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Part III

COMMISSION STAFF WORKING PAPER

Impact Assessment - Part III: Opinion of the Impact Assessment Board

Accompanying the document

**Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006

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Impact Assessment – Opinion of the IAB

Title	IAB text	Changes made
(B) Overall assessment	Although the report draws on extensive evaluation and consultation findings, it requires important further work, especially on the issues of conditionality and concentration on thematic priorities, to better demonstrate the effectiveness of the proposed way forward.	The sections on concentration and conditionality have been revised with a particular focus on addressing the problems identified in the problem definition.
	Firstly, the assessment of concentration options should be deepened, based on a fuller explanation of how thematic objectives and investment priorities will operate in practice.	The preferred option on concentration provides a detailed explanation of the mechanism.
	Second, conditionality options should be more clearly expressed and their ability to address the identified problems should be more fully examined.	The assessment of the conditionality options has been entirely revised based on two dimensions: a) World Bank principles and b) ability to address problems related to performance.
	Third, the budget implications of the options that were modelled should be presented more transparently.	More information has been included both in the text and in the annex on the modelling results.
	Fourth, fuller details of the impacts of the "simplification of delivery" options should be presented, including on administrative costs.	A new annex on simplification and administrative costs has been included.
(C) Main recommendations for improvements		
(1) Develop the assessment of concentration options, based on a fuller explanation of how thematic objectives and investment priorities	The report should clarify how its preferred option will use concentration-related rules to ensure spending is more focussed on broad	The report provides a more extensive description of the mechanisms which ensure concentration on Europe 2020 thematic objectives and

will operate.	Europe 2020 thematic objectives and subordinate investment priorities which are more tightly defined.	investment priorities.
	This should firstly involve adjusting the option description to better explain how the various cohesion regulations and guidance will establish investment priorities down to the most detailed level.	The option description has been extended with a further explanation of regulatory provisions related to the concentration mechanism.
	An annex should be used to illustrate the hierarchy of prioritisation that will be developed and also to clarify how these priorities would be coordinated with those of other funds, in order to help readers understand how the system will operate in practice	A table has been provided showing how the thematic objectives of cohesion policy are derived from the Integrated Economic and Employment Policy Guidelines and the Europe 2020 headline targets.
	Secondly, the report should say more about the expected impacts of greater concentration on thematic objectives in its analysis of options, showing why planned changes should make a difference to effectiveness.	A table has been provided comparing the allocations to core European objectives in the 2007-2013 period and the 2014-2020 period in more developed contexts and a more extensive analysis of the impact of the option has been provided.
	The impact discussion should draw on evaluations to highlight likely future thematic priorities that are backed by evidence suggesting they bring high EU added value.	The draft includes a more detailed discussion on the results from the ex-post evaluations, including the Lisbon Evaluation, Commission Staff Working Paper.
(2) Refine performance conditionality options and better assess expected impacts.	As conditionality is a key change in implementation and the main proposed tool for increasing the effectiveness of spending, a more detailed assessment should be provided of the options on delivery performance and macro-fiscal environment.	A more detailed assessment of the conditionality options has been provided. The assessment is based on two dimensions a) World Bank principles and b) ability to address the problems identified in relation to performance.

	An effort should be made to explain the advantages of each option with reference to their ability to address the identified problems. This should allow the report to give both a clearer comparison of advantages and drawbacks, and a more robust justification of its overall conclusions.	The analysis of the impacts of each conditionality option has been revised highlighting the advantages and disadvantages against the two main dimensions of the analysis as described above.
	To avoid confusion, the rather different conditionality options on delivery performance and macro-fiscal environment should be labelled with separate numbers (currently 3i5 3ii).	Performance conditionality and macro-fiscal conditionality have been included under separate headings.
	The report should also better explain how the design of conditionality options will enable a tighter link with European Semester to be achieved. In particular for option 2 on "ex ante conditionality", it should be clarified how adjustments would be made during the programming period to the list of institutional and regulatory conditions (which must be met or covered by a plan for reaching them, before programmes that pursue related investment aims are adopted).	The section on the problem definition makes reference to the need to ensure a tighter link with the European semester. The description of the ex-ante conditionality explicitly states how Council recommendations would be taken into account in the assessment of the fulfilment of the ex-ante conditionality.
	It is suggested that a combination option is defined, by making brief cross-references to the other options it would cover and outlining how this combination might operate in practice. A brief assessment of the combination option should then examine synergies and practical challenges	A combined option is provided including a) ex-ante conditionality, b) performance framework and c) macro-fiscal conditionality. A box outlines how the combined option would work in practice.
(3) Present inputs to the modelling exercise more transparently.	To help readers understand the findings of the modelling exercise performed, a further effort	The report details more on eligibility, population cover and estimated allocations per option.

	should be made to explain its methodology, limitations and the total budget implications of input values used.	
	For option 3 in particular, the difference in overall cohesion policy budget per option that seems to exist should be acknowledged when explaining predictions about GDP growth (readers should not have to estimate the budgets using data on populations and average aid)	The analysis of the impacts refers directly to the size of the allocation.
	Annex II on modelling should clarify whether any sensitivity analysis was performed, for example to examine how outputs vary when different inputs are used to represent aid allocations per area	The eligibility analysis included a number of revisions due to new and more accurate data. This produced changes in eligibility and estimated allocations. The report and the annex refer to this. The options include a number of different allocations, such that sensitivity analysis is captured by these variations.
(4) Provide fuller details of administrative cost impacts	Particularly for the options on delivery simplification, the report should provide a fuller analysis of the administrative cost impacts. These predictions and key underlying data and assumptions should be presented in an annex that follows the recommended format. While advantages and drawbacks are presented, the cost of changing to new procedures should be more consistently taken into account.	Additional information on administrative cost was provided. An annex details the underlying data and their sources.
(D) Procedure and presentation	The report should cross-refer to choices already made in the 29 June communication.	A box in chapter 4 refers to the commitments from the MFF June communication.