climate change, gender equality) is also referred to as selection criterion which can contribute to purse relevant challenges concerned with such themes.

Figure 8 - To what extent the 2014-20 programming took into account needs for structural reforms suggested within the European Semester?



Source: eSurvey of Managing Authorities.

### Key obstacles which may prevent MAs from using ESI Funds to address CSR/structural challenges

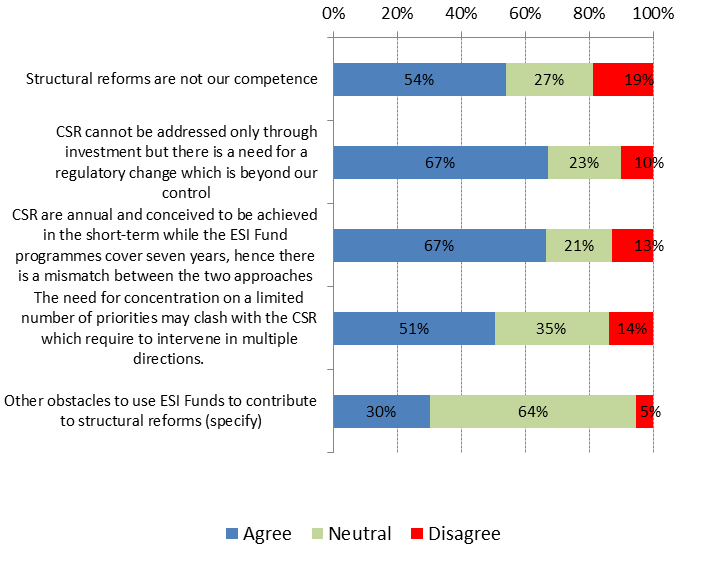
The Managing Authorities were asked to assess the main obstacles which may prevent from using ESI funds to address CSR/structural challenges. The findings widely confirm the outcomes of the interviews carried out by national experts in order to produce the country fiches. 67% of the MAs agree on the fact that most CSR/structural challenges cannot be dealt only with investments choices but they require regulatory changes which are beyond their control. They also highlight that since most CSR are annual and conceived to be achieved in the medium-short term while the horizon of ESI Funds is much longer, as a consequence there is a mismatch between the two approaches.

A more limited number of Managing Authorities, 51% believe that the need for concentration may clash with the presence of CSR which suggest to intervene in multiple directions.

30% of respondents have highlighted other obstacles as well. For instance, even where investment is required, it may already be planned from national resources and ESF/ERDF rules prevent substitution or duplication. Therefore in some cases it is unreasonable to expect a contribution of ESI Funds towards CSRs.

More generally, some 54% of respondents underline that the main aim of ESI Funds is not to support structural reforms even though they can contribute. Finally, certain MAs point to the insufficient funding which is in their opinion the main obstacle in tackling structural reform needs.

Figure 9 - What are the main obstacles to address CSR/structural challenges in the Operational Programmes?



Source: eSurvey of Managing Authorities.

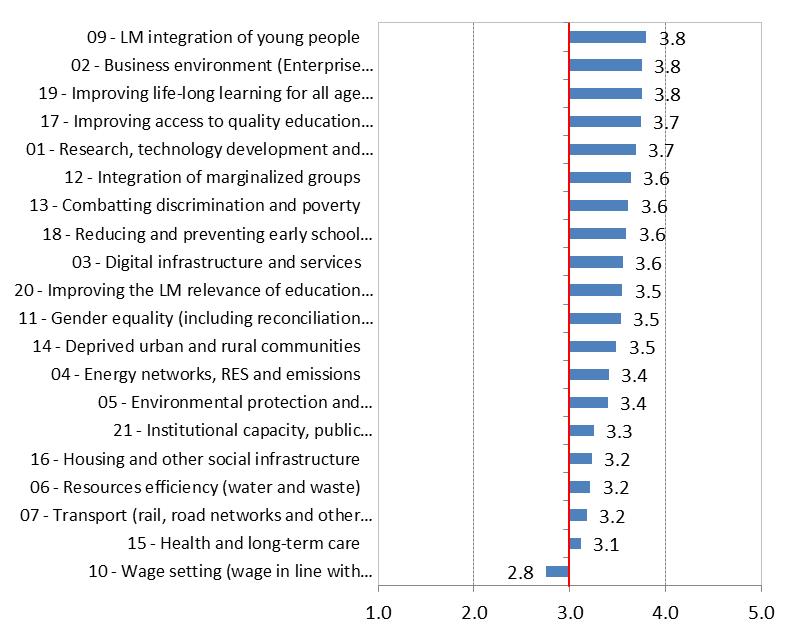
### Relative importance of CSR/structural challenges across policy areas, according to MAs

As part of the survey, we asked the MA to indicate in which policy area, in their experience, the ESI Funds are able to contribute more, directly or indirectly, to the implementation of CSR.

The results in this respect are in line with the desk analysis of the OPs carried out by national experts. This confirms the solidity of the qualitative analysis. ESF relevant policy areas are at the top of the list of those to which programmes are more likely to give a contribution, together with some policy areas which are typically dealt with by ERDF programmes.

According to respondents, the ESI Funds are able to contribute more, directly or indirectly, to the implementation of CSR concerning: access to employment and employability of workers; LM integration of young people; business environment; improving life-long learning for all age groups; improving access to quality education and training; RTDI; integration of marginalized groups; combatting discrimination and poverty; reducing and preventing early school leaving; digital infrastructure and services. MAs are more neutral in relation to housing and other social infrastructure, resources efficiency, transport, health and long-term care. The only area, in addition to public finance, taxation and others not directly related to TOs, which they believe it is unlikely to be targeted by ESI Funds is wage setting. As we already stressed previously, this area is not ESIF-relevant as such, unless specific complementary initiatives which indirectly facilitate the implementation are financed by the funds. The same is true, for example, in relation to "employment protection legislation" and "labour taxation".

Figure 10 - In which policy area, in your experience, were ESI Funds able to contribute more, directly or indirectly, to the implementation of CSR? (Likert scale: 1 disagree – 5 fully agree)



Source: eSurvey of Managing Authorities.

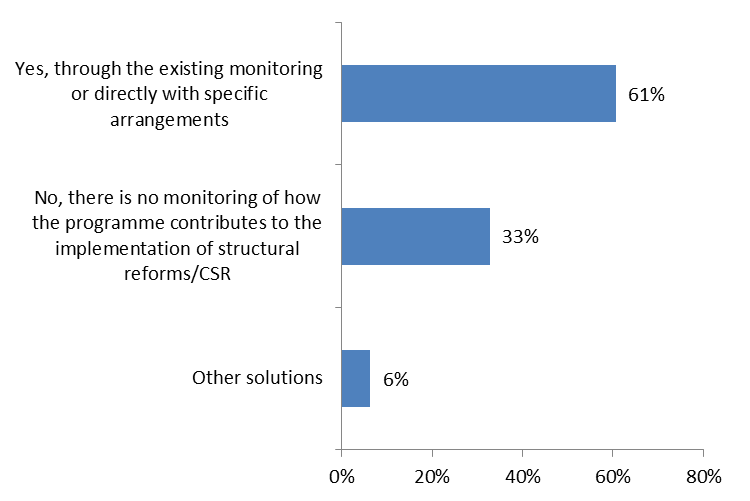
### Some information on the monitoring of CSR/structural challenges

As part of the survey, the Managing Authorities were also asked whether they monitor the implementation of CSRs and, if so, how.

The following diagram shows the findings. In 61% of the cases, the MA say that they do monitor CSRs either indirectly as part of the existing monitoring of programmes, specific objectives and targets set (e.g. in the Annual Implementation Reports), or directly through specific arrangements. Approximately 30% of the MAs, on the contrary, point out that there is no monitoring.

Finally, 6% of MAs have mentioned other “solutions” for monitoring CSRs such as: by means of the Progress reports of the PA (in 2017 and 2019); as part of the monitoring of the National Reform Programme; by means of the Surveillance Committee meetings of the OPs; through the work of specific structures such as the *Comité de Coordinación de Fondos in Spain.*

Figure 11 – Extent to which the Managing Authority monitors the implementation of CSR



Source: eSurvey of Managing Authorities.

## Analysis of the funding received by policy fields covered by CSR

### Estimation approach

This is the first attempt to assess the *actual* financial contribution of ESIF towards CSR/structural challenges. Only the OPs that are actually mobilised and contribute to tackle the challenges, according to the national experts’ assessment, are considered in the calculation. The exercise makes it possible:

* An estimation of the financial allocation to the CSR in a specific country;
* An analysis of the funding by policy area[[23]](#footnote-24) (this can be used to compare Member States with and without CSR in a given policy area).

The financial analysis was carried out on the basis of: the Overview Tables and the correspondence between the Interventions Fields and the Policy Areas, proposed in the Methodological Report.

More specifically, for each cohesion relevant CSR, the programmes that have a clear link to them were identified, because they mobilise IPs or SOs which target the issues underlying the CSR (and/or the structural challenges identified in Country Reports). Since, in this study, each CSR or, where applicable each sub-CSR/structural challenge is linked to a single policy area, we are able to calculate the corresponding financial resources allocated in the OPs.

The analysis is possible for 309 OPs financed by the ERDF, ESF, YEI and CF, out of the total 376 which were analysed desk by the national expert. This is due to the fact that the financial dataset provided by the Commission (“Esif\_categorisation\_2014-2020”) covers this subset of programmes.

### Financial resources by policy area and Fund

The following table shows the financial resources allocated to CSRs/structural challenges in 22 Member States for which data are currently available and have been processed.

The first column (A) indicates the share of resources of the OPs which have mobilised relevant SOs, namely specific objectives which target the issues underlying CSR/structural challenges in each policy area. In other words, if an OP has one or more SOs that may address a certain CSR/structural challenges in a certain policy area, the financial allocations to the policy area were summed up.

In total, more than EUR 211 billion were mobilised in order to contribute to implement CSRs/structural challenges, representing 71% of the total ESIF amount.

The second column (B) indicates the total resources allocated to policy areas in which there are CSR/structural challenges, regardless of the fact that SOs have been mobilised. This is, in other words, the maximum amount that, in theory, OPs can devote to pursue CSR/structural challenges.

The ratio (A/B)represents an estimation of the actual “effort” made in allocating the ESI Funds to contribute to the implementation of CSRs/structural challenges. Overall, the OPs have mobilised (by means of relevant SOs) 87% of the total resources allocated to the policy areas for which CSRs were issued.

The policy areas for which almost all countries received CSRs/structural challenges are Energy, Access to Employment and Institutional capacity. In these policy areas the financial resources allocated directly to CSRs/structural challenges were respectively 84%, 94% and 71% of the total resources allocated to policy areas where there are challenges.

A lower contribution of ESI Funds to the implementation of CSRs/structural challenges was found in the policy areas of Gender Equality, Environmental Protection and Business environment, but also in these areas the share that goes to CSR/structural challenges is significant (between 65 and 70%). Therefore this analysis of funding does not contradict the results of the qualitative analysis of the OPs.

It is worth noting that in some policy areas (i.e. Environmental protection, Housing and other social infrastructures) only few countries received CSRs or have structural challenges, therefore the resources supporting the implementation of CSRs/structural challenges represent a low share of the total funds.

The main caveats of this analysis are that: not all ESIF can be included because data is only available for ERDF, ESF, CF and YEI; the focus is on policy areas which can be directly linked to TOs; there might be some overestimation as not necessarily all resources devoted to an Intervention Field address a certain challenge.

This analysis is in any case a significant step forward compared to the available evidence (i.e. from other studies) on financial resources addressing CSR/structural challenges, as only OPs that are actually mobilised and contribute to purse the challenges are considered in our calculation. The “analysis of the outcome of the negotiations concerning the Partnership Agreements and ESF Operational Programmes” also provides a link between ESF programmes and CSR related to TO8-TO11, including an estimate of financial allocation. However, in that case the focus is on: a single fund (allocations to IPs are used, which are only available for ESF); and on a limited set of CSRs, used for the Partnership Agreement. On the contrary, the scope of the present study is wider (e.g. all CSR/structural challenges 2012-2015 and all TOs are considered).

Table 12 – Estimation of financial resources allocated to CSRs/structural challenges in Europe\* by policy area

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **EUR (mn)**  **to CSRs**  **(A)** | **EUR (mn) in policy areas with CSR (B)** | **Total**  **ESI funds** **EUR (mn)**  **(C)** | **% to CSRs in policy areas with CSRs**  **(A/B)** | **% to CSRs on total Funds (A/C)** | **No. of Countries with CSRs in the policy area** |
| 1.RTDI | 34,022 | 36,551 | 37,518 | 93.1 | 90.7 | 19 |
| 2.Business Environment | 18,306 | 26,351 | 30,782 | 69.5 | 59.5 | 17 |
| 3.Digital Infrastructures | 2,664 | 3,117 | 5,972 | 85.5 | 44.6 | 8 |
| 4.Energy | 17,337 | 20,617 | 20,649 | 84.1 | 84.0 | 22 |
| 5.Environmental protection | 3,693 | 5,721 | 19,286 | 64.5 | 19.1 | 3 |
| 6.Resources efficiency | 12,705 | 13,009 | 15,931 | 97.7 | 79.7 | 13 |
| 7.Transport | 51,387 | 53,607 | 61,934 | 95.9 | 83.0 | 18 |
| 8.Access to Employment | 14,961 | 15,872 | 16,877 | 94.3 | 88.6 | 22 |
| 9.LM integration of young people | 10,242 | 10,303 | 11,091 | 99.4 | 92.3 | 16 |
| 11.Gender Equality | 5,910 | 9,082 | 12,338 | 65.1 | 47.9 | 14 |
| 12.Integration of marginalised groups | 839 | 923 | 1,474 | 90.9 | 56.9 | 6 |
| 13.Combatting discrimination and poverty | 2,899 | 3,300 | 5,017 | 87.8 | 57.8 | 13 |
| 15.Health and long-term care | 3,408 | 3,771 | 4,592 | 90.4 | 74.2 | 14 |
| 16.Housing and other social infrastructure | 349 | 353 | 5,276 | 98.8 | 6.6 | 4 |
| 17.Access to quality education and training | 8,005 | 10,052 | 10,679 | 79.6 | 75.0 | 15 |
| 18.Reducing and preventing early school leaving | 4,347 | 4,504 | 7,558 | 96.5 | 57.5 | 11 |
| 19.Improving life-long learning for all age groups | 2,940 | 3,131 | 5,611 | 93.9 | 52.4 | 8 |
| 20.Improving the LM relevance of education | 4,923 | 5,519 | 7,133 | 89.2 | 69.0 | 17 |
| 21.Institutional capacity, public administration | 12,408 | 17,368 | 17,969 | 71.4 | 69.1 | 20 |
| **Total** | **211,343** | **243,152** | **297,687** | **86.9** | **71.0** |  |

\*Note: For IE and UK data are still provisional. CY, GR, HR, LU, FR, LV are missing because data have not yet been processed.

Source: Own calculations on European Commission financial data

There is a clear division of roles among the ERDF/CF and the ESF/YEI funds in supporting the implementation of CSRs/structural challenges; in only three policy areas both groups of funds contribute to the implementation of CSRs/structural challenges: improving the access to quality education and training, LM relevance of education & training systems; and institutional capacity.

RTDI, Business Environment, Digital Infrastructures, Energy, Environmental protection, Resources efficiency, Transport, Health and long-term care, Housing and other social infrastructure are tackled by ERDF/CF.

Access to Employment, LM integration of young people, Gender Equality, Integration of marginalized groups, Contrasting discrimination and poverty, Institutional capacity are addressed by ESF-YEI.

Overall the level of support is not different between the ERDF and ESF: on average 86-89% of funds are allocated to support the CSRs/structural challenges.

Table 13 – Financial resources allocate to CSRs/structural challenges, by type of fund and policy area (%)

|  |  |  |
| --- | --- | --- |
|  | **ERDF-CF** | **ESF-YEI** |
| 1.RTDI | 93.1 |  |
| 2.Business Environment | 69.5 |  |
| 3.Digital Infrastructures | 85.5 |  |
| 4.Energy | 84.1 |  |
| 5.Environmental protection | 64.5 |  |
| 6.Resources efficiency | 97.7 |  |
| 7.Transport | 95.9 |  |
| 8.Access to Employment |  | 94.3 |
| 9.LM integration of young people |  | 99.4 |
| 11.Gender Equality |  | 65.1 |
| 12.Integration of marginalised groups |  | 90.9 |
| 13.Combatting discrimination and poverty |  | 87.8 |
| 15.Health and long-term care | 90.4 |  |
| 16.Housing and other social infrastructure | 98.8 |  |
| 17.Improving access to quality education and training | 68.3 | 94.0 |
| 18.Reducing and preventing early school leaving |  | 96.5 |
| 19.Improving life-long learning for all age groups |  | 93.9 |
| 20.Improving the LM relevance of education & training systems | 73.9 | 92.4 |
| 21.Institutional capacity, public administration, justice systems | 64.7 | 83.9 |
| **Total** | **86.1** | **89.4** |

Note: For IE and UK data are still provisional. CY, GR, HR, LU, FR, LV are missing because data have not yet been processed.

Source: Own calculations on European Commission financial data

### Financial resources by country

Almost all countries mobilised more than 80% of total funds (allocated to policy areas where there are CSR/country reports’ recommendations) to address structural challenges, with the exception of Finland, the Czech Republic, Germany and Sweden, as illustrated in the following table.

Other key points which can be highlighted include the following:

* As far as access to employment is concerned, almost all the countries assigned 100% or a significant share of resources (allocated to policy areas where there are CSR/structural challenges); the only exceptions is Sweden which, despite allocating resources to this policy area, did not dedicate any share of them to the CSR/structural challenges addressing the issue;
* A high attention was given to the CSRs linked to the labour market integration of young people (all the countries assigned 100% of the resources allocated to this policy area);
* More varied levels of coverage of CSRs/structural challenges characterise Energy (ranging from as little as 7% to a maximum 100% of the resources allocated to this policy area) and Institutional capacity (ranging from 0 to 100%);
* In the area of health and long-term care, half of the countries did not mobilise ESI funds to support CSRs/structural challenges, although they received specific recommendations on this theme;
* In the Netherlands and in Denmark, which receive a low amount of ESI Funds, the strategy was to focus only on CSRs/structural challenges in certain policy areas: RDTI, business environment, access to employment, institutional capacity in the Netherlands; access to employment and LM relevance of education and training in Denmark. This applies also to Finland, Germany and Sweden;
* Six countries (Spain, Hungary, Italy, Portugal, Slovakia and UK) allocated resources in all policy areas where there are CSRs/ structural challenges, although to a different extent; almost all policy areas were also covered in Romania, Bulgaria, Poland and Slovenia.

Table 14 – Financial resources allocated to CSRs/structural challenges, by country and policy area (%)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **AT** | **BE** | **BG** | **CZ** | **DE** | **DK** | **EE** | **ES** | **FI** | **HU** | **IE** | **IT** | **LT** | **MT** | **NL** | **PL** | **PT** | **RO** | **SE** | **SI** | **SK** | **UK** |
| 1.RTDI |  |  | 100 | 39 | 93 |  | 100 | 96 |  | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 27 | 100 | 100 | 100 |
| 2.Business Environment | 100 |  | 100 | 0 |  |  | 0 | 100 | 100 | 83 | 100 | 100 |  | 100 | 94 | 0 | 100 | 100 | 27 |  | 62 | 100 |
| 3.Digital Infrastructures |  | 76 | 0 |  |  |  |  |  |  |  |  | 89 |  |  |  | 84 |  | 100 |  | 100 | 98 |  |
| 4.Energy |  | 100 | 100 | 100 | 7 | --- | 100 | 100 | 100 | 45 | 100 | 88 | 100 | 100 | 100 | 100 | 67 | 100 | 0 | 100 | 100 | 100 |
| 5.Environmental protection |  |  |  | 0 |  |  |  |  |  |  |  |  |  |  |  | 96 |  |  |  |  |  | 79 |
| 6.Resources efficiency |  |  |  |  |  |  | 100 | 100 | --- | 100 | --- | 98 | 100 | 100 |  | 100 |  | 100 |  | 100 | 90 |  |
| 7.Transport |  | 0 |  |  |  | --- | 100 | 91 | 0 | 100 |  | 96 | 100 | 100 | --- | 100 | 71 | 100 | 88 | 100 | 100 | 100 |
| 8.Access to Employment | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 77 | 100 | 100 | 100 | 100 | 100 | 100 | 68 | 100 | 0 | 100 | 100 |  |
| 9.LM integration of young people |  |  | 100 | 100 |  |  | --- | 100 | 100 | 100 | 100 | 100 | 100 |  |  | 100 | 100 | 100 | 100 | 100 |  | 100 |
| 11.Gender Equality | 100 |  |  | 100 | 0 |  | 100 |  | 0 | 11 | 100 | 96 |  | 100 |  | 100 |  | --- |  |  | 100 | 100 |
| 12.Integration of marginalized groups |  | 100 | 41 | 100 | --- |  |  |  |  | 100 |  |  |  |  |  |  |  |  |  |  | 100 |  |
| 13.Combatting discrimination and poverty |  |  | 100 | 0 |  |  |  | 100 | 100 | 100 |  | 99 | 100 | 0 |  |  | 97 | 100 | --- |  |  | 100 |
| 15.Health and long-term care | --- | --- | 100 | 100 | 0 |  |  | 78 |  | 100 |  |  |  | 100 | --- | 100 |  | 100 |  | --- | 80 |  |
| 16.Housing and other social infrastructure |  |  |  | 100 |  | --- |  |  |  |  |  |  |  |  | --- |  |  |  | 0 |  |  |  |
| 17.Improving access to quality education and training | 0 | 0 | 26 | 100 | 87 |  |  | 50 |  | 75 |  | 76 |  | 0 | --- | 92 | 100 | 82 |  |  | 39 |  |
| 18.Reducing and preventing early school leaving | 100 | 100 |  |  |  | --- |  | 98 | --- | 100 |  | 99 |  | 100 |  |  | 100 | 100 |  |  |  |  |
| 19.Improving life-long learning for all age groups |  | 100 | 25 | --- |  |  | 100 |  |  | 95 |  | 67 |  |  |  | 100 |  |  |  |  |  | 100 |
| 20.Improving the LM relevance of education & training systems |  | 100 | 100 | 0 |  | 100 | --- | 100 |  | 100 | --- | 64 | 0 | 31 |  | 100 | 100 | 100 |  | 100 | 100 |  |
| 21.Institutional capacity, public administration, justice systems | 44 | 60 | 96 | 72 | 0 | 0 | 100 | 89 | 0 | 87 |  | 74 |  | 100 | 21 | 78 | 69 | 77 |  | 100 | 62 | 1 |
| **Total** | **96** | **83** | **89** | **56** | **53** | **86** | **87** | **95** | **75** | **86** | **100** | **93** | **97** | **92** | **94** | **91** | **91** | **97** | **44** | **100** | **89** | **96** |
| n° Policy areas in which there are CSRs | 7 | 11 | 13 | 15 | 8 | 7 | 11 | 13 | 10 | 16 | 8 | 15 | 8 | 13 | 9 | 15 | 11 | 15 | 8 | 10 | 13 | 10 |

Note: For IE and UK data are still provisional. CY, GR, HR, LU, LV, FR are missing because data have not yet been processed.

In red (---) the policy areas to which no money was allocated in the country, despite in those policy areas there are relevant CSRs. On the contrary the zeros (“0%”) indicate that the country allocated money to a certain policy area but no share of the allocated funds went to CSR/structural challenges (e.g. no IP/SO were mobilised). Only the zeros are considered in the calculation of the total by country.

Source: European Commission (financial data) and own calculations

## A reflection on groupings of Member States which can be used in the following analysis

In the mapping of structural reform needs and in the analysis of programming documents, so far we distinguished between EU15 and EU13 Member States. This division, as previously highlighted, well reflects the findings of the mapping as well as the analysis of CPP, PA and OPs, rather than being related to a mere consideration on the date of accession to the EU. The key features of these two groups which emerged from the analysis and justify a clustering in the context of the present study are described in the following paragraphs.

In EU15 Member States, in general, the Semester had an important influence on ESI Funds programming and implementation, through the CSRs as well as the Country Reports considered in the analysis. However, the detailed examination of documents conducted by the national experts highlighted that CSR/structural challenges were one among several influential factors. Others factors underlying the strategies and prompting the selection of priorities include: the existing national policies, with a budget often much larger than the resources made available by EU cohesion policy; and the diverging strategic views of the national governments, whose position were sometimes not aligned to the EC recommendations in certain policy areas (e.g. attention to innovation vs. promotion of liberalisation as driver of competitiveness). Obviously a generalisation is difficult, in the sense that there are considerable differences across countries: in some MS the alignment is significant (e.g. Spain, Italy), while in others is limited (e.g. Germany, France, Portugal).

In the EU13 Member States, overall, the Semester had a pivotal role and influenced ESI Funds programming and implementation heavily. This is mostly related to the importance of the Funds which in several policy areas represent the major, if not the only, source of investment. The desk analysis of programming documents as well as the interviews with key stakeholders pointed out that there is stronger alignment and in most cases the selected priorities are a “translation” of the CSRs and the challenges identified in the Country Reports. Obviously a difference which somehow explains this feature of the EU13 is that CSR/structural challenges in these Member States cover a wide range of policy while there is more concentration in EU15. In other words, the recommendations made within the Semester have a wider scope than in the other countries and hence are more likely to have a more pervasive influence on ESIF strategies that, despite the need for thematic concentration, can be used to intervene on a very wide range of policy fields. Trying to determine whether the CSR/structural challenges were more influential, overall, in the EU13 because they cover nearly all policy areas relevant for cohesion or, on the contrary, they cover many areas just because they are more influential (e.g. due to their financial weight), it is like trying to decide which came first, the chicken or the egg. The fact is that the analysis highlighted a tighter alignment between the CSR/structural challenges and the ESIF programming in these countries.

The analysis of funding by policy area also highlights additional commonalities within these groups of Member States and differences between groups in relation to the **prevailing policy areas**. In the EU13, there is a “specialisation” in the allocation of funds (measured as Revealed Comparative Advantage – RCA relative to EU average[[24]](#footnote-25)) on infrastructures and institutional capacity, while the EU15 Member States tend to be more specialised on RTDI and business support as well as on education and LM participation. Obviously, the situation is not so clear cut. For instance some EU15 Countries such as France, Italy, Ireland and Luxembourg tend to be highly specialised in the areas of access to employment, support to young people, social cohesion and gender.

Table 15 - Specialisation index of ESIF investments by country (RCA calculated on the basis of total allocations; index values > 1.0 indicate a specialisation in a field)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **RTDI + Business env.** | **Infrastructures (transport, energy, environment, digital)** | **Employment and young** | **Social cohesion + gender** | **Education** | **Institutional capacity** |
| FI | 2.4 |  | 1.8 |  | 1.2 |  |
| DK | 2.1 |  | 1.9 |  | 1.8 |  |
| SE | 1.7 |  | 2.5 |  | 1.2 |  |
| UK | 1.6 |  | 1.7 |  | 1.8 |  |
| AT | 2.1 |  |  | 1.8 | 2.1 |  |
| DE | 1.6 |  | 1.2 | 1.7 | 1.4 |  |
| BE | 1.3 |  | 2.1 | 1.7 | 1.6 |  |
| PT | 1.5 |  |  |  | 2 |  |
| NL | 1.9 |  | 1.3 | 3.6 |  |  |
| SI | 1.5 |  |  |  |  | 1.1 |
| EE | 1.3 |  |  | 1.4 | 1.2 | 1.3 |
| ES | 1.2 |  | 1.7 | 1.1 |  |  |
| HU | 1.1 | 1.1 |  |  |  |  |
| LU |  |  | 2.8 |  |  |  |
| FR |  |  | 1.7 | 1.6 | 1.3 |  |
| IE |  |  | 3 | 1.9 |  |  |
| IT |  |  | 1.5 | 1.1 | 1.2 | 1.2 |
| CY |  | 1.1 | 1.2 |  |  | 1.9 |
| MT |  | 1.3 |  | 1.3 |  |  |
| LV |  | 1.3 |  |  | 1.1 |  |
| CZ |  | 1.2 |  |  |  |  |
| PL |  | 1.3 |  |  |  |  |
| LT |  | 1.1 |  | 1.5 |  | 1.3 |
| HR |  | 1.2 |  |  |  | 1.1 |
| SK |  | 1.2 |  |  |  | 1.5 |
| BG |  | 1.3 |  |  |  | 1.3 |
| GR |  | 1.3 |  |  |  | 1.2 |
| RO |  | 1.5 |  |  |  | 1.2 |

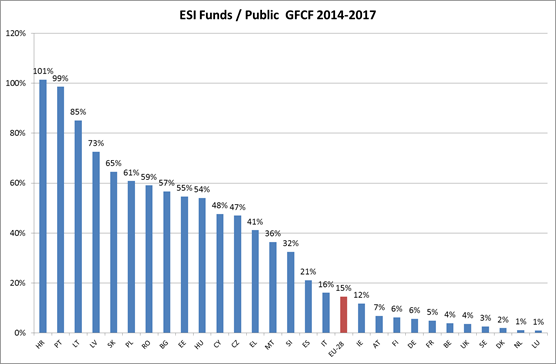
The distinction between EU15 and EU13 is not exhaustive, or in any case it is not the only one, and therefore additional groupings can be considered in the rest of the analysis and especially in Task 6 which is aimed at drawing conclusions and providing recommendations.

In relation to investments, DG ECFIN distinguishes Member States on the bases of the **relative weight of ESIF on total as well as on public investments**, as in the example displayed in the following figure. This graph may highlight a number of groups:

* Croatia, Portugal, Lithuania, Latvia, Slovakia, Poland, Romania, Bulgaria, Estonia and Hungary: where the ESIF as % of public gross fixed capital formation (GFCF) is **above EU average** and ranges between 54 and 100%;
* Cyprus, Czech Republic, Greece, Malta, Slovenia, Spain and Italy: ESIF as % of public GFCF is **above EU average** and ranges between 16 and 48%;
* Austria, Finland, Germany, France, Belgium, UK, Sweden, Denmark, Netherlands, Luxembourg: ESIF as % of public GFCF is **below EU average** and ranges between 1% and 7%.

The outcome of such distinction reflects to some extent the EU13-EU15 groupings (with the exception of Mediterranean countries: Portugal, Spain, Italy and Greece, which can be treated as a separate group) but the weight of ESIF on GFCF might be definitely a useful indicator characterise different patterns.

Figure 12 – ESI Funds as % of public gross fixed capital formation



Source: DG ECFIN

Another possible grouping can be related to **prevailing EU objectives**. In other words, it is possible to distinguish between: 1) Member States that include mostly (or only) more developed regions such as those in Northern and Central Europe; 2) Member States that include mostly (or only) less developed regions, such as those Southern and Eastern Europe; 3) Member States that include a combination of more developed, less developed and transition regions. This distinction can be justified on the basis of a similar/different level of development and GDP differences. Furthermore, it also reflects the relative importance of EU resources as the largest share of those goes to less developed and transition areas.

The **size of a country and the distribution of competences** are also important factors which may be relevant for this analysis. It is more likely that CSR/structural challenges, which concern a Member State as a whole, can produce a stronger “imprinting” on ESI Funds programming in smaller and centralised countries. While it is less likely that they can have the same pervasive influence in countries that are regionalised (e.g. Italy and Spain), or are centralised but characterised by a considerable degree of devolution (e.g. France) or in federal States (e.g. Germany, Belgium). This was in part evidenced in the desk analysis and can suggest to distinguish between: 1) Large and centralised countries, 2) Large and not centralised (e.g. regionalised, with high devolution and federal countries), 3) Small countries. However, such a division does not seem very compatible with those based on relative importance of EU resources.

In conclusion, when the results of task 4 and 5 will be also available and we will have a fuller picture of the context in which CSR operate, a further reflection on appropriate groupings will be carried out. The team will reconsider the various options and make a synthesis proposal, based on evidence, on the most suitable division of Member States. This will be discussed with the Commission and used in Task 6 when the findings will be reflected upon and cross analysed in order to produce conclusions and recommendations.

The following table summarises the possible grouping criteria which can be used especially in view of Task 6, when conclusions and policy recommendations are formulated.

Figure 13 - Possible grouping criteria for conclusions/policy recommendations

|  |  |
| --- | --- |
| **Grouping criterion** | **Possible groups of Member States** |
| Distribution of competences | * Centralised Member States * Countries with high level of devolution * Regionalised MS * Federal MS |
| Prevailing EU Cohesion objective | * MS with mostly (or only) more developed regions * MS with mostly (or only) less developed regions * MS with a combination of more developed, less developed and transition regions |
| Country Size | * Large Member States * Medium Member States * Small Member States |
| Prevailing policy areas. | * infrastructures and institutional capacity * RTDI and business support * access to employment, support to young people, social cohesion and gender. |
| Relative weight of ESI Funds on public investments | * ESIF as % of public GFCF is well above average (>50%) * ESIF weight is above average * ESIF weight is below average |

# Annex 1 – Country Fiches

(see separate Word file)

# Annex 2 – Assembled Overview Tables

(see separate Excel file)

# Annex 3 – Summary of the analysis of Position Papers

Table - Key results of the analysis of CPP across countries

| **MS** | **Systematic reference to CSR** | **Reference to other key challenges (e.g. Country Reports)** | **Relevant CSR/structural challenges not sufficiently covered** | **Role played by CSR/structural challenges in selection of priority/programming** | **Overall alignment between CSR/structural challenges and CPP** |
| --- | --- | --- | --- | --- | --- |
| AT | All cohesion relevant 2012 CSRs are explicitly referred to in the document, especially in section 1 and 2 as well as in Annex B “assessment of funding needs”. | The structural challenges identified in the Country Report and relevant to ESI Funds are a recurrent topic throughout the Austrian CPP. | The 2012 CSR 6.1 concerning competition in the services sector is the only recommendation which is not addressed. However, this CSR cannot be linked directly to a TO and ESI funds can address it only to a limited extent. | There is a strong overlap of the CSR referring to gender equality, education, social inclusion and the CPP. Other CSR are less relevant for ESI Funds and are thus not covered in the CPP. In turn the CPP covers topics (environment, R&D&I) not covered in CSR. | High alignment.  The cohesion relevant CSR play an important role in the CPP, though overall the document covers more topics than the CSR.  The initiatives envisaged clearly have a potential to tackle the structural challenges. |
| BE | All 2012 CSR are explicitly mentioned in Annex B ‘Assessment of funding needs in relation to TOs’ while in the other sections of CPP there are implicit references to the CSR but not to each of them separately (apart from the recommendation on reduction of GHG emissions, mentioned explicitly in section 1 on Main challenges). | There is no reference to Country Report challenges not captured by CSR | The inefficient government bureaucracy, still listed as one of the three major problems in terms of doing business in Belgium (Country Report 2012), is not mentioned anywhere in the CPP. | Central role of CPP.  The CPP document sets out the key specific challenges for Belgium.  Even if an explicit reference to the 2012 CSR is often not mentioned, there seems to be coherence between the recommendations adopted in July 2012 and the challenges raised in the CPP document (which was published in November 2012). | Medium alignment.  The document addresses the CSR but not all reform needs. |
| BG | In general, the document makes reference to all the 2012 CSR/structural challenges. The CSR are addressed implicitly even in cases where nor there is not a specific mention of them. | Key challenges emerging from the Country Report 2012 are covered in the CPP. | Even though the CSR on “ensuring sound implementation of public procurement legislation” is mentioned, the CPP does not comprehensively address the issue.  Effective public procurement system is essential in the case of ESIF in Bulgaria. Major challenges in the sector remain persistent, while public procurement is among the domains most vulnerable to corruption and manipulation. Irregularities in public procurement procedures were also the reason for several freezes of EU finding funding in both pre-accession and 2007-2013. Despite this fact  Public procurement was not sufficiently addressed in the 2012 CSR for Bulgaria. | The selected priorities are largely in line with the provided recommendations, covering major CSR issues such as growth and labour market, education and health care, research and development and innovation, public sector capacity, social exclusion and combating poverty, etc. | Medium alignment.  Support to CSR plays a substantial role in the CPP. What is however noticeable is that according to the paper, important issues such as water and maritime management, environment, climate change, transport, etc., are not substantially addressed by the 2012 CSR. Improvement is however observed in the CSR in the following years. |
| CZ | The CPP addresses 2012 CSR to a large extent, and in the majority of cases it mentions them explicitly. Finally, CSR are mentioned not only in the introductory part, but are recalled in relevant “thematic” sections as well. The most explicit references are included in Annex B (e.g. under the funding priority “human capital”, “modern and professional administration”). The proposed actions can be considered as relevant. | Implicit linkages to challenges identified in the 2012 Country Report are made within particular funding priority and TOs (e.g. regarding measures for better integration of disadvantage groups; the negative effect of parenthood on labour market and gender equality.) | All cohesion relevant CSR and structural challenges are addressed in the document. | CSR are explicitly referred to be one of the bases for the selection of priorities and funding needs several times (p. 3, 5 or 10). stating for example …”five complementary and mutually reinforcing funding priorities are proposed hereunder in line with country-specific recommendations.” These priorities include Innovation friendly business environment, Infrastructure for growth and competitiveness, Human capital driven growth and improved labour market participation, Environment friendly and resource efficient economy, Modern and professional administration.  Further example states: “…Each Fund should give priority, when relevant, to policy areas addressed in the CSR….”(p. 10)  All of the proposed funding priorities address some of the 2012 CSR, respectively all of the 2012 CSR are addressed explicitly at least within one funding priority. As concerns explicit referring of CSR to TOs, direct elaboration is provided for the TO8 (2012 CSR 2,1 3,1; 4,1), TO10 (2012 CSR 6,1; 6,2) and TO11 (2012 CSR 5,1). | High alignment.  The roots and support of the key CSR related to bottlenecks at labour market (e.g. 2012 CSR 4,1; 2012 CR 2,1), inclusion of disadvantageous groups (e.g. 2012 CSR 4,1; 2012 CR 3,1), in the sphere of education system (e.g. 2012 CSR 6,1), public administration (esp. the Public Service Act) (e.g. 2012 CSR 5,1 and 2012 CR 5,1) are elaborated in a good detail. Some of the CSR are rather specific (e.g. regarding pre-school childcare) thus understandably not excessively expanded.  For the key CSR, the document describes important steps or actions that need to be taken to realize particular structural reforms. |
| CY | 2012 CSRs/structural challenges are in most cases addressed explicitly and this is especially the case for challenges related to the improvement of the skills of the workforce (2012 CSR 5.1), the shift to business innovation (2012 CSR 5.3) and the enhancement of competitiveness of the economy (2012 CSR 7.1). | Key challenges emerging from the 2012 Country Report are addressed, particularly in the section on success factors for effective delivery which covers 2012 CR 3.1, 2012 CR 4.1 and 2012 CR 5.1. | The adoption of measures for the enhancement of the business environment and the acceleration of the process of enforcing contracts, which is indicated as a key challenge in the 2012 CR (2012 CR 1.1), is not mentioned anywhere in the CPP. | The introductory section of the CPP states that “The CSF funds will provide an important source of public investment (..) to support the implementation of the CSRs”. However not all the CPP funding priorities are closely related to 2012 CSR/challenges (on innovation-friendly business environment and on the increase of labour market participation) while the third CPP priority (promoting environment-friendly and efficient use of resources, and climate change resilience for sustainable growth and jobs) was not among the CSR/challenges. | Medium alignment.  There is an explicit or implicit reference to most of the relevant CSR/challenges apart from the one on business environment and the acceleration of the process of enforcing contracts. |
| DE | All of the 2012 CSR are covered though not always explicitly. In Annex B, it is set out for each funding priority how the CSR / other challenges are translated into thematic objectives. No reference to the CSR/ structural challenges is made in sections 3 (success factors for effective delivery), 4 (priorities for territorial cooperation) and Annex A (arrangements for effective programming and delivery).  The CSR are listed in the same table which presents Europe 2020 headline target, the current situation (2011 baseline) and the national 2020 target, for those thematic objectives referring to 2012 CSR. This is the case for 4 thematic objectives out of 9 covered in the CPP. | Key challenges emerging from the 2012 Country Report are addressed. Moreover, some additional challenges/ priorities are brought up in the CPP, mainly in the field of regional competitiveness and demographic change, poverty and climate change. | The 2012 CSR “use available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government” is not as prominent as it might be expected. | Important role. In the introduction to Annex B it is argued that the thematic objectives were selected “according to each Member State's specific situation […] in agreement with the national authorities”. Still, 4 out of 9 chosen thematic objectives are not directly linked to CSR (TO 2, 3, 5 and 6).  Most of the priorities and funding needs are related to economic development, like “enhancing business innovation (incl. eco-innovation) and competitiveness”, which is captured in the CSR.  Especially well covered is the field of labour market potential, social inclusion and educational achievement. | Medium alignment.  The support of CSR varies in the different policy fields. While CSR play a rather big role in the funding priority "Enhance labour market potential, social inclusion and raise educational achievement" (all 3 TOs linked to CSR), the role in the other 2 funding priorities (“Reducing regional disparities in competitiveness taking account of demographic change” and “Supporting transformation of the energy system and strengthening sustainable use of natural resource”) is more modest. |
| DK | Some 2012 CSR are mentioned throughout the document (e.g. labour supply, higher education attainment rate, lower dropout rates, apprenticeships, inclusion of marginalised groups, promote low carbon economy, productivity challenges). Other aspects are less systematically mentioned (remove obstacles to competition, stability of housing market, electrified railway lines, more effective public services, regulatory burdens, barriers to market entry, remove restrictions on retail). | Key challenges emerging from the 2012 Country Report are also considered. | Apart from budgetary strategy and the reduction of regulatory burdens, a 2012 CSR which is not covered is to “Consider further preventive measures to strengthen the stability of the housing market and financial system in the medium term”, including by taking account of the results of the ongoing study by the Ministry of Business and Growth. | The role is significant in some areas but not in all. The CPP has a considerable focus on SME/entrepreneurship support which has fairly high priority in Denmark but is much less prominent in the CSR. | Medium-low alignment.  The document addresses certain elements of the CSR / reform needs. |
| EE | Overall, cohesion relevant CSR are referred to systematically throughout the report, especially in parts 1 and 2.  In the first two sections of the CPP as well as in Annex B “assessment of funding needs”, the challenges raised in the 2012 CSR are generally addressed in an explicit way. | Other challenges identified in the Country Report, concerning the waste management infrastructure and the interoperability of transport systems, are also addressed. | The report is weaker on two 2012 CSR: CSR 2.2 on delivery of social services and CSR 5.1. on efficiency of local governments.  Improvement of social services generally is addressed but the focus on families, parents and children is weaker.  CSR5.1. gets introduced in Annex B, and mostly in relation to upgrading of infrastructure and energy efficiency related activities, while less attention is put on fiscal sustainability and on incentives for the merger of or increased cooperation between municipalities. | The selection of priorities is generally in line with funding needs and main challenges.  CSR are generally related to resources efficiency, employment and employability of workers, transport, gender equality and LM market integration of young people, education, RTDI, energy and institutional capacity. Most of these areas are also discussed in the selection of priorities and funding needs. | High alignment.  The CPP sets out the key specific challenges for Estonia and the whole strategy of the CPP reflects CSR. Mostly there are explicit references to CSR and linkages do exist between different parts of the document.  In sum, overall the support to CSR plays a central role in the document. |
| ES | The document refers explicitly or indirectly to all 2012 CSR. The CSR most mentioned are those referring to the labour market and employability and support to SMEs. The CSR/structural challenges are more thoroughly covered in the Main Challenges Section and in the Priorities for Funding Section, more sporadically in the others sections of the CPP. | Other key challenges emerging from the 2012 Country Report are also covered. For instance the challenges in the area of water and waste management and air pollution such as insufficient incentives for using water efficiently which results in unsustainable use. | All key challenges relevant to the ESI Funds are covered in the document. The missing CSR/structural challenges are those concerning public finance and taxation as well as those characterised exclusively by a regulatory nature. | Central role.  Funding priorities are proposed in line with country-specific challenges, referring in the document to the priorities identified by the Commission to co-finance in Spain. | High alignment.  The Semester plays a central role in the document, which highlights the importance of Common Strategic Framework (CSF) funds to support the implementation of the CSR. In most cases the document clearly defines how it is intended to support CSR and structural reforms, for example, with the fully implementation of the Water Framework Directive, with a National Social Report, with specific plans such as the National renewable Energy Action Plan, with coordination of institutions, policies and instruments, etc. to improve employability, with implementation of specific legislation for SMEs such as the Small Business Act. |
| FI | The CPP is focused on the CSR’s connected with the main objectives of the CFS funds. These CSR are addressed explicitly or implicitly throughout the document. This is the case especially for the recommendations concerning LM access of vulnerable groups, and improving the diversification of the business structure. | Additional challenges identified in the 2012 Country Report, such as early school leavers, especially migrants and  coordination in the implementation of ESIF are referred systematically in the CPP. | The CSR concerning public service provision (2012 CSR 2.1) and wage setting (2012 CSR 5.2) have only an indirect role in the CPP. | The selection of priorities and measures within them are well in line with the CSR, especially concerning labour market issues. In relation to competitiveness, innovation and sustainable use of resources there is also a link but the connection is weaker, partly because the CSR are quite general. | High alignment.  CSR have evidently supported the national analysis of actual challenges and the formulation of the priorities.  The connection is most clear in labour market issues (youth and long-term unemployment and ageing population). |
| FR | The CPP does not refer systematically to the 2012 CSR challenges and expands on many issues untreated in CSR, particularly the specific problem of development of the outermost regions, and the issues of ICT, renewable energy, modernization of the Public employment service, the maritime economy, integrated urban development. The CSR cited in the CPP concern mainly the situation on the labour market (young difficulties, seniors, immigrants) and lifelong learning, which is very disappointing in France. | In part: the CPP addresses the challenge identified in the 2012 Country Report on reducing the poverty rate among particularly vulnerable segments, including non-EU nationals, people living in urban deprived areas or young people between 18 and 25 years old. | Two 2012 CSR on electricity and gas (liberalisation of network industries) and on the impact of the cost of labour on competitiveness are not treated. Also a challenge emerging from the 2012 Country Report on improving the performance of the French ports, which are lagging behind in terms of performance, reliability and connections with the hinterland, is not covered. | The selection of priorities and funding needs is somehow related to the recommendations made, in relation to the market of labour (position of young people, seniors, migrants), the fight against poverty and lifelong learning. However the link between CSR and CPP is not so clear concerning the factors able to enhance the competitiveness of the economy. The CPP is much more oriented on the needs to develop research and economic innovation. | Medium alignment.  The CSR play a central role about the situation of the market of labour (segmentation, difficulties for young people and seniors), about reduction of the poverty rate and about lifelong learning),  However, a wide range of structural reforms as it is proposed in the CPP are not captured by CSR. |
| GR | The CPP was published in November 2012, therefore the analysis focused on 2012 structural challenges identified in the MOU and in the Country Report. | A thorough coverage of the challenges, also with explicit references, appears in Section 2 (“Priorities of funding”). Challenges are in most cases addressed explicitly in the document, with the exception of 2012 MOU 6.1, 9.1, 10.1 and 2012 CR 1.1, which are referenced both implicitly and explicitly. | Only the challenge related to wage setting (wage in line with productivity; minimum wage) is not mentioned (2012 MoU 8.1). | The CPP states that “each fund should give priority, when relevant, to policy areas as identified in the CSR/MoU, the Europe 2020 commitments and the NRP”. The CPP is more comprehensive than the MoU as the latter does not highlight include challenges related to issues that are expected to play a pivotal role in the revival of Greek economy and for which funding will be needed (e.g. creation of new financial instruments, promotion of collaboration between universities and the business sector, innovation and ICT infrastructure, measures to combat youth unemployment, water/waste efficiency). | Medium alignment.  The CPP sets out the key specific challenges for Greece and there is an explicit or implicit reference to the majority of challenges. |
| HR | Croatia has become a full Member of the European Union on 1st July 2013. It took part in the 2013 European Semester on a voluntary and informal basis. The CPP was published in December 2013 and this analysis is focused on 2013 Structural Challenges identified in the Country Report. | Structural challenges identified in the 2013 Country Report are recalled in all sections throughout the document. Section 1 (Main challenges) and Section 2 (Funding priorities) cover all challenges, except one, implicitly (i.e. without quoting the report directly). The only exception being wage setting 17.1 Country report 2013 which was not mentioned in the CPP document at all. | A 2012challenge concerning the alignment of wage with productivity is not addressed. | Significant role of the Semester. In the introductory chapter it is stated that the ESI funds will serve as an effective means to support the implementation of the Country Specific Recommendations (issued since 2014 in the case of Croatia). | High alignment.  The CPP document outlines the key challenges Croatia is facing.  Although the 2013 Country Report is not mentioned in the CPP there is a clear coherence between the recommendations there and the challenges raised in the CPP. |
| HU | In the first four sections of the CPP, the challenges raised in 2012 CSR are all addressed in an implicit way. In Annex B of the document the 11 TOs are paired with the relevant CSR which are quoted explicitly. | In addition to the challenges captured by the CSR, the 2012 Country Report highlights a challenge on resource efficiency, waste management, which is addressed in the CPP. | All cohesion relevant 2012 CSR are addressed. Moreover, the documents reads “The CSR addressing fiscal and budgetary policy are of relevance as all projects carried out in the context of CSF funds have a secondary fiscal effect. The other five CSR have a more direct link with the CSF funds as these include participation of women and disadvantaged groups, strengthening the capacity of the Public Employment Service and inclusion of vulnerable groups. They also focus on the quality of availability of child-care facilities, as well as the need for innovation-friendly business environment, cost-efficiency in public transport, and energy-related measures.” | Central role.  The CPP highlights that the CSF serve as an effective means to support the implementation of the CSR issued in the context of the European Semester.  In the funding priorities section the document mentions four complementary and mutually reinforcing funding priorities, which were proposed in line with the CSR. This section refers to Annex B, where the TOs are linked directly to the specific funding areas, and indirectly to the CSR. | High alignment.  The Semester played a central role in the document, as the funding priorities strongly overlap with the CSR and other structural challenges from the Country Report. |
| IE | There was no CSR before the CPP was published. The CPP addresses challenges highlighted in the MoU. | The CPP is focused on key structural challenges that relate to: In the labour market, favouring reform and inclusion; RTDI; Product market reform as it relates to access to finance for SMEs and inadequate commercialisation of research; On network industries-correction of market failures. In doing so, the CPP addresses the challenges highlighted in the MoU. | Apart from the challenges not directly relevant to cohesion (e.g. Pension Reform, Banking Reform, competition in services), the CPP addresses MoU challenges concerning LM and wage setting. However there is no reference on housing issues. This seems rather odd given the main challenges section begins by referring to the considerable problems in recent years to the Irish economy from the ‘implosion of the real estate boom’. | Marginal role.  There are some indications that the selection of priorities is related to MoU challenges, only as far as LM reform and wage setting are concerned. | Medium alignment.  Alignment is relatively indirect as MoU challenges are defined at a relatively high level of abstraction. |
| IT | The document refers to CSR/structural challenges systematically. All but three cohesion relevant CSR / structural challenges have been considered in the position paper, mostly implicitly in the Sections 1-4 and explicitly in Annex B – Assessment of funding needs. | All the additional challenges identified in the 2012 Country Report are addressed in the CPP, either implicitly or explicitly in Annex B. | 2012 CSR 5.3 “Take further action to shift the tax burden away from capital and labour to property and consumption as well as environment” and 2012 CSR 4.3 “Monitor and if needed reinforce the implementation of the new wage setting framework” are not mentioned (explicitly or implicitly) in the CPP. Nonetheless these CSR mostly require regulatory change. | The 2012 CSR are indicated (along with other references) as background justification for the selection of the main challenges identified in the CPP. Furthermore, Section 1 on the ”main challenges” states that “consistently with the Council recommendations and taking account of Italy's persistent regional disparities, the most pressing challenges for Italy are to re-launch its path to sustainable growth and competitiveness overall, to promote employment and to reduce its regional disparities”. | High alignment.  There is a strong coherence between the CSR/challenges and the CPP; most notably in the field of simplifying businesses development and access to finance and in relation to a more efficient absorption of EU funds. All sections of the CPP provide at least implicit references to the 2012 CSR and Annex B clearly shows direct connections between them and the issues addressed under the relevant Thematic Objectives. |
| LT | CPP refers to CSR and structural challenges in a systematic way. All CSR of 2012 that are relevant for ESI funds are covered in the document either explicitly or implicitly throughout the document. There is only one section that makes no references to CSR (Annex A – arrangements for effective programming and delivery). | Additional challenges identified in the 2012 Country Report are implicitly addressed (e.g. to improve the transport infrastructure, particularly rail and connections with Poland and Western Europe; to achieve the target on GHG emissions reduction; to improve the waste management system). | All cohesion relevant CSR are addressed in CPP. The missing CSR are those concerning the reduction of excessive deficit and the reform of state–owned enterprises. For these, national policy instruments are best suited for carrying out the necessary reforms. | Although specific CSR are not explicitly linked to funding priorities described in CPP, the document remarks that “funding priorities are proposed in line with country-specific challenges”. As highlighted, explicit references to specific CSR are made in the descriptions of funding needs in relation to TO4, TO8, TO9 and TO10. | High alignment.  Overall, the support to CSR plays an important role in the CPP. The document provides clear indications on how the implementation of TOs will address specific CSR. |
| LU | The CCP addresses a large range of ESF issues captured by 2012 CSR (Lifelong learning, increase of the rate of employment for youth and older people). Moreover, the CPP expands by addressing the challenge of fighting against poverty (not covered by CSR) and on other untreated challenges, particularly the issues of agriculture development, renewable resources (water, forest) and land management. | Additional challenges identified in the 2012 Country Report are also addresses (e.g. low R&D intensity and collaboration between research and industry; insufficient progress towards the 2020 employment target ; low adult participation in lifelong learning. | Only the policy recommendation on reducing GHG emission by increasing taxation on energy products (sub-part of CSR 5 of 2012) is not covered. | Central role.  The selection of priorities refer to the 2012 CSR in different cases (e.g. as regards youth and older people employment, education, research and development, SMEs and entrepreneurship). | High alignment.  The support to CSR is particularly important in relation to: reduction of CO2 emissions, increase of competitiveness by enhancing the R&D development and applications and diversifying the sectors of the economy; reduction of unemployment for youth (by education) and older people (by lifelong learning and contrasting early retirement). |
| LV | Overall the CPP makes reference to 2012 CSR throughout its sections. The reference to CSR and other challenges is explicit in Annex B of the document. | Additional challenges evidenced in the 2012 Country Report are addressed by the CPP. | All CSR / structural challenges are covered except for those concerning public finance and taxation, banking and liberalisation of services which are not cohesion relevant. | The ‘Priorities for funding’ section highlights that: ‘The CSF funds are one of the most important instruments to tackle the main development challenges for Latvia and to implement the Europe 2020 strategy.’ Further on, each of the subsections of Priorities for funding refers to a major structural issue (i.e., innovative and competitive business and research environment, modern infrastructure for growth and jobs, high unemployment, skilled people and inclusive society, energy efficiency and sustainable management of natural resources), and the CSR are linked to the major structural issues covered by the funding priorities. | High alignment.  The document is built around the CSR and addresses them clearly. The document covers all ESIF policy areas and, while in some places the extent to which it relates to the CSR is rather indirect, overall, the CSR are fully covered. The Main Challenges section describes the important structural issues needed to be addressed in Latvia; the Priorities of Funding section clearly outlines the ways in which the funding would be relevant for tackling the CSR; and Annex B covers all the TOs (except TO5) with CSR/Country Report challenges and explains how these goals are to be achieved. |
| MT | All cohesion relevant CSR of 2012 are covered in the document, especially in section 1 “main challenges”, in section 2 “priorities for funding” and explicitly in Annex B “Assessment of funding needs”. | Most of the challenges identified in the 2012 Country Report such as  the 2020 recycling target , the inadequacy of the climate policy framework, particularly in relation to sustainable transport,  the GHG emissions for the sectors not falling under the Emissions Trading Scheme, are addressed in the document. | The only missing challenge is the 2012 CSR 4.1 concerning the reform of the system of wage bargaining and wage indexation in consultation with social partners, which is indicated as a key challenge in the Country Report and is not mentioned anywhere in the document. However it must be noted that the ESIF can only address this issue very indirectly, e.g. by supporting consultations. | The introductory section of the CPP states that “The CSF Funds [...] serve as an effective means to support the implementation of the Country Specific Recommendations issued in the context of the European Semester”.  Section 2 indicates that “each fund should give priority, when relevant, to policy areas addressed in the Country-Specific Recommendations”, and in Annex B there is an explicit connection between CSR/Country Reports, selection of priorities and funding needs in relation to low carbon economy, resource efficiency, sustainable transport, LM and employment, education and training. | High alignment  The document sets out the key specific challenges for Malta.  Reference to the 2012 CSR/Country Report is often explicit and the coherence between the recommendations adopted in July 2012 and the challenges raised in the CPP (which was published in November 2012) is high. |
| NL | Overall, the CPP refers systematically to all 2012 CSR throughout the document. In particular in Sections 1, 2, 4 and Annex B of the document. | Other challenges identified in the 2012 Country Report are also covered. These concern: Safeguard continued access to credit for SMEs;  the low share of renewable energy in total energy used, also due to some energy- or emissions-intensive sectors and activities being currently subsidised. | The lack of a central State Aid Registry, a challenge mentioned in the 2012 Country Report, is not mentioned anywhere in the CPP. | The introductory section of the CPP states that the “CSF funds […] serve as an effective means to support the implementation of the CSR”.  The CPP indicates that “three complementary and mutually reinforcing funding priorities are proposed hereunder in line with CSR challenges”: (i) innovation-friendly business environment, (ii) increasing labour market participation through improved employment and social inclusion, and (iii) environment-friendly and resource-efficient economy.  These priorities are all related to specific CSR. | High alignment.  The CPP sets out the key specific challenges for the Netherlands. The 2012 CSR play a central role in the CPP and most recommendations are mentioned in an explicit way. The CPP defines clearly how it is intended to support CSR and structural reform. |
| PL | The CPP refers to 2012 CSR and structural challenges in a systematic way.  Under Annex B explicit reference to all CSR can be found, as well as implicit reference to all the structural challenges included in the Country Report. Almost all Thematic Objectives are linked to the CSR/structural challenges. Only one exception is Thematic Objectives 5 (Climate change adaptation and risk management) where there is no explicit nor implicit reference. | Challenges identified in the 2012 Country Report are also addressed. These include: pre-school education; development of the information society; the fact that too much municipal waste is still landfilled and more could be done to use cohesion funds to support infrastructure development; atmospheric emissions; underinvestment in urban transport; PA efficiency. | All CSR / relevant structural challenges are addressed by the CPP. | The CPP indicates that “Each fund should give priority, when relevant, to policy areas addressed in the CSR and in the national reform programmes”. The link between CSR/structural challenges and priorities is clearly seen in the document. | High alignment.  The CPP addresses the key specific challenges for Poland. The reference to CSR is very often explicit. When there is no explicit reference the needs raised in the CPP are very coherent with the CSR/structural challenges. |
| PT | There was no CSR in 2012; the CPP refers to the MoU and the challenges highlighted in the related EU Decision. | The CPP makes implicit reference to all the cohesion relevant challenges of the 2012 MoU, in several sections of the document. | Only the MoU challenges concerning  budget and taxation, the creation and the functioning of SOEs, and the liberalisation of services are not covered in the CPP. | In the “Introduction” of the CPP it is highlighted that the CSF funds serve as an effective means to support the implementation of the recommendations issued in the context of the European Semester and that “The starting point of the Commission's considerations are the Memorandum of Understanding signed between the Portuguese Authorities, the European Commission, ECB and IMF in 2011, the Commission Staff Working Document "Assessment of the 2012 national reform programme and stability programme for Portugal",  the national reform programmes and the economic adjustment programme.  In chapter “2. Priorities for funding”, it is stated that “The CSF Funds are one of the most important instruments to tackle the main development challenges for Portugal and to implement the Europe 2020 strategy. | Medium alignment.  The 2011 Council implementing decision on granting Union financial assistance to Portugal recommended very specific policy measures, that were as politically sensitive as also difficult to implement (elimination of excessive rents in the energy sector, reduction of unemployment benefits, suspended increase of minimum wage, reduction of the number of municipalities and parishes, territorial reorganization and rationalization of the judicial system and the fiscal administration services). All these recommendations are implicitly referred to in the CPP, and therefore play a central role in this document. |
| RO | There was no CSR in 2012; the CPP refers to the MoU and the challenges highlighted in the related EU Decision. However, when looking at CSR/structural challenges of the following years and considering the wide scope of the Romanian CPP, it is evident that most reform needs are considered and that CPP plays a central role in addressing CSR. | The structural challenges are found throughout the CPP.  Section 1 “Main challenges” mentions directly almost all recommendations referring to investments challenges. The Priorities for funding (Section 2) refer in a more clear manner to More clear links with the funding needs are found in Annex B Assessment of funding needs in relation to thematic objectives. | The analysis revealed that CPP does not address the CSR/structural challenges referring to regulatory interventions, such as:  reforms of the wage setting system allowing wages to better reflect productivity developments, widen the set of cases for use of fixed-term labour contracts, improve the adequacy of the employment protection legislation and adapt to the flexicurity principles.  Recommendations regarding the increase of the EU funds absorption is not specifically mentioned in CPP. | The priorities for funding are to a large extent addressing directly the structural challenges, except for the needs for regulatory change. | High alignment.  The CPP for Romania has a wide coverage in terms of TOs and needs addressed.  All thematic objectives except TO 5 Promoting climate change adaptation, risk prevention and management, include funding needs and priorities addressing directly or indirectly structural challenges and post 2012 CSR. |
| SE | The CPP addresses 2012 CSR systematically, especially those concerning labour market participation of youth and vulnerable groups, improving commercialisation of innovative products etc. | Additional challenges highlighted in the 2012 Country Report are also covered. These include: foster the creation of fast-growing innovative enterprises, reduce the overall poverty and social exclusion risks particularly concerning the elderly, women and children, shift the focus from incineration to recycling, aiming at reducing GHG emissions. | All relevant challenges are covered either by explicitly mentioning CSR or implicitly by addressing the key issues underlying the challenges. | CSR seem to have supported the formulation of the priority of labour market (youth and vulnerable groups) but these topics had been in the focus in any case.  In relation to competitiveness and innovation environment CSR may have had some role. The role was more limited in relation to sustainability and resource efficiency. | High alignment.  The document addresses key areas of CSR / reform needs. The investment priorities identified contribute to tackle the respective challenges. |
| SI | The CPP addresses all cohesion relevant 2012 CSR challenges in Section 1 ‘Main challenges’, Section 2 on ‘Priorities for funding’ and Annex B ‘Assessment of funding needs’. | Additional challenges highlighted in the 2012 Country Report and not captured by the CSR are also covered. These concern: upgrading the gas infrastructure, which would help Slovenia shift to relatively less carbon-intensive sources, reducing GHG emissions especially, those generated from transport, addressing the gaps in railway infrastructure (linked to delays in Cohesion Policy investments and insufficient administrative capacity), build waste recycling infrastructure. | All cohesion relevant CSR/structural challenges are explicitly or implicitly covered in the CPP. | The introductory section of the CPP states that the CSF funds serve as an effective means to support the CSR.  The CPP document also indicates that the three funding priorities (Increased labour market participation through employment, education and social inclusion; Competitive economy for growth and jobs in a business-friendly environment and Environment-friendly and resource efficient economy) are proposed in line with the country-specific challenges.  The selection of the first funding priority (employment/skills) is closely related to the 2012 CSR. Surprisingly the CSR on “Increase the employment rate of older workers also by further developing active labour market policies and lifelong learning measures” is not explicitly linked to the TO 8 in the Annex B. | High alignment.  The CPP document sets out the key specific challenges for Slovenia.  There seems to be coherence between the 2012 CSR / Structural Challenges and the initiatives envisaged. |
| SK | The CPP refers to the structural challenges in all relevant chapters, subchapters and annexes, both in form of direct citations or indirectly.  For example, in Annex C focused on administrative arrangements the document implicitly refers to reforms related to institutional capacity, public administration. | Key challenges identified in the 2012 Country Report are addressed by the CPP. These include: the exclusion of marginalised communities, the low quality of the general and tertiary education system, the impact of parenthood on female employment, the low R&D intensity, the lack of adequate transport infrastructure (in Eastern SK), the need for improving the business environment and promoting entrepreneurship, the above average energy intensity, limited waste recycling, weaknesses of PA capacity. | The document is covering the majority of structural challenges in Slovakia. The structural challenges which are not covered are not relevant to ESIF, mainly recommendation related to sustainability of public finances. | The selection of priorities and funding needs is clearly related to CSR which cover most of the TOs. The CPP states that the starting point is the assessment of Slovakia’s progress towards its Europe 2020 targets in its Staff Working Document on the 2012 National Reform Programme and Stability Programme, underpinned by the CSR and country-specific development challenges.” | High alignment.  The support to CSR plays an important role in the document. The main influence of the Semester is clearly visible in number of new strategic documents which are have been/ are being adopted by the Government (e.g. RIS 3, Transport master plan etc.) |
| UK | The CPP refers to CSR especially in section 1 (challenges) and section 2 (priorities). While the coverage is more sporadic in the other sections. | In most cases with the exception of housing market reform (2012 CSR 2.1 (16)). The challenges and priority sections cover the main CSR/ Structural reforms the most extensively. The success factors for effective delivery is relatively limited. | There is no direct mention to measures to encourage housing reform. | The priorities tend to reflect the main thrust of the CSR with a small number of exception. | Medium alignment.  Most CSR are referred to explicitly and there is the objective of formally incorporating them as relevant. However, the coverage in this respect could be more systematic. Document is relatively weaker in delivery aspects.  The CSR are recognised in most cases explicitly but coverage varies throughout the sections of the document and the approach could be more systematic. The CSR themselves are relatively limited in some respects and thus there is no CSR specifically focused on technological development, research and innovation although structural reforms in this area are mentioned in the document. The challenges and priorities sections are the strongest and the success factors for effective delivery the weakest. |

# Annex 4 – Summary of the analysis of Partnership Agreements

Table - Synthesis of the analysis of Partnership Agreements

| **MS** | **Coherence with CPP** | **Systematic reference to CSR and other key challenges** | **Cohesion relevant CSR/structural challenges not covered** | **Role played by CSR in selection of priorities** | **Overall alignment between PA and CSR** |
| --- | --- | --- | --- | --- | --- |
| AT | There is a strong overlap between the PA and the CPP. Basically, the PA covers all requests of the CPP, i.e. those not related to the CSR such as innovation, the reduction of CO2 emissions and resource efficiency, as well as those related to the CSR. The PA goes beyond the CPP, by covering also other themes such as SME support (in general as well as in agriculture and fisheries) as well as adaptation to climate change and risk prevention. | The cohesion relevant CSR are covered systematically in Sections 1.1 “analysis of disparities, dev. needs…” and 1.3 “selected TOs” of the PA and mostly cited explicitly.  Section 2.5 “administrative capacity” makes implicit references to the challenge in the 2013 Country Report (2.1) regarding the fragmentation of Austrian public administration. | Only a challenge mentioned in the 2013 Country Report (1.1 – ‘Reduce the administrative procedures, minimum capital and time required to set up a limited liability company’) is not covered. The question though is to what extent ESIF can directly contribute to address this issue. | CSR and structural challenges play a central role as they are referred to either explicitly or indirectly. | High alignment.  The PA addresses key structural challenges and provides an overview of support measures, yet no details. |
| BE | The CPP identified three most pressing challenges (loss of competitiveness and low productivity, low employment levels and disparities in educational attainment as well as lack of progress towards reduction targets for GHG emissions) which are all addressed in the PA. | The relevant CSR/structural challenges are clearly set out (mostly with an explicit reference to 2014 CSR) in Sections 1.1 and 1.3 of the PA. These 2014 CSR mostly repeat recommendations made in previous years (2012-2013). Section 2.5 on administrative capacity does not include a direct reference to CSR but highlights that one of the actions to be carried out concerns the effective coordination between various authorities and the necessary synergy between the European funds, which is in line with one of the issues raised in the 2013 Country Report. | The CSR/challenges which are not covered at all in the PA deal with the following issues:  Long-term care (2013 CSR 2.3 and 2014 CSR 3.3);  Inefficient government bureaucracy (2012 CR 1.1);  Mobile broadband (2013 CSR 4.2);  Independent regulators in the transport sector (2013 CSR 4.4). | The PA indicates that the priorities are closely related to the objectives of the Europe 2020 Strategy, the CSR and the needs identified in Section 1.1. | Medium-high alignment.  Apart from a few recommendations/challenges which do not seem to be reflected in the PA, the document largely addresses the key CSR/structural challenges identified. |
| BG | The PA builds upon the CPP and further develops the analysis of the Bulgarian context. The PA discusses in detail the existing challenges, providing statistics and, in some cases, practical recommendation. | The PA covers the majority of CSR extensively and includes a comprehensive overall assessment of the socio-economic environment.  On many instances, the CSR are quoted directly, mainly for justifying the choice of Thematic Objectives. | While the PA does mention public procurement, its importance is not highlighted enough. At the same time the Bulgarian public administration continues to demonstrate inability to reform the system, as evidenced by the country`s continuing incapacity to meet the specific ex-ante conditionality on public procurement. | The TOs and the strategic funding priorities address the relevant CSR with different intensity. For instance CSR are explicitly mentioned in the TO1 and TO2 but are largely unrelated to TO4 and TO6. No reference to CSR was found in TO5. | Medium alignment.  Explicitly or not, the CSR play a relatively central role in the PA, especially when it comes to adopting and tailoring Thematic Objectives and funding priorities. According to the expert, the CSR were rather used as a supporting (or evidence of) instrument rather than a basis for producing the PA. |
| CZ | To a large extent the treatment of CSR in the PA is coherent with the requests of the CPP. This applies especially for the CSR related to labour market, social affairs, education, or the systems of monitoring and assessment of education and research results. Nevertheless, the CPP puts far more emphasis than the PA on (i) the necessary political steps crucial for improvement of quality in the public administration and its management and (ii) on the issue of missing Public Servant Act. | The PA refers very explicitly to all CSR of 2014 and the majority of challenges is covered systematically. Moreover, the key challenges identified in CSR from the previous years (i.e. 2012 and 2013) are covered as well due to the fact that major challenges remained unsolved. | The only CSR sub-part which is not covered is 2013 CSR 3.2 - Accompany the increase in retirement age with measures promoting employability of older workers and reduction of early exit pathways. In particular, the suggested removal of the public subsidy for the pre-retirement scheme has remained unaddressed. Other CSR are mentioned but addressed marginally: the CSR related to the cost-effectiveness and governance healthcare sector; the CSR related to energy efficiency of the economy (i.e. 2014 CSR 6.2 and 2013 CSR 7.2) which are addressed fragmentally. | The selection of priorities (and hence of funding needs) explicitly refers to relevant CSR (for example, funding priority Development of low-carbon integrated system of public transport linked to the 2014 CSR 6.2; Accessible and high-quality standard services provided by Employment office linked to the 2014 CSR 4.1; Increase in availability of high-quality pre-school childcare facilities, linked to the 2014 CSR 4.3). In other words, all CSR/Country Reports challenges of 2012-2014 are more or less addressed by the PA. | Medium-high alignment. The support of challenges underlined in the CSR is clearly endorsed in the document. Undoubtedly, CSR have been one of the paradigms driving the definition of priorities and of funding needs. Moreover, for the majority of CSR there are strong linkages with the proposed set of funding needs. In addition, the majority of needs covered by the CSR are in line with Europe 2020 Strategy, Common Strategic Framework, the National Reform Programme, the National Strategy of International Competitiveness 2012-2020, the Strategy of Regional Development of the Czech Republic 2014-2020. There is no doubt that ESIF funding can significantly contribute to address CSR/challenges. In most cases, the steps necessary to tackle the identified structural challenges are clearly specified. |
| CY | The PA goes beyond the requests of the CPP and addresses also challenges raised by the MOU which was signed in 2013 between Cyprus and the EU. More specifically, the CPP does not address the institutional capacity of public authorities which is on the contrary targeted by the PA together with other challenges from the 2013 and 2014 MOUs and the 2013 CR (gender issues, public employment services, expansion of energy networks). | The relevant structural challenges are clearly set out and in most cases with explicit references in Sections 1.1 and 1.3 of the PA.  Section 2.5 on the assessment of the needs in terms of administrative capacity, includes reference to a challenge raised in the 2013 MOU and also recurring in 2014, regarding the capacity of the competent authorities to manage programmes. | Enhancement of business environment (2012 CSR 1.1)  Reform of the wage-setting framework (2013 MOU 6.1) | The selected priorities are closely related to the objectives of the Europe 2020 Strategy, the CSR, the MOU and the needs identified in Section 1.1. | High alignment.  Apart from a few challenges which are not reflected in the PA, the key CSRs/structural challenges identified are covered. |
| DE | The PA is coherent with the CPP in the sense that it refers more directly to CSR in the field of labour market potential, social inclusion and educational achievement than in regional competitiveness and environmental issues. Also the absence of the CSR concerning public procurement, promoting domestic demand and tax reductions is common among the two documents. | The PA explicitly refers to the CSR in the introductory paragraphs of sections 1.1 and 1.3.  Some cohesion relevant CSR (e.g. education and research, educational achievement of disadvantaged groups, activation and integration of long-term unemployed, energy networks, and public investment) are implicitly addressed. This means that very often the structural reforms of challenges raised in the CSR can be linked to the selected thematic objectives and the main results expected. | One challenge is not covered: 2013 CSR 4.2 and 2014 CSR 4.2 on public procurement | In Germany most of CSR are not ESIF relevant. Only some challenges can be directly targeted (e.g. education and research, educational achievement of disadvantaged groups, activation and integration of long-term unemployed). In the selection of priorities related to those challenges, CSR had a role. | Medium alignment.  The overall strategy of the PA covers issues captured by the CSR but the CSR/structural challenges were only one of the elements considered in developing the strategy. An overlap with the CSR is inevitable as they cover important issues like R&D or labour market integration which certainly are also reflected in the national policies.  The fact that ESIF are mostly delivered by programmes at Länder level, each one with a different set of priorities, may have an impact on the extent CSR are targeted. |
| DK | To a large degree, the recommendations in the CPP are mentioned in the PA but not all CSR play a central role in the PA. | Most of the CSR are covered systematically in the PA and mentioned in several subsections. Most of these issues have been on the agenda in Denmark for a while. | All challenges are covered but some of them (stability of housing market, electrified railway lines, more effective public services, regulatory burdens, barriers to market entry, remove restrictions on retail) have in general been regarded as less important issues compared to e.g. productivity improvements, education, employment, and environmental concerns and potential for growth. | CSR seem to play a central role but most of the recommendations mentioned were already high on the agenda and hence we can argue that the would have been addressed anyway. | Medium alignment.  The document does generally clearly define how it is intended to support CSR and structural reform and it plays a fairly significant role. However, most of the issues would most likely have been included anyway. |
| EE | The Position Paper sets out the key specific challenges for Estonia and it does reflect CSR. The focus is on resource efficiency, employment and employability of workers, transport, gender equality and labour market integration of young people, education, RTDI, energy and institutional capacity. This focus remains the same in the PA. | Overall, 2012-2013 cohesion relevant CSR/structural challenges are referred to systematically throughout the document, especially in section 1.1 and 1.3, and mostly with explicit references (the Estonian PA was approved in June 2014).  In section 1.1 there are also implicit references to the 2012 Country Report (1.1 on waste management, 2.1 on transport infrastructure) and to several CSR (2012 and 2013 3.1 on LM relevance of education and training, 2012 and 2013 3.2 on lifelong learning, 2012 and 2013 3.3 on internationalisation of the RTDI system) | Even though the 2012 Country Report is implicitly mentioned, in relation to the infrastructure required for waste management in order to achieve the 2020 recycling targets, very limited discussion on this can be found in the PA.  The 2012 and 2013 CSR (5.1) on fiscal sustainability of municipalities, improvement of efficiency of local governments and effective service provision, and cooperation between municipalities is addressed in a limited and fragmented way. | The PA is focused on resource efficiency, employment and employability of workers, transport, labour market integration of all people, education, RTDI, energy and institutional capacity.  The analysis of development needs in PA is closely linked to those identified in CPP as is the selection of Thematic Objectives and results expected. | High alignment.  The PA document sets out the key specific challenges for Estonia and as a whole reflects CSR. Mostly there are explicit references to CSR and linkages do exist between different parts of the document.  Thus, overall the support to CSR plays a central role in the document and shows how it is intended to support CSR and structural reforms. |
| ES | The PA is coherent with the request of the Position Paper, referring to most CSR of 2012 or of following years. | The document refers to most of CSR/Structural challenges explicitly or implicitly.  The CSR/structural challenges are thoroughly covered in Section 1.1 “Analysis of disparities” and in Section 1.3 on “Selected thematic objectives”. | The only CSR/structural challenges which are not addressed by the PA are those not cohesion relevant, either because they cannot be linked to TOs or because they require legislative/regulatory changes. | In general, the CSR play a central role in the document and in the selection of priorities. | High alignment.  The PA highlights the importance of Common Strategic Framework (CSF) funds to support the implementation of the recommendations. In most cases the document clearly defines how it is intended to support CSR and structural reform, but in some cases this can be defined more clearly. For example, when talking about 2013 CSR 6.1 and 2014 CSR 2.2, the document indicates a revision of funding priorities and reallocation of funds for SMEs as well as a support to increase the private financing of innovation and the development of new financing instruments, without specifying further the actions to be taken. |
| FI | The treatment of key challenges for Finland in the PA is coherent with the position paper. The PA contains a well-structured analysis of the challenges and development potential in section 1. | The CSR concerning the following themes have been referred systematically in the PA, explicitly or implicitly:  business environment (2012, 2013 and 2014 CSR 5.1);  access to employment of vulnerable groups (2012, 2013 and 2014 CSR 3.1, 3.2, 3.3); early school leaving (2012 Country report 1.1; 2013 Country report 2.1); discrimination (2013 Country report 1.1; 2014 Country report 1.1 and 1.2); sustainability and resource efficiency (2013 and 2014 CSR 5.2; 2013 Country report 3.1; 2014 Country report 2.1 and 3.1); coordination in the implementation of SFs (2012 Country report, 2.1); Sustainable transport (2014 Country report 3.1) is only covered as a mean to reduce emissions in transport. | Sustainable transport (2014 Country report 3.1) is not covered.  The CSR concerning the following themes have no direct role in the PA: public service provision (2012, 2013 and 2014 CSR 2.1); wage setting (2012 CSR 5.2; 2013 CSR 5.3). | The recommendations concerning business environment, access to employment, early school leaving, discrimination, sustainability and resource efficiency and coordination in the implementation are closely related to CRSs. | High alignment.  The analysis of main challenges and the specification of reform needs and priorities are based on national and regional level SWOT-analysis which takes into account the earlier programming periods. However, the role of CSR in the definition of the strategy is also clear. |
| FR | In relation to training issues and social issues there is a large convergence between the treatment of challenges in CSR, the PA and the CPP. | A large part of the relevant CSR/structural challenges are clearly set out (mostly with an explicit reference) in Section 1.1 of the PA (except mainly questions of energy, competitiveness and transport).  Section 1.3 includes implicitly some references to CSR on innovation and renewable resources (2013 CSR 3.1; 2014 CR 3.1) but a large part of the CSR are not closely linked to the main ERDF and EARDF issues. This is not the case for the ESF issues as proposed in the CPP, that are well covered by the CSR.  Section 2.5 on the assessment of the needs in terms of administrative capacity clearly includes CSR views but it is not clear whether the CSR have actually taken a role in the national debate. In fact, the French position of diversifying the MAs was exactly the contrary of the European Commission position, especially about ESF. OT11 is only relevant for the outermost regions. | 2012 CR 2.1; 2013 CR 2.1; 2014 CSR 4.3 Transport and ports (except for outermost regions)  2013 CSR 4.3; 2014 CSR 4.2 Liberalisation of networks (railway, energy) and European interconnection of electricity and gas,  2012 CSR 2.2; 2013 CSR 3.1 Increase of competition (environment of industry, market of labour)  2014 CR 2.1 Application of the polluter pays principle in the agriculture sector | Modest role in the opinion of the expert. The recommendations concerning the themes of business environment, access to employment, school leaving, discrimination, sustainability and resource efficiency are closely related to CRSs. | Medium-low alignment.  Very marginal role of CSR, except a common appraisal between the Commission and the French government on the importance of human development and social issues (e.g. fight against poverty, need for helping vulnerable groups, the situation of youth and older people in LM, access to lifelong learning).  As a matter of fact, a large number of CSR are not considered because there is a French political choice to pay first attention to increase competitiveness by innovation and not by liberalisation of the economy. |
| GR | There is coherence but the PA goes beyond the requests of the CPP and addresses challenges also raised in the 2013 and 2014 MoUs and the Country Reports. In particular the enhancement of institutional capacity of public administration at central and regional level is added. | The relevant structural challenges are clearly set out in Sections 1.1 and 1.3 of the PA. Most of the challenges are recurring in the period 2012-2014.  Section 2.5 on the assessment of the needs in terms of administrative capacity, includes references to challenges related to the enhancement of institutional capacity of public administration (2014 MOU 3.1, 2014 MOU 3.3) and the combat of corruption/shadow economy (2014 MOU 2.1). | Improving access to quality education and training (2012 MOU 6.1, 2013 MOU 10.1);  Wage-setting framework (2012 MOU 8.1, 2013 MOU 8.1, 2014 MOU 6.1);  Measures to achieve Europe 2020 target concerning poverty and social exclusion (2012 CR 1.1.);  Access to employment and employability of workers (2013 MOU 7.1);  Contrasting discrimination and poverty (2014 CR 3.1) | There is no explicit reference to the selection of priorities and funding being linked to the relevant recommendations made. However, it is mentioned that the PA is compliant with the National Strategic Framework, the National Reform Programme, the New National Development Model for Greece 2021, which was adopted by Eurogroup, the Special recommendations of Eurorgoup, and the targets of the Europe 2020 strategy. | High alignment.  Apart from a few recommendations/challenges, the programming document largely addresses the key CSRs/structural challenges identified. |
| HR | There is a significant overlap between the PA and the CPP. The PA covers all requests of the CPP and beyond, e.g. SME support and the shortcomings of the judicial system, the wage setting system. | CSR/structural challenges are elaborated in detail and quoted throughout the document.  Section 1.1 includes several implicit references to the structural challenges raised in the 2013 Country Report and the CSR of 2014, while Section 1.3 refers explicitly to the CSR. | Two challenges are not addressed:  2014 CSR 4.1 on Access to employment and employability of workers  2013 Country Report 5.1 on Gender equality | The PA indicates in several sections that the priorities are closely linked to the objectives of the EU 2020 strategy and CSR. The part regarding TOs makes explicit references to the CSR. | High alignment.  The CSR play a central role in the PA. The document clearly defines how it is intended to support CSR and structural reforms. |
| HU | The main goals of the PA which have strong connections with the CSR are coherent with the priorities for funding of the CPP. | Overall, the CSR are quoted explicitly in section 1.1 and implicitly in section 1.3 of the PA where the goals of each TO are linked to the CSR. | All cohesion relevant CSR are covered (implicitly or explicitly) in the document.  However, there are some structural challenges which are not captured by the CSR and which need to be considered. One main challenge in connection with education is to avoid early specialization in the school system. | The Main National Development Priorities are referring to the TOs and the CSR. There is a clear correlation between the CSR, the TO’s and the Main National Development Priorities. | High alignment.  In the opinion of the expert, the CSR play a central role in the document. In subsection 1.1.3 the PA introduces the connections between the Main National Development Priorities, the TO for the period 2014-2020, and the relevant CSR. In Section 1.3 of the PA, most of the relevant CSR from 2014 have a clear link with the Thematic Objectives. |
| IE | The treatment of structural challenges in the PA is coherent with the requests in the Position Paper. | The CSR are covered systematically throughout the sections of the document. The coverage is extensive and a considerable detail is provided. | All challenges addressed with the exception of reform in the housing market, the monitoring of bank reform and the introduction of measures to increase competition in legal and other service sectors. | Overall, support to CSR/ structural challenges plays a central role in the programme documentation and the Partnership Agreement document defines how it is intended to support structural reform. | High alignment.  The document addresses key areas of CSR/structural challenges. The initiatives envisaged contribute to tackle the respective challenges. |
| IT | The PA is highly consistent with the indications provided in the CPP. | All the CSR are addressed explicitly or implicitly throughout the PA except for those related to wage settings, shifting the tax burdens away from labour and state-aid procedures. Explicit references to CSR are especially provided under TO7, TO9 and TO11 in section 1.3. Section 2.5 confirms the overall respect of the CSR related to administrative capacity and the description of the actions aimed at ensuring a better management of EU funds and enhancing the efficiency of public procurement, contains indirect but clear reference to 2014 CSR 3.1 and 2014 CSR 7.1. | The PA addresses all the CSR more relevant for the ESIF leaving out those involving mostly regulatory actions:  2014 CSR 2.1 (labour tax wedge)  2014 CSR 4.1 (non-bank access to finance)  2013 CSR 5.1 and 2012 CSR 5.3 (shift tax burden from labour to consumption)  2013 CSR 4.1 and 2012 CSR 4.3 (labour market and wage setting reforms)  2012 Country Report 4.1 (state aid procedures). | The CSR play a relevant role in the justification for the selection of priorities along with other strategic documents and are (at least implicitly) considered throughout the PA. The PA and the choice of priorities is overall coherent with the indications emerging from the council recommendations and the Country Reports. | High alignment.  The PA is highly coherent with the CSR and structural challenges identified in the country reports. There are implicit references throughout the relevant sections of the PA and for all the TOs for which a CSR/challenge can be linked to. |
| LT | The PA provides a more comprehensive treatment of CSR and structural challenges than requested in CPP. In the CPP assessment of funding needs, CSR and/or structural challenges were covered in relation to six TO (TO4, TO6, TO7, TO8, TO9 and TO10). In the PA, CSR are covered in the descriptions of nine TOs, those mentioned in the CPP and three additional ones (TO1, TO5 and TO11). Moreover, CSR 5.1 of 2012-2013-2014 on state owned enterprises is covered in the PA while it was not addressed in CPP. | Systematic references to CSR and structural challenges can be found in the PA. Explicit references to CSR can be found in Sections 1.1 and 1.3. | The only CSR not addressed in the document is a recursive CSR 1.1 on excessive deficit but this is not directly relevant to cohesion and national policy instruments are best suited to address this recommendation. | There is evidence that some of the actions described in Section 1.3. of the PA were included in the document in response to CSR. There are numerous explicit references to CSR of 2014 in this section of the document. Explicit references are made in relation to TO7, TO8, TO10 and TO11. | High alignment.  Overall, the support to CSR plays an important role in the PA. The document provides clear indications on how the implementation of TOs will address specific CSR. |
| LU | There is a strong coherence between the PA and the CPP in terms of challenges addressed, with an emphasis on:  R&D, diversification of the economy, development of SMEs; Reduction of CO2 emissions; Increase of youth and older people education and employment (and migrants, especially in the PA) | Most of the cohesion relevant CSR/structural challenges are clearly set out (mostly with an explicit reference) in Section 1.1 of the PA (except increase of taxes).  Section 1.3 includes some targeted CSR references to: R&D and innovation, especially targeting SMEs and the diversification of the economy; reduction of CO2; increase of education and employment of youth and older people. | The recommendations not covered are:  2012 CSR 5.2 and 2013 CSR 6.2 (tax on oil products for transports)  2014 CR1.1 (tax for environment)  2012 CSR 3.1 and 2013 CSR 4.1 and CSR 2014 3.1 (wage setting according to productivity gains)  2013 CSR 3.1 and 2014 CSR 2.1 (management of health expenses) | There is a strong link between the CSR and the selection of priorities and funding needs. The 3 dimensions of coherence (R&D, diversification, SME development; Reduction of CO2 emissions; Increase of youth and older people education and employment) between CPP and PA are used as a guide for the choice of the TOs and the targets. | High alignment.  The CSR appear to have played a major role in the document. only the macroeconomic or tax reforms are not addressed. |
| LV | Both documents cover the same general issues and structural challenges, as well as covering the same TOs. They both first describe the economic background and in a later section directly relate CSR/Country Reports’ challenges to the issues previously outlined. | In section 1.1, all cohesion relevant recommendations are covered in an implicit manner: structural issues that are prominent in the Latvian economy are discussed. Section 1.3 expands by explicitly referring to the recommendations and explaining how the reforms and plans to be implemented are expected to help address the issues. For example, 2013 CSR 4.1 ‘Tackle high rates of poverty by reforming social assistance for better coverage, by improving benefit adequacy and activation measures for benefit recipients. Reinforce the delivery mechanisms to effectively reduce child poverty’ is quoted followed by a discussion of proposed measures aimed at addressing these issues. | All covered except those concerning public finance and taxation and other macroeconomic reforms.  (i) strengthening the budgetary strategy;  (ii) implementing state-owned enterprise management reform; (iii) institutional and financial independence of the Competition Council. | the PA indicates that the funding priorities are aligned with the CSR mentioned in the document, as well as with the Europe 2020 goals.  For example, in section 1.3 (para. 310), where the PA directly refers to the necessity to increase R&D in Latvia, it is clearly outlined how the funding priorities will help to address the recommendation made; the PA reads: ‘support in big cities (except Riga) will be implemented using ITI approach, while the support in other territories will be complemented with CLLD measures within the framework of EAFRD and EMFF. Even though other sections of the same paragraph can be less clear on the approach undertaken to solve the issues, the general idea of how a recommendation would be fulfilled is conveyed by the paragraph as a whole. | High alignment.  The document is aligned with the cohesion relevant CSR of 2014 and explains in great depth how the recommendations will be implemented by intended reforms/actions. It is clearly shown how the intended reforms coincide with the recommendations made and will help to address these issues. |
| MT | The structural reforms needs identified in the CPP, which play a key role in the effective and efficient use of EU Funds, are clearly linked to CSR and PA challenges. | Sections 1.1 and 1.3 of the PA contain explicit references to all the relevant CSR/structural challenges and the description of the strategy clearly identify them as priorities to be addressed.  Section 2.5 on the assessment of the needs in terms of administrative capacity does not include a direct reference to relevant CSR but the only CSR (2014 5.1 – public procurement) strictly related to administrative capacity is included in the issues to be tackled. | All cohesion relevant challenges are covered. | The PA indicates that the priorities are closely related to the objectives of the Europe 2020 Strategy, the CSR and the needs identified in Section 1.1. | High alignment.  The programming document largely addresses the key CSR proposed and the structural challenges identified. |
| NL | The CPP identified three most pressing challenges (innovation-friendly business environment, LM participation and employability, resource efficiency) which are all addressed in the PA document. | The relevant CSR/structural challenges are generally clearly and explicitly set out in Sections 1.1 and 1.3 of the PA.  Section 2.5 on the assessment of the needs in terms of administrative capacity does not include a direct reference to CSR/structural challenges. | The recommendations/challenges which are not covered in the PA deal with the following issues:  Health and long-term care (2014 CSR 3.3 + 2013 CSR 3.3 + 2012 CSR 2.2); Wage setting (2014 CSR 4.2); Congestion / Transport (2014 CR 4.1)  Institutional capacity, public administration and justice systems (2014 CR 6.1 + 2013 CR 2.1 +2012 CR 3.1). | CSR play an important role in the expert’s opinion as the PA indicates that the priorities are closely related to the proposed recommendations and the needs identified in Section 1.1. | High alignment.  Apart from the recommendations/challenges which do not seem to be reflected in the PA (see the previous point), the programming document largely addresses the key CSR proposed and the structural challenges identified. |
| PL | All CSR/structural challenges mentioned explicitly or implicitly in the CPP can be found in sections 1.1 or 1.3 of PA. | The PA often refers to the relevant CSR/structural challenges in sections 1.1 and 1.3. These references are predominantly explicit. Under section 1.3 only one thematic objective (TO3) has no connection to CSR/structural challenges.  Section 2.5 on the assessment of the needs in terms of administrative capacity does not include any reference to CSR/structural challenges. | The recommendations/challenges which are not covered at all in the PA deal with:  “contrast labour market segmentation by stepping up efforts to ensure a better transition from fixed‐term to permanent employment and by reducing the excessive use of civil law contracts” (2013 CSR 3.2 and 2014 CSR 2.3).  “enhancing structured and formalised cooperation between higher education institutions and enterprises, raising the qualifications of teachers…” (2013 country report 2.1).  “Low environmental taxation; only country with no CO2 component in car taxation” (2014 Country report 1.1). | According to the expert CSR play a central role in the strategy. The PA indicates that the priorities are closely related to the objectives of the Europe 2020 Strategy, the CSR and the needs identified in Section 1.1. | High alignment.  Apart from three recommendations/challenges which do not seem to be reflected in the PA, the programming document largely addresses the key CSR/structural challenges identified by the European Commission. |
| PT | In terms of strategic alignment, the thematic structure adopted in the PA focused essentially on the three major priorities for funding defined in the CPP, namely (1) competitiveness and internationalization of the economy, employment and social inclusion, (2) education and training, (3) resource use efficiency and sustainability. It also adopted two transversal domains related with the reform of public administration and the territorial approach to the interventions. | The PA only has a few explicit references to CSR/structural challenges, all regarding the policy area “Institutional capacity, public administration and justice systems”, namely the recommendations to reduce the number of local government entities, to reform and improve the functioning of the judicial system.  However, there are plenty of implicit references to most of the CSR, in particular to the ones presented in 2013 and 2014. These references abound throughout Section 1.1, but are also present in Section 1.3 for half of the thematic objectives. | Apart from the need to strengthen active labour market policies, in general some recommendations related with reforms of the labour market (e.g. 2014 CSR 3.1 on employment protection and LM segmentation) and wage setting (e.g. 2014 CSR 2.1) are not clearly stated in the document.  Also regarding the transport policy area, the references to 2014 CSR 6.2 are vague and do not cover issues like ports sector reforms, ports and metropolitan transport concessions, financial sustainability and management independence of state owned transport sector companies, and increased efficiency and competition in the railways sector.  Also, there are no references to the need to eliminate payment delays in the public sector (2014 CSR 7.2). | The document states that the programming of the 2014-2020 ESIF was structured in the PA in order to intervene in critical domains in which the implementation of the funds would allow a convergence between the Europe 2020 goals and the national strategic objectives laid out in the National Reforms Plan, in a context of severe restrictions associated with the – then ongoing – procedure of correction of the macroeconomic imbalance. | Medium alignment. Although there are only a few explicit references to CSR in the document, it implicitly covers a large part of the CSR presented in 2012, 2013 and 2014. Nevertheless, the document does not highlight a clear relation between the PA and support of the ESI Funds to the CSR and structural reforms, so this does not come evident as a central issue. |
| RO | The PA is coherent with the funding needs indicated in the CPP by thematic objective. The PA details to a greater extent the challenges and the funding priorities and needs, addressing in a more clear manner the CSR/structural challenges. | The PA refers to all cohesion relevant CSR/structural challenges, i.e. those which imply investments.  Sections 1.1 and 1.3 of the PA often include explicit references to the CSR challenges. Section 2.5 on the assessment of the needs in terms of administrative capacity include direct references to a number of structural challenges such as: weaknesses in the management and control systems, public procurement, improve efficiency and effectiveness, enhancing quality of the public expenditure, use of impact assessments, coordination among institutions responsible for funds management. | Only the regulatory CSR/structural challenges are not covered by the PA:  2012 MoU 2.1. phase out regulated prices in electricity and gas;  2012 MoU 7.1 and 2014 CSR 2.3 regarding employment protection legislation, adoption of the flexicurity principles and reduction of tax burden for low and middle income earners;  2012 MoU 5.1 and 2014 CSR 4.3 regarding the reform of the wage setting system and transparency of the minimum wage setting. | The PA indicates that the funding priorities are closely related to the objectives of the Europe 2020 Strategy, the CSR and the needs identified in Section 1.1. | High alignment.  The PA addresses the relevant CSR proposed by the European Commission and the structural challenges identified. These played a major role in the programming process, and in the development of the document. The CSR and the CPP set the foundations for the design of the document. |
| SE | The treatment of structural challenges is coherent in the PA and the CPP. The PA contains a structured analysis of the challenges and development potential (Section 1). | The CSR concerning the themes of competitiveness, SMEs, innovation, labour market and social exclusion, sustainability and resource efficiency, upgrading of the rail system have been referred implicitly but systematically in the PA. | The CSR concerning housing and other social infrastructures as well as those on the effects of reduced VAT on job creation (2012 CSR 3.2, 2013 CSR 4.3) have no role in the PA.  Planning and land policy in connection to housing are problems basically limited to Stockholm and other major city regions. The CSR concern mainly the reforms in legislation and institutional arrangements which are outside the scope of EU funding. | Central role of the recommendations in relation to the themes of competitiveness, SMEs, innovation, labour market and social exclusion, sustainability and resource efficiency. | High alignment.  The analysis of main challenges and the specification of reform needs and priorities are based on a long-run research and political discussion whose background are the experiences of the earlier programme periods and an analysis of the new challenges.  There has clearly been a lot of interaction between the CSR process and the preparation of the CPP and PA. |
| SI | The CPP identified three most pressing challenges (low labour market participation, burdensome business environment hindering competitiveness on domestic and export markets, inefficient use of resources) which are all addressed in the PA. | The relevant CSR/structural challenges are generally clearly set out (mostly with an explicit reference) in Sections 1.1 and 1.3 of the PA.  Section 2.5 on the assessment of the needs in terms of administrative capacity does not include an explicit reference to CSR but highlights that one of the actions to be carried out concerns the need for adequate administrative capacity (especially in the field of public procurement and environmental impact assessments), which is in line with one of the issues raised in the 2014 Country Report (3.1). | Apart from the CSR/structural challenges that are not cohesion relevant, the only recommendation not adequately covered concerns energy infrastructure (2012 CR 1.1) | The PA indicates that the priorities are closely related to the objectives of the Europe 2020 Strategy; Table 6 (Selected thematic objectives and a summary of the main results expected for each Cohesion Policy Structural Fund) clearly demonstrates the relation between the CSR, the needs identified in Section 1.1. and selected thematic priorities. | High alignment.  The PA document largely addresses the key CSR proposed by the European Commission and the structural challenges identified. |
| SK | The selection of funding priorities is in line with the recommendation made in the Position Paper. There is a clear reference to the Position paper regarding the institutional capacity of public authorities (chapter 1.3.5.1.2). The overlap is particularly evident in relation to labour market measures, integration of marginalised communities, energy efficiency, education and vocational training, research and development, institutional capacity of public authorities etc. | The majority of selected thematic objectives and expected results outlined in chapter 1.3 of the PA refers explicitly to CSR and other structural challenges identified. The reference to structural challenges exists also in part in subchapter 1.1. The CSR focused on institutional capacity are incorporated in the subchapter 2.5. Especially in the field of corruption and fraud, transparent financing of political parties, ESIF implementation and public procurement. | The document covers all cohesion relevant CSR while those linked to sustainability of public finance (excessive deficit reduction) and taxation, pension system, cost-effectiveness of healthcare are not addressed. | According to the expert, the CSR and other structural challenges identified in the Country Reports play an important role in the definition of the strategy. | High alignment.  The document clearly defines the measures which are necessary to achieve the objectives linked to CSR (mainly in subchapters 1.1 and 1.3). Each chapter includes a subchapter focused on Thematic Objectives and clearly analyses the present state, funding needs and expected results. |
| UK | The evidence suggests that there is extensive coherence between the treatment of CSR/structural challenges in the PA and the requests made in the Position Paper. | The CSR and the other structural challenges tend to be discussed throughout the document with extensive discussion in the section 1.1. on Disparities, challenges, objectives and the results expected. | Most challenges are addressed apart from those concerning housing and mortgage lending and banks | According to the expert the CSR play an important role since the priorities are largely in line with the cohesion relevant recommendations made. | High alignment.  There is an extensive coverage of CSR proposed and other challenges identified. |

# Annex 5 – Summary of the analysis of Operational Programmes

Table - Key findings from the analysis of Operational Programmes

| **Member State** | **Coverage of CSR/structural challenges in OPs** | **Assessment of how ESIF implementation was influenced** | **Obstacles to use of ESIF** |
| --- | --- | --- | --- |
| AT | All cohesion relevant CSRs are addressed either implicitly or explicitly in the Austrian programming documents. The most important CSRs for programming are those concerning gender equality, labour market participation of women, elderly and people with migration background as well as the improvement of educational outcomes. | The desk analysis and the interviews highlighted that the CSRs/structural challenges influenced significantly the programming and implementation of ESI Funds in Austria, at least as far as ESF is concerned. As most CSRs referred to challenges in the labour markets, gender equality and education, it was especially the Austrian ESF OP that was affected most by the European Semester. The CSRs/structural challenges are less relevant for the other funds and only some of them are addressed, implicitly, in the respective programmes. | No particular obstacles emerged, apart from the mentioned issues of limited ESI resources in Austria. Other constraints may include: human resources’ bottlenecks in the administration of the OPs and projects. |
| BE | The various programming documents generally address the most relevant CSR/structural challenges.  The ESF OPs cover the recommendations related to employment, education/training and inclusion while the remaining programmes (three ERDF OPs, one EMFF OP and one EAFRD OP were anlysed) mostly refer to the recommendation on the reduction of GHG emissions. | In the four ESF OPs, programming was significantly influenced by the Semester as the selection of the various priorities was largely based on the CSR whereas in the five other programmes the role of the CSR seem to be more marginal. | The fact that competences are shared between various levels of government;  The mismatch between annual CSR and multiannual ESIF planning;  The fact that all CSR are provided at the level of the country and none at the level of the regions. |
| BG | Having relatively high alignment with the CPP and the PA, it is somehow natural that CSRs/structural challenges are adequately supported in the Bulgarian OPs. Nonetheless, it should be noted that this support varies depending on the type of OP and its objectives. Where relevant, CSRs were properly analysed and supported in all of the OPs but most comprehensively in OPGG, OPIC and OPRG.  The different Operational Programmes target CSRs through different funds – ERDF, ESF, EAFRD, and EMFF, with ESF and ERDF being significantly more aligned with the available CSRs for Bulgaria. | It is clear from the overall assessment that ESIF programming has been influenced by the CSRs/structural challenges. In fact, the main recommendations and directions provided in the strategic documents (e.g. the PA and the CPP) is integrated in the texts of the OPs. In most of the OPs there is very high alignment between the CSRs and the ESIF. Such would be the case, for example, with 2012 CSR 5.1 (absorption of EU funds) in OPGG, 2013 CSR 7.3 (energy networks) in OPIC, 2014 CSR 2.2 (healthcare), 2014 CSR 4.1 (reform of vocational and higher education) in OPRG, and 2012 CSR 3.3 (Roma integration strategy) in OPHR. | No specific obstacle to the use of ESI Funds for pursuing structural challenges was mentioned in the interviews. |
| CZ | The absolute majority of CSRs and structural challenges raised in Country Reports have been addressed at least partially in the analysed programming documents, depending on specific thematic orientation of individual operational programmes and particular country specific recommendations. The cohesion relevant CSRs/structural challenges can be divided into three groups according to their treatment in programming documents. First, the recommendations related to an increase of availability of childcare facilities and services are addressed thoroughly by several OPs. Second, the challenges related to structural reforms in education, research evaluation and in the sphere of public administration are tackled explicitly and in a great detail and the ESIF support can be assessed as important. The third group of CSRs tackled in the OPs are those related to an increase in cost-efficiency of the healthcare sector and of energy efficiency of the national economy, however given the complex nature of these challenges, the ESIF support can contribute only partially to address them. | In most cases, the policy recommendations played the role of important standpoints for the definition of developmental problems and funding needs and priorities. The high alignment might be attributed also to internal needs of the Czech Republic as the majority of recommendations are in line with the desirable structural changes reflected in domestic but also in European strategic documents. In addition, the identified close interconnection of CSRs/structural challenges with ESIF programming documents can be also attributed to the fact that most of the structural recommendations are in line with the respective ex-ante conditionalities (e.g. on efficiency and transparency of public administration, namely the Public Service Act; on social inclusion of Roma people; on performance-based funding of research institutions etc.). | Two major obstacles for using the ESIF for addressing the challenges underlying CSRs have been identified. First, the interviewees mentioned the incoherence between the programming period spanning 7 years and the annual publication of CSRs makes it very difficult to address properly the CSRs, which might emerge after the approval of the relevant OP. Current design of OPs (including the N+3 rule) as well as the lengthy procedure of OP amendment limits significantly the space for incorporation of newly formulated CSRs.  Second, the majority of CSRs do not only require investments but also regulatory intervention and the political support of key decision-makers. The ability of the authorities that are responsible for implementation of the EU Cohesion Policy to influence the political process is only limited.  The fact that addressing of CSRs might in certain cases actually mean reallocation of resources from other activities and thus might lead to various tensions among stakeholders concerned is another potentially relevant obstacle for using ESIF for addressing CSRs, even though a rather minor one. |
| CY | Key CSRs/challenges addressed by the majority of OPs were the challenge related to the integration of young people to the labour market and the challenge associated with the introduction of RTDI measures. Challenges on Energy networks (2015 MOU 8.1 and Related challenges 2014 MOU 8.1 and 2013 MOU 9.1) and Gender equality (2013 CR 1.1) are referenced in 2 out of 4 OPs. ERDF OP addresses most of the challenges, except for 2012 CSR 5.1 on the enhancement of skills of the workforce, 2013 MOU 6.1 on wage setting, 2012 CR 1.1 on the enhancement of the business environment and the acceleration of the process of enforcing contracts and 2013 MOU 7.1 on the evaluation of public employment schemes. The ESF OP adequately supports all related challenges. EMFF and EAFRD support few of the challenges indirectly. | ESI Funds programming was significantly influenced by the Semester. The design of the ERDF and ESF OPs reflected the CSRs/challenges which emerged from the MOUs.  There is an indirect linkage with EAFRD and EMFF. The former places emphasis on introducing innovative technologies to agricultural production, the promotion of energy efficiency. EMFF places emphasis on business innovation and skills enhancement. | There are no specific obstacles to the use of ESI Funds for pursuing the recommendations. |
| DE | Programme documents address the relevant CSR/structural challenges. They are taken into account in strategic planning and programming on the national level as the Partnership Agreement shows. The OPs react to the CSR and to the structural challenges emerging from Country Reports. Almost all CSR/structural challenges are covered in the programing documents. In many cases, they reflect the priorities that were already set at the national policy level (e.g. reducing long-term unemployment). | Overall, CSR/structural challenges are a point of reference for programming but not an exclusive one. Given that not all CSR/structural challenges require the use of ESI Funds and that the national budget for addressing structural issues in Germany is substantially larger than the EU resources, OPs are only one of the several “instruments” that contribute to tackle CSR/structural challenges.  As programming is mostly managed at regional (Länder) level, the specific situation and policy priorities in the respective Land play an important role. The influence of these priorities on the programming process is stronger than the influence of CSR. | The nature of most CSR/structural challenges which is regulatory and can be addressed by funds only to a limited extent.  The distribution of competences between the different administrative levels (e.g. some recommendations concern policy areas that go beyond the sphere of intervention of Länders which manage the bulk of ESIF in Germany).  The critical mass of ESI Fund resources made available in a certain context can be an important constraint for what is actually feasible. |
| DK | For both the ERDF and the ESF, the alignment between CSRs/structural challenges and the OPs is significant. The ESI Funds are relatively small in Denmark in comparison to most other EU countries and compared with other growth oriented policy initiatives in Denmark. They are therefore not used to pursue large structural reforms.  The ESF is manly focused on CSRs concerning education, labour supply, employment of marginalised groups and productivity. These are addressed consistently and the ESF is regarded as an appropriate tool to address these challenges.  The ERDF is mainly focused on CSRs/structural challenges which concern productivity gains and energy efficiency (and SMEs/entrepreneurship and innovation).  EARDF mainly target the energy/environment CSRs and to some extent vocational education. EMFF only address CSRs to a very little extent. The mentioning of the importance of transforming the fishing industry to a sustainable and climate friendly industry is the only part that relate back to CSRs. | On the basis of the desk analysis and the interviews, the national expert concluded that the implementation of ESI Funds was influenced by CSR/structural challenges in relation to supply of labour, higher attainment rates especially in vocational training, lower drop-out rates, more apprenticeships, inclusion of marginalised groups in the labour marked, efficient shift to a low carbon economy and productivity challenges. The need to increase productivity gains is probably seen as the biggest overall challenge for Denmark by the Danish Government. | The main obstacles to use ESI Funds for pursuing structural reforms in Denmark include: their limited financial size; the fact that they are not considered as suitable tools to address several CSRs characterised by a regulatory nature or which cannot be directly linked to TOs. |
| EE | The OP for Cohesion Policy Funding 2014-2020 (covering both the ERDF and the ESF) addresses many CSRs/structural challenges and the initiatives proposed contribute to tackle the respective challenges. The focus is on resources efficiency, employment and employability of workers, transport, labour market integration of all people, education, RTDI, energy and institutional capacity. The EAFRD and the EMFF OPs addresses certain elements of the CSRs/structural challenges. | The starting bases for the ESI Funds programming were the Position Paper, the Partnership Agreement, the National Reform Programmes (2012, 2013 and 2014) and the 2012, as well as 2013 and 2014 CSRs. The desk analysis of the OPs, the mobilised IPs and Specific Objectives have highlighted that the ESI Funds programming was clearly influenced by the CSRs. | No major obstacles were highlighted regarding the effective use of ESI Funds for structural reforms. |
| ES | The CSRs have been considered by explicitly referring to them or by taking them into account implicitly (i.e. without explicitly mentioning the recommendations but incorporating initiatives that contribute to achieve them) when designing the lines of actions and priorities in the OPs. The alignment between CSR/structural challenges is especially significant in the case of the ESF OPs which cover all relevant 2014 CSR (3.1, 3.2; 4.1, 4.2, 4.3, 4.4 and 5.1); these address topics that the ESF has been dealing with for many years; what has changed in the current ESF OPs is the order of priorities due to the CSRs, the ESF is devoted entirely to pursue the CSRs.  The CSRs less supported by the OPs are those related to national responsibilities such as the national RTDI strategy (2014 CSR 6.2, CSR 7.1) or the establishment of an independent body to assess major transport infrastructures (2014 CSR 7.2). | The CSRs/structural challenges have steered the programming and the implementation of the ESI Funds in Spain.  The starting bases for the ESI Funds programming were the Position Paper, the Partnership Agreement, the National Reform Programmes (202, 2013 and 2014) and the 2012, as well as 2013 and 2014 CSRs. The ESI Funds programming was hence clearly influenced by the CSRs, apart from those of legislative or regulatory nature. In particular the ESF is devoted entirely to pursue the CSRs. In fact, the ESF OPs are designed to cover the CSRs related to social inclusion and employability for vulnerable groups, fight against youth unemployment, promotion of gender equality, adaptation of qualification to labour market needs, and educational/training needs. | No major obstacle was highlighted apart from the nature itself of CSR, namely structural challenges that imply regulatory changes are more difficult to be addressed. |
| FI | In Finland, there is one common ERDF and ESF programme for the Mainland Finland and another for Åland (ERDF and ESF). The specification of priorities is based on both CSRs and national and regional analysis of challenges and development needs, as well as on the experiences of the earlier programme periods. The ESF parts in the OP are closely related with the respective CSRs on LM integration of young people, access to employment, social exclusion etc. while the connection between the ERDF parts and the CSR/structural challenges is weaker because most of the respective CSRs are general, for example the recommendation concerning the diversification of the business structure.  The EAFRD and EMFF programmes respond to the CSRs related to competitiveness of SMEs and resource efficiency but also to employment. | In the OP of Mainland Finland the chosen thematic objectives which will be pursued by means of the ESF and the specific objectives are closely related to the relevant CSRs. The 2012-2014 CSRs concerning the themes of labour market, education and social inclusion have followed the lines of earlier years and there was no significant change in the implementation.  The CSRs concerning ERDF themes have influenced the choice of thematic objectives while the selection of the specific objectives has been based first of all on the analysis of regional challenges, especially with respect to the objectives of SME competitiveness and innovation promotion. | The analysis and the interviews did not highlight any specific obstacle which prevents from using ESI funds to address structural challenges in Finland. All programme documents are based on the principle that ESI funds should be used for pursuing structural reforms both at national and regional level.  However, the changed economic environment, especially the prolonged economic downturn, may affect the implementation to some extent. For example, the declining employment in most regions makes it difficult to tackle the challenges which are concerned with training and supplementary education aimed at increasing employment of youths and vulnerable groups. |
| FR | The main CSRs/structural challenges that were targeted in the programming documents are those aimed at:  • Promoting economic development through innovation and technology transfer;  • Supporting the development of human resources and skills, by giving access to training and employment to young people, older people, vulnerable groups, and paying attention to gender equality, career guidance, life-long learning, preventing school dropouts etc.  CSRs and structural challenges that concern how to regulate the economy and especially the wage setting-system have not been addressed not only because some of those challenges require initiatives that go beyond the sphere of intervention of ESI Funds but also because there is not a consensus at the national on these policy options. | There is a broad convergence but not a direct causal relationship between some CSRs/structural challenges and national as well as regional programming.  There is a strong alignment between CSR/structural challenges and ESI Funds programming in relation to the need for:  • contrasting labour market segmentation (ESF and national OPs YEI)  • improving the life-long learning for young people and job seekers (ESF National OP, OP YEI, all regional OPs)  • supporting older people employment (national ESF OP)  • promoting innovation to improve the competitiveness of companies and the economy in general (all regional ERDF ESF OPs and EARDF) | The ESI Funds have a marginal financial weight compared to the public funding available for innovation support, SMEs development, training and life-long learning and active inclusion policies.  A broad principle, when elaborating OPs, has been to target SOs with a value-added in the context of the existing public policies.  Despite the Commission's proposals to simplify the use of ESI Funds, there are still problems related to the mobilisation of stakeholders, the implementation of management systems and the implementation and use of the “Synergie” information system. |
| GR | With the exception of EMFF, the strategy and design of all other programmes is based on MoU/Country Reports’ challenges. In practically all OPs, challenges related to measures against permanent unemployment, RTDI, Education and Energy Efficiency are referenced. The tight timeframe for the fulfilment of the MoU reforms, which is a precondition for financial instalments often comes in contradiction with the ESI funds regulatory framework (transparency and public procurement rules), which is rather slow and bureaucratic. | ESI Funds implementation was significantly influenced by MoU/Country Reports’ challenges. The design of the ESF OP was based on the recommendations of the revised MOU (May 2013) and the CPP.  The same applies to the majority of regional OPs (e.g. OP Western Greece, Western Macedonia, Central Macedonia, Peloponnese, Continental Greece). To some extent also the design of EAFRD was based, among others, on the priorities of the MoU Adjustment Programme, which reflects the Council recommendations to be included in the National Reform Programme. | A major obstacle is time. Reforms must be implemented within a limited timeframe dictated by the MOUs while ESIF processes need at least 6 months to conclude due to lengthy maturity processes of the beneficiaries and competition rules including the need for international tenders. Other obstacles: expropriations, the regulations for the protection of cultural heritage, ongoing litigations, the slow jurisdiction process, environmental impact assessments etc. |
| HR | The Croatian OPs support CSR/structural challenges to a significant extent. This is particularly the case of the ESF addressing almost all issues relevant for the labour market such as the integration of young people (Croatia has one of the highest youth unemployment rates in the EU-28), labour market relevance of education and training (Croatia’s educational system is outdated and does not respond to the requirements of the labour market). However, investment priorities of the ESF go far beyond the scope of CSRs. The remaining programmes (ERDF, EAFRD, EMFF) focus on some of the key areas of CSRs: research, technology development and innovation and energy networks. | The desk analysis showed that CSR/structural challenges played an important role in the early stage of programming. There are also numerous references to the CSRs particularly in the ESF OP and to a lesser extent in the other programmes. Programming documents addressed a variety of challenges, with a focus on labour market issues such as the access to employment and employability of workers, labour market integration of young people, improvement of the labour market relevance of education and training, but also on research and technology, energy networks and resource efficiency, business environment and institutional capacity. | There are two main aspects to be mentioned:  -coordination at government level, e.g. to coordinate the ministries involved. There is also a high fragmentation and overlapping of responsibilities.  -capacity to implement sound policies, measure effectiveness, make decisions based on previous experiences, ensure effective and timely use of ESI funds. |
| HU | All cohesion relevant CSRs have been covered at least by one strategic document. Moreover, the Public Service Development OP covered some CSRs not directly relevant for cohesion but dealing with public finance, banking, corruption and liberalisation.  The CSRs targeting poverty and social inclusion can be considered a top priority, because almost all of the strategic documents refer to them. The other main CSRs which are extremely important are the ones about employment and education. These three policy areas – education, employment and poverty – covers almost half of the recommendations each year. | The alignment of programming documents and CSR/structural challenges was assessed as high in the PA case and medium-high in the case of the OPs considering that each of these is focused on a more limited set of challenges.  Two OPs are particularly important for contributing to address structural challenges and were assessed as very much aligned to the Semester’s recommendations (Economic Development and Innovation Operational Programme and Central Hungary Operational Programme), because these documents cover a large number of challenges raised. | The lack of own resources can slow the implementation of structural reforms, and the frequent changes in the structures and human resources of relevant state organizations is also likely to hinder reforms. |
| IE | Ireland was not part of the Semester process until 2014 and there were was only limited CSR involvement before that as relevant to Cohesion policy. However, it should be emphasised that Structural Fund documentation has been influenced from the outset by imperatives that relate to the Structural Reform agenda and the ongoing actions arising from the Troika process. The OPs focus on all the cohesion relevant structural challenges as they relate to: The labour market, favouring reform and inclusion; Research, technological development and innovation; Product market reform as it relates to access to finance for SMEs and inadequate commercialisation of research; Network industries-correction of market failures. | The issues covered in the CSRs are priorities for the Irish Government national programmes. A considerable amount of the activities funded by both ESI Funds and mainstream national programmes are relevant to addressing the CSRs, either directly or indirectly. There is strong alignment between ESI Funds programming and the CSR challenges. This is particularly the case with reform in the labour market. In deciding what should be the priorities for the use of ESI Funds the respective Irish departments have been fully aware of the importance of realising the objectives contained in the CSRs. However, it should be recognised that the volume of ESI Funds is relatively small compared to those committed by mainstream Government programmes. | According to the analysis and the interviews there is no specific obstacle to the use of ESI Funds to pursue structural reforms in Ireland. |
| IT | The OPs support the Italian CSRs and structural challenges extensively. The contribution of National OPs to the Italian CSR and structural challenges is inevitably influenced by the policy area addressed at programme level. E.g. the NOPs focusing on policy areas such as Education and Social inclusion are substantially CSR-oriented and include a relatively high number of references to structural challenges. Overall, ESF and ERDF are the most important as far as CSR coverage is concerned.  EAFRD and EMFF programmes, include a number of references to CSR/structural challenges, but Semester indications seem to play a more marginal role. | Cohesion relevant CSRs have extensively influenced the programming of ESI Funds. This is proved by the numerous references as well as by the justifications for the choice of Thematic Objectives, related Investment Priorities and Specific Objectives. Particular importance was given to the CSRs on: (1) Better management of EU Funds; (2) Transport infrastructure/logistics; (3) SME access to credit; (4) Youth unemployment; (5) female labour market participation. | Some general issues were highlighted in the interviews. The nature of the CSRs tends to give general indications to Member States rather than specific or detailed ones. This means that some recommendations might be adequate for a number of regions (and relative OPs) but not necessarily for all of them. In order to be truly effective, a recommendation should therefore be as much accurate and tailored as possible. The mismatch between the CSRs yearly time frame and the seven-years programming cycle prevents an effective pursue of structural reforms. |
| LT | All cohesion relevant CSRs/structural challenges were targeted in programming documents although not all of them were addressed explicitly. Recommendations on improving employment (particularly 2012 CSR 3.1), boosting energy efficiency (2012, 2013, 2014 CSR 6.1) and reducing greenhouse gas emissions (2012 CR 2.1, 2013 CR 2.1 and 2014 3.1) were targeted most often. Even when no explicit references to CSRs can be found in the OPs, the programmes are adequately aligned with the cohesion relevant CSRs/structural challenges as demonstrated by the actions and the specific objectives pursued in the OPs. | The desk analysis shows that CSRs/structural challenges were important in the early stage of programming. However, the interviews suggest that, despite the coherence between the various documents, the actual alignment can be more accidental than sought: implicit references to CSRs/structural challenges found in the OPs are there because they reflect the wide range of goals of Cohesion policy. In any case, the content of the OPs is largely dependent on the development and funding needs outlined in CPP and PA and CSRs were explicitly cited in the descriptions of those needs. | According to the interviewee, the main obstacles which may hamper the implementation of CSRs and structural reforms (including through ESI funds) are the lack of political will and the poor institutional capacities. Political will may help to ensure the correspondence between CSRs/structural challenges and ESIF programming documents. Good institutional capacities are vital for ensuring the smooth implementation of ESI funds and, accordingly, CSRs/structural challenges that these funds address. |
| LU | The CSRs/structural challenges, mainly those regarding the diversification of the economy and the need to conduct an adequate policy to prevent youth and migrants unemployment, which is a new situation in Luxembourg, were considered, sometimes explicitly but more often implicitly, in the 3 national programmes (ERDF, ESF and EAFRD).  This does not imply an effective causal relationship but rather a common understanding of structural challenges to be addressed between the European Commission and the Luxembourg Authorities. | Implementation of 2014-2020 programming was influences by CSR/structural challenges. Examples of how the various funds are used to pursue recommendations made by the Commission include the following:  • EARDF is used to: support young farmers (UP2FAb); finance supply chain development policy and business networks to improve competitiveness (UP5FAb and UP5FAd)  • ERDF pursues several specific objectives aligned with the proposed recommendations such as: SO1b on technology transfer; SO4c and SO4d on energy consumption in public buildings.  • ESF addresses: youth training (SO821, SO922) and seniors (SO811, SO813). | Two main obstacles to the use of ESI Funds to address structural challenges have been highlighted:  • The nature and scope of some CSRs do not fit with the ESI funds regulation (e.g. minimum wage, taxes);  • Some CSRs raise issues that are mostly relevant for the national policy or for cooperation between the private and the public sector (Care for old people, Health facilities) rather than for the ESI Fund programmes. |
| LV | The OP Growth and Employment referenced CSRs/structural challenges either explicitly or implicitly. The document discusses at some length how the referenced recommendation goals will be achieved via in-depth discussions of investment targets, priority axes and specific objectives. Therefore, the OP was also highly aligned with cohesion relevant recommendations, missing only a challenge on transport from the 2014 Country Report (CR 3.1). | There is close alignment between ESI Funds programming in Latvia and the CSRs/structural challenges. It would seem that the approach taken by the MA is to tackle as many of the issues as is possible given the funding that the MA has. To exemplify: reform of the higher education and sciences system, an issue much referred to in the CSRs, is one of the most frequently mentioned issues in the ESIF programming documents. The same can be said about healthcare, judicial reform, social exclusion and poverty—these issues are well represented in both the CSRs and in ESI Funds programming documents. | The main reason for not using ESI Funds mentioned by the MA, is that there are occasions, where the line ministries see no reason to use funding to achieve the necessary goals, e.g. the same benefit can be gained via amendments in legal acts. Other than that, wherever needed, the funding provided by ESIF is believed to be used efficiently overall. |
| MT | All OP, particularly the ERDF and ESF programmes, include reference to the CSR/challenges. The ESF contributes to address especially the challenges related to: Healthcare reform; Labour Market relevance of education; Early school leaving; Female employment; Efficiency of public procurement; Reform of the judicial system.  The ERDF contribute to address CSR/structural challenges related to: Public health infrastructures; Education infrastructure; Diversification of the Energy sources; Transport GHG emissions; Waste and Water management; RTDI; SMEs access to finance/venture capital funds; Investment in road transport.  The EAFRD programme addresses certain elements of the CSRs and structural challenges in the policy area of: RTDI, Business environment, Energy networks, RES and emissions, Resources efficiency (water and waste), Combatting discrimination and poverty, Improving access to quality education and training and Improving the LM relevance of education & training systems.  Although including only implicit references to CSR/structural challenges, the EMFF programme addresses them systematically in relation to research and innovation, SMEs in fishery and aquaculture sectors, safeguarding ecosystems, support to professional training. | In general there is substantial alignment between the ESI Funds programming and CSRs and structural challenges. The recommendations plaid a central role in programming and implementation, at least as far as ESF and ERDF are concerned.  The SO and the actions included in the programmes are relatively exhaustive on how the OPs support the challenges. | The recommendations need to be addressed through a regulatory change which cannot be implemented by the MAs or is beyond their control.  Also, the need for concentration on a limited number of priorities could clash with those structural challenges which require extensive interventions, possibly in multiple directions. |
| NL | Even though most cohesion relevant challenges are addressed, to a varying degree in the programming documents, the interviews suggest that the total amount of available ESI Funds in the Netherlands is too small to target all the CSRs. As a consequence the regions have made different choices on the most relevant challenges to deal with. For example: the West Netherlands OP is focused on the “energy-related” and “labour market-related” CSR. At the national level, as highlighted during the interview with the ministry of Economic Affairs, the focus is on the “innovation” and “low carbon energy-related” CSRs/structural challenges. | There is alignment between the ESI Funds programmes and the CSR/structural challenges.  The major themes in the ESI programmes are directly derived from the CSRs, viz. “innovation”- and “low carbon energy”.  On the other hand however not all CSRs were dealt with in the program. | Not all structural challenges were targeted through ESI funds, because the total resources are not considered sufficient to address the complex issues fully. Different choices had to be made by each OP strategy. |
| PL | The various programming documents generally address the cohesion relevant CSR/structural challenges, and the proposed actions seem to reasonably contribute to tackle these.  The sectoral and regional OPs covered the most important recommendations specified for Poland, i.e. support for R&D and innovation, sustainable energy, waste management, institutional capacities (mainly in the area of e-administration and e-public services), as well as female, 50+ and youth participation in the labour market. Issues related to employment, education, training, life-long learning and social inclusion were also included in the programming documents. However, some recommendations – like those referring to the labour market segmentation– were found to be besides the main stream of activities within the ESI funds, and were not reflected in the programming documents. | It is difficult to assess to what extent CSRs/structural challenges influenced directly ESI Funds programming. The reason is that CSRs/structural challenges are focused on issues that are widely known and generally accepted as important, and present in the debate on socio-economic development of Poland. Most of them (e.g. R&D, innovation, labour market, institutional capacity, railway investment) have been known – and valid – for many years. It is very likely that even without CSRs/structural challenges the Polish OPs would have been largely similar to the existing ones. However, the role of CSR/structural challenges is not negligible either: they helped to focus – to some extent – the OPs on key challenges. | No particular obstacles as far as cohesion relevant CSR are concerned. Also, short-term challenges linked to some urgency cannot – and perhaps should not – be directly addressed by the ESI Funds since Cohesion policy should be of long-term character, and a policy that reacts to quickly changing domestic and international situation. |
| PT | Until June 2014, the Portuguese public policies were heavily dependent of the macroeconomic conditionalities and the Memorandum of Understanding that was determinant for the design of the Partnership Agreement (PA). All the 2011 recommendations of the Council implementing decision on granting Union financial assistance to Portugal are implicitly referred to in the Position Paper (CPP), and therefore play a central role in this document. Although there are only a few explicit references to CSRs in the PA, it implicitly covers most of the CSRs presented in 2012, 2013 and 2014. | There is a great overall alignment between the priorities presented in the Portuguese ESI Funds programming documents and the structural challenges/CSRs. This implicit relation is evident from the analysis of all the programming documents. It should be highlighted that, in retrospective, a great part of the issues addressed by the structural challenges/CSRs produced in the context of the European Semester were already steering the programming and implementation of ESI Funds in the previous programming period. | The structural challenges that were put in evidence in the 2011 Recommendations and implicitly presented in the CPP were more related with legislation and regulation measures, not as much with investment and, therefore, in these cases the use of ESI Funds to address them was not pertinent. Other than this, the ESI Funds have been used extensively to pursue structural reforms in Portugal. In the current programming period there is still no evaluation study focused on the implementation of the ESI Funds, and it is too early to evaluate its effectiveness. However, in the previous programming period ESI Funds were already allocated to most of the areas targeted by the latest CSRs, and its results showed significant progresses – although still insufficient to solve all the structural challenges, especially in an adverse macro-economic context. |
| RO | CSRs/structural challenges played a central role in the programming process and appear to be central in most of the Operational Programmes. The OPs are addressing all the relevant cohesion challenges (except a small number of regulatory ones) A large number of cohesion relevant policy areas (twenty) are covered. Only four challenges are not referred to in OPs, and all four are purely regulatory: 2012 MU7.1 and 2014 CSR 2.3 regarding employment protection legislation, adaption of the flexicurity principles and reduction of tax burden for low and middle income earners; 2012 MU 5.1 and 2014 CSR 4.3 concerning the wage setting system and transparency of the minimum wage setting. | In the ESF, ERDF and CF OPs, the CSRs/structural challenges have a central role in the programme strategy, with clear explicit or implicit references in different sections of the OPs, a large number of challenges addressed and/or a large proportion of the specific objectives of the OP related to CSRs/structural challenges. In the NRDP and OPFMA CSRs/structural challenges do not have a central role, due to the nature of the interventions focused on agriculture, rural development fishery and maritime affairs, which are not directly targeted by the CSRs.  Both in the programming and the implementation phase, CSRs are rigorously managed with a coordination role assumed by Ministry of European Funds, working closely with Ministry of External Affairs, responsible for National Reform Programmes and the CSRs. | The main obstacles in using ESI Funds to pursue the structural reforms is the insufficient capacity of the authorities responsible for the management of funds and of the beneficiaries, already manifested in the 2007-2013 programming period. The persistence of this weaknesses is reflected at present in the delay in the implementation of the OPs, including the TA measures which were planned to support the administrative capacity development, and the slow progress in achieving the ex-ante conditionalities. |
| SI | All cohesion relevant CSRs/structural challenges were targeted in programming documents, especially in the PA, although not all of them were addressed explicitly. The CSRs/structural challenges which are not covered at all deal with the following issues: Adjust employment protection legislation as regards permanent contracts in order to reduce labour market segmentation (2012 CSR 4.1), Energy infrastructure (2012 Country Report 1.1), Sustainable restructuring of over-indebted/ undercapitalised but viable companies through market-based solutions (2013 CSR 9.1). | The desk analysis and the interview showed that CSRs/structural challenges were important in the early stage of programming.  Overall, it can be concluded that ESI funds will support the implementation of CSRs/structural reforms in relation to health, long-term care, employment of older workers, public administration and life-long-learning but to a limited extent, due to the limited funds and to the complexity of structural reforms, which would need a very broad, systematic and inclusive approach. | The main obstacles that hamper the use of ESI Funds to address CSRs/structural challenges include: in some areas the funds are limited to be able to address complex structural reforms; CSRs are not always adequately communicated; horizontal coordination between ministries is not adequate (CSRs very often require inter-ministerial coordination); different views among political parties, ministries and experts on what would be politically and economically feasible. |
| SK | All cohesion relevant CSRs/structural challenges are either explicitly quoted or implicitly addressed in all the Operational Programmes, especially those funded by ERDF/CF and ESF. The CSRs/structural challenges have been addressed in the Country Position Paper and integrated in the Partnership Agreement and in the Operational Programmes at the beginning of the present programming period. | The CSRs/structural challenges focusing on labour market, public employment services, social inclusion, energy efficiency, energy market, public administration, education, regional accessibility as well as marginalised Roma Communities, business environment and R&D support are integrated in the OPs and their priority axes. There is high alignment between the CSRs/structural challenges and the ESIF objectives. The extent to which this strategic alignment will be reflected in actual spending can be assessed only in the next years. | The main obstacle which hampers the implementation of CSRs/structural reforms and which was highlighted in the interview is the insufficient volume of national resources and the lack of credible national policies which makes it difficult to address the challenges raised. A lot of CSRs/structural reforms (e.g. labour market, integration of marginalised groups, RTDI, education etc.) are periodically raised by the European Commission, however their implementation requires political commitment and political will. |
| SE | Cohesion relevant CRSs/structural challenges were targeted either explicitly or implicitly in all programming documents. The connection between the CSRs/structural challenges and the Swedish OPs is clear in relation to the ESF priorities concerning labour market participation and social inclusion. There is also a significant linkage between CSR/structural challenges and ERDF choices in relation to innovation, competitiveness of SMEs, R&D and sustainability (i.e. recycling and reduction of emissions). | Overall the CSR and the structural challenges highlighted in the Country Reports had a significant influence on programming. The selection of priorities is based on both CSRs and national and regional analysis of challenges and development needs, as well as on the experiences of the earlier programming periods. | The desk analysis and the interviews carried out in Sweden did not point out any obstacle hampering an effective use of ESI funds to contribute to address structural challenges. All programme documents are based on the principle that ESI funds should be used for pursuing structural reforms both at national and regional level. However, as in other MS where the share of ESIF is limited compared to national budgets (e.g. UK, DE, NL), the contribution of the funds to support reforms can only be marginal. |
| UK | The OP incorporate the CSR/ structural reforms and there is general alignment.  The ERDF OPs consider RTDI, access to finance for SMEs, the low carbon economy, climate change, floods and environmental protection, road transport and national infrastructure. The ESF OPs include initiatives which are in line with recommendations made by CSR such as: measures to place emphasis on addressing skill mismatches; measures to reduce the number of young people with low basic skills; improving lifelong learning opportunities; efforts to reduce social exclusion and child poverty in low-income households including the availability of affordable childcare. The focus of EAFRD in relation to CSR is on improving the competitiveness of the farming sector. The EMFF also addresses the relevant structural issues as they relate to research and innovation, competitiveness and the labour market. | Implementation is influenced by the CSR and structural challenges because there is close alignment between them. According to the desk analysis and the interviews, a considerable amount of the activities funded through ESI Funds will be used to address the relevant CSRs. The structural issues covered by the CSRs/structural challenges are in line with the priorities identified by UK as being of relevance for its national programming. Examples include support for SMEs and ensuring access to finance, addressing skill issues particularly as they relate to young people, tackling social exclusion, the need for better leverage of the science base, renewable energy and structural bottlenecks as they relate to infrastructure. | There are no obvious obstacles which to the use of ESI Fund in pursuing reforms but it is not clear why there is a need for an annual cycle to the CSR process, particularly since the timing is so tight between the drafting of relevant documentation and the emergence of the annual CSRs. In the UK ESI is not going to have a particularly big impact in terms of the broader objectives of the National Reform Programme because of its relative size, but this would not necessarily be the case in other countries where the Funds are a far greater part of activity in any area of reform. |

1. The Stability and Growth Pact was reinforced by: the Six Pack, which became law in December 2011, the Two Pack introduced in May 2013 and the Treaty on Stability, Coordination and Governance, which came into force in January 2013 in its 25 signatory countries. [↑](#footnote-ref-2)
2. Regulation (EU) 1303/2013, 17 December 2013, Art 2(35). [↑](#footnote-ref-3)
3. The two mentioned studies are forthcoming. [↑](#footnote-ref-4)
4. It is also worth mentioning Article 23 of the CPR: “measures linking effectiveness of ESI Funds to sound economic governance”. This sets out that the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes, where this is necessary to support the implementation of relevant Council Recommendations or to maximise the growth and competitiveness impact of the ESI Funds in Member States receiving financial assistance (see CPR for detailed information on macro-economic conditionality). [↑](#footnote-ref-5)
5. See COM(2015) 600 final. . [↑](#footnote-ref-6)
6. Regulation (EU)1304/2013, 17 December 2013, sets the ESF thematic concentration at 80%, 70% and 60% for more developed, transition and less developed regions respectively. Regulation (EU) 1301/2013, 17 December 2013 sets the ERDF thematic concentration; for instance, in less developed regions, at least 50% of the total at national level should be allocated to two or more of the TOs set out in points 1, 2, 3 and 4 of the first paragraph of Article 9 of Regulation (EU) No 1303/2013; while at least 12% of total ERDF shall be allocated to the TO set out in point 4 of the first paragraph of Article 9 of Regulation (EU) No 1303/2013. For transition regions and more developed regions the minimum percentages are respectively: 60%-15% and 80%-20%. [↑](#footnote-ref-7)
7. Most of the CSR sub-parts are assigned to several categories e.g. the same recommendation may be classified in 2 areas, one as primary and the other as secondary; there is no one-to-one correspondence between a given CSR and a category. On the contrary our mapping is univocal. While this more limited degree of freedom (i.e. one and only one correspondence between a challenge and a policy area) may have required, in some cases, to make clear cut/trenchant choices, on the other hand it allows to process the mapping information easily and use it in the following tasks (which is the main purpose of the mapping effort). [↑](#footnote-ref-8)
8. In some cases (for some countries and for certain years) the breakdown of CSR into sub-parts is very detailed and captures all the different challenges underlying the recommendations. In other cases CSR were not broken down at all or only to a limited extent. This variability in the approach seems to reflect the fact that the classification was carried out by several different people following different logics. [↑](#footnote-ref-9)
9. DG Education, DG Agri, DG Mare, DG Sante, DG Just. [↑](#footnote-ref-10)
10. Measures laid down in the EU Implementing Decisions and further specified in the Memorandum of Understanding, quoted in the Council Recommendation on the National Reform Programme, were considered in the cases of Romania, Ireland and Portugal. [↑](#footnote-ref-11)
11. The analysis of challenges for Greece and Cyprus is ongoing. [↑](#footnote-ref-12)
12. For information on reiteration see below. For information on relevant 2015 CSR/structural challenges, in relation to which OPs and Funds were actually mobilised, see the Overview Tables compiled by national experts [↑](#footnote-ref-13)
13. See Table 1, p. 16. [↑](#footnote-ref-14)
14. For the Country Position Papers, see Annex 3. For the Partnership Agreements, see Annex 4. [↑](#footnote-ref-15)
15. Although Portugal was a “programme country” and there were no CSRs back in 2013, the Council Implementing Decision 2011/344/EU art.3, in line with the MoU, includes a number of required measures to be adopted, distributed per year (2011, 2012, 2013). The 2012 and 2013 required measures were mapped and considered in the analysis. [↑](#footnote-ref-16)
16. The list of people interviewed is included in the Annex: Country Fiches. [↑](#footnote-ref-17)
17. This cannot be considered a general rule as it depends on the level of decentralisation. Therefore regional OPs are more relevant in the context of the present study for “regionalised” Member States, namely those characterised by a high degree of decentralisation of power (e.g. Italy and Spain). [↑](#footnote-ref-18)
18. According to the CPR (art.5), during preparation and progress monitoring, the following partners are to be involved and consulted: (a) competent regional, local, urban and other public authorities; (b) economic and social partners; and (c) bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting equality and non-discrimination. [↑](#footnote-ref-19)
19. As defined in Art. 2 of the CPR, ‘specific objective’ means the result to which an investment priority or Union priority contributes in a specific national or regional context through actions or measures undertaken within such a priority. Art. 27 states that ‘Each programme shall define priorities setting out specific objectives, financial appropriations of support from the ESI Funds and corresponding national co-financing, including amounts related to the performance reserve, which may be public or private in accordance with the Fund-specific rules’. [↑](#footnote-ref-20)
20. See for instance: http://ec.europa.eu/regional\_policy/en/policy/evaluations/ec/2007-2013/#1 [↑](#footnote-ref-21)
21. These are selected examples of indicators. A more comprehensive view of SO is provided in the Excel summary tables. [↑](#footnote-ref-22)
22. VISTO is a portal developed by the Italian Development and Economic Cohesion Department. It provides estimates on the implementation duration of operations concerning sectors such as Transport, Environment, Water management, etc. Please make reference to http://dpsweb.dps.gov.it/VISTO/. [↑](#footnote-ref-23)
23. The policy areas, 10 (wage setting) and 14 (Deprived urban and rural communities) are not considered as there is no intervention field which can be directly linked to them. The policy areas 22-27 are also not covered as they are not ESIF relevant. [↑](#footnote-ref-24)
24. Proportion of the country's allocations in a certain policy area divided by the proportion of EU allocations in the same policy area. [↑](#footnote-ref-25)