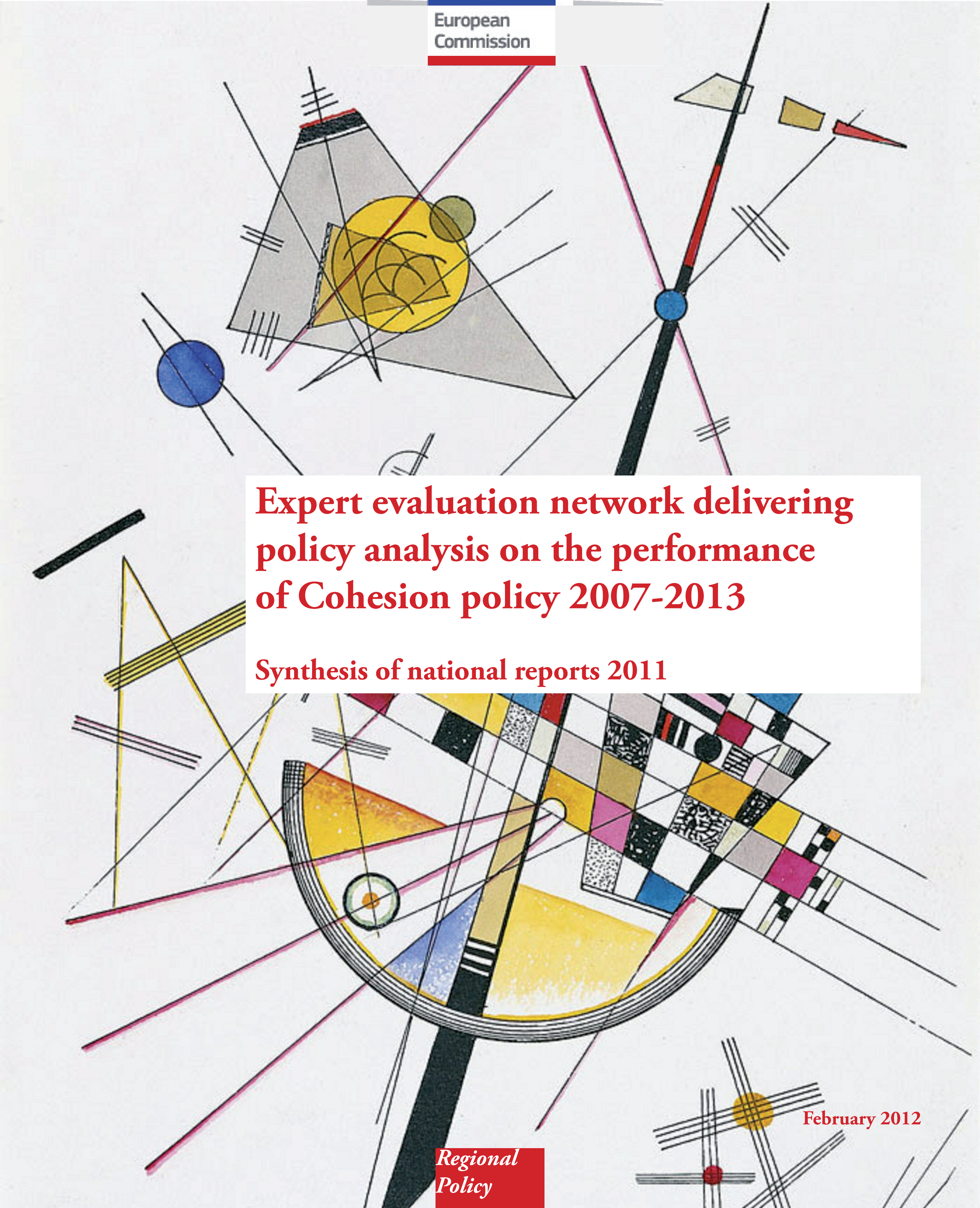
European Commission

Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013

Synthesis of national reports 2011



February 2012

Regional Policy

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Executive Summary

This report synthesises the main points to come out of the 27 country reports for 2011 produced by the network of national experts set up to monitor the performance of programmes co-financed by the ERDF and Cohesion Fund over the 2007-2013 period. It is a follow-up to the report produced at the end of 2010 and considers in turn:

- the economic context in which the programmes are being implemented, the prospects for the rest of the programming period and how both have changed over the past year;
- how regional disparities and the development policy pursued in different parts of the EU have been affected by the crisis and the measures taken to tackle it;
- the scale of support from the ERDF and Cohesion Fund to Member States in relation to development expenditure;
- the progress in implementing programmes across the EU and the extent to which the delays evident at the end of 2010 have been shortened and absorption problems overcome;
- the outcome of expenditure so far carried out in the different policy areas;
- the evaluations undertaken in Member States of EU co-financed programmes.

The economic context – continuing crisis

Recovery from recession has been slow and hesitant virtually throughout the EU, adding to the difficulty of reducing budget deficits and increasing the scale of fiscal measures required to bring down government borrowing. The immediate outlook is for little if any economic growth and the prospects over the remainder of the programming period are only for a limited improvement. Unemployment has remained high in most countries and, given the economic outlook, is likely to remain so. Accordingly, job creation has become of increasing policy concern, but the priority given to reducing budget deficits rules out any fiscal expansion in most countries.

In this context, the constraints on national development expenditure have tightened, increasing the difficulty in Member States of finding the funding to co-finance Cohesion policy programmes but, at the same time, raising the importance of doing so in order not to forego the EU funding available. Indeed, in many of the EU12 countries, EU funding has become virtually the only source of finance for development expenditure.

Regional disparities widened in many countries by the recession

In general, the recession initially hit regions most reliant on manufacturing hardest, especially those geared towards exporting. These, however, tended to be the ones which recovered most quickly as global markets picked up if exports went predominantly to countries outside the EU. Regions with more traditional industries, such as textiles, have continued to remain depressed. In a number of countries, on the other hand (the Czech Republic, Latvia and Sweden), it is the more peripheral and rural regions that have been affected most, largely because of the concentration of services, which have less affected by the crisis, in the larger cities. In Hungary and Lithuania, regional disparities were reduced by public expenditure measures to counter the recession being concentrated there, while in Poland, disparities remained unchanged because the economy continued to grow.

Budgetary consolidation has also affected regions differentially

The measures taken to reduce budget deficits have tended to widen regional disparities. Cutbacks in public sector employment have affected problem regions more than others in a number of countries (Italy, Spain, Portugal, France, the UK and Slovakia) because of a lack of private sector jobs. In addition, reductions in government transfers have diminished the finance for development expenditure both directly and through the effect on co-funding.

Though the funding available might have been reduced, in most Member States regional policy continued to be focused, at least up to the end of 2010, on tackling underlying structural problems rather than being modified in response to the crisis.

EU funding is contributing increasingly to development expenditure

The overall financial support from the ERDF and Cohesion Fund (totalling EUR 268.3 billion for the period) which remains to be paid to Member States is estimated to amount, on average, to at least 40% of government capital expenditure a year over the rest of the programming period in most of the EU12 countries. The only exceptions are Poland, where it is just under 40%, Slovenia (28%) and Cyprus (8%). In Hungary and Slovakia, it amounts to around 75% and in Estonia and Malta, to 62-64%. These figures, though approximate, highlight the critical importance of funding from these two sources to development spending in these countries. It is also of major importance in Greece and Portugal (27-29% of government capital expenditure each year) and the Convergence regions in Spain and southern Italy (around the same proportion)

The allocation of support from the ERDF and Cohesion Fund between broad policy areas has remained mostly unaltered, though there has been some shift of funding to measures which give a more immediate boost to jobs or to accelerate financial absorption.

Financial implementation of programmes remains slow

Determining progress in implementing programmes is not straight-forward. The two main sources of data are both difficult to interpret in this regard: the payments to Member States from the two funds because these often lag well behind actual expenditure on the ground and Member State allocation of funding to specific projects because these may be slow to get going.

Payment s from the ERDF to EU15 countries at the end of 2011, 5 years into the programming period, mounted to only just over a third of the overall funding available for the period as a whole, 10 percentage points less than at the equivalent time in the 2000-2006 period when programme implementation was considered to be slow. The difference was slightly wider than at the end of 2010, suggesting that there was no pick up in implementation during 2011. Over the first 5 years of the period, at a time when financial resources were scarce, total payments of the ERDF to the EU15 were EUR 10.6 billion less in real terms than if the payment schedule had been the same as in 2000-2006. The shortfall was particularly large in Spain, Italy and Portugal. Indeed, in Italy, payments at the end of 2011 amounted to only 19% of the overall funding available for the period.

Despite their much shorter experience in managing the Structural Funds, payments were larger to EU12 countries in relation to the funding available than to EU15. They were particularly small, however, in Bulgaria and, above all, in Romania where at the end of 2011 they amounted to just 16.5% of the funding available.

In general payments from the Cohesion Fund were smaller than those from the ERDF, suggesting the pace of carrying out projects was also slower, perhaps because of their larger scale and greater complexity. At the end of 2011, over 70% of resources from the Fund remained to be paid out.

Allocations to project suggest a pick-up in implementation

The proportion of funding allocated to specific projects increased markedly during 2010 (the latest data available), suggesting that the implementation of programmes may have been more advanced than implied by the payments data. Across the EU as a whole, some 55% of the budget available to programmes had been allocated to projects by the end of 2010, well over double the figure at the end of 2009 (23%). The situation was much the same, on average, in the EU12 as in the EU15. Allocations to projects, however, were much smaller on average in Romania, Bulgaria and Italy – only a third of the funding available– confirming the lengthy delays in implementation implied by the payments data. The data also suggest delays in implementation in France and to a lesser extent the Czech Republic and Slovakia and that, by contrast, implementation was relatively well advanced in Estonia and Lithuania.

Reasons for delays in implementation and measures taken to tackle them

Where serious delays occur they seem to be common across most policy areas. The main reasons for them remain as indicated in the 2010 report – the overlap in the present and previous programming periods, a lack of institutional and planning capacity which makes it hard to catch up, the difficulty of finding co-financing because of the crisis and the weak demand for funding from businesses for the same reason and because of the uncertain prospects for growth.

The measures taken to reduce delays include, in particular, reallocating expenditure to areas where funding could be spent more quickly (such as from rail to road construction), the reorganisation of payment systems to increase their efficiency, the simplification of regulations, increased training of staff and use of outside consultancy and the procurement of loans from the EIB and elsewhere to reduce problems of co-financing.

Achievements difficult to assess

Identifying achievements so far from the funding provided by the ERDF and Cohesion Fund is made difficult not only by delays in implementing programmes but also by the unsatisfactory nature of the information available to do so. The quantitative indicators included in the Annual Implementation Reports, which are intended to provide a guide to progress in carrying out programmes, are in many cases not adequately explained, not sufficiently related to the end goals of policy and not consistent across programmes – which makes aggregation even of core indicators hazardous. Equally, the qualitative information contained in the reports in most cases is not clearly linked to the quantitative data and does not enable them to be meaningfully interpreted in terms of policy objectives.

While there is some progress in the present programming period relative to the previous one, it is limited and a step change is needed for a results-oriented approach in the next programming period from 2014 on to become a reality.

Evidence on achievements so far

Despite delays and unsatisfactory information – which extends to the statistical reporting of indicators[1] – it is still evident that some significant achievements were made over the first 4 years of the programming period:

- In gross terms, almost 189,000 (full-time equivalent) jobs across the EU are estimated to have been created directly by the projects carried out.
- Some 19,000 RTDI projects, 6,000 business research-cooperation projects and almost 24,000 business start-ups were supported and over 100,000 SMEs were assisted to invest and innovate.
- Almost 920,000 people were connected to broadband.
- Nearly 280 km of motorways and 285 km of railway lines were added to the trans-European Transport Network and significant savings in journeys times were made by the upgrading of roads and railway lines, especially in the EU12.
- Around 1.5 million additional people were connected to clean drinking water supply and over 3.3 million to main drainage.
- Some 800 square km of contaminated or derelict land was cleaned up mostly in the EU12 countries.

Evaluations growing in number

The number of evaluations of programmes, or parts of them, increased significantly across the EU In 2010 and the first half of 2011. In all, some 266 completed evaluations were listed in the country reports and, in some countries, these are only a sample of the total number. There are, however, marked variations between countries in this respect, with no evaluations so far being completed in Greece and Cyprus. In some countries, moreover, evaluations are isolated from the policy-making process and have little influence on decisions, while in others (Latvia and Lithuania, especially), procedures have been set up to ensure that the findings feed into the decision-making process.

Although most evaluations have so far focused on management and implementation – partly because of the limited output so far in many areas – around a third have been concerned with the effects of policy or its impact. In most cases, the focus has been on specific issues or measures rather than on trying to assess whole programmes. Almost all policy areas have been covered, though relatively few evaluations have examined transport or environmental infrastructure investment. This is leading to a build-up of knowledge about the effects of particular interventions in different areas, which is potentially important for both accountability in the current programming period and the design of future policies across the EU.

Concluding remarks

Although the evidence is mixed, data on commitments suggest that the pace of implementing Cohesion policy programmes was stepped up in 2010. Nevertheless, in a number of countries, in Romania, Bulgaria and Italy most especially, serious delays are apparent and there is a real question over their capacity to absorb the funding available over the rest of the programming period. The risk,

[1] The production of the present report was delayed because of the need to verify the data reported on core indicators and to correct obvious errors.

moreover, is that policy attention will focus on absorption and that the quality of the projects supported and their effectiveness in achieving development objectives will suffer as a result.

At the same time, assuring that funding is spent in the most effective way has assumed greater priority because of the deterioration in the underlying economic situation and the downward pressure this imposes on public budgets. Indeed, in a number of countries, the ERDF and Cohesion Fund have become virtually the only source of finance for regional development expenditure.

The difficulties of assessing the performance of programmes documented in the present report highlight the need for more relevant and consistent indicators and for more informative commentary on them if progress towards meeting policy objectives is to be properly monitored and judged.

Equally, the growing accumulation of knowledge being built up on the effects of particular types of intervention in different areas as a result of the increasing number of evaluations being carried out calls for an effective means of dissemination so that it can feed into future policy-making across the EU. There is a parallel need, however, to improve the evaluation methods used to ensure that the findings are valid and to define the essential features of the measures concerned for them to be successfully implemented in other places.

There is also a pressing need to convince Member States, which are not carrying out evaluations or are not making use of their findings, of the benefits of evidence-based policy-making, especially in a context in which ensuring value for taxpayers’ money has assumed paramount importance.

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1. Introduction

This report represents the culmination of the work undertaken in 2011 by the group of national evaluation experts set up to monitor the performance of programmes co-financed by the European Regional Development Fund (ERDF) and Cohesion Fund in the 2007-2013 programming period. Its aim is to synthesise the main points made in the reports produced by the experts on the progress in implementing the programmes and the achievements made as a result of the expenditure so far carried out. The programmes are those co-financed under both the Convergence and Competitiveness and Employment Objectives as well as under the cross-border arm of the Territorial Cooperation Objective (under INTERREG IVA), the focus being for the most part on the period up to the end of 2010. This is the period covered by the Annual Implementation Reports for 2010 for each Operational Programme, published in mid-2011, which are the main source of information. The national reports, therefore, update those produced by the experts at the same time last year, which reviewed the period up to the end of 2009. Accordingly, their main concern was with developments over the course of 2010 and, so far as the information available allows, with what has happened since then.

The present report has the same focus, though it makes more extensive use of the data compiled by DG Regio on payments made from the two Funds concerned up to the end of 2011 in order to judge how far the rate of implementation of programmes, which was generally slow up to the end of 2010, has picked up since. More precisely, the report examines, in turn:

- the underlying context in which the programmes are being implemented in terms of the economic – and social – situation and the macroeconomic policies being pursued, how both have changed over the past year and the implications for regional development policy of these changes;
- the regional development policy being pursued in different parts of the EU and how it has been affected by the changes in the underlying context, as well as the effect of the recession and the fiscal consolidation measures taken to reduce budget deficits and public debt on regional disparities;
- the scale of financial support for regional development from the ERDF and Cohesion Fund, the payments made up to the end of 2011 to Member States in relation to the allocations agreed and what remains to be spent over the remainder of the programming period;
- the progress made in implementing Cohesion policy programmes across the EU up to the end of 2010 and, in particular, the extent to which the delays in spending the funding available, evident last year, have been shortened and the problems of carrying out the expenditure intended have been overcome;
- the outcome of the expenditure so far incurred in different parts of the EU and in different broad policy areas in terms of the output produced by the projects supported and the results achieved in relation to the policy objectives set;
- the evaluations undertaken in Member States to assess the performance of the various programmes supported under Cohesion policy, and of the measures included within them, and their effectiveness in achieving the objectives intended, with a particular focus on those carried out since the last report was published;

- the main challenges facing managing authorities in implementing programmes over the remainder of the programming period which emerge from the national reports.

2. Background – macroeconomic context

A deep recession followed by slow recovery

As highlighted in last year's report, the economic situation deteriorated markedly over the first half of the programming period and by the end of 2009 was radically different from what had been assumed when the programmes were drawn up. The global recession, which followed the international financial crisis initiated in 2008, affected all Member States, though to varying extents. In 2009, GDP declined throughout the EU, except in Poland, which nevertheless saw a major slowdown in growth (Table 1).

Table 1, Growth of GDP in EU Member States, 2003-2010 and forecast growth 2011-2013

% growth a year

	2003-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Average		*Outturn*		*Estimate*	*Forecast*	
EU27	2.8	0.3	-4.3	2.0	1.6	0.6	1.5
EU15	2.6	0.0	-4.3	2.0	1.5	0.5	1.4
EU12	6.1	5.2	-3.6	2.3	3.3	2.1	2.9
Estonia	8.2	-3.7	-14.3	2.3	8.0	3.2	4.0
Lithuania	8.2	2.9	-14.8	1.4	6.1	3.4	3.8
Latvia	9.9	-3.3	-17.7	-0.3	4.5	2.5	4.0
Romania	6.7	7.3	-6.6	-1.6	1.7	2.1	3.4
Bulgaria	6.5	6.2	-5.5	0.2	2.2	2.3	3.0
Poland	5.5	5.1	1.6	3.9	4.0	2.5	2.8
Slovakia	7.6	5.9	-4.9	4.2	2.9	1.1	2.9
Sweden	3.8	-0.6	-5.2	5.6	4.0	1.4	2.1
Ireland	5.1	-3.0	-7.0	-0.4	1.1	1.1	2.3
Malta	2.5	4.3	-2.6	2.9	2.1	1.3	2.0
Luxembourg	5.4	0.8	-5.3	2.7	1.6	1.0	2.3
Finland	4.2	0.3	-8.4	3.7	3.1	1.4	1.7
Denmark	2.4	-0.8	-5.8	1.3	1.2	1.4	1.7
Austria	3.1	1.4	-3.8	2.3	2.9	0.9	1.9
Slovenia	5.3	3.6	-8.0	1.4	1.1	1.0	1.5
Belgium	2.6	1.0	-2.8	2.3	2.2	0.9	1.5
Czech Republic	6.1	3.1	-4.7	2.7	1.8	0.7	1.7
Germany	2.2	1.1	-5.1	3.7	3.0	0.8	1.5
UK	2.8	-1.1	-4.4	2.1	0.9	0.6	1.5
Spain	3.6	0.9	-3.7	-0.1	0.7	0.7	1.4
France	2.3	-0.1	-2.7	1.5	1.6	0.6	1.4
Hungary	3.2	0.9	-6.8	1.3	1.4	0.5	1.4
Cyprus	4.3	3.6	-1.9	1.1	0.3	0.0	1.8
Netherlands	2.9	1.8	-3.5	1.7	1.8	0.5	1.3
Italy	1.6	-1.2	-5.1	1.5	0.5	0.1	0.7
Portugal	1.5	0.0	-2.9	1.4	-1.9	-3.0	1.1
Greece	3.8	-0.2	-3.3	-3.5	-5.5	-2.8	0.7

Note: Countries ordered by forecast growth 2011-13

Source: Eurostat, national accounts; European Commission, European Economy, Autumn 2011 forecasts

The situation improved in 2010, partly as a result of the expansionary measures taken in most Member States with support from the EU, though also because of recovery of the world economy outside of Europe, in developing countries especially. Growth of GDP averaged just under 2% across the Union as whole in 2010 and was slightly higher in the EU12 countries than in the EU15 (Table 1). GDP, however, continued to decline in Latvia, where it had fallen by 18% in 2009, more than in any other Member State. It also declined in Romania and, outside the EU12, in Greece as well as in Ireland and Spain, if only slightly.

In 2011, according to the latest estimates, growth slowed down a little in the EU15 but increased in the EU12 to an annual rate of 3%, still much lower than the rates experienced in the years before the onset of the crisis when the 2007-2013 programmes were being formulated. The recovery was especially marked in the three Baltic States, which had been hit hardest by the recession.

In stark contrast, GDP declined further in Greece in2011, bringing the overall reduction since 2007 before the crisis hit to 12%. It also fell significantly in Portugal, where growth was relatively slow before the onset of the recession and where deep-seated structural problems of the economy remain unsolved. GDP is estimated to have grown in 2011 in both Spain and Italy but only slowly, leaving the level much lower than before the crisis began. This is equally the case in Ireland, where there has been an overall reduction in GDP of almost 10% over the four years since 2007, in marked contrast to the growth of 5% a year which was achieved over the preceding four years.

In all three EU15 Cohesion countries as well as Italy, where a substantial part of the country – most of the south – consists of Convergence regions, GDP in 2011 was well below the level it was four years earlier when the present programming period started. Indeed, it was at or below this level in 15 of the 27 EU Member States, including in 6 of the EU12 countries. In only three of the EU12 countries – Malta, Slovakia and, above all, Poland – was GDP in 2011 more than 3% above what it was in 2007.

Then the expectations about the economic situation were very different to how it has actually turned out. This has led to some changes in priorities in a number of countries, as indicated below, and to a widespread tendency to attach increased importance to stimulating economic growth and, because of the rise in unemployment which has accompanied the crisis (see below), job creation. It has also led to greater importance being attached to the Structural Funds as a source of financing not only for development expenditure ,as also indicated below, but as one of the few means left of stimulating the economy.

Little improvement in economic outlook for rest of programming period

Since last year's report was prepared, the outlook for the remainder of the programming period has deteriorated sharply. Then average growth of GDP across the EU of 2% was forecast for 2012. Now, with the on-going crisis of the Euro and the pressure on the southern Member States, in particular, to reduce government borrowing, the latest forecast is for growth of just 0.6%. In 2013, average growth is forecast to increase but only to 1.5% only just over half the rate experienced in the four years before 2007.

In nearly all countries, growth is expected to slow down in 2012 and to pick up relatively little the year after. In Greece and Portugal, GDP is forecast to fall further in 2012 (by around 3% in both) and in Italy, to grow hardly at all (Table 1, where countries are ordered in terms of the growth in GDP forecast over the two years 2011-2013). While growth is forecast to resume in 2013 in all three countries, the rate predicted is below 1% year-on-year in Greece and Italy and only just over 1% in Portugal. In Spain, too, recovery is expected to continue to be slow, with growth in 2013, much less than half the rate experienced over the 2003-2007 period.

Growth is forecast to be higher in the EU12 countries than the EU15 in both 2012 and 2013, though not in all countries. In the Czech Republic, Hungary and Cyprus, little or no growth is predicted. Moreover, despite an expected increase in growth rates in 2013, in none of the EU12 countries is growth forecast to be more than half the rate experienced over the 2003-2007 period.

Persistently high unemployment with little job creation

The labour market has been as depressed as the economy over much the programming period and is unlikely to improve until growth picks up. The result of the economic recession in 2009 was large-scale job losses in most countries, little new job creation and a consequent sharp rise in unemployment. By the end of 2009, unemployment had risen to an average of 9.5% of the labour force across the EU (Table 2). In Spain, where unemployment was already above the EU average, it had more than doubled to 19% and in Ireland, almost tripled. In Greece and Portugal, it had risen to around 10-11% and in 5 of the EU12 countries, to above 10%. In each of the three Baltic States, the rate was 16% or over and in Latvia, 20%.

Over the subsequent year, unemployment increased further on average across the EU, if only slightly, though by more in the three EU Cohesion countries – to over 20% in December 2010 in Spain and 12-14% in Greece and Portugal – as well as in Lithuania (to over 17%) and Bulgaria (to over 11%). Even in Poland, in which GDP continued to grow even in 2009, growth (at around 4%) was insufficient to prevent unemployment from rising to close to 10%.

In 2011, unemployment again rose across the EU as a whole, though this conceals marked differences between Member States. In all three EU15 Cohesion countries, unemployment increased yet further – to 23% in Spain and over 19% in Greece – reflecting the low growth or fall in GDP. In each of the three Baltic States, by contrast, where growth was higher than in any other part of the EU, unemployment declined (by 2-3 percentage points). On the other hand, it rose markedly in Cyprus (to over 9%) and slightly in Poland and Slovenia.

In the EU15, other than the Cohesion countries, unemployment fell in Germany (by around 1 percentage point) and to a smaller extent in Belgium, Finland and Sweden, in each of which GDP growth was well above the EU15 average. In the other countries, apart from Austria where it remained much the same, unemployment increased.

Given the depressed forecast for GDP, unemployment is expected to remain persistently high over the remainder of the programming period. Indeed, the low growth rates forecast for 2012 and 2013 could, on past experience, result in even less new job creation than is at present being predicted and in a renewed decline in employment. As it is, the forecast is for only a marginal rise in unemployment across the EU as a whole in 2012 followed by a small fall in 2013. In Portugal, unemployment is projected to be much the same in two years' time as at the end of 2011, while in Greece and Spain, it is predicted to come down but to remain above 18% in the former and over 20% in the latter. Unemployment is also forecast to come down in the three Baltic States, Cyprus, Poland and Slovakia, but in the other 7 EU12 countries, to remain much the same or to rise slightly. On these forecasts, therefore, unemployment will be still above 10% in half the EU12 countries. In the EU15 other than in the Cohesion countries, little change in unemployment is forecast in most cases.

Table 2 Unemployment in EU Member States, 2007 to 2011 and forecasts for 2012 and 2013

% Labour force

	Monthly averages				*Forecast*	
	Dec 2007	Dec 2009	Dec 2010	Dec 2011	*2012*	*2013*
Belgium	7.2	8.2	7.6	7.2	*7.7*	*7.9*
Denmark	3.3	7.1	7.6	7.8	*7.3*	*7.1*
Germany	8.2	7.6	6.6	5.5	*5.9*	*5.8*
Ireland	4.9	12.9	14.5	14.5	*14.3*	*13.6*
France	7.7	9.9	9.7	9.9	*10.0*	*10.1*
Italy	6.5	8.3	8.1	8.9	*8.2*	*8.2*
Luxembourg	4.2	4.8	4.8	5.2	*4.8*	*4.7*
Netherlands	3.3	4.4	4.3	4.9	*4.7*	*4.8*
Austria	4.1	4.6	4.2	4.1	*4.5*	*4.2*
Finland	6.5	8.8	8.1	7.6	*7.7*	*7.4*
Sweden	6.0	8.9	7.8	7.5	*7.4*	*7.3*
UK	5.1	7.7	7.8	8.4	*8.6*	*8.5*
Greece	7.9	10.3	14.4	19.2	*18.4*	*18.4*
Spain	8.8	19.1	20.4	22.9	*20.9*	*20.3*
Portugal	8.5	11.3	12.4	13.6	*13.6*	*13.7*
Bulgaria	6.1	8.4	11.4	11.2	*12.1*	*11.3*
Czech Republic	4.8	7.5	7.2	6.8	*7.0*	*6.7*
Estonia	4.1	16.2	14.5	11.3	*11.2*	*10.1*
Cyprus	3.8	6.3	6.1	9.3	*7.5*	*7.1*
Latvia	5.5	20.1	17.0	14.8	*15.0*	*13.5*
Lithuania	4.4	16.0	17.4	15.3	*13.3*	*11.6*
Hungary	8.0	10.7	11.0	10.9	*11.0*	*11.3*
Malta	6.1	7.2	6.6	6.5	*6.8*	*6.6*
Poland	8.3	9.0	9.6	9.9	*9.2*	*8.6*
Romania	6.2	7.5	7.3	7.0	*7.8*	*7.4*
Slovenia	4.7	6.4	8.0	8.2	*8.4*	*8.2*
Slovakia	10.4	14.3	13.8	13.4	*13.2*	*12.3*
EU27	7.0	9.5	9.5	9.9	*9.8*	*9.6*

Note: 2011 data for EE, LV, LT relate to Sept; data for GR and UK relate to Oct.

Source: Eurostat, Labour Force Survey adjusted figures and European Commission, European Economy, Autumn 2011 Economic Forecast

In the light of this outlook, it is only to be expected that the focus of policy attention which is not turned towards reducing budget deficits and public sector debt, is centred on trying to increase the rate of job creation and to get more people to work. The Structural Funds are increasingly seen in the EU12 countries especially as a means of achieving this.

Increasing focus on reducing budget deficits and public debt

While governments in most parts of the EU attach importance to getting unemployment down, reducing budget deficits, and with them public debt, is accorded higher priority, reflecting the pressure exerted by financial markets. In practice, budget deficits in most Member States remained at much the same size in 2010 as in 2009, when they had increased significantly in relation to GDP as a result of both the decline in the latter as the recession took hold and the expansionary measures taken to counter the downturn. Although growth of GDP across much of the EU made it easier to reduce deficits, in most cases, it was too low to have a marked effect. The budget deficit, therefore, was below 3% of GDP (the ceiling set under the stability pact) in 2010 in only 5 of the EU27 countries – the three Nordic Member States, Luxembourg and Estonia (Table 3).

Table 3 Budget balances and government debt in EU Member States, 2007-2010

% GDP

	Government Budget balance			Consolidated Govt. debt		
	2007	2009	2010	2007	2009	2010
EU27	-0.9	-6.9	-6.6	59.5	74.5	80.2
EU15	-0.8	-6.9	-6.6	61.3	77.1	83.0
EU12	-1.8	-6.9	-6.4	35.3	43.0	47.5
Belgium	-0.3	-5.8	-4.1	84.1	95.9	96.2
Denmark	4.8	-2.7	-2.6	27.5	41.8	43.7
Germany	0.2	-3.2	-4.3	65.2	74.4	83.2
Ireland	0.1	-14.2	-31.3	24.8	65.2	92.5
France	-2.7	-7.5	-7.1	64.2	79.0	82.3
Italy	-1.6	-5.4	-4.6	103.1	115.5	118.4
Luxembourg	3.7	-0.9	-1.1	6.7	14.8	19.1
Netherlands	0.2	-5.6	-5.1	45.3	60.8	62.9
Austria	-0.9	-4.1	-4.4	60.2	69.5	71.8
Finland	5.3	-2.5	-2.5	35.2	43.3	48.3
Sweden	3.6	-0.7	0.2	40.2	42.7	39.7
UK	-2.7	-11.5	-10.3	44.4	69.6	79.9
Greece	-6.5	-15.8	-10.6	107.4	129.3	144.9
Spain	1.9	-11.2	-9.3	36.2	53.8	61.0
Portugal	-3.1	-10.1	-9.8	68.3	83.0	93.3
Bulgaria	1.2	-4.3	-3.1	17.2	14.6	16.3
Czech Republic	-0.7	-5.8	-4.8	27.9	34.4	37.6
Estonia	2.4	-2.0	0.2	3.7	7.2	6.7
Cyprus	3.5	-6.1	-5.3	58.8	58.5	61.5
Latvia	-0.4	-9.7	-8.3	9.0	36.7	44.7
Lithuania	-1.0	-9.5	-7.0	16.8	29.4	38.0
Hungary	-5.1	-4.6	-4.2	67.0	79.7	81.3
Malta	-2.4	-3.7	-3.6	62.1	67.8	69.0
Poland	-1.9	-7.3	-7.8	45.0	50.9	54.9
Romania	-2.9	-9.0	-6.9	12.8	23.6	31.0
Slovenia	0.0	-6.1	-5.8	23.1	35.3	38.8
Slovakia	-1.8	-8.0	-7.7	29.6	35.5	41.0

Source: Eurostat, Government statistics

In the three EU15 Cohesion countries, it was close to 10% of GDP or above – in Greece, almost 11%, though down from nearly 16% in 2009. In the UK too, it was over 10% of GDP and in Ireland, remarkably, over 30%, reflecting the large capital transfers to banks to keep them from failing. Equally importantly so far as financial markets are concerned, consolidated government debt was some 145% of GDP in Greece and over 90% in Portugal, as well as in Ireland – where it had been below 25% of GDP just three years earlier before the recession hit – as against the 60% limit set under the Maastricht agreement. In the EU15, only in the three Nordic Member States and Luxembourg was accumulated public debt below this limit in 2010.

By contrast, there were only three EU12 countries where accumulated debt was over 60% in 2010 – Cyprus, Malta and, most especially, Hungary where it had risen to above 80%. The constraint on expansionary fiscal policies in the EU12 countries, therefore, comes more from the pressure to keep budget deficits down than to reduce debt. Budget deficits were around 5% of GDP or above in all but three of the EU13 countries – Bulgaria and Malta as well as Estonia – and around 7% or over in 5 of them. These include Latvia and Lithuania, where GDP is still well below the level it was before the onset of recession, despite relatively high rates of growth in 2011 and where unemployment is around 15-16%. They also include Slovakia and Poland, where even though growth was well above the EU average in 2011, the growth forecast for the next two years is well below the rate experienced up to 2007 and unemployment is also relatively high.

The challenge facing governments in these countries, as well as in most other parts of the EU, is to cut budget deficits – or to prevent them increasing – at a time when the economy is growing only slowly or shrinking. The common dilemma they confront is how to implement the reductions in public expenditure and/or increases in taxes required to bring the deficit down while not only avoiding these measures depressing the economy even further but increasing employment at the same time. This has led to a reconsideration in a number of countries of the composition of public expenditure, including that financed by the Structural Funds, in an attempt to shift spending to areas and activities in which it has a more direct and more fast-acting effect on employment.

In many countries, both direct investment by governments in the regions and transfers to regional and local authorities to undertake development expenditure have either been cut back as part of consolidation measures or have been included in packages announced for implementation in the future, as described below. This pressure on the funding of development expenditure could well intensify over the coming year if the forecast of very low growth of GDP is realised and if efforts to reduce budget deficits are maintained. In such a scenario, budget deficits stand to be expanded further by the diminishing tax base and increased social expenditure as GDP growth slows, so necessitating even bigger cuts in expenditure to achieve the desired reduction in deficits.

In this context, the role of the ERDF and Cohesion Fund, which has already become more important as other sources of government revenue have shrunk, especially in the EU12 and the southern EU15 Member States, could be enhanced even further. The scale of EU funding for regional development in these countries is examined below. First, however, consideration is given to the effect of the economic recession and subsequent period of slow growth on the regional disparities which policy is attempting to narrow. Secondly, the effect on these disparities of the policies adopted in the aftermath of the recession is examined together with the extent to which regional policies have changed in response to the challenges which have arisen over the past few years.

Regional disparities widened in some countries by the recession

The impact of the crisis has varied across regions. In a number of countries, the initial effect of the economic recession was felt most acutely in the regions most reliant on manufacturing, especially those where the industries concerned were geared towards exporting, such as, in particular, motor vehicle and component manufacture, iron and steel making and machinery and electrical equipment production. This was the case in Germany, Belgium, Finland and Slovakia. In Finland, the Eastern region, which is less dependent on exports, experienced a smaller decline in employment over the 2008-2010 period than others. In Austria, the stronger manufacturing regions were also hit hard, but the economically weaker regions were affected too as the recession spread from manufacturing into other sectors, so that overall regional disparities remained largely unchanged.

At the same time, some of the manufacturing regions hit hardest by the recession, particularly those with large sales to countries outside the EU, tended to be the ones which recovered most quickly as the pick-up in global markets occurred first in the industries which had suffered the biggest decline in sales and in which pent-up demand, especially in developing countries, was greatest.

In France, on the other hand, while the regions most affected by the recession were those where manufacturing industries, especially the automotive industry, were concentrated, these have experienced only slow recovery. This may perhaps be because they have a smaller share of markets outside the EU than similar producers in Germany, Finland and Sweden. Similarly in the UK, the old industrial regions, whether supported under the Convergence Objective (West Wales and the Valleys) or the Competitiveness Objective (West Midlands and Merseyside), were more affected than more rural regions (Cornwall and the Isles of Scilly and Highlands and Islands).

In Spain, Portugal, Ireland, Slovenia, Latvia and Bulgaria, the crisis had a greater effect on regions with concentrations of low value-added industries, such as textiles, which were most exposed to competitive pressure from outside.

Differing effects on urban and rural areas

In Ireland and Latvia, the most rural and peripheral areas experienced the biggest rises in unemployment. In the Czech Republic, similarly, the biggest reductions in employment occurred in small towns, while in larger cities, the impact of the crisis was less severe, largely because of the greater importance of services, including public services, which were less affected by the recession. This was equally so in Sweden, where employment declined most in the more peripheral regions, especially those in the north of the country, while it continued to grow in the capital city region. The metropolitan areas are also reported to have recovered faster, for the most part, than other regions due to a stronger private service sector.

By contrast, In Lithuania, there was a larger decline in GDP in the capital city region than in others, giving rise to a slight narrowing of regional disparities. In Hungary, there was also a narrowing of regional disparities, though this was mainly due to public employment programmes to counter the recession being concentrated in the less-developed eastern and southern parts of the country.

In France, the crisis is reported to have greatly increased social disparities and poverty in urban areas as a result of pushing up unemployment.

In both Poland and Denmark, there has been little change in regional disparities, in the first because it was the only country in the EU to avoid a fall in GDP in 2009 and so employment increased slightly instead of falling. In Denmark, the economic recession led to a similar increase in unemployment in all regions and the recovery seems to be proceeding at much the same pace across the county.

Budgetary consolidation has also affected regional disparities

The measures implemented by Governments across the EU to reduce budget deficits are also reported in a number of cases to have affected regions differentially, though not necessarily in a conscious way. In general, the effect has been to widen rather than to narrow regional disparities.

In Italy, the measures adopted to reduce public debt included cutbacks in central government transfers which hit southern regions in particular where they are a critically important source of income, so diminishing their capacity to recover from the crisis.

In Estonia, measures of fiscal restraint have led to a reduction in local government revenue from both taxes and central government transfers, which have affected problem areas more than others.

In the UK, many of the more depressed regions have larger shares of public sector employment than more prosperous ones and so are more vulnerable to reductions in this and less capable of generating jobs in the private sector to offset them. At the same time, cuts in public expenditure both here and in Ireland have reduced the ability of local authorities to provide co-financing to match the support from the Structural Funds. This is also the case in France and Spain, where the funds available for regional development have been reduced as a result of budget consolidation measures, as well as in Portugal, where a number of infrastructure projects, including some with approved ERDF financing, have been abandoned.

In the Netherlands, Slovakia, Slovenia and Cyprus, the measures taken to reduce the budget deficit have been concentrated in areas which were not connected with regional development. Nevertheless, in Slovakia, the economic recession has reduced tax revenue and, accordingly, the income available at regional and local level for undertaking development programmes and for co-financing those supported by EU funding.

Changes in regional policy in some countries in response to developments

In most Member States there were no major changes during 2010 in the priorities or objectives of national policies for regional development in the face of the crisis, since the underlying structural problems which hindered development remained unchanged. As a reaction to the economic recession, however, there were temporary increases in public investment in many countries, as described in last year's report. At the same time, as emphasised above, the economic situation across much of the EU has deteriorated since the end of 2010 which marks the end-point of much of the information included in the national reports. Given the effect that this has had on policy in a number of countries, Greece and Italy, in particular, but also Spain, Portugal and several others, it may well be the case that there were changes in both policy and the objectives set during the course of 2011 which are not captured in the national reports, especially since much if the deterioration occurred towards the end of the year when the reports had been completed. Any such changes will show up in the 2012 reports. Nevertheless, there were some changes in policy in 2010 in a number of Member States:

In the UK significant changes are currently occurring in the way regional policy is managed with the announced abolition of the nine Regional Development Agencies in England in 2012, responsibility for local economic development being shifted to Local Enterprise Partnerships. The funding available for these, however, is significantly smaller than funds provided by the Single Programme that underpinned the activities of the RDAs.

In France, the recent adoption of the "investments for the Future" programme has increased the focus of national policy on higher education, training, research, industrial *filières*, sustainable development and the information society. Although the purpose of the programme is not to support regional development as such, de facto it will have a structural impact on the regions with universities and research centres being the main beneficiaries.

In Slovenia the government approved the draft law on “more balanced regional development” in October 2010. The new legislation is intended to lead to a more consistent and systematic approach to supporting regional development and to reduce the need for ad hoc interventions in specific regions. Provisions for vulnerable regions, such as those hit by external shocks, are meant to enable the government to respond rapidly to regional problems without the need for specific legislation.

In Italy, even if the main priorities of national regional development policy have not changed, a new initiative has been introduced in the form of the ”Action Plan for Cohesion” aiming to give new impulse to lagging regions by concentrating interventions on main objectives in education, ICT and railways.

In Hungary the new government set up in 2010 introduced changes in national regional development policy which are set out in the *New Széchenyi Plan* (NSP), a long-term strategic document aiming to create 1 million new jobs in 10 years.

In Austria there have been changes in funding measures in the form of a reduction of the financing available from federal level and a simultaneous strengthening of funding at Länder level. The modifications, however, were not so much due to the economic crisis or to fiscal consolidation but were adopted more for administrative reasons.

3 The contribution of EU funding to development expenditure

The scale of funding over the programming period and the division between Objectives

The overall allocation of ERDF and Cohesion Fund financial support for the current programming period at present amounts to some EUR 268.3 billion, of which the Cohesion Fund provides EUR 69.6 billion, just over a quarter of the total of the two, while the European Social Fund (ESF) adds a further 28% or so (Table 4).

Table 4 Division of EU funding for development between Funds and Objectives, 2007-2013

	Convergence	Competitiveness +Employment	Territorial Cooperation	Multi-Objective	Total
		Total amounts (EUR billion)			
Structural Funds+Cohesion Fund	246.3	45.4	7.7	44.9	344.2
of which: ESF	29.1	16.4		30.5	76.0
ERDF	150.9	29.0	7.7	11.1	198.9
Cohesion Fund	66.3			3.3	69.6
ERDF+Cohesion Fund	217.2	29.0	7.7	14.4	268.3
		Allocation between Objectives (% total)			
Structural Funds+Cohesion Fund	71.5	13.2	2.2	13.0	100.0
ERDF	75.9	14.6	3.9	5.6	100.0
ERDF+Cohesion Fund	81.0	10.8	2.9	5.4	100.0

Note: The ERDF figure for Territorial Cooperation excludes EUR 0.2 billion allocated to IPA (Instrument for Pre-Accession)

Source: DG Regio database

Most of the ERDF (around 76% of the total or EUR 150.8 billion) and almost all of the Cohesion Fund (95%) are allocated under the Convergence Objective, which accounts for 81% of the overall financial resources provided by the two funds. Support provided under the Competitiveness and Employment Objective absorbs only 11% of the overall resources, while just 3% goes to support under the Territorial Cooperation Objective. This leaves around 5.5% of the total which is allocated to 'Multi-Objectives', or to Operational Programmes covering two or more regions eligible for support under different Objectives.

The scale of EU funding relative to GDP and national government capital expenditure

To give an indication of the importance of the ERDF and Cohesion Fund to Member States, the financial resources they provide can be related to the GDP of the countries receiving support and, more relevantly, to the capital expenditure carried out by the governments concerned. The latter can be taken, in turn, as an indication of public spending on development, though a very approximate one given the way that capital expenditure (capital transfer plus gross fixed capital formation) is defined and measured in the general government accounts published at EU-level[1]. Moreover, not all government capital expenditure is on regional development and the extent to which it goes on this might vary markedly across countries (though since no statistics exist on regional development expenditure, either at EU-level or, in nearly all cases, national level, there is no way of knowing).

The overall EU financial support from the ERDF and Cohesion Fund for the 2007-2013 period amounts to an average of around 0.3% of EU GDP a year, though it varies from 0.01% for Luxembourg and 0.02% in Denmark to around 3% or just over in each of the three Baltic States and Hungary (Table 5). In most (8) of the EU12 countries it is over 2% (it is below this only in Cyprus, Malta, Slovenia and Romania). In Portugal, it amounts to just over 1% of GDP and in Greece, to almost precisely 1%, while in Spain, it is just under 0.4% of GDP and in Italy, 0.2%. In all other EU15 countries, it is below 0.1%. These differing proportions reflect the relative concentration of funding on Convergence Objective regions.

In relation to government capital expenditure – taking the level in 2010 (though adjusting to allow for transfers to the banking sector in Ireland and Germany) – which might at least be indicative of capital expenditure on regional development, it is, of course, very much larger. In the EU12, it amounts, at an annual rate over the programming period, to over 25% of such expenditure in all the countries except Cyprus. It is also over 25% in Greece and over 20% in Portugal and not insignificant in Spain and Italy as well as Cyprus.

[1] Gross fixed capital formation as defined in the Government statistics published by Eurostat, includes the sales less purchases of assets, such as buildings, land or shares in public companies. As such it is can be a misleading measure of expenditure on fixed capital formation, such as on transport networks or water purification plants.

Table 5 Allocation of ERDF and Cohesion Fund to Member States, 2007-2013 (average per year)

	Allocation 2007-2013			Funding remaining 2012-2015	
	EUR Million	% GDP	% Govt. capital expenditure	% GDP	% Govt. capital expenditure
Belgium	990.3	0.04	1.4	0.05	1.7
Denmark	254.8	0.02	0.5	0.02	0.5
Germany	16,108.0	0.09	3.3	0.09	3.3
Ireland	375.4	0.03	0.7	0.04	0.8
France	8,054.7	0.06	1.5	0.07	1.7
Italy	21,027.3	0.19	5.6	0.27	7.9
Luxembourg	25.2	0.01	0.2	0.01	0.2
Netherlands	830.0	0.02	0.4	0.02	0.4
Austria	680.1	0.03	0.8	0.04	1.0
Finland	977.4	0.08	2.7	0.08	2.7
Sweden	934.5	0.04	1.0	0.04	0.9
UK	5,416.0	0.05	1.2	0.05	1.3
Greece	15,846.5	1.00	26.3	1.09	28.9
Spain	26,600.4	0.36	7.4	0.40	8.2
Portugal	14,899.2	1.23	22.4	1.46	26.5
Bulgaria	5,488.2	2.18	42.7	2.88	56.6
Czech Republic	22,475.2	2.15	31.7	2.74	40.4
Estonia	3,011.9	3.01	62.4	3.08	64.0
Cyprus	492.7	0.41	7.7	0.43	8.3
Latvia	3,947.3	3.14	41.2	3.68	48.3
Lithuania	5,747.2	2.98	58.3	2.71	53.0
Hungary	21,292.1	3.13	68.3	3.53	77.0
Malta	728.1	1.69	49.3	2.13	62.2
Poland	55,514.7	2.24	35.5	2.44	38.6
Romania	15,528.9	1.82	27.3	2.67	40.2
Slovenia	3,345.3	1.35	25.4	1.46	27.5
Slovakia	9,998.7	2.17	59.0	2.72	73.8

Notes: Figures for allocation refer to the total funding agreed for the period, averaged over the 7 years and expressed as % of GDP and of General Government capital expenditure, both in 2010, the latter being the sum of gross fixed investment and capital transfers.

Capital transfers for Germany and Ireland relate to the figures for 2007 in order to allow for the distortion in the figures for subsequent years resulting from transfers to banks and other enterprises as part of rescue plans.

Figures for funding remaining relate to the total allocation less the amount already received by Member States up to Nov 2011, expressed as an annual amount over the period up to 2015 and again related to GDP and Government capital expenditure in 2010.

Source: DG Regio database and Eurostat, National accounts and Government financial statistics

These figures are much the same as set out in last year's Report, since there have been only very minor changes to the overall allocation of funding to countries in the intervening period. What has changed since then, of course, is the amount of payment s which has so far been made to Member States out of the funding allocated to them as they have carried out expenditure and, accordingly, the amount which remains to be spent over the remainder of the programming period.

The importance of EU funding over the remainder of the 2007-2013 period

In practice, as described below, the amount which Member States have so far claimed and received from the ERDF and Cohesion Fund for the present programming period is much smaller than if expenditure had been evenly spread over the period. For many countries, therefore, there remains a substantial amount available to be claimed over the coming years – specifically, up to two years beyond 2013 given the 'n+2' rule. An indication of the scale of the funding which remains can again be gained by relating the implied annual average amounts from 2012 up until the end of 2015 to the GDP of the countries concerned. Its potential importance for financing development expenditure can be seen by relating the amounts involved to the annual sums which Member States devote to government capital spending at present (or at least what they devoted in 2010).

In nearly all countries, the implied annual amounts outstanding for the remainder of the period are larger in relation to government capital expenditure in 2010 (taken as an estimate of the amount likely to be spent over the period) than the average per year for the programming period as a whole implied by the overall allocation. This is despite the fact that the latter is assumed to be spread over 7 years, the former over the remaining two years of the period plus two additional years to allow for the n+2 rule, which emphasises the degree to which spending has so far been delayed. The remaining funding amounts to at least 40% of government capital expenditure a year, if averaged over the rest of the period, in all the EU12 countries, apart from Poland, where it is just under 40%, Slovenia (28%) and Cyprus (8%). In Hungary, it amounts to 77% of capital expenditure annually, in Slovakia to 74% and in Estonia and Malta, to 62-64%. Even though these figures give only a very approximate indication of the scale of EU funding in relation to the overall spending on regional development, they highlight its critical importance in this regard.

EU funding is also important in the EU15 Cohesion countries, especially in Greece, where the average amount outstanding represents 29% of government capital expenditure each year, and Portugal, where it is only slightly lower (27%). It is less significant in Spain, though it still amounts to 8% of capital spending, and it is much the same in Italy, emphasising the relatively small amount spent by the government on public investment, as well as the relatively small amount of the funding allocation spent so far (see below). In these two countries, moreover, the figures under-estimate the importance of EU funding for the Convergence regions, since they relate to capital expenditure over the countries as a whole. In both cases, the scale of funding in these regions is likely to be 2-3 times greater relative to development spending than indicated – i.e. similar to the scale in Greece and Portugal).

The figures set out above reinforce the observation made in last year's report that for many countries the ERDF and the Cohesion Fund are critical sources of finance for development expenditure over the remainder of the programming period.

Limited changes in the allocation of funding between policy areas

The allocation of EU funding in the present programming period between broad policy areas in the different countries and in Convergence and Competitiveness regions within these was described in last year's report. In brief, much of the funding in the EU12 countries is allocated to investment in infrastructure, in transport networks, in environmental plants and social facilities, and to a lesser degree in the three EU15 Cohesion countries. In the rest of the EU15, most funding tends to be devoted to business support and RTDI and, to a smaller extent to the regeneration of urban and rural areas and renovation projects of one kind or another, as well as to the support of tourism and local communities.

In most Member States, no significant changes were made to the major objectives of policy in 2010 – or indeed in the preceding years – in relation to those embodied in the programmes for the 2007-2013 period. Accordingly, the allocation of funding between broad policy areas remained much as initially set out in the programming documents. Nevertheless, in many cases there was some reallocation *within* broad policy areas, mainly in order to:

- accelerate financial absorption by reallocating funding to 'best performing' projects, measures or activities;
- shift funding away from measures where demand for support had declined because of co-financing difficulties of the private and/or public sector;
- respond more effectively to the crisis;
- free up resources allocated to measures and projects where there were delays in implementation because of, for example, administrative problems or the complexity of projects.

The main examples are as follows.

In France, minor shifts were made in many programmes following the recommendations of the mid-term evaluations. Funds were shifted, in particular, from under-committed measures to RTDI, higher education and research centres in response to the newly adopted national programme 'Investments for the Future', aimed at strengthening the innovative capacity of the country.

In Estonia, national funding for energy projects was increased through the selling of CO_2 quotas, which was then used in place of the ERDF in this area, the funds freed up being reallocated to enterprise support.

In Slovenia, the Government decided in July 2010 to modify the Convergence Programme by increasing expenditure on RTDI and reducing the allocation to infrastructure, the rationale being to give stronger support to those programmes that have the highest potential, in the long run, to generate value-added and to create jobs.

The ERDF used to counter the effects of the recession and national budget cuts

As described in last year's report, in many Member States the support provided by the ERDF and Cohesion Fund helped to counter the effect of the economic downturn in 2009. The two funds continued to play an important role in this regard in 2010, though they also helped to offset national budget constraints and to alleviate the consequences of fiscal consolidation by maintaining public investment levels.

In Spain, the financial support provided by the two funds helped to maintain investment in transport and environmental infrastructure, as well as increasing the resources for RTDI and ICT in both the public and business sectors. Equally, the co-financing they provide has proved an effective means of preventing the withdrawal of national funding from particular areas.

Similarly, in the Czech Republic, EU support has helped to stabilise public investment levels during the crisis both by providing a fixed source of funding and by ensuring that national funding remains available for co-financed projects, since the Government regards the continued receipt of EU financial support as an absolute priority.

In Lithuania, where support from the ERDF and Cohesion Fund during the recession was essential to replace or supplement national sources of financing, EU funding in 2010 was responsible for 69% of development expenditure (slightly higher than estimate in Table 5 above of EU funding relative to government capital expenditure).

In Latvia, the major public budget consolidation measure implemented in 2009-2011 mean that without EU funding, the public investment carried out would not have been possible. For example, the ERDF and Cohesion Fund continued to support investment in railways and public transport when these were removed as priorities for national policy.

4 The financial implementation of Cohesion policy across the EU

Determining progress in implementing programmes is not straight-forward. There are two main sources of data available which throw light on this:

- **i.** payments to Member States made by the European Commission from the ERDF and Cohesion Fund on the basis of certified expenditure;
- **ii.** allocations of EU funding made by the managing authorities to projects.

The first set of data comes from Commission records on transfers from the two funds and is the most up-to-date in that it reports payments on a daily basis. It is, therefore, used here to indicate the position in this respect up to the end of 2011. At the same time, it also incorporates a possibly lengthy lag between expenditure actually being carried out on the ground and data being recorded. There are, therefore, several inevitable delays involved – between the spending being undertaken and the request for payment being made, checked and certified by the national (or regional) authorities and between the latter claiming payment from the Commission, claims being verified and approved and the money actually being transferred from the fund concerned. These various delays can mean that payments from the funds reflect expenditure on the ground which took place quite a few months previously[2]. They, therefore, give only an approximate indication of the implementation of programmes and, accordingly, the data need to be interpreted with caution.

The second set of data relate to allocations to projects, which, in principle, refer to the funding contracted to specific projects or measures which have been approved by the authorities in Member States and which have been completed or are in the process of being carried out or are due to be undertaken in the future. Although the data concerned may more closely reflect the actual implementation of programmes, there are problems in interpreting the data recorded, insofar as, within any given figure, the number of projects completed or being carried out can vary markedly in relation to the number which are still to get underway. Moreover, there is no common definition of the term 'allocation to projects between Member States, which adds to the difficulties of comparing the data across countries.

Neither set of data is ideal for assessing progress in implementing programmes, though each can throw some light on this. Each is examined in turn below. The general picture which emerges from the data is that in a number of countries there are serious delays in carrying out programmes. This is much the same as the conclusion drawn from the evidence in the 2010 report. Five years into the programming period, most of the funding available remains to be spent. This raises a question-mark

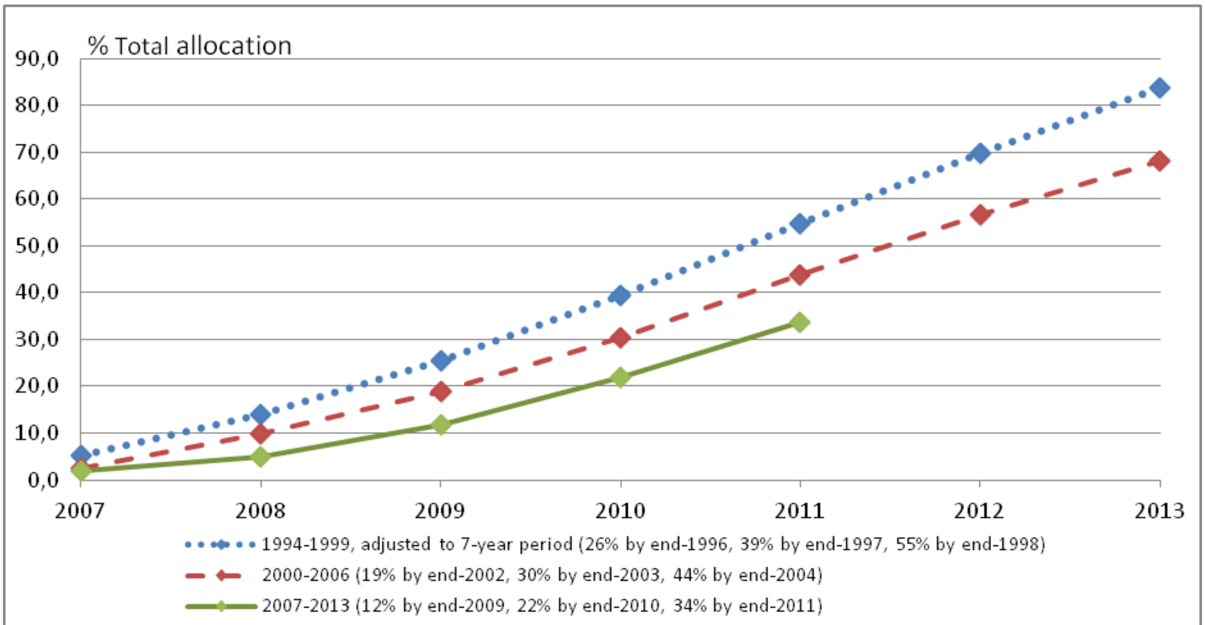
[2] In Italy, interviews suggest a gap of 6 months to 2 years in the case of investment in infrastructure. In Spain, a problem in the software for registering expenditure caused the lag to be even longer than it usually is.

not only over whether the various authorities concerned will be able to spend all the budget allocated to them under Cohesion policy within the time allowed but more importantly over whether they will be able to do so in a way which ensures that the funding is put to the most effective uses. The danger is, therefore, that the imperative of spending the money available in the permitted time will take precedence over ensuring that funding goes to the projects most likely to achieve the objectives set in the most cost-effective way.

Payments from the ERDF and Cohesion Fund falling further behind schedule

The time profile of payments from the ERDF for the current programming period can be compared with previous ones only for EU15 countries, since the 10 countries which entered the EU in mid-2004 began to receive funding only from that time. Including these therefore distorts the comparison since it naturally took a little time for their expenditure to build up. Nevertheless, the latest data up to the end of 2011 suggest that the implementation of the 2007-2013 programmes lags well behind that in earlier periods. By the end of 2011, 5 years into the programming period it is estimated that payments to the EU15 amounted to only 34% of the total funding available for the period as a whole. This compares with 44% at the same point in the 2000-2006 period and to 55% at the equivalent point of the 1994-1999 period (adjusted approximately to be comparable in terms of the time span with the two later periods[3]) (Figure 1, which shows the time profile of payments from the ERDF for the 2007-2013 period and what the profile would have been had it followed the same pattern as in the two earlier periods).

Figure 1 Time profile of payments from the ERDF to EU15 Member States for 2007-2013 as compared with earlier periods



- *Source: DG Regio database*

Payments at the end of the fifth year of the present programming period in relation to the funding available were, therefore, 10 percentage points less than at the equivalent point in the previous

[3] It is assumed that payments in the first year would have been 6/7s of what they actually were and from then up to 2001 (the end of the period plus 2 years) converge at a constant rate to be the same as they actually were.

period. This was more than the difference at the end of the fourth year, 2010 (8 percentage points). Accordingly, instead of the payments gap narrowing in 2011, it widened, implying that delays in the EU15 in implementing programmes as compared with the previous period lengthened further. Moreover, the implementation of programmes in the previous period, 2000-2006, was itself much slower than in the period before that, 1994-1999, which was a cause for concern at the time and which eventually led to the time allowed for countries to spend their ERDF allocations being extended by a year. Payments at the end of 2011 are, therefore, estimated to have been over 20 percentage points less in relation to the funding available than at the equivalent point in 1994-1999[4].

Delays in implementing programmes might be expected to have been even greater for the EU12 countries given their much shorter experience in managing the Structural Funds. In practice, however, as indicated below in more detail, at the end of 2011, payments from the ERDF to these countries were slightly larger in relation to the overall amount allocated than to the EU15 countries.

The payments made from the Cohesion Fund to the three EU15 Cohesion countries up to the end of 2011 are a little larger in relation to the overall allocation than for the ERDF (37%), though this is entirely a consequence of a relatively high rate of payment to Spain. In Greece and Portugal, payments were much the same as in the EU12 countries taken together, averaging only around 27% of the funding available. In aggregate, therefore, over 70% of Cohesion Fund support remains to be paid over the remainder of the programming period.

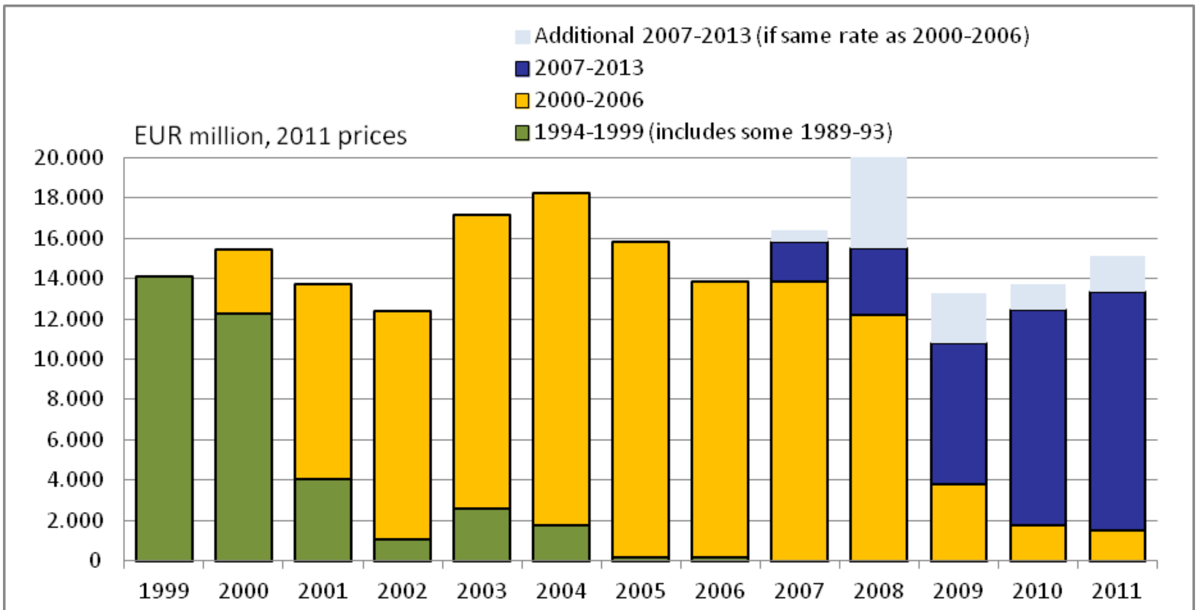
Delays in implementing programmes deprive Member States of EU funding during crisis period

The implementation delays mean that the additional amount which would have been paid to Member States from the ERDF had the rate of payment been the same as in the 2000-2006 period is substantial and increased further in 2011 (Figure 2 which is confined to EU15 countries and in which the additional amounts which would have been paid to the countries concerned had the profile of expenditure been the same as in 2000-2006 are indicated by the pale blue segments of the bars).

In 2011, therefore, the total sum paid to EU15 Member States from the ERDF to cover certified expenditure amounted to EUR 13.3 billion (at 2011 prices), almost 90% of it relating to expenditure in the current period. This is just over EUR 900 million more than the total sum paid in 2010 in real terms (i.e. after adjusting the money amounts by the GDP deflator), but it is EUR 1.8 billion less than would have been paid had the payments profile been the same as in 2000-2006. It means that the total payments made from the ERDF to the EU15 countries during the programming period up to the end of 2011 were, in real terms, some EUR 10.6 billion less in aggregate than would have been made had the rate of implementation of expenditure, and the associated payments schedule, been in line with that in the previous period.

[4] Delays in implementation seem to apply to the ESF too, payments of which made up to the end of 2011 were only marginally larger in relation to the overall amount available than for the ERDF.

Figure 2 Payments from the ERDF to EU15 Member States under successive programming periods, 1999-2011



Source: DG Regio database

Much of this shortfall in potential payments occurred in 2008 when the time allowed for expenditure to be carried out in order to qualify for funding under the 2000-2006 programmes was extended by one year up to the end of 2009 as part of the measures implemented to counter the recession. This decision, though it might have helped to ensure that the ERDF available was actually spent, seems effectively to have taken pressure off Member States to accelerate the completion of programmes. Moreover, it also seems in both 2008 and 2009 to have diverted attention away from implementing the programmes planned for the 2007-2013 period, which were accordingly slow to take off. At a time when there was an acute need for financial resources to help combat the fall in economic activity, the resources from the ERDF transferred to EU15 Member States actually declined markedly in real terms. Part of this decline reflects the enlargement of the EU and the shifting of the resources available from the ERDF towards the new entrants which, in general, were more in need of support. Most of it, however, is a result of the failure of EU15 countries, collectively, to carry out regional development programmes and to make use of the funding available to them.

This means not only that there was a shortfall in payments relative to the funding available but that the implementation of programmes needs to accelerate if funding is to be spent in the time allowed. As emphasised above, it raises a question-mark over whether this acceleration can take place without the quality of the projects carried out and the value for money they represent being put at risk.

Shortfall in ERDF payments varies markedly between Member States

The shortfall in payments from the ERDF in the current period in relation to the preceding one is not spread evenly across EU15 countries. It is particularly concentrated in the southern Member States, specifically Spain, Italy and Portugal, which have been hit by the crisis especially hard and in which financial resources are at a premium. Although payments in relation to the overall ERDF available in Spain and Portugal were in line with the EU15 average up to the end of 2011, they were considerably smaller than at the same point in the 2000-2006 period (around 20 percentage points smaller) (Table 6)[5]. In Italy, they were also much smaller than in the previous period (by 14 percentage points), but in this case they were equally well below the EU15 average (at only 19% of allocation). Between them, the three countries account for almost all of the difference in payments from the ERDF as compared with the 2000-2006 period and the small scale of payments in Italy is the major reason why payments for the EU15 were lower overall than for the EU12 when related to the funding available.

Table 6 Payments of ERDF relative to allocation in 2007-2013 compared with 2000-2006 and payments from Cohesion Fund relative to allocation, end-2011

	ERDF				Cohesion Fund	
	Allocation	Payments		Difference	Allocation	Payments
	(EUR mn)	end-2011(%)	end-2004(%)*	(% point)	(EUR mn)	end-2011(%)
Belgium	990.3	31.9	36.7	-4.8		
Denmark	254.8	42.4	42.6	-0.2		
Germany	16,108.0	42.0	44.0	-2.0		
Ireland	375.4	36.1	65.3	-29.2		
France	8,054.7	36.7	41.8	-5.1		
Italy	21,027.3	19.3	33.7	-14.4		
Luxembourg	25.2	46.0	30.3	15.7		
Netherlands	830.0	40.0	29.9	10.1		
Austria	680.1	35.4	46.0	-10.6		
Finland	977.4	41.6	47.0	-5.4		
Sweden	934.5	47.8	55.1	-7.3		
UK	5,416.0	37.2	35.2	1.9		
Greece	12,149.3	39.7	30.3	9.4	3697.2	29.3
Spain	23,057.2	33.3	54.4	-21.2	3543.2	57.3
Portugal	11,508.2	35.6	54.2	-18.7	3060.0	23.7
Bulgaria	3,205.1	25.6			2283.0	22.5
Czech Republic	13,932.8	31.9			8819.0	19.0
Estonia	1,860.2	49.9			1151.7	27.7
Cyprus	279.5	35.1			213.2	44.0
Latvia	2,407.6	33.5			1539.8	32.1
Lithuania	3,442.0	49.1			2305.2	46.7
Hungary	12,649.7	39.4			8642.3	30.0
Malta	444.0	25.7			284.1	31.5
Poland	34,791.0	40.5			22387.2	30.8
Romania	8,976.5	16.5			6552.4	15.3
Slovenia	1,933.8	46.3			1411.6	26.6
Slovakia	6,100.0	31.2			3898.7	24.0
EU27	192,410.5	34.6			69788.7	28.5
EU15	102,388.3	33.6	43.7	-10.1	10300.3	37.3
EU12	90,022.1	35.8			59488.4	27.0

** i.e. at the equivalent time in the 2000-2006 period*

Source: DG Regio database

[5] In Spain, the software problem in recording expenditure, noted above, may be part of the explanation for the apparent delay in claiming funding.

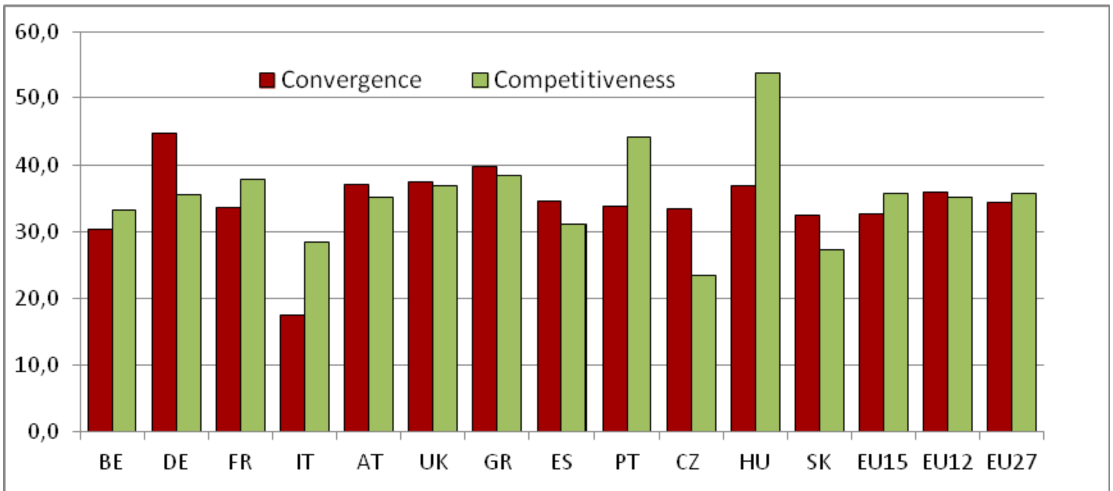
At the same time, in all but 4 countries in the EU15 – Greece, Luxembourg, the Netherlands and the UK - payments were also lower than at the same point in 2000-2006.

Remarkably, despite their more limited experiences in managing Cohesion policy funding, the delays in programme implementation seem to be less in the EU 12 countries taken together than in the EU15 countries. In 6 of the EU12 countries, payments from the ERDF in relation to the funding available were higher than the average for the EU15 in 6 countries and much the same in a seventh (Latvia).They were close to 50% of allocation in both Estonia and Lithuania and just over 46% in Slovenia, larger than in any EU15 countries apart from Sweden. Only in three countries, Bulgaria, Malta and Romania, were payments substantially smaller than in the EU15. The slow rate of programme implementation in Romania, where payments amounted only to 16.5% of the funding available, is a particular cause for concern.

Payments of ERDF under the different Objectives

Overall, payments in relation to allocation at the end of 2011 were larger in respect of regions supported under the Competitiveness and Employment Objective than under the Convergence Objective, but only marginally so (35.5% as against 34.5% across the EU as a whole). Only in three countries – Italy, Portugal and Hungary – where payments were made under both Objectives was the rate substantially higher for Competitiveness regions than for Convergence ones (Figure 3). In Germany, the reverse was the case.

Figure 3 Payments as % of allocations for 2007-2013 period in Convergence and Competitiveness regions at end-2011



Source: DG Regio database

Payments under the cross-border cooperation strand of the Territorial Cooperation Objective were smaller still in relation to allocation. By the end of 2011, they amounted to only around 27% of the resources set aside for the period.

Payments from the Cohesion Fund

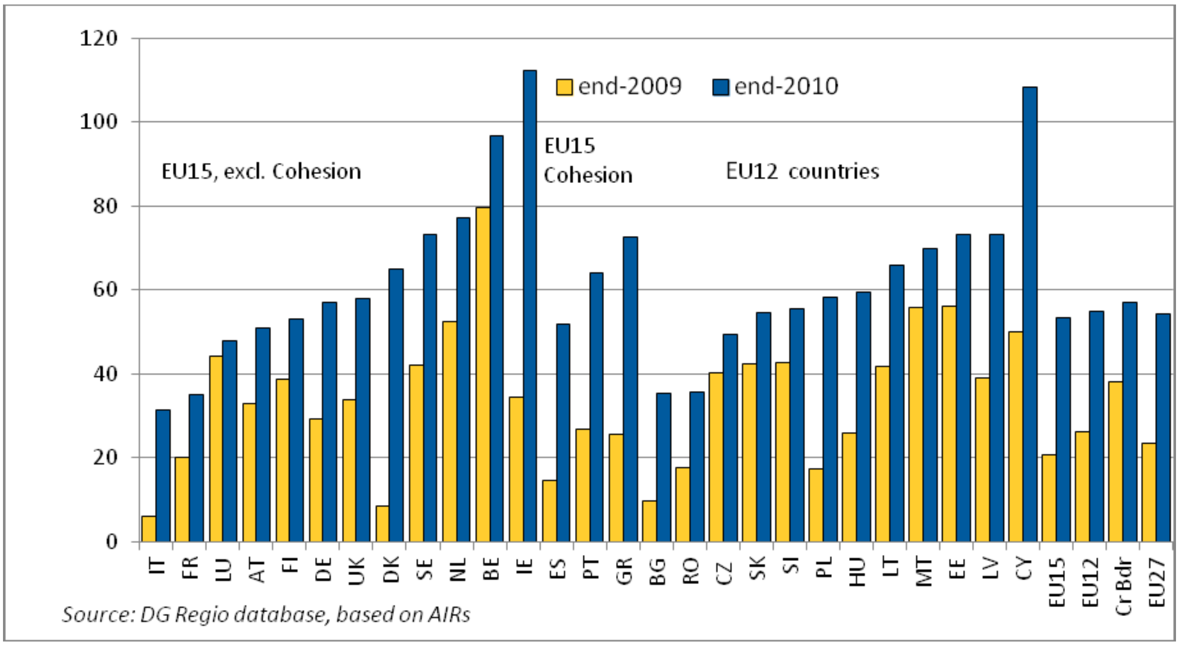
Payments from the Cohesion Fund at the end of 2011 were smaller in relation to allocation than those from the ERDF in most countries – all apart from Spain, Cyprus and Malta (Table 6 above).. The implication is, therefore, that the implementation of the Cohesion Fund is proceeding even slower than that of the ERDF during the current period. While it is only to be expected that the large infrastructure projects financed by the Fund would tend to take longer to prepare and carry out than the average projects financed by the ERDF, it is, nevertheless, the case that payments from the Fund are smaller than might be expected after 5 years of a 9-year period within which projects must be completed.

Evidence from data on allocations to projects

More of an increase in allocations to projects than in expenditure

Data on allocations of funding to projects in Member States show a much larger increase over the course of 2010 than payments to them and suggest that the implementation of programmes may have been more advanced than indicated by the latter. Across the EU as a whole, some 55% of the budget allocated to Operational Programmes had been allocated to projects by the end of 2010, much more than double the proportion at the end of 2009 (23%). The situation was much the same, on average in the EU12 as in the EU15 and project allocations increased at a similar rate in both during 2010 (Figure 4). Allocations to projects under the cross-border strand of the Territorial Cooperation Objective were slightly greater in relation to the overall allocation, though the low rate of expenditure raises a question-mark over how much progress had actually been made in implementing programmes by the end of 2010.

Figure 4 Allocations of the ERDF and Cohesion Fund to projects in Member States at end-2009 and end-2010 (% overall funding available for 2007-2013 period)



As noted above, there is some difficulty in interpreting these figures so far as the implementation of programmes is concerned. The term 'allocation to projects' covers all the different phases of implementation from selecting projects and allocating funding to them to the completion of the work involved. The implications for progress in carrying out programmes depend on the relative weight of the various phases which underlie it.

Moreover, what is covered by 'allocations to projects can vary between countries and even programmes, since there is no common definition of the term, with programmes determining their own criteria for identifying the allocations concerned. In addition there are data reliability issues with programmes failing to provide cumulative data consistently, providing erroneous data or in a few cases of not reporting data at all by the due date. This increases the difficulty of using the data concerned to assess progress in carrying out programmes across the EU (though according to DG Regio, the data should be more reliable than those for the previous year). Nevertheless, the data confirm that there are particular problems of implementing programmes and of carrying out planned expenditure in certain countries. This is above all the case in Romania, Bulgaria and Italy, where around two-thirds of the overall EU funding available for the period remained to be allocated to projects at the end of the fourth year. There also appear to be problems, if less acute, in France, where 65% of the funding available remained to be allocated to projects.

In the EU12, the data suggest there may be problems of implementation in the Czech Republic and Slovakia, in both of which payments were relatively low and where project allocations amounted to less than 50% of overall funding in the former and only around 55% in the latter.

On the other hand, the data on allocations to projects tend to suggest that implementation was relatively far advanced in Estonia and Lithuania, so confirming the implications of the payments data.

Allocations to projects by broad policy area

A breakdown by broad policy area indicates that in countries where the allocation of funding to projects up to the end of 2010 were relatively small in relation to the overall funding available this tended to be the case in most programmes rather than being specific to one or two. In both Bulgaria and Romania, therefore, only around a third of the funding available for most policy areas had been allocated to projects by the end of 2010 irrespective of whether they involved investment in infrastructure or support to enterprises (Table A.1 in the Annex). Much the same is true of Italy, where under 30% of funding was allocated to specific projects or measures in respect of Enterprise support and the Environment and energy and under 20% in respect of Territorial development, which between them accounted for around three-quarters of the overall allocation of funding (Table A.2 in the Annex).

Overall, there was some tendency in both EU12 and EU15 countries for allocations to be smaller to both Environmental and energy projects and Technical assistance than other policy areas (only around 45% of the funding available, on average, in each case). In both too, the project allocation for Enterprise support was around the average and for Transport, above average (around 60% in the EU12 and 67% in the EU15). Within Transport, allocations to rail projects in the EU12 were lower (only 37% on average) than those to road projects (69%), despite the typically longer duration of projects, though only around half as much funding was initially planned to go to rail as to road.

Since infrastructure projects tend to take longer to complete than others, the relatively low figures for allocations to Environmental and energy projects in many of the EU12 countries (less than half the funding available in the Czech Republic, Hungary and Poland in addition to Bulgaria and Romania) as well as in Italy, Spain, Portugal and France (where only around 20% of the finding available was allocated to projects) are a particular cause for concern.

Delays in implementing programmes due to much the same factors as identified in the 2010 Report

The main underlying reasons for the delay in the implementation of programmes are reported to be, for the most part, the same as indicated last year. In addition, as a number of reports make clear, there is no single main reason for delay but instead it is a consequence of an accumulation of factors which often reinforce each other.

The overlap of the two programming periods is still regarded as the major cause of delay in Italy and Portugal, where implementation has not caught up with time lost in the first two or three years of the programming period in completing the 2000-2006 programme. In both countries, lack of institutional and planning capacity is seen to be the primary underlying reasons for this failure.

Similarly, in a number of the EU12 countries (Bulgaria, Romania, Malta and Slovenia, especially), where lack of experience of managing the Structural Funds initially delayed the start of programmes, it is reported that there are also difficulties in catching up.

The delays caused by the recession continue to create difficulty in many Member States, where the effect of the economic downturn on public finances made it just as hard to find the resources to co-finance programmes in 2010 as in 2009, as indicated above. This is reported to be the main reason for slow progress in Ireland, the Brussels region of Belgium, Spain and the UK, while in both Italy and Portugal it is identified as contributing to the problem.

The economic situation and the hesitant recovery also continued to cause delays because of the weak demand for funding from the business sector due to both a lack of co-financing capacity and the uncertain prospects for future growth. This was reported to be the case in most Member States, particularly in Estonia, Spain, Finland, France, Latvia, Malta, Portugal and Hungary. Only for Austria was it specifically reported that demand in this regard had picked up in 2010.

Solutions adopted to increase the rate of implementation

In a number of Member States, the rate of implementing programmes was increased by reallocating expenditure to areas or activities in which funding could be spent more quickly, because the demand for financing was greater or projects could be started up faster. In some cases, this was because there was already an approved list of projects to be supported. This was so, in particular, in the Flemish region of Belgium, the Czech Republic, Germany and Greece. It was also the case in respect of Transport projects in Lithuania and Slovenia, where difficulties in implementing rail and water transport projects led to a shift of funding to road projects where difficulties were less and there was more likelihood of being able to absorb the funding available.

In Greece, conscious efforts were made to raise the rate of implementation through the launching of calls for proposals the announced budget for which amounted on average to 150-160% of the funding actually available. This resulted in a large number of approvals, though also in a lack of control and no assurance that the best projects with the greatest potential effects were selected.

In Italy, new national rules to speed up financial implementation were introduced in the form of targets being set for both allocations to projects and expenditure for each programme, failure to meet these leading to funds being re-allocated to better performing programmes.

In some Member States (Bulgaria Cyprus, the Czech Republic, Spain and Hungary), the central coordination of payment systems was reorganised to try to increase their efficiency, and measures were introduced to shorten the implementation process and increase administrative capacity.

In Latvia, Malta and Slovenia, efforts were made to resolve procurement problems by trying to improve the competence of staff through the provision of more training and consulting assistance as well as by implementing more pre-checks of prepared tenders to reduce challenges to public procurement results.

Similarly, in Poland, procedures were simplified and particular regulations changed (through new legislation as regards public procurement, in particular) to speed up implementation.

In Bulgaria, a loan agreement for up to EUR 700 million was concluded with the European Investment Bank to be used for co-financing purposes and so to accelerate programme implementation. In Cyprus and Malta, agreements were reached with the EIF, in the former to use assistance from JASPERS and in the latter to set up a JEREMIE holding fund to get projects off the ground faster.

In Romania, a priority action plan for project management, financing, public procurement, administrative capacity, audit and control was prepared in 2011, at the request of the European Commission[6], in an attempt to increase the rate of programme implementation and quarterly reports were introduced in order to monitor progress. In addition, the unit responsible for coordinating of the Structural Funds was moved first to the Prime Minister's office and was then integrated into the newly-created Ministry for European Affairs, set up pecifically o strengthen its authority and the coordination of policy. In addition, the intention has been expressed of putting in place arrangements to reallocate resources each year to the Ministries with the best record for absorbing funding and implementing projects (though so far there have been no official negotiations with the Commission over this)[7].

A common way of increasing the expenditure rate, though not necessarily one which is adopted with this aim principally in mind, is to transfer financial resources into financial engineering funds, since such transfers are recorded as expenditure as soon as the fund is set up. Spending can, therefore, be increased without any funding reaching final beneficiaries and, accordingly, without any tangible effects on the ground. A meaningful comparison between the rates of expenditure between countries – and indeed, any meaningful assessment of the rates themselves – ought really to make explicit allowance for such transfers, though this is difficult to do given the information available. There is some evidence, however, that the funds set up are beginning to be deployed (such as in the Walloon region and Hainaut in Belgium), so that expenditure rates in some cases were less 'artificial' at the end of 2010 than they were a year before.

At the same time, in a number of countries, the Czech Republic in particular, it is reported that the growing experience of managing authorities and applicants alike of determining the projects to be selected and getting them off the ground, and more generally, of operating the Structural Funds, is itself tending to increase the rate of implementation of programmes.

5. Achievements

The slow implementation of programmes described above means that fewer projects than might have been expected had been completed by the end of 2010, which is the period covered by the latest Annual Implementation Reports (AIRs). Nevertheless, it is still the case that a large number across the EU had been undertaken by then and these produced tangible outcomes. These outcomes, and, accordingly, the achievements of the support provided by the ERDF and the

[6] In a letter sent by the President of the Commission in December 2010.

[7] These measures were set out in a letter of intent to the IMF in September 2011 in support of a request for financial support.

Cohesion Fund under the different Objectives, are reviewed here on the basis of the information contained in the AIRs. This task, however, is complicated by the unsatisfactory nature of the information reported, which makes it difficult to identify what has been achieved in quantitative terms and to relate this to the programmes objectives. These difficulties are described below before reviewing the evidence on programme outcomes.

The quality of the information in the Annual Implementation Reports

The main purpose of Annual Implementation Reports (AIRs) is to set out the progress made in carrying out Operational Programmes and to describe the performance in meeting '*specific, verifiable targets*' which relate to the priorities set as well as '*the steps taken … to ensure the quality and effectiveness of implementation*'[8]. As highlighted in the 2010 Report, however, the reports to a large extent fail to serve their purpose satisfactorily. On the whole, they do not provide adequate information on the action taken and the projects and measures carried out, or being carried out, in pursuit of the programme objectives and the way that their quality and effectiveness is being assured. Since the reports are often the sole source of information in this regard, this means that it is difficult for anyone external to the process to assess either the progress in implementing the programmes or the outcome of the expenditure undertaken in a meaningful way.

As also described in the 2010 Report, the deficiencies of the AIRs relate to both the quantitative data they contain and the qualitative information they include to enable these data to be interpreted, especially in relation to the end-objectives of the programmes. In order to gain more of an insight into the contents of the AIRs across the EU and the extent to which they are fit for purpose, a survey of the national experts using them to produce the country reports was undertaken to obtain their views on the adequacy of the information they contain. The results of this survey are set out in an Annex to this report. In sum, they show that the 256 reports that were assessed[9] vary markedly in terms of both the amount and the quality of information they include. In particular, according to the survey:

- in just over one in 5 AIRs, the meaning of the quantitative indicators and the units of measurement were not adequately explained which could lead to confusion in interpreting them;
- in more than two out of 5 AIRs, the quantitative data included were not considered sufficiently relevant for assessing progress in achieving policy objectives;
- in a similar proportion of AIRs (over 40%), the nature of the data included was not sufficiently explained, in the sense that it was difficult to tell whether the data related to actual outcomes or expectations;
- around half the AIRs lacked adequate information to enable progress in implementing the programme concerned to be assessed;
- in over two-thirds of AIR, there was no clear link between the qualitative information included and the quantitative data and, accordingly, no adequate attempt to explain the significance of the data for the objectives of policy and why, for example, targets were not being achieved or had been significantly over-achieved.

[8] Article 67 of the General Regulation.

[9] These cover all Operational Programmes in 26 of the Member States, the only country not covered being Romania.

The AIRs in which these deficiencies are most prevalent tend to be in the larger Member States with the most Operational Programmes. In these countries too, there is a lack of consistency in the quantitative indicators included in the AIRs and the way they are measured which makes it difficult to aggregate the data for the indicators across programmes or regions. This is the case in 5 of the 6 largest Member States as well as in 5 of the remaining 16 which contain more than one OP. Moreover, it applies to the core indicators as much as to the other quantitative indicators included[10]. Accordingly, the failure to use common definitions even for indicators – such as the number of jobs created – which all OPs are supposed to collect data on makes it hazardous in many cases to calculate totals across regions in the same country let alone across the EU as a whole.

At the same time, it is arguable that the data included in the AIRs are not necessarily intended to be compared across regions and still less to be aggregated, though the core indicators were introduced in large part with aggregation in mind[11]. The main criticism of the AIRs, therefore, is not so much their lack of comparability and the difficulty of combining the data they contain – even though this complicates the task of assessing developments across regions and in particular Member States – but the problems of identifying progress in the implementation of programmes and the outcome of projects carried out which stem from the deficiencies in individual AIRs outlined above.

Added to these deficiencies is the fact – which emerges clearly from attempts to assess what has been achieved up the end of 2010 from the implementation of programmes (see below) – that the indicators chosen for monitoring purposes are in many cases not the most relevant for judging programme outcomes since they do not relate directly to the main aims of the projects or measures supported. This is the case, for example, for investment in R&D or support to SMEs, where the major goal is to increase the rate of innovation or productivity, whereas the indicators typically applied are the number of jobs created or firms supported or even simply the number of projects undertaken.

Leaving aside the general lack of suitable indicators of outcomes, which is a common failing across all AIRs, there are, it should be said, a number of countries in which the AIRs are reported to be reasonably good by the national experts. These include, in particular, Cyprus (where there is only one OP), Portugal and Slovenia, where the deficiencies listed above seem not to apply.

Evidence on achievements so far

Despite the delays in implementing programmes and the difficulties arising from the often unsatisfactory nature of the information available, it is still possible to find evidence of significant achievements from the expenditure carried out with the support of the ERDF and Cohesion Fund over the present programming period. This evidence is summarised below for each broad policy area in turn. It is based mainly on the data included in the AIRs on physical indicators, largely core indicators, which are intended to be monitored in all Operational Programmes, but also those

[10] See footnote below.

[11] According to the European Commission's Indicative Guidelines on Evaluation Methods published just before the beginning of the programming period, these indicators should provide a means of ' *aggregat(ing) information to demonstrate what Cohesion Policy resources are being spent on and what they are achieving*' (Working Document, No.7, July 2006). Although the Commission provided guidance on how the indicators should be defined, this did not go far enough – it did not for example make sufficiently clear that actual rather than expected outcome should be reported – nor was it obligatory for Managing Authorities to follow.

specific to different programmes[12]. These data are supplemented so far as possible by the commentary on them contained in the AIRs, which as indicated above tends to be relatively limited, together with additional information which the country experts were able to obtain. Where relevant, and where possible, a distinction is made between regions supported under the Convergence Objective and those supported under the Competitiveness Objective.

(In practice, because of the very evident deficiencies of much of the data reported in respect of the core indicators – such as the use of incorrect units or the implausibility of some of the figures concerned –a good deal of effort has been required by DG Regio officials to check and verify their validity. This inevitably took some to do and has delayed the completion of the present report which was intended to be published in December 2011.)

Achievements from 2000-2006 programmes occurring in 2007-2010

A significant number of Cohesion policy projects, co-financed by the funding provided for the 2000-2006 period, were completed in the present programming period, in part because the time within which expenditure needed to be carried out was extended to end-2009 and in a few Member States, to end 2010.. Some of the major achievements of 2000-2006 programmes are as follows:

- according to aggregate monitoring figures from programme final reports, Cohesion Policy created some 2.2 million jobs in gross terms[13];
- nearly 46,000 research and development projects received support with the creation of over 20,000 new long term research jobs[14].
- Over 8,500 km of new roads were constructed with support from the ERDF plus nearly 4,000 km of motorway built or reconstructed with support from the Cohesion Fund
- Some 1,200 km of high speed railway line were built or reconstructed with support from the ERDF plus Cohesion Fund.

Source: DG Regional Policy

The data, which show the position as at the end of 2010, indicate that achievements vary markedly between countries and policy areas, suggesting that some countries and regions were more successful in implementing programmes than others or that some kinds of project were given priority over others or perhaps were easier to carry out.

Overall jobs created

In total, according to the indicators published in the AIRs, almost 189,000 (full-time equivalent) jobs across the EU in gross terms are estimated to have had been created directly by the projects carried out during the programming period up to the end of 2010 (Table 7– which does not include data for

[12] A set of 41 core indicators were defined in the guidelines for evaluating the 2007-2013 programmes co-financed by the ERDF and Cohesion Fund as a means of monitoring performance in relation to a number of common priorities, which are intended to enable '*comparisons or aggregations of data (to be made) across similar programmes, priorities or measures*'. (European Commission, *Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators*, Working Document No.2, August, 2006. Although not obligatory, Member States were strongly recommended to apply them and to report on them in respect of all programmes where appropriate.

[13] This figure is a (soon to be published) update of already published figures. A significant proportion of the jobs – some 800,000 or so – were created after 2006.

[14] This is again an update of figures already published.

Denmark, Latvia, Cyprus and Malta for which estimates are not available). Around half the jobs were created as a result of expenditure under the Competitiveness Objective, which receives a much smaller allocation of funding than the Convergence Objective. This reflects the more advanced state of the programmes concerned but also the greater focus of spending on job creation through enterprise support.

Table 7 Estimates of gross, full-time equivalent, jobs directly created by ERDF and Cohesion Fund co-financed 2007-2013 programmes over the period up to end-2010

	All programmes			Convergence			Competitiveness		
	Number	% target	No. per 1,000 employed	Number	% target	No. per 1,000 employed	Number	% target	No. per 1,000 employed
BE	9,824	65	2.2				9,824	65	2.4
DE	26,732	6	0.7	15,521	5	2.2	11,211	8	0.4
IE	555	76	0.3				555	76	0.3
FR	999	1	0.0				999	1	0.0
IT	3,528	2	0.2	1,962	1	0.4	1,566	5	0.1
LU	46	15	0.2				46	15	0.2
NL	3,568	29	0.4				3,568	29	0.4
AT	1,801	26	0.4	219	43	1.6	1,582	25	0.4
FI	10,325	27	4.2				10,325	27	4.2
SE	14,227	43	3.1				14,227	43	3.1
UK	35,118	18	1.2	5,097	10	3.9	30,021	21	1.1
GR	8,959	48	2.0	8,959	48	2.2			
ES	24,779	17	1.3	18,624	15	3.0	6,155	23	0.5
PT	16,075	45	3.2	12,224	44	3.4	3,851	46	2.8
BG	624	29	0.2	624	29	0.2			
CZ	5,636	22	1.2	5,636	22	1.3			
EE	1,314		2.3	1,314		2.3			
LT	129	20	0.1	129	20	0.1			
HU	10,342	14	2.7	9,776	21	3.8	566	10	0.5
PL	9,073	8	0.6	9,073	8	0.6			
RO	3,556		0.4	3,556		0.4			
SI	1,582	15	1.6	1,582	15	1.6			
SK	559	3	0.2	550	3	0.3	9	2	0.0
EU15	**156,535**	**16**	0.9	**62,605**	**10**	2.2	**93,930**	**23**	0.6
EU12	**32,815**	**10**	0.8	**32,240**	**10**	0.8	**575**	**10**	0.2
EU27	**189,350**	**15**	0.9	**94,845**	**10**	1.4	**94,505**	**22**	0.6

Note: Data not available for missing countries; EU totals cover only those countries shown. For Portugal, the data under Competitiveness' relate to Multi-Objective programmes and data; for Slovakia, the data under 'Convergence' include the Multi-Objective programme and data

Source: DG Regio database, compiled from Annual Implementation Reports for 2010

Achievements by broad policy area

RDTI and Enterprise support

The range of measures to support RDTI and business tends to be wider in Convergence regions than in Competitiveness ones because of the often much less developed context in which intervention is taking place. Measures, therefore, include support for the development of infrastructure, the acquisition of equipment and expanding research capacity in universities. In Competitiveness regions, the focus is mostly on supporting collaborative research on specific technologies, the development of centres (or 'poles') and clusters in well-defined sectors through the dissemination of knowledge and the take-up of ICT through new business creation and the strengthening of financing initiatives for innovation.

Overall, the most frequently recorded achievements relate to the number of firms and business start-ups supported, the number of research projects carried out and the number of research centres established. In total, some 19,000 RTD projects and 6,000 business research-cooperation projects had been financed by the end of 2010, 20% and 25%, respectively of the targets set for the period. In both cases (Table 8), the number of projects was much higher in the EU15 than in the EU12 – and in Competitiveness regions than in Convergence ones – though targets were also much higher (see Box for a description of the figures presented in Table 8 and the other tables in this section).

Methodological note on the figures for core indicators and targets

The figures included in the tables relate only to core indicators and targets which have been verified or confirmed, so far as possible, by DG Regio, though, despite the considerable effort which has been devoted to this, there are still some inconsistencies in the underlying data. For some indicators, there are confirmed outcomes but no confirmed targets and *vice versa*.

Figures in the '2010' column are the sum of confirmed data for the indicator in question across all OPs in each country, cumulated over the period 2007-2010. Figures in the '% target' column relate to confirmed outcomes as a percentage of confirmed targets, calculated by including the OPs for which data for both outcomes and targets are available and meaningful. (An example of a non-meaningful figure is the 35.8 million people in Latvia who are recorded as benefiting from improved urban transport.) Accordingly, the figures in the two columns may not always be directly comparable, since, for example, the outcome figure might cover OPs for which there are no confirmed targets as well as those for which there are.

Blanks indicate that no confirmed outcome is recorded for items for which there are no confirmed targets, which tends to mean that it was not planned to undertake any projects in the area concerned. 'Zeros' in both columns indicate that there are confirmed targets but no outcomes are recorded. Zeros zero in the '% target' column where there is a positive figure in the '2010' columns indicate that the outcome up to the end of 2010 is less than 0.5% of the target.

EU12, EU15 and EU27 totals are calculated in the same way as the country totals: figures for the total in the '2010' column are the sum of confirmed outcomes across the relevant EU countries, while figures in the '% target' column are weighted averages of the figures for each country for which confirmed values for targets are available (including countries for which there was zero outcome but a confirmed target).

Interpretation of the figures is not straight-forward both because there remains a question-mark in many cases over whether the figures relate to projects which have been approved or to those which have been completed and because it is not always clear how far there is double-counting. As regards the former, the practice in Slovakia is indicative of the problem. Here the figures for 'number of projects' are based on contracted projects, while those for the other indicators are based on completed projects. It is uncertain how far this is a common feature of the data.

As regards the problem of double-counting, this is a particular issue in respect of the transport data, where it is not always clear whether the entry for TEN-T roads or rail constructed is included or not in the figures for new roads or rail constructed. In Portugal or Bulgaria, for example, it is fairly clear that the figures for the construction of new roads and rail include TEN-Ts. In Greece, the two seem to be recorded separately in that there are figures for new TEN-T construction but not for new roads and rail constructed.

The figures indicate wide support for small-scale innovation projects, aimed at both the development of new products and the installation of new processes, in a large number of SMEs. While the additional investment stimulated is widely recorded, there is no information on the effect on the competitiveness of the firms concerned and no indication in the commentary in the AIRs on the sectors in which they operate or on the areas of specialisation of the clusters supported.

In general, there are relatively few indicators of output or results in respect of support for RTDI (though in a few countries, such as Slovenia and Slovakia, data on on patents filed, scientific articles published and products developed or new processes introduced as an outcome of the policy are collected). The main indicator relates to jobs created. This shows that overall just over 85,000 were created (in gross terms) directly by support in this area, around 23% of the target together with almost 15,000 research jobs, around 34% of the target. In both cases, the numbers were much higher in the EU15 (and Competitiveness regions) than in the EU12 (10 times as many research jobs and 4 times as many other ones), though in both cases too, the targets set were also higher. While the non-research jobs created in the EU12 were similar in relation to the target to those created in the EU15, the number of research jobs created was well below the target in the EU12 (only around 8% of this) and much closer in the EU15 (53%).

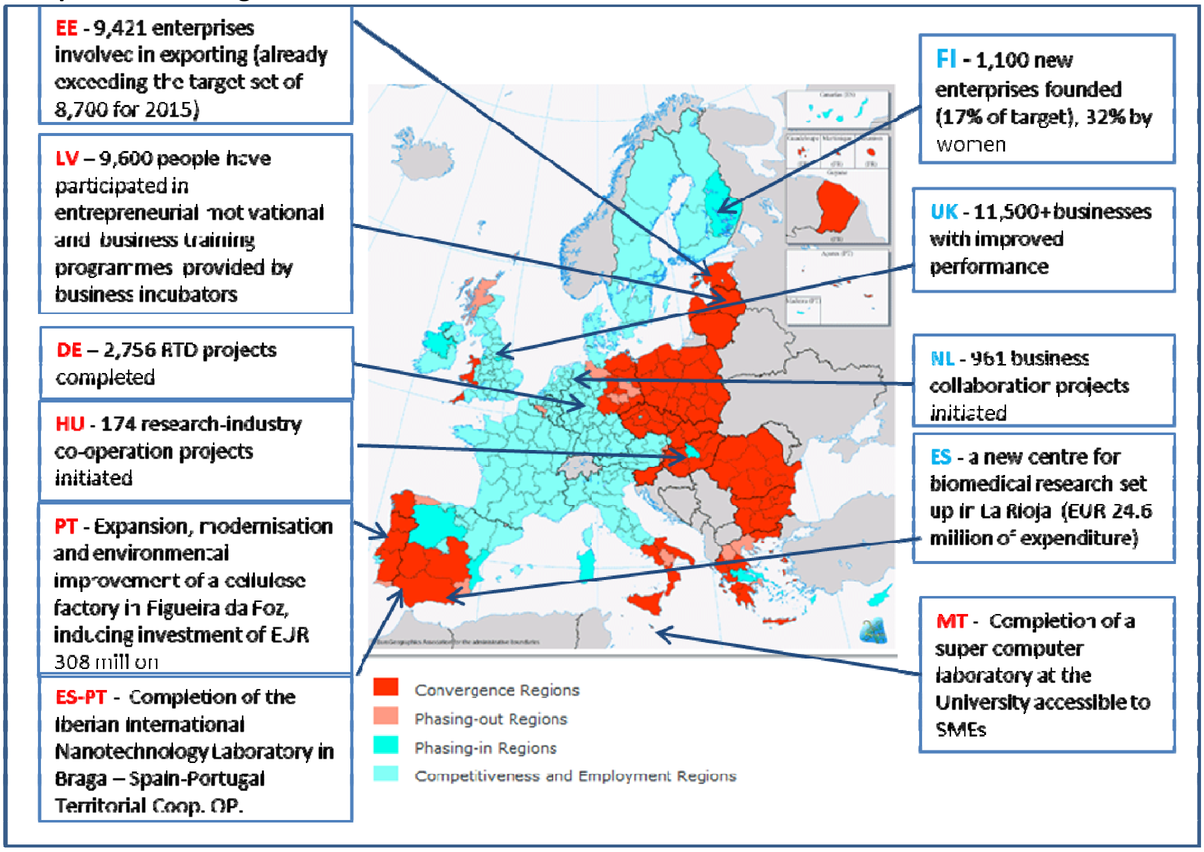
The indicators of projects undertaken in respect of investment aid to SMEs, ICT or business promotion tell us little about outputs or results, though the targets set in relation to the funding allocated to these areas show that the average size of projects are considerably larger in the EU12 than in the EU15.

The biggest difference between the EU15 and the EU12 was in the number of business start-ups supported. In the former, this amounted to almost 22,500up to the end of 2010, with particular large numbers in Sweden and the UK (around 7,000 or so in both cases), whereas in the EU12, it amounted to only just under 1,600, though again the target set was very much lower in the latter (in Poland, for example, it was only around 25% of that in Sweden).

It should be noted that in some AIRs (in Italy, for example), the setting-up of venture capital or loan guarantee funds in this broad policy area is cited as an example of an achievement, largely because funding is considered as being spent as soon as this happens, allied to the effort often required to establish such funds. In practice, however, many of the funds concerned have been slow to begin actually supporting firms and the financing involved for the most part remains to be translated into investment.

Figure 5 indicates some of the achievements over the period up to the end of 2010 from ERDF co-financing of RTDI and Enterprise support projects across the EU and the location of these, drawing on programme specific indicators as well as core indicators.

Figure 5 - RDTI and Enterprise Support: examples of achievements in Convergence and Competitiveness regions



Source: DG Regio data on core indicators and country reports

Table 8 Core indicators – RTDI and enterprise support (Convergence and Competitiveness), Outcomes up to end-2010

	No. of RTD projects		No. of coop. projects		Research jobs created		No. of invest. aid projects to SMEs		No. of start-ups supported		Gross (FTE) jobs created	
	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target
BE	272	46	34	19			112	23	96			
DK	171	66							0	0		
DE	3,100	29	673	137	4,427	63	2,434	27	108		14,879	57
IE	1	25			555	76	5,630	87	61	133		
FR	712	69	134	24	459	24	106	37	8	4	234	5
LU	18	56	7	140	17	21						
IT	1,891	47	357	23	218		7,523	31	218	10	1,008	10
NL	338	67	479	102			9,641	202	3,435	453		
AT	106	13	148	72	124	14			35	10		
FI												
SE	59	86	116	59	207	70	35	34	7,295	47		
UK	935	57	1,187	114	6,958	73	734	3	6,725	36	8,446	20
GR	290	11	0				21,215	154	491	41	8,959	48
ES	6,005	11	2,355	16			22,659	26	3,360	31	24,779	17
PT	2,409	67	326	24	336	95	9,048	80	612	66	10,750	86
BG	0	0	0	0	0	0						
CZ	269	15	3	1	1	1	3,749	27	0	0	188	13
EE	578											
CY			0		0		93				0	
LV	0	0	0	0	0	0	72	17	244	298		
LT	479	184	9	9	129	20	820	328	94	627		
HU	576		174		926		11,791		538		6,496	123
MT	11	110	11	110					0	0		
PL	25	2	43	5	69	7	2,909	15	591	15	7,870	19
RO	271		26		263		743		7		1,528	
SI	239	120					1,676	210	0	0		
SK	329	18	204	25			647	42	98	38	411	4
EU15	16,307	19	5,816	27	13,301	53	79,137	45	22,444	43	69,055	23
EU12	2,777	24	470	11	1,388	8	22,500	28	1,572	23	16,493	22
EU27	19,084	20	6,286	25	14,689	34	101,637	42	24,016	40	81,606	23

Source: DG Regio data based on Annual Implementation Reports, 2010

Transport and telecommunications

The planning, preparation and completion of transport projects tends to require more time than those in other policy areas because of their typical scale and complexity as well as the extensive preparation in terms of planning and so on which is required. In consequence, they tend to be much slower in producing tangible output and results. In many countries, therefore, there is little to report in terms of achievements. The major exception is Spain, where several large projects had been completed by the end of 2010.

The indicators included in the AIRs for monitoring progress in carrying out transport plans relate mostly to output – km of road and railway newly constructed or upgraded – and only to a small extent to results (reductions in accident rates, savings in journey time, increases in the number of passengers using the new services introduced and the additional population served). The achievements evident up to the end of 2010 are both relatively few and concentrated in one or two countries, with the exception of broadband coverage and the upgrading of roads. Just under 920,000 people had been connected to broadband by the end of 2010, the great majority of these (almost 840,000) in the EU15 and well over half in Italy and Portugal taken together (Table 9). In the EU12, the projects completed were concentrated in Hungary and Slovenia, providing access to around 56,000 in the latter.

Just under 280 km of motorways were added to the trans-European Transport Network (TEN-T) over the period, half of them in Spain and most of the rest in Greece and Slovenia (around 50 km in both), while almost 900 km of other roads were constructed, mostly in Spain (around 275 km), Portugal (140 km) and Germany (just over 80 km) in the EU15 and mostly in Poland (around 200 km) and the Czech Republic (66 km) in the EU12. In Poland, however, these represented only around 7% of the target for the period and in a number of other countries, Hungary and Slovakia, especially, the proportion of planned roads constructed was only slightly larger. In Greece and Portugal too, almost all of the target TEN-T motorways remained to be constructed at the end of 2010.

Almost 250 km of railway line were added to the network up to end-2010 and slightly more (285 km) to TEN-T railways. All of the lines were in in Germany, Spain and Portugal. In the latter two countries, however, as well as in Greece, the construction of new lines was considerably below the targets for the period, while in Italy, none of the planned construction of 19km of new line had been completed. In the EU12, there was no significant construction of new railway lines and where there are plans, there is some question over whether they will be realised[15].

The length of road reconstructed – repaired or upgraded[16] – was very much greater than the new roads built, amounting to over 12,000 km in total across the EU, though largely concentrated in Spain (6,500 km) – where the extensive construction of new roads over the past decade or two means that there is little need for any further enlargement of the network - Portugal (almost 2,200 km), Poland (1,600 km) and the Czech Republic (650 km). The length of railway line reconstructed was much less (300 km) and in this case concentrated mostly in the Czech Republic (175 km or so) and Hungary (just over 60 km), with very little in the EU15.

[15] This is the case in Slovakia in particular.

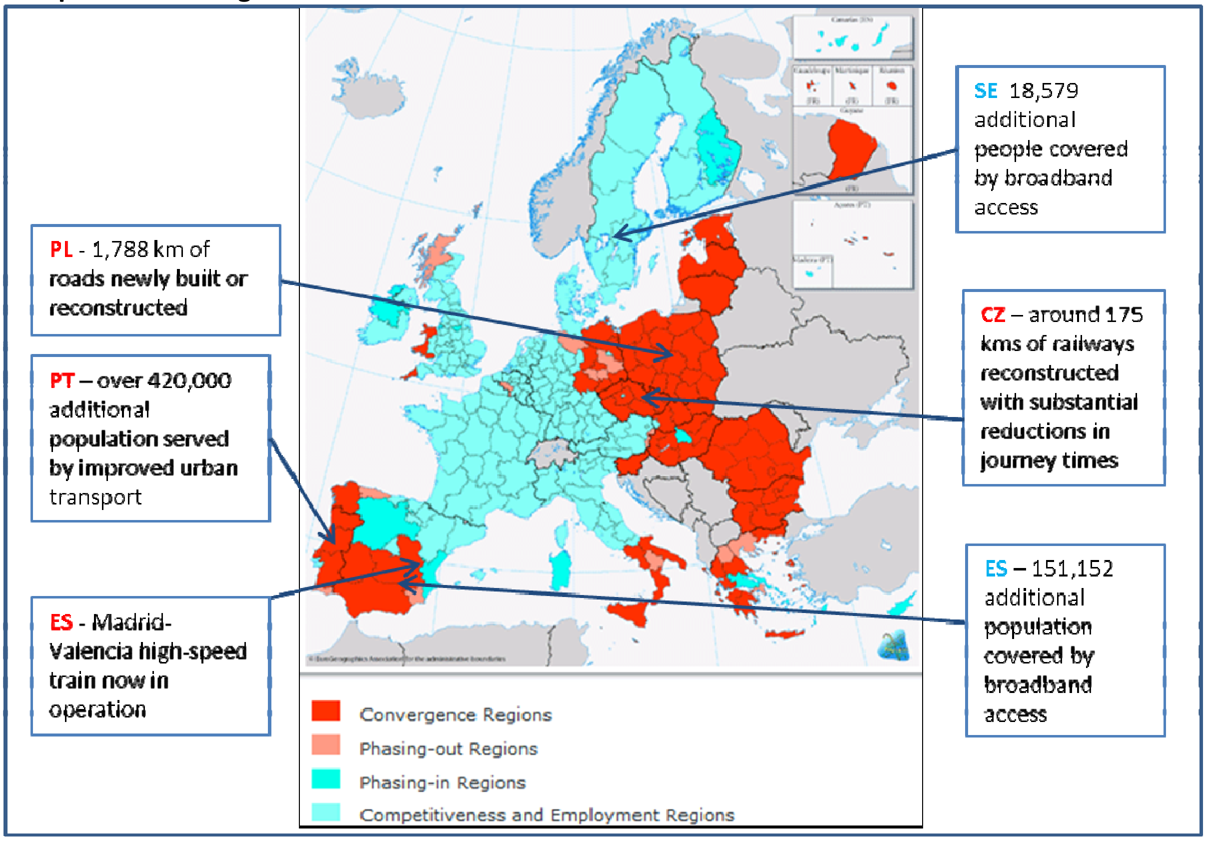
[16] 'Reconstruction' covers a range of activities, from filling in potholes to reinforcing the surface so that the road can carry heavier loads as well as to widening carriageways so that they can carry more vehicles and speed up journey times. The poor state of repair of many of the roads and railway lines in the EU12 means that these activities can be as important in improving connections as building new roads or railway lines.

How much the reconstruction of either roads or rail improved the transport network in terms of reducing journey times or accidents, or indeed contributed to reducing environmental damage, remains uncertain. The AIRs contain estimates of the value of time saved from the improvements in both the road and rail network from new construction and repairs or upgrading, which suggest that the savings are substantial in the EU12 for both road and rail improvements (there are no estimates for Spain or Portugal), the former being particularly large in Poland and Slovenia, the latter in the Czech Republic (Table A.5 in the Annex to this report). It is hard to know, however, how reliable these estimates are and whether it is really the case that the value of time savings from the 175 km of railway lines reconstructed in the Czech Republic amounted to over 100 times the value of those from the 200 km or so of new lines built in Germany, as the data suggest.

The indicators also include estimates of the population served by improved urban transport, though it is equally difficult to interpret these since the figures could relate to the entire population of a city where marginal improvements have been made to the system as opposed to the people actually using the transport concerned. For what they are worth, they show over 3 million people served by the improvements made up to end-2010, half of them in Sweden, 1 million in Italy (which is reported to be less than 3% of the target, implying that the aim is to 'serve' most of the population) and over 400,000 in Portugal.

Figure 6 shows a few examples of the transport and telecommunication projects carried out up to the end of 2010 and indicates their location.

Figure 6 Transport and communications: examples of achievements in Convergence and Competitiveness regions



Source: DG Regio data on core indicators and country reports.

Table 9 Core indicators – Transport and telecommunications (Convergence and Competitiveness)

	Additional people with b-band access		No. of transport projects		km of new roads		km of new TEN roads		km reconstructed roads		km of new railways		km of TEN railways		km reconstructed railways	
	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target
BE																
DK																
DE	3		697	15	82	4			253	1	196	377	122	488		
IE	153,102	44							33	100						
FR	133		5	50											0	0
LU																
IT	280,095	10	40	18	31	53			11	10	0	0			21	5
NL																
AT	0	0														
SE	18,579	145	50	52	5				3							
UK			21	87	7		1		5							
GR	0	0	190	47			50	4	90	9			9	4	23	70
ES	152,292	3	102	17	273	23	140	96	6,523	220	4	2	96	2	1	3
PT	234,040	87	370	124	142	63	2	2	2,171	91	45	16	37	14		
BG	0	0	3	20	0	0	0	0	128	6	2	6	2	0	0	0
CZ			501	64	66	26	0	0	643	51			0		177	39
EE			21		15				117							
CY																
LV			165								0	0	0	0		
LT			5	83					1059*						1	
HU	22,891		144	157	33	10	10	6	115	37	0	0	0	0	62	21
MT									0	0						
PL	564	0	676	41	202	6	0	0	1,588	25	0	0			0	0
RO			120		12				278							
SI	55,850	186	8	40	0	0	52	81	0	0	0	0	0	0	0	0
SK	0	0	63	53	23	13	23	30	68	6	0	0	19	44	19	10
EU15	838,244	9	1,475	39	540	27	193	14	9,088	133	246	39	264	25	45	3
EU12	79,305	1	1,706	52	350	7	85	2	5,878	22	2	1	21	2	258	3
EU27	917,549	5	3,181	47	890	13	278	4	12,027	60	248	25	285	14	303	3

** Includes some new construction*   *Source: SG Regio data based on Annual Implementation Reports, 2010*

The Environment and energy

Environmental and energy projects consist mainly of investment in infrastructure to improve the supply of drinking water and wastewater treatment especially in Convergence regions. The most informative indicators relate to the number of additional people served by the different types of investment concerned, the land area rehabilitated as a result of clean-up measures and the additional capacity for producing renewable energy.

Around 1.5 million additional people across the EU were connected to clean drinking water supply over the period (Table 10). Almost all of these (1.4 million were in the EU15, divided between Spain (again largely in the Convergence regions), Greece and Portugal, much of the finance coming from the Cohesion Fund. In Spain, in particular, however, the number concerned (over 830,000) fell well short of the target (which was some 12 times larger) and in Greece, it amounted to only around 30% of the target, In the EU12, the additional 101,000 people who were connected were split predominantly between Slovenia, Latvia and Poland, and in the last two, the number was only a very small fraction of the target, implying that almost of all the projects in this regard planned to be undertaken in the period were still to be carried out.

Table 10 Core indicators – Energy and Environment (Convergence and Competitiveness)

	No. of renewable energy projects		Added capacity of renewable energy production		Additional population served by fresh water projects		Additional population served by wastewater projects		No. of solid waste projects	
	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target
DK	66	66								
DE	3,124	43	510				42	25	0	0
IE	3	38					0	0		
FR	3	43	14,936	405	0	0	0	0	21	14
LU	5	83	0	0						
IT	538	16	642	0			32	4	184	22
AT	1	4	70	67						
SE	27	36								
UK	23	31	0	0					3	
GR	0	0	0	0	303	30	488	29	59	80
ES	5,312	10			835	8	519	5	193	21
PT	13	17			282	46	1,168	77	29	45
BG	0	0	0	0			66	4	0	0
CZ	90	6	4	2	0	102	0	95	124	50
EE	3								5	
CY										
LV	10		0	0	27	2	955		35	
HU			27	66						
PL	28	1	1	0	26	2	45	10	75	2
RO	14		85						12	
SI			90	18	49	22	13	2	5	83
SK	74	56	36	38	0	0	0	0	221	94
EU15	9,115	13	16,158	0	1,420.4	2	2,248.6	4	489	20
EU12	219	5	242	8	101.7	1	1,079.1	0	477	41
EU27	9,334	13	16,400	0	1,522.1	2	3,327.7	1	966	27

Source: DG Regio data based on Annual Implementation Reports, 2010

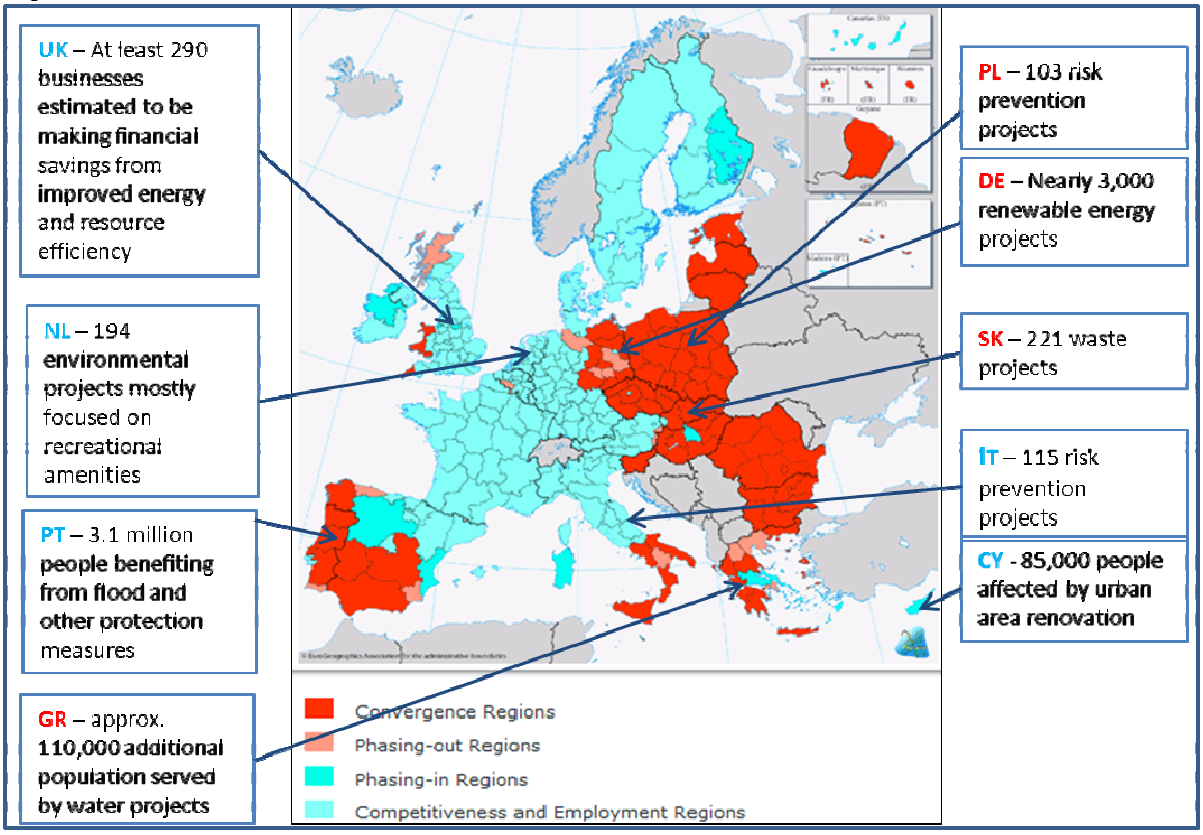
There were almost twice as many additional people connected to wastewater disposal and/or treatment systems over the period as to fresh water supply – over 3.3 million across the EU. Again, the people concerned in the EU15 (2.2 million) were concentrated in Spain, Greece and Portugal, though around twice as many in the last (1.2 million) as in the other two. Moreover, while the number connected amounted to 77% of the target for the period in Portugal, it was under 30% in Greece and only 5% in Spain.

In the EU12, an additional 1.1 million or so people were connected to systems of this kind over the period, most of them in Latvia (955 thousand) and the rest mainly in Bulgaria and Poland, where in both cases, the number concerned was only a small fraction of the target, again implying that a great deal of investment still needed to take place before the end of the period.

The funding allocated to support of investment in renewable energy supply was very much less than to environmental infrastructure. The data included in the AIRs show that ERDF co-financed projects added some 22,000 MWs to the overall supply capacity from renewables across the EU over the period up to end-2010. Most of this occurred in France (in Competitiveness regions), where almost 15,000 MWs, were added, far in excess of the target, and in Estonia (over 5,000 MWs), while elsewhere, the main additional capacity was in Germany and Italy (5-600 MWs in each), though in the latter, this was only a minute proportion of the target.

Figure 7 shows examples of co-financed projects carried out in this broad policy up to end-2010.

Figure 7 Environment and energy: examples of achievements in Convergence and Competitiveness regions



Source: DG Regio data on core indicators and country reports

Territorial development

The interventions which can be grouped together under the heading of Territorial development cover a wide range of measures, including, in particular, support for investment in social infrastructure (such as hospitals), the regeneration of urban and rural areas and the reclamation of old industrial sites, the improvement of cultural and tourist amenities and increases in public security. Projects are often small and scattered over a wide area, though potentially having a significant effect on local communities. Unfortunately, the indicators available relate mainly to the number of different kinds of project carried out rather than to the outcome of these or to their results. Accordingly, they give an indication of the relative effort made in different areas but not what this has achieved in tangible terms.

The indicator for the number of projects for supporting tourism shows that there were almost 3,000 in the EU15 over the period up to end-2010, with over half in Spain and Portugal, the great majority in Convergence regions, and many of the rest in the south of Italy (i.e. also in Convergence regions) (Table 11) .

Table 11 Core indicators – Territorial development (Convergence and Competitiveness)

	No. of tourist projects		No. of jobs created in tourism		No. of health projects		Area rehabilitated (km2)		No. of projects improving sustainability+urban area attractiveness	
	2010	% target	2010	% target	2010	% target	2010	% target	2010	% target
BE							4		35	30
DK	6	60			10	67				
DE	137	75			1	100	33	2	830	34
FR	172	29	1	0			3	15	20	14
LU							1	67	0	0
IT	541	12	1,350	1	84	21	6	2	173	17
NL	9	10							12	27
AT	5	56							27	66
FI										
SE	48	60							14	52
UK	57	11	67	81						
GR	144	3			61	21			53	40
ES	984	15			988	65	60	14	19	3
PT	799	76	1,541	60	121	79	12	41	969	76
BG	0	0							0	0
CZ	425	40	485	119	66	60	256	63	628	87
EE					0				16	
CY										
LV	27				66		0	0	59	219
LT	148	123	16		192	256	0		58	19
HU					77	59	429	142		
MT	99	32			2	100			1	33
PL	95	9	289	7	439	38	0	0	23	3
RO	157		12		39				62	
SI	169	135	563	56			0	7		
SK	93	43	143	4	49	84	0	11	487	108
EU15	2,902	16	2,959	2	1,265	53	118	10	2,152	38
EU12	1,213	33	1,508	16	930	53	685	91	1,334	51
EU27	4,115	18	4,451	3	2,195	53	803	42	3,486	42

Source: DG Regio data based on Annual Implementation Reports, 2010

However, whereas in Portugal, the 800 or so projects undertaken represented 80% of the target for the programming period, in Italy and Spain, they represented only 12-15%. In the EU12, only just over 1,100 projects were completed in this period, over 40% of them in the Czech Republic. Although overall, these amounted to around a third of the number targeted, there was substantial variation in the apparent progress made between countries, projects carried our relative to target varying from zero in Bulgaria, 6% in Slovakia and 9% in Poland to 40% in the Czech Republic and 123% in Lithuania (where 148 projects had been completed).

It is difficult to interpret the figures for projects undertaken in terms of actual outcomes, except in terms of the jobs directly created (see below). This is not least the case because the apparent size of projects varies equally widely between countries. Although there are no data on expenditure which can be compared directly with the indicator for project numbers, the ERDF allocated to 'tourism and cultural activities' gives some guide to the average size of projects, even if there is not necessarily a precise match between the two in terms of coverage and even if the projects carried out did not necessarily conform to the average. This suggests that the average size of project is or at least was planned to be – much larger in the EU12 countries than in the EU15, even taking account of the difference in co-financing rates, amounting to EUR 2.5 million in terms of ERDF support in Lithuania, EUR 1.9 million in Poland and EUR 1.1 million in the Czech Republic as against around EUR 540,000 in Portugal, EUR 375,000 in Italy and just EUR 120,000 in Spain – i.e. only 5% of the size in Lithuania.

These projects were equally associated with the creation of differing numbers of jobs. In Italy and Portugal, around 1,400-1,500 jobs are recorded as having been created in each case, implying an average of 2-2.5 jobs per project, though in Italy, the number created was only just over 1% of the target. In Poland and Slovenia, the average was only slightly more, at just over 3 jobs per project despite the apparently much larger size of project in terms of expenditure, while in the Czech Republic, where the average size was also much larger than in Italy or Portugal, the average was only just over 1 job per project. Moreover, the number of jobs created in the Czech Republic was already in excess of the target, despite the number of projects carried out being well below, while the reverse was the case in Slovenia, where jobs created were only just over half the target number whereas the project numbers were well above.

The number of health projects carried out by the end of 2010 amounted to just over 1,260 in the EU15, most of them in Spain (almost 1,000), and again largely in the Convergence regions, and most of the rest in Portugal, Greece and Italy. In both Spain and Portugal, the target for the period was well on the way to being achieved, whereas in Greece and Italy, the number of projects was only around 20% of the target,

In the EU12, some 930 health projects had been carried out in the first 4 years of the period, concentrated mainly in Poland (over half the total) and Lithuania (20%), though there were significant numbers undertaken also in the Czech Republic, Hungary, Latvia and Slovakia. In each case, though less so in Poland (where the number was under 40% of the target) than elsewhere, the number concerned was relatively high as compared with the target, and in Lithuania, 2.5 times higher, suggesting that the target set was an excessively low one (especially since the allocation to projects is recorded as being only 40% of the overall budget available).

As in the case of tourist projects, the average project size in terms of the ERDF allocated varies considerably between countries, being particularly small in Spain (less than EUR 700,000 of ERDF support), larger in Italy and Poland (just over EUR 3.1 million in both), even more so in Portugal, the

Czech Republic and Lithuania (around EUR 11.7 million in each) and largest of all in Slovakia (EUR 20.3 million).

According to the indicator, some 800 square km of contaminated or derelict land had been cleaned up across the EU in the period up to the end of 2010, by far the greater part of this in EU12 countries and, in particular, in Hungary and the Czech Republic (the target already being exceeded by over 40% in the former, which suggests that it may have been set at an unrealistically low level). In the EU15, the land concerned was primarily in Germany and Spain (largely in Competitiveness regions in the former and Convergence ones in the latter), though in both cases, the area was well below the target for the period.

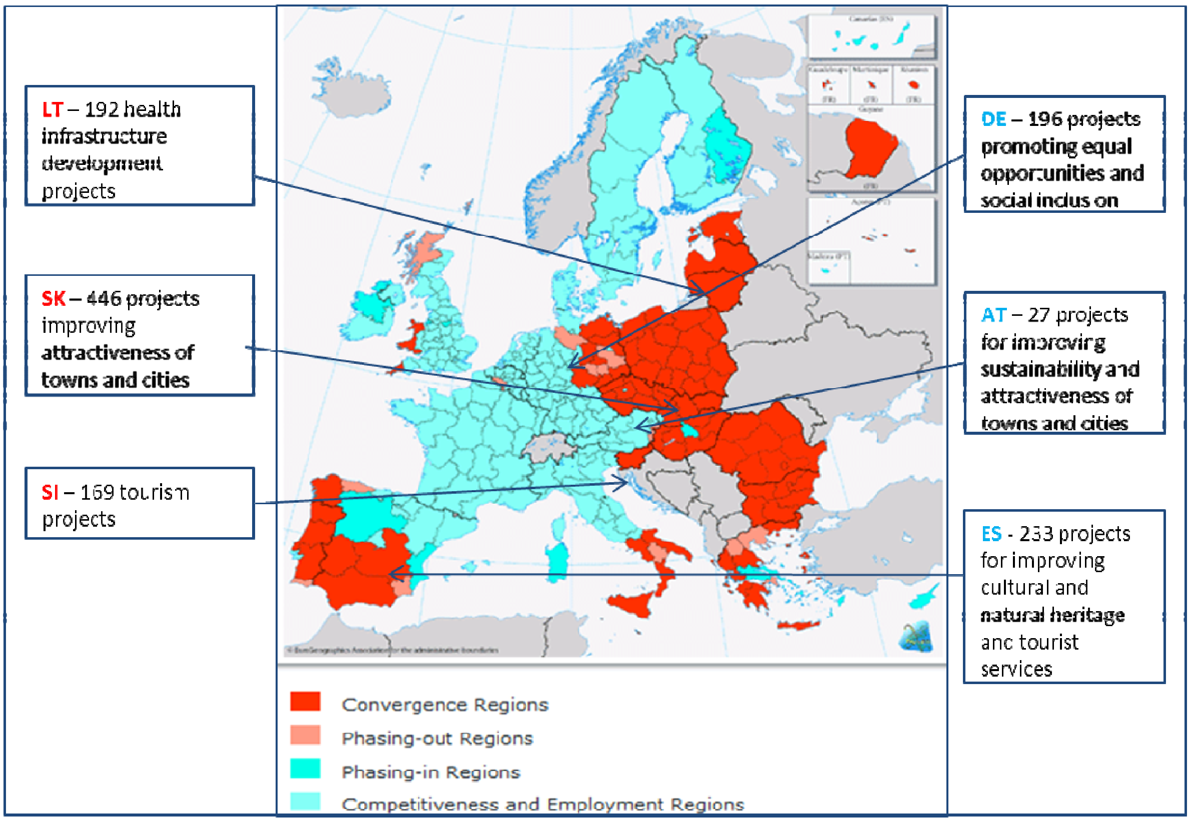
Some 2,150 projects aimed at urban regeneration or renovation and improving sustainability were carried out in the EU15 in the period up to the end of 2010. Most of these were in Portugal (970) and Germany (830) with a significant number also in Italy (173). As in the case of the other policy areas included under the broad heading of Territorial development, the target number of projects in Portugal in this area was a long way to being achieved (the number was around 76% of the target), whereas in Germany, two-thirds of the number targeted still had to be undertaken. In the other EU15 countries, the situation was closer to that of Germany than Portugal.

In the EU12, just under 1,350 projects had been carried out by end-2010, most of them in the Czech Republic (just under half) and Slovakia (just under 500). In the former, the target set had almost been achieved and in the latter had been exceeded by 9%. This contrasts with the situation in Lithuania, where projects carried out amounted to only around 20% of target and Poland, where they amounted to just 3%. At the same time, in Latvia, where the number of projects undertaken in this area was much the same as in Lithuania, this was over twice the target number. Here, however, the figures for the allocation of resources from the ERDF suggest that the initially intended projects were considerably larger on average than elsewhere (around EUR 9.7 million per project as opposed to around an average of EUR 1 million in other EU12 countries).

In the EU15, the relatively large number of projects carried out in Portugal and Germany seem to have been relatively small in size (the ERDF allocated to this policy area being only around EUR 400,000 per project) as compared with those in Italy or Spain (around EUR 1.7 million per project in the latter).

Figure 8 shows examples of projects undertaken during the period up to the end of 2010 in the different policy areas covered by the broad heading of Territorial development.

Figure 8 Territorial development: examples of achievements in Convergence and Competitiveness regions



Source: DG Regio data on core indicators and country reports

Progress in implementing programmes as reflected in the indicators

The above review of the physical indicators included in the AIRs highlights the marked differences that exist between Member States in the progress made in implementing programmes up to the end of 2010. In particular, they reveal clearly the very limited progress made in Bulgaria, where many of the indicators are recorded as having zero value and in most cases projects are still to be carried to the point of even beginning to meet targets. The only area in which significant progress is evident in meeting a target is ICT where the number of Information Society projects carried out had exceeded the target by the end of 2010. The amount of funding allocated to this area, however, is negligible, amounting to only 0.1% of the total receivable from the ERDF and Cohesion. This evidence contrasts with the data on allocations to projects, which show these amounting to 35% of the overall funding available at the same date across all programmes, suggesting that for the most part that, though funding might have been allocated, actual projects were still waiting to get off the ground.

In Poland too, the physical indicators suggest much more limited progress than the data on allocations to projects. These show the EU funding allocated as averaging almost 60% of the total available for the period, yet most of the indicators, especially those relating to infrastructure (transport and environmental), show output as only a small fraction of the targets set.

In the EU15, the indicators confirm the very slow implementation of programmes in Italy, especially in the southern Convergence regions, where even RTDI and Enterprise support projects, which tend to be more advanced than those in other policy areas, are lagging well behind targets. Equally in Spain,, the indicators suggest that relatively little has so far been achieved in most policy areas outside of Transport. By contrast, in Portugal, the indicators show that in most areas significant progress has been made towards meeting the targets set.

6. Evaluations

As noted in the 2010 Report, the change in the regulations introduced for the 2007-2103 period led to a new approach to the evaluation of EU-funded programmes across the Union. In particular, there has been a widespread formulation of evaluation plans and more evaluations of particular measures or aspects in place of full-scale evaluations of whole programmes at pre-defined times. Although the greater freedom given to Member States in this respect has led to the number of evaluations declining, as compared with the previous programming period, this needs to be interpreted in the light of the fact that many of the evaluations carried out over the latter period were largely formal in nature. By the same token, it has also led to wide variations between Member States in the evaluations undertaken, in the attitude towards them and in the use made of them. At the same time, account needs to be taken of the delays in implementing programmes, which in some countries has meant that until very recently there has been little to evaluate, at least so far as the effect of policy is concerned.

Attitudes to evaluation and capacity

The number of evaluations of EU-funded programmes, or parts of them, increased significantly across the EU In 2010 and in the first half of 2011. In some countries, systematic mid-term evaluations on all or many of the OPs were carried out or initiated (such as in France, the UK, the Netherlands and Ireland) while in others, the focus was largely on evaluations of specific issues or measures (as in Poland, Italy, Portugal and Hungary).

In all, some 266 completed evaluation were mentioned in the country reports and, in some cases, these are only a sample of the total number undertaken. In Poland, in particular, some 453 evaluations[17] have been published since 2007 (including those on ESF-financed measures but excluding ex-ante evaluations), many more than the 94 listed as being supported by the ERDF and Cohesion Fund in the country reports, though many of those not listed are relatively small. Examination of the evaluations mentioned in the country reports reveals a number of features:

- the relationship between the number of evaluations and the number of programmes varies greatly between countries [18] and reflects major differences in policy as regards evaluations;
- evaluations of particular issues or measures accounted for almost 60% of the total. The proportion was much the same in respect of support provided under the Convergence Objective as under as under the Competitiveness Objective, with evaluations of Cross Border Cooperation support taking the form mainly of programme-wide ones (67% of the total);

[17] Based on data on the National website for evaluation http://www.ewaluacja.gov.pl/Wyniki/Strony/Wyniki_badan.aspx
[18] On average 1.1 evaluations for each Convergence or Competitiveness OP have been carried out, but this varies from a very small ratio in the Czech Republic (0.1 per programme) to a very high one in Lithuania, Denmark and Poland (6-8 per programme). In the case of Cross-border-cooperation programmes, the ratio is less than 1.

- almost two-thirds (66%) of evaluations were concerned with management and implementation issues, with only around 27% focusing on achievements and 7% on strategic issues and employment effects;
- of the evaluations of specific themes, 40% were concerned with RTDI and enterprise support, 15% territorial development, 13% environmental issues, 8% transport and 11% ICT, human resources and energy. The remainder were split between building technical capacity, appropriate institutions and effective communication (10%) and horizontal issues such as gender equality (4%)[19];
- some 10% of all evaluations and 31% of those focusing on achievements relate to the previous programming period, which reflects the increasing interest in assessing the impact of measures on ultimate objectives. Since, however, the context has changed as a result of the economic crisis, it is difficult in many cases to extend the results of these evaluations to the present programming period.
- some 4% of the evaluations listed in the reports were not directly on EU-funded measures[20]. This proportion tends to be larger, on the one hand, in countries where no evaluations of EU-funded programmes have so far been carried out (such as Greece) and, on the other, in those where a culture of evaluation is more deep-rooted (such as the UK) or where national institutions produce analyses of policy (such as Spain and Italy).

The picture, therefore, is very variable, with some countries (Greece and Cyprus) not yet having completed any evaluations at all of EU-funded interventions in the present programming period and others having completed a great many (Poland above all) At the same time, the number of evaluations undertaken is not necessarily a good indication of the degree of commitment to the evaluation of Cohesion policy as such, since it leaves out of account the extent to which evaluations actually influence the decision making process to any significant extent (which they tend not to do in Germany, the Netherlands, Slovenia and many of the Mediterranean countries) (See Annex for more details of the situation in each of the Member States).

The number of evaluations in Itself also takes no account of their scale (in Poland, most have been relatively small) or division between policy areas, which may not be in line with the division of expenditure, nor does it necessarily reflect the current situation. In the UK, the change of Government in 2010 led to changes in the management of regional policy which have tended to reduce both the evaluation effort and the importance attached to it, as happened in Italy and the Czech Republic a few years ago.

Overall, given the starting point, progress in carrying out evaluations has been less than could be expected in Italy, Germany, Austria, the Netherlands, Greece and Spain, while the reverse is the case in a number of EU12 countries, especially the three Baltic States, Slovakia and Bulgaria as well as in Sweden. On the basis of developments over the period up to now – though things can change as the period progresses and what are in some cases ambitious evaluation plans are put into practice – three broad groups can be identified in terms of policy with regard to evaluations:

[19] Information on the financial resources devoted to the evaluations is not available so it is possible that the division was different in terms of the effort devoted to the different issues.
[20] This is almost a gross under-estimate of the evaluations undertaken outside of the ERDF-Cohesion Fund ambit around the EU which are related to regional development issues since the country reports tend to focus on those where Cohesion policy-funding is involved.

- countries or regions in which few evaluations have been carried out and in which limited interest is evident in doing so: Slovenia, Malta, the Czech Republic, Cyprus, Greece, the Netherlands, the Brussels capital and the Flemish region in Belgium;
- countries in which relatively few evaluations have been undertaken but where there is a significant commitment to carrying them out: Spain, Portugal, Austria, Germany, Bulgaria, Italy and Luxembourg;
- countries or regions in which a relatively large number of evaluations have been carried out and where a significant commitment to evaluations is evident: Hungary, France, Slovakia, Lithuania, Latvia, Estonia, Denmark, Ireland, Poland, Sweden, the UK, Finland and the Walloon region in Belgium.

The division of evaluations between policy areas

Some policy areas have been subject to more evaluations than others. The most frequently evaluated are RTDI and enterprise support while relatively few evaluations have been carried out in respect of transport, energy and human resource development (at least in respect of ERDF-financed investment), though the last absorb only a very small share of ERDF resources.

Although more evaluations have been carried out on Transport in Convergence regions, where it accounts for a relatively large amount of funding, than in Competitiveness ones, it has still received little attention in many countries (particularly in Italy and most of the EU12 countries).

In some countries (Sweden, the UK, Poland, Malta, France and Ireland), all the main policy areas have been subject to evaluation in a relatively balanced way, in others (Belgium, Finland, Italy, and Spain), the focus has been on particular issues or measures. In France and the Netherlands, a systematic mid-term evaluation has been carried out on all OPs, while in Italy, Hungary, Latvia and Poland, a significant number of ex-post evaluations have been undertaken on the 2000-2006 programmes.

The division of effort and of focus reflects different approaches to evaluation. In particular, in Sweden, Finland, Denmark, the UK and Austria, evaluations have been used in many cases to improve the implementation of programmes and to increase the involvement of stakeholders. In other cases, evaluations have focused on formal procedures and the arrangements in place for implementing programmes, but have enabled stock to be taken of progress in carrying out programmes. Evaluations of specific policy areas have been more oriented to assessing results and, though some of them have focused largely on procedural aspects; they reflect a concern to identify causal mechanisms in respect of particular types of intervention and to assess their effectiveness.

As compared with the previous programming period, evaluations of specific policy areas and/or measures represent an advance in assessing the effects of Cohesion policy interventions, which occurred only to a limited extent in 2000-2006, and which, accordingly, is a step towards more evidence–based policy. At EU level, despite the differences in the efforts being made between countries, such evaluations should produce an accumulation of knowledge over the next few years which should help to identify ‘what works, why and where’ in different areas.

Evaluation methods and quality

Most of the evaluations so far carried out have focused on implementation procedures and have been largely based on qualitative methods and the monitoring indicators available.

The use of econometric models with a focus on the macroeconomic impact of interventions has been more frequent in Poland, Hungary and Portugal than elsewhere – indeed, apart from in these countries, very few evaluations have been carried out on the combined effects of interventions in different areas.

Relatively few impact evaluations in general have been undertaken and those which have been have most often been carried out on the 2000-2006 programmes, for which more data on results are available. In 6 countries (Lithuania, Spain, Italy, Hungary, Latvia, Poland and the UK), it is reported that at least one of the evaluations undertaken applied counterfactual methods. Most of the evaluations in question were concerned with business support measures, though in some cases they were carried out on measures not financed by the ERDF.

Indeed, in a number of countries, the most methodologically advanced and rigorous evaluations have been carried out on interventions which are not subject to EU funding, though these are often of an academic nature and not directly focused on policy issues. Nevertheless, the findings are in many cases relatively robust and have implications for policy.

An important point to note as regards the quality of evaluations is that the widespread weakness of monitoring systems and the deficiencies in the data which are compiled, as described above, can mean that the information required to assess the effects of Cohesion policy interventions is missing. This can limit the possibilities of carrying out a meaningful evaluation and restrict the scope. In particular, very few of the evaluations which are described in the country reports are concerned with the central issue of value for money, not so much for want of interest but because of a lack of the necessary data.

Main findings of evaluations

Some of the main findings of the evaluations described in the country reports are summarised below, focusing on those relating to the achievements of the measures supported and grouping them by policy area.

Evaluations of **RTDI** measures in regions supported under the Competitiveness Objective show positive results in Hungary (on employment), France (in terms of new patents and the formation of partnerships), Ireland (in terms of research publications, patents, business development and increases in human capital) and Belgium (in terms of increasing the average size of projects). In Competitiveness regions in Finland and Luxembourg, evaluations found a need for projects to be better aligned with enterprise needs and for more cooperation between stakeholders. In Convergence regions, evaluations concluded that innovation support in Latvia was not efficient but that support for business innovation in Poland had positive effects[21].

The general conclusion in respect of RTDI intervention is that there is evidence of it having positive effects in a number of countries, but that there have also been problems in the implementation of support measures in some cases and a failure to tailor interventions to the needs of enterprises.

The results of evaluations of **Enterprise support measures** in Competitiveness regions are also largely positive. Examples are the support to 'the growth centre in central Jutland' in Denmark and the fast-growing 'Automation regional' cluster in Sweden. In Finland, however, evaluations found that there was a need to strengthen the link between SMEs and research centres.. In Hungary, ex-

[21] The national expert was, however, cautious about this finding.

post evaluations of support to enterprises estimate that the provision of infrastructure for businesses together with the development of closer links of SMEs with large firms has created 500 new jobs as well as expanding investment. In Italy, subsidies to investment for firms in Convergence regions were estimated to be responsible for increasing investment by 7% a year over the period 1995-2001 and turnover by more. In addition, a 'difference in differences' analysis indicated that EU funds had a positive effect on business performance in Latvia between 2004 and 2006. In Poland, comparatively few of the evaluations carried out have used a counterfactual approach, but some of those that have done so have estimated a positive effect on business performance of measures implemented under the 'Improvement in the Competitiveness of Enterprises' OP in the 2004-06 period.

In general, evaluations found little evidence of significant implementation problems but many indicated that the positive effects of support measures were often associated with high deadweight costs.

Evaluations of **transport** projects have been carried out in four countries – Greece[22], Lithuania, Poland (with support under the Convergence Objective) and Spain (under the Competitiveness Objective). Positive results were found in terms of a reduction in travel times and a lessening of traffic congestion (the Athens metro in Greece financed in the 2000-06 period), increased investment and employment (in Lithuania in the previous programming period according to a macroeconomic model) and GDP growth (the Madrid-Valencia high speed railway line in Spain in the current programming period). Other evaluations have focussed on implementation issues and have reported that transport projects have been well governed in France and have been satisfactorily implemented in Germany (in respect of the Cross-border cooperation programme). On the other hand, an evaluation of projects in the Italian Convergence regions found that there was limited capacity to use funding effectively. By contrast, an *ex-post* evaluation of 2000-2006 projects in Sicily concluded that there were tangible improvements in airports though less so in sea- ports.

Comparatively few evaluations have been carried out on environmental infrastructure projects. Those that have been undertaken have focused largely on implementation aspects or have assessed the contribution of EU funding on national policies and it remains for the effect on economic and social objectives and the cost-effectiveness of interventions to be evaluated.

The wide range of activities covered by **territorial development** makes it difficult to compare findings, even though a large number of evaluations have been carried out. In Denmark, evaluations found that support measures had led to stronger cooperation in tourism and new technology had been successfully introduced in museums. In Sweden, an evaluation found evidence of the effects of support for development spilling over from the areas targeted into neighbouring ones. In Italian Convergence regions, several evaluations have been undertaken on local development (integrated territorial) projects implemented in the 2000-06 programming period. These have reported improvements in the quality of life in the areas concerned but limited effects on collaboration between institutions and on capacity building and mixed consequences for economic development. A counterfactual evaluation carried out by the Italian Central Bank found that Territorial Pacts in the 1996-2004 period were 'largely ineffective' in stimulating employment and business growth. In Slovenia, an evaluation of the operation of policies in this area concluded that the lack of 'bottom-up' projects was a major weakness.

[22] Though not by or for the national authorities.

A large number of evaluations have focussed on cross-cutting **management and implementation issues**. In particular, those carried out in Poland for the previous programming period found problems of governance and a lack of administrative skills. The absorption of funds was the main target and local political coalitions were found to be more important in project selection than ’objective’ criteria.. Evaluations in other countries in a number of cases (in France and Finland, for example) reported poor monitoring and indicator systems and a need for improved methods for undertaking impact assessments in Sweden.

Features of evaluation policies in Member States

The country reports mention a number of interesting features of the way evaluation policy is being conducted across the EU.

- In Lithuania and Latvia, procedures have been put in place to implement the recommendations of evaluations and central working groups have been established to verify that this actually happens. Evaluations have, therefore, come to assume a central role in decision-making processes and the results have become more transparent.
- In Portugal, a national steering group has been set up to supervise the implementation of the overall Evaluation Plan for the NSRF and Operational Programmes, which facilitates operational coordination and comparison of evaluation findings.
- In Denmark, projects are obliged to produce data for specific indicators which are then merged with national statistics, so increasing the quantitative information available for evaluations and facilitating the use of counterfactual methods.
- In the UK, a review of evaluations on local development measures has produced an interesting overview of their main effects; this is an example of ‘meta-evaluation’ which could usefully be extended to other issues and to other countries.
- In Wales, a Feasibility Study of Methodological Approaches to Undertake Impact Evaluation has been carried out and has produced a useful guide to the different methods.

Issues for consideration

Although the number of evaluations carried out across the EU has increased significantly as the programming period has gone on, there are growing disparities between Member States in both their use and the take-up of results. In many countries, evaluation is kept separate from the decision-making process, particularly in those where policy is in need of improvement and it could potentially have the most effect.

At the same time, the increase in the number of evaluations on specific policy issues is leading to a build-up of knowledge about the effects of specific interventions, which is potentially of importance for the design of future policies across the EU. To turn this potential into reality, however, requires an effective means of disseminating the knowledge concerned.

An important point which emerges from the country reports is that although the evaluations carried out across the EU have covered all the main policy areas, the number involved varies markedly between them. Moreover, in some countries, the coverage is not systematically linked to the amount of funding allocated or to the strategic relevance of different policy areas. For instance, transport is in many cases under-evaluated despite the importance of the projects concerned. Indeed, in some countries no evaluations in this area have been carried out at all in the present period up to now. Equally, most of the evaluations undertaken have been on process and procedures rather than on the effects of intervention. This may be due partly to delays in the implementation of programmes but it also reflects in some cases the limited interest of authorities in this issue.

7. Concluding remarks

A number of points emerge from the above analysis:

- delays in implementing programmes have expanded the funding remaining to be spent over the remainder of the period and increased the risk that priority will be given to absorption instead of to the most effective way of pursuing development objectives;
- the austerity measures implemented in many countries together with tight budget constraints mean that the EU funds are likely to be the major, and in some countries almost the only, source of finance for development expenditure over the next few years;
-
- though constraints on government expenditure give an incentive for the authorities concerned to increase the effectiveness of the spending which does take place, in a number of countries there is a question-mark over their capacity to do so in practice;
- the information in the Annual Implementation Reports is , in general, in a form which makes it difficult to assess progress in implementing programmes in a meaningfully way and to identify what has tangibly been achieved through the expenditure so far carried out;
- the greater freedom given to Member States with regard to evaluation has resulted in the number and scope of those carried out varying widely across the EU, with some countries making little effort to evaluate policy outcomes, but with most undertaking more focused evaluations than in the past.

These findings to a large extent are similar to those which were highlighted in the 2010 report. At the same time there are signs of progress in implementing programmes, much more evidence of achievements from the expenditure carried out and clearer indications that the change in approach to evaluations for the current programming period is having the intended effect. In many Member States, therefore, more relevant and more detailed evaluations of specific measures and issues are being carried out.

Signs of an increase in the pace of programme implementation

There is mixed evidence on how far the delays in implementing programmes evident when the 2010 report was produced have been reduced since then. The data on payments to Member States from the ERDF and Cohesion Fund, which show the situation up to the end of 2011, suggest that the pace of implementing programmes has remained relatively slow. At the end of the fifth year of the programming period, payments from the ERDF to the EU15 countries averaged only a third of the total allocation for the period, substantially less than at the same stage in the preceding period, with little sign of any acceleration. The shortfall in payments as compared with the previous period is especially marked in Italy, Spain and Portugal, all countries hit particularly hard by the crisis where there is a pressing need for the financial resources which the two Funds provide.

Despite their more limited experience of managing EU funding, payments to the EU12 countries at the end of 2011 were slightly larger in relation to allocation than in the EU15. The two countries which stand out as having particular problems in implementing programmes are Bulgaria and, more especially, Romania, where there was no previous experience at all of managing EU funding on the present scale.

The payments data, however, are subject to unknown lags between projects being carried out on the ground, claims for payment being made by Member States and these being checked and agreed by the Commission. As such they are not necessarily a reliable guide to the pace at which programmes are being carried out. In contrast to the payments data, the figures for allocations to projects, which should more closely reflect the measures underway or completed, show a marked increase during 2010. By the end of the year, project allocations represented well over 50% of the overall financing available from the ERDF and Cohesion Fund for the current period in both the EU12 and EU15 countries. Although there is some difficulty in interpreting these figures because of the uncertainty involved in what they cover, they suggest an acceleration in programme implementation in many countries in 2010. This is especially the case in the three Baltic States in the EU12 and Greece in the EU15, though in the last, there are signs that this might have come at the expense of reducing the effectiveness of expenditure.

On the other hand, allocations to projects at the end of the fourth year of the period amounted to only around a third of the total funding available In Bulgaria, Romania, Italy and France, confirming the impression given by the payments data that there are serious delays in carrying out programmes. In these countries, in particular, there is a real need for the pace of implementation to be stepped up. As indicated above, however, there is serious question-mark over the capacity of the countries concerned to absorb the funding available over the rest of the programming period without lower quality and less effective projects being supported and value for money being jeopardised.

EU funding of growing importance for development expenditure

Since the 2010 report was prepared, the economic situation has deteriorated further with damaging consequences for public finances already constrained by the priority given to fiscal consolidation and reducing government borrowing. In many countries, especially those in the EU12 but also in the south of the EU, this has further increased the importance of the resources available from the ERDF and Cohesion Fund and in a number they have become virtually the sole source of financing development expenditure. At the same time, the worsening of the financial situation has made it even more difficult to raise the co-funding required to support expenditure, increasing the need to identify potential sources in order not to be able to take up the financing available from the two funds. In practice, this means that access to EIB and other sources of borrowing has become more important.

Equally, the importance of maintaining development expenditure in order to strength the potential for future growth tends to put greater pressure on other areas of public spending, such as social welfare support, so increasing the possibility of conflict with other policy objectives, in particular, the preservation of social cohesion.

In addition, as noted above, in the present economic and financial situation, there is also an increased possibility of conflict between the objectives of Cohesion policy and the (reinforced) growth and stability pact, insofar as it might prove difficult to avoid infringing budget deficit limits without reducing expenditure on development. This is especially so in a context where a lack of growth in real incomes and high unemployment makes it hard to increase taxes or cut social transfers.

The difficulties of assessing programme performance

The difficulties experienced by the national experts in preparing the country reports on which the present report is based reaffirms the criticism levelled in the 2010 report at the Annual Implementation Reports which are intended to enable progress in carrying out the Operational Programmes to be monitored and assessed. As emphasised in the 2010 report, the quantitative information they contain is of variable relevance in terms of policy objectives and in many cases lacks both consistency and comparability *across programmes*. In addition, the qualitative information included too often fails to provide the details required to enable the quantitative indicators to be properly interpreted and gives insufficient guidance on their significance and how they relate to the ultimate goals of policy.

The establishment of a common set of definitions to accompany a common set of indicators and compliance with these would enable a fuller and more meaningful picture of policy achievements to be obtained. The regulatory provisions for the period from 2014 onwards go in this direction, but the sluggish progress which has made during the present period means that a step change is required if the results-oriented policy which is envisaged is to become a reality.

Achievements so far

Despite the delays in implementing programmes and the unsatisfactory nature of the information in the AIRs, it is still possible to identify some tangible achievements during the first four years of the programming period. These are particularly evident with regard to support for SMEs and for R&D and innovation. Although the estimates of job creation, which stems large from such support, are not consistent across programmes, are in gross rather than net terms and involve some uncertainty about the way they are measured, they, nevertheless, suggest that EU funding contributed significantly to the creation of employment over this period and helped to offset the job losses resulting from the recession.

There is also tangible evidence of funding supporting improvements in infrastructure, particular, in transport, though much more in the form of roads than rail and mainly in terms of upgrading the existing network rather than adding to it. In much of the EU12, however, the need for such upgrading is as pressing as the need for new construction, while in the EU15, the large-scale investment in expanding the road network over the past decade or two limits the need for yet more expansion.

At the same time, support has also gone to providing access to clean drinking water and main drainage to a significant number of people in Greece, Spain and Portugal, in particular, though also in Latvia.

Advances in the extent and use of evaluations

There has been a marked expansion in the number of evaluations carried out on the programmes, or parts of programmes, co-financed by the EDRF and Cohesion Fund since the 2010 report was prepared. This, moreover, is as true for the EU12 Member States as for the EU15 countries, or even more so in some cases.

Although the majority of evaluations undertaken have been primarily concerned with procedural and management issues with the aim of increasing the efficiency of the way the funds are allocated and used, it is, nevertheless, the case that many have focused on the outcome and results of the support provided with the aim of increasing the effectiveness of expenditure. In addition, they have to a large extent centred on specific types of intervention (like the various kinds of support to enterprises) or policy areas (such R&D or environmental infrastructure) rather than attempting to cover whole programmes. Accordingly, a pool of knowledge is beginning to be built up about the effects of particular measures which will be available for others to draw up on when formulating or modifying policies in the areas concerned. This, however, calls for the establishment of an effective means of dissemination so that the knowledge in question is widely available to feed into future policy-making across the EU.

There is a parallel need, however, to improve the evaluation methods used and to adopt more rigorous techniques in order to ensure that the findings are valid, as well as to identify the essential features of the measures concerned for them to be successfully implemented in other places.

At the same time, there continues to be major differences between Member States in the extent of evaluation activities and the use made of their results. While most seem to be taking evaluation seriously and have put in place plans for the programming period which are being followed, in a number of countries, very little effort is being made in this regard and, indeed, little interest in carrying out evaluations is evident. The tightening constraints on public budgets tend to reinforce such a stance.

There is, accordingly, a pressing need to persuade the Member States concerned to change their attitude and accept the importance of making a conscious and systematic effort to assess the effects of the policy measures they have put in place. This is not only to give the best chance of achieving policy objectives but to assure European taxpayers that every effort is being made to ensure that their money is being used as effectively as possible.

Annex 1: Adequacy of the Annual Implementation Reports for assessing progress in implementing programmes and outcomes

This Annex reports the results of a survey conducted among the national experts, responsible for producing the country reports on which the present Synthesis Report is based, to gain more of an insight into the adequacy of the Annual Implementation Reports (AIRs) for assessing the achievements of the Operational Programmes co-financed by the ERDF and Cohesion Fund. Specifically, the survey was concerned to obtain the experts' views on the extent to which the AIRs fulfilled their stated purpose of setting out the progress made in carrying out Operational Programmes and describing their performance in meeting '*specific, verifiable targets*' which relate to the policy priorities set.

The survey focused on five aspects of the AIRs which experts were asked to assess in relation to each of the Operational Programmes being carried out in their countries. Three related to the quantitative indicators included:

i. the clarity of the meaning, definitions and measurement units of the indicators;
ii. the relevance of the quantitative data for measuring progress in achieving the stated policy objective(s);
iii. the clarity of the nature of the data presented (i.e. whether or not there was a clear statement of what the data related to – actual or expected outcomes, outcomes during the year or up to the end of a year or a given date?);

while the other two related to the qualitative information:

iv. the usefulness for assessing progress in implementing the programme, including a clear link with the previous AIR;
v. the existence of a clear link to quantitative indicators, enabling their meaning or relevance to be understood, including in relation to targets.

In each case, experts were asked to indicate whether the information included was 'very weak', 'weak', 'adequate', 'good' or 'very good'. The responses as regards each of the five aspects are summarised below.

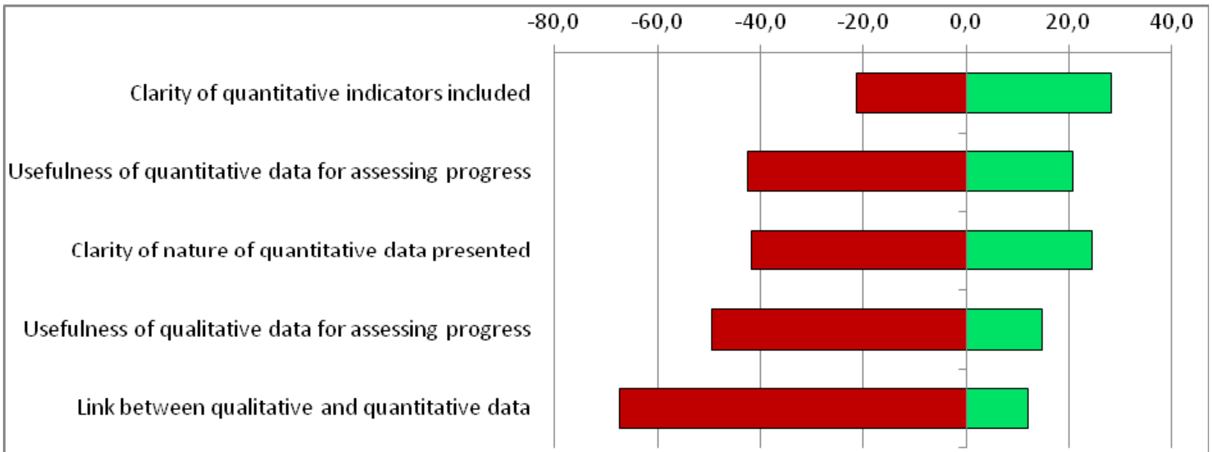
Quantitative indicators

Altogether, some 256 AIRs (relating to the same number of Operational Programmes) were assessed in 26 countries (Romania being the only exception from the EU27). The assessment revealed a marked variation in the adequacy of the quantitative data included in the AIRs within Member States as well as between them. Overall, just over one in 5 (21.5%) of AIRs were considered to be inadequate in terms of the clarity of the meaning, definition and measurement units used in relation to the indicators included, potentially giving rise to some ambiguity about what they relate to (Figure A.1). Slightly more, just over one in 4 (28%), were thought to be 'good' or 'very good' (i.e. more than adequate) in these terms, leaving around half which were considered no more than adequate.

At the same time, there was a slightly smaller proportion of countries in which over half of the AIRs were viewed as being inadequate (15%), in terms of the clarity of the definition of indicators, than programmes and a larger proportion (31%) in which over half were considered more than adequate

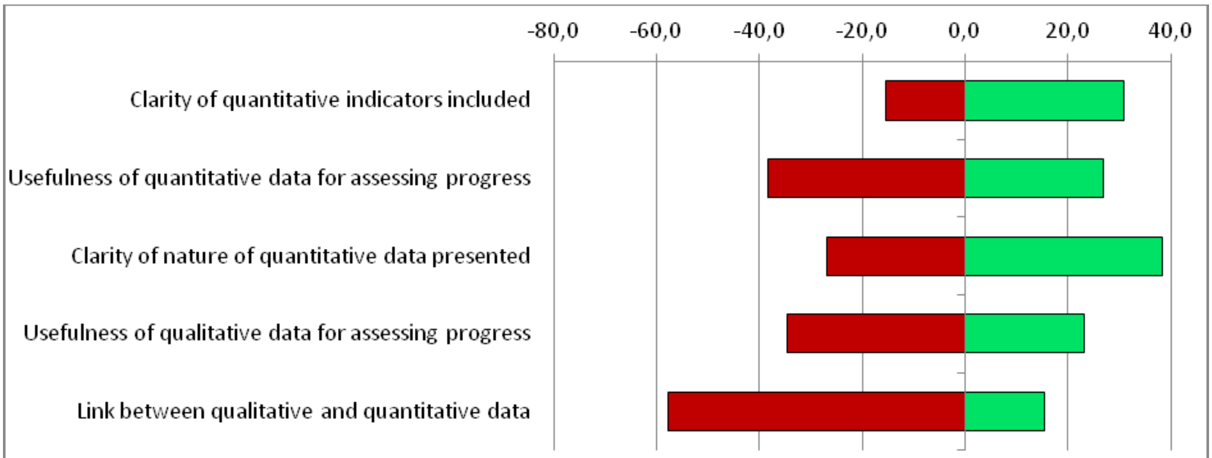
(Figure A.2). This implies that the clarity of definitions was a particular problem in the larger countries with more OPs and, therefore, more AIRs.

FigureA.1 Assessment of the information included in the AIRs (% of total AIRs)



Source: National experts

Figure A.2 Assessment of the information included in the AIRs (% of countries in which over half of AIRs were considered inadequate or more than adequate)



Source: National experts

In general, there seem to be more problems with using the quantitative indicators contained in the AIRs, together with the targets set in relation to them, to measure progress in implementing programmes. More than two out of every 5 AIRs (43% of the total) were considered inadequate in this respect, twice as many as were judged as being more than adequate. Again, more AIRs were seen as inadequate in larger countries than smaller ones, as reflected in the fact that the proportion of countries in which more than half of AIRs were considered as such was slightly smaller than for OPs.

Over 40% of AIRs were also judged to be inadequate in terms of making the nature of the data clear, in the sense of clarifying whether the data relate to outcomes or expectations. This obviously creates difficulty in these cases when it comes to assessing the performance of programmes in terms of what they have so far achieved and is a recipe for confusion in that it can lead to the figures included for indicators being interpreted as if they were actual values rather than plans or aspirations. A related example is the practice in some of cases of including figures for the number of jobs created, which is a core indicator, on the basis of *ex-ante* estimates made at the time a project is initiated instead of, or as well as, on the basis of actual data.

Although the AIRs which display this inadequacy tend to be disproportionately in the larger countries, it is still the case that in just over one in 4 Member States (7 of the 26), the nature of the data included to indicate performance is unclear in over half the AIRs published.

Qualitative information

The qualitative information included in the AIRs tends to be even less satisfactory than the quantitative data, which means that in many cases, the latter are difficult to interpret in terms of what they mean in relation to the performance and objectives of programmes.

Around half the AIRs were considered to lack adequate information to enable progress in implementing the programme concerned to be assessed, over three times the proportion in which the information in this regard was seen as being more than adequate. Equally, in just over a third of the countries (9 of the 26), more than half of the AIRs were judged to be inadequate in terms of the information included in this respect.

Even more of the AIRs, just over two-thirds, were seen as lacking a clear link between the qualitative information included and the quantitative data. In these cases, therefore, there was no adequate attempt to explain the significance of these data for the objectives of policy in particular areas or why, for example, targets were not being achieved or, indeed, being substantially over-achieved, sometimes despite expenditure being considerably less than the budget available.

Although the AIRs concerned tended again to relate more to OPs in the larger countries than the smaller ones, it is still the case that in 15 of the 26 Member States (60% of those covered), over half of the AIRs were considered to be inadequate from this perspective and in only 4 countries were they seen as being more than adequate.

Consistency of the definition and measurement of indicators

The national experts were also asked to judge how comparable the data on particular indicators included in the AIRs are between programmes and whether or not, in particular, they were capable of being aggregated across them – whether, for example, it was possible to sum, say, the number of jobs created in different regions or under different programmes to obtain national totals. For slightly less than half of the countries – 10 of the 22 for which there is more than one OP and, so, two or more AIRs – the experts considered that it is not possible to do this because the data are not defined and/or measured in a uniform way. Five of these 10 countries, however, are among the 6 largest Member States in the EU, which have the most OPs and, accordingly, the largest number of AIRs and for which the ability to aggregate across regions is most important.

It is, therefore, the case that for most regions in the EU (57% of the 256 covered), the lack of a common way of defining and measuring indicators, including core indicators, within Member States makes it hazardous to aggregate the data relating to them to the country level, let alone to the EU level.

Annex 2: Main features of evaluation activities in Member States as at mid-2011

EU15

Belgium - Evaluation is organised at the regional level. Three evaluations analysing early programme results and the project portfolio approach are now on-going and a mid-term evaluation is planned. The main focus is on RTDI and enterprise support as well as Territorial development.
Denmark - Evaluation strategies differ between programmes; a central Authority (DEACA) provides guidelines and tools for evaluation. Most evaluations cover RTDI and Enterprise support and to a lesser extent environmental initiatives and are often conducted at project level. A new system for measuring effects has been introduced with a focus on actual outcomes rather than expected ones. This has led to improvements in the definition of indicators and the comparability of data.
Germany - Evaluation strategies are defined at programme level and the dominant focus is still on spending money. There is no systematic exchange of experience and debate on common problems or standards and coordination is largely non-existent. Some Mid-term evaluations and evaluations of specific issues have been carried out. No significant change in strategy is planned. The main policy areas evaluated are RTDI, Enterprise support and Transport together with general assessments of monitoring systems.
Ireland - Evaluation activities are integrated into the policy-making process. On-going evaluations are considered to be an essential part of implementing policy, but no specific plan for the future is in place. The main policy areas covered by evaluations have been RTDI and the Environment, together with Cross-border Cooperation programmes.
Greece - In Greece evaluation culture is limited. No coherent strategy is in place for evaluating policy effects. Only compulsory ex-ante evaluations have been carried out though Mid-term evaluations are expected to be undertaken. At present, most significant research into policy effects is undertaken outside the government sector.
Spain –Evaluations are a common part of the management of the Structural Funds, but few have been completed up to now though several were launched in 2010. A central evaluation unit coordinates the evaluations of the different OPs. Evaluations have been mainly carried out internally, though experts from other public and private bodies are often involved. Up to now, evaluations have focused mainly on specific issues and have covered RTDI and Enterprise support, Transport and the environment as well as gender issues. A specific evaluation was commissioned in 2011 to investigate the reprogramming required as a result of the crisis.
France - DATAR, a central government body, is responsible for coordinating evaluations. Evaluations of regional OPs are under the control of MAs and are usually carried out by external experts. A large number of Mid-term evaluations as well as those on specific themes have already been undertaken and many others are planned.
Italy – Evaluations were planned to be carried out jointly for EU and nationally-funded programmes; delays in implementation and cuts in national funds have made it difficult to carry out evaluations. A national evaluation unit provides guidance and technical support, but no overall strategy is in place and evaluations are defined by each OP. Evaluations are limited in number and mainly focused on the 2000-2006 period, for the most part of specific policy areas, though some areas are not adequately covered. Knowledge is increasing in some regions (Puglia, Sardinia, Umbria and Tuscany) about measures for support of RTDI, enterprises and local development especially.
Luxembourg - There is no evaluation strategy; MAs consider current monitoring tools sufficient to ensure that the programme is followed and assessed. Evaluations have been carried out on national RTDI interventions which also include EU funded initiatives.
Netherlands - There is a coherent strategy in place for evaluating the Dutch Competitiveness and Employment programmes, though such evaluation is regarded largely as formal because of the minor importance of the ERDF. A Mid-term evaluation has been published and others will be completed by the end of 2011, mainly on RTDI and Enterprise support.
Austria – There is an on-going Strategic Monitoring process (STRAT.ATplus) which enables all those involved in regional policy to exchange experience. No comprehensive national ERDF evaluation strategy is in place. Reports are not meant for publication and are focused on financial performance and management issues rather than outcomes and effects. The few central government activities have largely been evaluated, but few small scale projects have been so. The main focus of evaluations is on research and innovation and environmental measures.
Portugal - A NSRF Observatory oversees evaluations by defining guidelines and identifying the main aims; a national network, including Observatory and MA representatives, monitors progress. In general, external experts carry out evaluations, the findings of which tend to be taken account of in policy-making. In the past year, evaluations have been undertaken in all main policy areas, focusing on the macroeconomic impact of OPs and progress in implementation. Mid-term evaluations and evaluations of specific issues are planned.
Finland – A coherent evaluation plan is in place, produced by the Ministry of Employment and the Economy, and evaluations are carried out as an integrated process covering all four OPs. In addition, there are some evaluations of specific issues organised by regional councils. This approach allows comparisons to be made between regions. The main measures covered relate to RTDI, Enterprise support and the environment. Regions seem more interested in evaluation findings than Ministries. A second programme of evaluations is planned for the period 2011-2013.

Sweden - Sweden has an ambitious programme for evaluating ERDF support based on a 'learning organisation' approach. On-going evaluations of OPs are aimed at stimulating reflective learning processes based on a critical but constructive analysis of the programmes. Four on-going evaluations for each OP are planned focussing on the implementation process, results and cross-cutting issues.
UK – The decision to close down the Regional Development Agencies, responsible for overseeing the monitoring and evaluation of Cohesion policy, is creating uncertainty about the future of evaluations. Evaluations tend to carried out at the programme level. In Scotland, Wales and Northern Ireland, responsibility for management, monitoring and evaluation has remained unchanged. Mid-term evaluations have been, or are being, carried out in all regions and all policy areas are covered. Evaluations are used to a significant extent in policy-making.
EU12
Bulgaria - All operational programmes developed evaluation plans, but these are not all publicly available. Evaluations and mid-term reviews are elaborated by external experts under the coordination and the supervision of Managing Authorities and monitoring Committees. Mid-term reviews are planned for all the OPs, but they are still on-going; *ad hoc* evaluations, covering environmental and territorial development measures have also been implemented.
Czech Republic - A national evaluation plan has been defined but no analysis of results and impacts is yet available, due to delays in the implementation of OPS and organisational changes in MAs. Evaluation expertise is available externally and the National Coordination Authority has set up a working group for capacity building in evaluation among public bodies with the aim of sharing knowledge and coordinating evaluation activities. Few evaluations have been completed; in 2011, an ex-post evaluation of the 2004-2006 period was launched.
Estonia - Evaluations are coordinated by the Ministry of Finance according to a national plan and are generally undertaken by external experts. The Ministry of Economic Affairs and Communications is carrying out an internal evaluation in order to strengthen its capabilities and to improve monitoring. Four evaluations have been completed and three are on-going, covering RTDI and Enterprise support and environmental measures.
Cyprus - There is no coherent strategy for evaluating the effects of interventions. However, a Steering Committee for the evaluation of the OP was set up, with the aim of coordinating monitoring and supporting evaluations. In October 2010 an indicative plan for the evaluations to be carried out in the current programming period was prepared, with a focus on indicators, results and the creation of an evaluation culture. One evaluation on communication and another on the process involved in implementing the OP is on-going.
Latvia – Policy evaluation is still a new concept and Cohesion policy was the first area in which an integrated evaluation approach was adopted. A centralised evaluation plan has been formulated by the Ministry of Finance (the MA) and a systematic means of assessing and implementing recommendations from evaluation reports is in place together with a timetable for major policy planning documents to ensure their timely adoption. Two *ex-post* evaluations on the 2004-2006 period have been completed on RTDI and Enterprise support and Education.
Lithuania - A national evaluation plan is in place for the current period. 61 evaluations, divided between strategic and operational issues; are planned and 37 of these have been completed. The Ministry of Finance establishes priorities and so far it has focused on operational issues (progress in implementing programmes, administrative efficiency and choice of indicators). The main policy areas covered are RTDI, Transport and the Environment. A formal process for implementing evaluation recommendations is in place. A special effort is being made to develop internal evaluation capacity.
Hungary - Evaluations are coordinated by the Evaluation Division of the MA, which provides technical support for strategic evaluations and evaluations of innovative measures. Many evaluations have been carried out under a framework contract with external experts. These have covered macroeconomic aspects as well as the impact of single measures, mainly in respect of RTDI and Enterprise support, the Environment and Territorial development.
Malta - There is no strategy for evaluating the effects of interventions and no evaluation tradition. Evaluations are rarely integrated into management activities and are regarded purely as a formal obligation. A Mid-term evaluation of the OP was carried out in 2011 and the MA has undertaken a set of internal evaluations.
Poland - Evaluation practice is changing with more sophisticated methods being applied and more strategic issues being covered. However, too many evaluations of limited usefulness have been undertaken, justified only by formal requirements and focusing on the absorption of funds. A large number of ex-ante and Mid-term evaluations have been carried out, covering RTDI and Enterprise support, Infrastructure, the Environment and Territorial development, together with a general analysis of programme effects on governance and public administration know-how. Over 400 evaluation studies have been commissioned, the majority carried out by external experts.
Romania – 11 evaluations have been carried out up to the latter part of 2011, primarily concerned with on management and implementation issues.
Slovenia - An evaluation plan has been drawn up by the MA and adopted by the Monitoring Committee. A lack of evaluation tradition means that administrators fail to understand the value of evaluations, which are perceived as an EU imposition, though evaluations are often an important input into policy-making. A Mid-term evaluation was completed in2010 on environmental and transport measures.
Slovakia – An evaluation culture is slowly developing though evaluations are perceived largely as a formal obligation. All the OPs are intended to be evaluated but in an uncoordinated way and 11 evaluations have so far been carried out, largely focussed on internal procedures of monitoring and implementation.

Annex 3: Supplementary Tables

Table A.1 Allocation of ERDF and Cohesion Fund between broad policy areas in EU12 Member States, 2007-2013

% Total allocation

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	EU27
1. Enterprise support	**12.7**	**22.9**	**25.9**	**29.6**	**22.3**	**23.0**	**21.4**	**13.3**	**23.7**	**14.3**	**30.4**	**23.1**	**21.9**	**29.0**
11 RTDI and linked activities	4.7	12.1	13.8	9.1	10.1	7.7	3.9	5.8	12.5	4.3	9.3	8.7	9.5	11.5
12 Innovation support for SMEs	5.3	5.6	6.8	6.9	6.4	9.8	5.3	3.0	5.6	3.7	17.2	3.1	5.6	8.6
13 Other investment in firms	2.5	2.0	2.8	10.5	1.5	2.8	9.6	1.1	2.8	5.3	3.6	0.5	3.8	5.5
14 ICT and related services	0.1	3.2	2.5	3.1	4.3	2.7	2.7	3.4	2.7	1.1	0.3	10.8	3.1	3.4
2. Human resources	**0.6**	**0.9**			**0.4**	**0.3**	**1.2**		**0.0**	**0.2**		**0.2**	**0.4**	**0.7**
21 Education and training	0.6	0.7					0.9					0.2	0.3	0.3
22 Labour market policies		0.2			0.4	0.3	0.3		0.0	0.2			0.1	0.4
3. Transport	**35.3**	**33.2**	**23.0**	**12.1**	**28.9**	**26.6**	**24.9**	**25.3**	**40.8**	**34.3**	**28.0**	**34.7**	**34.4**	**28.6**
31 Road	19.4	16.7	9.6	6.7	12.2	11.8	15.4	18.2	27.2	18.4	12.2	19.9	20.4	15.2
32 Rail	8.5	12.2	6.2		6.5	9.9	7.8		9.9	11.9	13.4	12.7	10.1	9.2
33 Other	7.4	4.2	7.2	5.4	10.2	5.0	1.7	7.1	3.7	4.0	2.4	2.1	3.9	4.2
4. Environment and energy	**31.9**	**24.5**	**25.6**	**37.7**	**23.3**	**23.6**	**29.8**	**37.6**	**19.9**	**34.1**	**28.0**	**20.8**	**24.7**	**22.8**
41 Energy infrastructure	5.5	5.8	1.0	1.2	3.2	8.3	1.7	4.8	4.0	3.9	4.8	1.7	3.9	4.1
42 Environment and risk prevention	26.5	18.6	24.7	36.5	20.1	15.3	28.2	32.8	15.9	30.2	23.2	19.1	20.8	18.7
5. Territorial development	**11.9**	**14.8**	**23.5**	**16.8**	**22.6**	**24.9**	**18.7**	**22.3**	**12.0**	**13.6**	**11.7**	**17.8**	**15.0**	**15.5**
51 Tourism and culture	3.5	5.3	5.8	6.4	2.1	5.2	4.0	12.8	3.6	3.6	4.6	3.5	4.0	4.3
52 Planning and rehabilitation	2.7	3.8	0.5	8.4	6.7	4.4	3.2	1.4	1.7	5.8	1.7	2.4	3.0	3.8
53 Social Infrastructure	5.7	5.7	17.2	2.0	13.8	15.3	11.5	8.1	6.7	4.2	5.5	11.9	8.0	7.2
54 Other														0.2
6. Technical assistance	**7.6**	**3.8**	**2.0**	**3.8**	**2.4**	**1.6**	**3.9**	**1.4**	**3.6**	**3.6**	**1.8**	**3.5**	**3.6**	**3.4**

Note; Allocations of funding as at end-2010

Source: DG Regio Database

Table A.1 Allocation of ERDF and Cohesion Fund between broad policy areas in EU12 Member States, 2007-2013

% Total allocation

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
1. Enterprise support	**58.2**	**83.3**	**49.2**	**53.6**	**43.4**	**37.1**	**69.0**	**48.8**	**80.1**	**74.6**	**71.5**	**60.1**	**20.3**	**33.9**	**34.5**	**38.2**
11 RTDI and linked activities	18.4	31.7	15.8	38.1	19.1	19.2	53.0	16.3	33.7	27.0	23.3	21.4	3.4	10.4	14.5	14.2
12 Innovation support for SMEs	14.4	47.3	14.2	4.4	14.9	10.9	13.0	25.6	27.2	31.1	33.4	29.2	8.0	10.6	10.0	12.6
13 Other investment in firms	24.9	1.1	17.9	11.1	5.0	1.3		3.2	18.4	10.2	11.0	8.0	3.1	9.6	6.6	7.7
14 ICT and related services	0.5	3.2	1.4		4.5	5.7	3.0	3.7	0.8	6.3	3.8	1.5	5.7	3.3	3.4	3.8
2. Human resources	**0.8**		**3.8**		**0.9**	**0.7**		**6.4**	**3.4**	**0.8**		**2.8**	**0.6**		**1.1**	**1.2**
21 Education and training	0.5		2.0		0.5	0.0		1.9	1.4	0.3		0.7			0.3	0.4
22 Labour market policies	0.3		1.8		0.4	0.7		4.5	2.0	0.5		2.2	0.6		0.7	0.7
3. Transport	**5.6**		**19.4**	**14.2**	**11.6**	**18.3**		**4.2**	**0.9**	**3.5**	**6.8**	**7.0**	**32.7**	**27.9**	**18.7**	**21.2**
31 Road	1.4		12.1	12.5	1.7	3.1		0.6		1.3	0.9	2.2	23.2	7.9	5.6	8.4
32 Rail			4.8	1.8	4.2	9.0		0.1		1.0	1.2	1.6	5.1	14.1	9.3	8.0
33 Other	4.2		2.4		5.6	6.2		3.6	0.9	1.2	4.6	3.2	4.4	5.9	3.8	4.7
4. Environment and energy	**10.5**		**12.1**	**15.9**	**21.7**	**19.9**	**24.0**	**14.8**	**6.0**	**8.0**	**8.1**	**13.3**	**26.3**	**25.4**	**19.4**	**20.2**
41 Energy infrastructure	3.1		3.2	6.9	7.6	9.0	9.0	7.6	4.6	4.6	6.6	5.8	3.9	1.6	1.8	4.4
42 Environment and risk prevention	7.4		8.8	9.0	14.1	10.9	15.0	7.2	1.4	3.4	1.5	7.5	22.3	23.7	17.6	15.9
5. Territorial development	**23.0**	**12.9**	**13.3**	**14.4**	**19.2**	**20.6**	**3.0**	**21.7**	**7.0**	**8.8**	**9.7**	**13.8**	**17.4**	**12.0**	**19.3**	**16.2**
51 Tourism and culture	6.3	9.6	3.8	1.8	5.0	8.1		6.6	3.7	8.4	5.0	2.9	4.1	2.9	3.8	4.6
52 Planning and rehabilitation	14.9		6.1	7.1	5.0	6.6	3.0	13.3	3.2	0.2	1.5	8.1	3.0	4.3	3.0	5.0
53 Social Infrastructure	1.7	3.2	3.3	5.5	5.1	5.9		1.7	0.1	0.2	3.2	2.8	10.2	3.8	12.0	6.1
54 Other					4.1								0.0	0.9	0.4	0.6
6. Technical assistance	**1.9**	**3.8**	**2.3**	**1.9**	**3.2**	**3.4**	**4.0**	**4.1**	**2.7**	**4.3**	**4.0**	**2.9**	**2.7**	**0.9**	**7.1**	**3.0**

Note; Allocations of funding as at end-2010

Source: DG Regio Database

Table A3 Allocations of ERDF and Cohesion Fund for 2007-2013 period to projects by broad policy area in EU12 Member States as at end-2010

% Funding available

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	CBC	EU27
1-RTDI and linked activities	27	34	55	78	51	72	28	110	69	56	44	47	57	48	54
2-Innovation support for SMEs	33	21	41	22	91	72	31	110	43	38	61	41	42	49	42
3-ICT and related services	0	44	66	105	58	56	7	63	72	44	74	46	52	48	50
4-Other investment in firms	55	99	192	95	81	72	76	53	71	13	76	89	69	19	72
Enterprise support	**35**	**39**	**68**	**74**	**66**	**70**	**47**	**93**	**65**	**35**	**57**	**47**	**55**	**48**	**53**
5-Education and training	83	42					0					0	24	48	34
6-Labour market policies		32			18	14	0		78	0			15	49	37
Human resources	**83**	**39**			**18**	**14**	**0**		**78**	**0**		**0**	**21**	**49**	**36**
7-Rail	7	60	79		51	26	73		25	3	15	53	37	59	48
8-Road	43	92	80	336	115	88	67	55	69	54	92	37	69	83	70
9-Other	31	35	69	82	64	34	30	44	38	19	21	2	36	39	44
Transport	**33**	**73**	**76**	**223**	**83**	**55**	**67**	**52**	**56**	**32**	**49**	**41**	**56**	**54**	**59**
10-Energy Infrastructure	29	30	97	88	44	98	45	77	36	15	32	41	38	57	37
11-Environment and risk prevention	29	20	71	89	61	80	49	60	52	47	53	56	47	66	48
Environment+energy	**29**	**22**	**72**	**89**	**59**	**86**	**49**	**62**	**49**	**43**	**50**	**55**	**46**	**64**	**46**
12-Planning and rehabilitation	85	46	7	205	76	60	58	65	77	0	24	78	53	47	51
13-Social infrastructure	37	55	88	105	74	49	79	117	70	52	43	98	71	61	63
14-Tourism and culture	15	57	69	32	19	36	77	70	79	48	124	56	65	73	60
15-Other														52	29
Territorial Development	**42**	**53**	**82**	**128**	**70**	**48**	**75**	**87**	**74**	**30**	**72**	**86**	**65**	**66**	**59**
Technical Assistance	**56**	**57**	**22**	**116**	**55**	**32**	**65**	**100**	**38**	**21**	**96**	**61**	**48**	**53**	**48**
Total	**35**	**49**	**73**	**108**	**73**	**66**	**59**	**70**	**58**	**35**	**55**	**55**	**55**	**57**	**54**

Note: CBC= Cross-border Cooperation strand of Territorial Cooperation Objective

Source: DG Regio database

Table A4 Allocations of ERDF and Cohesion Fund for 2007-2013 period to projects by broad policy area in EU15 Member States as at end-2010

% Funding available

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
1-RTDI and linked activities	98	50	59	140	41	24	53	91	57	39	65	59	113	44	74	51
2-Innovation support for SMEs	83	74	55	83	26	23	42	85	33	52	74	45	17	29	74	41
3-ICT and related services	99	57	25		30	45	0	25	14	26	44	43	42	65	69	48
4-Other investment in firms	99	552	70	88	35	65		67	70	63	93	121	319	25	73	74
Enterprise support	**95**	**70**	**61**	**125**	**34**	**28**	**49**	**82**	**51**	**47**	**72**	**61**	**87**	**37**	**74**	**52**
5-Education and training	149		21		51	0		62	0	26		145			37	36
6-Labour market policies	203		37		48	9		45	40	66		23	91		10	35
Human resources	**170**		**28**		**49**	**8**		**50**	**24**	**51**		**52**	**91**		**15**	**35**
7-Rail			42	179	39	54		236		48	76	62	142	61	71	66
8-Road	198		61	101	65	60		150		75	169	97	74	94	56	74
9-Other	106		50		24	45		15	16	80	175	21	58	71	51	55
Transport	**130**		**55**	**117**	**36**	**53**		**38**	**16**	**68**	**156**	**54**	**82**	**73**	**61**	**67**
10-Energy Infrastructure	36		58	87	34	22	111	48	81	21	13	37	57	23	17	34
11-Environment and risk prevention	107		42	64	39	30	23	41	61	72	40	32	68	49	47	49
Environment+energy	**86**		**47**	**73**	**37**	**26**	**56**	**44**	**76**	**43**	**18**	**34**	**67**	**47**	**45**	**45**
12-Planning and rehabilitation	79		67	83	32	14	0	93	46	79	118	60	75	55	60	50
13-Social infrastructure	19	0	52	121	52	8		44	4	5	88	98	37	69	73	52
14-Tourism and culture	135	46	64	129	34	34		140	31	74	75	91	52	45	71	51
15-Other					6								0	44	75	28
Territorial Development	**90**	**35**	**62**	**102**	**33**	**19**	**0**	**104**	**37**	**73**	**86**	**75**	**47**	**56**	**70**	**51**
Technical Assistance	**99**	**51**	**56**	**20**	**36**	**51**	**20**	**85**	**55**	**46**	**0**	**37**	**58**	**29**	**36**	**46**
Total	**97**	**65**	**57**	**112**	**35**	**31**	**48**	**77**	**51**	**53**	**73**	**58**	**72**	**52**	**64**	**53**

Source: DG Regio database

Table A.5 Additional Core Indicators – Transport and telecommunications (Convergence plus Competitiveness Objective)

	Value of time saved (EURmn a year) from new/reconstructed roads		Value of time saved (EURmn a yr) from new/reconstructed railways		Additional people (th) served by improved urban transport	
	2010	% target	2010	% target	2010	% target
BE						
DK						
DE	0.2		0.2			
IE						
FR					50.1	7
LU						
IT			0.0	0	1,004.0	3
NL						
AT						
SE					1,520.0	80
UK						
GR					0.0	0
ES						
PT					421.7	96
BG	0.0	0			0.0	0
CZ	8.5	14	16.1	61	0.0	0
EE						
CY						
LV	0.0	0				
LT					0.0	0
HU	13.8	1	0.0	0	0.0	0
MT						
PL	48.5	7	0.0	0	100.0	0
RO						
SI	39.8					
SK	0	0			0.0	0
EU15	0.2		0.2	0	2,995.8	7
EU12	110.5	4	16.1	2	100.0	0
EU27	110.7	4	16.3	2	3095.8	2

Source: DG Regio data based on Annual Implementation Reports, 2010