

Absorption rates of Cohesion Policy funds



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Absorption rates can be defined as the percentages of EU funding that have been paid by the European Commission to Member States' Operational Programmes (OPs). The absorption of Cohesion Policy funds follows a known trend, starting slowly in the first years of programming and then accelerating near the end of the programming period. This pattern concerns most of the EU Member States (MS), despite significant variations across countries and programming periods. Therefore, understanding the drivers of the absorption is crucial for shaping the future of EU Cohesion Policy, which is aimed at correcting imbalances among EU countries and regions.

During the 2014-2020 programming period, **just a quarter** of the total resources **had been paid out at the end of 2018**. By the end of 2020, only 52.5% of the total financial resources available from the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), and the Youth Employment Initiative (YEI) had been paid to MS. **At the end of 2023**, though, the absorption **increased significantly to 94.4%**, not considering the Recovery assistance for cohesion and the territories of Europe (REACT-EU) **or 90.4%** (when including REACT-EU). The absorption rate of REACT-EU funds was about 62% at the end of 2023, meaning that nearly 40% of the resources still need to be paid out in the remaining months. Apart from REACT-EU,

there are no significant differences in the absorption rates across the Cohesion Policy funds.

Approximately half of the MS had, as of the end of 2023, an absorption rate higher than the EU average. This group includes several countries that joined the EU relatively recently (e.g. Poland, Slovenia, Czechia, Estonia,

Lithuania, Hungary, Cyprus), while most of the largest and "older" EU MS registered a lower performance (e.g. most notably Spain and Italy which receive a big "chunk" of the total funds). These have a less satisfactory performance, also in the absorption of REACT-EU funds.



The "Transition" regions (GDP per inhabitant between 75% and 100% of the EU average) perform worse than the "More developed" (GDP per inhabitant above 100% of the EU average) and "Less developed" (GDP per inhabitant less than 75% of the EU average). Between more and less developed regions, there is no significant difference.

Absorption delays tend to accumulate over time. The absorption rate in 2014-2020 was consistently lower than in 2007-2013. Compared to the initial years of 2014-2020, early information on programming progress in 2021-2027 shows that absorption is even lower in the current cycle. **Low absorption rates pose a challenge** as they, amongst others, **may weaken the programmes' relevance and capacity to achieve the intended objectives**.

The **factors that explain the key trends** observed in the expenditure of Cohesion Policy funding and why the financial performance may differ across MS can be divided into four groups:

- Those related to the European policy and legal context;
- Those related to the national institutional, policy, and legal context;
- Those linked to the national socio-economic context; and

The study

analyses the absorption rates of the EU Cohesion Policy funds over time and provides recommendations on how to improve them.



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- Those related to administrative capacity, which is one of the strongest predictors of absorption.

Barriers to absorption are related to these groups of factors and may include:

- Delays in adopting EU legal frameworks and guidelines, as well as late adoption and overlaps between Multiannual Financial Framework periods and OPs;
- Limited quality of government and lack of continuing political support, political instability, patronage, and clientelism;
- GDP per head, limits in available matching funds, low level of infrastructure development and innovation, low investments, vulnerability to external crises; and
- Inefficient institutional structures, training gaps, inadequate practices for the selection of operations, and insufficient digitalisation.

The **solutions** aimed at overcoming absorption obstacles include EU simplification initiatives, performance frameworks, provisions allowing flexibility, reduction of co-financing rates, reprogramming, phasing of projects, more intensive use of digitalisation, improving operation selection, reinforcement of human resources, revisions of domestic legislation, simplification of procurement, strategic plans/projects to support the project pipeline, guidelines, and information events targeting beneficiaries, etc.

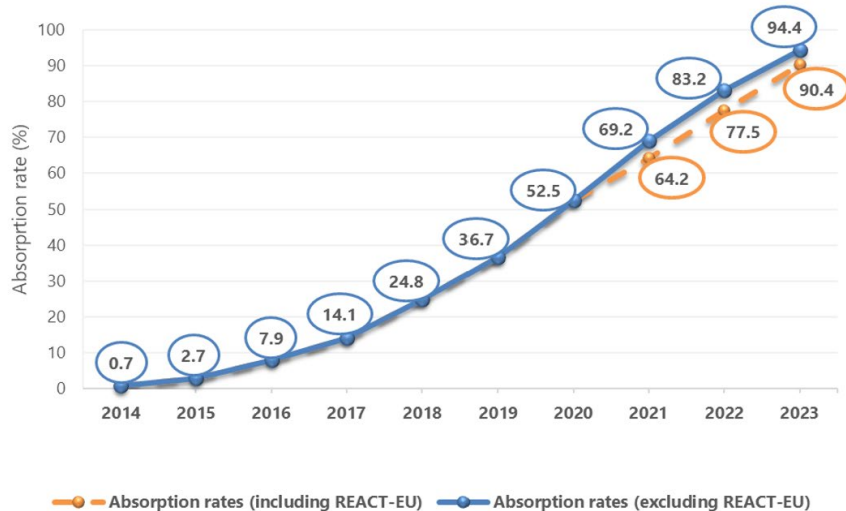
In-depth case studies of different OPs highlight that **the absorption delays reflect the rules of Cohesion Policy** and the capacity of MS or specific authorities to adapt to changes introduced at the beginning of a new programming cycle or as a consequence of a crisis (e.g. COVID-19, the war in Ukraine). Delays **seldom imply significant decommitments but may weaken the programmes' relevance and capacity to achieve the intended objectives.**

An effective strategy to ensure that the Cohesion Policy meets expectations and achieves its intended intervention could involve removing or mitigating absorption obstacles, as identified in the study.

At the EU level, this may involve: reducing the complexity of rules; being more attentive to the specificities of the national contexts; minimising uncertainties, providing timely guidelines on the application of key principles and eligibility rules, and supporting administrative capacity building.

At the national (or regional) level, authorities could envisage taking the following actions: enhance their capacity; enhance the effectiveness and efficiency of selection procedures and delivery modes; bolster coordination between stakeholders and provide support for the capacity of beneficiaries.

Absorption rates of Cohesion Policy funds (ERDF, CF, ESF, and YEI) over time



Source: [Cohesion Open Data Platform](#), database on [EU Payments](#)

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The present note is based on the study *Absorption rates of Cohesion Policy funds*, authored by: Andrea CIFFOLILLI (Research leader), Marco POMPILI, Anna BOROWCZAK, Maja HRANILOVIC

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