

Operational rules and results in Cohesion Policy programmes:

Analysis and proposals for conditionalities¹

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1. THE IMPORTANCE OF OPERATIONAL RULES WITHIN COHESION POLICY

This paper intends to offer an analytical contribution towards the need to make Cohesion Policy more result oriented, an issue which seems to be largely shared among EU Member States. To this end some views are presented and some proposals are put forward in relation to the mechanisms that are at work in the decentralized operational setting of the policy.

In any active policy operational aspects are indeed as core a component as its general strategic orientation. Cohesion Policy is an active policy. It pursues its goal of supporting Member States (MS) in improving economic, social, and institutional conditions for their territories through an array of instruments which are not confined to establishing guidelines or sound principles for public action. Although these latter tools possess a pre-eminent role - since they help developing a common view among MS and spreading new ideas and lessons learnt in policy making - expectations that achievements will be accomplished rest on the considerable amount of dedicated resources.

What is really appealing to many external observers (whose interest in EU Cohesion Policy has constantly grown over time) is the combination of a shared strategic framework, dedicated funds in the common budget, and a set of agreed rules governing how the funds will be used². This set of rules has the function of ensuring that the necessary efforts are made to transform into reality the benefits promised by the common vision and principles. Cohesion Policy is put into operation by many different mandated bodies of the MS. Results will be accomplished only if those bodies – that utilize the available resources – act appropriately on the ground.

These rules – which make the use of the funds formally conditional on the respect of certain agreed objectives and procedures – are not to be seen only in their mechanical function of collective guarantee that financial means are properly used to the agreed scope and not diverted to other aims. Rather, they themselves constitute an instrument, together with the financial resources, whose function is to assist the MS mandated bodies responsible for the policy.

Insofar as the rules progressively improve according to accumulated knowledge and experience on what rules better serve the scope of the policy, they contribute to the development of a better practical approach in policy action that spreads beyond Cohesion Policy measures towards other policies as well. To the extent that improvements in the rules are attained in a framework of increasing feeling of ownership and sense of belonging to an active policy community in the MS, the function of the rules changes from being a mere guarantee mechanism to a set of established practices followed with conviction.

² Cohesion Policy pursues structural transformations which are medium (or long) term ones. It is consequently organized in policy cycles that cover several years. Regulations on the use of Structural Funds (on which Cohesion Policy mostly relies on) describing, among other issues, the general mission of the policy and its main values are adopted at the start of each of these cycles. Most recently, for the 2007-2013 cycle, Cohesion Policy has acquired a more explicit strategic content through the formal adoption of common strategic guidelines at the MS's Council level and the request that each of the MS develops its own interpretation of the general EU strategy by adopting a national strategic reference framework. However, it should be recognized that the policy was characterized by a common strategic vision even before, on the basis of the mission given by the EU Treaties and the provisions of the Regulations on Structural Funds.

Given that the governance structure of Cohesion Policy puts MS as a whole in a position of final owners of the dedicated resources, the setting and updating of operational rules is a particularly delicate matter. An effective progression towards better operational rules is crucial for the success of the policy. Ultimately, if the formally agreed rules are not also genuinely understood and accepted, even their guarantee function is endangered.

This paper does not deal with the whole set of rules governing Cohesion Policy. It focuses on selected operational issues and, in particular, on the nature of a key set of contents and conditionalities to be agreed between the Commission and the Member States in order to ensure the best use of the financial resources in selecting and implementing projects. This latter aspect is decisive in determining the ability of the policy to obtain results, and hence the judgement on the policy. Eventually, what will determine the degree of success of Cohesion Policy is both what happens on the ground and the extent to which it corresponds to some ex ante agreed terms of reference. External observers and the public will judge the validity of the common strategic framework for its capacity to serve as a guide to real (and positive) transformations. If these latter occur and can be clearly connected to the policy framework, then the policy will be judged successful. Otherwise, the policy will be always questioned and even the common strategic framework, despite its theoretical validity and the amount of work delivered by the Commission and MS for its development, will not be praised.

This paper address the issue of whether and to what extent we can be contented with the current mechanisms aimed at ensuring that desired outcomes are achieved. It then makes some suggestions for their improvement. It moves from the conviction that, while fundamental reasons for the existence of Cohesion Policy need to be renewed, this is a necessary but not sufficient basis for enhancing consensus. A much clearer understanding and recognition of the operational conditions for which such a policy is not only essential, but also able to be successful, are also crucial.

2. THE OPERATIONAL PROGRAMME: LOGIC OF REFERENCE, FORMAL REQUIREMENTS AND ACTUAL PRACTISES

Logic of reference

In most active schemes/initiatives/policy interventions (henceforth *policy*) where there is some degree of separation between the provider and the user of financial resources, funds are provided subject to a set of conditions (conditionalities). The main functions of conditionalities are a) to ensure that funds will be used to benefit their intended beneficiaries, b) to provide ex ante information to the funds owners on the chosen destination of funds among alternatives, and c) to act as practical guide for the actual use of the funds.

Conditionalities are usually embodied in a written document, a sort of *contract* that specifies obligations of the involved parties and can be used as reference by other stakeholders³. Often, these contracts are inscribed in a framework of action corresponding to the general policy mandate given by the funds owners (e.g. donors; contributors to a common budget) to the funds provider and which constitutes the general basis for which those funds are made available, establishing their broad mission. The funds provider is usually an agency possessing some technical expertise over the issues of interest, in charge for allocating funds to users, enabled to negotiate with them appropriate terms for use, and ultimately responsible towards the funds owners. The funds users might be of several types: public institutions, states, regions, other administrative entities, NGO's, identity coalitions, and so on. They can enter in the relationship with the agency in several manners, as direct users of the funds or intermediate bodies.

In general, although we can assume that all involved parties (funds owners, funds providers, funds users) share an interest in the policy to be successful, there exist asymmetries in information, in the assessments of the most important issues, and other potential conflicts and trade offs related to the existence of other parallel interests specific to the various parties.

The diversity of involved parties explains why the necessity of an explicit set of conditions is usually accepted without question. There exist, however, differing views on the most appropriate way of expressing them, according to different institutional settings⁴. Even within the practice of development policies, that always share some common fundamental objectives, we can then find different ways of devising contracts among parties. Nevertheless, all of them have to tackle some substantially similar logical concerns in order to ensure the effectiveness of policy.

These concerns are to be addressed in the contract that typically is agreed between the *agency* and the *funds users*.

Of course it is not possible to grant the funds under the condition that the realized policy will be for sure successful, but we can usually assume appropriate that funds are granted under the condition that all what can be done to make the policy potentially successful - considering the extent of the available knowledge - will be indeed attempted. Let's then consider the contract main function as that of setting the *agenda that makes the policy more likely to be successful*. So *funds (F)* are granted if the *agenda (A)* is considered to have sufficiently outlined some *set of actions (K)* to be carried out by the fund users that make *expected policy results E(R)* equal to some *desirable outcome (R°)*.

To put things in order one would like that, in the contract, A is expressed satisfying the following logic and main contents:

³ In some cases – when the policy is entirely carried out within a closed institutional system and it is not supposed to change according to contexts – these conditions might be largely contained in a written norm, such as a law.

⁴ These differences can be large and imply different scope and functions of the conditionalities included in the relevant contracts. A context in which the donor of funds is completely independent from the recipient is very different from a context in which there is an agency in which recipients are represented. Other different settings are those of federal contexts in which federated entities (states or regions) might be involved in policies which are carried out under the surveillance of a federal Government entity in order to secure common interests and standards.

- 1) the funds users would start expressing R° , making clear why *it is desirable* for all parties involved and an agreement is reached on this matter;
- 2) the fund users would express K, making clear *why it is likely* that K will affect R.

It is interesting to note that as the link between K and R° cannot be assumed as unique, as it varies in contexts and times, it would not be a sufficient “insurance mechanism” to condition the use of funds to the sole expression of R° (which is not, incidentally, at all an easy task in itself). Another related implication is that K (being a set of actions) is a composite and complex object and, to be sure that we are appropriately conditioning the use of funds, we would like to know about the *underlining assumptions that link K to R°* ⁵.

- 3) As we are usually trying to ensure the best possible use of funds within a specific time span, we might also want to know about the *time when K will be put in place*,
- 4) and to have elements on the feasibility⁶ of K in that time span.

Through the contract we are, in fact, financing an *operational strategy* in its general meaning of being “a coherent collection of actions that has a reasoned chance of improving results, [as it is] made up by our best thinking of what works”⁷.

The issue of interest here is to examine how Cohesion Policy deals with these issues.

Formal requirements

In the Structural Funds tradition the so called “operational programme” plays a crucial role in this realm. It can be described as the agenda that relevant parties commit to follow during the time in which they receive support by the Funds. In fact, the Funds are granted to the MS under the condition that they will be used accordingly to what stated in the operational programmes approved by the Commission, once it has verified their compliance with Regulation’s requirements.

Hence Structural Funds can be rationalized as *conditional grants*, while the Commission plays the role of the *relevant agency* (as it has been before characterized).

In the current Regulation⁸ covering the programming cycle of 2007-2013 - despite some simplifications in phrasing with respect to what stated in the previous Regulation⁹ for the 2000-2006 period – some key components of the “operational programme” are explicitly expressed. Requirements are, in fact, stated both for the content and format of the

⁵ The set of hypotheses that link K to R are usually referred to as “the theory of change” of the proposed strategy. It implies a diagnosis on the relevant factors and a justification of why the actions proposed should be able to affect those factors.

⁶ Considering its various aspects, not only physical, but also related to the necessary implementation capacity or obstacles to face.

⁷ See Mark Friedman (2005) “Trying Hard is Not Good Enough”, chapter 1.

⁸ See article 37 and related other articles of Council Regulation (EC) No 1083/2006 of 11 July 2006.

⁹ Council Regulation (EC) No 1260/1999.

programme¹⁰ in order (a) to make it a guide for implementation and (b) to be easily interpreted by the Commission to justify its formal adoption¹¹.

First, an operational programme is required to contain elements that specify the general *strategy chosen in response to the strengths and weaknesses of the eligible area or sector*¹² that have been identified. Furthermore, the programme must identify the *details of the strategy*, including the main content and scope of types of projects and the targets to be achieved¹³. Second, as an additional and complementary requirement, an operational programme should be written clearly enough¹⁴ to allow the Commission to verify “*whether it contributes to the goals and priorities of the national strategic reference framework and the Community strategic guidelines on cohesion*”.

A particularly unambiguous request is made on the necessity of fully characterizing the programmes’ ambitions and the ways to accomplish them: “... *targets shall be quantified using a limited number of indicators for output and results, taking into account the proportionality principle. The indicators shall make it possible to measure the progress in relation to the baseline situation and the achievement of the targets of the priority axis*” (art. 37- c). Despite some inexactness in the flow of wording - since, strictly speaking, the logic of programming would require first to state targets in terms of results (the kind of change that the programmes aims at achieving) and then in terms of output (the immediate outcome in terms of actions financed, i.e. instruments to activate in order to move towards those results) – a fair interpretation of the Regulation is that a programme is required to spell out its strategy (objectives and instruments according to the common language used in policy making) quite fully.

Actual practices

However, a cursory examination of some recently approved programmes and the experience gathered so far in relation to the previous programming cycle¹⁵ signal that programme documents – despite the common outline depicted in the Regulations – show a high variance with respect to the degree of unambiguousness or completeness of the proposed agenda.

¹⁰ (art. 37 and relevant part of art. 48 concerning ex ante evaluation)

¹¹ (art. 32 – 4)

¹² (art. 37 – a)

¹³ (art 37 – c)

¹⁴ (art. 37 – b)

¹⁵ The following considerations are based on both direct interactions with mandated bodies, programming authorities, evaluation units, evaluators, technical assistance personnel and Commission officers and on an analysis of programme documents and evaluation reports. In particular some programme documents for the 2007-2013 cycle have been looked at with the purpose of identifying differences and similarities in addressing the common Regulation requests. The programmes examined are from a sub group of MS only (Italy, UK, Spain and Poland). The author has also put to use her familiarity with most of the programmes from the 2000-2006 cycle for Italy, gained during both evaluation work and implementation supervision. Direct interactions with the EU Commission and with Italian and other Member States’ programmers, implementers, and evaluators have occurred over the years, both during preparation and implementation of the 2000-2006 cycle and during preparation of the 2007-2013 cycle. These interactions took place in occasion of national and local meetings in Italy (including Monitoring Committees meetings); in participation to European meetings, conferences, and seminars; in thematic discussions within the Evaluation group and the Evaluation

The overall policy approach is usually largely treated in all documents in a very standardized manner reflecting the orientation given in the more general strategic documents of reference at the EU or MS level (and the preoccupation to meet the mandated requirements on external coherence). Strong differences, however, emerge referring to the extent to which a *specific strategy* is proposed and justified (considering its validity and appropriateness for that specific context and time). Within Europe, operational programmes do not spell out *their theory of change*¹⁶ and *their program theory* in the same way and to the same extent¹⁷. Even larger differences appear in relation to more operational parts, such as the types of activities proposed, their link with targets, timing and location of implementation. This is surprising, since these parts possess precisely the function to act as guidance during implementation¹⁸.

network run by the Commission where all MS are represented; during twinning and bilateral cooperation initiatives with some MS (Austria, Hungary, Poland); and during formal and informal negotiation meetings over Structural Funds programmes for Italy.

¹⁶ The term “theory of change” - as a way to describe the set of assumptions that lead to the choice of programme actions in order to reach the goal of interest and the connections between programme activities and outcomes occurring at various steps - has been formulated in the extensive work on evaluation theories and practices of Carol Weiss (a general reference is Carol H. Weiss (1998) “Evaluation: Methods for Studying Programs & Policies”), but it is now a common reference term both in evaluation and in programming. A programme that makes its theory explicit gives explanations about assumptions of causes and effects that are at the basis of its choices.

¹⁷ In order to make this argument clearer let’s consider the following example (which has been inspired by two different real regional programmes). In the field of promoting competitiveness, common to programme A and B, they state their operational strategies in different ways. Programme A states something like the following: “*the programme will support formally established clusters of firms deciding to pursue common activities in the field of technology transfer. To this aim the programme will provide financial support to the formally established firms’ clusters as it concerns i) the functioning of the governance structure of the cluster; ii) the studies and research projects of the clusters. Established firms clusters will be selected through a competitive procedure considering i) the international relevance of the proposals; ii) the relevance of the clusters in terms of their production plants; iii) the degree of innovative character of the proposals*”. Programme B states something like the following “*the programme will support the aggregation of firms to develop common innovative activities. Priority will be given to strategic sectors and relevant territories* “. To a reader, programme A is much clearer than programme B, as document A provides for a more explicit statement of what in practice the programme will do and, to some extent, of its underlying theory. This theory can be summarized as follows: a group of firms is more likely to succeed than individual firms in pursuing innovative activities, hence support should be preferably given to groups; a reliable group is one that is formally established; a potentially successful group is one that makes an effort to clearly define its action plan; supporting the best plans is likely to produce positive results at the system level; since the objective is a systemic one, the instrument chosen is providing support through an instrument that implies competition in its access. It appears clear that, on the contrary, document B remains on more vague terms. This does not necessarily imply that programme B does not possess a theory and it has not chosen its instruments, but certainly its theory, objectives and instruments cannot be easily understood from the programme document.

¹⁸ As it will be argued later in the paper, the function of acting as a theoretical and practical guide for implementation is particularly key for Structural Funds operational programmes, given the specific institutional setting of EU Cohesion Policy. In the EU context, we should maintain the hypothesis that contracts between the Commission and mandated bodies of the MS (operational programmes) are not the only source of regulation of the common policy. Hence they should naturally specialize in ensuring that the policy is correctly interpreted, ingeniously adapted to different contexts, and efficaciously implemented.

In several cases, especially for some larger programmes that deal with many different policy themes or territories at once¹⁹, documents end up more in a sort of general strategic statements collection than in an operational agenda. To be more explicit, although programme documents are in general quite ponderous, it is often difficult to understand what (and also where and when) the programme aims to and will really be doing during implementation. Only too often, after the interested reader has first waded through context and swot analyses (not rarely replicated several times by priority axis); then tried to make the best out of stated promises of full coherence of the programme with numerous other strategic plans, community legislation and strategic guidelines; then interpreted at the best of his/her imagination objectives expressed in such general terms that may apply to any programming scale; and, finally, made an effort to picture what the sparse and never explained numerical indicators (and targets) really mean in terms of the programme's ambitions, s/he is prepared to receive crucial information on what, when, where and for whom the programme will do in actual reality. Just at this crucial juncture, however, the programme document remains silent²⁰.

Although there are, indeed, programmes that are much clearer than others, and although stray clearer chapters may be found here and there also within programmes that overall do not fully disclose their real agendas, this description is not, unfortunately, a caricature of what happens in a number of cases.

A general drawback – found also in the best written and clearer programme documents – is the lack of any (serious) reference to time. A programme is always implemented within an historic time span; the logic of most actions requires defining clearly what comes first and what comes after, or what makes sense only if done together with something else. Considering that Cohesion Policy programmes typically deal with medium term transformations, it would be legitimate to expect timing issues accurately treated, even though there is no explicit reference to them in the Regulation. The presence of an aggregated financial plan cannot be considered a sufficient substitute for at least a cursory description of the timing according to which specific actions will be implemented, or whether they will be implemented only once (one shot), or several times (repeatedly) in order to learn ongoing and refine mechanisms. In fact, the financial tables required for (and actually included in) programmes only provide for an annual breakthrough of aggregate funds and are largely defined according, and in proportion, to the general amount of funds allocated per year by the Commission to the MS. Those tables hence transcend considerations on the actual time required to decide about, prepare, and implement the specific actions included in the programme²¹.

¹⁹ I define large programmes in terms of sectoral or geographic scope and of amount of financial resources. A large programme will operate in an entire country, or a part of a country (region or objective area) that is diverse, encompassing industrial or semi-industrial areas, cities, towns, and rural areas. It will also (or in alternative) plan to act in more than a sector. In addition, it will utilize a large absolute amount of funds.

²⁰ In other words, it does not proceed giving the expected information on what exactly will be done, and when, and where –all elements that one would think essential to good programming.

²¹ The circumstance that the financial plan by programming year is only due at an aggregate level is not, incidentally, to be considered a drawback; some flexibility in financial management at the programme level is important as it is necessary to encourage the taking on of more difficult and new actions whose precise implementation time span and correspondingly yearly financial absorption may be not completely predictable at the outset. Moreover, it must be recognized that the 7 year time span required by the Regulation for Structural Fund programming is more appropriate than what currently used in national programming in Member State that very rarely cover several years. Also, although

The current Regulation relies highly on result and output indicators and targets as a means of expressing programme's objectives and instruments, and correspondently as a device to guide the actions of the various implementing authorities. It is important to recognize openly that, in general, the sets of indicators and targets contained in programmes cannot be judged satisfactory: they often fail to express the specific elements of required ex ante commitment on the appropriate and effective use of funds²². In fact, in most cases indicators and targets sections²³ are of little help in understanding the MS authorities' intentions.

These sections greatly vary in the types of indicators used (*a*) without necessarily clarifying which definitions they adopted. Moreover, (*b*) it is not always clear whether indicators and targets refer to the specific programme²⁴ or whether they are, instead, targets for the whole eligible sector or area and are, hence, affected by other concomitant policies or programmes. Often, (*c*) target output indicators are expressed in terms of number of projects (which convey poor information without any reference to projects dimensions²⁵) and (*d*) their potential or expected link with result targets is rarely spelt out.

Later in the paper we will be coming back on the topic of indicators and targets, arguing that it would be important to address more openly the many issues underlying the

only as an indicative information, programmes are required to provide for a breakdown of resources according to different types of investment. This is useful as it encourages thinking ahead about the composition of the intervention, but still does not provide information on when specific actions will be implemented.

²² Recently, EC offices have carried out a review of programme documents for the 2007-2013 period in order to get information on the use of the so called *core indicators*, i.e. common indicators (largely, but not solely, output indicators) suggested by the EC to be adopted in programmes whenever the specific programme strategy would match some themes which are considered of common interest at the EU level. Without entering the debate on whether all the suggested indicators are appropriate, it is interesting to report that the EC has found the situation quite unsatisfactory. Quoting from the discussion document of the EC (*Core Indicators: definitions and use – October 2008*): “*In many cases there is a misunderstanding between targets and baselines, with targets often being lower than the baseline when clearly this should not be the case. ...Not all programmes use the appropriate core indicators. For example, we have transport OPs not using the km of road indicators.*”

²³ The circumstance that indicators and targets are usually treated only within dedicated sections is in itself worrying. Instead of being perceived as a way of better clarifying programmes' objectives and instruments which are part of the *narrative* of the programme, they usually stand alone and it is often unclear to what extent they are connected with the rest of the programme. This minimalist way of using the indicators and targets tool still prevails despite the fact that – after much discussion – even official EC guidelines have adopted the idea that the choice of indicators is a core programming (more than evaluation) activity: “*In most cases the future managing authority of the programme will take the lead for the elaboration of the indicator system. ...The establishment of the indicator system should be integrated in the programme planning at an early stage. The inherent need for precision of definition and the quantification of objectives can contribute substantially to the quality of the programming*” (see *The New Programming Period 2007-2013, working paper No. 2 Indicative guidelines on evaluation methods: Monitoring and Evaluation Indicators*, p. 20). Nevertheless, indicators are often still perceived as a highly technical, but separate from decision making, subject; their development is sometimes entrusted to special units and technical assistance personnel. This would not be a problem if these units were fully involved in decision making processes, however this does not appear as a widespread practice.

²⁴ And to the amount of financial resources that the programme can govern.

²⁵ It must be said, however, that it was the EC (see again working paper No. 2 on Indicators) to suggest in many cases the number of projects as an acceptable output indicator.

practical application of this crucial methodology of programming. For the time being, it is important to recognize that the current rules lead to an undesirable too high variance in the way of setting agendas. It appears, in fact, that some requirements defined in the Regulations, though apparently clearly stated, are differently interpreted.

This variety of interpretations is somehow *tolerated* by the Commission (and by the MS's coordinating bodies that usually support the programmes' negotiation phase), as approved programme documents do not always contain all the required elements to the same degree of clearness and precision. In the worst cases, the circumstance has the implication that what will follow from programmes is largely unpredictable at the outset and rests too much on future crucial decisions to be taken ongoing. Certainly the Regulation provides for important governing institutions (monitoring committees) dedicated to supervise and redress programmes' implementation, but it should be noted that even the effectiveness of those institutions is hampered if a clear enough programme document is not available. It is, of course, important to clarify that many important decisions have to be taken ongoing and it is not desirable that an agenda is completely closed at the outset. What we are discussing, however, is the capacity of the programme document to offer the right orientation and judgement criteria, both to funds users and programme's governing institutions, in the implementation phase.

3. WHY PROGRAMME AGENDAS ARE OFTEN LESS CLEAR THAN DESIRED AND WHAT THIS IMPLIES

Although all programmes are approved by the same entity, the Commission, they greatly vary in how clearly they state their agendas (objectives, theory, and instruments)²⁶. Moreover, they also seem to show some common weaknesses²⁷.

A possible relevant theme in this respect could be that the Commission, given its distant position, feels uneasy in questioning too much any specific "programme theory", both because of evident subsidiarity issues and as this might imply trade-offs with its mandate of ensuring the compliance of the programme with the "general theory" of Cohesion Policy²⁸. Typically, Cohesion Policy imposes many boundaries to each programme, each of which translates into an additional check task for the Commission. For example, result desirability must be checked not only against the specific context of action, but also against a larger set of general achievements which are considered of value by the EU. Furthermore, the set of policy actions is also constrained since some kind of actions are restricted, while others are encouraged in their application because of a pre-existing set

²⁶ See the example given in footnote 17 in section 2.

²⁷ Common weaknesses of the programme documents – although of course to different extents – are mainly related to the issue of indicators and targets, and to the clarity of discussing the time of implementation of the different actions described.

²⁸ This does not mean that the Commission is not active during negotiation, but only that the Commission is aware that, although many additional explanations can be gained during verbal interactions, there is a limit to the amount of changes that can be required in a programme document, especially considering the many boundaries and (perhaps unintended) rigidities embodied in the Regulation that govern both the various programme document sections and its subsequent implementation.

of choices made at the EU level²⁹. Finally, the Commission should also make sure that a series of other requirements³⁰ have been fulfilled in drafting programme documents.

With the accumulation of all these tasks, negotiations end up being quite challenging and burdensome for the Commission. The strict timing Regulations impose to analyse and discuss programme proposals compounds this situation. It is, at this point, only too likely that key points might pass unseen.

Moreover, we should not rule out the possibility that within the Commission might co-exist different interpretations on what programmes should in practice contain in each of the prescribed sections. Most large organizations show this feature and, in the case of the Commission, the diversity of administrative environments of the MS does not favour the establishment of a univocal culture in all matters.

A somewhat tolerant attitude of the Commission in negotiations, however, could also originate from a very different dilemma. Rather than coming from distance or internal diversity, it could be portrayed as a sensible and pragmatic way of facing the actors' differing points of view on what the key elements of a programme should be. After all, in the institutional setting of Cohesion Policy, the interest in the success of the policy lies with the MS at least as much as with the Commission. Within this system some differences in programming practices have to be put into account. Different MS have their own administrative cultures and ways of solving coordination issues; some specific situations/programmes may present good reasons to be tackled differently even within the same MS. Trying to impose too much in term of programme standards could be counterproductive³¹.

²⁹ It is part of the checking work of the Commission to verify whether some actions or techniques of implementation – which are explicitly suggested as good practices by the common guidelines - are being considered in the programme proposals. This activity is important as, for instance, stronger attention to environmental effects has been progressively imported into programmes because of the Commission initiative. It must be added, however, that in some instances these checks also end up in unintended limitations to devise more appropriate strategies. For example, in many circumstances where the context is weak, it would be appropriate for programme managers (managing authorities) to devise the details of the action negotiating directly with beneficiaries or secondary intermediate bodies, instead of selecting them blindly through open bids on the basis of a standard format. However, the preoccupation that more direct interactions could lead also to an attenuation of competition for opportunities might act as a discouragement. Useful scouting activities are then often neglected and are not used as instruments as much as it would be necessary.

³⁰ Such as: appropriate compliance with partnership, equal opportunity/ non discrimination and environmental sustainability principles; the taking into account of other strategies and commitments adopted at the EU or national level; the clear expression of management, monitoring, evaluation systems and so on.

³¹ The Commission is often the subject of complaints from MS about its activism in producing documents and notes of interpretation of the Regulations. The Commission, however, is usually well aware that delays in programmes' approval are detrimental for MS and makes its best to have *things formally fixed* within the Regulation predetermined timeline. If many people who are directly involved in the negotiations on the MS side would portray the Commission's attitude as somewhat insensitive to the difficulties that they face in meeting Regulation requirements (especially the difficulties related to the choice of indicators and the setting of targets), in reality, programmes almost always are approved within the prescribed time limits since the Commission does not usually impose too many programme document's redrafting once formal negotiations are opened in order not to undermine the timely start of the policy on the ground .

If programme documents are mainly seen as *conditional agendas*, it is not surprising that positions may vary among key actors with respect to whether it is *legitimate* or *desirable* or *useful* for that agenda to be completely and explicitly stated. Further difficulties arise from the ever-increasing scope of Cohesion Policy that asks for increasing know-how to tackle many diverse challenging themes³². Moreover, some actors might feel hesitant or unprepared to deal with some delicate objectives (such as the attainment of better perspectives for the weakest part of the population) that are, at the same time, both decisive for sustainable development and difficult to tackle within an instrument of intervention (the programme) which is temporary by definition and hence limited in its responsibilities and potential.

Hence many issues seem to contribute to the above mentioned difficulties in shaping the programme's agenda and lead to what appears as a non uniform interpretation of what a programme document should contain. Although they are often intertwined in practice, it could be useful to treat them separately as they represent different challenges that, to be better understood and dealt with, should be separately considered. Taking them one at the time offers also some space for appreciating differences in attitude and capacity of the many actors involved in the MS. Given the decentralized setting of Cohesion Policy, the reaction of the different actors to the common rules is indeed a key factor to consider.

The capacity/skills issue

Programming is a very challenging activity which requires strong abilities in dealing at the same time both with technical knowledge and political pressure. For some MS it has entered into administrative practices only through Structural Funds. The institutional setting of Cohesion Policy and its wide (and increasing) ambitions also augment the complexity of programming. While we probably take the “art of programming” too much for granted, closer observation suggests that, at least in some parts of the system, we are still facing a capacity issue. People in the public services — and in the larger governance systems — of weaker areas lack the skills needed to manage programming processes which imply the utilization of technical knowledge, prowess in dealing with political and institutional conflicts, and a deep, hands-on, on-the-ground knowledge of the economy and society of each area. Moreover, most useful information coming from experience on the ground escapes coordination authorities in charge for shaping programme documents. The activities to pool this knowledge together are in themselves laborious and require many other skills.

In recent years a huge effort has been devoted – both at the EU and most MS level – to build capacity for evaluation or general administrative/institutional capacity and much less attention has been specifically devoted to building (or revamping) capacity in programming. A major signal that there is a need for reinforcing programming abilities also comes from the widespread difficulties with tools like ex-ante evaluation and strategic environmental assessment³³.

³² This latter aspect is delicate. On the one hand, the broadening of the mission of the policy can be seen as an opportunity to deal with the many aspects of sustainable development within a unifying approach. On the other hand, this may lead to a dispersion of policy energies and to excessively fragmented initiatives, none of which ever reaches an appropriate scale for obtaining durable results.

³³ It is, hence, important that the possibility opened by the current cycle to use structural funds support to improve institutional capacities in all realms is directed to programming capacities as well. Programming capacity is not, in fact, confined to the formal initial “programming phase”. Rather, it is

If we think that we are still facing a capacity issue, at least to some extent, then we might want to reconsider some of the general tools available to sustain programme building (including the wording of the Regulation, accessible tool-kits on the Commission website and formal common training for high and lower officials of different MS). Incentives to focus more on the core aspects of programming would be of help. In the debate about the need to get results and during negotiations over programmes proposals, we should emphasize that what is important in a programme is *why it should work* (the programme theory). By doing this, we might favour more attention to crucial aspects, such as the rationale of the links between actions and results, which too often are erroneously considered of secondary relevance³⁴. However, it should be recognized that a single policy which embraces too many objectives altogether also presents an embodied risk of not ensuring enough focus to each one, as they all require different abilities and know-how. In this respect, a stronger requirement and support to limit the specific objectives³⁵ of any single programme could favour its solidness, focus and hence capacity to obtain results.

The legitimacy issue

Although the issue remains often unspoken, it must be recognized that many actors within MS simply think that they should not be asked to reveal their entire strategy to the Commission. This attitude was visible in many instances during negotiation over the Regulations, is strongly rooted in those MS which are net contributors to the EU budget and it has to some extent been accepted in the Regulation in all parts that invoke the so called “proportionality principle”. Without entering the *querelle* of whether this attitude might be justified in the light of some less fortunate interactions between the Commission and MS, it must be said that the position is spreading even among actors who would enormously benefit from more rigour and clarity in expressing programmes’ content. It does not necessarily correspond to situations in which “the agenda is not in the programme, but it is very clear somewhere else”. Moreover, when the programme’s content is too vague for orienting actions, some other important principles of Cohesion Policy are put at risk, first and foremost the principle of partnership with the representatives of interests that the programme should benefit.

critical and necessary during the entire programme’s life in order to properly implement and, if necessary, complete and straighten the programme structure/theory during a long time span in which many specific actions are to be devised and their consequences clearly understood.

³⁴ Some of the requirements of the Regulations – despite their good intentions – might lead in some cases to perverse outcomes. For instance the so called “earmarking” on Lisbon objectives (art. 9 (3) of the current Regulation) - which asks for committing a certain amount of expenditure to some predetermined categories of policy actions - does not ensure that those objectives are correctly understood. In fact this way of presenting the argument might lead some to think that some policy actions are like an all purpose treatment (the more, the better).

³⁵ Asking for programmes’ objectives to be truly specific to the programme (to its financial dimension and time frame) would encourage the mobilization of appropriate skills in devising the programme. This would imply, however, a major change in the way Cohesion Policy is actually managed and could also be seen by some as a diminution of its role.

The *legitimacy issue* is a crucial one for EU Cohesion Policy. The programmes through which this particular policy is implemented differ in their institutional setting from other development programmes where funds owners (donors) and fund users are much more separate. Even in those contexts, however, issues which are named as “reverse accountability” are gaining increasing importance³⁶. Building trust between the body responsible for assessing programme content (the Commission) and the MS body in charge for drafting (and subsequently for coordinating the implementation of) the programme is all the more crucial in the EU context. In this relation, a programme will be more explicit only if the MS body recognizes the Commission as a partner, whose main interest is to serve the success of the policy rather than to ensure mere compliance with too many rules which are the result of negotiations and compromises. There should not be doubts that the Commission is available to help finding viable solutions. There should not be doubts about the sense of its requests. In the EU context, the most should be done to suggest that programmes’ main practical function is to serve as a guide for concrete action and that the Commission’s main interest is Cohesion Policy’s effectiveness.

The flexibility issue

As Cohesion operational programmes typically cover a long time span, some actors think that they should not tie their hands too much. Two points of view can be discerned on this point. First, there are programming authorities which truly believe that a good programme is a very flexible one (which might involve the extreme point of view of not programming anything at all³⁷). Others agree that programming is important, but perceive as too difficult or dangerous the option of having to go through the lengthy procedure of a formal change in the agreed programme. These latter authorities appear to have an extreme confidence that programme governing institutions are able to complete and adapt programmes during implementation.

The call for flexibility also comes from some politicians that perceive their role diminished when tracks for actions are too rigid.

Moreover, flexibility is sometimes a response to preoccupations of meeting other requirements, as quantity of expenditure dead-lines (as in the so called n+2 rule³⁸) or other aspects attaining to financial management and control. In some cases, in fact, it might be easier to fulfil these requirements using the projects that are easier to govern, instead of trying to implement the most difficult needed actions.

³⁶ By reverse accountability we mean a concept – which is spreading in the evaluation debate of development programmes financed by international organizations – that requires not only the recipients of resources to be accountable in their proper use towards the donors’ agency, but also the donors’ agency to be accountable in the quality and good faith of its conditional requests towards the recipients.

³⁷ The situation is less infrequent than it could appear at first sight. For instance, no serious programming activity can be attached to some programme chapters that merely replicate the general terms in which objectives are expressed in EU orienting documents and invoke as instruments the whole set of relevant eligible (in terms of expenditure) actions.

³⁸ The de-commitment rule (N+2) introduced by Council Regulation 1260/1999 was designed to encourage sound financial management of the programmes. It requires de-commitment of any funds allocated to operational programmes not spent by the end of the second year (+2) following the specific programming year (N) to which they were formally allocated (committed). On practical terms,

These latter issues are often mentioned by managing authorities to evaluators lamenting the lack of clearly determined objectives and lines of actions (often in verbal interactions, which rarely get completely narrated in written reports). Evaluators might not infrequently receive nasty replications about their much easier (than the managing authorities) life of independent judges of a world of practices depicted as a dangerous jungle of arduous precepts to comply with. The problem with this position is that, even at the drafting and negotiating phases, more often than not programmes lose sight of their goal, lack real objectives and targets and, at best, end up as generic containers financing standard projects. In these conditions, they live without a clear identity and often hardly ever manage to show that they have obtained results.

Although some of these contentions are mere pretexts and as such they should be rebuffed, these preoccupations (e.g., not possessing the instruments to meet demanding deadlines) and their possible consequences —i.e., programmes that in order to be flexible are vague and hence unable to serve as a clear point of reference for effective projects selection — signal that the whole set of rules governing the use of funds is important in shaping incentives. Therefore, if trade offs are not taken into consideration, what is perceived as a more binding rule will prevail, sometimes at the expense of putting more energies and full commitment in devising a more complete, and potentially more effective, course of action.

The impossibility/utility issue

In some instances, setting a complete agenda may prove impossible, or not useful to fully serve the scope of the programme (or at least parts of it). The theme is linked to the uncertainty and/or lack of satisfactory knowledge which characterizes development interventions whenever they tackle issues that, although perceived as important (for instance promoting innovation or institutional capacity), are difficult to define in operational terms at the beginning of an intervention cycle. The issue is gathering growing importance as Cohesion Policy moves more and more towards the promotion of general objectives which are not under the full control of policy making. Objectives expressed in general terms as “enhancing competitiveness”; “promoting innovation”; “securing responsible growth”; “building social capital” and the like, require both a major conceptual transformation to be treated in operational terms and the availability of new measurements and knowledge that can be gained only during programme implementation.

In most cases we do not know what works, or we cannot be sure of what works for us, given our history and specific context. As a consequence, spelling out of a complete agenda is sometimes impossible and, furthermore, not completely desirable as what we need to know we can only learn by doing.

Not necessarily, however, a full understanding of the specific nature of these sorts of objectives is clear to all programming authorities which, in fact, have been recently put under pressure to broaden the portion of financial resources devoted to some of these objectives (especially those linked to the so called Lisbon strategy³⁹). What happens in

the rule translates into annual spending targets for programme managers as failure to ensure compliance with the N+2 rule means that some money will be returned to the EU budget.

³⁹ Art. 9 (3) of Regulation 1083/2006 states that “ *The assistance co-financed by the Funds shall target the European Union priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Jobs (2005 to 2008)* To this end, in

the practical drafting of the programme documents in these instances is then often an attempt to cover all possible known instruments and types of action (without specifically committing to any of them) and adopting targets on standard macro indicators of competitiveness (such as per worker productivity) or innovation (such as R&D private expenditure or patents) without any further explanation of how it will be possible for that territory or sector to ever get there.

Under these conditions, however, we might face situations in which it does not really make any difference whether the Regulation requirements, taking them at face value, are fulfilled or not. Some difficult objectives that imply either active and constant learning for their operational specification (that can only occur ongoing) or experimenting new instruments in progressive stages are basically not taken into account in a simple rule that synthesizes the essence of a programme in targets that “*shall be quantified using a limited number of indicators for output and results*”.

Permanent concerns and “temporary” programmes

Another not marginal issue in setting satisfactory programme agendas is related to the difficulty of pursuing social objectives which imply a permanent policy effort within a framework of financial support which is temporary by definition. A remarkable aspect of Cohesion Policy is that economic and social objectives have been always coupled in the general orientation given at the EU level, although often nurturing the mistaken belief that they could be considered in a similar manner⁴⁰. Within Cohesion Policy it has however become apparent the potential contradiction of adopting characterizing objectives that, although not formally expressed as such, are in fact just conveying the need of wider and more stable policy actions. Increasingly, the objective of attaining good social characteristics coincides with sustaining permanent effective active policies opposing the permanent tendencies of our societies in excluding weak groups (because of age, because of race, because of unemployment status, because of poverty and other reasons). To make an example, when we target indicators such as “the percentage of adult population involved in long life learning” or “the percentage of immigrant children attending school regularly” we are, in fact, aiming at stabilizing a policy function. However, embracing these objectives within a Cohesion Policy programme, whose duration is long but limited, would imply to state quite clearly how one goes about them, not only during the programme, but also afterwards.

In the case of objectives that directly deal with social aspects, we can often find that MS authorities plainly state that the programme will deliver part, or all, of the desired policy

accordance with their respective responsibilities, the Commission and the Member States shall ensure that 60 % of expenditure for the Convergence objective and 75 % of expenditure for the Regional competitiveness and employment objective for all the Member States of the European Union as constituted before 1 May 2004 is set for the abovementioned priorities. These targets, based on the categories of expenditure in Annex IV, shall apply as an average over the entire programming period”.

⁴⁰ By construction, the financial frameworks of Cohesion Policy (national strategic frameworks, operational programmes, etc) aim at altering the structure of problematic regions or sectors through an action which is limited in time. The time limitation does not relate to the length of the programming period – as even policies that operate continuously have to be reframed periodically to enhance their effectiveness – but, rather, to the theory underlying the policy itself. This is mostly conceived as a one-off (however long) effort to address the major shortcomings afflicting the economy/sector and the society of a given area, in order to effect a structural change.

effort (although frequent ambiguities in the necessary financial magnitudes occur⁴¹). In some cases, when authorities are more worried about eligible expenditures, they keep on more vague terms about which actions the programme will finance in practice. However, usually we do not get information on what will happen when the programme (and its money) ends. As *timing issues* – as we have seen – are not in general clearly addressed in programme documents, many of these aspects go unnoticed.

Setting ambitions in terms of better or larger “stable policy efforts” – far from implying that some goals are not to be pursued within Cohesion Policy⁴² – rises however at least the question of whether a special characterization of some elements of a programme should be required under these circumstances. More generally, and even outside strictly social objectives, the long term sustainability of some goals which receive support by Cohesion Policy is an issue which should be addressed more openly.

4. DIFFERENT REQUIREMENTS/CONDITIONALITIES FOR DIFFERENT POLICY THEMES

What we have discussed so far has the implication that what at a first sight seemed a quite satisfactory way of expressing key minimum requirements for programme documents (Art. 37 of the Regulation) does not appear as straightforward after some deeper consideration. The main issue is that what is written in the Regulation can be considered a sufficient synthetic guide for programming, if we already know and agree on what a standard good programme should actually contain and in which order. However observation tells us that a homogeneous notion of the appropriate structure and core contents of a programme has not yet been obtained. There appear to be reasons why this is the case.

Some of these reasons are not strictly related with the technical function of the programme to act as a guide for results and hence should be tackled within the general adherence of MS to the very existence of a common EU Cohesion Policy and its governance implications⁴³.

However, there also appear to be good motivations that indicate that the proposed scheme, even if interpreted for the best, is too general to fit a policy which has to be implemented by many and diverse actors, that is intrinsically multifaceted (as it is no longer limited to the familiar concept of enhancing public capital accumulation) and, also, that is more and more often called to handle issues for which knowledge on “what works, where, for whom” is still limited.

⁴¹ For example, it is quite common that programmes set objectives in terms of percentage of target population covered by some form of service or active policy (such as % of unemployed people covered by appropriate orientation services; or % of adult population involved in education and training; or % of babies covered by child care services and the like), but it often remains unclear whether the distance between the actual situation (baseline) and the target will be covered entirely by the action of the programme or by the action of the programme and something else.

⁴² Setting targets in terms of better or larger *stable policy action* is, in fact, in itself appreciable and in line with most international practices that suggest that the degree of development of an area or of a country is to be appreciated not only in terms of standardized measure of economic development on average attained (such as per capita income), but also in terms of measuring population participation to the general welfare. The latter are better captured by indicators that signal the degree of coverage and accessibility to specific public services and/or components of well being.

⁴³ In particular those related to what we have discussed under the titles of *legitimacy* and *flexibility issues* in section 3.

While the standard logic described in section 2 (and partly considered by the Regulation) is still a useful and elegant reference point when we start thinking about programming and related conditionalities, the accumulated experience suggests that we need to import within that scheme some differentiated solutions in order to make it more effective, even at the cost of making it less elegant and general. In order to put forward some practicable proposals we should briefly go back to the concept of *policy success*.

Policy success can be defined as the achievement of good results - an improvement of initial conditions (or the impediment of an expected deterioration) - because of the policy actions. With the funds we cannot (usually) buy success directly, what we buy are some policy actions. Good policy actions (actions which are appropriate to the context, practicable and likely to be able to induce success) are however only very partially known *ex ante* to the funds provider; neither are they always known to the funds users.

Rather, they could be placed in a continuous space in which we are facing different degrees of knowledge of what works and different abilities of implementation. Typically, at any point in time, there are things of which we know more and things of which we know less; this knowledge usually varies with *types of policy* and *definition of results*. To make an example, committing to promote more sustainable mobility in a congested vast urban area (where we know that the thing to do is to convince the population to switch to larger use of public transportation by providing more frequent and reliable transportation services) is not exactly the same than committing to promote innovation for SMEs (where we might start with having the first troubles in understanding what more innovation means).

If we are intentioned to grant the funds under the condition that a credible commitment is made on implementing the most appropriate policy actions, we then might want the fund users to express their agendas in different ways according to the amount of knowledge which is reasonable to consider available.

The main point that we will be making is that we should consider the gains from the option of asking that different parts of a programme, dealing with different issues, are tackled differently according to the nature of the assumed objectives and correspondent policy actions. In fact, if we consider the programme main function as setting the appropriate conditionalities for the best use of the funds, and hence acting as a guide for action, there is no reason to presume that these conditionalities should be expressed in the same way for any type of policy action.

Consequently the main shortcoming of the current set of requirements is that it proves too general and abstract for offering practical effective guidance both in programme drafting and in negotiations over programme proposals, as the Regulation suggests a scheme which is invariant to the different issues that will be dealt with.

From its application we incur in two extreme, not satisfactory, situations. On the one hand, we end up asking too little information and commitment for policy issues whose corresponding policy actions should be really described with much more details to be credible. On the other hand, we ask too much for policy issues for which, at the outset, no one (neither the Commission, nor the funds users) really knows what the best way to proceed is. To be more explicit, the Regulation does not fully use the accumulated knowledge on the operational conditions that make some policy actions more likely to be effective or viable. However, to some extent we possess this information and there is no reason why we should not use it explicitly to reconsider the issue of minimum

requirements in programme design. A key related point is that in this reconsideration exercise, we can use both information about things we know of and information about things we do not know enough.

Some examples might be of use. Lets' assume that future Cohesion Policy will focus more on a narrower number of priorities⁴⁴, for instance around the policy themes of supporting *Infrastructure, Innovation* and *Social Inclusion*. These are particularly suitable to this discussion because they are very different in terms of the kind of policy actions implied (indeed any group of different priorities will do).

Infrastructure

In such a case, funds owners, funds providers and funds users know a few crucial things already at the outset. They know that a programme – small or large – brings always a definite amount of resources and hence that only a limited number of projects will be financed. Moreover if there are serious timing requirements in using the funds, a decision on which projects to finance should really be made while devising the programme. Building new or updating infrastructures typically requires a realization time that even for good performance projects ranges within a time of completion that is measurable in several years. In this case - which might cover transport, energy, environment and other social infrastructures - there is no reason why a programme should not be asked which projects will finance (and not only which type of projects), where and when, in order to justify the assumed benefits that will come from the funds. Benefits and results will come only if the investment is timely realized (as projects cannot be utilized by communities until completed), so an explicit commitment to what to realize, where and when is *the crucial condition* for making the policy more likely to obtain results.

In fact, some programmes already today makes this vital information largely available, some other programmes don't⁴⁵. Indeed it stays with MS's responsibility to translate the assumed general (but too often also generic) objectives into real benefits for their targeted communities, but without any further requests some communities are consistently less assisted than others, despite the common policy framework.

There could be several ways to make the programme commitments more stringent while respecting the autonomy of judgement and decision of MS⁴⁶.

Having some more tangible commitments would help policy implementation and the attainment of results, as monitoring committees and the public will have a clearer object to keep an eye on, voicing their appraisal or discontent on the progress of real items

⁴⁴ It goes without saying that focussing on a narrower number of priorities would make the option of asking for a differentiated treatment of key aspects according to different policy themes easier to put into practice.

⁴⁵ The current Regulation asks only an *indicative* list of major projects.

⁴⁶ For instance if not in the programme, where at least some reference to a realization schedule should be anyway required (as it is on average computable according to the type and dimension of the investment), the list of projects could be made available within, for instance, a year from the decision on the programme (although this will not always secure the conformity of the projects chosen to the programme's objectives, it could be an honourable compromise and a step forward with respect to the current state of affairs). It is obvious, in fact, that if that list is not made available within a reasonable short time from the beginning of the programme action, the necessary projects will not be carried out and results will never be accomplished.

instead of general expenditure speed. Also, if enough material to identify the real intentions of the programme is available, we could dispense programming authorities with the need of coming up with bizarre indicators that often do not capture what the programme is aiming at, or at least we could have more elements to judge the foundation of the programme assertions and its indicators.

Adding more stringent requirements with regard to projects plans within the realm of infrastructure support would also help to sustain the principle of *additionality* (at least indirectly, as interested communities will be ex ante aware of the destination of the EU funds and will be able to understand whether projects are additional or not).

Of course, incentives have to be provided as well. Under infrastructure support some transformation of the so called n+2 rule should be considered⁴⁷.

Innovation

The case is very much different from the previous one. In many instances in which the assumed objective is expressed in terms such as “*improving the productivity of SME’s through increasing their rate of innovation*”⁴⁸, the information available on what works is at the best sustained by uncertain evidence. Most proposed actions basically reflect the attempt to buy through policies some private capacities and virtuous interactions that have been observed in naturally successful events. There is nothing specifically wrong in this way of proceeding, but we need more diffuse awareness that - as even the basic theory is not consolidated enough - obtaining results is inherently difficult.

Moreover, most of the available evaluation tells that many actual policies frequently lack of specific and updated diagnostic and projects are often implemented under vague assumptions.

In this case, the current scheme adopted for programming is probably asking too much. In this realm it is not always possible to set a robust line going from output to results indicators. Promoting innovation is a policy realm in which we would like to condition financial support to the promise that *incremental knowledge* on what works, and what doesn’t, will be accumulated⁴⁹. In addition, if possible, we would like to forbid that too many funds get devoted to “one shot games”.

Hence under this kind of priority it would be useful to ask the programme to spell out clearly its diagnostic and theory, discussing strengths and weaknesses of the assumed programme theory (more than those of the eligible area or sector), while remaining open to possible even major transformations of the strategy ongoing. This kind or request will imply that some less abstract definitions are used (for instance what is meant by innovation and why in the specific context; what is the kind of firms’ population that the programmer has in mind; what exactly the programme will provide in terms of *assistance* to firms or other entities; what is the expected link of that assistance to the definition of

⁴⁷ This would not be a complete novelty. An indirect form of relaxation of the rule has already been experienced in the case of major projects.

⁴⁸ The quote has been liberally taken after having read a number of programme documents which were found to contain this kind of objective under the section dedicated to Innovation and R&D.

⁴⁹ This is all the more necessary as in general policy makers are usually neither scientists nor business persons.

innovation adopted; what are the capacity conditions in projects selection that will be made available; why some dimensions of financial absorption are considered realistic; etc.). Embracing a clear obligation to implement ongoing and ex post evaluations right from the start should also be added to the minimum requirements.

What is proposed is not the requirement of a perfect programme theory at the outset. Rather, it is suggested to provide both for more guidance about key issues to address in order to make actors fully aware of their decisions' implications⁵⁰ and to structure incentives to put into practice the essential activities of knowledge building while the programme is in place.

Social Inclusion

Under this theme a wide set of policy actions is potentially covered. What they have in common is that - as the natural functioning of our societies and markets economies make social inclusion a lasting preoccupation of the policy maker – in most cases we are aiming at supporting a policy effort which has to be kept in place even later, after the programme ends⁵¹. When this is the case, we are adding an additional element to judge the programme successful, as we cannot be contented with programmes projects being effective (although this is a worry that should obviously be maintained) but we would also want to see that some general conditions are put into place so that the policy action can be continued.

In the case of social inclusion, the general scheme depicted in section 2 is still quite useful, without too many amendments. In fact, in most cases we are talking about the provisions of services to weak groups that can be easily quantified in costs and coverage. Much theory and evaluation is available on what works and under which conditions. We could be, in fact, stricter in demanding that the scheme is followed appropriately and that adequate measurement is made available to make the programme's promises (targets) as precise as needed.

However, we might want to straighten the scheme in two directions: insisting more on ex post impact evaluation requirement and asking for information and commitments about the sustainability of the policy in future. This latter request would be important as it could encourage timely alliances between those who are in charge with the programme money and those whose general ordinary mandate is to take care of weak groups. Also, it could help in making it clear that something else (outside the programme) should be done to provide for that necessary permanent function. The programme should be encouraged to make it explicit whether the proposed actions will occur on the tops of others already in place (to enlarge the scope of an already active policy); whether they

⁵⁰ The feasibility of some actions which are often proposed as useful instruments because they have been identified as best practices elsewhere should always be carefully considered. In many cases the external institutional setting in which the programme operates is a key variable governing the feasibility and also the potentials of most policy actions. For instance, many of the alleged benefits coming from more interactions between firms and research institutions (which often leads to the idea that they can be induced by financing networks) might be strictly dependent from the organization of those institutions, their past history and their general access to finance, all variables which are not always in the realm of possibility of a single programme to affect. This issue is not to be confined to Innovation policy and could be of more general relevance. However, in the case of Innovation where policy is trying to trigger systemic aspects, the importance of the institutional environment surrounding the programme actions is particularly evident.

⁵¹ See also section 3.

are experimental and learning oriented; whether they are there to address a critical issue which until then has not been dealt with.

5. HORIZONTAL ISSUES FOR MORE FOCUS ON CORE COMPONENTS: DIAGNOSTIC, TIME, INDICATORS AND TARGETS, EXTERNAL COHERENCE CLAUSES

In what follow we briefly examine a set of issues (diagnostic, time, indicators and targets, external coherence clauses) that can be considered of relevance for any kind of programme or policy priority within Cohesion Policy. The scope of this section is not to discuss these items in depth. Rather, we put forward some proposals for simplification in the written documents, while meeting the need of making their core parts clearer and more straightforward. The maintained hypothesis is that programme documents are important per se. They must live beyond the drafting and negotiation phases acting as a clear and accessible reference point, both for the directly involved parties⁵² and for other relevant stakeholders. Hence they should contain all the key aspects while not being excessively ponderous⁵³.

Diagnostic

The basic logic/structure of a programme which is today used in many intervention frameworks in development policies (and which has been recalled in section 2) is based on the assumption that much specific knowledge will assist the building and implementation of a programme and the related policy decisions. The *logical framework* approach - which Structural Funds have absorbed from other preceding experiences - is still interesting and telling if not assumed in a mere tokenistic way and especially if we use it properly *going from ends to means* (and not the other way round), expressing a theory of change which we think to be valid within a specific context⁵⁴. Expressing a good theory that is not abstract, but both robust and tailored to the target context is always difficult. Hence diagnostic is essential. We cannot build a programme without expressing a diagnosis on the situation we want to intervene on. However we will never be able to judge from a written document whether that diagnosis is complete or if it has

⁵² Which are the Commission and the relevant MS mandated bodies.

⁵³ Keeping programme documents within accessible dimensions, while retaining important key elements, is not only a matter of elegance. A realistically shorter document (for instance ninety pages instead of several hundreds) is, in fact, more apt to fulfil the previously recalled partnership principle (as it can be amended during consultations importing changes instead of additions); it has a much clearer obligation to be straightforward and intelligible (as interested observers can actually read it); it is more credible in its function of being an explicit contract whose content is actually known to subscribing parties (and not only to a few drafters).

⁵⁴ There are numerous references for papers, guidelines and tips documents on the subjects of the logic model and the logical framework as these tools have been widely used both in programme management and evaluation planning in many fields. Each policy field has however developed its own practical approach and reference literature moving from the basic reference models and concepts. There is also a debate – lively among both practitioners and scholars – about the continuous validity of the model both because of its underpinning theory (which is often considered too simplistic because of its focus on linear causality); its practical application (which is reported to be often only formalistic and too worried about saying only what funds' owners want to hear); its possible perverse outcome of not allowing the necessary adapting of a programme during implementation. For a general discussion and other references see Oliver Bakewell and Anne Garbutt "The use and abuse of the logical framework approach"- November 2005, SIDA.

been carried out appropriately. At least, it is difficult to judge whether that diagnostic is useful if we do not also ask more directly *what is motivating the proposed strategy*.

In other words, while in the process of building a programme many routes are possible⁵⁵, the required format of the written document should focus more on *results to be achieved and their motivations* (the ends of the programme, for which the available diagnosis will be used) and on *the strategy figured*, including the crucial information *on why it is expected to work* (the means and their rationale, for which also the available diagnosis will be used). Long and standing alone diagnostic sections should be removed from the required format.

Among other things, this way of expressing the core requirements might make the document shorter and more coherent⁵⁶, and hence it might ensure its more genuine sharing among the many other stakeholders whose contribution is also requested (by the partnership principle).

Time

A reference to *time* should be explicitly introduced among the set of key requirements. Even if the logical framework does not have it, this descends from the fact that its main function is to clarify the *general logic* of programming. A real programme, however, is carried out within an historic time which is a crucial variable to consider when we deal with results. Also, according to different types of policies we might expect those results to become visible with different time lags from actions. For aligning expectations correctly, it is important for all parties involved to know when (at least approximately) actions will be implemented and if there is a necessary sequence for them to be more likely to be successful.

The absence of any reference to real time issues has perverse implications on the legitimacy of Cohesion Policy (which is too often blamed of not showing results, even when it simply too early for them to be seen). It hampers a proper surveillance activity on the programme performance (as sometimes it might be that even if it is too early to ask for results, it is not too early for measuring outputs and to ask how much did we do according to some stated timetable).

Asking more in terms of timing details will also positively affect the necessary coordination activities among the different public bodies involved in implementation, as they will not be postponed to after the programme has been approved.

⁵⁵ Especially if we consider that many programmes are not built in the vacuum, but they have a previous history of both diagnostics and policies.

⁵⁶ In some of the programme documents which have been looked at in the process of writing the present paper, the general description devoted to the state and perspectives of the eligible area or sector covers almost one third of the document, without any reference to possible useful policy actions. In the subsequent parts of the documents, when the perspective policy actions are described, is very rare that any reference is made to the diagnostic part to justify why those actions should be considered important for change.

Indicators and targets

Development programs can be described as a set of active actions to induce intentional transformations. By “intentional” we mean ex-ante determined objectives to be reached in target areas/sectors and/or for target groups. Intentional transformations can be expressed as the desired change from an observed situation today into a different one in the future. The observed situation could be described in words or synthesized in the actual value of a measured variable (indicator). The intended change could be described in words or synthesized in a target value of a measurable variable (indicator).

In the EU Structural Funds tradition the practice of making objectives more explicit through targeting numerical indicators has been a highly recommended programming procedure for a long time and, in the current cycle, it has been made mandatory.

The use of indicators and targets has some hypothetical positive implications. It should force to think in terms of measurable objects and hence should make the aspirations of a programme (its ends) more univocal and the actions to be financed (its means) better oriented. It should also help in clarifying responsibilities, as explicit targeting on measurable indicators is often related to more accountability.

Nevertheless, the conditions for which indicators and targets have all these desirable implications are not easy to meet⁵⁷. They cannot just be assumed and dedicated efforts are needed for their establishment. Although the situation might be better in some MS, what we see on average is not satisfactory. As the Commission has itself recently observed, some confusion on the implications of indicators and related targets is traceable in the programme documents.

Some of the observed weaknesses in the use of indicators and targets – such as indicators being too far proxies of the programme objectives; lack of specification of whether the assumed target refers to what expected by the programme’s actions; lack of clarity between the assumed links between indicators proxying policy actions (output) and indicators proxying desired outcomes – are not to be connected to the tool of indicators per se. They mainly signal that the proposed strategy is not fully defined; consequently even the use of indicators and targets might improve if more emphasis is put on the programme theory when expressing the minimum set of requirements for a programme.

However, on the Structural Funds planet there is also another interesting conundrum. Despite the fact that programming has been so far a “repeated game”, the availability of appropriate data (to build appropriate indicators) has not greatly improved; at least it has not improved as much as desired and expected in those realms in which Structural Funds have already acted for a long time.

For those who have been involved directly in building data for policy purposes, this situation is not surprising as building data is a long term effort that needs many financial

⁵⁷ We are not addressing here another position that warns against the potential negative implications of relying too much on numerical indicators. They can be misleading, or incomplete, or cause of too much focus on partial aspects. In general, however, in contexts in which the use of indicators is spread, the knowledge accumulated through measurement is conducive to increasing attention to the multifaceted implications coming from the use of indicators. In other words, the process of seriously using indicators and the effort of both data gathering and thinking about appropriate definitions go often along with a better understanding of the many limits of indicators and appear connected to a continuous action for their improvement.

and human dedicated resources. This last issue is a horizontal and systemic theme which should be addressed as such at the EU level, without leaving it only to Cohesion Policy. Much more could be done in financing and coordinating EU surveys and other data gathering activities that could be of much better use in assisting policies if only they were required to be significant at least at the NUT2 (European regions) level. Some help should then be coming by stronger support to national bodies that have a permanent and official mandate in providing for standard measurements, especially today when it has become apparent that, as policy interests and preoccupations increase in scope and dimensions, we cannot be longer contented with the available statistics at the MS (NUT1) level.

As far as programming is concerned, two options should be considered. They are not alternative. As we are especially interested in expected results to be accurately described, we could encourage mixed ways of expressing targets, both in terms of numerical indicators and in other ways (even narrative terms) as long as they meet some predetermined requirements. What is striking in most programme documents that exhibit numerical targets is that almost never there is a clear explanation of the reasons why those targets are to be considered desirable and significant transformations. At least a brief explanation of the implications of the chosen numerical target should be explicitly required. A similar approach could be suggested for treating outputs.

In addition we could try to move forward in the direction of providing better incentives for more data collection and building of appropriate indicators. To this end a provision asking for a minimum share of resources from technical assistance to dedicate to data collection (of interest at the programme level) could be considered.

External coherence requirements

Currently the Regulation asks that programme documents contain a justification of their conformity to the general EU strategy for Cohesion Policy, to the national corresponding strategy and to other relevant EU strategies. The outcome of this request is that a significant part of the written document simply asserts (without necessarily demonstrating) that this is the case. Most programmes, in fact, present dedicated sections to declare that their strategy is on line with the general theory of Cohesion Policy. These sections are of no use, as either the Commission (or the MS coordinating authority) is convinced that the general policy orientation is being respected by reading the core parts of the programme, or there is no reason to think that this legitimately requested compliance is guaranteed.

In the light of necessary simplifications, these programme sections should be substituted by an assessment made by the Commission (and by the MS coordinating authority), subject to discussion with the mandated authority within the MS which has submitted the programme proposal for approval. This will both make the written documents shorter (and hence more accessible to many interested stakeholders) and encourage more focus on their core components. This point is not to be considered as a minor one. Outside of the restricted circuit of Structural Funds *connoisseurs*, programme documents are not popular and they receive harsh critiques of being not intelligible and too full of statements that are *blueprints*⁵⁸.

⁵⁸ In some cases, the socio economic partners have even asked for technical assistance in programme documents reading.

6. SUMMING UP AND FINAL REMARKS

In this paper the key set of contents to be agreed between the Commission and the Member States for drafting Structural Funds *operational programmes* has been reconsidered in the light of theory and experience in order to assess whether relevant Regulation requirements are to be considered satisfactory. The scope of this reassessment has been to test whether current formal Regulation requirements ensure that programmes documents fulfil their proper role of expressing an adequate theory of change for the specific contexts of interest, and hence are more likely to be conducive to obtaining results from implementation.

The main conclusion from this reflection has been that – despite the formal accuracy of the Regulation proposed scheme – current requirements for programmes' content do not perform as a sufficient mechanism for ensuring programmes' quality in all instances. On the one hand, they do not seem robust to the different views, attitudes and concerns of the various actors playing as mandated bodies in the MS (which interpret them in a different way, sometimes compromising their intended function). On the other hand, they appear as too abstract and broad for acting as proper guidance for programming a real and multifaceted policy as is Cohesion Policy. In particular they do not make use of many insights pointing that an appropriate formulation and implementation of many policy actions should consider their diverse nature.

Several proposals have been put forward in the previous sections. They may be briefly summarized in the following main points.

More attention should be devoted to the circumstance that the entire set of rules and formal routines governing Cohesion Policy influence the way operational programmes are drafted - and not only the Regulation provisions for their specific content. These indirect effects are not always positive and, especially for weaker actors, may adversely impinge on the clearness and focus of programme documents. Hence more caution is advised when further provisions and constraints (such as on going expenditure deadlines, compulsory policy options, cumbersome eligibility rules and the like) are added to the central operational framework of the policy. Despite their honest justifications, these additional requirements can both enhance the difficulties in programming and encourage more vagueness in programmes' promises in response to worries of complying with other formal requests. These effects are all the most worse if mandated bodies in MS perceive that their actions will be judged more on formalities than on real achievements. More generally, as Cohesion Policy can obtain results if and only if operational programmes are of good quality, the all set of rules governing the policy should be looked at considering its effects on programming and implementation.

Within the institutional context of Cohesion Policy, where MS as a whole are both owners and users of the dedicated funds, the function of operational programmes to mainly serve as a real guide for action should be strengthened. Consequently, more emphasis – both in negotiations over programme proposals and discussions during implementation – should be put on the specific programme theory of change and its practical implications. Accordingly, actors should be encouraged to reflect on (and make explicit) the reasons and the conditions for which that particular strategy should work in their context of action.

In order to make operational programmes more apt in guiding actions, some differentiation in the minimum content of the programme according to the different

nature of the policy actions involved should be considered. Some specific suggestions have been put forward on this issue for the case of priorities such as Infrastructure, Innovation and Social Inclusion. What those examples suggest is to provide for a much more explicit declination of programme minimum contents considering the different key aspects that make a policy more likely to be effective. According to different types of actions these may range from requirements to announce specific projects, to commit to on going projects evaluations, to more clarifications on sustainability conditions outside the programme time frame.

A last point is related to the potential advantages of proposing a format scheme that makes programme documents both shorter and more focussed on their core functions. As programmes are not abstract and formalistic exercises but real agendas to be shared by many actors and that govern conspicuous financial resources, an effort should be made to render them as factual as possible. Explicit references to time issues and explanations of chosen targets should be required over and above what it is now prescribed. Conversely, other format requirements (specially those descending from external coherence clauses, but also those that bring to long and standing alone diagnostic sections) should be eliminated or, at least, not considered as constituting parts of the written documents as their function, apart from not being substantial, may also be misleading.

Some of the above suggestions could be considered in the formal letter of the Regulation. However, this way of approaching the issue will not suffice. Even more important are delivery practices (in opening meetings, in negotiations over programme proposals, in ongoing contacts with MS mandated bodies)⁵⁹.

⁵⁹ It is important to note at this point that within the institutional setting of Cohesion Policy (where *subsidiarity issues* are inherently delicate and MS as a whole are at the same time both owners and recipients of the financial resources) the actual content of programming documents is more relevant than the mechanisms devised for their formal approval. As long as some mechanisms for making these kind of contracts *perceived as binding* by the many involved mandated bodies in the MS are provided for (and hence they can assume the role of reference documents for implementation), the mechanisms for their formal approval are secondary in importance. Most of the proposals here put forward maintain their relevance even if the current regulatory framework for the formal approval of programming documents should be substantially amended. The main focus of this paper has been devoted to the characteristics that a binding programming document should show. Ultimately – in the EU context - it is of secondary relevance if a document is formally binding because it assumes the form of an explicit contract approved by the Commission (as it is currently the case for Structural Funds operational programmes) or because it is given the formal status of the reference document for financing actions because it has been drawn according to a formally agreed (with the Commission and among MS) set of rules, made open to relevant stakeholders and the public.