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| from: | General Secretariat of the Council |
| to: | Delegations |
| Subject: | Reflection process on modern, responsive and sustainable health systems<br>*- Toolbox for effective structural funds investments in health 2014-2020* |

Delegations will find in the Annex the final text of the "toolbox", which is referred to in the Council Conclusions on the "Reflection process on modern, responsible and sustainable health systems" adopted on 10 December 2013 (doc. 16570/13, point (c), page 6).

**REFLECTION PROCESS ON MODERN, RESPONSIVE AND SUSTAINABLE HEALTH SYSTEMS**

**Subgroup 2 on defining success factors for the effective use of Structural Funds for health investments**

# TOOLBOX
# FOR EFFECTIVE STRUCTURAL FUNDS INVESTMENTS IN HEALTH 2014-2020

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**INTRODUCTION**

The EU is experiencing a sustained economic slowdown that reflects a period of budgetary constraint associated with the need to reduce large-scale government deficits. This in turn is seeing many public authorities limiting or contracting their spending on health services. At the same time Europe is facing the growing impact of an ageing population that could have a serious adverse effect on the economic outlook, the so called age-gap pension crisis, a reducing workforce pool that will coincide with increasing demands for age related care. However, health is also a major contributor to the EU economy through its importance as an employer and principal contributor to sustaining a healthy workforce, a source of research and innovation in medical technologies and stimulant for SME development. This enhances the need to assess the performance of health systems and implement sound and needed reforms to achieve both a more efficient use of public resources and provision of high quality healthcare. Getting more value for money is, therefore, crucial if countries are to ensure universal access and equity in health under conditions of severe constraints on public budgets.

EU Structural Funds (which will for the period 2014–2020 take the name of European Structural and Investment Funds - ESIF) therefore provide an important resource, for some Member States perhaps the only source of external investment, towards achieving health objectives, transforming services and enabling health to make a significant and measurable contribution to regaining economic stability.

This provides the rationale and context for the work of Subgroup 2 of the Reflection Process on health systems, which aims at achieving the following deliverables within the timeframe of 2012–2013:

- Sharing and analysing experiences and best practices;
- Identifying common sense 'success factors', which should be present in advance as to guarantee effective investments from the Structural Funds in the health sector;

- Develop a tool box for the use of Member States on the effective use of Structural Funds for direct health investments and for programming investments in other sectors, which could increase health gains;
- Discuss opportunities to implement PPPs or other financial engineering instruments in the health sector.

Based on its mandate, Subgroup 2's main output is this toolbox, whose primary purpose is to provide a source of reference for all Member States, regions and Structural Funds stakeholders to help improve the performance and effectiveness of Structural Funds investments in health.

**Why a toolbox?**

The foundation for providing safe and effective healthcare is that it should be evidence-based, supported by good governance systems and delivered by a well-trained and competent workforce. Therefore, effective operational and management systems and practice are paramount. The principle of the toolbox is to help develop a more systematised approach to the planning and management of an important area of application of Cohesion Policy and European Structural and Investments Funds 2014–2020 for health investments.

The toolbox will contribute to:

- improving Member States 'administrative capacity' for ensuring effective investments as well as a means of strengthening the response to *ex-ante* conditionalities;
- providing consistency and continuity in the quality of planning and management actions, and technical decision-making by Member States and regions;
- establishing a generic base for subsequent or parallel development of planning, procurement, implementation and evaluation processes within Member States.

The primary targets of the toolbox are Member States. However, it is also designed for use by other key stakeholders within or associated with the EU Structural Funds.

**The rationale of the toolbox**

The toolbox is grounded in reliable evidence. The starting point for its development has been analysis of different perspectives on performance of Member States programmes and projects during the current Structural Funds programme cycle, the findings of the recent Euregio III project[1], and other empirical evidence.

These reviews have identified generic problems:

- Programmes lacking clear strategic objectives and project integration, a tendency towards a list of priorities but without coherent focus;
- Weak links between health and social inclusion policies; social and territorial inequalities are often not targeted;
- Risk of further investment in 'non-reformed and unaffordable health care models';
- Poor operational performance falling short of 'business case' expectation and showing weak links to original goals;
- Sustainability of investments are often not assured;
- Non-transparent decision and evaluation processes.

Shortcomings are seen across all stages of Structural Funds investment for health: strategic planning and priority setting, integration and coordination with other priorities and needs, technical content and structure of projects, programme implementation and project management, and financial affordability and sustainability. The problems remain evident despite an extensive (and growing) package of EU Commission generic advice and guidelines on Structural Funds process and practice.

[1] The EUREGIO III project (2009-2011) reviewed and assessed the use of Structural Funds for direct health investment in the 2000-2006 and 2007-2013 Structural Funds periods. (http://www.euregio3.eu/pages/existing-knowledge-learning-using-sf-health investments/euregio-iii-project-2009-2011/)

***The aims of the toolbox***

This toolbox has the primary function to make an immediate start to help improve the quality and effectiveness of planning, decision-making and implementation of Structural Funds investment programmes and projects in health.[2]

The toolbox does not replace existing guidelines, but it aims to complement guidance including its more specific application to the health sector. It bridges between the EU 2014–2020 Structural Funds processes, procedures and expectations, and Member States internal planning and investment management processes. It can enhance but obviously not replace Member States internal systems and processes.

The toolbox meets needs expressed by Subgroup 2 members. Many Member States have identified the necessity to improve Member States' capacities and competencies for Structural Funds planning, negotiation, implementation and evaluation. The toolbox represents one element of providing better support in these critical areas of Structural Funds management.

The toolbox ultimately helps transform tacit and implicit knowledge into explicit knowledge that can be shared across the whole system. The toolbox therefore contributes to reducing the risk of malfunctions in the systems and enhances overall effectiveness.

***The content of the toolbox***

The toolbox comprises a range of suggested methodologies and guidelines. It provides access to technical knowledge and systematisation of processes leading to skills development.

[2] The toolbox will be the basis for more comprehensive work on Structural Funds and health over the coming 18 months by a tender action under the EU Health Programme.

The toolbox is generic in nature but relevant for the health systems in all Member States and easy to 'translate' and apply to local circumstance. The mandate for Subgroup 2 suggests strongly that the toolbox should also have general scope instead of following a specific thematic pathway (e.g. infrastructure, workforce skilling, ICT and e-Health). It bridges across main areas of investment. This principle ensures that it does not lead or influence Structural Funds investment focus – this is the clear prerogative of Member States – but is intended to facilitate and support their investment decisions.

The content of the toolbox is based on the recommendations of Subgroup 2 members. It is important that it provides effective support to Member States and is responsive to their diverse needs. The content of the specific sections draw from Subgroup 2 members' contributions, as discussed and agreed in Subgroup 2 meetings and consultations.

***The toolbox sections***

1. Critical success factors
2. Key policy messages
3. 2014-2020 Structural Funds framework and mechanisms
4. Strategic planning
5. Financial planning
6. Implementation
7. Conclusion

## 1. CRITICAL SUCCESS FACTORS

Throughout this document emphasis is placed on those factors, actions, information needs and capacity development that together contribute to critical success factors that help deliver successful project outcomes. The important link here is between initial strategy development and project planning and the means and criteria by which subsequent outcomes will be assessed for achievement of objectives and value for money.

The European Commission 'Guidance Document on *Ex-Ante* Evaluation – Monitoring and Evaluation of European Cohesion Policy' (January 2013)[3] provides advice for evaluators – those who will judge the effectiveness of investments – and gives a useful definition of the main components of the programme lifecycle:

- Programme strategy
- Indicators, monitoring and evaluation
- Consistency of financial allocations
- Contribution to Europe 2020 strategy, and
- Strategic Environmental Assessment

These elements should all combine effectively to ensure that programmes and their constituent projects deliver successful outcomes. Unless there is clarity in identifying what constitutes a successful and effective outcome, it is difficult to identify the common sense (critical) success factors necessary to achieve these results. A successful investment is one that 'significantly contributes to the fulfilment of its agreed objectives. Moreover, it should have at worst only minor negative unintended effects, its objectives should be consistent with societal needs and priorities, and it should produce the intended long-term benefits.'[4] The following sections provide a route map towards establishing and meeting critical success factors for Structural Funds investments.

## 2. KEY POLICY MESSAGES

These are observations agreed by Subgroup 2 members (and issued in an interim report by the group in 2012). They reflect an overview of important policy issues that relate to Structural Funds strategies for Member States.

[3] http://ec.europa.eu/regional_policy/sources/docoffic/2014/working/ex_ante_en.pdf

[4] These requirements were first formulated for US-funded international development projects by the United States Agency for International Development (USAID) in the 1960s and subsequently endorsed by the United Nations (UN), the Organisation for Economic Co-operation and Development (OECD), and the European Commission (all are major grant giving or advisory organisations for social and economic aid).

**Health policy related issues**

1) The current global financial-economic crisis will dominate health policy for the foreseeable future. Depending on the severity of the crisis, public authorities are likely to contract their spending on health services. The economic crisis provides a window of opportunity to implement sound and needed reforms. Developing 'new generation' approaches to healthcare requires the reconsideration and reconfiguration of the use of Structural Funds in the health sector to foster transformation of health systems and rebalance investment towards new, integrated and sustainable care models and facilities. Getting the balance right between actions necessary to safeguard the safety and quality of services and invest in new reform measures is one of the greatest challenges that Member States face.[5]

2) Health is one of a number of sectors competing for Structural Funds support. Many of these competing sectors are likely to demonstrate more obvious measurable economic benefit delivering quicker returns (e.g. transport and housing). This may weigh heavily against health, which is often viewed as a high-cost spending department with unclear evidence of measurable / definable economic return. Although it is clear that health is a precondition to economic growth and prosperity, the impact of health on the economy is often misunderstood and underestimated.

3) It is highly beneficial that strategic planning of future health investment is multi-sectoral and coordinated at national level but at the same time engenders commitment (and relevant input) from regional (and sub-regional) level. This will contribute to ensuring an integrated approach to programming, selection of support areas, sources of co-financing and compliance with national health policy. Wider collaboration between Member States on a European level is strongly welcome, considering that many are facing similar operational difficulties (e.g. migration of health workers, cross-border health threats).

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[5] Joint *Report* on *Health* Systems (2010), European Commission and Economic Policy Committee (AWG), European Economy Occasional Papers 74. *Commission Communication, Annual Growth Survey 2013, COM(2012) 750 final.*

4) The division of decisional power between national and regional levels of government with regard to the health sector varies considerably among Member States. This factor could be given more prominence, since it largely influences the 'capacity' of use of Structural Funds for health, especially in consideration of the multi-sectorial and coordinated characteristics needed by public investments.

5) Ensuring effectiveness and efficiency in the allocation and application of Structural Funds resources is crucial, if countries are to take steps towards ensuring universal access and equity in health support for their populations. Achieving social cohesion, reducing outcome / quality variances and closing serious health gaps between and within Member States remains of critical importance.

**Structural Funds related issues**

The following represent the more specific Structural Funds priority and process related views and recommendations of Subgroup 2 members:

6) Health investments need to follow the provisions identified in the regulatory package for 2014–2020 (still under negotiation), such as:

- placing emphasis on a more strategic approach to Structural Funds investment, improving outcomes and results, doing away with regional imbalances and ensuring greater involvement of relevant stakeholders;
- actions should have an integrated character, making full use of the new multi-fund opportunities (i.e. integrated ESF and ERDF projects);
- health investments should follow the targets and guidelines set for fund-specific (Europe 2020) priorities and key actions.

7) *Ex-ante* conditionalities are important instruments to foster discussion and leverage for improving health investment at national level, for stimulating better and more effective (and early) planning, developing more effective macro and micro budget principles and for effective alignment with EU2020 goals. Well-structured and well-integrated master planning is critical to the successful use of Structural Funds, in particular when set against the new results orientation of conditionalities.

8) There is an on-going tension between the need to address short-term critical problems caused by poor quality and outmoded infrastructure and technology and the need to invest in strategic reform of healthcare. The timeframe of Structural Funds programming cycle is a challenge for the management of major healthcare reform initiatives.

9) Multi-fund projects presents new opportunities and challenges, in particular gaining support for inter-sectoral collaboration, integration of revenue funding streams and new forms of collaborative working.

10) It is crucial and advantageous to involve ministries of health in the national processes of planning, programming, monitoring of Structural Funds, despite its predominant regional focus. Key policy objectives should be coordinated at national level to avoid multiplicity and fragmentation of projects / programmes. This is necessary to address issues of nation-wide variations in equity and quality of healthcare support, reflect overarching national strategy (for health) and establish a coherent and integrated programme that can ensure focus on systemic development (and change) in health systems There should be key involvement of the ministry of health in the overall management of funds devoted to health to ensure consistency and efficiency across the whole lifecycle of the programme (from planning to implementation and evaluation). This will help ensure 'administrative' quality.

11) A practical grounded approach to effective investments should take account of the results of the current and previous programming period and have regard to the practical experience gained from project implementation; using not only quantitative data, but examining how and why outcomes may have varied from the initial objectives. This should take into account the views and experiences of key players within the process.

12) There is often insufficient attention given to risk assessment when planning an investment; it is crucial to ensure both short-term affordability and longer-term strategic sustainability are assessed in advance.

Overall, this adds up to a call for more effective planning, implementation and evaluation, better access to information and good practice examples, and better skills training. These policy messages reinforce the rationale of this toolbox.

## 3. 2014-2020 STRUCTURAL FUNDS FRAMEWORK AND MECHANISMS

### The new legislation

The EU Council is about to adopt a legislative package that will frame cohesion policy for 2014-2020.[6] The new legislative framework:

- explains the aims of cohesion policy and describes funds available;
- establishes common principles and thematic priorities (Common Provisions Regulation) including specific investment targets;
- sets out conditions for funds approval, monitoring and evaluation, including ex-ante conditionalities.

[6] EU Cohesion Policy 2014-2020 Commission legislative proposals http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm

Results orientation is also incorporated into the regulations and accompanied by a Guidance Document on Monitoring and Evaluation developed by the Comission.[7] Concepts and Recommendations of this Guidance Document[8] fundamentally reviews the intervention logic of Cohesion Policy as one of the main principles and mechanisms of the ESIF operations.[9]

The package also harmonises the rules related to different funds to increase the coherence of EU action, and provides flexibility to support integration via combination of the funds for relevant interventions.

Through a dialogue process with the European Commission (until end of 2013), Member States will commit to focussing on investment priorities in line with the above objectives. This will be set in country-based Partnership Agreements and Operational Programmes.

**Strategic thematic objectives**

The new Cohesion Policy is designed to reinforce the strategic dimension of the policy and to ensure that EU investments are more effectively targeted on Europe's long-term goals for growth and jobs ('Europe 2020'). Europe 2020 establishes targets (for achievement by the end of the decade) in five priority areas: employment; research and innovation; education; social inclusion and poverty reduction; climate/energy. The strategy also includes seven flagship initiatives providing a framework through which the EU and Member States mutually support the five EU priorities.[10]

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7 http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#1

8 http://ec.europa.eu/regional_policy/sources/docoffic/2014/working/wd_2014_en.pdf

9 For more information on intervention logic see: 'A Fresh Look at the Intervention Logic of Structural Funds - Paper presented at the European Evaluation Society Conference in Helsinki, 4th October 2012 by Veronica Gaffey (http://ec.europa.eu/regional_policy/impact/evaluation/conf_doc/helsinki_vg_2012.pdf)

10 http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/flagship-initiatives/index_en.htm

Health has increasingly been recognised as an important focus for regional development and competitiveness and is therefore eligible for cohesion policy funding. The principal funds are:

- European Regional Development Fund (ERDF) (so far) largely allocated for health infrastructure and technology, including e-health;
- European Social Funds (ESF) fund health activities linked to ageing, health promotion and training, reducing inequalities in health, capacity building for public health authorities (and stakeholders).

The Common Strategic Framework (Common Provisions Regulation)[11] defines a framework of 11 thematic objectives (TOs) that are to be prioritized for Cohesion Policy funding, which – in turn – contain health eligible areas.

| | **Thematic Objectives** | **Health eligible areas** |
|---|---|---|
| 1. | Research & innovation | Innovations in products, services, businesses and social processes and models [Note: implicit eligibility for 'health'. TO is relevant to medical research ] |
| 2. | Information and communication technologies | E-health technologies/services |

[11] The Common Strategic Framework translates the objectives and priorities of Europe 2020 into investment priorities for the ERDF, CF, ESF, EAFRD and the EMFF, which ensures an integrated use of the funds to deliver common objectives (Commission amended proposal for a Regulation laying down common provisions, COM(2013) 246 final, 22.4.2013, Title II, Strategic Approach, Chapter I, Thematic Objectives for the Common Strategic Framework Funds; and Commission Staff Working Document on Common Strategic Framework, SWD(2012) 61 final, 14.3.2012, Part I and Part II (Annexes).

| | Thematic Objectives | Health eligible areas |
|---|---|---|
| 3. | Competitiveness of Small and Medium-sized Enterprises | The development of SMEs in emerging areas linked to European and regional challenges such as innovative services reflecting new societal demands or products and services linked to ageing population, care and health |
| 4. | Shift towards a low-carbon economy | Energy efficiency and renewable heating and cooling in public buildings [Note: implicit eligibility for 'health'. Health facilities, and transport to and from services, have one of the highest CO2 emission rates of all public buildings/services. There are both public health and carbon economy implications.] |
| 5. | Climate change adaptation & risk prevention and management | Increased investments in adaptation of climate change and risk prevention and management, including protecting human health |
| 6. | Environmental protection & resource efficiency | No direct health reference [TO is relevant for medical waste management; see also Note in 4 above] |
| 7. | Sustainable transport & removing bottlenecks in key network infrastructures | No direct health reference [TO is relevant for sustainable transport, developed bicycle and pedestrian tracks, air pollution, noise, all affecting health]. |

| | Thematic Objectives | Health eligible areas |
|---|---|---|
| 8. | Employment & supporting labour mobility | Anticipation and counselling on long-term employment opportunities created by structural shifts in the labour market in the health sector; self-employment and entrepreneurship for young people in the health sector; support for unemployed / inactive people to start and develop business in all sectors, including care and health; promoting health and safety at work; promoting active and healthy ageing [TO is also relevant for tackling labour shortage of the healthcare sector is also relevant |
| 9. | Social inclusion & combating poverty | Modernisation of social protection systems, including the design and implementation of reforms to improve the cost-effectiveness and adequacy of healthcare services; enhancing access to affordable, sustainable and high-quality healthcare services with the view to reducing health inequalities; supporting health prevention and promoting e-Health; enhancing integration between health and social services; health infrastructure investments; promoting healthy lifestyles and tackling health risk factors such as physical inactivity, smoking, harmful patterns of alcohol consumption |

| | Thematic Objectives | Health eligible areas |
|---|---|---|
| 10. | Education, skills & lifelong learning | Lifelong learning to improve adaptability of workforce, training and education of health professionals |
| 11. | Institutional capacity building & efficient public administrations | Capacity building for stakeholders delivering health policies, including efficient health sector technologies, thorough public administration methodologies |

The European Commission also adopted in March 2013 the report 'Investing in Health'[12] as part of the Social Investment Package. 'Investing in Health' establishes the role of health as part of Europe 2020 and strengthens the link between European health policies and support for health systems reform. It restates core principles: health is a value itself; makes strong reference to its contribution to and importance of human capital; promotes health expenditure as growth-friendly; and further emphasises the need for reducing health inequalities and investing in sustainable systems.

Therefore, 'Investing in Health' provides an important strategic overview of the needs, opportunities and benefits of investing in good health and better healthcare delivery. The document also promotes priorities for Structural Funds support including:

- investing in health infrastructure [including major technologies and e-Health] that fosters a transformational change in the health system, in particular reinforcing the shift from a hospital-centred model to community-based care and integrated services;
- improving access to affordable, sustainable and high-quality healthcare, in particular with a view to reducing health inequalities between regions and giving disadvantaged groups and marginalised communities better access to healthcare;
- supporting the health workforce – adaptation, up-skilling and life-long learning;
- fostering active, healthy ageing to promote employability and employment and enable people to stay active for longer.

[12] http://ec.europa.eu/health/strategy/docs/swd_investing_in_health.pdf

**Ex-ante conditionalities**

The Commission proposals for the Multi Annual Financial Framework 2014–2020 also called for 'new conditionality provisions to ensure that EU funding is focused on results and creates strong incentives for Member States to ensure the effective delivery of Europe 2020 objectives and targets through cohesion policy'.[13]

The proposed *ex-ante* conditionalities are to provide the strategic framework for investments. They aim to ensure that all institutional and strategic policy arrangements are in place for effective investment. These conditions are a combination of an appropriate regulatory framework, effective policies with clear objectives and sufficient administrative or institutional capacity.

The enhanced *ex-ante* conditionality concept of the 2014–2020 Structural Funds is an attempt to ensure policy and administrative capacity for effective programme implementation. The purpose is overcoming about the wide divergence in performance (in particular the variable absorption capacity, efficiency and effectiveness) of Member States in relation to cohesion policy. Observations also highlight the more specific factors that give rise to this variability, they are:

- macro-economic conditions: in terms of GDP, in other words the ability of the Member State to support and sustain projects and programmes;
- financial absorption capacity: the ability to co-finance programmes and projects; and
- administrative capacity.

*Ex-ante* conditionality for health includes the existence of a national or regional strategic framework for health ensuring access to health services and economic sustainability. The criteria for fulfilment are:

- a national or regional strategy for health is in place that 1) contains coordinated measures to improve access to health services; 2) contains measures to stimulate efficiency in the health sector, including service delivery models and infrastructure; and 3) contains a monitoring and review system;

[13] http://ec.europa.eu/budget/mff/index_en.cfm

- the Member State or region has adopted a framework outlining available budgetary resources for health care.

Other health-related *ex-ante* conditionalities – and criteria for fulfilment – include also the followings:

- Digital growth (incl. digital literacy and e-Health): the existence of a strategic policy framework (with indicators to measure progress of interventions) for digital growth to stimulate demand for affordable, good quality and interoperable ICT-enabled private and public services and increase uptake by citizens, including vulnerable groups businesses and public administrations including cross border.
- Roma inclusion (incl. access to healthcare): the existence of a national Roma inclusion strategy policy framework that sets achievable national goals for Roma integration to bridge the gap with the general population.
- Active and healthy ageing: active and healthy ageing policies should be designed and delivered in accordance with the Employment Guidelines. Actions to deliver on active and health ageing challenges: relevant stakeholders are involved in the design and implementation of active ageing policies; a Member State has measures in place to promote active ageing and to reduce early retirement.

The toolbox can be useful in assisting Member States to meet *ex-ante* conditionalities, in particular improving 'administrative capacity' to do so. It will form part of the continuing drive towards achieving better results.

**Towards better focused results**

The EU has stressed the need for a more results-based outcome for the programme. The expectation is that investments must ensure strategic benefit and value for money, including what specific outputs and results Member States and the regions are delivering under the agreed programme objectives, and high-level EU objectives and how they are monitored; how is cohesion policy contributing to reducing economic and social disparities across Europe while also contributing to Europe 2020; in the context of the economic crisis, how will programmes respond and deliver benefit?

***Integrated funding***

Integrated programming is a useful tool, promoted in the 2014–2020 programme cycle, not just to provide improved coordination, but also to achieve integrated development. Where an urban or territorial development strategy requires an integrated approach because it involves investments under more than one priority axis of one or several operational programmes, action supported by the funds should be carried out as an integrated territorial investment within an operational programme (Common Provisions Regulation, Recital 65). The implementation of integrated strategies is enhanced by the possibility to combine actions financed by ERDF, ESF and CF either at programme or operation level.

In the health sector, integrated funding can help ensure the more effective interlinking of actions to adddress problems. For example, activities comprising ICT/technology purchase, disease prevention programmes, screening examinations, training for medical staff, etc. may be combined under one common theme within one multifund project. It is very unlikely that in the future systemic change and improvement in the way services are delivered can be achieved within the confines of one stand-alone project fund. Furthermore, in most cases the conventional process of cross-financing[14] is no longer likely to be sufficient.

[14] Cross-financing combines ERDF and ESF for a part of an operation (up to 5% of each priority axis of an Operational Programme) and remains in ESIF 2014-2020 to complement the multi-fund approach (Common Provisions Regulation, Recital 55).

**Territorial cooperation**

According to the new Cohesion Policy rules, where urban or territorial development strategies require an integrated approach, because it involves investments under more than one priority axis of one or several operational programmes, action supported by the funds should be carried out as an integrated territorial investment (ITI) within an operational programme.

ITI could have several benefits in terms of healthcare developments, e.g. it could bring the desired synergies among different investments under more than one priority axis of one or more operational programmes, and it may help fight the 'strategic mimicry' (where the strategy making is loosely coupled with the problem or evidence base and mainly focuses on the elaboration of attractive project ideas). ITI could especially be used where health and social care overlap and for supporting regional / local health strategy planning.

## 4. STRATEGIC PLANNING

Strategic planning is the process through which the EU and Member States define direction and objectives, and make decisions on allocating resources to pursue these aims. Strategic planning is not simply delivering a list of measures and activities to be implemented. It also presents a vision of what is to be achieved in aggregate terms, the evidence supporting that vision and the steps necessary to command commitment and support from all stakeholders.

In order to determine the strategic policy direction, it is necessary to understand the current position, what needs to be achieved and agree possible ways in which each Member State individually or through collaborative agreement and mutual support can identify and implement a relevant course of action.

There are well-defined EU policies and strategies that together provide a comprehensive strategic planning framework for Member States. The main challenges are indicated in the three priorities areas of the EU 2020 Strategy: smart, sustainable and inclusive growth coupled with relevant flagship initiatives, which in turn include a range of health related objectives (e.g. the objectives aimed at reducing health inequalities, combating poverty and social exclusion, the challenges of an ageing population, the deployment and usage of modern accessible online services: e-Health).

In the course of strategic planning, it is also important to consider issues that extend beyond the immediate health sector. In the current context, these will relate primarily to country-specific recommendations (CSRs in the context of the European Semester of economic governance) that help strengthen Member States' economic situation for example measures to stimulate growth and create jobs, they may include:

- Co-relation between Member States national policy objectives and the targets incorporated in Europe 2020 (e.g. employment rates within target populations, numbers of people living below national poverty lines etc.);
- Actions aimed at building new competitive advantages (indicated in the National Reform Programmes);
- Support for reform and policy framework implementation in the area of ESF and ERDF intervention indicated in the draft legislative package framing cohesion policy for 2014–2020;
- Issues indicated as success factors in the position papers of the Commission Services on the development of Partnership Agreement and programmes.

A strategy should provide a clear route map to focus resources and actions to achieve the desired changes, it should identify risks inherent in the course of action proposed, provide 'landmark' reviews to ensure actions remain on track and define contingency plans to correct or compensate for failure or underperformance. It also provides the basis for developing constituent action plans across the services areas and sectors involved.

**The main elements of strategic planning**

Discussions within Subgroup 2 demonstrated the convergence between Member States experience and the so-called classic strategic planning template commonly used by different international and European organisations (such as the World Bank, OECD, WHO, and the European Commission).

Subgroup 2 members agreed that the following should be key components of strategic planning (with indicative examples):

- *The identification of main problems and challenges* (e.g.: failure or inability to respond to changing demographic and epidemiological trends and needs, poor level of accessibility and quality of medical care; low health awareness among population concerning lifestyle diseases, inadequate early disease detection);
- *Clear objectives* (e.g.: help people remain active longer on the labour market; illness avoidance in particular for lifestyle and chronic diseases; meet the needs of ageing populations; transformation of the health system to deliver more efficient, cost-effective and sustainable services; reduce inequalities in health status, improve access to health care);
- *Interventions* (e.g.: programme that enhances the quality of healthcare services and the efficiency of healthcare sector; reconfiguring the healthcare sector to meet the expected demographic challenges by 2030, modernizing health infrastructure to improve its responsiveness to new models of care, adjustment the model of the medical workforce education to the needs of the healthcare sector; increasing access to high quality healthcare services reflecting high priority disease areas (e.g. cardiology, oncology, neurology, emergency medicine). [15]
- *Planned actions* (e.g.: population-oriented prophylactic programmes for early-stage diagnosis of for example colorectal cancer, breast cancer and cervical cancer; prophylactic programmes aimed at diseases posing a significant region-specific health problems; rehabilitation programmes enabling faster return to work and labour market; actions dedicated to the reduction of health-related risks at work; introducing new HR and training strategies for the health workforce; national health education and healthy lifestyle promotion programmes.)
- *Financing sources* (national sources/EFS/ERDF/other)
- *Monitoring and review systems* (monitoring indicators, key success indicators)

[15] For more information on the new intervention logic see: 'A Fresh Look at the Intervention Logic of Structural Funds - Paper presented at the European Evaluation Society Conference in Helsinki, 4th October 2012 by Veronica Gaffey (http://ec.europa.eu/regional_policy/impact/evaluation/conf_doc/helsinki_vg_2012.pdf)

**Important lessons learned**

- *Timing is crucial:* It is important that the development of the health strategy is initiated simultaneously or before the development of the national programming documents (Partnership Agreement and Operative Programmes). Thorough sectoral analysis, conducted for the purposes of developing health care strategy, needs to be adjusted for the purposes of national programming for EU funds. A well-developed national health strategy can serve as a solid justification for all priority measures and investment actions proposed by the Ministry of Health during the process of national programming.
- *Analytical/evidence-based approach***:** Sectoral analysis and presentation of data, including temporal trends and benchmarking comparisons with other countries are of utmost importance. It is necessary to provide data, evidence and analytical background to justify the proposed priorities and measures of development.
- *Participative approach:* A strategy needs to be developed with a progressive participation of professional and general public. The aim is to achieve as broad ownership of the final document as possible in order to enable the ministry of health to identify priorities and measures for which there is a consensus among all the stakeholders and various groups in the health sector. As the programming period lasts longer then a political mandate, the strategy should be focused, as much as possible, on consensual points, rather than on controversial ones, in order to prevent disruptions in the strategies' implementation in case of a change of government. It should be borne in mind that facilitating a participative approach to development of a national health care strategy is time consuming (see above about the importance of timing) and requires substantial commitment of all stakeholders, including the staff of the ministry of health.

**The Italian MexA programme**

Many Member States already have well-developed and proven strategic planning models that align with *ex-ante* evaluation criteria. They should be more widely shared across Member States and regions. As a good example, Italy has developed a system for application to major capital projects, health infrastructure and clinical technologies; the Methodology for Ex-ante Evaluation of Regional Investment Programs in healthcare infrastructures (the MexA programme).[16]

MexA is a methodology for conducting a thorough and prospective *ex-ante* evaluation of the regional investment programmes in healthcare and / or for providing guidance to regions in preparing their plans. MexA is applied in the framework of state-regions collaboration as a tool for an interactive and reiterative process aimed at providing stewardship and governance of the National Health Service (SSN) in a regionalized system. MexA is a tool to be used as a structured 'meta-document' allowing the regional programmes to be clear and homogeneous, based on old and new needs for health services of the regional community and coherent with the general national health policies and strategies.

The MexA methodology comprises the following steps:

1. Explanatory Summary
2. Socio-Medical Economic Analysis
3. Strategy Proposed to meet the identified needs and its internal consistency
4. Demonstration of coherence of the strategy with EU- National and Regional Policies
5. Expected results and impact evaluation
6. Procedures for plan implementations and monitoring

[16] http://www.salute.gov.it/imgs/C_17_normativa_1666_allegato.pdf

**Large-scale investments (major projects)**

Planning, implementing and managing capital and technology projects of significant scale present challenges irrespective of source of funding or thematic area. Infrastructure investments of particularly large scale (defined as 'Major Projects' under Structural Funds[17]) need to meet special and more rigorous strategic planning provisions.

Recent evidence from analysis of infrastructure related Structural Funds projects (Euregio III) is consistent with authoritative wider research (excluding Structural Funds) that has examined capital investment outcomes across the European public sector (e.g. Concept Programme Norway)[18]. Problems can be tracked to:

- shortcomings in the initial concept development of the project;
- poor quality (or absence of) relevant indicators used for needs assessment, project planning and subsequent monitoring;
- project drift, a weakness in / or absence of periodic 'gateway' planning and project evaluation to ensure projects remain on track;
- lack of / or weak management capacity and competency in planning and managing large scale projects – one of the reasons why so many projects are overambitious in terms of expected outcomes.

There is good evidence to support the contention that major hospital projects and large-scale (whole systems) ICT programmes are particularly vulnerable. Both feature in Structural Funds programmes. Both types of investment are of high complexity, are invariably multi-sectoral in nature, carry significant financial risk and require high calibre management skills.

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17 As part of an operational programme or operational programmes, the ERDF and the Cohesion Fund may support an operation comprising a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature which has clearly identified goals and whose total cost exceeds EUR 50 000 000 (a 'major project'). Financial instruments shall not be considered major projects (Article 90, Common Provisions Regulation governing the 2007-2013 period)

18 http://www.concept.ntnu.no/english

There are good sources of reference accessible to Member States that cover the generic principles of capital investment.[19] Euregio III also contains commentary and case study examples of capital investment strategy. Given the complexity of planning for major capital investments, it is not realistic to attempt to cover this subject in more depth in this toolbox. This document therefore signals it as a more specialist dimension of Structural Funds investment that will benefit from further specific development as regards processes, systems and competencies both as part of the continuing support to be provided by tender under the Health Programme and also as a responsibility of Member States themselves.

## 5. FINANCIAL PLANNING

The European Structural and Investment Funds (ESIF) are the financial instruments of the EU to contribute to economic, social and territorial cohesion. There are two dimensions to the way in which the financial elements of cohesion policy should be viewed:

- financial (budget) management of agreed Structural Funds programmes and projects, and
- broader and long-term Member State financial planning and management strategies in health investments (of which Structural Funds forms a part). The health-related *ex-ante* conditionality criteria include having a budget and a monitoring framework to accompany the strategic policy framework in health.

Subgroup 2 agreed that there is a need to improve financial planning and management, in particular regarding Structural Funds projects and programmes. There is a substantial body of rules and regulations that apply to Structural Funds expenditure.[20]

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19 *Capital investment for health.* World Health Organization (including compendium of cases studies), Observatory Studies Series No. 18 (2009) http://www.euro.who.int/__data/assets/pdf_file/0014/43322/E92798.pdf; *Investing in hospitals of the future*, World Health Organization, Observatory Studies Series No. 16 (2009), http://www.euro.who.int/__data/assets/pdf_file/0009/98406/E92354.pdf

20 Rules and conditions applicable to actions co-financed from Structural Funds and Cohesion Fund – An overview of the eligibility rules in the programming period 2007-2013 (http://ec.europa.eu/regional_policy/sources/docgener/presenta/eligibility/eligibility_2009_en.pdf); and Commission Staff Working Document on Financial Instruments in Cohesion Policy (http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/financial/financial_instruments_2012_en.pdf)

Familiarity with and competence in applying these provisions is essential for sound Structural Funds financial management.

The Joint Report on Health Systems prepared by the European Commission and the Economic Policy Committee[21] in 2010 placed emphasis on the need for 'reforms to achieve more efficient use of public resources', thus further reinforcing the requirement to improve the management of financial resources.

Subgroup 2 members agreed that the following should be key components of good financial planning. They are summarised here in the form of headline action points.

**Principles for effective financial planning (programme & project level)**

*1. Strategic planning (see also correlation with above section on strategic planning)*

- Strategic planning should always be the starting point for financial planning, since strategic decisions must take into account financial considerations.
- The strategic plan should be used as a basis for developing the operating plan. It is the operating plan that incorporates the budget strategy necessary for successful implementation of the strategic plan.

*2. Financial planning*

- Financial planning should be considered as a continuous process of directing and allocating financial resources to meet strategic goals and objectives.
- Financial planning should be considered: backward and forward looking, governed by rules, time frame driven, with external evaluation.
- The challenge is to make financial planning a value-added activity that helps to achieve strategic goals and objectives.

[21] http://europa.eu/epc/pdf/joint_healthcare_report_en.pdf

*3. Risk management*

- One of the key success factors for financial planning should be risk assessment of projects and programmes. This consists of viability, affordability and sustainability.

*4. Metrics (ratio analysis) and benchmarking*

- One of the strongest conventions in financial planning is the application ratio analysis;[22] it is probably one of the most popular approaches in use within the Structural Funds arena.
- Applying ratios to sets of financial data is a useful way of bringing clarity to understanding and monitoring financial performance.
- Ratios are best used when compared or benchmarked. This type of comparison helps to establish financial goals and identify problem areas.
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**Defining levels and methods of financial planning and cost-effectiveness evaluation**

Member States usually have well-developed financial planning and evaluation systems that bridge between a specific health focus and more generic national 'treasury' requirements. The following is a checklist of those items considered by Subgroup 2 to be relevant for inclusion in this toolbox.

*1. Programme level – the headline requirements/tools*

- Cost-effectiveness analysis (CEA)[23] for setting health priorities
- Data envelopment analysis (DEA),[24] which is performed as with one output (life expectancy at birth) and two inputs (health care spending and a composite indicator of the socio-economic environment and lifestyle factors)

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22 Ratio analysis is a tool used to conduct a quantitative analysis of information in financial statements. Ratios are calculated from current year numbers and are then compared to previous years. Ratio analysis is predominately used by proponents of fundamental analysis.

23 CEA is a type of economic evaluation that examines both the costs and health outcomes of alternative intervention strategies.

24 DEA is a quantitative, analytical tool for measuring and evaluating performance.

- Setting specific criteria for investment (cost) effectiveness, examples:
  - reduction of maintenance expenditure (e.g. by creating open office hospital, joining medical institutions with similar specialization in one region, joining medical institutions with different specialization in one region, joint secretariat for various institutions),
  - (long-term) gains from increase of prolonging life span of patients and faster return to labour market,
  - promotion of certain amount of work load (not to support services with low demand)
- Health technology assessment (HTA)[25]
- Sustainability (or ability to maintain the programme over its planned lifecycle via presentation of medium to long term costs)
- Defining criteria for types of interventions where cost-benefit analysis is useful / necessary (major projects; infrastructure projects above threshold of 100 000 EUR, PPP projects etc.)

2. *Project level – the headline requirements/tools*

- Cost-benefit analysis (CBA)[26]
- Cost-effectiveness analysis (CEA)[27]
- Cost-utility analysis (CUA) - specialized form of CEA that includes a quality-of-life component associated with morbidity using common health indices such as quality-adjusted life years (QUALYs) and disability-adjusted life years (DALYs)

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[25] HTA is way of assessing the ways science and technology are used in healthcare and disease prevention. It covers medical, social, economic, and ethical issues. It provides policy-makers with objective information, so they can formulate health policies that are safe, effective, patient-focused and cost-effective.

[26] CBA assigns money value to the outcomes attributable to the programme.

[27] CEA is a type of economic evaluation that examines both the costs and health outcomes of alternative intervention strategies, including evaluation of alternative solutions (not to implement the project, to implement alternative project etc.)

- Health technology assessment (HTA)[28]
- Setting specific criteria for investment effectiveness (see examples above)
- Sustainability (or ability of the project to be maintained after implementation (maintenance costs do not increase) via presentation of medium to long term costs)

*3. Example for financial and economical calculation at project evaluation level:*

*First stage: Initial report*

- Social, economic or political importance of project
- Compliance with public plans
- Defining the goal
- Amount of investments
- Impact on public safety, health and environment
- Opportunities to apply innovations
- Project implementation options
- Involved parties, implementation plan

*Second stage: Quality analysis*

- Project timing
- Loan interest rates
- Inflation
- Discount rate
- Project cost

[28] See EUREGIO II project (http://www.maastrichtuniversity.nl/web/Institutes/FHML/CAPHRI/DepartmentsCAPHRI/InternationalHealth/ResearchINTHEALTH/Projects/EUREGIOII/WP5UsageOfGenericHTAInCrossborderCooperation.htm)

- Project income
- Project implementation risks

*Third stage: quantitative analysis*

- Project / risk net present value (NPV)[29]
- Value for money (value relevant for the project investments is the lowest project present value)
-

***Public Private Partnerships (PPP) and other financial instruments***

There are two dimensions to the application of PPP strategies linked with Structural Funds investment strategy:

- PPP as an integral part of a Structural Funds project;
- PPP as separate but complementing Structural Funds projects and programmes, where there is no financial relationship between the two.

Although there is European Commission general advice on the use of PPPs within the public sector, there is very little evidence or guidance available about interlinking PPP and Structural Funds projects or programme frameworks within the health sector. The use of PPPs is promoted by the EC as offering alternative sources of funding, noting however that just at the time the more systematic use of PPP could bring economic benefits the crisis has made conditions for accessing and applying these instruments more difficult. This places further emphasis on understanding how to get the best out of a PPP model.

[29] NPV risk analysis is a useful means of analysing overall project risk during the earlier phases of a project.

There are some useful principles to guide Member States when considering PPPs:

- Where PPPs are considered for some form of integration with Structural Funds an *ex-ante* obligation should be imposed on the project promoters;
- Member States embarking on PPP initiatives should consider establishing a central PPP guidance and strategy unit;
- Training to build the necessary skills should be made available.

PPPs are complex funding instruments; nevertheless for the purpose of the toolbox at this stage Subgroup 2 considers the following as important in relation to PPPs:

- There are some good opportunities to use PPPs either as stand-alone projects (complementary to Structural Funds) or on an integrated basis with Structural Funds to improve healthcare delivery in priority areas identified in Europe 2020 and Cohesion Policy, in particular smaller scale polyclinics, some outreach services, stand-alone treatment centres, provision of major technologies (including ICT) etc.;
- In some instances whole hospital PPP projects could be considered where they form part of a wider Structural Funds strategy programme but this will require considerable forward planning and considerable expertise and experience;
- Member States need to have regard to their capacity to plan and manage PPP projects;
- Most Member States are severely constrained in their ability to directly fund capital investments in the health sector. There is significant competition for Structural Funds support from across the EU in particular for projects that more directly contribute to economic growth, meaning that resources for 'health' may be relatively restricted. In these circumstances it may be advisable that Member States should consider PPPs as a viable alternative;
- In any event Member States would be well advised to begin to invest in competency training and development paralleled by the establishment of some form of central / coordinated expert PPP guidance and advisory service paying specific attention to the complexity of the health sector.

## 6. IMPLEMENTATION

Management and implementation structures for Structural Funds vary considerably across Member States. Much depends on factors such as governance set up, central and regional policies, the scale of EU funding, the scope of programmes and administrative experience. Subgroup 2 members expressed concerns over some Regions that seek too great a degree of independence and autonomy in planning and managing Structural Funds. It was felt this would act against Member States overarching core responsibilities and aims to address issues of country-wide equality and cohesion.

It was, however, noted that implementation processes are subject to changing trends, for example a changing balance of responsibility between central government and regions. Organizational changes at national and sub-national level should therefore reflect the need to improve implementation in relation to:

- following the strategic direction of programmes;
- investment in capacity for programme delivery;
- improvement of partnership arrangements;
- better coordination arrangements.

These factors generally apply to greatest extent to programme management strategy although individual project implementation is just as critical.

Programme and project implementation starts at the point of concept development. It is at this stage that the intended result that motivates the policy or action, i.e. what is intended to be changed, is identified. Selecting relevant result indicators facilitates understanding of the problem and the policy or action needed and will also provide evidence for later judgment about whether objectives have been met.

EU Commission guidance on monitoring and evaluation[30] makes an important contribution to the effective implementation of projects (and programmes). It draws attention to the expectation that two essential tasks must be managed when running a project or programme:

- To deliver the project / programme in an efficient and effective manner, and
- Assess whether a project / programme has produced the desired effects.

The EU Commission guidance argues that monitoring is a tool that serves the need to deliver a project or programme, in particular whether implementation is on track, whereas evaluation contributes to both tasks – efficient and successful implementation. The Commission also relies on Member States to provide sound audit trail and audit evidence for Structural Funds project implementation.

Most Member States have well established comprehensive project / programme implementation processes, although there is no common standard. The toolbox incorporates a generic translation of key principles drawn from a review of the various systems in operation. However, it also offers new perspectives, ideas and options for implementation structures and strategies that may help Member States improve their internal systems. It needs to be noted, however, that in the context of the negotiations on the Partnership Agreement, each Member State together with the European Commission is solely responsible to make decision on the general framework of the implementation structure. Therefore, Subgroup 2 did not commit itself to any of the models.

**Implementation structure: Independent Agency or Member States direction**

Subgroup 2 gave consideration to alternative models of implementation. Whereas the conventional model is well established (where the management of the Programmes are led by the ministries), there is merit in considering alternatives.

[30] http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#1

The adequate adjustment of the implementation structure to national (Member State) circumstance is a key to efficient and effective use of the money for health investments (or any other investments). This could include a shift towards an independent and impartial institution at the national level for the Structural Funds, which would ensure the coordination of the intervention:

- The Agency would become the management authority for all Operational Programs, including coordinating the Structural Funds (Structural Funds) implementation.
- This may overcome problems where management by Ministries can create conflict of interests.
- This would ensure creating one methodological environment for all stakeholders (including providers of the Structural Funds, applicants and recipients).
- Initial investments/operationalization could be funded from the Technical Assistance budget.
- The Agency would lie outside the sphere of the political influences, managed by professionals in an open and transparent manner.
- The Agency could be established through a public procurement contest.

The following are headline elements that Subgroup 2 considered to be useful for Member States in further developing and improving the various stages of implementation strategy and, as above, suggest new approaches.

**Administrative capacity**

There is a link to administrative capacity within the conditionality framework. Thematic objective 11 is about enhancing institutional capacity and efficient public administration with the help of a strategy – as an *ex-ante* conditionality – for reinforcing the Member States' administrative efficiency including public administration reform. This strategy should include the development of quality management systems; integrated actions for simplification and rationalisation of administrative procedures; the development and implementation of human resources strategies and policies covering the recruitment plans and career paths of staff, competence building and resourcing; the development of skills at all levels; the development of procedures and tools for monitoring and evaluation.

Administrative capacity is identified by Subgroup 2 as one of the key factors contributing to success of cohesion policy.

Three interrelated factors determine (and define) administrative capacity and its contribution to achieving effective projects and programmes:

1. Structure
2. Human Resources and
3. Systems and Tools

Subgroup 2 recommends strengthening performance in all three areas.

*1. Structure*

There should be sound organisational and planning structures in place to govern the Member State Structural Funds strategy effectively (see key policy message 10).

*2. Systems and Tools*

There should be relevant operational systems and tools to support the implementation of Structural Funds programme.[31] Subgroup 2 further recommends the development of well-prepared monitoring and evaluation systems with 'smart' indicators. Subgroup 2 notes the extensive guidance on this element of Structural Funds performance in the European Commission 'Guidance Document on *Ex-Ante*-Evaluation – Monitoring and Evaluation of European Cohesion Policy' (January 2013).[32]

*3. Human Resources*

There should be availability of a reliable workforce with appropriate dedication, skills and training to administer the systems and processes. This is a major concern for many Member States. Subgroup 2 identified:

- The need for substantial improvement in the training, capacity development and expertise of the workforce involved in all dimensions of Structural Funds policy and implementation;

[31] The toolbox will be the basis for more comprehensive work on Structural Funds and health over the coming 18 months by a tender action under the EU Health Programme.

[32] http://ec.europa.eu/regional_policy/sources/docoffic/2014/working/ex_ante_en.pdf

- The need to establish and incentivise an open-minded result oriented policy atmosphere to stimulate innovation and 'excellence' in Structural Funds programme development and implementation;
- The need to complement the abovementioned with similar competency development for the beneficiaries of Structural Funds;

This will need to extend well beyond generic principles and focus on the key thematic investment areas identified by Member States. This should take into account the relative planning complexity, risk assessment (functional and financial), implementation and operational sustainability of projects.

**Preparation phase**

- Detailed analysis and strategic documents as a foundation for creating the Operational Programs (including ex-ante conditionalities). This would incorporate: identifying the specific aims and the specific calls (administration of the calls instead of the areas of interventions);
- What is necessary to ensure the coherence, manage the complexity and ensure non-duplicity of the calls and projects;

  [Note: if the analyses are insufficient and / or dependent on the external influences (e.g. political influence), and / or the strategic document are insufficiently written, it could lead to wrong adjustment of whole programming period]

**Call for proposals**

- Moving towards an ongoing round of calls for proposals – the call is open for 2-3 years (after there is ongoing evaluation, see below), the assessment board takes place approximately every 5 months either/or after fulfilling the concrete number of projects

- Ongoing evaluation
  - The call open for 2-3 years, then it is closed and evaluated (ongoing evaluation). If the need for the call still persists and the goals of the call have not been fulfilled, the call will be announced again. Also, according to the findings of the ongoing evaluation, the call may be adjusted / redirected towards new needs and challenges. However, the aims of the call should remain the same (while the aims were derived from the national analysis and strategies).
- Setting the minimum and maximum amount of the money that will be allocated to a project (deciding according the result of the analysis from the preparation phase)
- Scheduling the calls (setting what amount of money will be spent at the certain phase of the call; setting which indicators and/or at which level will be fulfilled and when - deciding according the result of the analysis from the preparation phase)
- Hard projects, creating 'standardized projects'
  - The calls designed for the specific type of the projects
  - Concrete idea of what the project should look like and what should be fulfilled
  - Unbiased assessment of the projects

    [Note: it is important to ensure the twin principles of bottom up and top down scope for calls is maintained]

- The call should be closed after fulfilling its goals (according the data from the monitoring software); it should not be reopened.

**Assessment**

- The same assessment criteria for the whole call period

- Two types of criteria
  - General criteria (same for all projects – e.g. formal criteria) – can be assessed by implementation structure employees
  - Special criteria (different for every call) – judged by a team of specialists
- Assessment committee
  - Team of specialists (HR specialists, specialist for the quality, specialist for technical aspects of the projects….), there should be no representatives from the interest groups

    [Note: the partnership principle represents in the preparation phase of the Operational Programs, not during the assessment of the project. The reason is that participation of interest groups leads to power conflict and promotes just certain interests instead of creating the environment for robust and impartial discussion about the projects.]
  - The assessment committee should work together at common meetings. Every professional responsible for his/her area. He/she defends his/her assessment of the project in from of the whole committee (=independency, but higher unity in the assessment)
  - A representative of the assessment committee has the right to make a visit to the recipient for a fact check (*ex ante* visit)
- Selection of the projects
  - A short list = approved projects are sufficiently prepared and has reached a certain number of points in the assessment
  - A long list = projects, which are appropriate for the realization, however still have some flaws (approved in the formal assessment, however, because of the flaws, fall into 'waiting box'. If these projects are improved according the feedbacks from the assessment committee, they can be approved in the future).

- Allowing to postpone the realization phase into the future
  - The project is approved, but will be realized after several years, e.g. after finishing another project on which follows
  - Allowing long-term planning for hospitals (recipients)
  - Realization of the real need according the long term view plans
  - Obstacle (to foresee and anticipate): changing of the situation after several year of waiting, changing of prices, inflation or development on the market.

**Organization structure**

1. Provider/Agency side
   - Every project has its project manager = 1 contact person (targeted communication, know-how about the project and its risks)
2. Recipient side (beneficiaries)
   - Manager/team specialized on the Structural Funds
     - No other responsibility within the organization - perfect orientation in the issue of the Structural Funds, focus on the realization of the project
     - Paid from the project
     - No need to pay a external management (reason: external management does not have any interest on the effective and efficient realization, in reality these companies can be very inactive and make mistakes)
     - Requirement to have a Structural Funds manager/team in the grant application/project proposal – also the subject of the assessment
     -

**Project implementation**

- Creating a guidance document on 'risks of the realization / implementation' in an interactive form, emphasizing, what kind of risks and responsibility (time, financing, and professional) brings the project realization.

- More monitoring visit beyond the regime control ( = consultation, visit for a fact check, better evaluation of the possible risks in the project realization; for ex. after every monitoring report)
- Increasing of the recipient responsibility
  - Increase the enforcement of the responsibility– if the recipient does not communicate and there lacks in the realization, the provider/Agency should have the right to step down from the project. Nobody forces the recipient to finish the realization, if there is lack of will and interest from the recipient side (reason: it shows that the outputs of the project are not needed).
  - If the recipient make fundamental changes in the project (the project realization is essentially different from the project proposal, e.g. changes in aims, indicators etc.), provider/Agency should have the right to step down from the project (if recipient has interest to finish the realization in this new project, new assessment of the project is needed)
- 3E (effectiveness, efficiency, economy) = how to increase the recipient's responsibility for economic efficiency
  - Allowing the reallocation of the saved money (the recipient can reuse saved money from the project)
    - The use of the saved money states in the project proposal
  - Higher co-financing (higher interest to save and be economically efficient)
- Creating the European and national reference list of prices (avoiding overpriced projects)
- Dividing the payments
  - The last payment of the project pay after proving the fulfilment of the goals and after providing a sustainability plan for the project – expected impacts and steps for long-term sustainability

**Appropriate monitoring and indicator systems**

*Ex-post* evaluation and impact evaluation are not new to the Structural Funds, but they were not sufficiently considered 'tools' for policy decisions. Establishing phases for results evaluation and impact evaluation with feedbacks into the programming activities will now allow proceeding in the implementation with a higher possibility of success.

In the Operational Programs (OP) specific objectives must now be established, defined as expected results and related 'indicators of achievement'. Explicit and measurable expected results will allow to make evident the purpose of assistance, to promote infrastructure plans for the year, to give a strong spur to the directors for their actions and above all of providing citizens and their organizations a measurement tool for the verification of the public activities and for the exercise of their pressure, as well as to have a basis for impact assessment.

After the expected results, the OP should make explicit the actions to achieve them. This can be considered another innovation compared to the generic descriptions of actions of the usual programs.

Applying this methodology, once the OP is approved, it will be more easily pursued respecting the times of the planning. The lack of the attention to the steps involved in implementing plans and projects has been the crucial factor in the perennial delays of realization of the OP in the past agendas.

The three preceding methodological innovations will not become full 'success factors' without transparency in the information, and opening to the interested parties and the citizens partnership. The European partnership principle is also not new, but for the new programme cycle it has been reinforced and hopefully it will become a normal way of operandi in the lifecycle of the Structural Funds.

There is extensive monitoring guidance in the INFOREGIO web site[33] and some of the above mentioned points are also relevant for project monitoring. Subgroup 2 members suggest that consideration should also be given to having common monitoring software for EU projects allowing for different levels for different users (applicant/recipient versus provider) and data comparability/ compatibility.

Regarding indicators, there is also useful guidance on the INFOREGIO web site, however common indicators for the EU – stated by the European Commission according the national strategic documents (*ex ante* conditionality) – have also been considered by Subgroup 2.

## 7. CONCLUSION

The fundamental aim of the toolbox is to assist Member States in accessing and applying Structural Funds in a more effective manner. The forthcoming 2014–2020 programme is notable for its emphasis on establishing a stronger result-based ethos. Section 1 of the toolbox stressed the need for all future structural investments to demonstrate and deliver better value and more effective outcomes. There are well developed international standards (characteristics) by which projects can be judged, these have been formulated over time by major institutions such as the OECD, USAID, WHO and the European Commission, and they are described below.

### Characteristics of successful projects

The following five success factors are closely linked to what needs to be achieved for a successful outcome.[34]

- *Relevance* – the project is wholly relevant to addressing the need / problem and not just (alleviating) the symptoms
- *Effectiveness* – the project explains the 'what and how' the desired actions will be achieved

[33] http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#1

[34] The toolbox focuses on generic principles and cannot cover specific processes for key thematic areas such as infrastructure, ICT (e-Health), clinical technologies.

- *Efficiency* – the project demonstrates how value for money will be assessed (benchmarked) and achieved
- *Impact* – the project explains what results are expected and how they will be measured / quantified
- *Sustainability* – the project demonstrates how operational and economic performance will be sustained over its planned lifecycle

These criteria, although of universal application, are highly relevant to meeting societal needs and priorities that make up the primary focus of Cohesion Policy. In other words they would seem to constitute factors that should be present, in quantifiable terms, in all future Structural Funds investments.

**Reading list**


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- European Commission, Directorate General for Regional Policy: Results Indicators 2014+: Report on Pilot Tests in 12 Regions across the EU (2012)[35]
- EU Cohesion Policy 2014-2020: legislative proposals[36]
- Measuring performance: country factsheets[37]
- Simplifying Cohesion Policy for 2014-2020[38]
- Financial Instruments in Cohesion Policy 2014-2020[39]
- Integrated Territorial Investment[40]
- Tools from the EU Commission guidance on monitoring and evaluation[41]
- Guidance on Ex Ante Conditionalities for the European Structural and Investment Funds (ESI), DG Regional and Urban Policy, March 2013

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35 http://ec.europa.eu/regional_policy/sources/docoffic/2014/working/result_indicator_pilot_report%20.pdf

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41 http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#1, for example the European Commission 'Guidance Document on Ex-Ante-Evaluation – Monitoring and Evaluation of European Cohesion Policy', January 2013 http://ec.europa.eu/regional_policy/sources/docoffic/2014/working/ex_ante_en.pdf