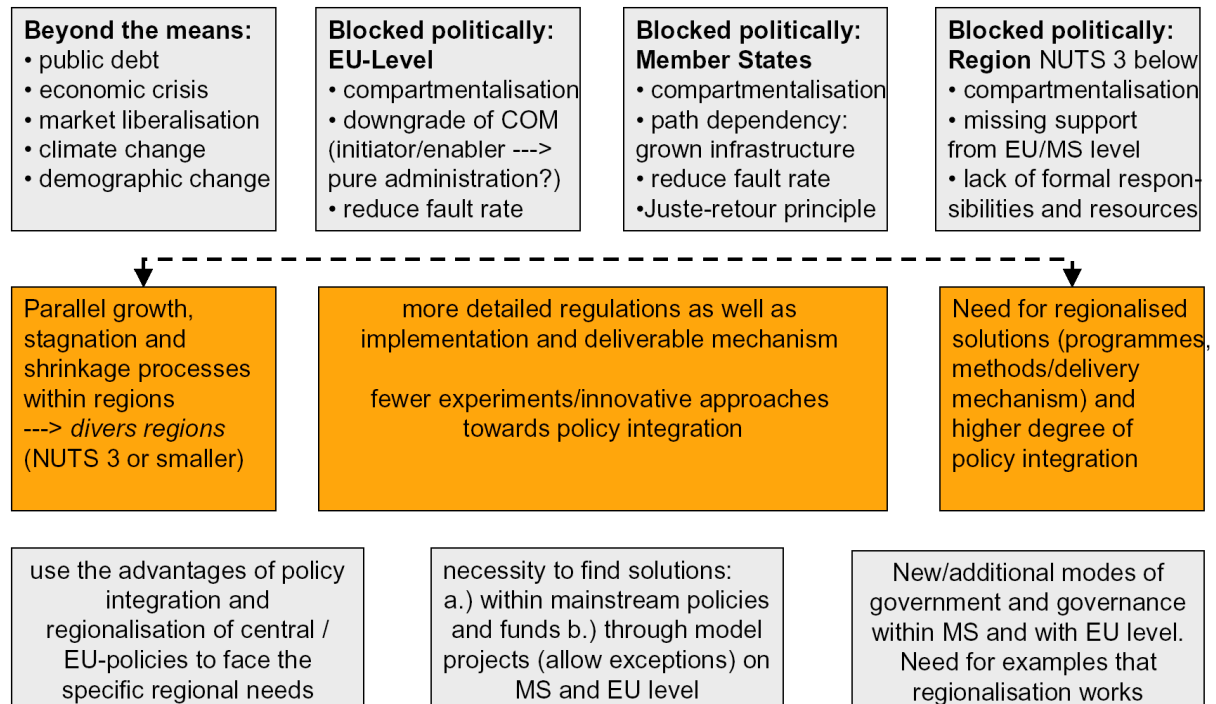


**Policy Framework: Driving Factors**



**Policy Recommendations for improved integrated local and regional development**

Strategic Level	Programmatic Level	Delivery Mechanism Level
<p><b>Development of Joint Co-ordination Strategy</b></p> <ul style="list-style-type: none"> <li>• provide a framework or "tool-package"</li> <li>• need for compliance between national and EU regulations</li> <li>• Define common understanding of regional/rural development</li> <li>• More explicit spatial approach</li> <li>• Extend and improve local co-operation models</li> </ul>	<p><b>Policies should be based on regional diversity and potentials</b></p> <ul style="list-style-type: none"> <li>• allocation of funds based on comparative advantages</li> <li>• account for the high spatial variation of territorial capital</li> <li>• integrated approaches need more scope for development</li> </ul> <p><b>General Council Regulation for Integrated Policy Approaches</b></p> <ul style="list-style-type: none"> <li>• Common and simplified system for integrated approaches in all funds</li> </ul>	<p><b>Support the Local Level</b></p> <ul style="list-style-type: none"> <li>• compare/exchange approaches and problem solutions</li> <li>• Simplify procedures</li> <li>• Build competence</li> </ul> <p><b>Enable Financial Engineering</b></p> <ul style="list-style-type: none"> <li>• regional budgets</li> <li>• regional revolving funds</li> <li>• EU-Community Initiative</li> </ul>

**Scheme 1: Regional Budgets - Recommendations for EU-Level** (based on FP 7 RUFUS [www.rufus-eu.de](http://www.rufus-eu.de))

<b>Overall aim</b>	<b>Improving and ensuring integrated regional development e.g. in the field of funding SME, public services and infrastructure</b> (region = NUTS 3 or voluntary but institutionalised co-operation of NUTS 3 regions)		
<b>Specific Aim</b>	<b>Implementing Regional Budgets</b>		
<b>Basic assumptions</b>	<b>Structural Funds and Funds for Rural Development will be programmed as usual by DGs and separated into single EU-Funds. The EU-Funds will be managed individually and the “sector principle” will not be touched.</b>		
<b>Options</b>	<b>Mutual Eligibility of EU-Funds</b>	<b>Deduction in Advance. EU-Community Initiative / Innovative Measure</b>	<b>COUNCIL REGULATION laying down general provisions on the implementation of Integrated Policy Approaches</b>
<b>Characteristics</b>	<p>EU regulations define</p> <ul style="list-style-type: none"> <li>▪ earmarked funds for Regional Budgets on OP-level ⇒ max. 10-15% of the EU-Funds. If not implemented money goes back to EU-level (incentive for OP-Level)</li> <li>▪ that the EU-Funds money for Regional Budgets is mutually eligible in compliance with all current regulations and guidelines including General Block Exemption Regulation and de-minimis aid regulation</li> <li>▪ the money of the Regional Budgets is earmarked to the EU-Funds it is coming from</li> </ul>	<ul style="list-style-type: none"> <li>▪ Deduction in advance during budget negotiations on EU-level for Regional Budgets</li> <li>▪ One Directorate General has to program and take the responsibility for implementation and administration of the Community Initiative</li> <li>▪ Option for EU-Level to give Regional Budgets directly to NUTS 3 / co-operation of NUTS 3</li> <li>▪ The EU-Funds money for Regional Budgets is mutually eligible in compliance with all current regulations and guidelines (see Option Mutual Eligibility)</li> <li>▪ earmarking of Regional Budgets to EU-aims and not to funds</li> </ul>	<ul style="list-style-type: none"> <li>▪ General Regulation defines common and simplified finance, administration and monitoring system complying with the requirements of integrated approaches</li> <li>▪ funding lines with integrated approaches e.g. integrated regional development, integrated coastal zone management, WFD, urban development etc. are subject to this regulation</li> <li>▪ Increased fault tolerance without interpolation onto other measures or funds</li> <li>▪ Earmarking of the integrated approaches money to the EU-Funds from where the funding comes</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>▪ Mutual Eligibility of EU-Funds between ESF and ERDF</li> <li>▪ EU-Initiative Leader + (2000-2006)</li> </ul>	<ul style="list-style-type: none"> <li>▪ XperRegio</li> <li>▪ Active Regions (Regionen Aktiv)</li> <li>▪ EU-Initiative Leader + (2000-2006)</li> </ul>	<ul style="list-style-type: none"> <li>▪ General Council Regulation EU Structural Funds</li> <li>▪ FP 7, Community Initiatives</li> </ul>
<b>Prerequisite</b>	Regional level has to be qualified for implementation of Regional Budgets. Solution: Part of the Regional Budget is earmarked for qualification		

**Scheme 3: Integrated approaches and co-ordination of funds?****Integrated approaches and co-ordination of funds?****/// Regional Budgets** (Region = more or less NUTS 3/local)**///** To distinguish two levels:

- /** Implementation within one EU-Fund
- /** Implementation combining two or more EU-Funds

**///** Within one Fund

- /** Global Grant (MAs: no! acceptance, high requirements for LAG! incl. question of institutionalisation and division of work)
- /** “semi” Regional Budgets (fixed budget, part of the administration on regional/local level)
- /** “virtual” Regional Budgets (budget not fixed, administration outside the region or parts in the region)

**Integrated approaches and co-ordination of funds?****/// Regional Budgets** (Region = more or less NUTS 3/local)**///** How to combine different EU-Funds? Three Models.

- /** Model “State Aid Rules”: Common rules based on EU-Budget/Financial Regulations, GBER, de-minimis etc.
- /** Model “Acceptance”: Mutual acceptance of regulation from all funds by all funds (all regulations have to be accepted by all Committees)
- /** Model “Policy Competition”: Region/LAG select at the beginning of the funding period the rules e.g. following the REGIO or the AGRI or the EFF system

**Scheme 3: Idealised linkages between capacity of a region, regional development strategies and funding instruments**

Capacity of a region	Regional Development Strategy	Funding Instruments
<b>Critical capacity</b>	<b>Growing Region</b>	<b>(regional) Revolving Funds</b> revolving funds financed by public and private money of all levels (EU, national, Regional) ⇒ complemented with Regional Budgets
<b>Basic capacity</b>	<b>Compensation Region</b> ⇒ option growing path	<b>Regional Budgets</b> Outright and partially refundable grants financed by public money of all levels ⇒ complemented with Mainstream Funding and option towards Revolving Funds
<b>Insufficient capacity</b>	<b>Safeguard Region</b> securing basic public services ⇒ option compensation path	<b>centralised Mainstream Funding</b> for single projects ⇒ option towards Regional Budgets

**Region** = NUTS 3 or voluntary but institutionalised co-operation of NUTS 3 regions

**Capacity** = **physical capacity** or potentials which can be transformed into products. Physical is used in a broad sense and can also mean services. Basically everything a region could sell as a product.  
 = **Skills or competencies** e.g. human resources and regional institutions qualified and able to activate and valorise the physical potentials

**Scheme 4: Processing of Funding incentives in Regions**

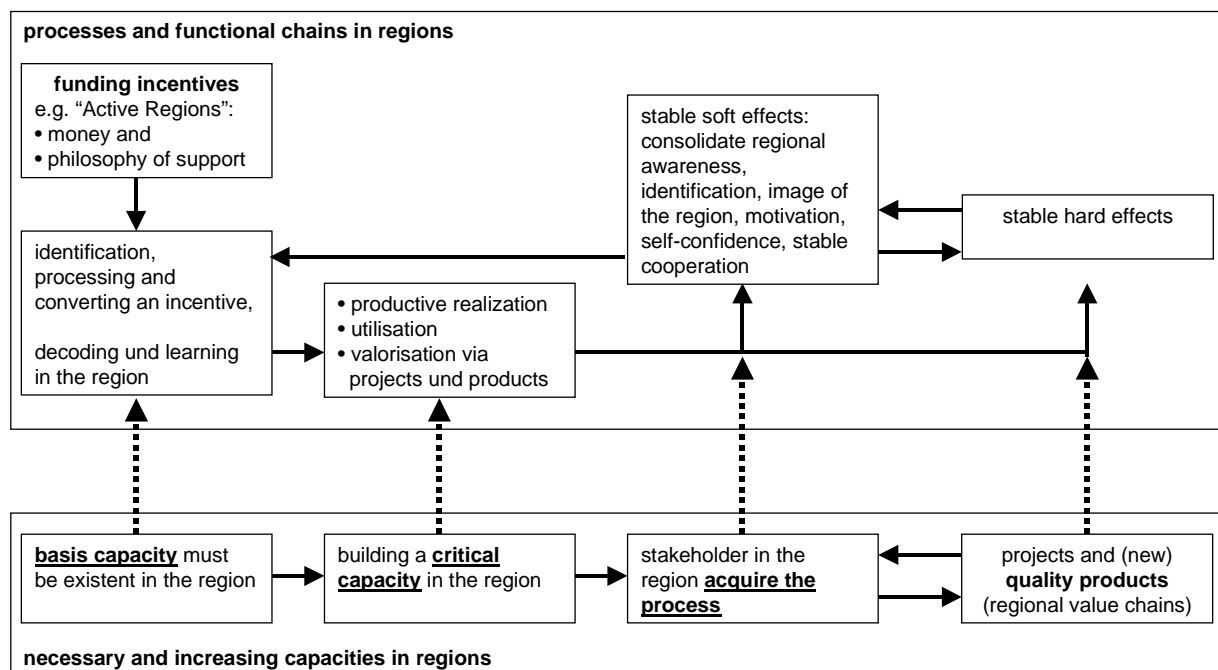


illustration: Elbe 2006

## Background Policy Integration in public funding programmes<sup>1</sup>

The biggest challenge for policy integration still is the sectoral orientation of politics and administration and thus funding programmes. Consequently to date integrated approaches are usually to be financed by sectoral funds. The current situation can roughly be characterised as a three-step cascade:

### ***Funds-crossing integration***

The uppermost step is funds-crossing integration in the sense of a horizontal partnership between different funds and funding programmes. This implies cooperation across individual funds to effect joint funding programmes and to combine financial resources. Softening the sectoral structures in politics and administration – e.g. by restructuring responsibilities of Directorates-General and Ministries (moving from a sectoral to a territorial orientation a.o.) is possible in theory but to date not very realistic.

Own estimation: Not realistic due to sectoral distribution of power in politics and administration as well as systemic structural conservatism.

### ***Integration on individual funds-level***

The middle step of the cascade is policy integration within one fund or funding programme – i.e. funding programmes set by Directorates General or departments foster not only contents within their own scope but also measures going beyond: independent of the origin of the funds part of it can be used for notified measures in other funding programmes.

Own estimation: Probably feasible for pilot projects (like LEADER+ or Regionen Aktiv) and optionally for individual mainstream funding programmes.

### ***Concept Integration on regional level***

The lowest step of policy integration is effected at the implementation level (NUTS 3 or below). Beneficiaries are requested to submit integrated (regional) development concepts (RDP) being responsible to finance their integrated projects by existing, sectoral oriented funding programmes.

Own estimation: The currently most frequently used option: the claim for integration is shifted from the programme level to the level of beneficiaries who have to achieve this e.g. by RDPs. Especially actors in regions with less experience are not qualified to meet this demand.

## ***Conclusions***

Shifting the claim for integration down to the regional level/ RDP-level when at the same time it is not established at the funds level sets those responsible in the region under considerable strain: in order to be capable to use the well-grown infrastructure of funding programmes, it needs information and knowledge in the regions. Enhancing the know-how is necessary, yet takes effort and time. To meet the great challenges of an integrated policy approach those responsible for implementation – i.e. the regional level /NUTS3 must be given sufficient time and assistance to acquire the know-how to bring about concept integration (e.g. through a qualification period or by adequate resources earmarked for qualification).

⇒ based on FP 7 RUFUS ([www.rufus-eu.de](http://www.rufus-eu.de))

---

<sup>1</sup> The subchapter is based on Elbe, Sebastian (2007): Die Voraussetzungen der erfolgreichen Steuerung integrierter Ansätze durch Förderprogramme. Aachen.