

PUBLIC HEARING

BUDGETARY CONTROL



European Parliament

Briefings & Presentations

Wednesday, 12.07.2017 - 15:00 - 18:30 - Brussels - JAN 4Q1

CHAIR Ingeborg Gräßle

RAPPORTEUR Georgi PIRINSKI

ABSORPTION OF FUNDS

Absorption of Structural Funds in different Member States

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Public Hearing

on the causes of the various problems of absorption of funds in different Member States, and envisaged solutions in the perspective of the Commission's role in assisting Member States and Pre-accession countries in correct absorption of EU funds

**Wednesday, 12 July 2017
European Parliament, Brussels
József Antall Building, room 4Q1**

Programme

- | | |
|-------|---|
| 15h00 | <u>Welcome and introduction</u>
Ingeborg GRÄBLE, Committee Chair |
| 15h10 | Georgi PIRINSKI, Rapporteur |
| 15h20 | <u>The absorption of European Structural & Investment Funds 2007-2013: Lessons learnt for the new programming period</u>
Normund POPENS, Deputy-Director General, European Commission, DG REGIO |
| 15h35 | Henri GRETHEN, Member of the European Court of Auditors |
| 15h50 | Questions and clarifications |
| 16h00 | <u>How do Member States manage the absorption of European Structural & Investment Funds 2007-2013: case studies</u>
Preben GREGERSEN, Regional Policy Director, Head of the Danish Management Authority for Structural Funds, Danish Business Authority, Copenhagen, Denmark |
| 16h15 | Maria Ludovica AGRÒ, Director General of the Agency for Territorial Cohesion, Rome, Italy |
| 16h30 | Mihaela TOADER, Secretary General in the Ministry for EU Funds, Bucharest, Romania |
| 16h45 | Question and answers |

17h00	<u>Causes of the various problems of absorption of ESI-Funds in different Member States, the role of the Commission and building blocks for future cohesion policy: An academic view</u> Carlos MENDEZ, PhD, Research Fellow at the European Policies Research Centre, University of Strathclyde, Glasgow, UK
17h30	Questions and answers
18H15	<u>Concluding remarks</u> Georgi PIRINSKI, Rapporteur
18h30	End of hearing

Biographical information

Carlos MENDEZ	PhD, Carlos Mendez was educated at University College London (BA), London School of Economics (MSc) and Strathclyde (PhD). As a specialist on the European Union and regional development policy, Carlos Mendez' main research interests include EU Cohesion policy, the EU Budget, and regional policy in Portugal and Spain. He has co-authored a monograph on EU Cohesion policy, published various academic articles and policy reports, and worked on a wide range of projects and evaluation studies for EU, national and regional institutions. He works with Professor BACHTLER, as a research fellow, at the European Policies Research Centre, University of Strathclyde, Glasgow.
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PRESENTATION FOR THE COMMITTEE ON BUDGETARY CONTROL, EUROPEAN
PARLIAMENT

Lessons learnt from absorption patterns

Henri GRETHEN, Member
European Court of Auditors.



Disclaimer

The presentation given today contains parts of the provisional findings and gives first indications about possible conclusions and recommendations. The presentation states at this stage the rapporteurs opinion.



Main finding: Systemic absorption problems have been observed since year 2000

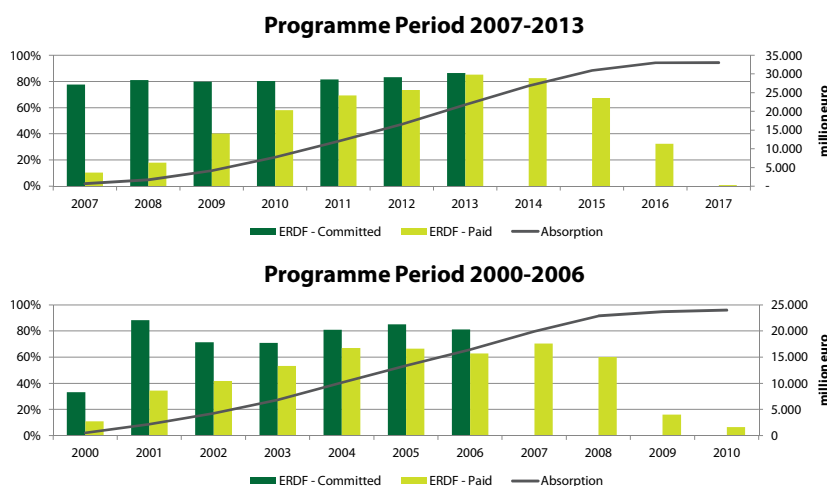
- The absorption of funds starts slowly at the beginning of the programmed period;
- The pattern of absorption has not changed after enlargements;
- Around 30% of funds are paid **after** the end date of the programmed period; and
- For the 2007-2013 programme period commitments had to be spent within 2 or 3 years (N+2/3 rule).
 - N+2 rule had no impact on absorption pattern during the programmed period; and
 - The measure has limited the payments after the end of programmed period,



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ERDF absorption pattern between periods does not change

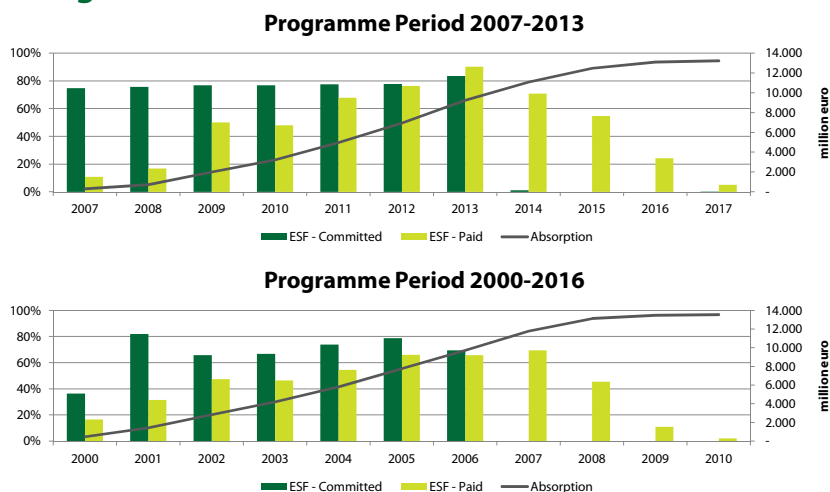


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Source: ECA based on data retrieved from the Commission's reporting system (InfoView)



ERDF absorption pattern between periods does not change

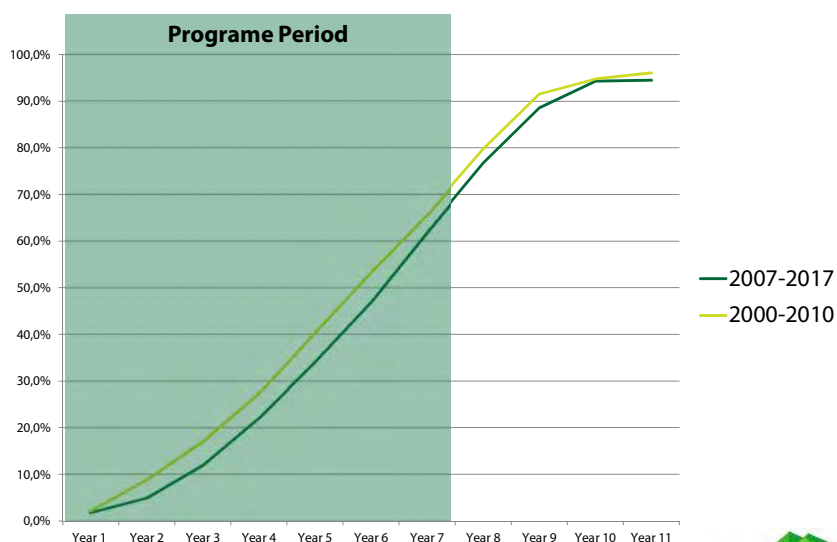


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Source: ECA based on data retrieved from the Commission's reporting system (InfoView)



ERDF absorption: 2000-2006 vs 2007-2013

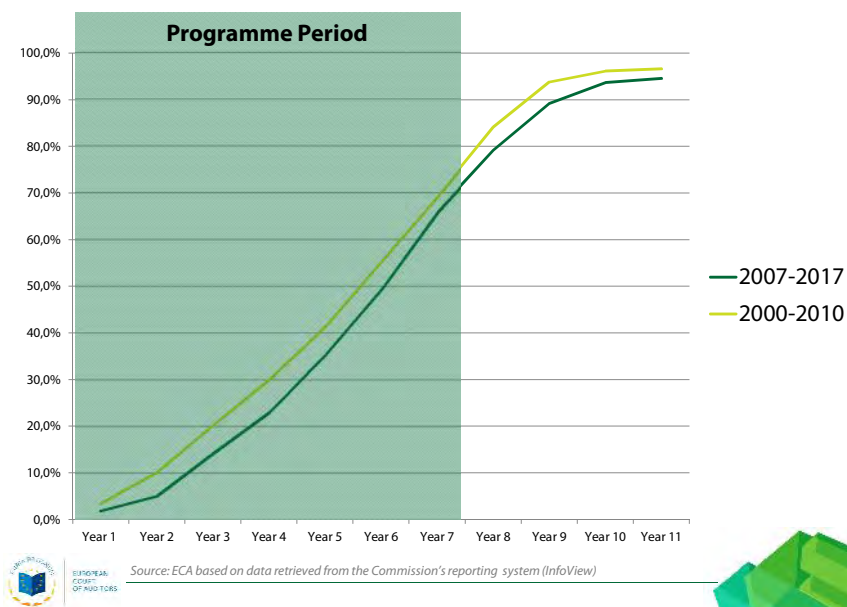


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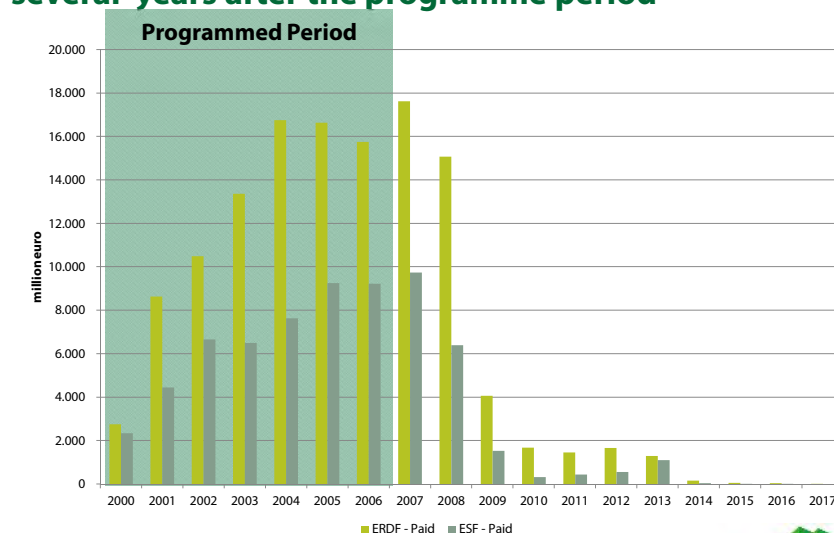
Source: ECA based on data retrieved from the Commission's reporting system (InfoView)



ESF absorption: 2000-2006 vs 2007-2013



Before N+2 rule (2000-2006) the payments continued for several years after the programme period



Potential conclusions are:

- The Commission approved the Regulatory framework and Operating Programs to late;
- The Commission and Member States detected slow absorption too late; and
- Many measures proposed by the Commission applied by the Member States to improve absorption rate had less focus on performance.



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Potential recommendations are:

- The Commission should adapt the legislation framework to eliminate the problems created by the overlap of programming period;
- The Commission should use regular reporting and monitoring to trigger corrective actions in good time; and
- The Commission should adapt targets and indicators in line with the intervention logic if Operational Programs change.



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Structural Funds management in Denmark

Preben Gregersen
Regional Policy Director,
Head of DK MA f. Structural Funds (ERDF and ESF)



Size, structure and *genuine* partnership

5 regions -> 6 "growth fora"

Capital	1,7 million
Bornholm	0,04 m
Zealand	0,8 m
Southern	1,2 m
Central	1,3 m
Northern	0,6 m

Population ~ 5,6 million
Area ~ 43000 sq. km



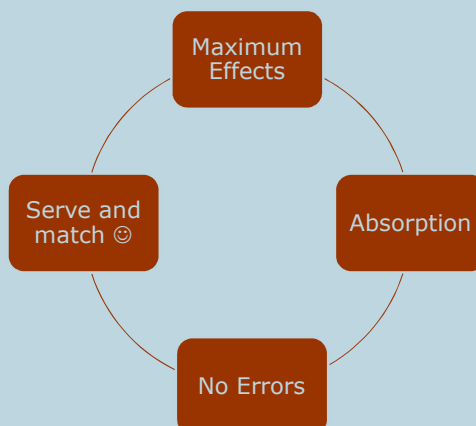


Regional Growth Fora (and -secretariats) - and IB tasks

- Partnership
- Draft the growth related parts of regional development strategies
- Monitor local and regional growth conditions
- Develop activities, (i.e. innovation, knowledge distribution, new technologies, entrepreneurship, human resources, tourism, peripheral/rural areas....
- Calls and proposals for projects for regional council co-financing
- **Calls and proposals for projects for co-financing to the MA (ERDF and ESF)**
- **Members of MC (ERDF and ESF)**
- **Ongoing exchanges between RGF and MA**
 - **Smart choices and legitimacy**
 - **Legality and monitoring**



Key considerations (targets) for MA (ERDF/ESF)





Key practical points regarding ERDF/ESF-management in general

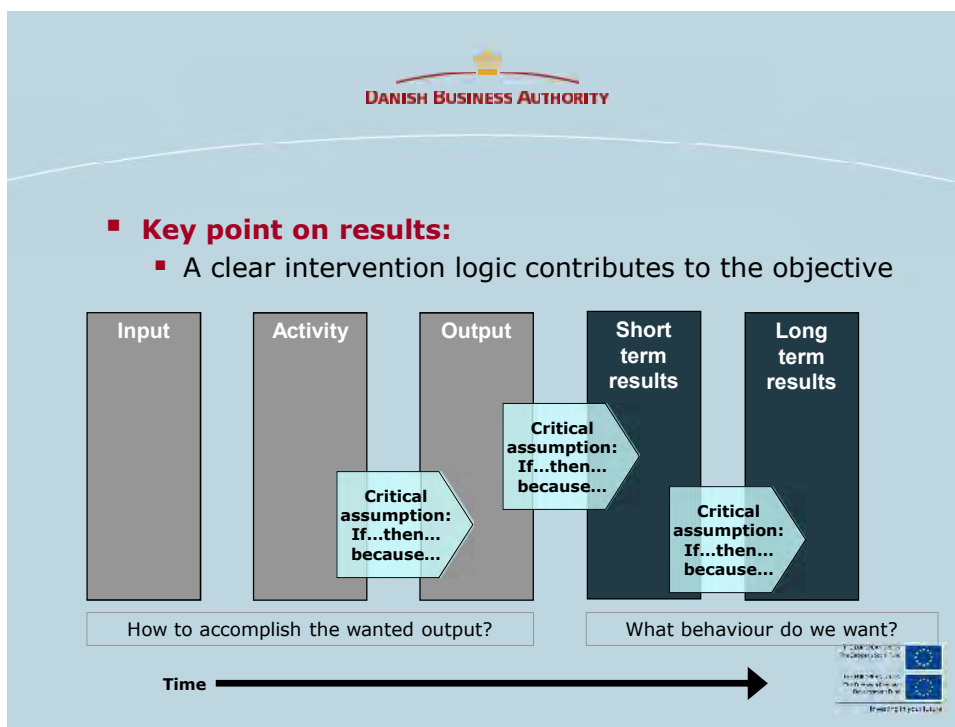
- Early program approvals – early calls
 - ex. clear (and few) priorities
 - negotiated/accepted by partners (common commitment)
- Complete administrative basis from start
- IB-/partner competences – also on rules, frames, tech., IT
- Clear rules/limits, right incentives, adequate MA-instruments
 - ex. co- financing and targets
- Ongoing dialogue: DG-desk ~ MA ~ IB/RGF (ex. forecasts)
- Ongoing dialogue: CoA/DG-audit/AA ~ MA (ex. learning/focusing)
- Direct and systematic dialogue MA ~ operators/beneficiaries
- Accountable partnership in e.g. MC (etc.)
- Experienced and execution-oriented staff
 - Critical mass matching complexity




Key points regarding absorption: ERDF/ESF

- Early program-launch + Focused programs on few priorities
- Frontloading per priority pr. RGF
- "Polluter pays"-instruments in order on n+2/3 (through MC)
- "Trimester-system" for dialogue on n+2/3 and project-progress (with RGF-secretariats)
- No comfort in commitments © Only payments count
- Close and increasing MC/MA-monitoring (calls, commitments and payments) pr. priority
- Close and increasing MC/MA-forecasting (commitments and payments) pr. priority
- Early and tight dialogue on projects' (financial and progress) reporting
 - state aid rules, procurements, eligibility, the "devil" often in the details
- Be alert in regard to long project-periods/passive project-partners
- Proactive adjustment of project grants.
- Re-engagement of "revolved" funds
 - RGF- competence and commitment
 - In due time – program/financial -agreement in MC
 - Final phases – full competence to MA to be "clearing office" (MC)






DANISH BUSINESS AUTHORITY

Thank you for your attention

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Agenzia per la coesione territoriale

Public Hearing

on the causes of the various problems of absorption of funds in different Member States, and envisaged solutions in the perspective of the Commission's role in assisting Member States and Pre-accession countries in correct absorption of EU funds

M. Ludovica Agrò

Director General

Agency for territorial Cohesion

2007-2013 programming period in Italy

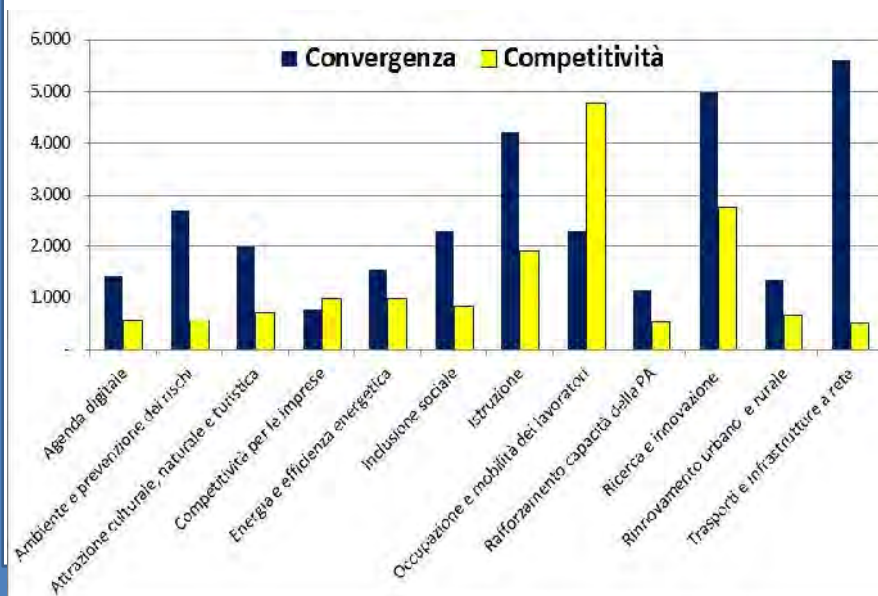


Certified expenses:

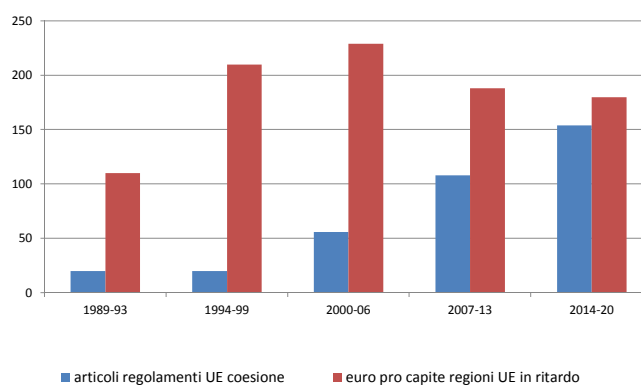
- ✓ 2014: 32,4 billion euros 70,7%
- ✓ 2015: 36,9 billion euros 80,5%
- ✓ 2016: 44,9 billion euros 98,1%
- ✓ **2017: 46,2 billion euros 101,0% (*)**

(*) **104%** if we consider the suspended projects (art.95 reg.UE1083/2006)

Expenditures per EU Priority Themes and Objectives (€ million)



EU funds for cohesion



La coesione nelle Raccomandazioni UE

CSR 2011	CSR 2012
adottare misure per accelerare la spesa atta a promuovere la crescita, cofinanziata dai fondi della politica di coesione , onde ridurre le persistenti disparità tra le regioni, migliorando la capacità amministrativa e la governance politica. Rispettare gli impegni presi nel quadro di riferimento strategico nazionale in termini di quantità delle risorse e di qualità della spesa.	garantire che il chiarimento nelle disposizioni attuative delle caratteristiche chiave del pareggio di bilancio inserito nella Costituzione, ivi compreso un adeguato coordinamento tra i diversi livelli amministrativi, sia coerente con il quadro dell'UE; perseguire un miglioramento duraturo dell'efficienza e della qualità della spesa pubblica mediante la prevista spending review e l'attuazione del Piano Azione Coesione del 2011 per migliorare l'assorbimento e la gestione dei fondi dell'UE , in particolare nell'Italia meridionale;
CSR 2013	CSR 2014
dare tempestivamente attuazione alle riforme in atto adottando in tempi rapidi le disposizioni attuative necessarie, dandovi seguito con risultati concreti a tutti i livelli amministrativi e con tutti i portatori d'interesse e monitorandone l'impatto; potenziare l'efficienza della pubblica amministrazione e migliorare il coordinamento fra i livelli amministrativi; semplificare il quadro amministrativo e normativo per i cittadini e le imprese, abbreviare la durata dei procedimenti civili e ridurre l'alto livello di contenzioso civile, anche promuovendo il ricorso a procedure extragiudiziali di risoluzione delle controversie; potenziare il quadro giuridico relativo alla repressione della corruzione, anche rivedendo la disciplina dei termini di prescrizione; adottare misure strutturali per migliorare la gestione dei fondi UE nelle regioni del Mezzogiorno in vista del periodo di programmazione 2014-2020;	nell'ambito di un potenziamento degli sforzi intesi a far progredire l'efficienza della pubblica amministrazione, precisare le competenze a tutti i livelli di governo; garantire una migliore gestione dei fondi dell'UE con un'azione risolutiva di miglioramento della capacità di amministrazione, della trasparenza, della valutazione e del controllo di qualità sia a livello nazionale che a livello regionale, specialmente nelle regioni meridionali; potenziare ulteriormente l'efficacia delle misure anticorruzione, in particolare rivedendo l'istituto della prescrizione entro la fine del 2014 e rafforzando i poteri dell'autorità nazionale anticorruzione; monitorare tempestivamente gli effetti delle riforme adottate per aumentare l'efficienza della giustizia civile, con l'obiettivo di garantirne l'efficacia, e attuare interventi complementari, ove necessari;
CSR 2015	CSR 2016
adottare il piano strategico nazionale della portualità e della logistica previsto, in particolare per contribuire alla promozione del trasporto intermodale mediante migliori collegamenti; assicurare la piena operatività dell' Agenzia per la coesione territoriale in modo da determinare un sensibile miglioramento della gestione dei fondi dell'UE ;	Considerando 4 La programmazione dei fondi strutturali e d'investimento europei per il periodo 2014-2020 ha tenuto conto delle pertinenti raccomandazioni specifiche per paese. In applicazione dell'articolo 23 del regolamento (UE) n. 1303/2013 del Parlamento europeo e del Consiglio, ove necessario per sostenere l'attuazione delle raccomandazioni pertinenti del Consiglio la Commissione può chiedere ad uno Stato membro di rivedere e proporre di modificare il suo contratto di partenariato e i programmi rilevanti. La Commissione ha precisato i modi in cui conta di valersi di tale possibilità negli orientamenti sull'applicazione delle misure per collegare l'efficacia dei fondi strutturali e d'investimento europei a una sana gestione economica

Problems of absorption of funds (1/2)



The 2007-2013 programming period has been characterized by exceptional difficulties stemming from the severe financial, economic and budgetary crisis that hit Europe and, in particular, Italy since 2008.

The financial flow based on reimbursement requires a large amount of additional resources available than those of the Structural Funds. This mechanism has raised more difficulties for those Countries which faced a deeper crisis.

Problems of absorption of funds (2/2)



Low level of integration in governance and control between European and national/regional administrations .

The difficulties in the management and implementation of the Structural Funds is also coming from the increase of rules and guidelines, and high number of controls.

In some cases an inadequate administrative capacity has negatively affected the programming period 2007-2013.

Measures taken (1/2)



The main measure taken by Italy to ensure full absorption and effective use of funds are:

- ✓ reduction of national co-financing of OPs programming these resources for investments for cohesion policy (Piano Azione Coesione);
- ✓ establishment of a Compensation Fund;
- ✓ Creation, as initiative of Italy with EC participation, of specific Task Force (enforced cooperation) for Sicily, Campania and Calabria;
- ✓ Enforcement of the role of Audit Authority coordinating body (MEF-IGRUE)

Measures taken (2/2)



- ✓ Definition of a new institutional governance framework for cohesion policies (Programming: Department for cohesion policies; Implementation: Agency for territorial cohesion);
- ✓ Recruitment of 120 skilled human resources to strengthen Central Administration in charge of coordination and managing authorities;
- ✓ Introduction of 29 “Piani di rafforzamento amministrativo”.
- ✓ “Open Coesione”: more transparency and availability of information to increase the citizens awareness and participation.



Agenzia per la Coesione Territoriale

Public Hearing

on the causes of the various problems of absorption of funds in different Member States, and envisaged solutions in the perspective of the Commission's role in assisting Member States and Pre-accession countries in correct absorption of EU funds

M. Ludovica Agrò

Direttore Generale dell'Agenzia per la coesione territoriale

1. PROBLEMATICHE RELATIVE ALL'ASSORBIMENTO DEI FONDI STRUTTURALI 2007-2013

In Italia a livello aggregato la certificazione finale delle spese a valere sulla Programmazione 2007-2013 è stata del 101% e se si considerano i sospesi sulle risorse complessive, occorre aggiungere un ulteriore 3%.

A fronte di risorse programmate complessivamente pari a 45,8 miliardi di euro, sono state certificate spese per 46,2 miliardi di euro.

Nello stesso periodo sono avvenuti importanti miglioramenti per quanto riguarda la qualità della gestione e del controllo dei Programmi Operativi:

- ✓ l'adeguamento delle norme sugli appalti pubblici,
- ✓ le riforme strutturali,
- ✓ l'*acquis* ambientale,
- ✓ una maggiore trasparenza.

I controlli effettuati a livello di Stato membro sono divenuti sempre più efficaci e professionali.

Consideriamo tutto ciò un buon risultato visto che la programmazione 2007-2013 è stata caratterizzata da eccezionali difficoltà derivanti dalla crisi finanziaria, economica e di bilancio gravissima che ha colpito l'Europa e, in particolare, il nostro Paese a partire dal 2008.

Date le caratteristiche del tessuto industriale del nostro Paese con la peculiare presenza delle PMI, le imprese sono le prime beneficiarie dei Fondi, la programmazione definita nei primi anni del



periodo 2007-2013 si è rilevata non più rispondente rispetto alla domanda espressa dalle imprese; ciò ha comportato un parziale insuccesso di una serie di procedure di selezione oltre ad un faticoso lavoro di riprogrammazione.

Molto pesante inoltre è stato l'impatto sulla spesa dei Fondi Strutturali delle politiche restrittive di Bilancio avviate dalla Commissione Europea nel 2011 con il Six Pack e a seguire, nel 2012, con la sottoscrizione anche da parte del nostro paese del cosiddetto Fiscal Compact; queste politiche hanno comportato l'irrigidimento delle regole del patto di stabilità rendendo difficoltoso per molti Programmi reperire i necessari cofinanziamenti e spendere con la tempistica necessaria le risorse.

Infine, il circuito finanziario a rimborso dei fondi strutturali, da sempre "esigente" in quanto richiede un ingente disponibilità di risorse ulteriori rispetto quelle dei fondi strutturali, è particolarmente impegnativo per i Paesi con maggiori difficoltà economiche; in quegli anni, in Italia, la dotazione di risorse nazionali della politica di coesione (il Fondo sviluppo e coesione che rappresenta un volano della spesa per i fondi strutturali) si è ridotta significativamente anche a causa della crisi e delle politiche di bilancio restrittive sopra citate.

A queste difficoltà, di carattere eccezionale, se ne sono aggiunte altre relative al sistema di governance dei Fondi Strutturali non risolvibili, quindi, con il solo miglioramento dei dati economici e sociali.

Tra il livello europeo e quello nazionale/regionale non c'è stata adeguata **integrazione** nelle misure di governance e controllo.

L'attenzione non si è concentrata, come sarebbe stato auspicabile, sul percorso di miglioramento dei sistemi di gestione e controllo e sul monitoraggio del raggiungimento dei risultati dei programmi. Al centro delle verifiche c'è stato quasi esclusivamente l'accertamento del rispetto formale delle regole nella gestione degli interventi.

L'eccessiva focalizzazione degli audit sulla compliance è stata accompagnata da una proliferazione normativa di "secondo livello", linee guida e orientamenti della Commissione europea che, spesso, hanno reso più complessa la gestione dei programmi. Troppe regole, a volte tra di esse poco integrate hanno reso molto oneroso, per i beneficiari, l'accesso ai finanziamenti comunitari.

La crescita del numero degli articoli dei Regolamenti per la coesione a partire dal periodo di programmazione 1989-1993 è stata esponenziale e inversamente proporzionale al valore degli aiuti in termini pro capite alle Regioni in ritardo di sviluppo.



L'eccesso di norme è arrivato al suo apice con la programmazione 2014-2020, rispetto al quale, il Gruppo di alto livello sulla semplificazione (HLG) ha contato, solo per la politica di coesione, più di 600 pagine di leggi pubblicate nella Gazzetta ufficiale e oltre 5000 pagine di orientamento.

Molte regole discendono dalle interpretazioni offerte attraverso le numerose Linee Guida e orientamenti prodotti dai Servizi della Commissione e dal COCOF prima, dal COESIF e dall'EGESIF poi, che, come spesso accade, prevedono adempimenti ed oneri aggiuntivi rispetto alle disposizioni regolamentari, e costituiscono così per gli auditors comunitari e nazionali ulteriori indicazioni a cui le Autorità di Gestione e i Beneficiari “devono” conformarsi.

A ciò si aggiunge, la mancanza di **integrazione** tra le norme relative ai Fondi strutturali e le norme orizzontali quali, ad esempio, quelle in materia di Aiuti di Stato che ha portato spesso ad ulteriore complessità nella gestione dei procedimenti amministrativi, determinando, in alcune circostanze, un quadro normativo incerto che ha aumentato il rischio di irregolarità.

Il carico amministrativo connesso alla gestione ed attuazione dei fondi è stato ulteriormente aggravato dagli adempimenti a carico delle Autorità dei programmi connessi ai numerosi controlli effettuati dalle istituzioni UE sulla realizzazione dei programmi e sui conseguenti follow-up.

Infine, non ha certamente aiutato la procedura seguita spesso dalla Commissione europea per la risoluzione delle procedure di interruzione e di sospensione dei pagamenti in quanto in molte situazioni ha richiesto tempi eccessivamente lunghi dai 12 fino a oltre 36 mesi.

Ha pesato negativamente sulla programmazione 2007-2013 una insufficiente capacità amministrativa degli attori coinvolti nella programmazione e attuazione degli interventi cofinanziati dai Fondi. Nel corso della preparazione dell'Accordo di Partenariato e dei Programmi Operativi in Italia per il periodo 2014-2020 tra le sfide più urgenti per l'Italia, che potevano essere affrontate e vinte, è indicato **è la crescita della produttività, efficienza ed efficacia della Pubblica Amministrazione, individuando anche tra le azioni necessarie quelle di ridurre gli oneri amministrativi per le imprese, promuovere l'e-government e l' e-public procurement, garantire l'efficienza del sistema giudiziario, rafforzare la capacità degli organismi coinvolti nella gestione e attuazione dei programmi dei Fondi strutturali e aggiuntivi, in particolare nelle aree meno sviluppate.**



2. LE MISURE ADOTTATE

La principale risposta messa in campo dall'Italia per assicurare il pieno assorbimento delle risorse è stata la riduzione del cofinanziamento nazionale dei programmi operativi, tradizionalmente finanziati tutti ben oltre la soglia minima mantenendo però le risorse nell'ambito delle politiche di coesione.

Come in altri 15 Paesi anche in Italia, infatti, sono stati abbassati i tassi di cofinanziamento nazionale dei Programmi Operativi in maggiore sofferenza. L'Italia rappresenta in questo panorama un esempio virtuoso avendo con quelle risorse istituito il **Piano Azione Coesione (PAC)** con l'art. 23 della legge n. 183/2011, Fondo di rotazione per le politiche comunitarie.

La norma citata stabilisce che il Fondo di rotazione “destina le risorse finanziarie a proprio carico, provenienti da un'eventuale riduzione del tasso di cofinanziamento nazionale dei programmi dei fondi strutturali 2007/2013, alla realizzazione di interventi di sviluppo socio-economico concordati tra le Autorità italiane e la Commissione europea nell'ambito del processo di revisione dei predetti programmi”.

Le risorse complessivamente confluite nel PAC nel corso della programmazione 2007-2013 ammontano complessivamente a circa 13,5 miliardi di euro.

Le risorse sono state comunque destinate ad interventi per lo sviluppo nelle stesse aree e settori cui le destinavano i Programmi operativi. Parte di esse stanno funzionando da volano della spesa 2014 2020.

La Commissione Europea partecipa al monitoraggio dell'utilizzo di queste risorse.

In Italia, quindi, la riduzione dei tassi di cofinanziamento nazionale non ha comportato un taglio dell'importo complessivo degli investimenti pubblici effettuati ai fini della politica di coesione, mentre ha consentito il completamento dei progetti già messi in cantiere e il parallelo miglioramento del flusso di cassa.

Costituzione di un Fondo di compensazione

L'indebitamento netto della Pubblica Amministrazione, tra cui gli enti territoriali (regioni e enti locali), costituisce un parametro ovviamente molto importante da controllare ai fini del rispetto dei criteri di convergenza previsti dal Patto di stabilità.



In Italia un forte ruolo nella gestione dei Programmi Operativi è riservato alle Amministrazioni Regionali. Per agevolarle nel 2011, con legge, è stato istituito un “Fondo di compensazione per gli interventi volti a favorire lo sviluppo”, all’inizio dotato di un miliardo di Euro per ciascuna delle annualità 2012,2013 e 2014; per il solo 2013 l’ammontare del Fondo è stato innalzato fino a 1.800 milioni. Fino a questi limiti le spese a valere sul cofinanziamento nazionale dei Programmi Operativi sono state escluse dai limiti rilevanti ai fini del rispetto del patto di stabilità interno.

Il Fondo è stato ripartito tra le Regioni e le Province autonome di Trento e Bolzano sulla base della chiave di riparto dei fondi strutturali 2007-2013 tra i programmi operativi regionali stabilita dal Quadro Strategico Nazionale 2007-2013. Esso inoltre prevedeva una procedura di rimodulazione della ripartizione del plafond a seconda dell’avanzamento della spesa dei Programmi.

Sempre nell’ottica del rafforzamento della governance delle politiche di coesione, si è potenziata l’attività di coordinamento delle Autorità di audit dei programmi, attraverso il rafforzamento delle funzioni di impulso e sorveglianza svolte dal del Ministero dell’economia e delle finanze – RGS-IGRUE.

L’Italia con propria iniziativa ha istituito, agli inizi del 2012, di concerto con le Amministrazioni Regionali interessate e la partecipazione della Commissione Europea, quindi in un’ottica di cooperazione rafforzata, Task Force specifiche per la Sicilia, la Campania e la Calabria .

Nel 2015 la stessa iniziativa è stata assunta per un Programma Nazionale, il PON Reti. In questo modo sono stati assicurati un più stretto monitoraggio del programma e una cooperazione rafforzata. Grazie a questa attività è stato possibile affrontare le principali difficoltà riducendo notevolmente il rischio di perdita delle risorse.

Gli insegnamenti tratti dalla esperienza delle Task Force hanno alimentato le azioni e gli interventi pianificati nell’ambito dei programmi 2014-2020, soprattutto in termini di sostegno allo sviluppo della capacità amministrativa.

Nella fase finale della programmazione 2007-2013 è stato definito un nuovo quadro di governance istituzionale per le politiche di coesione.

Esso risponde a quanto esposto dalla Commissione Europea nelle Raccomandazioni Specifiche per l’Italia nel corso del quinquennio 2011-2015 laddove emerge costantemente il richiamo al miglioramento della capacità amministrativa e della governance politica con particolare riferimento alla gestione dei Fondi UE. Nelle Raccomandazioni del 2015 c’è un richiamo diretto alla necessità



di assicurare la piena operatività dell'**Agenzia per la coesione territoriale** in modo da determinare un sensibile **miglioramento della gestione dei fondi dell'UE**.

Il nuovo quadro di governance istituzionale è stato delineato dall'articolo 10 del D.L. n. 101/2013, che ha affidato al Dipartimento per le politiche di coesione della Presidenza del Consiglio dei Ministri e alla nuova Agenzia per la coesione territoriale, sottoposta alla vigilanza del Presidente del Consiglio, il coordinamento, la sorveglianza e il sostegno della politica di coesione rispettivamente per l'azione di programmazione e per quella di attuazione. Tra i compiti assegnati all'Agenzia figura anche il monitoraggio sistematico e continuo dei programmi operativi e degli interventi della politica di coesione, attraverso specifiche attività di accompagnamento, di valutazione e verifica, ferme restando le funzioni di controllo e di monitoraggio attribuite alla Ragioneria generale dello Stato.

Insieme al rafforzamento del presidio nazionale e alla istituzione di Task Force nazionali per l'accompagnamento dei Programmi Operativi in maggiore difficoltà sono stati avviati per ogni Amministrazione titolare di PO , Piani di Rafforzamento Amministrativo che ovviamente sortiranno i loro effetti più evidenti per la programmazione 2014-2020, ed un reclutamento di 120 figure professionali specializzate per rafforzare le amministrazioni centrali di coordinamento e quelle titolari di risorse.

Il Piano di Rafforzamento Amministrativo (PRA) è lo strumento operativo attraverso il quale ogni Amministrazione impegnata nell'attuazione dei Programmi cofinanziati dai Fondi strutturali accelera, esplicita e rende operativa, con riferimento a cronoprogrammi definiti, l'azione per rendere più efficiente l'organizzazione della sua macchina nelle funzioni amministrative e tecniche cruciali per la qualità e l'efficacia delle politiche di investimento pubblico.

I PRA costituiscono il principale elemento di raccordo tra il miglioramento dell'attuazione e gestione dei Programmi Operativi, e a partire da essi di ogni possibile strumento di investimento pubblico, e il rafforzamento strutturale della capacità amministrativa.

L'Italia è il primo Stato Membro in Europa a sperimentare questo strumento e tutte le 29 amministrazioni titolari di PRA stanno procedendo alla relativa attuazione.

Per assicurare l'efficacia dei PRA, a livello nazionale, è stata prevista la costituzione:



1. di un **Comitato di Indirizzo per i PRA** istituito presso la Presidenza del Consiglio dei Ministri, ha al suo interno una rappresentanza delle regioni, ed è presieduto dal **Segretario Generale della Presidenza del Consiglio dei ministri**;
2. di una **Segreteria Tecnica del Comitato** di Indirizzo per i PRA istituita presso la Presidenza del Consiglio dei Ministri e coordinata dall'**Agenzia per la Coesione Territoriale**.

La prima fase dei PRA si sta concludendo (i primi PRA con finalità strategica in avvio di Programmazione hanno durata biennale e si concluderanno nel 2017), partirà ora una seconda fase con orizzonte temporale al 2019.

Il concorso pubblico per il reclutamento delle 120 unità di personale specializzate nella gestione dei fondi strutturali si è concluso e il personale ha preso servizio nel corso del 2016.

Infine, ci siamo fortemente concentrati sul rafforzamento del Sistema di Monitoraggio Nazionale per una maggiore disponibilità delle informazioni e sull'aumento della trasparenza.

Già con la programmazione 2007/2013 il Sistema Nazionale di Monitoraggio ha avuto un ruolo fondamentale nel disporre di informazioni necessarie per supportare le scelte di riprogrammazioni economica e riallocazione delle risorse e conoscere in tempi brevi lo stato di avanzamento dei progetti ed il relativo iter procedurale. Con la Programmazione 2014/2020 si sono sviluppate ulteriori funzionalità che consentono di monitorare tutti i programmi cofinanziati dai fondi comunitari (FESR, FSE, FEASR, FEAMP), nonché tutti i programmi afferenti la Politica di Coesione finanziati con risorse nazionali del FSC. **Si è operato nella convinzione che in questo modo si facilita la spesa da parte dei Beneficiari e si promuove la partecipazione attiva della società civile nel valutare come le risorse vengono utilizzate rispetto ai bisogni dei territori, dando voce e visibilità al ruolo dell'Europa nelle politiche di sviluppo. L'Italia ha sviluppato il portale "Open coesione"** i cui dati sono acquisiti dal Sistema di Monitoraggio Nazionale : una buona pratica riconosciuta a livello internazionale, che ha ricevuto a livello europeo molti riconoscimenti e premi e sulla quale si stanno costruendo percorsi di comunicazione mirati, come "A scuola di Open coesione", un progetto che coinvolge i giovani e li guida a conoscere e valutare la politica di coesione e le scelte comunitarie, nazionali e regionali di politica regionale.



Molte delle difficoltà citate permangono nonostante le innovazioni apportate alla regolamentazione per la programmazione 2014-2020 e le modifiche proposte dal regolamento Omnibus.

Nell'attuale periodo di programmazione 2014-2020, a fronte delle intenzioni dichiarate di semplificazione, è evidente la maggiore complessità nella gestione ed attuazione dei fondi strutturali, determinata dal proliferare delle norme e delle linee guida. Ad esempio, conosciamo tutti le difficoltà determinate del processo di designazione delle Autorità, anche per quelle stesse Autorità che avevano assicurato piena affidabilità nel periodo 2007-2013, e le difficoltà nell'implementazione e nell'utilizzo del Performance framework, esercizio nuovo che per essere pienamente efficiente necessita di un'applicazione, senza alcuna pregiudiziale, degli articoli regolamentari che ne regolano gli aggiustamenti, affinché possa esplicare la sua efficacia e non trasformarsi in un ulteriore sistema di vincoli molto distante dalla finalità per cui era stato introdotto.

Cohesion policy absorption and post-2020 reform

**European Parliament Public Hearing,
Committee on Budgetary Control, 12.7.17**

Carlos Mendez

European Policies Research Centre
University of Strathclyde, Glasgow

Financial absorption: 1994-99 to 2000-06

Academic literature review – key factors:

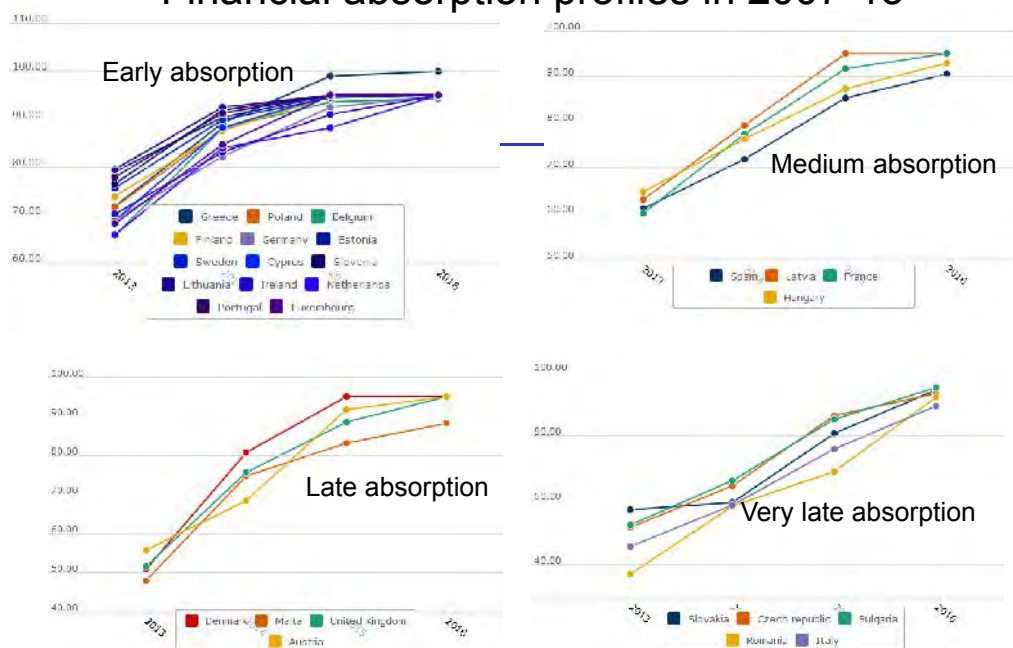
- Quality of government and of beneficiaries
- Policy and political entrepreneurship
- Political instability
- Misuse of funds, clientelism, patronage
- Centralisation/decentralisation
- EU incentives and sanctions
- Learning

EPRC Evaluation of absorption in 2007-2013

DG REGIO Ex-post evaluation findings

- Absorption slower than in previous periods
- Crisis was a key factor, mitigated by EU response
- Weaknesses in delivery systems
 - Maturity & capability of the system
 - Project selection challenges (new systems, calls management)
 - Regulatory complexity (EU and domestic)
 - High staff turnover in some cases
- Capacity-building/learning, decentralisation/central coordination and skills upgrading supported absorption

Financial absorption profiles in 2007-13

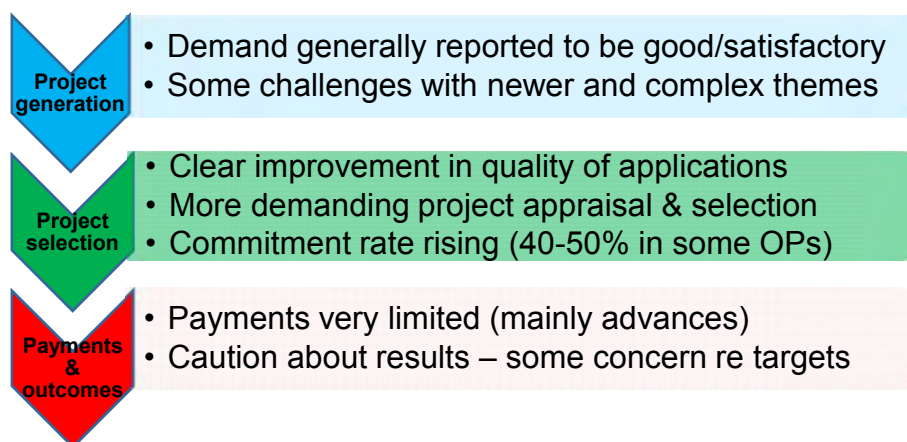


Closure of the 2007-2013 programmes

- Formal closure of ERDF, CF programmes in 2007-13 was **efficient in terms of submission of closure documents**
- **Financial absorption pressures** impacted on closure process, mitigated by EU provisions and MS actions
- The implementation of **Financial instruments & major projects had implications for** closure
- The quality of closure depended on the **administrative capacity and governance approaches** of programme authorities

Source: Ferry and Kah (2017)

What is the experience in 2014-20?



EPRC

Why are payments relatively slow?

- Delays in designation process
- Overlapping periods
- New priorities and instruments
- Financing issues (co-finance pressure, currency fluctuations and revolving funds)
- Compliance
 - procurement, state aid
 - Ex-ante conditionality

EPRC

Measures to support absorption

Regulation

- Revisions of domestic legislation including SCOs
- Simplification of procurement

Programmes

- Programme reviews
- Reallocations across Funds and priorities

Projects

- Coordination and/or prioritisation of ESIF calls
- Co-financing bonuses
- Strategic plans/projects to support pipeline and impact
- Information events targeting beneficiaries

Challenges	Financial crisis	Economic crisis	Migration crisis
Implications	Economic insecurity	Greater inequality	Concerns about cultural identity
Policy goals	Growth	Solidarity	Security

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Strong EU political commitment to ‘solidarity’ – recognising and responding to territorial inequality

Cohesion policy needs to support EU objectives – structural reforms and growth – but

- greater emphasis on the territorial dimension
- reinforce role as a place-based policy
- focus more on the most difficult territorial challenges

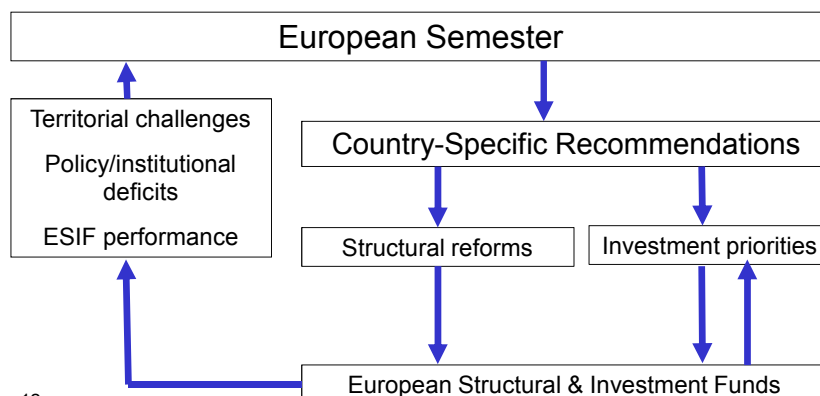
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- Two-thirds of CSRs relevant for Cohesion policy
- 60+ taken up in ESIF programmes, mostly labour market, skills
- problems: linkage, enforcement, relevance, coherence

CSRs taken up in ESIF programmes by Member States

	AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	Total
Labour market	1	1			1		1	1	1	1	1	1	1	1	1	1			1	1	1		1	1	1	1	19
Education and skills	1		1	1	1		1					1	1	1		1	1			1				1	1	1	13
Poverty and social inclusion			1	1								1								1				1			5
Health and long-term care		1	1							1						1				1				1			6
Public administration capacity				1							1	1	3			1									1		8
Transport												1								1	1				1		4
Research and innovation							1									1		1									3
Business environment and access to finance											1						1			1							3
Total by Member State	2	1	3	4	2	0	3	1	1	1	4	4	1	6	2	0	5	2	1	2	2	5	0	1	6	2	61

Scope/need for stronger link between Cohesion policy and economic governance – but based on **linkage and ES territorial dimension**



Article 174

In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion.....

Article 175

Member States shall conduct their economic policies and shall coordinate them in such a way as, in addition, to attain the objectives set out in Article 174.....

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Most research indicates that Cohesion policy has:

- produced positive results
- contributed to core political goals
- provided wider added value

Dimensions
of added value of
Cohesion policy

Cohesion

- reduction in disparities
- macroeconomic impact
- creation /safeguard of jobs
- accessibility gains (TENs)
- environmental performance
- business start-ups
- higher education levels
- research / IT capabilities

Implementation

- partnership arrangements
- project generation/selection
- monitoring frameworks
- evaluation culture
- audit/control

Policy

- private sector leverage
- stable medium-term framework
- higher profile of regional policy
- strategic coherence
- innovation in policy
- resource allocation process

Networks

- exchange of experience
- networking
- dissemination of good practice

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EPRC

Effectiveness: improving performance

However, performance and results vary - undermined by:

- weaknesses in policy or institutional context
- politicisation of resource allocation (project selection)
- administrative capacity

Ex ante conditionalities have a strong rationale but need to be

- relevant for ESIF
- appropriate for national / regional contexts
- sustainable – embedded institutional/policy change
- incentive-oriented

Greater focus on building administrative capacity

Is performance-based budgeting feasible and effective?

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EPRC

Close to the citizen: how to change the narrative?



Destructive influence of the budget debate

- net payers – budget is too large, wasteful, wrong priorities
- net recipients – no solidarity, lack of recognition of benefits



Damaging budget discharge procedure

- EU funding is riddled with fraud
- Commission is not competent



Weak acknowledgement of EU spending

- Co-financing means EU funding is only part of investment
- EU publicity requirements are propaganda

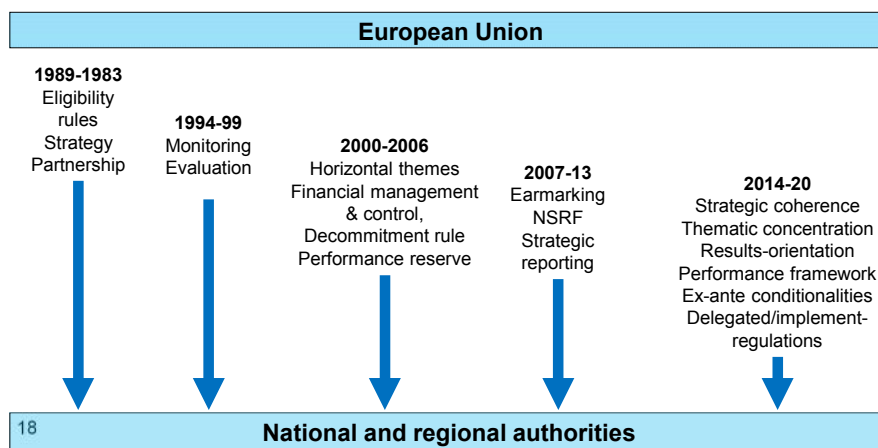
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EPRC Flexibility to respond to challenges: Options

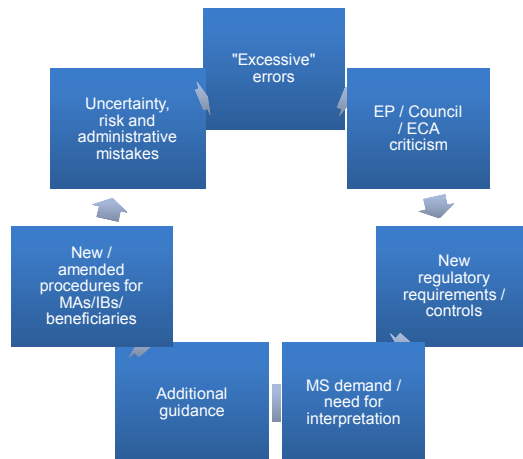
Option	Strengths	Weaknesses	Experience
Programme reserve	Flexibility to adapt to local circumstances More scope to manage programme allocations	Pressure to spend Possible politicisation Limited EU added value	1994-99 (Obj.2): Negative 2000-06 (P.Res): Mixed 2007-13 (Crisis): Mixed
National reserve	Flexibility to adapt to national circumstances and challenges More scope to manage national allocations	Loss of scope at EU level to react to challenges Possible politicisation Less EU added value	2000-06 (P.Res): Mixed
EU level reserve	EU-wide flexibility in reacting to challenges	MS preference for pre-allocated funding Greater influence of Commission Need for agreed criteria on use	1989-99 (CIs): Positive?

EPRC Simplification: rules

Major governance challenge – 25 years of layering rules



Major governance challenge – vicious circle of controls and complexity



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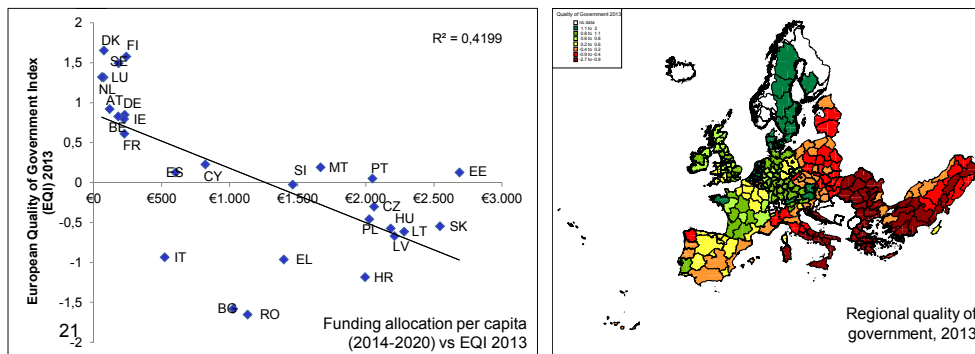
- Simplification of rules important e.g. single set of rules, single fund(?), SCOs
.... but insufficient for Member States with smaller allocations
- Need for more radical change → differentiation of management → simpler governance arrangements for some Member States based on:
 - principle of lower risk = fewer EU-level controls
 - outcome-based contracting between Member State and Commission
 - national implementation rules
 - reliance on national audit
 - but continued compliance with State aid rules

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Simplification: breaking the cycle

- Possible criteria for differentiation:
 - Funding – scale of allocation, national co-financing, % of investment
 - Implementation record – absorption, irregularities, output achievement
 - Administrative capacity – quality of government



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Summary

- Reinforce territorial dimension – place-based role of Cohesion policy – to focus on inequality
- Stronger alignment of economic governance and Cohesion policy – based on relevance, linkage and coherence
- Strengthening and adaptation of EACs
- More effective communication requires changing narratives
- Flexibility in Cohesion policy through EU-level reserve - more likely to be effective
- Simplification should include differentiated approach to management



EUROPEAN COMMISSION

DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY

Better Implementation

Brussels,
DDG.02

DOCUMENT FOR THE COMMITTEE ON BUDGETARY CONTROL, EUROPEAN PARLIAMENT

Subject: Background information for MEPs- hearing on "the causes of the various problems of absorption of funds in different Member States, and envisaged solutions in the perspective of the Commission's role in assisting Member States and pre-accession countries in correct absorption of EU funds", organised by the Committee on Budgetary Control of the European Parliament.

The EP Committee on Budgetary Control is holding a hearing on the absorption of ESI Funds and the lessons learnt on 12 July, 2017. This document provides background information for Members of the European Parliament in the context of this hearing.

The document sets out, for the policy as a whole(A) and then for Denmark(B), Italy(C) and Romania(D), the main achievements in 2007-13, the financial implementation for that period, implementation issues on the ground and finally lessons learnt for the 2014-20 period.

A. European Structural and Investment Funds in the 2007-2013 programming period

Cohesion Policy is the key investment policy at the European level, delivering EUR 346.5 billion in the 2007-2013 programming period.

The European Regional Development Fund (ERDF) and Cohesion Fund (delivering approximately EUR 269.9 billion) supported a wide range of projects – from enterprise support to infrastructure to urban regeneration to culture and social infrastructure. For almost all the Cohesion Countries, the sum of these two funds was equivalent to between 20% and 60% of government capital investment, a crucial contribution during the financial crisis.

1. Main achievements

The impact of the ERDF and Cohesion Fund in the 2007-2013 programming period has been analysed in depth. The ex post evaluation conducted by the Commission¹ has shown how the funds contributed to fulfilment of European objectives and their vital importance during the

¹ Commission Staff Working Document: Ex post evaluation of the ERDF and Cohesion Fund 2007-2013, SWD(2016)318

most serious financial crisis the EU has experienced. The main elements emerging from the ex-post evolution are as following:

- At the aggregate level, 1 euro of Cohesion Policy investment in the period 2007-13 generated 2.74 euros of additional GDP by 2023. In other words, Cohesion Policy was responsible for nearly €1 trillion of additional GDP – a strong return on investment.
- Every region and country in the European Union benefits from Cohesion Policy. The positive effect takes account of the financing of Cohesion Policy via the EU budget and is the sum of direct effects (via investment) and indirect effects (via increased trade) minus the contribution. The impact averages 4.2% of GDP in Cohesion Countries, It is small but always positive in non-cohesion countries, averaging 0.4% of GDP by 2023.
- In previous programming periods (notably 1994-99 and 2000-2006), Cohesion Policy contributed to a steady process of convergence (a reduction in regional disparities in GDP/head) in the EU, in a context where other developed countries generally experienced no convergence (or even divergence). The financial crisis of 2007-2008 came at the beginning of the 2007-2013 programming period and created a poor climate for investment and convergence. The result is that regional convergence over the period was very small, with the strong suggestion from econometric work that there would have been divergence without Cohesion Policy.

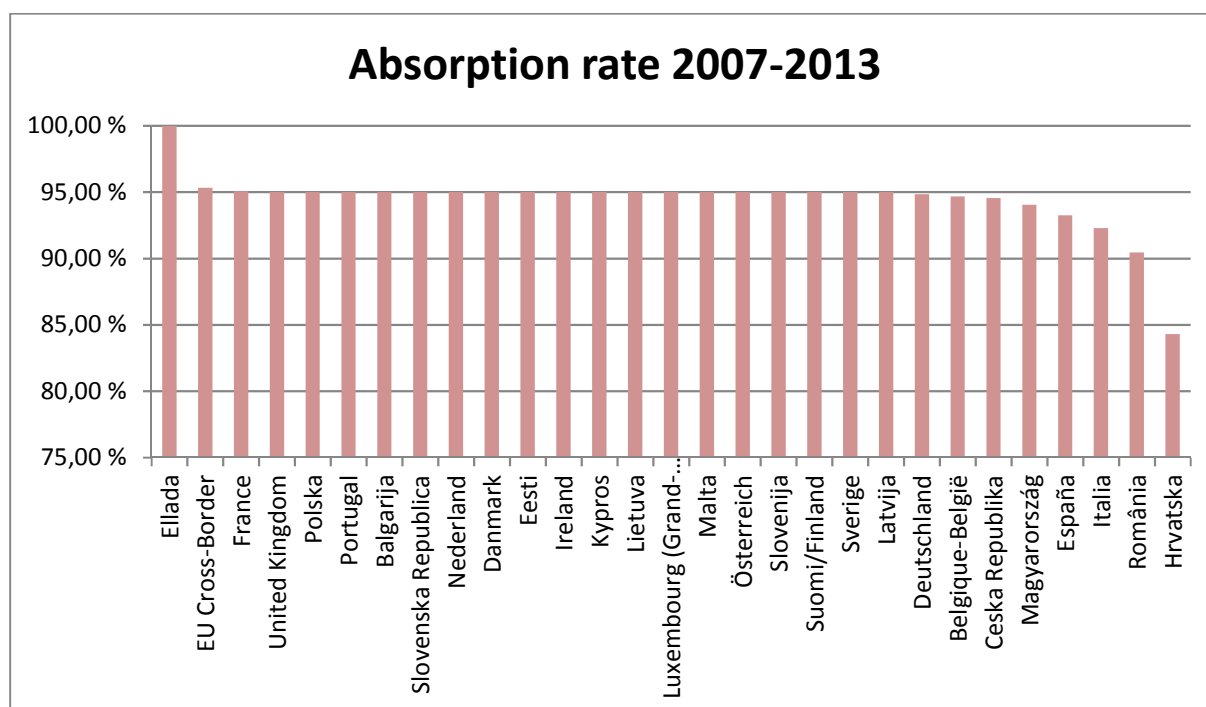
During the 2007-2013 programming period, preliminary analysis of the closure documents submitted shows that:

- 380 000 SMEs were financially supported - of which 120 000 start-ups - to modernise equipment or invest in RTD. A major result of support was helping SMEs withstand the effects of the crisis by providing credit when other sources of finance had dried up. Moreover, some of the programmes used ERDF support as a test-bed for experimental and innovative policy.
- An estimated 3700 large enterprises were also supported, bringing new technology and improved productivity to the regions, as well as generating spill-over effects for SMEs, the human capital base and social infrastructure.
- Monitoring data also indicate that support led directly to the direct creation of 1.2 million jobs – to put this into perspective, a net total of 3 million jobs were created in the EU economy over the 2007-13 period.
- Transport bottlenecks were removed, travel times reduced and urban trams and metros supported. This was vital to economic development and often contributed to environmental quality. This includes the construction of 5800 km of roads, mostly motorways of which 2750 km on the TEN-T.
- 9.6 million people were connected to clean drinking water supply and 11 million were connected to new or upgraded wastewater treatment.
- More than 15 million citizens now have the possibility to access improved or new broadband networks.

2. Financial implementation

Only a handful of Member States did not reach the maximum absorption rates at the end of the programming period. The deadline for submitting closure documents was March 2017 and

currently Commission Services are working on closure, including assessing the financial implementation of the operational programmes.



**to be noted: 95% is the maximum absorption at this point of time; the remaining amounts will be paid once the closure is concluded. Greece is an exception, where the regulatory framework provided for full reimbursement of interim payment applications.*

3. Lessons learnt for the 2014-2020 programming period

Cohesion policy is systematically evaluated and analysed. The lessons learnt from 2007-2013 concern both policy and implementation levels.

At policy level, evaluations including ex-post evaluation drew several cross-cutting lessons:

- The monitoring of Cohesion Policy improved from the previous 2000-2006 period, and there was a stronger focus on better investing the money, delivering projects and generating outputs. However very few 2007-13 programmes had a "focus on results" approach with clear goal-setting at the level of the region, consistent project selection and tracking of progress towards those goals. This was addressed in the 2014-20 regulations through the "result orientation approach".
- Programmes often lacked focus or had too broad a focus. This issue has been addressed in the 2014-20 programming period through the thematic concentration requirements, as well as the use of result indicators and the obligation to use common output indicators, where possible. Moreover, a performance framework linked to a 6% performance reserve has been introduced.
- Evaluations tended to focus on processes not results; for 2014-2020, there is an obligation for an impact evaluation for each specific objective.
- Unsound policy frameworks and regulatory, administrative and institutional weaknesses are major systemic bottlenecks hindering effective and efficient public spending, which is why the Commission introduced ex-ante conditionalities into the 2014-20 legislative framework.

At implementation level, the Commission services, based on the 2007-2013 experience, have undertaken several actions in the current programming period to ensure successful implementation and timely absorption across EU28:

- In the 2014-2020 period, the Commission has a hands-on approach and its assistance focuses on those Member States with implementation issues and is provided on demand.
- Slowly performing Operational Programmes are a priority for the DG for Regional and Urban Policy and special monitoring of such programmes has been established at the level of the DG's management board. This monitoring is done regularly and the list of slowly performing Operational Programmes is reviewed regularly.
- A list of the main issues to be discussed with all Member States has been identified, including the quality of payment forecasts, designation and slow implementation.
- At national level, where there are specific bottlenecks in implementation, the Commission services agree with national authorities on a set of actions to address them.
- The Commission continues to provide a substantial contribution to support Member States to improve their capacity to administer and implement the Funds and encourages Member States to make full use of available administrative capacity-building measures, like JASPERS, fi-compass and other technical assistance actions. The Commission also promotes the exchange of good practices, including through the REGIO-TAIEX Peer2Peer facility.

B. Denmark

1. Main achievements in the 2007-2013 programming period

Between 2007 and 2013, support from the European Regional Development Fund amounted to EUR 254.8 million in Denmark. Prioritised areas of support were investments in RTD and innovation, business support and ICT.

At the end of 2015, the ERDF had supported 4 301 (initial target: 900) new businesses to start up, and co-financed 290 (initial target: 260) RTD projects. Moreover, the ERDF co-financed 15 health projects, 14 education projects, 12 projects in tourism and 25 projects promoting information society. A total of 116 (initial target: 100) renewable energy projects have been implemented. The ERDF supported 7 178 businesses, organisations and institutions in applying new technologies. All in all, 9 540 beneficiaries have become more innovative because of ERDF support.

Overall, the effect on Danish GDP of these investments has been rather small, even taking account of national public and private co-financing. The reason is that the total ERDF allocation to Denmark is relatively small in relation to Danish GDP and total public investments. OP contributions (totalling EUR 449 million of EU and national co-financing) led to EUR 151 million additional private investments (initial target: EUR 98 million). Small positive effects for the Danish economy may also result from additional trade revenues generated by cohesion policy investments in other Member States.

2. Financial implementation

The financial implementation (ERDF payments from the Commission received) stands at 95%, which is the regulatory threshold before closure. According to the closure documents, the final implementation will be 100%.

3. Implementation on the ground

Overall successful implementation due to:

- Concentration on key strategic challenges at programme (i.e. national) level.
- A good evaluation practice.
- A good governance structure, in particular:
 - a bottom-up approach of defining strategies with a focus on regional challenges and opportunities.
 - a task division: the regions are responsible for selecting projects, while the managing authority is responsible for the formal and legal verifications and for issuing the individual grant letters.
 - a well-functioning public sector in general.
- A very competent managing authority.
- A close financial monitoring with regional responsibility for reaching the global n+2 (in 2014-2020: n+3) target

- Good and mutually accommodating cooperation (partnership) between the managing authority and the Commission.

4. Lessons learnt for the 2014-2020 programming period

The 2007-13 programme was focussed on the Lisbon strategy and mainly on innovation and business support. A priority was given to the compatibility of projects with cross-cutting themes (environment, non-discrimination, and employment effects, in particular following the financial crisis).

The 2014-2020 programme is concentrated on business development, in that activities within the different areas – innovation, business support and energy and resource efficiency – must mainly target business competitiveness in order to exploit their growth potential. Hence, even though the programming was concentrated in 2007-13, it has become even more so in the 2014-2020 programming period.

The association of "Danish Regions" ("Danish Regions") considers that Cohesion policy led to impressive results. In Denmark, the effects of the ERDF and the ESF are measured through a program developed in common between the regions, the State and Statistics Denmark. The most recent data for Denmark show the creation of 13 500 jobs and an increase in turnover of almost EUR 5 billion for companies participating in projects financed by ESI Funds in comparison with companies in the control group not participating in any EU projects.

"Danish Regions" further consider that the present (2014-2020) mandatory thematic objectives are not sufficiently flexible as regards new changing challenges during the seven-year programming period. Therefore "Danish Regions" suggest for the future a more result-oriented programming approach in order to simplify the ESI Funds as far as possible, focusing on performance, results and outcome (for example number of new jobs, increased turn-over, productivity, increased export etc). Thus, "Danish Regions" are globally satisfied with the improved result and performance orientation of the current programming period.

Denmark favours an approach of internal simplification in the context with OP implementation, with a view to reducing administrative burden for businesses and to avoiding errors. This means that existing rules should better explained or support be offered, and that rules are only to be changed when absolutely necessary. Denmark also welcomes the simplified cost option for indirect costs introduced in 2010.

C. Italy

1. Main Achievements in the 2007-2013 programming period

EUR 21.9 bn of ERDF have been allocated to Italy and have produced the following main results:

- 4,472 start-ups supported and 51,729 projects to help SMEs finance investment;
- Creation of over 60,349 jobs, of which 3,607 in the tourism and research sectors;
- 403 MW in additional capacity of renewable energy production;
- More than 2.3 million additional people with access to broadband. In thus doing, it has laid the groundwork for IT investments which have already been planned for the 2014-2020 period;
- 6,030 RTD projects, along with 2,502 cooperation projects between enterprises and research institutes;
- Over 250,000 additional citizens can now benefit from improved urban transport and almost 170 km of new railroads and 946 km of reconstructed railroads have been funded;
- Almost 3000 projects have been funded in the field of tourism, a sector traditionally of fundamental importance for Italy;
- In the field of education, over 4 million students have benefitted from EU-funded projects including essential ERDF investments in school infrastructures and equipment;
- A total additional 0.29% in GDP at the end of the programming period.

2. Financial implementation

The overall financial implementation at closure (31/3/2017) stands at 104.2% due to overbooking in most of the operational programmes; in other words Italian authorities have supported projects amounting to expenditure going beyond the programme resources. However, five operational programmes (Transport, Research, Sicily, Molise and Trento) declared less than the available funds, thus triggering a de-commitment of about 195 M EUR (0.6% of the total allocation). The legality and regularity of expenditure declared at closure is currently subject to audit review.

Financial implementation has been significantly improved over the last two years thanks to the work of the Better Implementation Task Force, explained below.

3. Implementation on the ground

Implementation delays were due to:

- Weak capacity of some Regional and National administrations;
- High turnover of staff in the management and control bodies;
- Inefficient public procurement system;
- High level of bureaucracy triggering ineffective bureaucratic procedures (i.e., gold plating);
- Poor coordination of institutions, including for audit and control bodies.

In order to improve efficiency in the use of funds and support the work of the managing authorities, an Agency for Territorial Cohesion was set up in October 2013 to coordinate and supervise Cohesion Policy in Italy.

Furthermore, the Task Force for Better Implementation was set up in 2014 by Commissioner Cretu to address low performance. Three Regional Programmes (Calabria, Campania, Sicily) and one National Programme (Transport), were included for Italy in TFBI work. The TFBI built on the work undertaken since 2011 by the three trilateral (national government, managing authority and Commission) task forces established to support underperforming programmes (Calabria, Sicily and Campania). A fourth task force was set up in 2014 for the 'Transport' Programme. Action plans identifying the critical weaknesses of the four programmes and the measures necessary to address them, substantiated by targets and milestones, were discussed and formally agreed in April 2015 for all the four programmes. Major reprogramming was undertaken and, as a result, the risk of losing resources at closure has been reduced from the initially forecast EUR 2.5 billion to EUR 195 million.

4. Lessons learnt for the 2014-2020 programming period

The main lesson learned is that poor and inefficient implementation was mainly linked to lack of administrative capacity, especially in the South of Italy.

For this reason, during the negotiations of the PA and OPs, it was agreed with the Italian authorities that a condition for the approval of the programmes would be the adoption of the so-called administrative reinforcement plans (PRA).

The PRA have been conceived in order to respond to Country Specific Recommendations on the need for improving the use of EU funds. The Italian situation has been characterised by a persistent low absorption and several weaknesses in the management systems, different performances as well as national administrative complexity representing a constraint for economic development.

The Italian Partnership Agreement envisaged therefore a sort of additional commitment and each National and Regional Administration had to adopt its own individual PRA. This includes a detailed analysis of past performance, identification of weaknesses and proposals for change to management structures, human resources, systems and governance arrangements.

The PRAs are now being monitored in terms of verifiable operational results indicators, such as time for key processes, improvements in key quality indicators, transparency of decision-making and feedback from key civil society stakeholders. The aim is to ensure the concrete enhancement of implementation efficiency.

The Commission has welcomed the successful conclusion of the first monitoring exercise of the PRA (end of 2016). However, there have been delays for some administrations, in particular those who need them most (southern regions). The Commission is now following the second phase of the PRA very closely and maintains pressure on the administrations responsible for them. This issue is also discussed during meetings of the Monitoring Committees.

D. Romania

1. Main achievements in the 2007-2013 programming period

EU Funds amounting to around EUR16 bn (ERDF and CF) have contributed greatly to the improvement of citizens' lives in Romania. According to the ex-post evaluation for 2007-2013, investment co-financed under Cohesion and rural development policies is estimated to have increased GDP in 2015 by almost 4% above what it would have been in the absence of the funding provided. Main results include:

Jobs

More than 51 000 new jobs created, of which:

- over 14 000 new jobs created in SMEs (productive sector);
- around 2 000 new jobs created through R&D projects and 300 created through energy efficiency projects;

Support to SMEs

- 2 700 SMEs received direct support;
- 2 702 SMEs received support through financial instruments;
- 289 SMEs and 116 start-ups and spin-offs were supported through R&D projects;
- 893 new R&D laboratories were created;

Educational and social infrastructure

- 2 488 schools and school inspectorates connected to broadband internet;
- 100 hospitals rehabilitated;
- 230 social centres and social infrastructure rehabilitated;
- around 500 educational units modernised;

Transport

- 301 km of new TEN-T roads constructed, such as the Arad-Timisoara motorway (with an EU contribution of around EUR 287 million), that allow to better connect Romanian cities to Europe and to attract foreign investors;
- more than 2 400 km of county roads rehabilitated;

Environment

- 287 municipalities benefitted from investments in water and wastewater facilities, for instance the Tulcea water and waste water infrastructures (EUR 90 million EU contribution), which improves the supply of high quality drinking water to thousands of citizens and also allows to clean the water ejected in rivers;
- 299 illegal landfills closed;
- more than 40 000 apartments benefitted from investments in energy efficiency;

Other

- 90 investments in cultural heritage assets.

2. Financial implementation

Financial implementation stands at 89%. However, the amount declared in the Financial Implementation Report may not be correct, as the Romanian authorities have included amounts regarding suspended operations in the final payment claim (without the amounts relating to suspended operations, the implementation rate would stand at 85%). In any event, the final implementation rate can be determined only once the closure procedure is finalised.

The worst performing Operational Programme in terms of implementation was the one on transport, with a declared absorption of 81%. Without the measures implemented in the context

of the Task Force for Better Implementation, set up by Commissioner Crețu, absorption would have been much lower.

3. Implementation on the ground

For Romania, the funding period 2007-13 was the first and the investments to be handled were higher than what had been managed during pre-accession. It was therefore a big challenge and the start of implementation was marked by delays, especially in the beginning. The reasons for this were mainly insufficient coordination of the managing authorities; lack of a well-developed project pipeline and low expertise of beneficiaries in preparing projects; legislative and administrative barriers, including heavy procedures for selecting applications for funds and lengthy and burdensome public procurement procedures; and finally, inefficient monitoring of the implementation by the managing authorities.

The Task Force on Better Implantation has done an excellent job to increase the level of implementation and make sure investments deliver on the ground. The scope of its work was to help the Romanian counterparts to benefit from all the assistance and flexibility made available by the Commission in identifying projects to be phased between the two programming periods in order to complete them, as well as new absorption possibilities with previously overlooked project possibilities.

In the framework of the Task Force, more than 30 meetings took place at different levels and action plans have been agreed with the Romanian authorities for four ERDF/Cohesion Fund programmes: Environment, Transport, Competitiveness and Regional OPs. As a result, the most important measures identified were project phasing, the inclusion of alternative projects in the programmes and close monitoring of progress and the acceleration of projects.

Overall, these measures have helped Romania avoid losing vital resources at the end the eligibility period and implementing projects worth around EUR 4.3 billion.

4. Lessons learnt for the 2014-2020 programming period

Under the 2014-2020 framework, a series of Ex-Ante conditionalities (ExAC) needed to be fulfilled before Romania could declare any expenditure to the Commission. Given the lessons learnt from 2007-2013, these ExAC notably focused on increasing administrative capacity, simplification, ensuring the adequate legislative framework and consistency of investments with national medium and long term strategies. Romania has made significant progress in fulfilling the outstanding ExAC.

In order for Romania to take on board the main lessons and improve implementation, the EC (DG REGIO) has constantly supported the Romanian authorities in further developing and strengthening administrative capacity. The ESIF Regulations set aside up to 4% of the total amount of the ESI Funds to technical assistance to support the building-up and strengthening of the administrative capacity of public administrations and beneficiaries. Beyond this, the Commission provides additional technical assistance tools, for instance by making available experts to provide advice, or sharing of experience between EU Member States (TAIEX Regio Peer to Peer, AMI experts). Moreover, assistance and expertise are also provided through the Structural Reform Support Service (SRSS) and International Financial Institutions.

On this basis, the European Commission services are working in close and reinforced cooperation with the Romanian authorities in order to put all necessary structural and strategic

conditions in place, overcome delays and speed up implementation. In addition to regular political contacts and technical work, high-level technical missions of DG REGIO are scheduled in the beginning of July and later this autumn.

THE ABSORPTION OF STRUCTURAL AND COHESION FUNDS UNDER 2007-2013 PROGRAMMING PERIOD

Briefing for Hearing of the Committee on Budgetary Control on

*The causes of the various problems of absorption of funds
in different Member States, and envisaged solutions in the perspective of
the Commission's role in assisting Member States and
Pre-accession countries in correct absorption of EU funds*

European Parliament, 12 July 2017, Room JAN 4Q1

Definition

Absorption capacity represents the extent to which a country is capable of effectively and efficiently spending its Structural Funds allocation, and expressed in percentage of the total allocation (Katsarova 2013).

1. EVOLUTION OF ABSORPTION LEVELS IN 2007-2013

In cohesion spending in the 2007-2013 period, the absorption level was low in the first years of the programming period and until as late as 2013: by then, the average absorption for the three funds - the European Regional Development Fund, the European Social Fund, and the Cohesion Fund - stood at 62%, a very low level considering that 2013 was the last year of the programming period (see Table 1 below).

Table 1: Average cumulated absorption for European Regional Development Fund, European Social Fund and Cohesion Fund under 2007-2013 programming period, for EU-28

Year	Absorption (%)
2007	1.97%
2008	5.28%
2009	12.69%
2010	22.21%
2011	33.57%
2012	46.6%
2013	62.04%
2014	76.88%
2015	88.93%
2016	94.45%

Source: based on data extracted from the DG REGIO website,

<https://ec.azure-westeurope-prod.socrata.com/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#revert>.

However, absorption grew steeply in 2013-2015, and in 2016 the average absorption was close to 95%, all countries with the exception of Croatia (which only joined the EU in 2013) reaching absorption levels of at least 90%.

As illustrated in Annex to the present note, the patterns of absorption time-wise were quite diverse depending on the country, with some achieving good absorption levels early in the programming period, and some only catching up later on. In a study commissioned by the European Parliament's REGI committee, Ferry and Kah (2017) divide the EU countries¹ into four groups, based on their absorption patterns of the ERDF 2007-13 funds in years 2013-2016:

1. the most numerous group of '**early absorbers**', with 14 countries: Belgium, Cyprus, Estonia, Finland, Germany, Greece, Ireland, Netherlands, Lithuania, Luxembourg, Poland, Slovenia, Sweden, Portugal;
2. '**medium absorbers**' with 4 countries: Spain, Latvia, France and Hungary,
3. '**late absorbers**' with 4 countries: Denmark, Malta, UK, Austria;
4. '**very late absorbers**', where the remaining 5 countries were included: Slovakia, Czech Republic, Bulgaria, Romania and Italy.

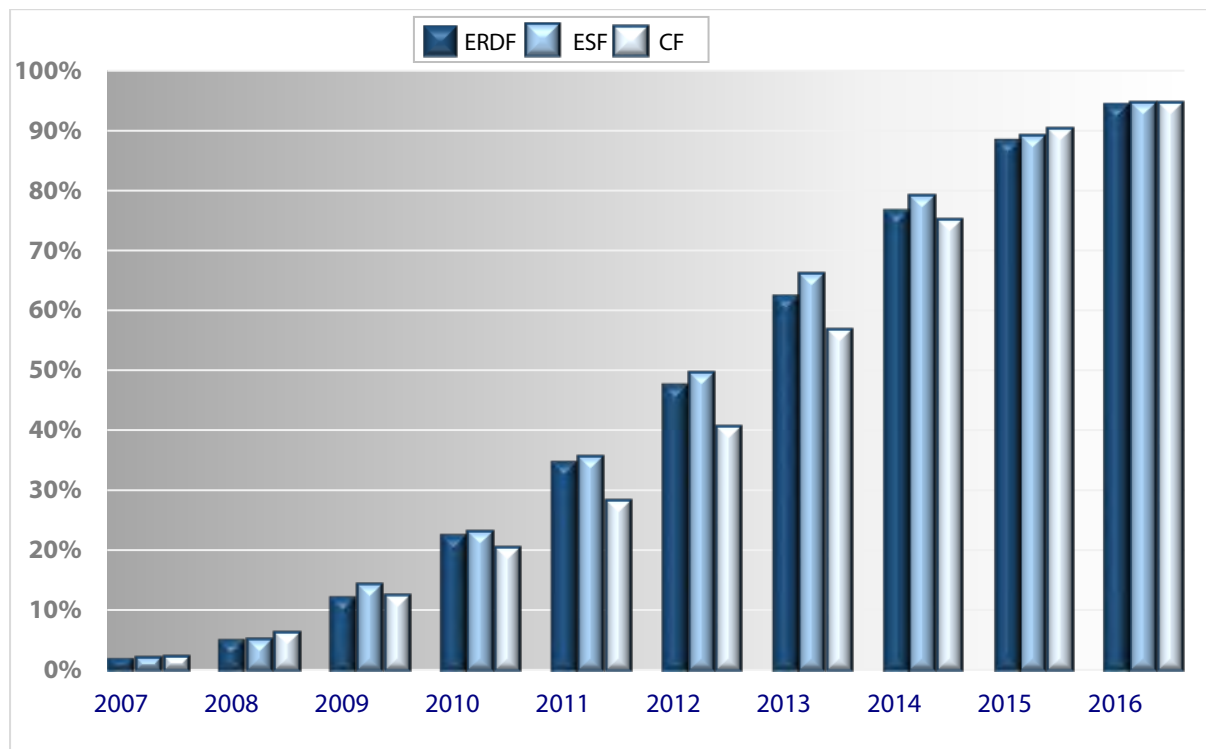
The absorption levels were affected negatively from the very start by the late adoption of the Multiannual Financial Framework, and the resulting delays in adoption of the National Strategic Reference Frameworks, and Operational Programmes. The financial and economic crisis further aggravated the situation. Another factor raised in the literature is the application of N+2 rule for the 2000-2006 spending, which resulted, in the first two years of the 2007-2013 programming period,

¹ The EU-27 countries (without Croatia).

in concentration of efforts and staff on finalisation of the programmes financed from the funds under the previous Multiannual Financial Framework, therefore undermining timely start of the new generation of programmes.

As illustrated in the graph below, the evolution of the absorption levels of the European Regional Development Fund and of the European Social Fund was similar, with slightly better average absorption levels for the latter, while the Cohesion Fund was lagging behind. This can be at least partly explained by different characteristics of countries benefitting from the Cohesion Fund, reducing their absorption capacity, and by the fact that for large part of beneficiaries of Cohesion Fund, who joined the EU in 2004 and 2007, the 2007-2013 period was the first programming period which they could use from the very start. In the last year when the spending was possible, however, the three funds reached similar high average levels of funds absorption of some 95% of available funding.

Graph 1: Absorption level for the European Regional Development Fund, European Social Fund and Cohesion Fund in 2007-2016 (% of funding allocated)



Source: based on data extracted from the DG REGIO website, <https://ec.azure-westeuropa-prod.socrata.com/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#revert>.

2. EFFORTS UNDERTAKEN TO IMPROVE ABSORPTION LEVELS

Responses at national level

Considering the above mentioned difficulties in the early years of the programmes (delayed start of the programmes, economic and financial crisis), programme authorities attempted to improve the situation in response to absorption pressures. The actions undertaken involved:

- setting internal deadlines, ahead of the Commission's deadline of December 2015 based on N+2 rule. This was the practice applied in Denmark, Finland, France, Slovenia and Belgium;
- providing national authorities' guidance to programmes' management bodies;

- revising the co-financing rates upward (Poland) or the so-called ‘overbooking’, i.e. creating a reserve list of projects by approving a higher number of projects, than the one corresponding to funding available.²

European Commission’s response: Task Force on Better Implementation

In response to the low levels of absorption recorded at the end of the program cycle, in November 2014 the Commission decided to set up the Task Force on Better Implementation, in order to assist those Member States which experienced difficulties in spending funds for 2007-13. Eight countries were covered, namely:

- Bulgaria,
- Croatia,
- Czech Republic,
- Hungary,
- Italy,
- Romania,
- Slovakia,
- Slovenia.

A country-by-country approach was adopted, with tailor-made action plans based on individual assessments. According to the information published by the Commission,³ apart from country-specific issues, the assessments also allowed for identifying some recurring, common problems resulting in absorption delays. These were:

- some programmes starting too slowly;
- insufficient preparation for complex infrastructure projects;
- long project cycles;
- overly lengthy national administrative procedures;
- lack of administrative capacity, at both national and beneficiary levels;
- errors in public procurement procedures.

By spring 2015, Member States’ action plans were agreed. They included quantifiable milestones and targets, and progress was monitored. As a result, more than 40 programmes and 120 major projects were modified. Measures undertaken included:

- adjustments of timetables of programmes and projects; in some cases leading to re-scheduling of projects over two programming periods, extending them into 2014-20 period;
- identifying new projects to be submitted for financing under 2007-13 envelopes;
- increasing allocations for financial envelopes;
- exchange of good practices among national authorities, through seminars, workshops, technical meetings.

Furthermore, special measures were taken as regards Greece, where the very heavy impact of financial crisis severely limited possibilities for domestic co-financing. By way of adopting an amending [Regulation](#), adjustments were made in order to facilitate implementation of funds despite the financial situation in Greece. For instance, for the objectives of Convergence and

² Based on: Ferry and Kah 2017,.

³ See: EC InfoRegio website, http://ec.europa.eu/regional_policy/en/newsroom/news/2016/03/31-03-2016-task-force-promotes-better-use-of-eu-funding, last consulted 29/06/2017.

Regional Competitiveness and Employment the ceiling for cumulative total pre-financing and interim payments was set at 100% of Funds contribution in 2007-13.

Works of the Task Force for Better Implementation concluded at the end of 2015. Some activities continue to be applied with regard to the funding under the 2014-20 programming period, in particular those related to capacity building, guidance and exchange of good practices.

Absorption versus effectiveness?

Absorption of the funds is undeniably a key factor – indeed a *sine qua non* condition - for the successful implementation and achieving the objectives set. However, it should be kept in mind that pressure to achieve high absorption levels can also affect the effectiveness of programmes adversely, as it may imply that in case projects' selection greater importance is attached to the time required for a project's implementation than to the project quality, understood as the extent to which the project contributes to the achievement of programme's objectives.

The steep rise of absorption of 2007-2013 funds, noted in the last years when their spending was possible, raised concerns about such an adverse impact of the pressure on absorption. Indeed, there is some evidence that this risk materialised in the implementation of the 2007-2013 cohesion spending. As the evaluation commissioned by the Commission's services states, *"ensuring the absorption of funds was regarded as a vital aspect of project selection. Some 60% of [Managing Authorities interviewed], therefore, expressed agreement with the statement that 'the project selection criteria applied enabled smooth absorption' of the funding available and a large proportion were of the view that an in- depth assessment of the quality of project proposals was less important than ensuring absorption"* (Ward et al., 2016: 111). The evaluation makes furthermore a link between the absorption level being privileged over the effectiveness and *"the limited extent to which outcomes of programmes were seriously monitored"* (ibid, p. 15).

These conclusions of the evaluation of the Cohesion spending in 2007-2013, which echoed earlier conclusions from the previous financial programming period 2000-2006, were taken into account while adopting rules for the current programming period, resulting in an increased focus on performance and greater attention devoted to indicators and monitoring of programmes' implementation. It is too early, however, to draw conclusions from evaluations of the actual spending in 2014-2020.⁴

⁴ For more information on evaluations in 2014-2020, see Commission's Staff Working Document (2016)447, [2016 Synthesis of Evaluation Results and Plans under the ESIF Programmes 2014-2020](#)

ANNEX

Table 2: Cumulated absorption of the European Regional Development Fund, Cohesion Fund and European Social Fund under the 2007-2013 programming period (in % of total funding allocated)

European Regional Development Fund, Cohesion Fund and European Social Funds Absorption in % by Country and by Year 2007-2016										
Member States	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Austria	2,06%	5,15%	19,32%	29,43%	40,34%	53,74%	69,03%	80,33%	93,18%	95,00%
Belgium	1,73%	5,01%	18,10%	23,19%	32,24%	49,22%	68,89%	82,48%	93,06%	94,67%
Bulgaria	2,20%	5,58%	9,63%	15,65%	23,83%	36,62%	50,05%	66,23%	85,24%	95,00%
Croatia	0,00%	4,98%	4,99%	5,49%	7,37%	10,33%	18,27%	45,09%	58,57%	80,68%
Cyprus	2,17%	5,52%	15,24%	26,17%	37,39%	44,31%	61,29%	84,27%	91,93%	95,00%
Czech republic	1,43%	5,61%	12,29%	20,43%	26,86%	38,91%	52,55%	63,99%	84,70%	94,55%
Denmark	2,00%	5,00%	11,54%	19,71%	38,28%	45,25%	54,41%	80,79%	95,00%	95,00%
Estonia	2,17%	5,51%	19,45%	34,96%	41,99%	61,34%	81,28%	92,33%	95,00%	95,00%
Finland	2,00%	5,00%	12,69%	25,79%	33,57%	54,73%	75,70%	89,18%	94,98%	95,00%
France	1,56%	4,96%	16,54%	23,61%	40,92%	43,01%	59,95%	76,27%	92,12%	95,00%
Germany	2,00%	5,23%	13,59%	28,63%	34,53%	54,13%	70,82%	83,32%	92,47%	94,73%
Greece	1,98%	4,96%	17,46%	21,86%	41,20%	49,23%	69,58%	88,28%	98,09%	100,00%
Hungary	2,17%	5,56%	10,62%	21,02%	34,94%	43,93%	59,01%	76,11%	88,37%	94,03%
Ireland	2,00%	11,08%	13,05%	36,20%	35,04%	60,34%	70,07%	79,74%	89,96%	95,00%
Italy	1,69%	5,00%	23,33%	14,95%	48,27%	30,77%	50,12%	63,38%	79,35%	91,89%
Latvia	2,17%	5,51%	9,77%	25,13%	21,74%	52,20%	65,96%	81,69%	95,00%	95,00%
Lithuania	2,17%	5,51%	14,89%	34,14%	36,43%	62,94%	78,77%	93,73%	95,00%	95,00%
Luxembourg	1,00%	5,00%	21,27%	16,06%	47,98%	51,81%	67,84%	83,81%	95,00%	95,00%
Malta	2,17%	5,51%	10,12%	17,55%	40,58%	37,20%	50,28%	73,38%	81,61%	95,00%
Netherlands	2,00%	5,00%	9,71%	17,38%	27,29%	45,58%	63,85%	80,64%	91,17%	95,00%
Poland	2,08%	5,35%	8,33%	23,22%	33,62%	52,26%	67,86%	85,25%	94,86%	95,00%
Portugal	1,99%	5,02%	13,02%	25,23%	37,23%	59,18%	78,67%	92,59%	94,98%	95,01%
Romania	2,22%	5,64%	13,00%	13,17%	37,77%	22,95%	38,31%	57,14%	70,93%	90,44%
Slovakia	2,15%	5,46%	10,48%	18,89%	16,89%	41,05%	52,68%	60,11%	85,32%	95,00%
Slovenia	2,17%	5,52%	9,99%	24,80%	27,80%	50,31%	62,90%	81,72%	95,00%	95,00%
Spain	2,01%	5,02%	13,46%	22,46%	37,01%	51,88%	62,94%	73,00%	84,07%	93,25%
Sweden	2,00%	5,00%	10,65%	26,93%	36,67%	53,29%	68,69%	89,89%	94,71%	95,00%
United Kingdom	2,00%	5,01%	16,15%	27,75%	46,52%	50,99%	56,78%	73,11%	88,01%	95,00%
EU28	1,97%	5,28%	13,56%	22,21%	38,88%	46,60%	62,04%	76,88%	88,93%	94,45%

Source: based on data extracted from the DG REGIO website,
<https://ec.azure-west-europe-prod.socrata.com/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#revert>

Table 3: Absorption of the European Regional Development Fund under the 2007-2013 programming period (in % of total funding allocated)

European Regional Development Fund - Absorption in % by Country and by Year 2007-2016										
Member States	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Austria	2,11%	5,27%	14,01%	24,28%	37,28%	41,79%	55,75%	68,42%	91,70%	95,00%
Belgium	1,43%	5,08%	17,23%	27,03%	31,99%	47,79%	65,67%	88,10%	93,65%	94,32%
Bulgaria	2,05%	5,12%	9,21%	20,36%	26,18%	38,62%	52,53%	66,19%	85,20%	95,00%
Croatia	0,00%	6,28%	6,30%	7,05%	9,70%	12,81%	22,99%	46,53%	58,56%	77,41%
Cyprus	2,00%	5,00%	19,39%	27,37%	35,06%	41,91%	68,79%	88,20%	95,00%	95,00%
Czech republic	1,31%	5,08%	12,47%	22,45%	32,96%	43,32%	51,70%	64,63%	86,29%	94,15%
Denmark	2,00%	5,00%	8,73%	16,56%	42,38%	50,79%	50,79%	80,74%	95,00%	95,00%
Estonia	2,00%	5,00%	22,88%	41,10%	49,87%	63,30%	78,98%	90,36%	95,00%	95,00%
Finland	2,00%	5,00%	16,71%	28,06%	41,59%	52,27%	73,89%	87,58%	94,96%	95,00%
France	1,31%	5,00%	12,55%	22,75%	36,67%	43,73%	60,10%	77,38%	91,72%	95,00%
Germany	2,00%	5,11%	17,52%	28,18%	42,01%	54,64%	69,08%	82,18%	92,46%	95,00%
Greece	2,00%	5,00%	12,05%	26,19%	39,65%	53,58%	71,77%	89,15%	98,95%	100,00%
Hungary	2,00%	5,08%	13,22%	22,59%	39,41%	50,48%	64,83%	76,28%	87,31%	93,11%
Ireland	2,00%	5,00%	18,08%	29,96%	36,11%	50,69%	70,15%	83,05%	90,96%	95,00%
Italy	1,58%	5,01%	8,34%	13,63%	19,29%	25,91%	45,76%	58,61%	76,05%	91,75%
Latvia	2,03%	5,07%	16,97%	22,75%	33,46%	49,55%	63,15%	79,29%	95,00%	95,00%
Lithuania	2,00%	5,00%	26,65%	37,32%	49,06%	63,93%	79,48%	92,49%	95,00%	95,00%
Luxembourg	0,00%	5,00%	7,50%	17,64%	45,98%	53,16%	68,24%	84,70%	95,00%	95,00%
Malta	2,00%	5,00%	9,37%	15,70%	25,69%	36,83%	47,90%	74,66%	83,09%	95,00%
Netherlands	2,00%	5,00%	8,76%	18,67%	39,97%	48,56%	65,94%	83,96%	88,22%	95,00%
Poland	1,87%	4,79%	12,35%	25,44%	40,50%	55,78%	71,66%	87,93%	94,74%	95,00%
Portugal	2,04%	5,15%	9,99%	22,83%	35,62%	59,44%	77,89%	91,30%	94,96%	95,00%
Romania	2,03%	5,07%	10,24%	12,04%	16,74%	23,51%	37,19%	58,25%	69,01%	91,98%
Slovakia	1,95%	4,89%	9,41%	18,81%	31,25%	46,35%	57,17%	59,43%	80,78%	95,00%
Slovenia	2,00%	5,00%	13,07%	26,13%	46,28%	63,05%	76,48%	91,91%	95,00%	95,00%
Spain	2,00%	5,00%	10,19%	20,63%	33,28%	49,22%	61,08%	71,89%	85,34%	92,40%
Sweden	2,00%	5,00%	17,61%	27,54%	47,83%	59,61%	75,58%	89,86%	94,49%	95,00%
United Kingdom	2,01%	5,03%	10,53%	24,71%	37,36%	45,98%	51,54%	75,58%	88,53%	95,01%
EU28	1,85%	5,00%	12,19%	22,52%	34,71%	47,56%	62,34%	76,60%	88,34%	94,28%

Source: based on data extracted from the DG REGIO website,

<https://ec.azure-westeuropa-prod.socrata.com/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#revert>

Table 4: Absorption of the European Social Fund under the 2007-2013 programming period
(in % of total funding allocated)

European Social Fund - Absorption in % by Country and by Year 2007-2016										
Member States	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Austria	2,00%	5,00%	25,86%	35,77%	44,11%	68,44%	85,38%	95,00%	95,00%	95,00%
Belgium	2,00%	5,00%	18,90%	19,67%	32,47%	50,53%	71,85%	77,31%	92,51%	95,00%
Bulgaria	2,01%	5,02%	9,04%	12,68%	20,08%	31,61%	57,75%	82,18%	94,49%	95,00%
Croatia	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	28,87%	42,71%	63,46%
Cyprus	2,00%	5,00%	9,14%	19,98%	30,99%	42,83%	63,95%	90,42%	95,00%	95,00%
Czech republic	2,06%	5,14%	9,29%	15,58%	22,13%	30,29%	58,27%	66,68%	88,48%	95,00%
Denmark	2,00%	5,00%	14,36%	22,86%	34,18%	39,72%	58,03%	80,84%	95,00%	95,00%
Estonia	2,00%	5,00%	19,05%	39,31%	46,54%	73,49%	89,90%	95,00%	95,00%	95,00%
Finland	2,00%	5,00%	16,26%	22,21%	39,86%	58,61%	78,56%	91,72%	95,00%	95,00%
France	1,93%	4,91%	15,12%	24,87%	31,39%	41,96%	59,73%	74,64%	92,72%	95,00%
Germany	2,00%	5,45%	17,35%	29,41%	39,81%	53,25%	73,82%	85,29%	92,50%	94,25%
Greece	1,93%	4,82%	8,14%	14,84%	26,60%	39,84%	59,54%	84,49%	95,02%	100,00%
Hungary	2,01%	5,07%	12,23%	18,21%	33,65%	44,06%	56,17%	80,94%	81,45%	95,00%
Ireland	2,00%	17,17%	28,57%	42,44%	60,43%	69,98%	69,98%	76,42%	88,95%	95,00%
Italy	2,00%	4,99%	14,11%	18,93%	29,12%	45,45%	63,28%	77,76%	89,33%	92,30%
Latvia	1,89%	4,72%	11,91%	38,87%	60,04%	79,30%	95,00%	95,00%	95,00%	95,00%
Lithuania	2,00%	5,00%	12,52%	30,16%	47,31%	61,64%	78,85%	95,00%	95,00%	95,00%
Luxembourg	2,00%	5,00%	12,74%	14,48%	35,19%	50,46%	67,43%	82,92%	95,00%	95,00%
Malta	2,00%	5,00%	9,06%	13,76%	22,97%	30,94%	55,19%	69,43%	81,13%	95,00%
Netherlands	2,00%	5,00%	7,90%	16,08%	27,28%	42,61%	61,76%	77,31%	94,12%	95,00%
Poland	1,94%	4,85%	14,26%	23,92%	40,22%	56,79%	71,91%	87,22%	95,00%	95,00%
Portugal	1,90%	4,81%	19,52%	32,74%	49,37%	65,57%	83,00%	94,95%	95,02%	95,02%
Romania	2,16%	5,41%	9,77%	14,80%	20,19%	23,45%	44,32%	47,77%	69,30%	87,95%
Slovakia	2,02%	5,05%	10,89%	14,05%	23,55%	40,25%	48,55%	69,59%	93,85%	95,00%
Slovenia	2,00%	5,00%	9,43%	23,28%	32,64%	50,40%	70,45%	88,30%	95,00%	95,00%
Spain	2,03%	5,08%	13,40%	17,96%	37,27%	54,30%	63,98%	68,21%	75,53%	94,95%
Sweden	2,00%	5,00%	14,18%	26,12%	44,75%	44,75%	59,37%	89,92%	95,00%	95,00%
United Kingdom	1,99%	4,98%	17,20%	31,40%	40,71%	57,00%	63,05%	70,15%	87,38%	95,00%
EU28	1,98%	5,09%	14,26%	23,09%	35,56%	49,59%	66,15%	79,18%	89,21%	94,57%

Source: based on data extracted from the DG REGIO website,
<https://ec.azure-westeuropa-prod.socrata.com/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#revert>

Table 5: Absorption of Cohesion Fund under the 2007-2013 programming period
(in % of total funding allocated)

Cohesion Fund - Absorption in % by Country and by Year 2007-2016										
Member States	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bulgaria	2,5%	6,5%	10,5%	10,7%	22,5%	36,5%	42,7%	58,0%	80,5%	95,0%
Croatia	0,0%	5,7%	5,7%	6,1%	7,8%	12,2%	21,1%	51,7%	67,2%	95,0%
Cyprus	2,5%	6,5%	13,2%	28,1%	44,0%	48,3%	50,0%	75,7%	86,2%	95,0%
Czech republic	1,3%	6,6%	13,3%	19,4%	19,4%	35,7%	51,5%	61,9%	80,6%	95,0%
Estonia	2,5%	6,5%	14,1%	25,6%	27,7%	54,1%	82,1%	94,6%	95,0%	95,0%
Greece	2,0%	5,0%	8,9%	15,9%	29,3%	46,0%	74,2%	89,9%	98,9%	100,0%
Hungary	2,5%	6,5%	13,2%	19,9%	29,0%	33,9%	51,4%	73,8%	93,0%	95,0%
Latvia	2,5%	6,5%	12,8%	23,7%	32,1%	46,1%	59,4%	80,4%	95,0%	95,0%
Lithuania	2,5%	6,5%	17,2%	31,2%	46,7%	62,1%	77,7%	95,0%	95,0%	95,0%
Malta	2,5%	6,5%	10,5%	22,0%	31,5%	40,3%	52,1%	73,0%	79,5%	95,0%
Poland	2,5%	6,4%	13,5%	19,5%	30,8%	44,8%	60,1%	80,2%	95,0%	95,0%
Portugal	2,0%	5,0%	9,7%	17,4%	19,9%	43,9%	71,9%	92,1%	95,0%	95,0%
Romania	2,5%	6,5%	11,2%	13,9%	15,4%	21,9%	36,7%	60,5%	74,4%	89,7%
Slovakia	2,5%	6,5%	10,6%	20,9%	24,0%	33,1%	47,2%	57,6%	89,2%	95,0%
Slovenia	2,5%	6,5%	16,2%	23,8%	26,6%	32,8%	40,3%	64,2%	95,0%	95,0%
Spain	2,0%	5,0%	7,5%	44,5%	57,3%	63,8%	72,7%	90,9%	95,0%	95,0%
EU28	2,3%	6,3%	12,4%	20,4%	28,2%	40,6%	56,7%	75,2%	90,2%	94,8%

Source: based on data extracted from the DG REGIO website,
<https://ec.azure-westeuropa-prod.socrata.com/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#revert>

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- Synthesis report from the evaluation of Cohesion spending 2007-2013:
 - Ward T. et al. (2016), [*WP1: Synthesis Report, Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund \(ERDF\) and the Cohesion Fund \(CF\)*](#), European Commission, Directorate General for Regional and Urban Policy;
 - Individual [*country reports: Ex-post evaluation of Cohesion policy programmes 2007-2013, focusing on the European Regional Development Fund \(ERDF\) and the Cohesion Fund \(CF\)*](#), European Commission, Directorate General for Regional and Urban Policy;
- Synthesis of evaluation results and further planning of evaluations of 2014-2020 ESIF spending:
 - Commission Staff Working Document, [*2016 Synthesis of Evaluation Results and Plans under the ESIF Programmes 2014-2020*](#), SWD(2016) 447 final;

European Parliament

- Internal briefings and analyses:
 - Katsarova I. (2013), [*The \(low\) absorption of EU Structural Funds*](#), Library of the European Parliament;
(A general introduction to the theme of absorption of the EU Structural Funds: definitions, main findings of analysts on factors impacting absorption level, some data as per 2013)
- External expertise:
 - Ferry M., Kah S. (2017), [*Research for REGI Committee - Lessons learnt from the closure of the 2007-2013 Programming Period*](#), European Parliament, Policy Department for Structural and Cohesion Policies, Brussels;

Other analyses

- Liargovas P. et al. (2016), [*Beyond absorption: the impact of EU Structural Funds in Greece*](#), Konrad-Adenauer-Stiftung Greece;
(Co-authored volume discussing the actual impact of the Structural Funds in Greece, in the context of Commission's evaluations and impact assessments throughout the project cycle)
- Michie R., Granqvist K. (2013), [*Managing the 2007-2013 Programmes towards Full Absorption and Closure. Review of Programme Implementation Winter 2012-Spring 2013*](#), IQ-Net Review Paper 32(1), European Policies Research Centre, University of Strathclyde, Glasgow;
(An overview of state of play as regards the implementation of ESIF funds in early 2013, also covering the absorption of funds)
- Oroszki J. (2014) [*Closure of 2007-2013 Cohesion and Rural Development Areas*](#), European Structural and Investment Funds Journal, Volume 2 (2014), Issue 4, Pages 297 - 301.
(Article devoted to the issue of programme closure, which stresses the potential risk of absorption pressure adversely affecting the effectiveness of spending)



CLOSURE OF THE 2007-13 PROGRAMMING PERIOD

Lessons Learnt

Martin Ferry
European Policies Research Centre

20/06/2017

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1



Structure of the Presentation

- **Objective of the study & methodology**
- **Closure process**
- **Key findings**
- **Conclusions & recommendations**

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Objective of the study & methodology

Objective of the study

- Analyse the closure process for 2007-13 ERDF & CF programmes
- What worked?
- Draw lessons for 2014-20

Methodology

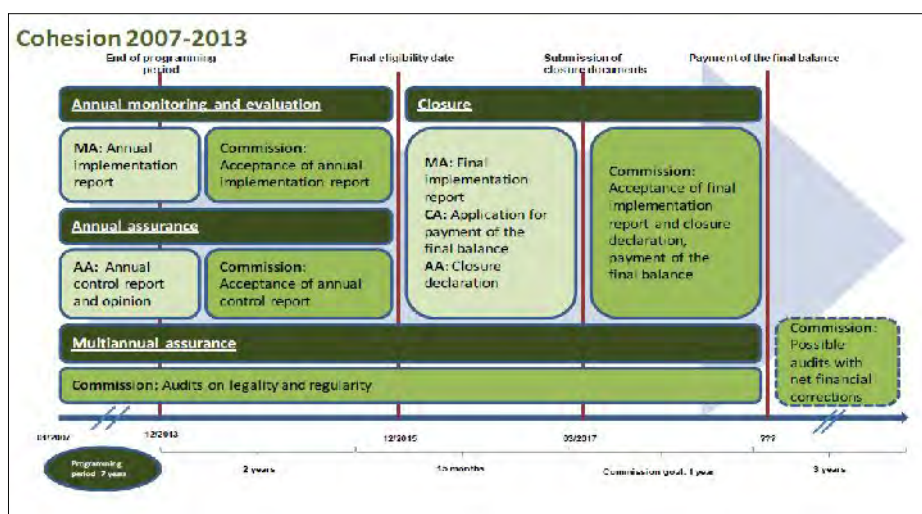
Review of closure experience across periods
Development of analytical framework;
Case study programmes: DE, FI, FR, IT, GR, RO, PL, UK
Desk research & interviews at EU & MS levels

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The Formal Closure Process



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4

The strategic importance of closure

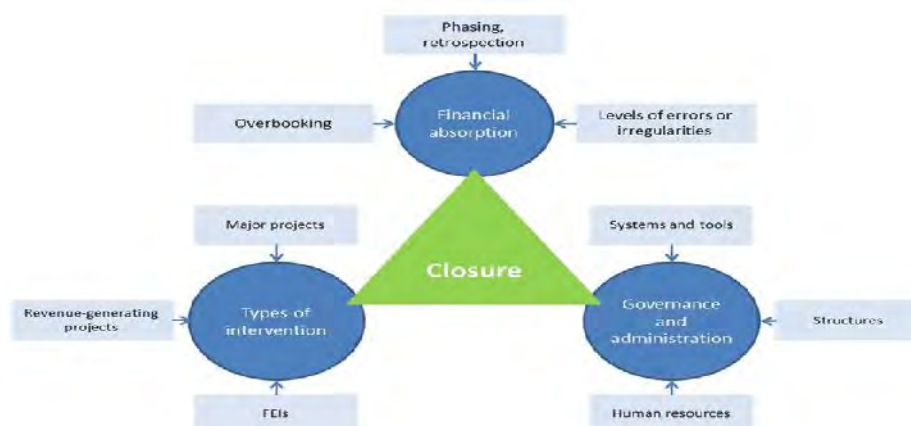
- **Key strategic decisions taken at this stage:**
 - Allocating remaining funds
 - Securing and communicating achievements and legacies
 - Ensuring a smooth transition to next programming period
- **Decisions taken in pressurised context**
 - Absorbing the maximum funding available
 - Responding to financial controls and audits
 - Dealing with issues arising from specific projects
 - Ensuring administrative resources in transition to new period

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Analytical Framework (based on closure 2000-6)



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Key findings: Closure and Absorption

■ Provisions and guidelines 2007-2013

- 10% flexibility between Priority Axes
- 'Overbooking' or 'phasing' of projects
- Strengthening audit system (e.g. annual audit)
- Provisions for specific MS (extended 'N+3', early release of payments, revised co-financing rates)

■ MS experiences

- Balancing demands of absorption and closure
- Focus on the former has put pressure on the latter
- Range of measures to ease tension:
 - set internal spending deadlines earlier than the EC's
 - national guidance on closure and absorption
 - 'overbooking', 'phasing', use of 'retrospective' operations
- Limited impact on strategic quality of programmes (but phasing, retrospection potentially problematic)

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Key findings: Closure & Operation Types

■ Provisions and guidelines 2007-2013

- Phasing of major projects into 2014-2020
- Specific guidelines for Financial Instruments (FI) at closure (reporting requirements, extended deadline for investment)
- Non-functioning projects, revenue-generating projects

■ MS experiences

- Pressures at closure with withdrawn or delayed major projects
- Some state aid issues for major infrastructure projects at closure
- Extended deadline for FI good for absorption but pressure on closure
- Complexity of FI closure tasks
- Specific pressures on audit of FI at closure

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Key findings: Closure & Capacity

■ Provisions and guidelines 2007-2013

- Strengthened role of audit authorities
- REGIO capacity: closure unit, internal manual, training,
- MS capacity: 20 closure seminars across MS, Q&A document, TFBI initiative in specific MS, regular meetings with Audit Authorities

■ MS experiences

- Coordination between programme and national level (guidance, internal deadlines, closure 'Working Groups')
- Coordination between programme authorities (formal, informal)
- Problem of managing closure and launch of 2014-2020 programmes
- MS responses include: recruitment, outsourcing, closure 'champions', early targeting of projects at risk of non-completion etc.
- Increasing awareness of opportunities to communicate achievements as part of closure process

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Conclusions

- Formal closure of ERDF, CF programmes in 2007-13 was **efficient**
- **Financial absorption pressures** had an impact on closure process, mitigated by regulatory provisions and MS approaches
- The implementation of **FIs and major projects had implications for the quality** of closure process
- Across MS, the quality of the closure process depended on the **administrative capacity and governance approaches** of programme authorities

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Recommendations for closure 2014-20



For EU-level institutions...

- EC closure guidance was valued but has to be provided at an early stage
- Need for clarity and consistency in guidance
 - on specific issues where regulations are complex (e.g. FIs).
 - on timetables for specific stages in the closure process, or for specific types of intervention
- Capacity-building for closure should continue (e.g. for AAs)
- Closure should be more closely tied to programme outputs and results

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Recommendations for closure 2014-20

For MS and programme authorities...



- MS guidance, support and structures should be established.
- Closure is an issue for the lifetime of a programme, not just for the final years
- Ensure that closure is a priority for programme authorities and project sponsors
- Close coordination between managing authority and audit authority
- Need to allocate sufficient administrative resources
- Consider closure as an opportunity to communicate programme achievements

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Recommendations for closure 2014-20

...UK is a specific case (Brexit)



- Arrangements for closure depend on Withdrawal Agreement.
- Different options:
 - Programmes run full course with domestic support and close at end of 2014-2020
 - Close at Brexit – special provisions needed

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Thank you for your attention!

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