The Cohesion-isation of the Lisbon Strategy through the Implementation of Europe 2020

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1. Introduction

It has been argued that the "Lisbonisation" of Cohesion Policy during the first three years of the current programming cycle represents a successful experimentation in the search of new forms of governance for both the Cohesion Policy and the Lisbon strategy. But our work in the field in 2010-2011 (Single Market and Cohesion Study) suggests that further changes need to be implemented before the Cohesion Policy can be put in a stronger position to contribute to the achievement of the new Europe 2020 objectives. In contrast to the considerable amount of attention has been given to the past "Lisbonisation" of the Cohesion Policy, there is a singular lack of analysis of how the parallel process of "Cohesionisation" (moving from an Open Method of Coordination model to a more Community Method model) of the Lisbon strategy has been implemented. In the National Reform Programmes (NRP) for the Member States that are major beneficiaries of Cohesion Policy the attempt to connect the two strategies is quite visible. A good example is provided by the Greek National Reform Programme, but one could also cite the Spanish or Portuguese NRPs.

While Cohesion Policy and the Lisbon strategy have represented the two main pillars of the Single Market programme, we argue that now with Europe 2020 the two strategies are and need to be officially brought into even closer alignment. This is particularly the case given the changes that have taken place during the last two months of 2011 and the recurrent attacks on the national bonds of Greece, Portugal, Spain and Italy. The stemming of the Greek crisis in March added to the piecemeal approach adopted by the Member States and European Central Bank have led to the adoption of closer controls over the budgetary process within Member States[1] to be exercised by the enhanced role of the Commission, thus enforcing the three types of conditionality (ex-ante, annual and ex-post) inserted in the new Cohesion Policy proposed regulations for 2014-2020.

In this paper we will identify the key components that have characterised the Cohesion Policy and Europe 2020 strategy and analyse how the two have interacted. In doing so we will discuss if the earmarking of Cohesion Policy expenditures has contributed to the delivery of Lisbon priorities and the types of changes that are necessary during the next budgetary cycle, 2014-2020, to improve the coherence of Cohesion Policy in relation to the objectives of Europe 2020 and provide a broader base of interaction between the two strategies.

1.1 Methodological approach: macro versus micro analysis

Before getting started we need to define the methodology that is applied to the analysis. The term "policy linkages" is defined as the overall socioeconomic objectives of the Lisbon strategy and Cohesion Policy, and "institutional arrangements" will be operationalised as the governance approach used to carry out these objectives. Instead, with regard to the "integrated delivery of the Europe 2020 strategy" we will look at the means by which the Europe 2020 strategy can be delivered in relation to the contents of the National Reform Programmes and the other initiatives undertaken by the Member States (Stability and Growth Programmes and Euro Plus Pact) and how the governance of Cohesion Policy can be

[1]See the European Council, "Statement of the Euro Area Head of State and Government", 9 December 2011.

improved to better deliver the Europe 2020 objectives during the next round of Cohesion Policy.

All of the considerations presented above require us to make the distinction between levels of governance—i.e., the European versus the national and regional levels—and the responsibilities for policy formulation vis-a-vis policy implementation. In our formulation the national level lies in a middle but pivotal position vis-a-vis the European and regional levels and in the responsibilities for policy formulation and implementation. From a strategic perspective, the national level represents the **macro** level of policy formulation given its role in the definition of the National Strategic Reference Frameworks for Cohesion Policy and the National Reform Programmes for Europe 2020. However, from an implementation perspective the national level also needs to be analysed in terms of one of (if not the most important) level of policy implementation. For this purpose we propose to use the distinction formulated by Mary Ann Scheirer and James Griffith (2000) for the study of "macro" versus "micro" levels of policy formulation and implementation. In the case of the EU the macro analysis will look at (1) what has been and is the strategy at the Member State and European level to reach the objectives of the Lisbon strategy (i.e., Lisbon Agenda, Lisbon II and Europe 2020)[2] and (2) how the debate on the Lisbon strategy has influenced the formulation of the initial policy guidelines and current objectives of the Cohesion Policy.

The **micro** analysis will, instead, be used to look at the implementation at the national and regional levels of the Lisbon and non-Lisbon earmarked objectives. The means by which these two approaches can be brought into alignment is to use the study of "micro implementation" as the basic building block for understanding the positive and negative aspects of the macro formulation of the strategy and the achievement of the policy objectives at the EU level. The adoption of this approach is predicated on the notion that the measurement of implementation is possible at the micro level[3], otherwise it would be difficult to assess the overall success of the programme at either the micro or macro level. In other words, no real success can be achieved in the operationalisation of the Europe 2020 programme at the macro level if there is not at the same time the possibility of verifying the focused and effective implementation of the individual policy objectives at the national and regional levels.

The study of what is happening "on the ground" at the national and regional levels in the policy fields covered by a programme has to be considered as representing the initial step in understanding whether a programme is in a position to achieve the stated objectives during the time frame provided or whether over the course of time the programme objectives cannot be achieved due to the lack of an initial credible set of objectives, policies or systems of

[2] The temporal sequencing in the formulation of Lisbon II, the Cohesion Policy guidelines and regulations, and the Europe 2020 makes it necessary to limit the comparison of the interactions in implementation between the first two or the three strategies. Instead, the Europe 2020 strategy can be analysed in terms of its congruence with the existing Cohesion Policy and the 2005 formulation of the Lisbon strategy. In Task 7 we will discuss how the future Cohesion Policy can be brought into close alignment with Europe 2020 based on the provisions stipulated in the National Reform Programmes. Therefore, the discussion of the "Lisbonisation" of the Cohesion Policy for 2007-2013 is restricted to the analysis of the link between Lisbon II and the current Cohesion Policy. The analysis cannot be extended to how the 2007-2013 Cohesion Policy has been brought into alignment with the exigencies of Europe 2020 because that alignment is underway at the present time and will be brought to full fruition in the formulation of the new Cohesion Policy for 2014-2020.

[3] Therefore, the availability of data on implementation—i.e., allocations and expenditures—provides the fundamental basis for carrying out micro policy analysis on implementation.

governance. Therefore, we need to look across the member states and regions in analyzing how the Cohesion Policy can help achieve the objectives of Europe 2020 and what needs to be changed during the next programming period to make the interaction of the two strategies more effective in producing the desired outcomes.

It has been argued that the Lisbonisation of Cohesion Policy during the first three years of the current programme cycle represents a successful experimentation in the search of new forms of governance for both the Cohesion Policy and the Lisbon strategy (Mendez, 2011). But our work suggests that further changes need to be implemented before the Cohesion Policy can be put in a stronger position to contribute to the achievement of the new Europe 2020 objectives. Given that a considerable amount of attention has been given to the past "Lisbonisation" of the Cohesion Policy, there is a singular lack of analysis of how the parallel process of "Cohesionisation" of the Lisbon strategy has been implemented.[4] In our opinion the Cohesion Policy and the Lisbon strategy have represented the two main pillars of the Single Market programme and now with Europe 2020 the two strategies are and need to be brought into even closer alignment.

1.2 The realignment of both Cohesion Policy and the Lisbon strategy

The thesis of this paper is that significant steps are necessary to bring the new round of Cohesion Policy into full alignment with the objectives of Europe 2020. Up until now, the alignment between Cohesion Policy and the Lisbon strategy has been incomplete in terms of **where**—i.e.,at which level does compliance occurs--,**who** complies and **when** does compliance take place. A more careful structuring of Cohesion Policy, though, will not be sufficient by itself to deliver the Europe 2020 objectives. During the next round of the budgetary cycle, steps need to be taken to re-enforce the ability of the Council and Commission to deliver the Europe 2020 strategy above and beyond what happens with Cohesion Policy. The two strategies need to be brought into closer and more careful alignment while at the same time guaranteeing the fundamental objectives of the Cohesion Policy. Evidence of this realignment has been evident in the parallel formulation of the National Reform Programmes and Stability and Growth Programmes in 2011.

As indicated by Barca (2009), the programmatic objectives of the Cohesion Policy have traditionally been focussed on the less developed Member States and regions in the pursuit of the equity objective. Instead, Europe 2020 by the very nature of its strategy is oriented toward all of the Member States, irrespective of whether they are developed or underdeveloped in delivering the strategic objectives of smart, sustainable and equitable growth.[5] The challenge over the next three years (2012-2014) is to evaluate whether in its present configuration the Europe 2020 strategy can deliver its objectives or whether changes have to be introduced to make the link between programmatic commitments and implementation stronger and durable over time.

[4] In the National Reform Programmes for the countries that are major beneficiaries of Cohesion Policy the attempt to connect the two strategies is quite visible. The best example is provided by the Greek National Reform Programme (2011, pp. 56-58).

[5] The Cohesion Policy targets the restructuring of the economies of particular countries and regions in terms of its operational programmes whereas Europe 2020 begins with the premise that the economies of all of the EU Member States need some form of restructuring in order to regain competitiveness at the global level.

Given that Cohesion Policy and Europe 2020 have different structures and implications for policy analysis, we will discuss the basic approaches and objectives present in the documents that have set out Europe's fundamental economic strategy on favouring growth, competitiveness and job creation ever since the Single Market programme came into existence and the Cohesion Policy first conceptualised. It is our contention that the Lisbon strategy in its three formulations (Lisbon Agenda, Lisbon II and Europe 2020) and the Cohesion Policy (from 1989 to the present) grow out of the same foundation and constitute the two essential pillars of the Single Market. We also argue that these two pillars of the Single Market have, though, developed under different rules and procedures which now need to be brought into closer alignment in response to the challenge of the financial and economic crisis.

For the purpose of comparing the two strategies we need to analyse the governance systems and resources that are available for achieving the objectives of the current Cohesion Policy, the previous Lisbon II strategy and the new Europe 2020 strategy. In this report we will analyse the threeapproaches in order to identify the synergies that can be produced through a more careful and conscious operationalisation of the Cohesion Policy and Europe 2020 during the next 2014-2020 budgetary and planning period.

The paper will use data from the earmarking exercise carried out by the Commission in 2010 (CEC, 2010b) to point out the current "patchy" nature of the implementation. Reference will be made to the national and regional implementation reports and National Reform Programmes. Finally, insights into how the mismatch between objectives and outputs associated with the Europe 2020 and Cohesion Policy can be overcome will be gleaned from the numerous interviews conducted with European, national and regional officials involved in the management of the two strategies. For interviews at the national and regional levels we will draw on our sample of 20 regions and thirteen Member States in addition to a number of stake-holders present at the national and regional levels. Where possible we have interviewed the national and regional Mr/Ms Lisbon in order to focus on those individuals whose professional responsibilities are particularly tied to the interaction between the Cohesion Policy and Europe 2020 strategies.

2. The origins of Cohesion Policy and the Lisbon Strategy in the Single Market Programme

One of the difficulties in comparing and contrasting the Europe 2020 strategy with the Cohesion Policy is that the two have significantly different structures. "Europe 2020", as stated by one of the managing authorities of a national Cohesion Policy operational programme in Eastern Europe, "is not a strategy for change but rather a vision of what Europe should be in 2020. What is clear is the objective. What is not clear is how to get there." Analysing the programmatic documents that have emerged from the Commission since the creation of the Single Market in 1993, we can argue that the Europe 2020 programme represents an overall vision of: what are the challenges facing Europe during the decade; what Europe needs to do in order to improve its economic performance; and where Europe hopes to be at the end of the decade. Thus, the updating of the Lisbon strategy through the formulation of Europe 2020 represents an articulation of how the objectives of the Single Market can and need to be pursued in the future at the European and national levels in order to maximise its overall economic and social impact.

The interaction between the Lisbon strategy and the Single Market has been explicit from the very beginning with the formulation of the Lisbon Agenda (CEC, 2000). The March 2000 document took on board the analysis presented by the Commission's 1993 White Paper (CEC, 1993) on the Single Market in terms of the objectives of making European business more competitive, stimulating higher and sustainable levels of growth, and creating new and better jobs. These objectives have been reiterated in each phase of the Lisbon strategy (CEC, 2000; CEC, 2005) and they continue to be the focus of Europe 2020 (CEC, 2010).

Our thesis is that the Cohesion Policy represents an economic policy that is intimately linked to the Single Market programme. In contrast with others (Pollack, 1997; Allen, 1996) we do not believe that the Cohesion Policy has constituted from its origin a compensatory "side-payment" or social policy in favour of the less developed regional and national economies that signed up for the implementation of the Single Market programme. Instead, the Cohesion Policy has represented from the very beginning an economic policy designed to restructure the economies of underdeveloped regions so that they could take full advantage of the opportunities presented by the Single Market. Thus, we argue that there has not been a major difference between the socioeconomic objectives of the Cohesion Policy and those of the Lisbon strategy. Both are and have been from the beginning well rooted in the Single Market programme. What has been significantly different in the past is the system of governance used to achieve the Cohesion Policy objectives vis-à-vis those of the Lisbon strategy. These differences have created a substantial difficulty in permitting the two initiatives to interact in an effective and efficacious manner over the last two decades.

Figure 1 presents a time line of the Cohesion Policy and the Growth, Competitiveness, Jobs Strategy enunciated in the 1993 White Paper that was then transformed into the Lisbon Strategy in 2000. As we have stated above, both strategies represent the twin pillars of the Single Market programme that was set into motion on 1 July 1987. What has changed over time, though, has not been the overall objectives of the two strategies but rather the governance mechanism applied to the two pillars of the Single Market at the European, national and regional levels. This is clearly illustrated in the analysis of the two sets of documents listed in Figure 1.

Figure 1: Interaction between Cohesion Policy and Lisbon Strategy: The Two Pillars of the Single Market

	Year	Cohesion Policy Pillar	Economic Strategy Pillar: Cockfield and Growth, Competitiveness and Jobs White Papers/Lisbon Strategy/Europe 2020
'Invisible hand' implementation of the Single Market	1985		Cockfield White Paper on Single Market
	1986		Signing of Single European Act
	1988	Regulations for 1989-93 and introduction of the Community Method	
	1989	Initiation of 1989-93 policy	
	1993	End of first Cohesion Policy programme cycle	Initiation of Single Market; Commission's White Paper on growth, competition and jobs
	1994	Initiation of second programme cycle 1994-99	
	1996	Reformulation of Cohesion Policy regulations	Analysis of the initial impact of the Single Market
	1998		Amsterdam Treaty and introduction of Open Method of Coordination
	1999	Agenda 2000; Regulations for 2000-2006	
'Voluntary' implementation of the Lisbon Strategy	2000	Initiation of third programme cycle 2000-2006	Lisbon Agenda
	2004	Mid-term review of OPs	Kok Report
	2005	Guidelines on Cohesion Policy 2007-2013	Lisbon II
	2006	Regulations on Cohesion Policy 2007-2013	Earmarking of Lisbon oriented projects
	2007	Initiation of fourth programme cycle 2007-2013	
	2009	Lisbon Treaty and the insertion of the goal of territorial cohesion; Barca Report	
Introduction of MS constraints	2010		Europe 2020
	2011	First draft of Regulations for 2014-2020; First budgetary projections	Presentation of National Reform Programmes and Stability and Growth Programmes
	2012	Drafting of national proposals	Greek debt crisis

Source: ESOCLAB, 2012

Our analysis of the EU documents during the 1990s dealing with the socioeconomic impact and challenges of the Single Market shows that the Lisbon "strategy" did not necessarily begin with the Lisbon agreement adopted by the Member States in 2000. In fact, the Commission's White Paper of 1985 (the Cockfield Report) and its 1993 White Paper (CEC,1993) entitled Growth, Competitiveness, Employment: The Challenges and Ways Forward into the 21st Century[6] had already set out the three basic economic objectives of the Single Market. In fact, the 1993 White Paper clearly outlined the main objectives that would become the focus of EU policy making during the second half of the 1990s and continue to remain at the heart of the EU's economic objectives into the following decade.

The contents of the 1993 White Paper are important in illustrating how the role of the Cohesion Policy was perceived at that time, and how the three strategic objectives of the

[6] The Commission was asked by the Copenhagen European Council to prepare a White Paper "on a medium-term strategy for growth, competitiveness and employment" based on an in-depth discussion among Member States on the weaknesses of the European economies. (p. 9).

White Paper were expected to be achieved. To begin with, the Cohesion Policy was hardly mentioned in the 1993 White Paper, other than stating that the Single European Act had "helped to restore the balance in the development of the single market by way of joint flanking policies as part of economic and social cohesion" (p. 15). The Cohesion Policy was considered by the White Paper to be important in providing those "collective solidarity mechanisms" designed to alleviate potential inequalities between regions that could develop through a speedy process of market integration:

"Solidarity, once again, between the more prosperous regions and the poor or struggling regions.Hence the conformation of economic and social cohesion as an essential pillar of European construction". (p. 15).

Thus, in 1993 the role of Cohesion Policy was considered to be important in helping the poorer regions overcome the economic dislocation produced by the implementation of the Single Market through the integration of markets and in building the basis for the accelerated growth. As we have already seen in the Literature Review concerning the first programming cycle, it was not clear to the policy community in the Commission what the Single Market would in fact produce in terms of convergence or divergence dynamics with regard to the less developed regions. By initiating the Cohesion Policy in 1989, the Commission was able to put into place the "shock absorbers" that could anticipate the potential impact of the Single Market once it was implemented in 1993.

This concern with the potentially negative side-effects of the Single Market declined significantly after 1993 when it became clear that the Single Market was not having a detrimental effect on the poorest and less developed regions. Combined with the Cohesion Policy, the Single Market programme was, instead, strongly contributing to the process of socioeconomic convergence (Leonardi, 1995; CEC, 1996a).[7] The First Cohesion Report (CEC, 1996b) and subsequent Periodic Reports on the Structural Funds provided a wealth of data showing that the two policies (Cohesion and the Single Market) were operating in the less developed areas in a self re-enforcing manner.

What is also interesting in the 1993 White Paper on the Single Market was the fact that it did not provide any mechanism for a Community-Member State interaction aside from the traditional one taking place within the Council of Ministers. The lack of the provision of a specific governance mechanism suggests the existence of a shared belief among Member States and the Commission that the achievement of the goals of the 1993 White Paper could be left to Adam Smith's "invisible hand". As a consequence, the White Paper stipulated that the Community needed to dedicate itself to: making the most of the Single Market; support the development of small and medium enterprises; reinforce the social dialogue between the two sides of industry; create the major European infrastructure networks; and lay the foundations for the information society.

The 1993 White Paper did not foresee any specific procedure or governance mechanism for EU-Member State interaction in the achievement of the stated goals aside from those provided by traditional Commission-Council of Ministers interactions. In the 1993 White Paper the possibility of introducing an open form of coordination was not raised in either theory or

[7] This is exactly the same effect that the two pillars of the Single Market (i.e., opening of markets and Cohesion Policy) have had on the CEECs during the post-2004 period as is amply illustrated in the results of the modelling exercise reported in Task 5.

practice. This was due to the fact that the introduction of the Open Method of Coordination was only formalised five years later in the 1998 Amsterdam Treaty. Nor as we have seen was there any mention of the supporting role that could be allocated to the Cohesion Policy in helping to achieve the objectives of the White Paper.

Thus, as illustrated in Figure 1 the interactions between the Cohesion Policy and the Single Market were not rendered explicit in the 1993 White Paper. The Community preferred at the time to have a more informal or less explicit interplay between the two pillars of the Single Market programme.

In retrospect, it is obvious that the White Paper did not have an impact on the formulation of the 1999 regulations for the Structural Funds. That role was played by Agenda 2000 that foresaw the expansion of the EU's Single Market to include the new Member States represented by the CEECs and the two island countries in the Mediterranean and the rationalisation of procedures for the oversight and evaluation of Cohesion Policy implementation.

What did change in 2000 was the abandonment of the "invisible hand" approach for a more explicit but "voluntary" one on the part of the Member States and the Commission as operationalised through the Open Method of Coordination (OMC). Within this new voluntary approach the Cohesion Policy was not assigned an explicit role in achieving the Lisbon Agenda objectives. In fact, the two programmes remained substantially separate from each other for another four to five years until the Lisbon Agenda was evaluated by the Kok Report (2004) and subsequently modified in 2005 by the Lisbon II strategy.

The 2000 Lisbon Agenda did refer to social cohesion in terms of the creation of a more "competitive and dynamic knowledge-based economy...capable of sustainable economic growth with more and better jobs and greater social cohesion" (CEC, 2000, p. 2). But rather than referring to the role of Cohesion Policy in achieving this objective, the emphasis was placed on the modernisation of the European social model so that the pursuit of the new knowledge-based economy would "not compound the existing social problems of unemployment, social exclusion and poverty" (p. 8). The role in avoiding these pitfalls was allocated to the "Luxembourg process" that could provide the definition of European level employment guidelines and transform them into operational programmes at the national level through National Employment Action Plans.

The 2000 Lisbon Agenda emerged as a policy issue on the heels of a steady weakening of Europe's competitiveness vis-à-vis the United States and a surge in the U.S. economy during the previous five years. If we compare the two economic blocs during the period of the second half of the 1990s, labour productivity fell in Europe vis-a-vis the US, and Europe was falling behind in the use of its labour force in terms of overall employment rates and the utilisation of female labour (Gordon, 2004). Johansson et al. (2007) report that by 2004 Europeans worked on average 15% fewer hours and had labour participation ratios that were 9% lower than their counterparts in the U.S.. What then was the remedy for a turnaround in the EU? The formulators of the Lisbon Agenda argued that the EU had to reorient its economic objectives toward greater value-added products(i.e., ICT related investments and manufacturing that were part of the new knowledge economy as argued by Castells in 1996), in order to become the most competitive and dynamic knowledge-based economy. For these objectives to be achieved Europe would have to experience sustainable economic growth and to generate a greater level of social cohesion. In addition, it had to make a success of the pending enlargement by rapidly increasing livingstandards in the new Member States. It was expected that such an ambitious programme would have at its base a larger budget and strong mechanism for implementation.[8] That was not the case, and five years later scholars and policy makers began to ask the question of "what went wrong"? (Zgajewski&Hajjar, 2004; Dehousse, 2004; Begg, 2005, 2008; Boyer, 2009; Rodrigues, 2009).

Most observers lay the blame for the lack of success of the Lisbon Agenda on:

1. the existence of too many objectives. An IMF report stated that 100 goals were spelled out in the Lisbon Agenda and Jacobs and Theeuwes (2005) add to the IMF number 305 additional goals;

2. as a corollary, many objectives often turned out to be contradictory in nature and also economically unfeasible**.** The request that all countries spend up to 3% of the GDP in R&D activities ignored the fact that some countries had a comparative advantage in R&D research while for others the economic returns of R&D were much more problematic (Zeitlin, 2007);

3. the weak role of the private sector. In theory the Lisbon Agenda was supposed to place a heavy emphasis on private initiative, but in reality it was governmental action that was favoured. The nature of the R&D effort in the U.S. at the turn of this century has been mainly associated with investment by private industry. Therefore, there was the question of whether R&D produced by the public sector had the same multiplier effect of that produced by private industry;

4. being too much of a 'one size fits all' formula. The argument here was that the employment objective of raising participation rates ignored established social norms and policies of Member States. It could prove to be painful, long and difficult to disassemble existing pension schemes and objectives that provided for the departure from the workforce before the age of 65 or the employment of workers after retirement in Member States where these provisions have been in place for decades. Many saw the nature of the European Social Model (Rogowski, 2008) as threatened by the pursuit of the Lisbon Agenda objectives;

5. including the case for youth and female employment. Existing labour practices and cultural norms in Member States were so different that they retarded the quick and easy employment of these two categories of workers; and, finally and most problematic; and

6. the lack of a solid decision-making and policy implementation platform at the EU unlike the cases with the Single Market or Single Currency.

The ramifications of the Lisbon Agenda with regard to social policy was that more of these considerations on pensionable age, incentives for youth employment, and equalisation of activity rates between men and women could no longer remain the exclusive concern of national governments but needed to be shared and brought into alignment within the context of a greater European-wide perspective. Here, again we have an example of policy or paradigm shifts from policies that before were the exclusive responsibility of national governments to a situation where the other Member States and Commission had a role to play

[8]Lisbon European Council (2000), Presidency Conclusions of the Lisbon European Council, 23rd and 24th March 2000, (Rhodes, 2000).

in pointing out the shortcomings of existing policies and how potential solutions for underperformance vis-a-vis the overall objectives could be formulated.[9]

The result of these considerations led the European Council to conclude in 2005 that the Lisbon Agenda objectives had not been achieved, nor were they even close to being achieved if major changes in the content and governance of the strategy were not undertaken. The Kok Report (2004) prepared the groundwork for the results reached by the 2005 European Council by concluding that action needed to be taken across a number of policy areas and governance mechanism. The revised Lisbon strategy had to:

1. make Europe a much more attractive place for researchers and scientists to move to or to remain. Such a policy would have to make R&D a top priority for governments and private industry. In addition, public policy had to promote the use of ICTs as an instrument for daily activity in the economy and social interaction[10];

2. specify that the Single Market had to be re-enforced for services in a manner which had yet eluded the EU;

3. make changes in the labour market for the promotion of lifelong learning and ageing programmes;

4. provide for environmentally sustainable growth through the creation of incentives for the production and use of renewable energy; and

5. substantially change the nature of the governance approach to the implementation of the Lisbon strategy.

3. The emergence of a more explicit governance approach to the Lisbon strategy

It is with the Lisbon Agenda of 2000 that the Community finally turns the page on the governance mechanism put into place for achieving its stated social and economic objectives in the Single Market programme. The hands-off approach advocated by the 1993 White Paper was replaced with a more explicit but still basically "voluntary" approach[11] on the part of the Member States and the Commission in trying to push forward the realisation of the stated objectives. In fact, the entire period from 2000 to 2010 provides an ample array of examples of the advantages and disadvantages of the voluntary approach in all of its manifestations.

Even though the Commission and the Member States were asked to concentrate on the four key policy areas of improving employability and reducing the skills gap, giving higher priority to lifelong learning as a basic component of the European social model, increasing employment

[9]As the 23rd of June European Summit has illustrated,by 2011 the paradigm shift had moved to a point where changes in national policies were no longer optional but had become mandatory in order to guarantee EU and IMF loan guarantees.

[10] These objectives are close to the recommendation by Florida (2002) that in the last analysis what drives regional and national growth is technology, talent and tolerance—i.e., an area needs to be able to compete internationally for the top individuals capable of undertaking innovation and striking out into new fields of production.

[11] We have defined the 2000-2010 approach to the governance of the Lisbon strategy as basically voluntary in nature due to the fact that there were no sanctions in place for non-compliance or no conditionality mechanisms in existence to encourage Member States to comply with the stated objectives. As became evident in the response to the 2009-2010 euro crisis, the "naming and shaming" approach was not sufficient in compelling Member States to comply with the parallel features of the Stability and Growth Pact objectives. The same proved to be the case for the Lisbon II strategy for the Single Market.

in services and furthering all aspects of equal opportunities—the emphasis continued to be placed on the role of the Member States in taking on board the Commission's recommendation on the future direction of social policy. The governance of the Lisbon strategy was predicated on a two-level interaction between the Member States and the European Council. The programme was "owned" by the Member States and Council, and the Commission was given a supportive role in the attempt to achieve the strategic objectives. But this, by itself, proved to be insufficient in delivering the policy objectives. More needed to be done as became clear in the subsequent Europe 2020 formulation of the strategy.

In 2000 the Lisbon Agenda explicitly stated that "no new process is needed" in the governance of the strategy (p. 11). What needed to be done was a simplification of existing procedures associated with the Luxembourg, Cardiff and Cologne processes and better coordination within the ECOFIN Council of the Broad Economic Policy Guidelines. The Commission's role was to provide annual synthesis reports on the progress achieved with regard to measurement of employment, innovation, economic reform and social cohesion.

Thus, in the Lisbon Agenda the emphasis was placed on existing methods of policy coordination and implementation and the use of the Open Method of Coordination (OMC) to diffuse among the Member States the best practices and promote greater convergence in the implementation of the EU goals. The OMC was defined (p. 12) as:

1. Fixing guidelines combined with specific timetables for achieving the goals in the short, medium and long terms;
2. Establishing quantitative and qualitative indictors and benchmarks tailored to the needs of different Member States and sectors;
3. Translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences; and
4. Periodic monitoring, evaluation and peer review organised as mutual learning processes.

It was stated that the EU would use all available resources in achieving these goals "while respecting Agenda 2000", but the main emphasis was on the role of the private sector and the establishment of public-private partnerships. No other direct mention of Cohesion Policy was inserted into the document.

The 2004 Kok Report criticised the slow pace in achieving the changes and the inability of the Commission to move on the headline targets of the Lisbon Agenda with regard to R&D levels and activity rates. Criticisms were also voiced within the Commission and the European Parliament that the objectives for 2010 would not be achieved and that the entire strategy for the Lisbon Agenda had to be rethought. As one of our respondents stated: "It was time to move. We could no longer wait for the Member States to get it right by leaving them alone to figure out what to do".

The Commission's report in 2005 adopted the recommendations of the Kok Report suggesting a radical rethinking of the strategy and especially of its system of governance. To make compliance on the part of the Member States easier, the Commission suggested the need to simplify the reporting procedures and nominate a person (MR. Lisbon) responsible at both the national and regional levels for reporting on the annual progress made in meeting the objectives of the National Action Plans. The requirements of the Lisbon strategy continued to be voluntary in nature, thoughthey needed to be tightened up if any hope of success were to be maintained.Padoan and Mariani (2006) have argued that the mismatch between the ambitiousness of the policy objectives and the limitations of the policy instruments had created a less that supportive system for the achievement of the Lisbon goals.

Finally, with Lisbon II the attempt to link the two pillars of the Single Market programme (i.e., the Lisbon objectives with the formulation and implementation of Cohesion Policy) through a mix of Community Method and Open Method of Coordination was put into place. With Lisbon II the Commission re-emphasized the challenge posed to the European economy of increased globalisation and technological change: “The goal of the Lisbon partnership for growth and employment is to modernize our economy in order to secure our unique social model in the face of increasingly global markets, technological change, environmental pressures, and an ageing population.” (CEC, 2005, p. 2).

But the Commission also emphasized the need to undertake a combined strategy at the national and Community level to maximise the use of European and national financial resources to meet the challenge. It was in this context that the Commission first suggested the explicit use of the Cohesion Policy as operationalised through the Structural Funds and Cohesion Fund as a mechanism for targeting investments as a means of achieving the Lisbon objectives in those regions and countries where the Cohesion Policy played a large role in financing public investment policies.

“The Commission has proposed that programmes supported by the Structural Funds and Cohesion Fund target investments in knowledge, innovation and research capabilities as well as improved education and vocational training, thus equipping workers with the skills to master change and take up new activities. They will contribute to improving the attractiveness of Member States, regions and cities through support for economic infrastructure (CEC, 2005, p. 5)”.

Given its timing, the Lisbon II strategy was--in contrast to what happened in 2000 when the Lisbon Agenda arrived too late to influence the formulation of Agenda 2000--able to make a significant impact on the formulation of the new Guidelines for the Cohesion Policy and the Regulations for the 2007-2013 planning cycle. Even though now the link between the Lisbon objectives and the Cohesion Policy had become explicit, it did not change the basic voluntary nature of the link. The Member States and regions were provided with the opportunity to link their National Strategic Reference Programmes and Operational Programmes to the Lisbon strategy but this link was not rendered obligatory through the operational programmes. In other words, sanctions were not foreseen in case the link was not explicit in either the operational programme or in the annual reporting on programme implementation.

The new Member States were provided with an opt-out clause which they did not exercise in meeting the levels of Lisbon earmarked expenditures for Convergence or Competitiveness programmes due, in part, to the increased importance attributed to the Lisbon strategy by the Commission and the Council. Second, the earmarking of expenditure in line with the Lisbon objectives was not universally adopted in terms of the annual implementation reports. Some operational programmes did report the nature of their expenditures according to programme priorities and Lisbon earmarking while others did not. However, the Commission was given the data from the very beginning.[12] Finally, the economic and financial crisis of 2008-2009 served to undermine a number of national reference frameworks for the 2007-2013 planning period by forcing Member States and regions to undertake emergency responses to the crisis rather than continuing in a steady manner in the implementation of their national and regional operational programmes.[13] But the crisis also helped to re-focus attention on the Lisbon objectives and increased the willingness of Member States to closely coordinate their national policies in line with the European objectives as defined in the Stability and Growth Programmes and Europe 2020. It also helped to bring attention back to the environmental issues associated with Gothenburg that had been intentionally sidelined in Lisbon II and which were reinstated in the Europe 2020 strategy.

4. Europe 2020: Needs and System of Governance

One reason for the lack of full follow-though in trying to achieve the objectives of the original Lisbon Agenda or its remake in 2005 with Lisbon II was the view, confirmed by a number of our interviewees, that as long as the European economies were making progress on their own in terms of the growth, competitiveness and employment objectives, it was difficult for the Commission to persuade Member States to follow its step-by-step approach in achieving the Lisbon objectives. However, the financial and economic crisis of 2008-2009 helped to focus minds on the need to significantly restructure and realign economic policy(Cohen-Tanugi, 2008) along the lines previously suggested in the two formulation of the Lisbon Strategy. In its 2010 presentation of the Europe 2020 strategy the Commission clearly spelled out the challenge facing the European economy:

"The crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy. In the meantime, the world is moving fast and long-term challenges—globalisation, pressure on resources, ageing—intensify. The EU must now take charge of its future". (CEC, 2010b, p. 3)

The three objectives outlined by the Commission substantially reiterated the long-term objectives developed by the original Lisbon Agenda of: "smart growth"—developing an economy based on knowledge and innovation--; "sustainable growth"—promoting a more resource efficient, greener and more competitive economy—and "inclusive growth"—fostering a high-employment economy delivering social and territorial cohesion. To achieve these objectives the Commission announced the need to re-emphasise the importance of the Lisbon objectives and ask for a reconfirmation of the resolve on the part of the Member States to achieve these objectives by substantially re-launching the original Lisbon reform package. In addition, the Commission committed itself to the launch of seven flagship initiatives "to catalyse progress under each priority theme". The flagship initiatives were seen as a means of providing a concrete base for the beginning of a substantial policy thrust in the direction of realising the objectives of Europe 2020 and beginning to turnaround the pace of restructuring and growth in the European economy.

[12] These data are reported in the tables on the 2007 programme allocations and 2009 programme expenditures in the report for Task 6.
[13] Portugal reported in its 2011 National Reform Programme that its annual deficit to GDP ratio jumped to 9.3% in 2009 from below 3% in the previous two years and a projected 4.6% for 2011.

The Europe 2020 objectives have been important in defining what national governments need to do in response to the crisis in terms of the structural economic reforms. This has been quite clear in the case of countries directly affected by the financial crisis—i.e., Greece, Ireland, Portugal and Spain—but also in other countries that have been more marginally affected by the crisis—e.g., France and Italy. Countries outside of the euro have also been severely affected by the change in the investment climate in Europe as is evident in the National Reform Programmes of countries such as Hungary, Lithuania and Cyprus. It was noted by one of our observers at the regional level that the crisis "made possible structural reforms within Member States that would have been unthinkable in the pre-2008 environment. Therefore, some good came out of the crisis".

Within this context Europe 2020 served to establish the conditions for the stimulation of growth and competitiveness and the creation of new jobs, but it also represented a step forward in the fine-tuning of the practical empirical objectives of the programme in light of the system of governance that was available. Europe 2020 contains an explicit acknowledgement that economic, social and territorial cohesion remains at the centre of the new strategy:

"Economic, social and territorial cohesion will remain at the heart of the Europe 2020 strategy to ensure that all energies and capacities are mobilised and focused on the pursuit of the strategy's priorities. Cohesion policy and its structural funds, while important in their own right, are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive growth in Member States and regions." (p. 20).

The contrast between this statement in Europe 2020 with the fleeting mention of social cohesion in the 2000 Lisbon Agenda points out the enormous change that has taken place in how the Cohesion Policy has been conceived and integrated into the Lisbon strategy. As is evident in the National Reform Programmes, in a number of Member States in Southern and Eastern Europe Cohesion Policy plays a central role in achieving the Europe 2020 objectives given the overall national coverage and size of the funding base provided by the Structural Funds. These linkages are clearly spelled out in the NRPs where the ERDF supplies funds for the construction of basic infrastructure and where the ESF plays a crucial role in providing substantial support in the realignment of vocational training programmes and social inclusion policies.

However, in the initial Europe 2020 programme declaration it was clear that its ambitions were broader than those reflected in the objectives or Member States and regions covered by the Cohesion Policy. On the one hand, Europe 2020 covers all Member States in terms of the economic and social objectives of the programme and, on the other, it is more explicitly tied to the contents of the Stability and Growth Programmes (SGP), the European Recovery Plan and the Euro Plus Pact than is (or ever was) the case for Cohesion Policy. For all practical purposes, Europe 2020 represents, once again, the basis for an overall economic programme for the full realisation of the EU's Single Market over the period 2010-2020 as was the case in the past for the Cockfield White Paper, the 1993 White Paper or the 2000 Lisbon Agenda. One Commission official observed that Europe 2020 "touches or has implications for all policy areas currently managed at the European level: from the Framework Programmes to Rural Development, to the TEN networks, to Social Policy and to Environmental Policy". In addition to European level programmes, Europe 2020 also has an impact on the objectives and means selected by Member States in undertaking structural reforms. Europe 2020 is now part of the broader policy response to the crisis of the Euro and the Stability and Growth Programmes (SGP) in the search for a more effective and efficient policy response.

The conditions necessary for the success of the Europe 2020 programme are reflected in the changes made to the governing mechanism. Accordingly, the system of governance has been tightened up for Member States in terms of reporting and achieving the Europe 2020 targets. One of the most significant changes has been the link between the reporting on Europe 2020 and the reporting on the compliance with the Stability and Growth Programme. Thus, Europe 2020, in terms of its contents and governance system, finds itself midway between the Cohesion Policy, on one hand, and the Stability and Growth Programme, on the other. Within this redefined European policy context, the annual reporting on the Cohesion Policy, National Reform Programme, European Recovery Plan and SGP requires Member States to achieve a level of synergy that was not the case in the past and which now represents a new level of policy integration at the Member State and European levels. The limitations of central government expenditures--as specified in the Stability and Growth Programmes in the cases of countries such as Portugal, Spain, Ireland and Greece--are unprecedented and suggest the acceptance of a principle on EU-Member State interactions that was missing in previous governance mechanisms applied to the previous formulations of the Lisbon strategy.

5. Cohesion Policy and Europe 2020

As we have seen in the introduction to this paper the Cohesion Policy was created in 1988 to help less developed regions in the EU to catch-up with their more developed neighbours in terms of spurring faster GDP growth and job creation.[14] The areas of policy covered by the Structural Funds have been wide ranging and cover investments designed to help less developed regions to restructure their economies in light of the increased competitive framework created by the Single Market programme. The interventions financed by the Cohesion Policy are supported at the present time by the European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund. The latter is focused on the construction of transport facilities that are part of European networks and financing of environmental projects in the less developed Member States usually found on the EU's outer periphery. The ERDF also finances infrastructure projects but with more of a national orientation in addition to the provision of new productive capacity and funding research and development. The ESF, instead, finances training programmes for youth who have not yet entered the workforce or for individuals who have been expelled from the labour market or who require an improvement of their skill base due to the needs of their firm or the wider job

[14] The 2006 ERDF Regulation states that the Fund "is intended to help to redress the main regional imbalances in the Community. The ERDF therefore contributes to reducing the gap between the levels of development of the various regions and the extent to which the least favoured regions, including rural and urban areas, declining industrial regions, areas with a geographical or natural handicap, such as islands, mountainous areas, sparsely populated areas and border regions, are lagging behind." The 2006 ESF Regulation (1081) states that that "the ESF shall contribute to the priorities of the Community as regards strengthening economic and social cohesion by improving employment and job opportunities, encouraging a high level of employment and more and better jobs" (Article 2). Finally, the Cohesion Fund has been given the objective in 2006 (1084/2006) of "strengthening the economic and social cohesion of the community in the interests of promoting sustainable development" (Article 1) through the pursuit of to fundamental lines of policy: financing trans-European transport networks and contributing in the pursuit of the Community's environmental objectives.

market. The ESF has also been allocated an important role in reducing social exclusion among the poor, youth, elderly and handicapped population.

During the current 2007-2013 planning cycle the Cohesion Policy has lost its previous mission in agriculture in favour of the Rural Development Programme and the same is true for the fisheries policy. The lack of any mention of the role of the Agricultural Fund in achieving the Europe 2020 objectives represents one of the shortcomings of Europe 2020 and needs to be re-emphasised in the next round of policy formulation for 2014-2020. Given its geographical reach, an important rethink of the potential role of the Rural Development programme in helping to achieve the Europe 2020 objectives would be appropriate.

5.1 The Past Lisbonisation of Cohesion Policy

The Cohesion Policy did undergo a significant but, in our opinion, not complete alignment with the previous Lisbon II strategy in 2005 and 2006, and it is now imperfectly aligned with the objectives of the Europe 2020 strategy. In Regulation 1083/2006 the Member States and regions were asked to allocate a certain percentage (respectively 60% for Convergence and 75% for Competitiveness operational programmes) infinancing sectors that were defined as contributing to "investment in innovation, the knowledge economy, the new information and communication technologies, employment, human capital, entrepreneurship, support for SMEs or access to risk capital financing" (CEC, 2007). Member States that did not join before the 1st of May 2004 were not obliged to adopt the above percentages for their Convergence and Competitiveness operational programmes but could apply them on their own initiative. In Annex IV of Regulation 1083/2006 the 86 funding categories were listed. The funding categories that were not considered to be Lisbon compatible are presented in Table 1. Instead, Table 2 lists those categories that were Lisbon earmarked.

As discussed in the report for Task 6 the earmarking exercise was carried out for the initial budgetary allocation of the operational programmes and has allowed for a detailed monitoring of the expenditures. The 86 categories has also helped in evaluating the implementation of the operational programmes in terms of "hard" versus "soft" priorities and other types of distinctions which have been useful in analysing overall programme performance.

5.2 How the Lisbon strategy has been integrated into the operational programmes

The contents of Table 1 shows that according to the thinking that emerged from Lisbon II investments in some aspects of the environmental sector (categories 44 to 56) were not considered to be compatible with the harder job, growth and competitive orientation that prevailed after 2005. However, it is debatable whether some of these would have been excluded according to the more environmentally friendly Europe 2020 programme. Europe 2020 (2010a) has placed a greater emphasis on environmental issues in terms of the contribution that they make in stimulating environmental, energy-efficient and renewable energy technologies under the rubric of "sustainable" development. From this perspective, the Lisbon earmarking designation needs to be updated to adequately reflect the current environmental objectives enunciated in Europe 2020 and to provide an equal emphasis on the objectives of the Gothenburg strategy. In 2007 projects focussed on the management of industrial and household waste (category 44), air quality (47) and pollution control (48) were not given a Lisbon earmarking with slight variations when it came to convergence and competitiveness operational programmes in Greece, Spain, France, Cyprus and Portugal (DG Regio, 2007).

Tables 2 presents the breakdown of the “Lisbon” earmarked spending categories for both the Convergence and Competitiveness operational programmes. One finds here all of the normal Lisbon objectives, such as Innovation and R&D, Entrepreneurship, ICT, Human Capital, Labour Market, and Social Inclusion types of expenditures.

Tables 3 and 4, instead, provide data on the allocation of funds for the operational programmes negotiated under the Competitiveness (Table 3)—i.e., programmes for regions above the 75% GDP/p.c. average—and Convergence (Table 4)—i.e., for regions below the 75% GDP/p.c. threshold--objectives. According to the information paper produced by the Commission on “earmarking” (CEC, 2007), Member States were asked to earmark their interventions in order to make certain that the operational programmes would be in a position to target to a sufficient degree investments “in innovation, the knowledge economy, the new information and communication technologies, employment, human capital, entrepreneurship, support for SMEs or access to risk capital financing” (p. 1). The stated goal was to achieve a financial level of project financing associated with the Lisbon earmarking of up to 60% in Convergence and at least 75% for regional Competitiveness and employment programmes.

The data in Table 3 show that in the Competitiveness programmes 78.8% of the funds were earmarked for projects designed to achieve the Lisbon objectives in terms of both “hard” and “soft” investments that contributed to growth, competitiveness and job creation. The hard versus soft distinction is used here to refer to the types of investments covered in the Literature Review that contribute to the Lisbon objectives as specified in the three guidelines (CEC, 2005) for the formulation of Cohesion Policy: a. making the region an attractive place to invest and work, b. improving knowledge for innovation and growth and c. more and better jobs.

In turning to the breakdown between Lisbon versus non-Lisbon earmarked projects the countries with the least earmarked allocations were Greece with 48.6%, Hungary with 48.9% and Cyprus with 53.4%. It should be remembered, as we discussed above, that the new Member States joining after the 1st of May 2004 were not required to undertake this earmarking exercise, but in the final analysis all of them did.[15] The countries with the most Lisbon earmarked expenditures in Competitiveness operational programmes were Finland with 93%, Austria with 90.9% and the UK with 88.8%.The differences between the two groups of countries (those with the least and most earmarking) may be due to the fact that in the latter three countries, the Lisbon earmarked expenditure categories (here there is a predominance of soft types of interventions) were more important (i.e., these countries have a competitive advantage in R&D and high tech) from an economic perspective than was the case in the former group when it came to the selection of investments capable of stimulating economic growth and create new jobs at the national and regional levels. Of course there was a

[15] Article 9 of the General Regulation states: "The assistance co-financed by the Funds shall target the European Union priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Jobs (2005 to 2008) as set out by Council Decision 005/600/EC of 12 July 2005 (1). To this end, in accordance with their respective responsibilities, the Commission and the Member States shall ensure that 60 % of expenditure for the Convergence objective and 75 % of expenditure for the Regional competitiveness and employment objective for all the Member States of the European Union as constituted before 1 May 2004 is set for the abovementioned priorities. These targets, based on the categories of expenditure in Annex IV, shall apply as an average over the entire programming period.

difference between Competitiveness operational programmes in countries such as Hungary given the limited nature of the non-Convergence area in the CEECs which were limited to the area of the national capitals. But Cyprus did not have convergence regions and Greece was facing the same type of challenge to its economy as was the case in Spain or Italy. What was different though between the two groups of Member States was the fact that in some the knowledge economy is well rooted and highly competitive at the international level. Therefore, it is natural for EU funds to be invested in R&D and high tech rather than in others.

In the case of the Convergence operational programmes (Table 4) the resources allocated to the Lisbon versus non-Lisbon objectives show that the former have been financed in 64.5% of the cases. The lowest use of Lisbon targeted projects is found in some of the new Member States—i.e., Malta (56.2%), Estonia (54.1%), Latvia (48.4%), Hungary (46.8%) and Lithuania (44.2%). The highest, instead, are found in older Member States where the Lisbon oriented objectives are consistently above three-quarters of the allocated budgets—i.e., Austria (87.2%), Portugal (82.1%), UK (80.9%), and Spain (79.3%). The rest of the Member States find themselves between these two groups.

In comparing the distribution of countries containing both Competitiveness and Convergence operational programmes, one finds that Hungary has favoured more than others non-Lisbon earmarked projects while the UK has chosen to generally invest in Lisbon compatible projects. This difference in the selection of investments may be due to the fact that the list of non-Lisbon projects contains many that are valuable to Member States making the transition from underdevelopment to development and trying to achieve a more equitable distribution of resources within their national territory. The largest non-Lisbon allocations are, as is indicated in Table 2, in the categories associated with national rail and road projects, the provision of adequate energy sources and environmental, culture and social services projects.

5.3 Has earmarking helped to deliver the *Lisbon objectives?*

In the regional case studies we set out to analyse the operational programmes (OPs) in terms of Lisbon/non-Lisbon earmarking in order to understand more clearly the ordering of priorities in the operationalisation of the OPs. For this purpose we conducted in-depth interviews with the management authorities and stake-holders in the region. A preliminary analysis of the implementation rate for Lisbon versus non-Lisbon expenditure categories does not suggest that there has been up to 2009 a conscious effort to favour those expenditures that met the Lisbon objectives. Instead, there was an overall general concern to implement the entire programme given that the N+2 rules applied to the overall OP rather than to single parts. In the past the N+2 (which in effect became an N+3 after the prolongation of the time necessary to report 2007 and 2008 expenditures) tended to blur the distinction between hard and soft interventions and in this case between Lisbon and non-Lisbon priorities. The lack of emphases along these distinctions of expenditures on the OPs is also reflected in the discussion of programme implementation in the Annual Implementation Reports (AIRs). What is considered to be important is the level of overall expenditure rather than where expenditures are being made, especially given the impact on the loss of jobs and lack of private investments associated with the socio-economic crisis.

The Commission’s Strategic Report of 2010 (CEC, 2010b) presents similar findings. It found a minimal difference between earmarked and non-earmarked expenditures (pp. 8 and 9). According to the management authority in a southern Mediterranean region, “the important challenge during the first two years of reporting structural fund expenditures is just that: reporting expenditure. We are not fussy in relation to where the expenditure takes place". In many regions the concern has been expressed that the EU funds associated with the operational programmes should be used as a counter-cyclical device to spur public investments at a time when the private sector has retreated to a more cautious wait-and-see attitude.

Other interviews have provided further insights into the relative importance of the Lisbon objectives for the management authorities and stakeholders at the regional level. A number of respondents in northern as well as southern European regions state that the Lisbonisation of the policy that took place in 2007 was not adequately explained to those who assumed the responsibility of managing the programmes at the regional level. Instead, for regional officials the Lisbonisation of the Cohesion Policy has appeared to be a top-down exercise in which the aims and objectives of Lisbon were not adequately explained or adequately transmitted to the lower levels of government. In many cases the regional officials had to deduce the Lisbon objectives from the Strategic Guidelines and the Regulations that underpinned the formulation of the National Strategic Reference Frameworks. Accordingly, the operational programmes were formulated according to this perspective, but without a full understanding of the implications of the strategy and how this was supposed to constrain local decisions.

Nor did our interviewees feel that the launch of the Europe 2020 in 2010 was properly prepared. Many felt that there was a lack of the "thick" network of interactionsamong the three levels of policy management considered to be essential in explaining policy innovations to members of the network. A number of respondents at the regional level in France and Sweden (both among administrators and stake-holders) stated that the debate on Europe 2020 "does not exist". If it does exist, it is taking place at purely the national and European levels. The regional representative of a business interest group went on to state that:

"the regions have never been informed or involved in this kind of debate. Maybe, it will be different during the next programming cycle in 214-2020. Now, there is no well informed socio-economic stakeholder in the region who is knowledgeable of these issues."

The situation is different at the national level. Here, it is common to find officials who are fully informed of the past Lisbonisation of Cohesion Policy and the role to be played by Europe 2020. In addition to the designated Mr. Lisbon, many other officials at the national level are cognizant of the role played by the Lisbon strategy in moulding national policies for the 2007-2013 planning period. This was particularly the case during the drafting of the National Reform Programmes (autumn 2010) that were submitted in April 2011.

Another contributing factor raising the awareness of national officials to the Lisbon objectives and the Cohesion Policy was the need to re-programme in 2010 the NSRFs and operational programmes as requested by the Commission in order to: 1. more adequately respond to the exigencies of the financial and economic crisis and 2. make the two sets of documents more Europe 2020 friendly. In most cases this re-programming has been activated at the national level but it has been largely muted at the regional level.

Based on the views expressed during the interviews and the contents of the re-programming of the regional operational programmes, the greatest amount of effort in creating a common understanding of the link between the objectives of Cohesion Policy and Europe 2020 need to be exerted at the regional level. Here, there is only a superficial understanding of what is at stake with Europe 2020. In a certain number of cases the "re-programming" that has been undertaken amounts to a repackaging of the original programming through a greater concentration of resources into fewer projects. Instead, the request to simplifying procedures has been translated into the elimination of concentration with regional stakeholders. However, what is most baffling to the regional level is how the initiatives taken to operationalise Europe 2020 (e.g., the seven flagship initiatives) can be translated into action at the regional level. Some have asked the question: "does this mean the end of the integrated territorial approach and its replacement by a national, sectoral one in the development of Cohesion Policy programmes?". Or will there be a new conceptualisation of the multi-level territorial dimension in order to link in a more productive fashion the European, national and regional levels? These are all legitimate questions which need to be answered in preparation of the next round of Cohesion Policy.

5.4 The Governance of Europe 2020 at the micro level: the sectoral versus the integrated approach and other problems

The choice between the sectoral versus the integrated approach to the implementation of the Lisbon objectives requires us to return to the initial distinction between macro and micro implementation. It is important to understand what is happening at the micro level in terms of the existing governance mechanisms. In the first place, the regions are not yet involved in the OMC approach to the governing of Lisbon II, and they are not yet active players in Europe 2020. They have no role to play in the intergovernmental two-level interaction that has characterised the national and EU levels from the beginning of the Lisbon strategy. It is abundantly evident from the regional interviews that the rationale for the launch of the original Lisbon Agenda, Lisbon II or Europe 2020 and how they were supposed to interact with Cohesion Policy was never been fully explained or activated at the regional level. This is especially the case where regional and local authorities are responsible for the policy sectors that need to be mobilised in delivering the Lisbon objectives such as the financing of SMEs, the provision of vocational education, the stimulation of innovation, providing programmes for social inclusion and favouring alternative energy policies.

A second major difficulty in making the connection between the Cohesion Policy and the Europe 2020 objectives at the micro level is the gapping difference in the availability of resources. The Cohesion Policy is financed by substantial funds placed at the disposal of Member States and regions by the European Union while the Lisbon strategy has seemed more concerned with cutting budgets rather than replenishing them through the restructuring of the welfare state, the erosion of corporate structures, and the increase in competition in the labour market.

Without the availability of the Cohesion Policy budget, the Lisbon strategy has not been in a position to generate additional funds for investments. Of the 347 billion euro EU budget for Cohesion Policy, 66.8% of the total is earmarked for the achievement of the Lisbon objectives.[16] This signifies that in the Member States with substantial Convergence operational programmes the achievement of the Lisbon objectives has been significantly

[16] The calculation is based on data supplied by the European Commission for both Convergence and Competitiveness operational programmes.

financed by the EU budget[17],whereas in wealthier Member States the financing of the Lisbon objectives has predominantly been supplied through national funds.[18] The differences between the Cohesion Policy and the Europe 2020 national reform programmes is particularly evident to regional officials in Member States that have undergone severe economic setbacks during the current crisis. It has not escaped them that many of the less developed countries have been placed on a "central expenditure" watch to make sure that certain expenditure parameters are not breached in the fields of public employment; social expenditures for pensions, unemployment and social benefits; incentives to industry, and public works. This expenditure watch has also placed into question the ability of the central state to provide the co-financing that is always necessary for the completion of expenditure commitments.

The actual existence of national funds to finance the necessary investments in R&D, ICT, renewable energy sources, and infrastructure needs to be clarified as part of the discussions on the National Reform Programmes in 2011. In the past, the funds spent under the rubric of Cohesion Policy was guaranteed by the EU on a multi-annual basis; instead, the availability of national funds remains tied to annual national budgets that can be cut or expanded on the basis of economic trends or temporary national exigencies. The need to move to multi-year national budgets has been raised within the context of the National Reform Programmes, and it should be quickly implemented in order to provide clarity for lower levels of government and stakeholders in the economy on what the future will bring in terms of national government objectives and commitments.

A third problem that exists at the regional level is the programmatic mismatch between the objectives of one policy (former Lisbon II and current Europe 2020) and the rules of the other policy (Cohesion). A particular problem is presented by the capital regions in less developed Member States such as Prague, Bratislava and Budapest in the CEECs and also Lisbon and Athens in older Member States. In these cases the capital regions are covered by the Competitiveness and not the Convergence objective. But in their particular national contexts these capital regions provide the role of national hubs for research and development activities. Under the current rules of Cohesion Policy these national hubs cannot benefit from substantial financing for R&D investments from the Cohesion Policy. That funding, if available, needs to be found in terms of the R&D Framework programmes or from national funds rather than from EU funds for developing areas. The contradictions between the rules of one strategy and the objectives of the other creates a considerable amount of disorientation on what should be done at the regional level and how the contradictions can be overcome to promote smart, sustainable and inclusive growth at the regional level as long as the endowments for growth and funding are unevenly distributed territorially.

A final but highly important element that needs to be taken into account in analysing the micro level response to the problems of implementation is the role of the integrated versus the sectoral approach to policy. Regional level officials consider the integrated approach to policy making and implementation introduced by the Cohesion Policy as one of "the greatest policy innovations of the previous century" and the means by which regional and local administrators were able to avoid the traditional suffocating control of the national bureaucracy. In fact, in the minds of many regional officials the concept of "integrated programming" signifies

[17] This is abundantly clear in the conclusions drawn in the Hungarian and Lithuanian National Reform Programmes.
[18] See the German and the UK National Reform Programmes where little mention is made of EU funds aside from those provided by the ESF.

decentralised decision making and responsibilities for economic and social policies that are organised on a horizontal basis. It was on the possibility of organising integrated multi-sectoral and multi-annual operational programmes that encouraged the partnership principle to emerge. It was argued by one of our respondents that the integrated planning underpinning the operational programmes permitted and encouraged the participation of significant stake holders but also diverse groups in civil society. One of our regional administrators in northern Europe claimed that:

“the integrated approach certainly facilitated the local authorities out-reach activities in a pro-active fashion. We were talking about real money and a variety of activities that were able to make the difference for the wellbeing of our local citizens”.

In a similar vein an official from southern Europe stated that the integrated territorial approach changed the entire approach to economic programming and made it possible to tailor-make policies to fit local conditions:

“Before the creation of the Cohesion Policy our territory was the object of economic programming and decision-making originating at the national level. After the introduction of the policy we became the protagonists of economic programming in partnership with the important socio-economic forces in the region.”

It can also be argued that the integrated approach is more focussed on the **place** where the implementation takes place rather than on the **sector** targeted by the intervention. It has been argued (Leonardi, 2005) that the Cohesion Policy played a fundamental role in the discovery of the places or territories where policies were being administered. Different from previous national regional policy, it was able to take into consideration the different exigencies of each place and tailor the policy response accordingly. Barca (2009) has argued for a stronger “place based” orientation be allocated to Cohesion Policy in order to enhance social equity and inclusion. Instead, a more sectoral emphasis would undermine the tenants of the existing policy.

According to past experiences with European regional policy, the sectorial approach to policy making and implementation is dependent on a more vertical administrative structure that stretches from the national to the local levels and is more susceptible to being “captured” to serve the narrow interest of a national policy community rather than diffused territorial interests. Thus, the sectoral approach is more likely to be dominated by bureaucratic elites at the national levels and captured by the relevant sectoral policy community. Administering the Europe 2020 objectives and interventions by sector would favour such a result. The strategy would also loose sight of place and the spatial dimension of policy implementation. As a result, it would become more difficult to integrate Europe 2020 with the Cohesion Policy, and the centralisation of the sectoral dimension would not favour a smooth and efficient micro implementation of the objectives.

5.5 What needs to be done to bring Cohesion Policy into Closer Alignment with Europe 2020?

The different time parameters of the two strategies make it difficult to currently forge a strong interaction between the two. The Cohesion Policy approach and operational programmes were initially formulated in 2006-2007 before the Europe 2020 strategy came into existence. From our perspective the newly formulated National Reform Programmes have begun the process of specifying the main issues that need to be treated in the national frameworks and operational programmes for the next round of Cohesion Policy. Given the many common themes running through the National Reform Programmes, the future Cohesion Policy needs to more consciously focus on the objectives of smart, sustainable and inclusive growth and the implications that these objectives have for detailed types of intervention in the fields of industrial policy, research and development, vocational training, renewable energy, and the environment. Care should be taken in not conceiving interventions in these fields as sectoral in nature but rather that they need to be integrated at the territorial level.

The integrated socio-economic programming approach does not mean that there necessarily has to be a co-sharing of responsibility for all aspects of the Europe 2020 strategy. The National Reform Programmes have clearly identified the responsibilities of the national level in terms of fiscal policy but also in defining the nature and practice of collective bargaining, the provisions of each welfare state and the health of the financial system. There must, however, be a co-responsibility between different levels of government within a state in defining the policies for vocational training, infrastructure development, choice of types of R&D investments, the stimulation of renewable energy and environmental provisions and social inclusion and social welfare.

Therefore, within the national strategies provided by the National Reform Programmes each national government--through a broad consultation procedures with the relevant socio-economic stakeholders and levels of government--needs to formulate its priorities within the context of a European-wide smart, sustainable and inclusive growth strategy. Given the lessons learned from previous implementations of operational programmes across the EU, the investment priorities of each Member State need to be checked for the congruence of the thematic priorities with the investment choices to be made by the EU as a whole. Care also needs to be taken in bringing into alignment the priorities and investment strategies with the problems of implementation that have surfaced in the past in terms of the scope and method of expenditures and the need to overcome the structural bottlenecks identified in previous analyses of social and economic sectors. These bottlenecks have been identified in relation to the Lisbon Agenda and Lisbon II experience. For Cohesion Policy care will have to be exercised in quantifying the operationalisation of the policy in terms of its empirical outputs and eventual outcomes. The output measures need to be agreed before the Cohesion Policy goes into effect.

The control and oversight mechanisms put into place as part of the new system of economic and financial governance in Europe after 2009-2010 can provide further support and input into the definition of structural problems that need to be overcome for a smoother implementation of the next round of Cohesion Policy. Thus, there is a question of the conditionality provisions for the implementation of Cohesion Policy and for the Europe 2020 strategy.

The Cohesion Policy has already experimented with this problem. However, the question of conditionality for the Europe 2020 strategy is not as clear. The question is: how will conditionality be operationalised within the Europe 2020 strategy in relation to the objectives and commitments contained in the National Reform Programme? What will constitute the triggering mechanism and what kinds of sanctions will be brought to bear in order to encourage compliance?

6. Conclusions

This survey of the developments that have characterised the Cohesion Policy and the Lisbon strategy over the last 28 years between 1993 and 2011 demonstrates how the two pillars of the Single Market programme—Cohesion Policy and the overall Lisbon strategy—are being increasingly brought into closer alignment. This alignment has passed from an initial "invisible hand" approach up to 2000 to a more voluntary oversight structure through the operationalisation of the Open Method of Coordination between 2000 and 2010. Now, we have arrived at a crossroads where decisions have to be made whether to bring the oversight mechanism implemented for the two strategies into closer alignment (i.e., same principles and procedures) or to use one (Cohesion Policy) to ease compliance with the other (Europe 2020). From a reading of the National Reform Programmes it is clear that Europe 2020 has a larger overall remit than is attributable to Cohesion Policy, but the latter can in the future be used in a more effective and efficient manner to achieve the objectives of the former. The final outcome will be determined by the will of the Member States and European institutions to arrive at an overall governance of the European economy in line with the challenges of the 21st century.

7. References

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Table 1: Non- Lisbon spending Categories

Themes	Sub Themes	Category Cd	Category	CON	RCE
Attractive places to invest and work	Rail	18	Mobile rail assets	Non earmarked	Non earmarked
Attractive places to invest and work	Rail	19	Mobile rail assets (TEN-T)	Non earmarked	Non earmarked
Attractive places to invest and work	Road	22	National roads	Non earmarked	Non earmarked
Attractive places to invest and work	Road	23	Regional/local roads	Non earmarked	Non earmarked
Attractive places to invest and work	Road	24	Cycle tracks	Non earmarked	Non earmarked
Attractive places to invest and work	Other transport	25	Urban transport	Non earmarked	Non earmarked
Attractive places to invest and work	Other transport	31	Inland waterways (regional and local)	Non earmarked	Non earmarked
Attractive places to invest and work	Energy	33	Electricity	Non earmarked	Non earmarked
Attractive places to invest and work	Energy	35	Natural gas	Non earmarked	Non earmarked
Attractive places to invest and work	Energy	37	Petroleum products	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	44	Management of household and industrial waste	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	45	Management and distribution of water (drink water)	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	46	Water treatment (waste water)	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	47	Air quality	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	48	Integrated prevention and pollution control	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	49	Mitigation and adaption to climate change	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	50	Rehabilitation of industrial sites and contaminated land	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	51	Promotion of biodiversity and nature protection (including Natura 2000)	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	53	Risk prevention (...)	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	54	Other measures to preserve the environment and prevent risks	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	55	Promotion of natural assets	Non earmarked	Non earmarked
Attractive places to invest and work	Environment	56	Protection and development of natural heritage	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	58	Protection and preservation of the cultural heritage	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	59	Development of cultural infrastructure	Non earmarked	Non earmarked

Themes	Sub Themes	Category Cd	Category	CON	RCE
Attractive places to invest and work	Culture & social	60	Other assistance to improve cultural services	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	75	Education infrastructure	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	76	Health infrastructure	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	77	Childcare infrastructure	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	78	Housing infrastructure	Non earmarked	Non earmarked
Attractive places to invest and work	Culture & social	79	Other social infrastructure	Non earmarked	Non earmarked
More and better jobs	Capacity Building	80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	Non earmarked	Non earmarked
More and better jobs	Capacity Building	81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...	Non earmarked	Non earmarked
Technical Assistance	Technical assistance	85	Preparation, implementation, monitoring and inspection	Non earmarked	Non earmarked
Technical Assistance	Technical assistance	86	Evaluation and studies; information and communication	Non earmarked	Non earmarked
Territorial Dimension	Territorial Dimension	57	Other assistance to improve tourist services	Non earmarked	Non earmarked
Territorial Dimension	Territorial Dimension	61	Integrated projects for urban and rural regeneration	Non earmarked	Non earmarked
Territorial Dimension	Territorial Dimension	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation	Non earmarked	Non earmarked
Territorial Dimension	Territorial Dimension	83	Specific action addressed to compensate additional costs due to size market factors	Non earmarked	Non earmarked
Territorial Dimension	Territorial Dimension	84	Support to compensate additional costs due to climate conditions and relief difficulties	Non earmarked	Non earmarked

Source: Structural Funds Common Database – Strategic Reporting Earmarking

Table 2: Lisbon spending Categories

Themes	Sub Themes	Category Cd	Category	CON	RCE
Attractive places to invest and work	Other transport	52	Promotion of clean urban transport	Lisbon earmarking	Lisbon earmarking
Attractive places to invest and work	Energy	40	Renewable energy: solar	Lisbon earmarking	Lisbon earmarking
Attractive places to invest and work	Energy	41	Renewable energy: biomass	Lisbon earmarking	Lisbon earmarking
Attractive places to invest and work	Energy	42	Renewable energy: hydroelectric, geothermal and other	Lisbon earmarking	Lisbon earmarking
Attractive places to invest and work	Energy	43	Energy efficiency, co-generation, energy management	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	01	R&TD activities in research centres	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	02	R&TD infrastructure and centres of competence in a specific technology	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	03	Technology transfer and improvement of cooperation networks ...	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	07	Investment in firms directly linked to research and innovation (...)	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Innovation & RTD	74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Entrepreneurship	05	Advanced support services for firms and groups of firms	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Entrepreneurship	68	Support for self-employment and business start-up	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	ICT for citizens & businesses	11	Information and communication technologies (...)	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	ICT for citizens & businesses	12	Information and communication technologies (TEN-ICT)	Lisbon earmarking	Lisbon earmarking

Themes	Sub Themes	Category Cd	Category	CON	RCE
Improving knowledge and innovation for growth	ICT for citizens & businesses	13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	ICT for citizens & businesses	14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	ICT for citizens & businesses	15	Other measures for improving access to and efficient use of ICT by SMEs	Lisbon earmarking	Lisbon earmarking
Improving knowledge and innovation for growth	Other investments in enterprise	08	Other investment in firms	Lisbon earmarking	Lisbon earmarking
More and better jobs	Human capital	62	Development of life-long learning systems and strategies in firms; training and services for employees ...	Lisbon earmarking	Lisbon earmarking
More and better jobs	Human capital	72	Design, introduction and implementing of reforms in education and training systems ...	Lisbon earmarking	Lisbon earmarking
More and better jobs	Human capital	73	Measures to increase participation in education and training throughout the life-cycle ...	Lisbon earmarking	Lisbon earmarking
More and better jobs	Labour market	63	Design and dissemination of innovative and more productive ways of organising work	Lisbon earmarking	Lisbon earmarking
More and better jobs	Labour market	64	Development of special services for employment, training and support in connection with restructuring of sectors ...	Lisbon earmarking	Lisbon earmarking
More and better jobs	Labour market	65	Modernisation and strengthening labour market institutions	Lisbon earmarking	Lisbon earmarking
More and better jobs	Labour market	66	Implementing active and preventive measures on the labour market	Lisbon earmarking	Lisbon earmarking
More and better jobs	Labour market	67	Measures encouraging active ageing and prolonging working lives	Lisbon earmarking	Lisbon earmarking
More and better jobs	Labour market	69	Measures to improve access to employment and increase sustainable participation and progress of women ...	Lisbon earmarking	Lisbon earmarking
More and better jobs	Social Inclusion	70	Specific action to increase migrants' participation in employment ...	Lisbon earmarking	Lisbon earmarking
More and better jobs	Social Inclusion	71	Pathways to integration and re-entry into employment for disadvantaged people ...	Lisbon earmarking	Lisbon earmarking
National	Broadband	10	Telephone infrastructures (including broadband networks)	Lisbon earmarking	Lisbon earmarking

Themes	Sub Themes	Category Cd	Category	CON	RCE
National	Environment	44	Management of household and industrial waste	Lisbon earmarking	Lisbon earmarking
National	Environment	45	Management and distribution of water (drink water)	Lisbon earmarking	Lisbon earmarking
National	Environment	46	Water treatment (waste water)	Lisbon earmarking	Lisbon earmarking
National	Environment	50	Rehabilitation of industrial sites and contaminated land	Lisbon earmarking	Lisbon earmarking
National	Environment	53	Risk prevention (...)	Lisbon earmarking	Lisbon earmarking
National	Culture & social	75	Education infrastructure	Lisbon earmarking	Lisbon earmarking
National	Culture & social	77	Childcare infrastructure	Lisbon earmarking	Lisbon earmarking
National	Territorial Dimension	61	Integrated projects for urban and rural regeneration	Lisbon earmarking	Lisbon earmarking

Source: Structural Funds Common Database – Strategic Reporting Earmarking

Table 3: Lisbon Earmarked and Non-Earmarked Allocations for Competitiveness and Employment Operational Programmes

		Lisbon Earmarking		Non earmarked	
Country	**Total Allocation €**	**Decided OPs €**	**%**	**Decided Ops €**	**%**
AT	1,027,311,617	934,061,242	90.9	93,250,375	9.1
BE	1,425,174,612	1,190,483,947	83.5	234,690,665	16.5
CY	612,434,992	314,511,444	53.4	297,923,548	46.6
CZ	417,922,713	329,286,599	78.8	88,636,114	21.2
DE	9,409,281,668	7,736,411,732	82.2	1,672,869,936	17.8
DK	509,577,239	457,388,655	89. 8	52,188,584	10.2
ES	8,481,326,277	6,098,907,229	91.9	2,382,419,048	28.1
FI	1,595,966,044	1,375,965,515	93.0	220,000,529	7.0
FR	10,258,065,496	8,090,730,610	78.9	2,167,334,886	21.1
GR	638,376,702	310,481,234	48.6	327,895,468	51.4
HU	2,012,229,193	984,291,129	48.9	1,027,938,064	51.1
IE	750,724,742	600,862,370	80.0	149,862,372	20.0
IT	6,324,890,107	5,065,123,109	80.1	1,259,766,998	19.9
LU	50,487,332	43,923,978	71.4	6,563,354	28.6
NL	1,660,002,737	1,320,593,128	79.6	339,409,609	20.4
PT	940,634,265	663,811,932	70.6	276,822,334	29.4
SE	1,626,091,888	1,407,260,632	84.5	218,831,256	15.5
SK	454,890,489	343,259,311	74.6	111,631,178	25.4
UK	6,978,387,838	6,193,002,023	88.8	785,385,815	11.2
19	55,173,775,952	43,460,355,819	78.8	11,713,420,133	21.2

Source: Strategic Report on Earmarking

Table 4: Lisbon Earmarked and Non-Earmarked Allocations for Convergence Operational Programmes

		Lisbon Earmarking		Non earmarked	
Country	**Total Allocation**	**Decided OPs**	**%**	**Decided OPs**	**%**
AT	177,166,964	154,478,287	87.2	22,688,677	12.8
BE	638,326,154	491,278,519	77.0	147,047,635	23.0
BG	6,673,628,244	3,385,886,925	57.0	3,287,741,319	43.3
CZ	25,884,681,771	14,719,590,554	56.9	11,165,091,217	43.1
DE	16,079,334,622	11,732,517,803	73.0	4,346,816,819	27.0
EE	3,403,459,881	1,560,942,443	45.9	1,842,517,438	54.1
ES	26,176,407,704	20,757,713,276	79.3	5,418,694,427	20.7
FR	3,191,155,555	1,811,283,210	56.8	1,379,872,345	43.2
GR	19,571,884,743	13,325,507,916	68.1	6,246,376,827	31.9
HU	22,908,919,407	12,175,632,967	53.2	10,733,286,440	46.8
IT	21,640,425,296	14,306,106,346	66.1	7,334,318,950	33.9
LT	6,775,492,823	3,534,347,834	51.6	3,241,144,989	48.4
LV	4,530,447,634	2,527,858,320	55.8	2,002,589,314	44.2
MT	840,123,051	368,140,800	43.8	471,982,251	56.2
PL	65,221,852,992	42,336,237,226	64.9	22,885,615,766	35.1
PT	20,470,926,247	16,806,269,532	87.1	3,664,656,714	12.9
RO	19,213,036,712	9,858,248,292	51.3	9,354,788,420	48.7
SI	4,101,048,636	2,694,750,638	65.7	1,406,297,998	34.3
SK	10,905,729,461	6,412,334,224	58.8	4,493,395,237	41.2
UK	2,912,549,625	2,355,639,764	80.9	556,909,861	19.1
20	281,316,597,521	181,314,764,877	64.5	100,001,832,644	35.5

Source: Structural Funds Common Database – Strategic Reporting Earmarking