

# Expert evaluation network Synthesis of National Reports 2012

January 2013

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

## **Synthesis of National Reports 2012**

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**A report to the European Commission  
Directorate-General for Regional and Urban Policy**

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## List of abbreviations

AIR	Annual Implementation Report
CBC	Cross-Border Cooperation
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
FDI	Foreign Direct Investment
FEI	Financial Engineering Instrument
FTE	Full-Time Equivalent
JASPERS	Joint Assistance to Support Projects in European Regions
JEREMIE	Joint European Resources for Micro to Medium Enterprises
MA	Managing Authority
MW	Megawatt
OP	Operational Programme
RTD	Research and Technological Development
RTDI	Research, Technological Development and Innovation
SME	Small or medium-sized enterprise
TEN-T	Trans-European Transport Network

## **Executive summary**

The report synthesises the 27 national reports produced by the network of independent evaluation experts on progress in implementing the programmes co-financed by the ERDF (European Regional Development Fund) and Cohesion Fund over the 2007-2013 period and their outcome up to the end of 2011. It updates the report produced a year ago on developments up to the end of 2010. It examines:

- the socio-economic context
- changes in regional disparities across the EU during the crisis
- the scale of support from the ERDF and Cohesion Fund for the present period
- the pace of implementing programmes
- the achievements made
- the evaluations undertaken on Cohesion policy interventions.

### **Socio-economic context**

The economic crisis persisted in 2011 and 2012 and forecasts are for slow growth in most of the EU in 2013 and 2014. This has slowed the implementation of programmes and is likely to continue to do so over the rest of the period. It has led to high unemployment and increased the importance of job creation. It has equally worsened problems of public finances and made it more difficult to reduce government deficits and borrowing, so constraining development expenditure.

Fiscal consolidation has hit government fixed investment in particular, which declined by 12% in real terms in the two years 2009-11 across the EU and by this much or more in Bulgaria, Romania and all three EU15 Cohesion countries. The only EU12 countries where government investment increased over these two years were Latvia, Lithuania Poland, Malta and Slovakia, in all of which GDP growth was well above average.

### **Changes in regional disparities in the crisis**

The economic recession in 2008-2009 tended to hit manufacturing regions in particular, but the strongest of these recovered most quickly in 2010 and 2011 as did capital city regions in most countries, widening existing regional disparities further. This was the case in all EU12 countries apart from the Czech Republic and Romania and in most EU15 countries, including Greece, Spain, Italy and Germany. It was reinforced in some cases by fiscal consolidation measures which reduced transfers to weaker regions as well as public investment there.

While regional disparities have tended to widen, policy attention in the crisis has shifted in many countries from reducing these to achieving growth and job creation at national level.

### **The scale of EU funding and its contribution to development expenditure**

The ERDF and Cohesion Fund for the current programming period together amount to some EUR 270.1 billion, the Convergence Objective accounting for almost 86% of this. The support provided is equivalent to over a third of government capital expenditure a year in most EU12 countries over the programming period. Since, however, less than half of the total available has so far been paid to Member States, the amount still to be claimed over the remaining three years of the period is equivalent to around half or more of annual capital spending in 8 of the EU12

countries and to almost a third in Greece and Portugal. It is also of a similar size in the Convergence regions of Spain and Italy. These figures demonstrate the critical importance of EU funding to development expenditure in many parts of the EU but raise a question over the ability of some countries to absorb the amount available in the short time remaining.

### **Changes in the co-financing rate**

In response to the financial difficulties experienced, the EU has increased its share of co-financing in a number of countries without expanding the amount of funding provided. This has enabled the countries concerned to reduce their funding and so total expenditure on programmes has declined. The main effect has been in the EU15, where total funding (EU plus other) was reduced by over 17% in Portugal, just over 13% in Belgium, 12% in Ireland, 10% in Spain and 6-7% in Greece and Italy.

### **Shifts in funding between policy areas**

A large part of funding in the EU12 goes to investment in transport and environmental infrastructure and in the EU15 to supporting enterprise, RTD and innovation. Some 10% of the total available for the period has been shifted between expenditure categories where formal approval was required, mostly in 2011 and 2012, though more has been shifted within categories. The biggest additions in the EU12 were to RTD, other investment in firms, energy infrastructure and roads and in the EU15 to RTD, social infrastructure and urban and rural renovation. The largest reductions in both cases were to innovation support for SMEs – reflecting the effect of the crisis in depressing demand – environmental infrastructure, rail and urban transport.

### **Alleviating restrictions on the access of SMEs to credit**

In around half the countries, specific measures have been taken, with ERDF support, to help SMEs access credit, in many cases (e.g. Bulgaria, Romania, Hungary, Slovenia, Latvia, Lithuania and Greece) through financial engineering instruments (FEIs). In a number of countries – e.g. Estonia, Lithuania and Greece – however, excessive bureaucracy and procedural difficulties as well as crowding out by more generous schemes limited their take-up and effectiveness. In Greece, their operation was speeded up by relaxing regulations on the provision of credit.

### **Progress in implementing programmes**

Although there are problems in interpreting both, the two means of assessing the pace of carrying out programmes – payments from the ERDF and Cohesion Fund to Member States and the allocation of EU funding by Managing Authorities (MAs) to projects – suggest serious delays in implementation in a number of countries. At the end of 2012, the sixth year of the period, payments to EU15 countries averaged only 46% of the total funding available, 10 percentage points less than at the same point of the previous period. This gap was much the same as at the end of 2011, suggesting no quickening in the pace of implementation to make good the time lost in earlier years and leaving over half of the funding to be claimed over the next three years.

Delays were particularly evident in Italy, where only 26% of funding had been claimed at the end of 2012, over 20 percentage points less than in the previous period, though payments were also less than 45% of the funding available in Austria and France. ERDF payments were slightly

higher on average relative to total funding in the EU12 than the EU15 and were higher (62-64% of funding) in Lithuania, Estonia and Slovenia than anywhere else. However, they were lowest of all in Romania (only 23% of funding) and well below average (37-38%) in Bulgaria and Malta.

Payments under the European Territorial Cooperation Objective were also relatively low, at just 40% of the funding available at the end of 2012. Payments from the Cohesion Fund were only slightly higher (41% of funding), reflecting the longer time needed to get the large capital projects involved underway.

### **Evidence from data on allocations to projects**

Data on allocation are less timely but suggest that programme implementation may have been more advanced than the payments data imply. Some 76% of total EU funding was allocated to projects in the EU15 at the end of 2011 and 69% in the EU12, with some acceleration in 2011 in lagging countries. Nevertheless, in Italy and Bulgaria, around 45% of funding still remained to be allocated, in Romania, France and the Czech Republic, 35-40%, and in Austria, over a third. In all 6 countries, both sets of data point to delays in implementation, which raises the prospect of all the funding available not being absorbed and of priority being given to absorption over the use of funds in the way most likely to further development objectives.

Allocation was particularly low as regards support for innovation in SMEs, investment in energy and railways (in each case amounting to less than 60% of funding available and under half for the last).

### **Financial engineering instruments**

Financial engineering instruments (FEIs) represent a way for Member States to accelerate expenditure since funds are counted as being spent when they are paid into FEIs rather than when they reach final beneficiaries. They still, however, need to reach final beneficiaries by the end of 2015 to be eligible to be covered by the ERDF. At the end of 2011, almost two-thirds of funding paid to FEIs remained to be paid out. In 5 countries - Austria, Slovakia, Bulgaria, Greece and Romania - all or nearly all was still to be paid out. This, moreover, understates the potential absorption problem since a substantial amount of the ERDF which was planned to go to support FEIs - over a third overall and much more in some countries - remained to be allocated. Over three-quarters of the overall planned amount, therefore, was still to reach suitable final beneficiaries at the end of 2011 and over 80% in 11 Member States.

### **Reasons for delays and measures taken in response**

The adverse economic conditions are a major reason for delays in carrying out programmes in nearly all Member States, depressing demand for funding from SMEs and making it difficult for these and other organisations to find co-financing. Problems of public procurement procedures were a second reason, especially in the EU12, allied with administrative inefficiencies, high staff turnover and lengthy appeals and certification procedures.

In many Member States, measures were taken in 2011 to shift funding to projects less affected by the crisis to speed up implementation. In others, as noted above, the EU co-financing rate was increased to reduce both the national contribution and the total funding needing to be spent. Specific Action Plans were also agreed with the EU in Italy, the Czech Republic and Slovakia, with funding being redirected in Italy to a few priorities and regions being given less of

a role over allocation. In Bulgaria, the documents required for project applications and reporting were reduced and technical assistance on auditing was obtained from outside. In Romania, pre-financing was increased to 35% and recipients of EU funding were helped to find co-financing and loan guarantees.

### **Achievements**

The rate of completion of co-financed projects increased significantly in 2011 and the early part of 2012, especially as regards support for R&D and SMEs, though many large infrastructure projects were still underway. There continues, however, to be a serious gap in reporting outcomes and results in the AIRs as well as a high degree of uncertainty over the reliability and consistency of some of the indicators they include. This is compounded by gaps and errors in the data recorded on core indicators in the DG Regional Policy database. As a result, it is difficult from the information available to identify and assess achievements and tends to mean that they are understated. The outcomes reported up to the end of 2011 include:

- the creation of an estimated 383,000 or so new jobs in full-time equivalent (FTE) terms;
- support of 14,700 cooperation projects between research centres and business;
- the creation of nearly 15,000 FTE jobs in R&D activities;
- the inducement of substantial private investment in R&D in the EU12 and the registration of significant numbers of patents (e.g. 549 in Slovenia);
- support of almost 53,000 business start-ups across the EU;
- the provision of access to the Internet via broadband for an additional 1.8 million people;
- the construction of some 1,270 km of new roads, around 620 km in the EU12;
- the improvement of over 10,000 km of existing roads, around 5,800 km in the EU12;
- the addition of some 300 km to the rail network and the improvement of around 800 km of existing lines, mostly in the EU15;
- the completion of the second phase of the metro system in the Bulgarian capital of Sofia;
- the provision of an improved supply of drinking water to 2.2 million people, mostly in Convergence regions of the EU15;
- the connection of 4.7 million people to improved wastewater treatment, again mostly in EU15 Convergence regions;
- the completion of over 1,400 solid waste projects, nearly half of them in the EU12;
- the addition of over 2,900 megawatts to the capacity for generating electricity from renewables;
- the clean-up of around 870 square km of polluted land, mainly in the EU15;
- the creation of some 5,700 jobs in tourism, half of them in the EU12;
- the completion of nearly 6,700 projects for improving the attractiveness of towns and cities and some 3,830 projects for improving healthcare facilities.

### **Evaluations of EU-supported interventions**

Evaluation activity in respect of Cohesion policy programmes reached a peak in the 2010-2011 period, when mid-term evaluations and many focussed on implementation were completed, and there was some slowdown in 2012. In 2011 and up to October 2012, however, evaluations averaged one per Operational Programme (OP) across the EU. Most evaluations (61%) were



carried out on Convergence OPs (an average of 1.6 per OP). There was a significant increase in evaluation activity in the Czech Republic, Italy and Greece – though to well under one per OP in the last – but no new evaluations in Spain, Ireland, Denmark, Luxemburg and Malta and a slowdown in Portugal and the Netherlands. The low level of activity in Spain, Ireland, Portugal and Greece is of particular concern given that the impact there of the economic crisis and budgetary constraints lends increased importance to funding being spent effectively.

Most evaluations were devoted to assessing procedures and programme implementation and only 18% were focussed on outcomes and effects as such, which partly reflects the time which needs to elapse (3-4 years) before the results of most projects become evident. Enterprise support, RTDI and territorial development were the main policy areas examined and there were relatively few evaluations of transport, the environment and energy despite the large funding going to them. Although the effects of the crisis on programmes and policy are covered in many evaluations, systematic evidence is rarely provided and only in a few cases were shifts in funding based on detailed evaluation findings rather than on absorption considerations.

Some 53% of evaluations used qualitative methods and 36% a mix of qualitative and quantitative. Only 4% used counterfactual methods and 7% cost-benefit analysis and other quantitative methods. The prevalence of qualitative methods partly reflects the relative focus on procedural issues, though such methods were also used by many impact evaluations.

### **Main findings of evaluations**

Evaluations record positive results in respect of support for RTDI, especially in helping to create links between the public and private sector and an environment conducive to R&D activity, though also in some cases resources being too widely dispersed (in Estonia and Denmark) and the administrative burden deterring SMEs from participating (in Poland). They also tend to find positive results for enterprise support in terms of job creation and increasing investment, including through FEIs, though weak implementation was reported in Sicily, limited regional effects in Finland and difficulties of setting up FEIs in Bulgaria and Romania. Similarly, evaluations of local development initiatives found that they boosted cooperation and participation in Italy, but resources tended to be too dispersed, and in France and Poland, interventions were not sufficiently integrated. Mid-term evaluations have tended to point to problems of implementation and coordination rather than of the strategy itself and, in some cases, weaknesses in monitoring and the indicators used.

### **Use of evaluation findings and future challenges**

Use of evaluation findings has tended to be largely informal. Only a few countries, the three Baltic States especially, have set up procedures to ensure that findings feed into policy-making. There remains, however, much room for improvement in the design and methods used in the evaluations undertaken to increase the reliability of their findings. This needs to be accompanied by wider acceptance among Member States of their importance for developing more effective policies and making better use of Cohesion policy funding. It also needs to go with a major improvement in the indicators used to monitor and assess policy with much closer links to end-objectives if a results-oriented policy is to become a reality.

## Résumé

Le présent rapport propose une synthèse des 27 rapports nationaux rédigés par le réseau d'experts indépendants chargés de l'évaluation concernant les progrès accomplis dans la mise en œuvre des programmes cofinancés par le FEDER (Fonds européen de développement régional) et le Fonds de cohésion, au cours de la période 2007-2013, ainsi que les résultats constatés fin 2011. Il est une mise à jour du rapport rédigé l'année dernière, relatif aux développements intervenus fin 2010. Le présent rapport se penche sur les questions suivantes:

- le contexte socioéconomique;
- les changements en matière de disparités régionales à l'échelle de l'Union européenne pendant la crise;
- l'ampleur de l'aide accordée par le FEDER et le Fonds de cohésion pour la période en question;
- le rythme de mise en œuvre des programmes;
- les progrès accomplis;
- les évaluations des interventions en matière de cohésion sociale.

### Le contexte socioéconomique

La crise économique s'est poursuivie en 2011 et 2012, et les prévisions vont dans le sens d'un ralentissement de la croissance dans la plupart des États membres de l'Union européenne, aussi bien en 2013 qu'en 2014. Cette situation, qui a retardé la mise en œuvre des programmes, risque de perdurer pendant la période restante. Elle a conduit à des taux de chômage élevés, et a montré l'importance de la création d'emploi. De même, la crise a aggravé les difficultés auxquelles les finances publiques sont confrontées, et a rendu encore plus malaisée la réduction des déficits et des emprunts gouvernementaux, ce qui a eu pour corollaire inévitable l'augmentation de la dépense publique.

L'assainissement budgétaire a frappé notamment les investissements fixes gouvernementaux, lesquels ont diminué de 12% en valeur réelle, pendant la période 2009-2011 à l'échelle européenne et, par voie de conséquence, à un niveau équivalent ou supérieur, en Bulgarie, en Roumanie et dans les trois pays de la cohésion de l'UE15. Les seuls pays de l'UE12 dans lesquels les investissements gouvernementaux ont augmenté au cours de ces deux années sont la Lettonie, la Lituanie, la Pologne, Malte et la Slovaquie, des états où l'augmentation du PIB s'est située bien au-dessus de la moyenne.

### Les changements en matière de disparités régionales pendant la crise

La récession économique des années 2008 et 2009 a surtout frappé les régions manufacturières, mais les plus fortes d'entre elles se sont rétablies très rapidement en 2010 et en 2011, ainsi que les régions des capitales de la plupart des pays, ce qui a eu pour conséquence d'accroître les disparités régionales préexistantes. Il en a été ainsi dans l'ensemble des États membres de l'UE12, à l'exception de la République tchèque et de la Roumanie, ainsi que dans la plupart des pays de l'UE15, y compris en Grèce, en Espagne, en Italie et en Allemagne. Les disparités régionales se sont vues renforcées, dans certains cas de figure, par les mesures d'assainissement budgétaire, lesquelles ont réduit les transferts vers les régions plus faibles, ainsi que les investissements publics dans ces dernières.

Malgré l'augmentation des disparités régionales pendant la crise, les pouvoirs politiques se sont essentiellement intéressés à la croissance et à la création d'emplois au niveau national, renforçant ainsi les disparités.

### **L'ampleur de l'aide accordée par l'Union européenne et la contribution de cette dernière aux dépenses consacrées au développement**

Le FEDER et le Fonds de cohésion ont accordé un financement d'ensemble, pour la période de programmation en cours, d'environ 270,1 milliards d'euros, l'objectif de convergence représentant, quant à lui, pratiquement 86% de cette somme. L'aide accordée équivaut à environ un tiers de la dépense gouvernementale en capitaux annuelle dans la plupart des États membres de l'UE12, au cours de la même période de programmation. Néanmoins, dans la mesure où moins de la moitié des montants globaux disponibles a été payée aux États membres, la somme restant à réclamer pendant les trois années à venir constitue l'équivalent d'environ la moitié ou plus de la dépense en capitaux annuelle dans 8 des 12 États membres de l'UE12, et quasiment le tiers de cette dépense pour la Grèce et le Portugal. Elle est d'un montant comparable dans les régions de convergence de l'Espagne et de l'Italie. Ces chiffres mettent en évidence l'importance critique du financement de l'Union européenne de la dépense consacrée au développement dans de nombreuses régions de l'Union, de même qu'elles soulèvent la question de la capacité de certains pays à absorber les montants disponibles pendant le peu de temps restant d'ici la fin de la période de programmation.

### **Les changements affectant le taux de cofinancement**

En réponse aux difficultés financières existantes, l'Union européenne a augmenté sa part de cofinancement dans différents pays, sans toutefois renforcer le montant des financements accordés. Ceci a permis aux pays concernés de réduire leur financement, de sorte que la dépense totale des programmes a diminué. Les principaux effets de cette politique se sont faits ressentir dans les États membres de l'UE15, dans lesquels le financement total (Union européenne et autres) a diminué d'environ 17% au Portugal, d'un peu plus de 13% en Belgique, de 12% en Irlande, de 10% en Espagne et de 6 à 7% en Grèce et en Italie.

### **Transferts des financements entre les différents domaines politiques**

Au sein de l'UE12, une très grande partie des financements concerne les investissements dans les transports et les infrastructures environnementales tandis que dans l'UE15, ils portent sur le soutien aux entreprises, la RTD et l'innovation. Environ 10% de la totalité des sommes disponibles pour la période ont été distribués entre les différents postes de dépense pour lesquels l'obtention d'autorisations officielles était nécessaire, surtout en 2011 et en 2012, bien que d'autres montants aient été transférés entre les différentes catégories. Les augmentations les plus importantes dans l'UE12 ont profité à la RTD, ainsi qu'à d'autres investissements en faveur des entreprises, aux infrastructures énergétiques et aux routes, et dans l'UE15, à la RTD, aux infrastructures sociales et à la rénovation urbaine et rurale. Les plus fortes réductions ont été enregistrées, dans les deux cas de figure, en matière d'aide à l'innovation à destination des PME (ce qui reflète les effets de la crise sur la demande décroissante), d'infrastructures environnementales et de transports ferroviaires et urbains.

## **Allègement des restrictions en matière d'accès des PME au crédit**

Dans environ la moitié des pays, des mesures spécifiques ont été adoptées, grâce aux aides du FEDER, pour permettre aux PME d'accéder au crédit, souvent (par exemple, en Bulgarie, en Roumanie, en Hongrie, en Slovénie, et Lettonie, en Lituanie et en Grèce) au moyen d'instruments d'ingénierie financière (IIF). Néanmoins, dans certains pays (comme par exemple, en Estonie, en Lituanie et en Grèce), un excès de bureaucratie et d'obstacles tenant aux procédures applicables, ainsi que l'absence de programmes plus généreux, sont venus limiter l'application et l'efficacité de telles mesures. En Grèce, leur fonctionnement s'est vu accéléré grâce à l'adoption d'une réglementation souple en matière d'octroi des crédits.

## **Les progrès enregistrés dans la mise en œuvre des programmes**

Bien qu'ils posent des difficultés d'interprétation, les deux moyens d'évaluation du rythme de mise en œuvre des programmes (à savoir, les paiements du FEDER et du Fonds de cohésion au profit des États membres, d'une part, et l'allocation de financements de l'Union par les autorités de gestion (AG) aux projets, d'autre part), révèlent l'existence, dans de nombreux pays, de retards importants. C'est ainsi que fin 2012 (la sixième année de la période), les paiements au profit des États membres de l'UE15 ne représentaient, en moyenne, que 46% de la totalité des financements disponibles, c'est-à-dire, 10 points de pourcentage en moins par rapport au même moment de la période précédente. L'écart était très similaire fin 2011, de sorte qu'il ne faut y voir aucune accélération quelconque du rythme de mise en œuvre qui aurait permis de rattraper le temps perdu au cours des années précédentes, dans la mesure où environ la moitié des financements reste encore à réclamer au cours des trois années à venir.

Les retards ont été particulièrement marqués en Italie, pays dans lequel uniquement 26% du financement avait été réclaté fin 2012, ce qui représente environ 20 points de pourcentage en moins par rapport à la période précédente, bien que les paiements aient été également inférieurs à 45% des fonds disponibles en Autriche et en France. Les paiements accordés par le FEDER ont été, en moyenne, légèrement supérieurs par rapport au financement total dans les pays de l'UE12 en comparaison avec ceux de l'UE15, et ils ont été plus élevés (entre 62 et 64% des financements) en Lituanie, en Estonie et en Slovénie que partout ailleurs. Néanmoins, ils se sont situés au plus bas en Roumanie (seulement 23% des financements) et au-dessous de la moyenne (entre 37 et 38%) en Bulgarie et à Malte.

Les paiements accordés dans le cadre de l'objectif de coopération territoriale européenne sont relativement faibles, ils ne représentaient que 40% des financements disponibles fin 2012. Les paiements en provenance du Fonds de cohésion ont été légèrement plus élevés (41% des financements), ce qui reflète la difficulté à faire démarrer les projets d'investissement de vaste envergure financés par ce Fonds.

## **Les informations provenant de l'allocation des ressources aux différents projets**

Bien que les données concernant l'allocation soient moins pertinentes, elles suggèrent, toutefois, que la mise en œuvre des programmes pourrait se trouver à un stade plus avancé que les paiements intervenus ne le laisseraient entendre. Environ 76% des financements totaux accordés par l'Union européenne avaient été assignés à des projets au sein de l'UE15 fin 2011, et 69% dans l'UE12, une certaine accélération ayant été enregistrée en 2011 dans les pays moins développés. Néanmoins, en Italie et en Bulgarie, environ 45% des financements n'avaient

pas encore été alloués. Ce pourcentage était de 35 à 40% en Roumanie, en France et en République tchèque, et d'environ un tiers en Autriche. Pour ce qui est de l'ensemble de ces 6 pays, les deux séries de données mettent en évidence des retards dans la mise en œuvre, ce qui laisse entrevoir la possibilité que la totalité des financements disponibles ne soit pas absorbée, et que la priorité soit accordée à l'absorption desdits financements, plutôt qu'une allocation plus susceptible de contribuer à l'atteinte des objectifs en matière de développement.

L'allocation de fonds s'est avérée particulièrement faible en ce qui concerne l'aide à l'innovation au profit des PME et les investissements dans le secteur de l'énergie et des chemins de fer (dans les deux cas, ils se sont élevés à moins de 60% des financements disponibles, et à moins de la moitié pour les derniers).

### **Les instruments d'ingénierie financière**

Les instruments d'ingénierie financière (IIF) constituent un moyen, pour les États membres de l'Union européenne, d'accélérer leurs dépenses, dans la mesure où dans un tel cadre, les fonds sont considérés comme dépensés lors de leur paiement à l'IIF, et non pas lorsqu'ils sont versés aux bénéficiaires finals. Néanmoins, les fonds doivent tout de même parvenir aux bénéficiaires finals fin 2015 au plus tard, faute de quoi ils ne seront pas éligibles à une couverture par le FEDER. Fin 2011, quasiment les deux tiers des financements réglés aux IIF n'avaient pas encore été distribués à leurs bénéficiaires finals. Dans 5 pays (l'Autriche, la Slovaquie, la Bulgarie, la Grèce et la Roumanie), la totalité des fonds (ou presque) restait à distribuer. Une telle situation minimise le problème potentiel lié à l'absorption des financements, dans la mesure où un montant important des fonds du FEDER destinés aux IIF (environ un tiers, et bien davantage dans certains pays), n'a pas encore été assigné. Aussi, fin 2011, environ les trois quarts des montants globaux programmés n'étaient pas encore parvenus à leurs bénéficiaires finals, le pourcentage était de plus de 80% dans 11 États membres.

### **Les raisons à l'origine des retards et les mesures adoptées pour y parer**

Dans la plupart des États membres de l'Union européenne, la situation économique défavorable constitue l'une des raisons principales des retards dans la mise en œuvre des programmes. En effet, une telle situation fait chuter la demande de financements de la part des PME, et elle a pour conséquence que ces dernières, ainsi que d'autres organisations, peinent à trouver des cofinancements. Les difficultés liées aux procédures applicables en matière de marchés publics en sont la deuxième raison, notamment dans les pays de l'UE12, ainsi que les dysfonctionnements administratifs, un taux de rotation élevé du personnel et la longueur des procédures de recours et de certification.

Dans bon nombre d'États membres, des mesures ont été adoptées en 2011, dans le but de transférer des financements vers des projets moins affectés par la crise, afin d'accélérer la mise en œuvre. Dans d'autres États membres, et ainsi que cela a été évoqué précédemment, le taux de cofinancement de l'Union européenne a été renforcé, en vue de réduire tant la contribution nationale que le montant des fonds totaux à dépenser. Par ailleurs, des plans d'action sectoriels ont été mis en place avec l'Union européenne en Italie, en République tchèque et en Slovaquie, des financements étant redirigés en Italie vers certains secteurs prioritaires, et un rôle moindre a été accordé aux régions en ce qui concerne l'allocation des fonds. En Bulgarie, les documents exigés pour le dépôt des demandes de financement et pour l'établissement des rapports ont été

allégés, et l'assistance technique pour la réalisation d'audits a été recherchée auprès d'interlocuteurs extérieurs. En Roumanie, le préfinancement a augmenté de 35% et les bénéficiaires des financements de l'Union européenne ont été assistés dans leur recherche de cofinancement et de garanties d'emprunt.

### Les résultats obtenus

Le taux de réalisation des projets cofinancés a augmenté de manière significative en 2011, ainsi qu'au cours des premiers mois de l'année 2012, notamment en ce qui concerne la R&D et les PME, malgré le nombre élevé de grands projets d'infrastructures toujours en cours. Néanmoins, un écart considérable persiste avec les résultats rapportés, ainsi qu'un niveau important d'incertitude pour ce qui est de la fiabilité et de la cohérence de certains des indicateurs utilisés. À cela s'ajoutent les écarts et les erreurs constatés dans les données concernant les indicateurs clés au sein de la base de données de la DG Politique régionale. Dans ces conditions, il n'est pas aisé d'identifier et d'évaluer les progrès réalisés sur la base des informations disponibles, lesquels pourraient bien avoir été sous-estimés. Les résultats déclarés jusqu'à la fin de l'année 2011 comportaient les éléments suivants:

- la création estimée d'environ 383 000 postes de travail à plein-temps ou assimilés;
- le soutien apporté à 14 700 projets de coopération entre des centres de recherche et des entreprises;
- la création de quasiment 15 000 postes de travail à plein-temps ou assimilés dans le secteur des activités de R&D;
- l'incitation d'investissements privés substantiels dans le secteur de la R&D dans l'UE12, ainsi que l'enregistrement d'un nombre significatif de brevets (par exemple, 549 brevets en Slovaquie);
- l'aide à la création de près de 53 000 entreprises dans l'Union européenne;
- la mise à disposition d'un accès à Internet à haut débit pour 1,8 million de personnes supplémentaires;
- la construction d'environ 1 270 km de nouvelles routes, dont quelque 620 km au sein de l'UE12;
- l'amélioration d'environ 10 000 km de routes déjà existantes, dont quelque 5 800 km dans l'UE12;
- l'ajout d'environ 300 km au réseau ferroviaire et l'amélioration de quelque 800 km de lignes déjà existantes, surtout dans l'UE15;
- la réalisation de la deuxième phase du réseau métropolitain dans la capitale bulgare, Sofia;
- la mise à disposition d'un meilleur approvisionnement en eau potable pour 2,2 millions de personnes, surtout dans les régions de convergence de l'UE15;
- l'accès de 4,7 millions de personnes à un meilleur système de traitement des eaux usées, notamment dans les régions de convergence de l'UE15;
- la réalisation d'environ 1 400 projets relatifs aux déchets solides, dont quasiment la moitié a été menée dans les pays de l'UE12;
- l'ajout d'environ 2 900 mégawatts à la capacité de production d'électricité à partir des énergies renouvelables;

- l'assainissement d'environ 870 km<sup>2</sup> de terrains pollués, principalement dans les pays de l'UE15;
- la création d'environ 5 700 postes de travail dans le tourisme, dont la moitié dans les pays de l'UE12;
- la réalisation d'environ 6 700 projets visant à améliorer l'attractivité des villes, ainsi que de 3 830 projets d'amélioration des établissements de soin.

### Évaluations des interventions ayant bénéficié des aides de l'Union européenne

Les activités d'évaluation concernant les programmes relevant de la politique de cohésion ont atteint un sommet pendant la période 2010-2011, au cours de laquelle les évaluations à mi-parcours et de nombreuses évaluations relatives à la mise en œuvre ont pris fin. Leur nombre a diminué dans une certaine mesure en 2012. Néanmoins, en 2011 et jusqu'au mois d'octobre de l'année 2012, les évaluations étaient en moyenne d'une par programme opérationnel (PO) à l'échelle de l'Union européenne. La plupart des évaluations (61%) ont porté sur des programmes opérationnels de convergence (avec une moyenne de 1,6 par PO). Une augmentation significative a été enregistrée en matière d'activités d'évaluation en République tchèque, en Italie et en Grèce (bien que leur nombre se soit situé bien en dessous d'une par PO dans ce dernier pays), mais aucune nouvelle évaluation n'a été réalisée en Espagne, en Irlande, au Danemark, au Luxembourg et à Malte, et ce type d'activités a diminué au Portugal et aux Pays-Bas. Le faible niveau d'activité constaté en Espagne, en Irlande, au Portugal et en Grèce apparaît particulièrement préoccupant, dans la mesure où, en raison de la crise économique et des contraintes budgétaires qui affectent ces pays, la dépense efficace des financements alloués revêt une importance toute particulière.

La plupart des évaluations ont porté sur les procédures et la mise en œuvre des programmes, et uniquement 18% d'entre elles se sont concentrées sur les résultats et les effets en tant que tels, une situation qui reflète, en partie, le temps devant s'écouler (entre 3 et 4 années) avant que les résultats de la plupart des projets deviennent visibles. Le soutien aux entreprises, à la RTDI et au développement territorial a constitué le domaine principal d'analyse. Relativement peu d'évaluations ont été menées en matière de transport, d'environnement ou d'énergie, et cela en dépit de l'importance des financements consacrés à ces derniers secteurs. S'il est vrai que les répercussions de la crise sur les programmes et les politiques sont évoquées dans de nombreuses évaluations, les données systématiques en la matière y font souvent défaut, et ce n'est que rarement que des transferts de financement sont intervenus sur la base des conclusions tirées des évaluations plutôt que sur la base des considérations tenant à la question de l'absorption.

Environ 53% des évaluations ont eu recours à des méthodes qualitatives, et 36% d'entre elles à une combinaison de méthodes qualitatives et quantitatives. Uniquement 4% des évaluations réalisées ont utilisé des méthodes contrefactuelles, et 7% d'entre elles ont eu recours à des analyses de la rentabilité et à d'autres méthodes quantitatives. La prévalence des méthodes qualitatives reflète, en partie, l'accent relatif mis sur les questions de procédure, bien que de telles méthodes aient également été utilisées dans le cadre de nombreuses évaluations des impacts.

## Conclusions principales tirées des évaluations

Les évaluations enregistrent des résultats positifs en matière de soutien à la RTDI, notamment en matière de création de liens entre le secteur public et le secteur privé, de la mise en place d'un environnement favorable aux activités de R&D, bien que, dans certains cas, les ressources aient été dispersées (en Estonie et au Danemark) et de l'allègement des charges administratives qui découragent la participation des PME (en Pologne). Elles font également état de résultats positifs en matière de soutien aux entreprises en termes de création d'emploi et d'augmentation des investissements, y compris au moyen des IIF, bien qu'un faible degré de mise en œuvre ait été rapporté en Sicile, ainsi que des effets limités à l'échelle régionale en Finlande et des difficultés de mise en place des IIF en Bulgarie et en Roumanie. D'une manière similaire, les évaluations concernant les initiatives de développement local ont conclu que ces dernières avaient encouragé la coopération et la participation en Italie, même si les ressources tendaient à être trop dispersées. Pour ce qui est des cas de la France et de la Pologne, il est apparu que ces interventions n'étaient pas suffisamment intégrées. Les évaluations à mi-parcours ont souligné, surtout, des difficultés de mise en œuvre et de coordination, et aucune difficulté stratégique à proprement parler. Dans certains cas, des faiblesses dans le suivi et dans les indicateurs utilisés ont été signalées.

## L'exploitation des conclusions des évaluations et les défis à venir

L'exploitation des conclusions issues des évaluations s'est faite, généralement, d'une manière informelle. Seuls quelques pays, et notamment les trois pays baltes, ont mis en place des procédures visant à assurer que ces conclusions soient prises en considération dans la définition des politiques. Il n'en demeure pas moins que des efforts doivent être faits dans l'amélioration de la conception et des méthodes utilisées dans le cadre des évaluations menées, afin de renforcer la fiabilité des constatations de ces dernières. Cela doit s'accompagner d'une acceptation plus large, parmi les États membres, de leur importance pour le développement de politiques plus efficaces et d'une meilleure utilisation des fonds de la politique de cohésion. Une amélioration importante des indicateurs utilisés pour le suivi et l'évaluation des politiques s'avère également nécessaire, avec la mise en place de liens bien plus étroits avec les objectifs ultimes, si l'on veut que les politiques orientées sur les résultats deviennent une réalité.



## Zusammenfassung

Im vorliegenden Bericht werden die Erkenntnisse der 27 Länderberichte, die vom Netzwerk unabhängiger Analyseexperten zum Fortschritt bei der Umsetzung in 2011 der mit dem EFRE (Europäischen Fonds für regionale Entwicklung) und dem Kohäsionsfonds im Zeitraum von 2007 bis 2013 kofinanzierten Programme vorgelegt wurden, zusammengefasst. Er ist ein Follow-up-Bericht des Ende 2010 erstellten Berichts und untersucht folgende Aspekte:

- der sozioökonomische Kontext
- Veränderungen der regionalen Unterschiede in der gesamten EU während der Wirtschaftskrise
- der Umfang der Förderung aus dem EFRE und dem Kohäsionsfonds im gegenwärtigen Programmplanungszeitraum
- die Geschwindigkeit der Programmumsetzung
- die erzielten Ergebnisse
- die durchgeführten Bewertungen der der kohäsionspolitischen Interventionen.

### Sozioökonomischer Kontext

Die Wirtschaftskrise dauerte im Jahr 2011 und 2012 an, und in weiten Teilen der EU werden für 2013 und 2014 niedrige Wachstumsraten prognostiziert. Dieser Umstand führte zu einer Verlangsamung bei der Programmumsetzung, und es ist davon auszugehen, dass sich diese Entwicklung auch im restlichen Zeitraum fortsetzen wird. Eine weitere Auswirkung ist die hohe Arbeitslosigkeit, was wiederum die Wichtigkeit der Schaffung von Arbeitsplätzen unterstreicht. Auch die problematische Lage der öffentlichen Finanzen wurde dadurch verschärft, und die Reduzierung von Haushaltsdefiziten und Staatsschulden erschwerte sich, was eine Einschränkung der Ausgaben für Entwicklung mit sich brachte.

Die Haushaltskonsolidierung hat sich insbesondere auf die staatlichen Anlageinvestitionen ausgewirkt, die EU-weit von 2009 bis 2011 real um 12 % gesunken sind. Ein ähnlich hoher oder noch signifikanterer Rückgang wurde in Bulgarien, Rumänien sowie in allen drei Kohäsionsländern der EU-15 verzeichnet. In den EU-12-Ländern stiegen die staatlichen Investitionen in den beiden Jahren lediglich in Lettland, Litauen, Polen, Malta und der Slowakei an, wo das BIP-Wachstum deutlich über dem Durchschnitt lag.

### Veränderungen der regionalen Unterschiede während der Wirtschaftskrise

Von der wirtschaftlichen Rezession der Jahre 2008-2009 waren tendenziell vor allem Industrieregionen betroffen, wobei sich jedoch die stärksten Regionen am schnellsten im Jahr 2010 und 2011 wieder erholen konnten. Gleiches galt auch für die Hauptstadtregionen der meisten Länder, was eine Verschärfung der bereits vorhandenen regionalen Unterschiede mit sich brachte. Dies war in allen EU-12-Ländern mit Ausnahme der Tschechischen Republik und Rumänien sowie in den meisten EU-15-Ländern, darunter Griechenland, Spanien, Italien und Deutschland, der Fall. Die Situation wurde in einigen Fällen durch Maßnahmen zur Haushaltskonsolidierung noch verstärkt, da diese Transferleistungen für strukturschwächere Regionen und öffentliche Investitionen in den Regionen reduzierten.

Während die regionalen Unterschiede tendenziell noch zunahmen, verlagerte sich das politische Augenmerk von der Verringerung der Disparitäten hin zur Schaffung von Wachstum und Arbeitsplätzen auf nationaler Ebene.

### **Der Umfang der EU-Fördermittel und ihr Beitrag zu Entwicklungsausgaben**

Die EFRE- und Kohäsionsfonds für den aktuellen Programmplanungszeitraum belaufen sich zusammen auf rund EUR 270,1 Mrd., wobei das Konvergenzziel ca. 86 % davon beträgt. Die Finanzmittel entsprechen für den Programmplanungszeitraum in den meisten der EU-12-Länder über mehr als ein Drittel der staatlichen Kapitalausgaben eines Jahres. Da jedoch weniger als die Hälfte der insgesamt verfügbaren Mittel bisher an die Mitgliedstaaten ausbezahlt wurde, entspricht der noch zu beanspruchende Betrag über die verbleibenden drei Jahre des Zeitraums hinweg etwa der Hälfte oder mehr der Kapitalausgaben in 8 der EU-12-Länder und beinahe einem Drittel in Griechenland und Portugal. Auch in den Konvergenzregionen Spaniens und Italiens sind die Zahlen in einer ähnlichen Größenordnung. Diese Zahlen belegen die entscheidende Bedeutung der EU-Fördermittel für Entwicklungsausgaben in weiten Teilen der EU, werfen aber in einigen Ländern die Frage auf ob die zur Verfügung stehenden Beträge in der kurzen noch verbleibenden Zeit in Anspruch genommen werden können.

### **Änderungen der Kofinanzierungssätze**

Als Reaktion auf die finanziellen Schwierigkeiten hat die EU ihren Anteil an der Kofinanzierung in einer Reihe von Ländern ohne gleichzeitige Erweiterung der bereitgestellten Finanzmittel erhöht. Dadurch konnten die betreffenden Länder ihre Finanzierung reduzieren, so dass die Gesamtausgaben für die Programme insgesamt zurückgingen. Die Auswirkungen zeigten sich am deutlichsten in den EU-15-Mitgliedsstaaten, in denen die Gesamtfördermittel (EU und Sonstige) um über 17 % in Portugal, knapp über 13 % in Belgien, 12 % in Irland, 10 % in Spanien und 6-7 % in Griechenland und Italien zurückgingen.

### **Verlagerung von Fördermitteln auf andere Politikbereiche**

Ein Großteil der Fördermittel in den EU-12-Ländern entfällt auf Investitionen in Infrastruktur im Bereich Verkehrswesen und Umwelt und in den EU-15-Ländern auf die Förderung von Unternehmen, FTE und Innovation. Genehmigungspflichtige Verlagerungen von Fördermitteln betragen 10 % der für den Zeitraum verfügbaren Mittel und wurden hauptsächlich in den Jahren 2011 und 2012 durchgeführt. Weitere Umverteilungen fanden jedoch zwischen den jeweiligen Kategorien statt. Die größten Zuwächse verzeichneten in den EU-12-Ländern FTE, sonstige Investitionen in Unternehmen, Energieinfrastruktur und Straßenbau. In den EU-15-Ländern war der Förderzuwachs in RTD, sozialer Infrastruktur sowie Modernisierung in urbanen und ländlichen Räumen am höchsten. Die größten Rückgänge wurden in beiden Fällen bei der Innovationsförderung für KMU – worin sich auch das Absinken der Nachfrage als Auswirkung der Wirtschaftskrise widerspiegelt – Umweltinfrastruktur, Schienenverkehr und städtischer Verkehrsinfrastruktur verzeichnet.

### **Erleichterung der Kreditvergabe an KMU**

In rund der Hälfte der Länder wurden mit Hilfe von Fördermitteln aus dem EFRE spezifische Maßnahmen ergriffen, um den KMU den Zugang zu Krediten zu erleichtern. In vielen Fällen (z.B.

Bulgarien, Rumänien, Ungarn, Slowenien, Lettland, Litauen und Griechenland) wurde dabei auf Finanzinstrumente zurückgegriffen. In bestimmten Ländern – z.B. in Estland, Litauen und Griechenland – wurden die Beanspruchung und Effektivität jedoch aufgrund von übermäßiger Bürokratie, Verfahrensschwierigkeiten sowie einer Verdrängung durch großzügigere Programme begrenzt. In Griechenland wurden die Abläufe durch eine Lockerung der Regularien der Kreditvergabe beschleunigt.

### **Fortschritte bei der Durchführung der Programme**

Obwohl sich die Auslegung in beiden Fällen problematisch erweist, lassen die beiden Indikatoren zur Beurteilung der Geschwindigkeit der Durchführung von Programmen – Zahlungen aus dem EFRE und dem Kohäsionsfonds an die Mitgliedstaaten sowie die Zuweisung durch die Verwaltungsbehörden (VB) von EU-Mitteln an Projekte – auf erhebliche Verzögerungen bei der Umsetzung in einer Reihe von Ländern schließen. Bis zum Ende des Jahres 2012, dem sechsten Jahr des Zeitraums, waren im Durchschnitt in der EU-15 lediglich 46% der insgesamt verfügbaren Mittel ausgezahlt worden – 10% weniger als zum selben Zeitpunkt des vorherigen Programmplanungszeitraums. Ende 2011 ließ sich ein ähnlicher Rückstand feststellen. Es zeichnet sich also keine Beschleunigung bei der Projektumsetzung zum Ausgleich der in den vorangegangenen Jahren verlorenen Zeit ab, und mehr als die Hälfte der Mittel muss in den nächsten drei Jahren noch beansprucht werden.

Besonders ausgeprägt waren die Verzögerungen in Italien, wo bis Ende des Jahres 2012 lediglich 26 % der Fördermittel beansprucht worden waren, über 20 % weniger als im vorhergehenden Programmplanungszeitraums. Auch in Österreich und Frankreich wurden weniger als 45 % der verfügbaren Fördermittel beansprucht. Im Durchschnitt fielen die EFRE-Zahlungen in Relation zu den Gesamtmitteln in der EU-12 geringfügig höher aus als in der EU-15. Der größte Anteil ausgezahlter Mittel (62-64 %) wurde in Litauen, Estland und Slowenien verzeichnet. Am niedrigsten war dieser in Rumänien (lediglich 23 % der Fördermittel), und auch in Bulgarien und Malta lagen die Zahlen weit unter dem Durchschnitt (37-38 %).

Zahlungen im Rahmen des Ziels „Europäische territoriale Zusammenarbeit“ fielen ebenfalls relativ gering aus und lagen zum Ende des Jahres 2012 lediglich bei 40 % der verfügbaren Mittel. Auch Zahlungen aus dem Kohäsionsfonds waren nur geringfügig höher (41 % der Fördermittel). Dies ist darauf zurückzuführen, dass die Anlaufphase der großen Investitionsprojekte mehr Zeit in Anspruch nimmt.

### **Hinweise aus Daten zur Projektzuweisung**

Die Daten zur Zuweisung sind nicht so zeitnah verfügbar, weisen jedoch darauf hin, dass bei der Programmumsetzung möglicherweise mehr Fortschritte erzielt wurden, als aus den Zahlungsdaten hervorgeht. In den EU-15-Ländern waren Ende des Jahres 2011 rund 76 % der gesamten EU-Fördermittel Projekten zugewiesen worden. In den EU-12-Ländern lag der Prozentsatz bei 69 %, wobei die Nachzüglerstaaten im Jahr 2011 mitunter aufholten. In Italien und Bulgarien mussten jedoch noch etwa 45 %, in Rumänien, Frankreich und der Tschechischen Republik 35-40 %, und in Österreich mehr als ein Drittel der Mittel zugeteilt werden. In allen 6 Ländern weisen beide Datenbestände auf Verzögerungen bei der Umsetzung hin, weshalb anzunehmen ist, dass nicht alle zur Verfügung stehenden Mittel in Anspruch genommen werden

und das Hauptaugenmerk weniger auf der Verwendung der Mittel zur Erreichung von Entwicklungszielen, sondern vielmehr auf der Beanspruchung an sich liegen wird.

Besonders gering fiel die Zuweisung bei der Innovationsförderung in KMU sowie den Investitionen in Energie und Eisenbahnen (jeweils weniger als 60 % der verfügbaren Mittel und weniger als die Hälfte im Falle der letzten Kategorie) aus.

### **Finanzierungsinstrumente**

Mit Hilfe von Finanzierungsinstrumenten können die Mitgliedstaaten den Ausgabeprozess beschleunigen, da die Fonds bereits als ausgegeben erachtet werden, wenn sie in Finanzierungsinstrumente eingezahlt wurden und nicht erst, wenn sie die Endbegünstigten erreichen. Sie müssen die Endbegünstigten allerdings in jedem Fall bis zum Ende des Jahres 2015 erreichen, damit ein Anspruch auf Abdeckung durch den EFRE entsteht. Am Ende des Jahres 2011 waren beinahe zwei Drittel der Finanzierungsinstrumente noch nicht ausbezahlt. In 5 Ländern – Österreich, der Slowakei, Bulgarien, Griechenland und Rumänien – musste noch der gesamte bzw. beinahe der gesamte Betrag verteilt werden. Ferner wird das potenzielle Beanspruchungsproblem dabei noch milde ausgedrückt, da ein beträchtlicher Anteil des EFRE, der planmäßig für Finanzierungsinstrumente verwendet werden sollte (mehr als ein Drittel und in einigen Ländern noch bedeutend mehr), noch zugewiesen werden muss. Mehr als drei Viertel des gesamten geplanten Betrags hatten daher zum Ende des Jahres 2011 noch keine geeigneten Endbegünstigten erreicht. In 11 Mitgliedstaaten lag der Anteil bei mehr als 80 %.

### **Gründe für Verzögerungen und getroffene Abhilfemaßnahmen**

Die negativen wirtschaftlichen Rahmenbedingungen stellen einen wesentlichen Grund für Verzögerungen bei der Durchführung der Programme in fast allen Mitgliedstaaten dar, da die Nachfrage nach Finanzierung von KMU somit zurückging und sich die Beschaffung von Kofinanzierung für diese und sonstige Organisationen schwierig gestaltete. Des Weiteren lassen sich Probleme bei öffentlichen Vergabeverfahren anführen und zwar insbesondere in der EU-12. Hinzu kommen eine mangelnde Effizienz bei der Administration, hohe Mitarbeiterfluktuationen und langwierige Einspruchs- und Zertifizierungsverfahren.

In vielen Mitgliedstaaten wurden im Jahre 2011 Maßnahmen ergriffen, um die Finanzierung auf Projekte zu verlagern, die weniger von der Wirtschaftskrise betroffen waren, um so die Umsetzung schneller voranzutreiben. In anderen Ländern wurde, wie oben bereits erwähnt, der EU-Kofinanzierungssatz erhöht, um sowohl den nationalen Beitrag als auch den aufzuwendenden Anteil an der Gesamtförderung herabzusetzen. Zudem wurden in Italien, der Tschechischen Republik und der Slowakei spezifische Aktionspläne mit der EU vereinbart, wobei die Finanzierung in Italien auf wenige Prioritäten umverteilt wurde und die Regionen eine geringere Rolle bei der Zuweisung spielten. In Bulgarien wurden die für die Projektanträge und Berichterstattung erforderlichen Unterlagen reduziert, und technische Unterstützung bei der Prüfung wurde extern eingeholt. In Rumänien wurde die Vorfinanzierung auf 35 % erhöht, und die Empfänger von EU-Mitteln wurden bei der Beschaffung von Kofinanzierung und Darlehensgarantien unterstützt.

## Ergebnisse

Die Fertigstellungsquote der kofinanzierten Projekte stieg im Jahr 2011 und dem Anfang des Jahres 2012 insbesondere hinsichtlich der Förderung im Bereich F&E und KMU signifikant, wenngleich sich zahlreiche, groß angelegte Infrastrukturprojekte noch in der Durchführungsphase befanden. Nach wie vor sind jedoch erhebliche Lücken bei den Ergebnissen in den Jahresberichten vorhanden. Ferner sind die Zuverlässigkeit und Konsistenz einiger ihrer Indikatoren mit einem hohen Maß an Unsicherheit behaftet. Erschwerend kommen ferner Unvollständigkeiten und Fehler bei den zu Kernindikatoren erfassten Daten in der Datenbank der GD Regionalpolitik hinzu. Folglich lassen sich aus den vorhandenen Informationen nur schwer Ergebnisse eruieren und einschätzen, was tendenziell zur Folge hat, dass diese unterbewertet werden. Unter anderem wurden die folgenden Ergebnisse bis zum Ende des Jahres 2011 berichtet:

- die Schaffung von schätzungsweise rund 383.000 neuen Arbeitsplätzen in Vollzeitäquivalenten;
- Förderung von 14.700 Kooperationsprojekten zwischen Forschungseinrichtungen und Unternehmen;
- die Schaffung von beinahe 15.000 Arbeitsplätzen in Vollzeitäquivalenten im Bereich Forschung und Entwicklung;
- der Anreiz beträchtlicher privater Investitionen in F&E in der EU-12 sowie Registrierung zahlreicher Patente (z.B. 549 in Slowenien);
- Förderung von beinahe 53.000 Existenzgründungen EU-weit;
- die Bereitstellung von Breitband-Internetzugang für weitere 1,8 Millionen Menschen;
- der Bau von ca. 1.270 km neuer Straßen, davon rund 620 km in EU-12-Ländern;
- die Ausbesserung von über 10.000 km vorhandener Straßen, davon rund 5.800 km in der EU-12;
- die Erweiterung des Eisenbahnnetzwerks um ca. 300 km und die Erneuerung von rund 800 km vorhandener Strecken, insbesondere in der EU-15;
- der Abschluss der zweiten Phase des U-Bahn-Systems der bulgarischen Hauptstadt Sofia;
- die Verbesserung der Trinkwasserversorgung für 2,2 Millionen Menschen, insbesondere in den Konvergenzregionen der EU-15;
- die Verbesserung der Abwasseraufbereitung für 4,7 Millionen Menschen, wiederum überwiegend in den Konvergenzregionen der EU-15;
- die Fertigstellung von über 1.400 Abfallprojekten, wobei beinahe die Hälfte auf die EU-12 entfällt;
- die Erweiterung der Kapazitäten zur Erzeugung von Strom aus erneuerbaren Energien um mehr als 2.900 Megawatt;
- die Sanierung von rund 870 Quadratkilometern verschmutzter Böden, vorwiegend in der EU-15;
- die Schaffung von rund 5.700 Arbeitsplätzen in der Tourismusbranche, wobei die Hälfte auf die EU-12 entfällt;

- die Fertigstellung von beinahe 6.700 Projekten zur Steigerung der Attraktivität von Städten und Großstädten sowie von ca. 3.830 Projekten zur Verbesserung von Einrichtungen im Gesundheitswesen.

### **Bewertungen von durch die EU unterstützte Maßnahmen**

Auswertungsaktivitäten in Bezug auf kohäsionspolitische Programme erreichten ihren Höhepunkt im Zeitraum von 2010 bis 2011, als Halbzeitbewertungen und viele auf die Umsetzung konzentrierte Analysen abgeschlossen wurden. Im Jahre 2012 ließ sich eine gewisse Verlangsamung verzeichnen. Im Jahre 2011 und bis Oktober 2012 wurde jedoch im Schnitt eine Auswertung pro operationellem Programm (OP) in der EU durchgeführt. Die meisten Evaluierungen (61 %) erfolgten zu Konvergenz-OPs (durchschnittlich 1,6 pro OP). In der Tschechischen Republik, Italien und Griechenland ließ sich ein signifikanter Anstieg der Auswertungsaktivitäten feststellen – obgleich der Durchschnitt im zuletzt genannten Land weit unter einer Evaluierung pro OP lag. In Spanien, Irland, Dänemark, Luxemburg und Malta kamen jedoch keine neuen Evaluierungen hinzu, und in Portugal und den Niederlanden stagnierten die Aktivitäten. Besonders besorgniserregend ist das niedrige Aktivitätsniveau in Spanien, Irland, Portugal und Griechenland, da die Auswirkungen der Wirtschaftskrise sowie die Haushaltsengpässe in diesen Regionen der Wichtigkeit der effektiven Nutzung der Fördermittel besonderen Nachdruck verleihen.

Die meisten Bewertungen befassten sich mit der Beurteilung von Verfahren sowie der Programmdurchführung. Lediglich 18 % konzentrierten sich auf die Ergebnisse und Auswirkungen als solche, was zum Teil auf die zu verstreichende Zeit (3-4 Jahre) zurückzuführen ist, bis die Projektergebnisse ersichtlich werden. Der Schwerpunkt der untersuchten Politikbereiche lag auf der Förderung von Unternehmen, FTEI und der territorialen Entwicklung. Trotz umfangreicher Fördermittel für Transportwesen, Umwelt und Energie wurden diese Bereiche in verhältnismäßig geringem Umfang bewertet. Zwar werden die Auswirkungen der Wirtschaftskrise auf Programme und Politik in zahlreichen Auswertungen thematisiert, jedoch werden dabei nur in seltenen Fällen systematische Belege geliefert, und nur vereinzelt gründeten Verlagerungen der Fördermittel auf den Ergebnissen detaillierter Analysen. In der Regel standen dabei meist vielmehr Beanspruchungserwägungen im Vordergrund.

Etwa 53 % der Bewertungen basierten auf qualitativen Methoden und 36 % auf einer Kombination aus qualitativen und quantitativen Methoden. Bei lediglich 4 % wurde auf kontrafaktische Methoden und bei 7 % auf Kostennutzenanalysen sowie weitere quantitative Methoden zurückgegriffen. Das Übergewicht qualitativer Methoden spiegelt zum Teil den relativen Fokus auf Verfahrensfragen wider, wenngleich solche Methoden auch bei vielen Folgeabschätzungen Anwendung fanden.

### **Hauptergebnisse der Bewertungen**

Die Bewertungen liefern hinsichtlich der Förderung für FTEI positive Ergebnisse und zwar insbesondere beim Aufbau von Verbindungen zwischen dem öffentlichen und privaten Sektor sowie dem Schaffen eines Umfelds zur Förderung von Aktivitäten für Forschung & Entwicklung, wobei jedoch in einigen Fällen Ressourcen zu weit verteilt wurden (in Estland und Dänemark) und der Verwaltungsaufwand KMU von einer Teilnahme abschreckte (in Polen). Auch bei der

Unternehmensförderung in Bezug auf die Schaffung von Arbeitsplätzen und Investitionssteigerungen – einschließlich durch Finanzinstrumente – ist eine positive Tendenz zu beobachten, obschon eine schwache Umsetzung in Sizilien, beschränkte regionale Effekte in Finnland und Schwierigkeiten bei der Einrichtung von Finanzinstrumenten in Bulgarien und Rumänien gemeldet wurden. Auf ähnliche Weisen kamen Bewertungen lokaler Entwicklungsinitiativen zu dem Ergebnis, dass diese die Zusammenarbeit und Beteiligung in Italien zwar förderten, Ressourcen jedoch tendenziell zu weit verteilt und Maßnahmen in Frankreich und Polen nicht ausreichend integriert waren. Halbzeitbewertungen stellten tendenziell eher Probleme bei der Umsetzung und Koordination als bei der Strategie selbst heraus und deckten in einigen Fällen Schwächen bei der Überwachung und den eingesetzten Indikatoren auf.

### **Nutzung der Bewertungsergebnisse und zukünftige Herausforderungen**

Die Nutzung der Bewertungsergebnisse hat bis dato weitestgehend in einem informellen Rahmen stattgefunden. Nur wenige Länder, insbesondere die drei Baltischen Staaten, haben Verfahren festgelegt, um sicherzustellen, dass Ergebnisse in die Politikgestaltung einfließen. Um die Verlässlichkeit der Ergebnisse zu erhöhen, besteht jedoch erheblicher Verbesserungsbedarf beim Aufbau und bei den Methoden, die im Rahmen der vorgenommenen Bewertungen Anwendung fanden. Gleichzeitig ist eine breitere Akzeptanz innerhalb der Mitgliedsstaaten hinsichtlich ihrer Wichtigkeit für die Entwicklung effektiverer Richtlinien und eine bessere Nutzung von Fördermitteln der Kohäsionspolitik notwendig. Wenn eine ergebnisorientierte Politik Realität werden soll, ist parallel ferner eine erhebliche Optimierung der zur Überwachung und Bewertung der Politik eingesetzten Indikatoren mit weit engeren Verbindungen zu den Endzielen erforderlich.

## 1. Introduction

This report is a synthesis of the main points made in the 27 national reports produced by the network of independent evaluation experts reviewing the progress made in implementing the programmes co-financed by the ERDF (European Regional Development Fund) and Cohesion Fund over the 2007-2013 period and the outcome of the expenditure so far carried out. For the most part, it focuses on the period up to the end of 2011, which is the period covered by the Annual Implementation Reports (AIRs) prepared for each Operational Programme (OP) – published in mid-2012. The AIRs form the basis of the national reports so far as the performance of programmes is concerned. They have been supplemented where possible, by the findings of evaluations and by interviews with Managing Authorities (MAs) to try to make up for the deficiencies of the AIRs in reporting the outcomes of expenditure in an informative way which makes clear what has been achieved and how this relates to policy objectives.

The present report is essentially an update of the report produced at the beginning of 2012 which summarised developments up to the end of 2010. Accordingly, it takes the main findings of that report as the starting-point and in the same way complements the material contained in the national reports by using data compiled by DG Regional Policy from Member States. It considers in turn:

- the economic situation in which the programmes are being carried out and the economic policies being pursued both of which affect developments at regional level;
- the regional development policy being followed across the EU and how it has been affected by both the underlying situation – and, in particular, by the prolonged period of economic stagnation and financial instability experienced by most Member States since 2008 – and the fiscal consolidation measures taken to reduce the government debt built up to counter the global recession;
- the scale of financial support for regional development from the ERDF and Cohesion Fund for the 2007-2013 period in relation to national expenditure and what remains to be spent as at the end of 2012 from the funding made available;
- the progress made in implementing Cohesion policy programmes across the EU, the extent to which implementation has speeded up since last year's report was prepared and the action taken in Member States to reduce delays;
- the outcome of the programmes carried out up to the end of 2011 in the different policy areas and the achievements made as a result of expenditure;
- the evaluations undertaken in Member States to assess the effectiveness of Cohesion policy interventions and their outcomes, focussing on those published since the evaluations included in the last report;
- the main points which emerge from the analysis and their implications both for the remainder of the present programming period and for the next one.



## **2. Socio-economic context**

### **Underlying economic situation**

This is the third year of undertaking a review of expenditure under Cohesion policy on regional development across the EU. The two previous reports highlighted the deterioration in the underlying economic situation both over the period up to that point and in respect of the forecasts for the remainder of the period. The present report is no exception. Just as the both the current state of the EU economies and the outlook up to 2015 when the present programming period comes to an end had worsened last year as compared to the year before, so too are the present situation and the prospects worse than envisaged this time last year.

As the report makes clear, this has contributed to the slow implementation of programmes and is likely to make it more difficult to carry out the expenditure planned over the remainder of the period. At a time when there is increasing need for EU support of development spending, problems of public finances are imposing tightening constraints on the ability of Member States to take up the funding available and to use it in the most effective way. Moreover, sluggish economic growth, by depressing tax revenue and adding to the need for social welfare support, will tend to make it more difficult to reduce government borrowing and outstanding government debt, so worsening problems of public finances even further.

### **GDP growth in 2011 and the outlook to 2014**

After the recession in 2009, the EU economy grew in both 2010 and 2011 though at modest rates. In the EU15 in aggregate and in all EU12 countries except Poland and Malta, GDP failed to recover the loss suffered in the downturn (Table 1). In Portugal, GDP declined over the two years taken together and in Greece, it fell markedly, while in Ireland and Spain, growth was marginal, and in the EU12, it was only around half the rate experienced in the years leading up to the recession. Except in the three Baltic States and Romania, there was little sign of any significant acceleration in the pace of recovery over the two years 2010 and 2011.

In 2012, according to the latest figures, the recovery came to an end and the EU economy slipped back into recession. Though there was growth in the EU12 as a whole, it was very slow, GDP increasing by 1% or less in most countries and declining in the Czech Republic, Slovakia, Slovenia and Cyprus. In the EU15, growth exceeded 1% only in Sweden and GDP fell in 7 of the 15 countries, most markedly in the four Southern Member States. In Greece, GDP declined for the fifth year in succession, reducing it in real terms to 23% below the level in 2007.

Against this background, unemployment has risen to high levels in most countries, the main exception being Germany, where because of its strong economic performance, it has fallen, and in only few has it declined significantly since the recession pushed it up. Overall in the EU, the rate continued to increase in 2012 (to just under 11% by the end of the year) and, Germany apart, only in the three Baltic States was it significantly lower than at the end of 2010 (though still close to 10% or above in all three of them). In Greece and Spain, it was over 26% at the end of 2012 and in Portugal and Ireland, around 15-16%. In most other countries (15 of the 23), it was close to 10% and below 7% only in Romania, Malta, Germany, the Netherlands, Luxembourg and Austria.

The forecast for 2013 is for only a very slight improvement on 2012, with growth only marginally positive in the EU15. Only in the three Baltic States and Romania is growth forecast to be more than 2%. In the four Southern EU15 countries as well as in Slovenia and Cyprus, a further decline in GDP is predicted. Under these circumstances, unemployment can be expected to increase further in many countries and is unlikely to come down significantly in the others.

**Table 1 Annual growth rates of GDP, 2004-2012 and forecasts for 2013 and 2014**

	2004-07	2007-08	2008-09	2009-10	2010-11	2011-12	<i>% growth a year</i>	
	<i>Average</i>		<i>Outturn</i>			<i>Estimate</i>	<i>Forecast</i>	
							2012-13	2013-14
EU27	2.9	0.3	-4.3	2.1	1.5	-0.3	0.4	1.6
EU15	2.7	0.1	-4.3	2.1	1.4	-0.3	0.3	1.5
EU12	5.8	4.1	-3.6	2.3	3.1	1.0	1.4	2.3
Estonia	8.8	-4.2	-14.1	3.3	8.3	2.5	3.1	4.0
Latvia	10.3	-3.3	-17.7	-0.9	5.5	4.3	3.6	3.9
Lithuania	8.5	2.9	-14.8	1.5	5.9	2.9	3.1	3.6
Poland	5.5	5.1	1.6	3.9	4.3	2.4	1.8	2.6
Slovakia	8.5	5.8	-4.9	4.4	3.2	2.6	2.0	3.0
Sweden	3.6	-0.6	-5.0	6.6	3.9	1.1	1.9	2.5
Germany	2.5	1.1	-5.1	4.2	3.0	0.8	0.8	2.0
Austria	3.3	1.4	-3.8	2.1	2.7	0.8	0.9	2.1
Romania	6.1	7.3	-6.6	-1.6	2.5	0.8	2.2	2.7
Malta	3.8	4.0	-2.4	3.4	1.9	1.0	1.6	2.1
Finland	4.2	0.3	-8.5	3.3	2.7	0.1	0.8	1.3
Bulgaria	6.4	6.2	-5.5	0.4	1.7	0.8	1.4	2.0
Luxembourg	5.6	-0.7	-4.1	2.9	1.7	0.4	0.7	1.5
France	2.2	-0.1	-3.1	1.7	1.7	0.2	0.4	1.2
Ireland	5.6	-2.1	-5.5	-0.8	1.4	0.4	1.1	2.2
Denmark	2.5	-0.8	-5.7	1.6	1.1	0.6	1.6	1.3
Belgium	2.4	1.0	-2.8	2.4	1.8	-0.2	0.7	1.6
Netherlands	3.1	1.8	-3.7	1.6	1.0	-0.3	0.3	1.4
Czech Republic	6.5	3.1	-4.5	2.5	1.9	-1.3	0.8	2.0
UK	3.0	-1.0	-4.0	1.8	0.9	-0.3	0.9	2.0
Hungary	2.6	0.9	-6.8	1.3	1.6	-1.2	0.3	1.3
Spain	3.7	0.9	-3.7	-0.3	0.4	-1.4	-1.4	0.8
Slovenia	5.6	3.4	-7.8	1.2	0.6	-2.3	-1.6	0.9
Cyprus	4.4	3.6	-1.9	1.3	0.5	-2.3	-1.7	-0.7
Italy	1.6	-1.2	-5.5	1.8	0.4	-2.3	-0.5	0.8
Portugal	1.5	0.0	-2.9	1.4	-1.7	-3.0	-1.0	0.8
Greece	3.8	-0.2	-3.1	-4.9	-7.1	-6.0	-4.2	0.6

*Note: Countries are ordered in terms of their growth over the two years 2010-2012*

*Source: Eurostat, National accounts and European Commission, Autumn 2012 forecasts*

The lack of any significant economic recovery in most countries has meant that it has been difficult to reduce the budget deficits built up in 2008-2009 to counter the recession, despite severe cuts in public expenditure and increases in taxes made in many countries in an attempt to do so. Indeed, these measures were a major reason for the lack of economic recovery. In 2011, therefore, the budget deficit was over 3% of GDP – the maximum specified by the growth and stability pact – in 17 of the 27 Member States, in Greece and Spain, over 9% and in Ireland, over 13% (Table 2). Moreover, in four of the 10 countries in which the deficit was below 3% of GDP (Germany, Austria, Hungary and Malta), Government debt was well over the 60% of GDP ceiling specified in the pact. This was also the case in 10 of the other 17 countries.

**Table 2 Budget balance and Government debt relative to GDP, 2007-2011**

	Budget balance (% GDP)				Government debt (% GDP)			
	2007	2009	2010	2011	2007	2009	2010	2011
EU27	-0.9	-6.9	-6.5	-4.4	59.0	74.6	80.0	82.5
Hungary	-5.1	-4.6	-4.4	4.3	67.0	79.8	81.8	81.4
Estonia	2.4	-2.0	0.2	1.1	3.7	7.2	6.7	6.1
Sweden	3.6	-0.7	0.3	0.4	40.2	42.6	39.5	38.4
Luxembourg	3.7	-0.8	-0.8	-0.3	6.7	15.3	19.2	18.3
Finland	5.3	-2.5	-2.5	-0.6	35.2	43.5	48.6	49.0
Germany	0.2	-3.1	-4.1	-0.8	65.2	74.5	82.5	80.5
Denmark	4.8	-2.7	-2.5	-1.8	27.1	40.6	42.9	46.6
Bulgaria	1.2	-4.3	-3.1	-2.0	17.2	14.6	16.2	16.3
Austria	-0.9	-4.1	-4.5	-2.5	60.2	69.2	72.0	72.4
Malta	-2.3	-3.9	-3.6	-2.7	61.9	67.6	68.3	70.9
Czech Republic	-0.7	-5.8	-4.8	-3.3	27.9	34.2	37.8	40.8
Latvia	-0.4	-9.8	-8.1	-3.4	9.0	36.7	44.5	42.2
Belgium	-0.1	-5.5	-3.8	-3.7	84.0	95.7	95.5	97.8
Italy	-1.6	-5.4	-4.5	-3.9	103.3	116.4	119.2	120.7
Portugal	-3.1	-10.2	-9.8	-4.4	68.4	83.2	93.5	108.1
Netherlands	0.2	-5.6	-5.1	-4.5	45.3	60.8	63.1	65.5
Slovakia	-1.8	-8.0	-7.7	-4.9	29.6	35.6	41.0	43.3
Poland	-1.9	-7.4	-7.9	-5.0	45.0	50.9	54.8	56.4
France	-2.7	-7.5	-7.1	-5.2	64.2	79.2	82.3	86.0
Lithuania	-1.0	-9.4	-7.2	-5.5	16.8	29.3	37.9	38.5
Romania	-2.9	-9.0	-6.8	-5.5	12.8	23.6	30.5	33.4
Cyprus	3.5	-6.1	-5.3	-6.3	58.8	58.5	61.3	71.1
Slovenia	0.0	-6.0	-5.7	-6.4	23.1	35.0	38.6	46.9
UK	-2.8	-11.5	-10.2	-7.8	44.2	67.8	79.4	85.0
Greece	-6.5	-15.6	-10.7	-9.4	107.4	129.7	148.3	170.6
Spain	1.9	-11.2	-9.7	-9.4	36.3	53.9	61.5	69.3
Ireland	0.1	-13.9	-30.9	-13.4	25.1	64.9	92.2	106.4

*Note: Countries are ordered in terms of the budget balance in 2011*

*Source: Eurostat, Government deficit and debt statistics*

The state of public finances, allied to the growth forecasts, therefore implies that there will be continuing pressure on government expenditure over the remainder of the programming period.

## Government investment

The policy of fiscal consolidation pursued in virtually every EU Member State over the past two years has hit government fixed investment in particular, which has been cut back substantially in many countries. This is only to be expected given the greater 'postponability' of capital expenditure in relation to current spending, together with the big increase in the need for social support because of rising unemployment which makes it difficult to reduce spending on social transfers even though benefit rates have been cut in many cases. Although government investment is not necessarily synonymous with development expenditure, any significant cutbacks in investment are almost certain to affect the latter, given that a large part of fixed capital spending goes to further development, especially in the EU12 countries and the lower income EU15 Member States.

Over the two years 2010 and 2011, government fixed investment declined by almost 12% in real terms in the EU as a whole, while total government expenditure fell only marginally (Table 3).

**Table 3 General Government fixed investment and total expenditure, 2007-2011**

	General Government fixed capital expenditure						Total government expenditure			
	% GDP		% change in real terms				% change in real terms			
	2007	2011	2008-9	2009-10	2010-11	2009-11	2008-9	2009-10	2010-11	2009-11
EU27	2.6	2.5	2.8	-5.4	-6.8	-11.7	3.7	1.2	-1.5	-0.3
EU15	2.5	2.3	3.7	-6.7	-7.4	-13.6	3.8	1.2	-1.5	-0.3
EU12	4.4	4.5	-10.2	6.7	-3.7	2.7	-8.3	5.0	-2.1	2.9
GR	3.4	1.6	-17.6	-31.4	-33.9	-54.6	3.2	-9.4	-6.5	-15.2
ES	4.0	2.9	7.0	-11.2	-27.1	-35.2	7.4	-0.2	-2.1	-2.3
IE	4.7	2.5	-32.9	-7.4	-26.9	-32.3	6.8	34.8	-26.2	-0.4
BG	5.2	3.4	-16.2	-6.9	-24.7	-29.9	2.0	-9.3	-3.2	-12.2
CZ	4.2	3.6	6.5	-13.3	-13.9	-25.3	3.7	0.3	0.2	0.6
Si	4.2	3.6	-4.0	-2.0	-18.8	-20.4	2.0	3.7	1.6	5.3
IT	2.3	2.0	6.5	-16.1	-1.9	-17.7	0.9	-1.2	-0.5	-1.7
UK	1.9	2.2	12.6	-5.8	-11.2	-16.3	3.4	0.0	-3.0	-3.0
CY	3.0	3.5	34.0	-8.8	-6.2	-14.5	7.7	1.1	0.4	1.5
AT	1.1	1.0	-0.1	-5.3	-9.4	-14.3	2.6	1.9	-1.2	0.6
PT	2.7	2.6	-0.9	21.8	-29.3	-13.8	7.8	4.5	-5.3	-1.0
RO	6.2	5.4	-15.8	-5.4	-6.4	-11.5	-2.2	-3.8	-3.5	-7.2
EE	5.1	4.2	-18.0	-22.2	17.4	-8.7	-1.5	-7.5	1.9	-5.8
NL	3.3	3.4	4.8	-2.0	-6.3	-8.1	7.2	1.1	-1.6	-0.5
FI	2.4	2.5	2.4	-9.0	1.2	-7.9	4.3	2.6	1.0	3.7
FR	3.3	3.1	1.9	-7.2	0.3	-6.9	3.2	1.2	0.8	2.0
HU	3.7	3.0	1.1	8.7	-8.4	-0.4	-2.6	-1.8	1.2	-0.6
DE	1.5	1.6	5.7	-0.1	1.1	1.0	3.8	3.0	-2.2	0.8
LV	5.7	4.2	-27.4	-14.0	19.6	2.9	-6.5	-2.5	-7.3	-9.6
LU	3.3	3.8	9.8	7.7	-4.4	2.9	9.4	-1.2	-0.5	-1.7
BE	1.6	1.7	5.9	-2.3	7.7	5.3	4.8	0.2	3.3	3.5
SK	1.9	2.3	12.7	16.8	-9.1	6.1	13.1	0.5	-1.5	-1.0
SE	3.1	3.4	1.7	5.2	2.6	7.9	0.8	1.5	1.6	3.1
DK	1.9	2.2	2.0	6.8	2.6	9.5	6.4	0.9	1.1	2.1
MT	3.8	2.5	-4.2	-5.6	21.3	14.5	-3.6	1.6	1.5	3.1
PL	4.2	5.7	15.5	12.0	6.3	19.0	4.9	5.8	0.0	5.8
LT	5.2	4.4	-32.9	19.4	1.3	21.0	0.0	-5.2	-3.0	-8.1

*Note: Countries are ordered in terms of the change in investment in real terms 2009-2011*

*Source: Eurostat, Government statistics*

Government investment increased over these two years in only 10 of the 27 Member States, in most cases, those experiencing the highest rates of economic growth and, in the case of Latvia and Lithuania, those in which investment was reduced considerably in 2009. In 7 of the EU12 countries most in need of infrastructure improvements, investment was cut back in real terms, most markedly in Bulgaria (by 30%), the country with the lowest GDP per head in the EU and, accordingly perhaps, the one with the greatest need. Similarly, in the EU15, the biggest reductions in government investment in 2010 and 2011 were in Greece and Spain (in the former, taking the level to under 40% of what it was in 2008), two of the three Cohesion countries, and in the third, Portugal, investment was also cut back substantially (by 14%). In Spain and Portugal, however, this still left government investment relative to GDP above the EU

average, in Spain reflecting the large expansion which took place in the years before the crisis. In Greece, on the other hand, it reduced the level relative to GDP to one of the lowest in the EU.

In most of the countries in which total expenditure was reduced in real terms over these two years (in 15 of the 27), fixed investment was reduced by more. The only exceptions were Hungary (marginally), Luxembourg, Slovakia and the two special cases of Latvia and Lithuania where investment had been cut back markedly in 2009. In addition, in four of the 12 countries in which government expenditure increased over this period (Czech Republic, Slovenia, France and Finland), investment was also reduced significantly. Accordingly, while fixed investment is commonly regarded as the most important element of government expenditure for stimulating growth, it has been the one which has borne a disproportionate part of the cuts in spending.

The reduction in investment coincided with a reduction in the national co-financing rate required in respect of the expenditure supported by the ERDF, which, as indicated below, led to a reduction in the overall spending on ERDF programmes.

### **Changes in regional disparities in the crisis**

As indicated in last year's report, the economic recession in 2008-2009 tended to have a differential effect on regions, with those with a relative concentration of manufacturing being affected most. The stronger of these regions in terms of industrial competitiveness, however, recovered most quickly in 2010, particularly if their industries specialised in exporting to developing, or newly industrialising, countries in which growth was most rapid. Capital city regions also tended to recover faster than others in most countries. On the evidence available, which is limited at EU-level<sup>1</sup>, these tendencies continued in 2011, widening existing regional disparities further, though there were a few exceptions. At the same time, the differential effects of the crisis on regions were reinforced in some cases by fiscal consolidation measures, implemented by governments to reduce budget deficits and public borrowing and offset in others.

These measures took three main forms as regards public expenditure (there were also increases in taxes) – cutbacks in government employment, social transfers and, above all as indicated above, government investment, both directly and indirectly through cutting transfers to regional and local authorities. While these reductions were not in most cases differentiated by region, they, nevertheless, had differential regional consequences because of differences in the regional location of the expenditure concerned.

In some countries, therefore, public sector employment tends to be relatively concentrated in the more disadvantaged regions, or it forms a comparatively large share of total employment because of the low level of employment in other sectors, in other countries, it is concentrated in the capital city and other economically stronger regions. In most countries, social transfers go more to the weaker regions, though also to the more depressed parts of the stronger regions, especially in urban areas. Similarly, there might be some relative concentration of public investment in the weaker regions to make good deficiencies in their infrastructure.

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<sup>1</sup> While there are some data available on employment – and unemployment - data on GDP and regional income are at present (i.e. at the end of 2012) available only up to 2009.

## The experience in EU15 Member States

In the EU15, in the southern Member States, in particular, though also in Ireland, GDP continued to decline in 2011 or at best grew only slowly. In Spain and Italy, the crisis appears to have intensified regional disparities as the economically stronger and more export-oriented Competitiveness regions (such as the Basque Country, Navarra and Cataluña as well as Madrid in Spain and the northern Italian regions) have proved more capable of withstanding the increased competitive pressure stemming from the prolonged stagnation of the national economy. In the southern Convergence regions in Spain (such as Andalusia, Extremadura, Castilla-La-Mancha) and the two transition regions, Murcia and Valencia, the recession has been particularly severe and unemployment has risen more than elsewhere. In addition, the southern Italian regions have been hit relatively hard by fiscal consolidation measures taken at national level because of their reliance on government transfers, while in Spain, a number of the regional authorities in disadvantaged regions, such as Andalusia and Valencia, have been forced to cut back on public expenditure in order to tackle their high debt levels.

In Greece, there were also signs of regional disparities widening. While unemployment increased significantly in most regions, it rose more in 2011 in Convergence regions than in Competitiveness ones, in the Athens region, in particular. At the same time, there were growing differences among Convergence regions, with unemployment increasing by much more in the North Aegean Islands than the southern ones, while in the Ionian Islands unemployment fell.

In the UK too, evidence points to regional disparities continuing to widen in 2011, in part because of the larger share of employment in public services in the Convergence regions than in others. In addition, the older industrial regions have continued to deindustrialise with unemployment rising more than elsewhere, though at a slower rate than before.

Equally, in France, the regions most affected by the crisis continued to be the manufacturing regions, especially those producing steel or motor vehicles and the old industrial ones – Nord Pas de Calais and Lorraine – in particular, unemployment climbing well above 10% in 2011. This has been accompanied by growing social disparities in disadvantaged urban areas, especially the suburbs of large cities.

In the Netherlands as well, while almost all regions experienced some growth in 2011, the rate was less in the economically weaker peripheral regions than in the more central ones.

Even in Germany, where unlike most other countries, the economy recovered quickly from the recession, GDP continued to grow significantly in nearly all regions in 2011, there are signs that the crisis if anything intensified regional disparities. This is not so much between the east and west of the country but within each of these, with widening differences in unemployment between regions undergoing structural change, such as the northern part of the Ruhrgebiet or Bremen and Bremerhaven, and other regions.

By contrast, in Portugal, there is evidence of some narrowing of regional disparities in 2011 after they had widened in previous years, even if in the context of declining GDP and increasing unemployment in all regions. Unemployment, therefore, rose most in Lisbon and Madeira and least in Norte, the region with the highest rate, partly because of the smaller weight of public employment than others but also because of growth of exports of manufactures, which led to an increase in employment in industry for the first time since 2004.

## The experience in EU 12 countries

Most EU12 countries experienced some growth in GDP in 2011, though this was generally accompanied by a further intensification of regional imbalances. Poland, like Germany, was much less affected by the recession than other regions. Nevertheless, disparities continued to widen in 2011 between the largely agricultural regions on the eastern and western peripheries and the rest of the country as well as between industrial regions which have succeeded in restructuring (such as Kalisz-Ostrów and Rzeszów), mostly with the aid of foreign direct investment (FDI), and those which have not (such as Silesia and Łódź).

In Hungary, the crisis has also led to a widening of regional disparities since the regions in which the export-oriented industries are located appear to have adapted better to the changed economic situation. According to Hungarian Central Statistical Office, therefore, the increase in economic activity in 2011 was concentrated mainly in the regions with higher GDP per head in the centre and west of the country while there was a decline in the southern and eastern regions.

In Bulgaria too, the mid-term term review which the Regional Development OP carried out in 2011 confirmed that the economic crisis was having an adverse effect on all regions but on the lagging regions in particular and so was exacerbating regional disparities.

In Slovenia, while unemployment continued to rise in 2011 throughout the country, companies in the Gorenjska region, which are concentrated in low value-added industries, such as textiles, reported the worst business results in 2011 as in 2010 as a result of increasing pressure from competitive forces.

In Latvia, the economically stronger areas within the country recovered most rapidly from the recession, with the capital, Riga, experiencing the largest fall in unemployment (from 22% in 2010 to just under 17% in 2011) and Latgale, the poorest region, very little fall at all.

In Cyprus, the dynamic service sector is concentrated in urban areas, as in other countries, and it is reported that rural areas because of their lack of modern infrastructure and adequate services are less able to withstand the effects of the crisis.

In Romania, by contrast, the regions with the largest inflows of FDI are the ones which have been hit hardest by the crisis. This includes, in particular, the capital city region (Bucharest Ilfov). At the same time, regional disparities are no longer a significant consideration for the government when deciding investment policy, which has come to be focussed on what can be done to increase growth and offset the adverse effects of the crisis.

In the Czech Republic, while regional disparities have remained largely unchanged during the crisis, there is evidence of widening disparities within (NUTS 2) regions at the local or municipal level. Moreover, it is reported that cutbacks in public expenditure are likely to have distinct regional effects, hitting the larger cities with sizeable public sector employment especially. On the other hand, reductions in social benefits are likely to affect the poorest regions most, together with deprived neighbourhoods in cities and there is indeed evidence of growing social disparities over recent years along with widening spatial differences.

## Shifts in policy concern away from tackling regional disparities

In most Member States, the two main concerns of economic policy in 2011 were to reduce large budget deficits and high levels of government borrowing through fiscal consolidation, on the one hand, and to stimulate growth and bring down unemployment, on the other. In practice, priority tended to be given to the first, so that measures introduced to increase the rate of economic growth had to be compatible with reducing budget deficits in the short as well as long-term, so accordingly leaving little room for manoeuvre. Given this twin policy focus, tackling regional disparities, or consideration of the impact on the weaker and more problematic regions of fiscal consolidation measures, was of limited concern, as reflected in the substantial reduction in government fixed investment in many countries described above.

This shift away from regional development as a major objective of policy towards increasing growth and reducing unemployment nationally is reported explicitly in a number of country reports – in Spain, Greece and Italy in the EU15 and in Romania, Lithuania and Slovenia in the EU12. It has been accompanied by a major reduction in government funding for investment in many countries and with a consequent increase in the importance of the Structural Funds as a source of finance for development expenditure. Indeed, in Portugal, Greece and Italy as well as in the EU12 countries, they have become the primary source – and in some cases almost the only source – of such finance.

### 3. The contribution of EU funding to development expenditure

The overall amount of financial support provided by the ERDF and Cohesion Fund for the current programming period totals some EUR 270.1 billion, of which the Cohesion Fund represents just over a quarter (EUR 69.8 billion). The European Social Fund (ESF) adds a further EUR 76.6 billion, or 28% or so (Table 4).

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

	Convergence	Competitiveness +Employment	Territorial Cooperation	Total
<i>Total amounts (EUR billion)</i>				
Structural Funds + Cohesion Fund	283.8	55.0	7.9	346.7
of which: ESF	52.7	23.9		76.6
ERDF	161.3	31.0	7.9	200.3
Cohesion Fund	69.8			69.8
ERDF + Cohesion Fund	231.1	31.0	7.9	270.1
<i>Allocation between Objectives (% total)</i>				
Structural Funds + Cohesion Fund	81.9	15.9	2.3	100
of which: ESF	68.8	31.2		100
ERDF	80.6	15.5	3.9	100
ERDF + Cohesion Fund	85.6	11.5	2.9	100

*Source: DG Regional Policy database*

Most of the ERDF (81%) and all of the Cohesion Fund – just under 86% of the support provided by the two funds together – are assigned to the Convergence Objective, with 3% of the two going to Territorial Cooperation and the remainder to Competitiveness and Employment.



## The scale of EU funding

The financial resources that the ERDF and Cohesion Fund provide to Member States can be put into perspective by relating them to the GDP of the countries concerned and, more relevantly, to the capital expenditure carried out by governments. In overall terms, the resources from the two Funds for the 2007-2013 period amount to an average of around 0.3% of EU GDP a year and to around 3% of GDP a year or just under in Hungary and the three Baltic States (Table 5).

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

	Allocation 2007-2013			Funding remaining 2013-2015	
	EUR Million	% GDP	% Govt. capital expenditure	% GDP	% Govt. capital expenditure
EU27	262,182.3	0.30	8.2	0.38	10.4
EU15	112,671.8	0.14	4.0	0.17	5.0
EU12	149,510.5	2.14	37.7	2.76	48.5
Belgium	990.3	0.04	1.2	0.05	1.5
Denmark	254.8	0.02	0.4	0.02	0.5
Germany	16,107.6	0.09	3.3	0.09	3.5
France	8,054.7	0.06	1.5	0.08	2.0
Ireland	375.4	0.03	0.5	0.04	0.5
Italy	21,025.3	0.19	5.8	0.33	10.0
Luxembourg	25.2	0.01	0.2	0.01	0.2
Netherlands	830.0	0.02	0.5	0.02	0.6
Austria	680.1	0.03	0.9	0.05	1.3
Finland	977.4	0.07	2.6	0.08	2.9
Sweden	934.5	0.03	0.9	0.03	0.9
UK	5,416.0	0.04	1.4	0.06	1.8
Greece	15,846.5	1.09	28.3	1.22	31.8
Spain	26,595.9	0.36	8.4	0.41	9.6
Portugal	14,558.2	1.22	30.3	1.24	31.0
Bulgaria	5,488.2	2.04	54.6	2.99	80.0
Czech Republic	22,751.9	2.08	35.2	2.95	49.8
Estonia	3,011.9	2.70	54.2	2.53	50.9
Cyprus	492.7	0.39	8.7	0.51	11.2
Latvia	3,947.3	2.79	39.9	3.37	48.3
Lithuania	5,747.2	2.67	51.4	2.29	44.2
Hungary	21,292.1	3.05	67.4	3.97	87.7
Malta	728.1	1.59	49.1	2.29	70.8
Poland	57,178.2	2.21	34.2	2.50	38.8
Romania	15,528.9	1.69	26.7	3.05	48.2
Slovenia	3,345.3	1.32	23.6	1.53	27.4
Slovakia	9,998.7	2.07	57.1	2.84	78.3

*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 2011, the latter being the sum of gross fixed investment and capital transfers.*

*General Government capital expenditure figures for Hungary and Romania adjusted because of unusually large capital transfer in 2011. Figure included for capital transfers is average of previous 4 years instead of actual 2011 figure.*

*Figures for funding remaining relate to the total allocation less the amount already received by Member States up to December 2012, expressed as an annual amount over the period up to 2015 and again related to GDP and Government capital expenditure in 2011.*

*Source: DG Regional Policy database and Eurostat, National accounts and Government financial statistics*

In relation to government capital expenditure, which broadly relates to government spending on development – though it is likely to overstate this<sup>2</sup> - it is, of course, very much larger. In most of the EU12 countries, it amounts to over a third of such expenditure a year over the programming period and in Bulgaria, Estonia, Lithuania, Hungary and Slovakia, to over half. It also represents well over a quarter of government capital spending in Greece and Portugal.

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

In practice, as described below, Member States have so far claimed and received, on average, less than half the overall amount of support available from the ERDF and Cohesion Fund for the present programming period and in some cases very much less. For many countries, there, therefore, remains a substantial amount to be claimed over the remaining three years of the period (i.e. in 2013 and the subsequent two years within which expenditure needs to be carried out).

In nearly all countries, the annual amount of funding outstanding is larger in relation to government capital expenditure in 2011 (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. It is also larger than the outstanding amount estimated in last year's report. In 6 of the EU12 countries, it is equivalent to half or more of annual capital expenditure and to another two, to only just under half. In Hungary, it is equivalent to almost 90% of such expenditure (and to 4% of GDP a year) and in Bulgaria and Slovakia, to around 80%.

These figures not only demonstrate the critical importance of EU funding to development expenditure in the EU12 countries but raise a question over the ability of a number of the countries concerned to absorb the amount available over the remaining three years of the programming period.

The outstanding funding available from the ERDF and Cohesion Fund is, of course, much less important in the EU15 countries, but, it, nevertheless, amounts to almost a third of annual capital spending by government in both Greece and Portugal. While it is smaller in Spain and Italy, at around 10% of annual spending, it is much more important in the Convergence regions in both countries (around three times larger, bringing the figure close to that in Greece or Portugal).

### **Changes in the co-financing rate**

In response to the difficulties experienced in a number of Member States to find their share of co-financing for programmes supported by the Structural Funds, in part because of the policy of fiscal consolidation being pursued, the EU has increased its share of co-financing, without, however, expanding the overall amount of funding provided. The effect has been to reduce total expenditure on programmes. This can be seen by a simple example. If the EU co-financing rate

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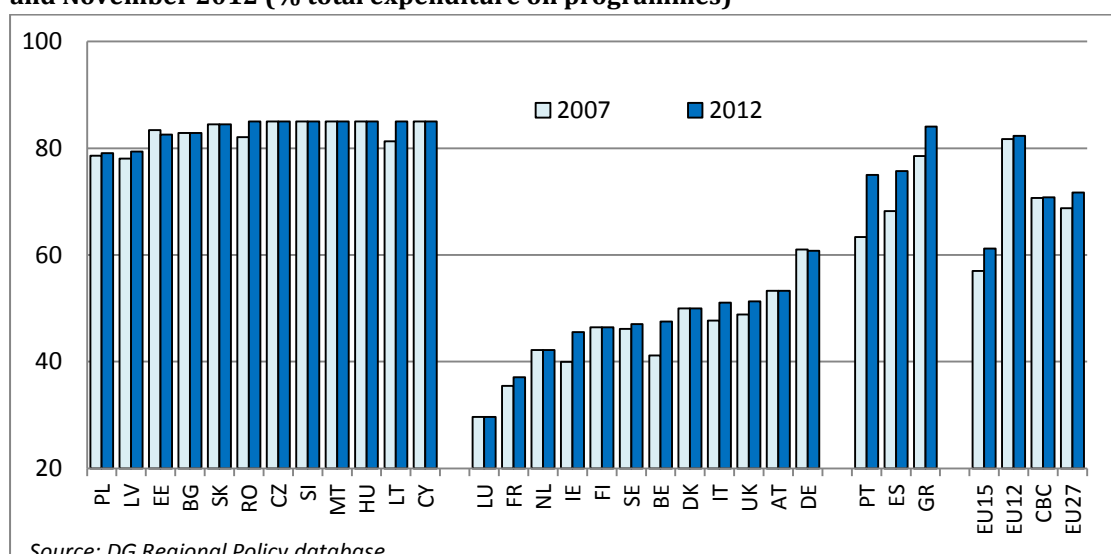
<sup>2</sup> Capital expenditure is measured here as gross fixed capital formation plus capital transfers, as defined in the Government statistics published by Eurostat. This includes the sales less purchases of assets, such as buildings, land or shares in public companies, which can distort the figures but tend to be relatively small. Capital transfers includes the financial support of banks and companies in difficulty in the crisis, which tends to push up the figures – though this is allowed for to some extent in the calculations (see Note to Table 5) and, of course, not all government capital spending is on development, which has the same effect. The figures, therefore, are probably over-estimates of the amount of government expenditure on development and, accordingly, lead to some under-statement of the relative scale of the ERDF and Cohesion Fund going to support such expenditure.

was initially 50% and the funds made available were EUR 100 million, this means that Member States would also need to contribute EUR 100 million to expenditure. If the EU then increases its co-financing rate to 60%, meaning that Member States need only contribute 40% to total expenditure, the sum involved is reduced by a third – from EUR 100 million to EUR 66.7 million – and the total expenditure, therefore, falls from EUR 200 million to EUR 166.7 million.

The EU by increasing its co-financing rate, therefore, enables Member States to cut back their funding for development expenditure but at the expense of the overall amount of this expenditure being reduced. At the time, however, if such an increase in the rate had not been made, Member States might not have been able to contribute the required amount of co-financing and so fewer projects, or smaller-scale projects, would have been carried out anyway. Indeed, it can be argued that the increase in the co-financing rate was a means of maintaining development expenditure over and above what it otherwise might have been, though it is difficult to push this argument too far.

In practice, the co-financing rate has increased in four of the EU12 countries, though only marginally in Poland and by just 1 percentage point in Latvia, but by 3 percentage points in Romania and by 4 percentage points in Lithuania (Figure 1).

**Figure 1 Average co-financing rate for the ERDF and Cohesion Fund in EU Member States, 2007 and November 2012 (% total expenditure on programmes)**



Increases in co-financing rates have been more widespread in the EU15, the average rate rising from 57% to 61%, with increase of 2 percentage points in France and the UK, 3 percentage points in Italy and 6 percentage points in both Belgium and Ireland. There has also been an increase of 6 percentage points in Greece and one of 8 percentage points in Spain, though the biggest rise has been in Portugal, by 12 percentage points from 63% to 75%.

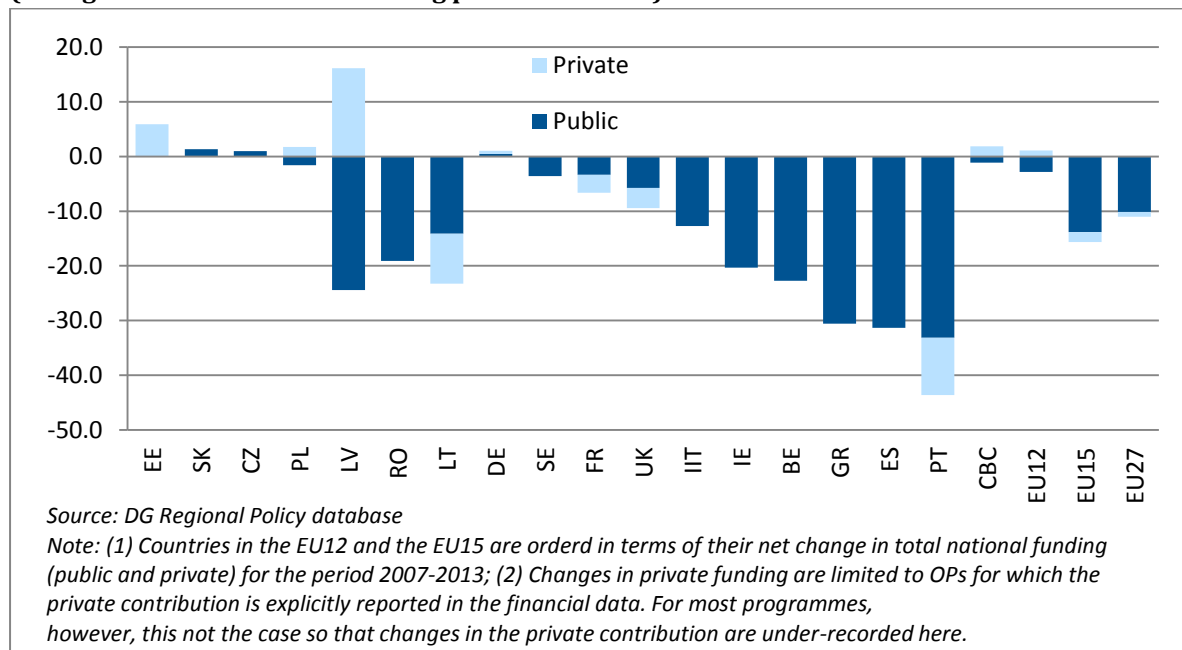
The increase in the EU co-financing rates has enabled the national contribution to be reduced. Overall, national funding was reduced by 12% between 2007 and November 2012, much the greater part of it due to a decline in government funding (Figure 2)<sup>3</sup>. The reduction was much smaller in the EU12 (under 3%) than in the EU15 (over 16%), and in 5 of the EU12 countries,

<sup>3</sup> In absolute terms the reduction between 2007 and November 2012 in the national public contribution was EUR 13,524 million and it was ERU 1,175 million in the private contribution.

there was no change at all. In the Czech Republic and Slovakia, there was a small increase over the period and a marginal rise in Poland, a small increase in private funding offsetting a small fall in government funding. In Estonia, the private funding made available expanded by 17%, while in Latvia, there was a bigger increase in private funding but this was more than offset by a significant reduction in government funding, implying an overall decline in national funding of 8%. In Romania and Lithuania, national funding was reduced by more, accompanied by a decline in private funding in the latter, giving an overall reduction of just over 23%.

In the EU15, there was a marginal increase in national, mainly private, funding in Germany over the period, no change in 5 Member States and a reduction in 9 countries. The latter ranged from a decline of just under 4% in Sweden, 7% in France and just under 10% in the UK to over 30% in Greece and Spain and 44% in Portugal where a substantial cutback in government funding was accompanied by a significant reduction in private funding.

**Figure 2 Change in national funding available for the period 2007-2013, 2007 to Nov. 2012 (Change as % total national funding planned in 2007)**

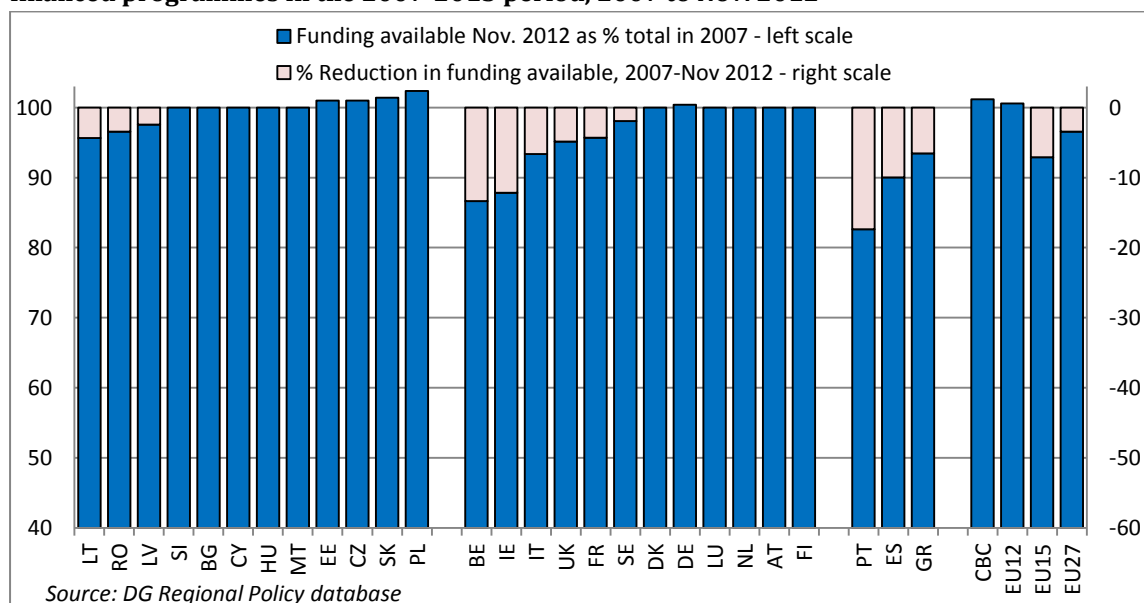


The overall effect of the change in national funding made available on the total amount of financial resources going to development expenditure under Cohesion policy was a reduction of just over 3% across the EU as a whole and one of 7% in the EU15 (Figure 3). In the EU12, however, the reduction in national funding was more than compensated by additional support from the ERDF (through the performance reserve and as a result of the Inter-institutional Agreement<sup>4</sup>) to Poland, the Czech Republic and Slovakia (see the Annex Table for details of the changes in funding by country). While there were increases in these three countries, as well as in Estonia because of a rise in private funding, there was a reduction of around 3-4% in Lithuania and Romania and one of just over 2% in Latvia.

<sup>4</sup> In accordance with Annex II to Regulation (EC) No 1083/2006, it was established in 2010 that the cumulative GDP for the years 2007 to 2009 in each of these countries diverged by more than 5% from what was initially estimated, including as a consequence of exchange rate changes. The amounts allocated for the period 2011-2013 to the Czech Republic and Slovakia were therefore adjusted accordingly.

In the EU15, overall funding was reduced by over 17% in Portugal, by just over 13% in Belgium (though by more in the former in Hainaut where the reduction, and increase in the EU co-financing rate, was concentrated), by 12% in Ireland, by 10% in Spain, by 6-7% in Greece and Italy and by 4-5% in France and the UK, while there was a smaller decline (of just under 2%) in Sweden.

**Figure 3 Changes in total funding (ERDF and Cohesion Fund, public and private) available for co-financed programmes in the 2007-2013 period, 2007 to Nov. 2012**



## 4. The Regional Development Policy pursued

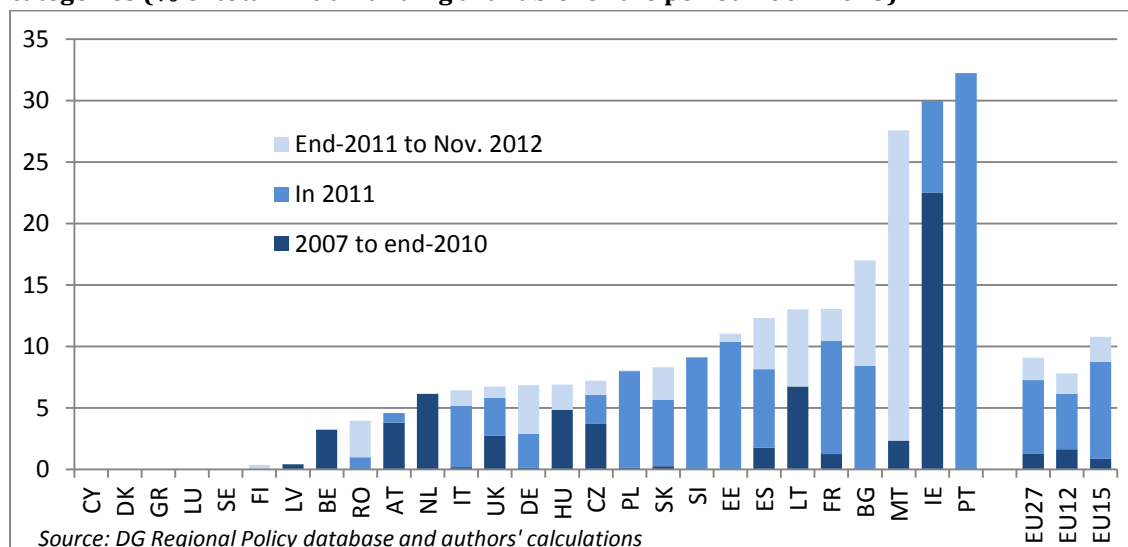
### The distribution of funding and shifts between policy areas

The division of the ERDF and Cohesion Fund by broad policy area, the rationale for this and the main differences in this regard between Convergence and Competitiveness regions was discussed in last year's report and is therefore not considered in detail here. In brief, much of the funding in the EU12 Member States is allocated to investment in transport networks, roads in particular, as well as in environmental infrastructure. In the EU15, more funding tends to be devoted to supporting RTD infrastructure and innovation and business investment generally, especially in the Competitiveness regions. A significant amount of funding also goes to investment in environmental infrastructure in the EU15 Cohesion countries. (Annex 2 includes an overview of the planned division of the ERDF and the Cohesion Fund by broad policy area as at the end of 2011.)

Because of the deterioration in the economic situation most Member States have shifted funding away from measures where demand for support was lower than initially planned (e.g. enterprise support) and where the reduction in co-financing capacity (e.g. of local authorities) restricted the ability to carry out the projects planned. Instead, funding has been shifted towards measures and projects less affected by the crisis. The purpose was mainly to accelerate financial absorption and to comply with the 'n+2' rule stipulating that funding must be spent within two years of it being made available.

The funding shifted between expenditure categories amounted to just under 10% of the total available from the ERDF and the Cohesion Fund for the period 2007-2013, slightly more in the EU15 on average and slightly less in the EU12 (Figure 4). This, it should be noted, covers only the shifts between categories of expenditure in OPs which require formal approval and excludes those which do not. It, therefore, understates the actual scale of movements of funding. The larger amount shifted in the EU15 than in the EU12 reflects to a significant extent the bigger share of funding in the former planned to go to business support, for which, because of the crisis, demand fell short of what was planned. The shifts have been much larger in Malta, Ireland and Portugal than elsewhere (amounting to around 30% of the initial total) and apart from these three countries and Bulgaria, they amount to less than 12% of the initial funding in all cases. In 7 Member States, for the most part small countries, though perhaps surprisingly including Greece, there has been few if any shifts in funding since the start of the period.

**Figure 4 Total amount of funding (ERDF and Cohesion Fund) shifted between expenditure categories (% of total initial funding available for the period 2007-2013)**



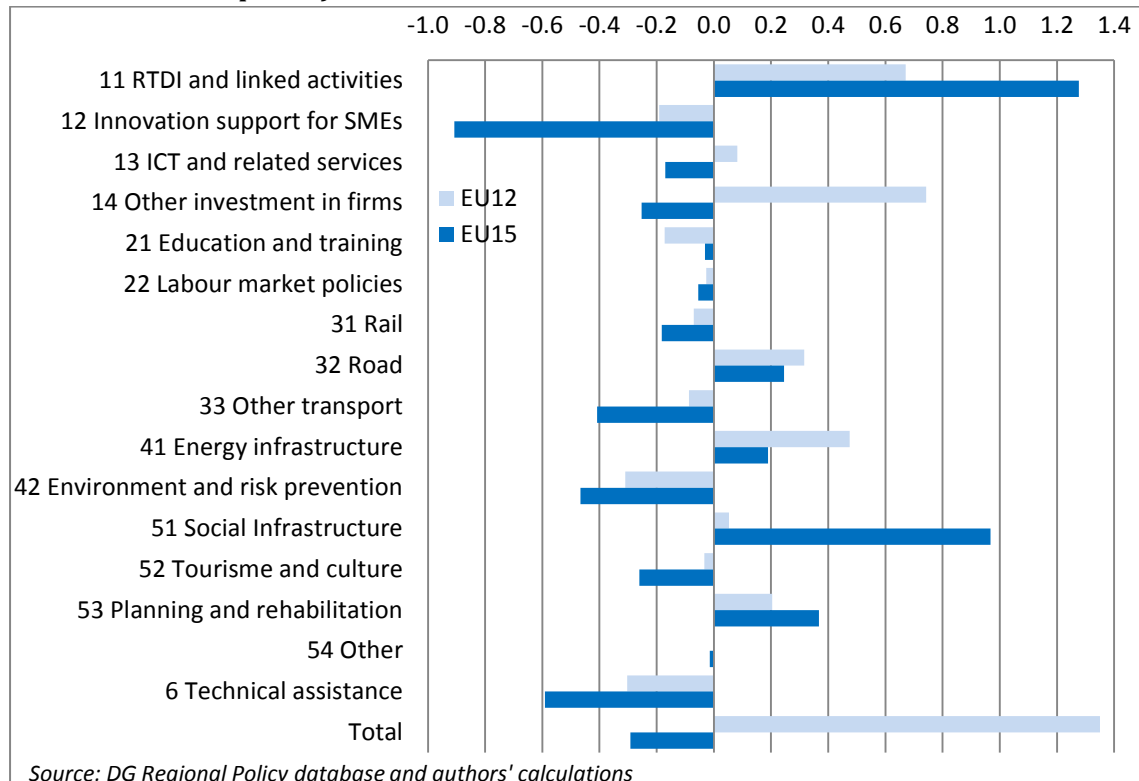
The bulk of the shifts took place in 2011 and continued in 2012. In aggregate, two-thirds occurred in 2011 and another 20% in 2012. In Portugal, Bulgaria, Estonia and Romania, all of the shifts were made in 2011 and subsequently, and in Italy, Germany, Poland, Slovakia and to a lesser extent in Spain, France and Malta, almost all.

Shifts of funding between broad policy areas have been much smaller than shifts within areas, implying that the broad division of spending between objectives has changed relatively little. The biggest additions in the EU12 in absolute terms were to Research and Technological Development (RTD), other investment in firms, energy infrastructure and roads, while the biggest reductions were to the environment, technical assistance and innovation support for SMEs (Figure 5). In the EU15, the largest additions to planned funding were also to RTD, though to social infrastructure and planning and rehabilitation as well. The largest reductions, as in the EU12, were to innovation support for SMEs, technical assistance, the environment and other transport.

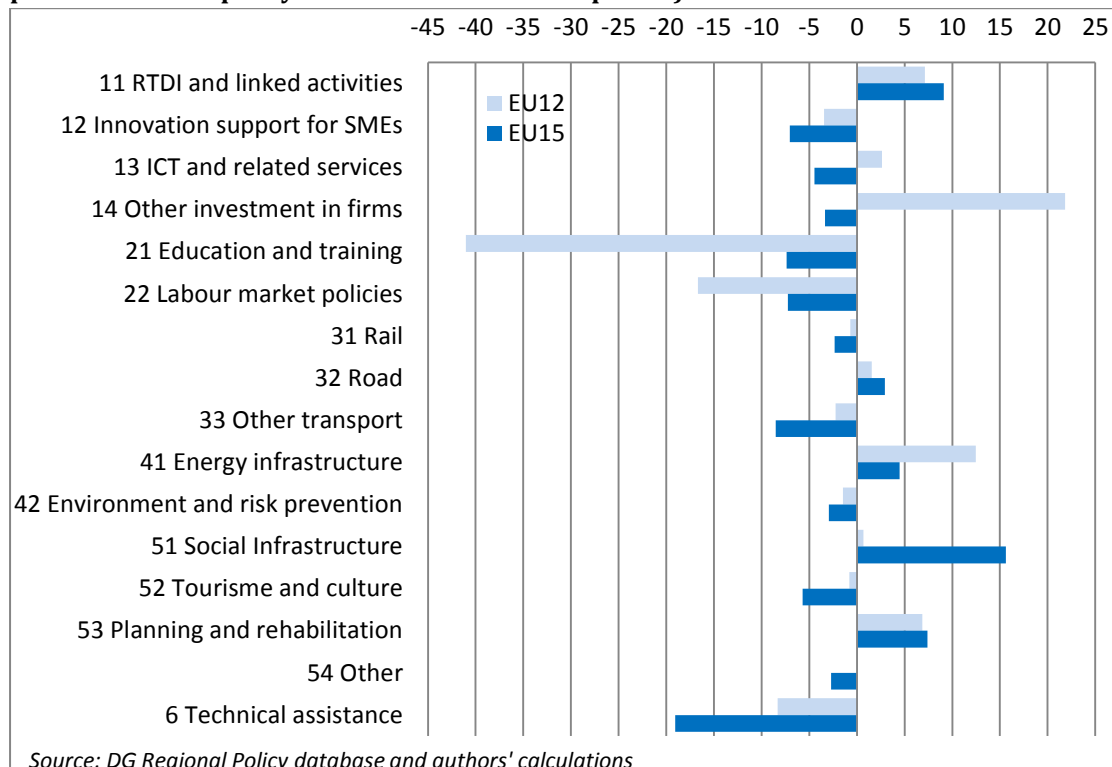
The picture is somewhat different if the shifts are expressed in proportion to the initial funding planned to go to each of the policy areas, the biggest increase in the EU12 being to other investment in firms and the biggest reduction being for education and training (Figure 6). In the

EU15, the largest relative addition was to social infrastructure and the largest reduction to technical assistance (see the table and figure in the annex for more details).

**Figure 5 Net shifts of funding (ERDF and Cohesion Fund) by policy area (% of total initial funding for the 2007-2013 period)**



**Figure 6 Net shifts of funding (ERDF and Cohesion Fund) by policy area (% of initial funding planned for each policy area for the 2007-2013 period)**



In many Member States, funding was shifted away from support of SMEs because their demand for assistance was lower than anticipated. In Slovakia, Lithuania, Hungary, Estonia and Malta in the EU12 and in the Netherlands in the EU15, however, planned funding increased. The deterioration in the economic environment and the associated uncertainty deterred companies from launching innovations or investing in RTD. It equally discouraged budding entrepreneurs from starting businesses. On the other hand, possibly to compensate – and to comply with Lisbon ‘earmarking’ – Member States tended to increase the funding made available for research infrastructure. All except the Netherlands, Austria and the UK shifted additional funding towards this policy area. In the EU12 too, there was a significant increase in investment grants to companies (‘other investment’), though in most EU15 countries, a reduction.

In transport, there was a tendency in both the EU12 and the EU15 to reallocate funding from rail and other transport projects (urban transport, airports and ports) to roads, mainly for improvement rather than new construction.

Most Member States, again in both the EU12 and EU15, increased the planned funding for investment in energy infrastructure, partly in response to the extension of eligible expenditure to energy efficiency in housing in 2009<sup>5</sup>. At the same time, funding for environmental infrastructure was cut back in most EU12 countries as well as in some EU15 countries.

Increases in planned funding for investment in social infrastructure were particularly large in Portugal and to a lesser extent in Spain, the UK, Bulgaria, Lithuania and Malta.

More details of shifts in individual countries are given in Annex 3.

### **Alleviating restrictions on the access of SMEs to credit**

Helping SMEs to overcome the difficulties they face in obtaining credit is another priority of EU policy. In around half the countries, specific measures have been introduced for this purpose as the crisis has continued, while in a number of others, measures have been in place since the beginning of the programming period.

In Bulgaria, in 2011 a new risk sharing measure has been introduced as part of the JEREMIE initiative<sup>6</sup> to help SMEs obtain the necessary co-funding for approved projects.

In Cyprus, JEREMIE and JASPERS<sup>7</sup> initiatives have been launched to provide additional funding for businesses. In Estonia, additional support (of EUR 43 million) for loan capital has been provided in response to the borrowing constraints faced by SMEs.

In Greece, the government decided to introduce a JEREMIE initiative in 2011 to expand the funding available to SMEs, though its implementation, was delayed by the recent liquidity crunch in the country and the lengthy negotiation period that elapsed before the contracts with the banks could be finalised.

In Hungary, the new development strategy adopted in 2011<sup>8</sup> introduced a Combined Microcredit and Grant Plan co-financed by the ERDF, under which grants were added to the existing micro credit scheme to make it easier for applicants to obtain the necessary co-

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<sup>5</sup> Regulation (EC) No 397/2009 of the European Parliament and of the Council, May 2009.

<sup>6</sup> Joint European Resources for Micro to Medium-sized Enterprises.

<sup>7</sup> Joint Assistance to Support Projects in European Regions.

<sup>8</sup> The so called New Széchenyi Plan.



financing<sup>9</sup>. In 2012, both the grant and the maximum credit amounts were increased and access to funding was made easier.

In Italy, a strategic plan for boosting the development of the South – *Piano per il Sud*- was introduced, which included the creation of a dedicated public bank for the south to improve the access of enterprises to credit.

In the UK, there is evidence that MAs have used the ERDF to support lending to small businesses as a means of counteracting the reluctance of commercial banks to do so. In Scotland, this has led to the creation of a Scottish Investment Bank Loan Fund specifically designed to help SMEs which have experienced problems borrowing from banks<sup>10</sup>.

In Lithuania, following the economic recession and the increasing difficulty for SMEs to access finance, ERDF support to FEIs was increased in 2009.

In Latvia, a new FEI was created in 2011 to fill the credit gap facing SMEs as a result of the cutback in lending by commercial banks by shifting EUR 25 million from the "*Guarantees for development of enterprise competitiveness*" scheme.

In Malta, which has largely escaped the credit crunch, a new JEREMIE initiative with ERDF support of EUR 10 million was introduced in 2010 to compensate for the aversion of banks to lend to SMEs because of the risk involved.

In Romania, the JEREMIE initiative supported by the ERDF became more relevant after the onset of the crisis and, though its implementation was delayed, there are signs of activities speeding up in 2012.

In Slovenia, several measures co-financed by the ERDF were introduced to help SMEs obtain credit, including loan guarantees with subsidised interest rate in 2008-2009 followed by a package of FEIs (a venture capital fund as well as loans, loan guarantees and mezzanine capital) for micro, small and medium-sized companies.

In a number of countries, however, the take-up of these measures was limited due to excessive bureaucracy and procedural difficulties as well as their crowding out by more generous schemes not co-financed by the ERDF. In Lithuania, for example, the Ministry of Economy removed EUR 40 million from FEIs managed by the JEREMIE Holding Fund and shifted it to grants because of slow allocation of finance and a tightening of the EU rules for FEIs. While FEIs were developed to alleviate the credit squeeze on SMEs, therefore, they were less effective than expected because they were not taken up. In Estonia, because of the more liberal credit policies of banks, the demand for FEIs decreased by over one third.

In addition to the problems stemming from the credit squeeze, in Greece the implementation of the two JEREMIE initiatives was slowed by the lengthy negotiations required before the contracts with the banks could be finalised (in September 2011). Their operation was then speeded up by relaxing regulations on the provision of credit. The JEREMIE Funded Risk Sharing Scheme was extended to cover working capital coupled with raising the maximum loan thresholds from EUR 100,000 to EUR 250,000. The JEREMIE Microfinance facility was also

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<sup>9</sup> Under the scheme, micro-sized firms can obtain a grant of 45% to go with credit of 45% so that they need only find 10% from their own resources.

<sup>10</sup> Specifically from the Royal Bank of Scotland (RBS) and HBOS.

extended to cover working capital, the requirement that the recipient of credit had to be in operation for at least three years was abolished and the state assumed 60% of the risk involved in the operation.

## **5. The financial implementation of Cohesion policy across the EU**

As emphasised in last year's report, determining progress in implementing programmes is not at all straight-forward. The two sources of data available to light on this are:

- payments to Member States made by the European Commission (EC) from the ERDF and Cohesion Fund on the basis of certified expenditure;
- allocations of EU funding made by Managing Authorities (MAs) to projects.

The first source is the most up-to-date in that it reports payments on a daily basis, but it incorporates a possibly lengthy lag between expenditure being carried out on the ground and co-payments for this being checked, certified and requested by national authorities and then verified and approved by the Commission. The data concerned, therefore, give only an approximate indication of the pace of implementation of programmes. However, assuming that the overall lag remains broadly constant, they should show whether the pace of implementation is quicker or slower than in previous programming periods and whether the pace has picked up or slowed down over the past year.

The second source relates to the funding contracted by the authorities in Member States to specific projects or measures, some of which have been completed or are in the process of being carried out, others of which are due to be undertaken. Although the data may more closely reflect the actual implementation of programmes, there are problems in interpreting the figures recorded, insofar as the amount allocated to projects which are still to get underway may vary markedly in relation to the amount allocated to completed projects or those currently being carried out. Moreover, the fact that there is no common definition of the term 'allocation to projects' across Member States adds to the difficulties of interpretation.

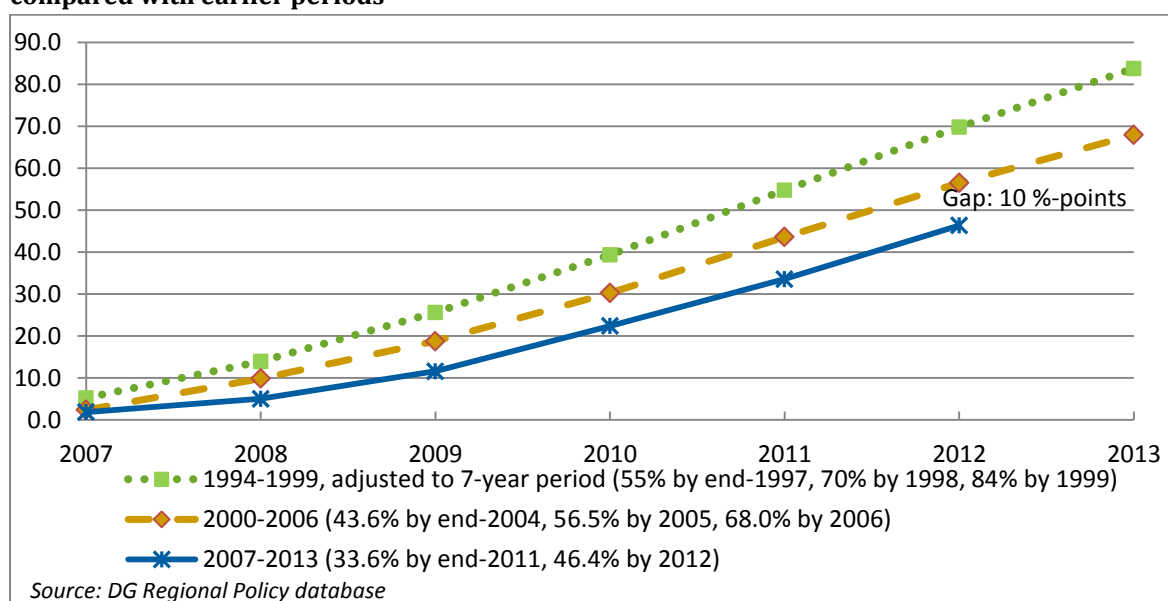
The latest data from each of these sources are examined below. The broad picture which emerges is much the same as drawn in last year's report. In a number of countries there are serious delays in carrying out programmes and limited sign of any marked acceleration in implementation, suggesting that it will be difficult for the countries concerned to spend all the resources available from the two Funds within the next three years. The danger remains that priority will be given to spending the money available as quickly as possible at the expense of spending it in the way most likely to further development policy objectives. At the same time, there are a number of other countries where the pace of implementation seems to have picked up significantly over the past year.

### **No general catching up in ERDF payments**

The payments from the ERDF to EU15 Member States at the end of 2012, the sixth year into the current programming period, were significantly less in relation to the overall funding available than at the equivalent point in the 2000-2006 period. With two-thirds of the time allowed for using the funding to co-finance development expenditure, payments of the ERDF amounted to well under half (only just over 46%) of the budget agreed for the period and to some 10 percentage points less than at the same stage of the preceding period, which was itself much

less than at the equivalent stage of the 1994-1999 period<sup>11</sup> (Figure 7, 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). Indeed, the gap in relation to the 2000-2006 period was marginally wider at the end of 2012 than it had been at the end of 2011, so for the EU15 countries at least<sup>12</sup>, the payments data show no evidence of a quickening in the pace of programme implementation.

**Figure 7 Time profile of payments from the ERDF to EU15 Member States for 2007-2013 as compared with earlier periods**



There was, therefore, no sign during 2012 of a catching up in the implementation of programmes to make good the delay built up over the initial years of the period when Member States were more concerned about spending the remaining funding from the preceding period than about getting programmes started in the new period. Indeed, the difficulties which countries had in spending the Structural Funds available to them within the period allowed (up to two years from the end of the formal period – i.e. 2006) led to this being extended by a year.

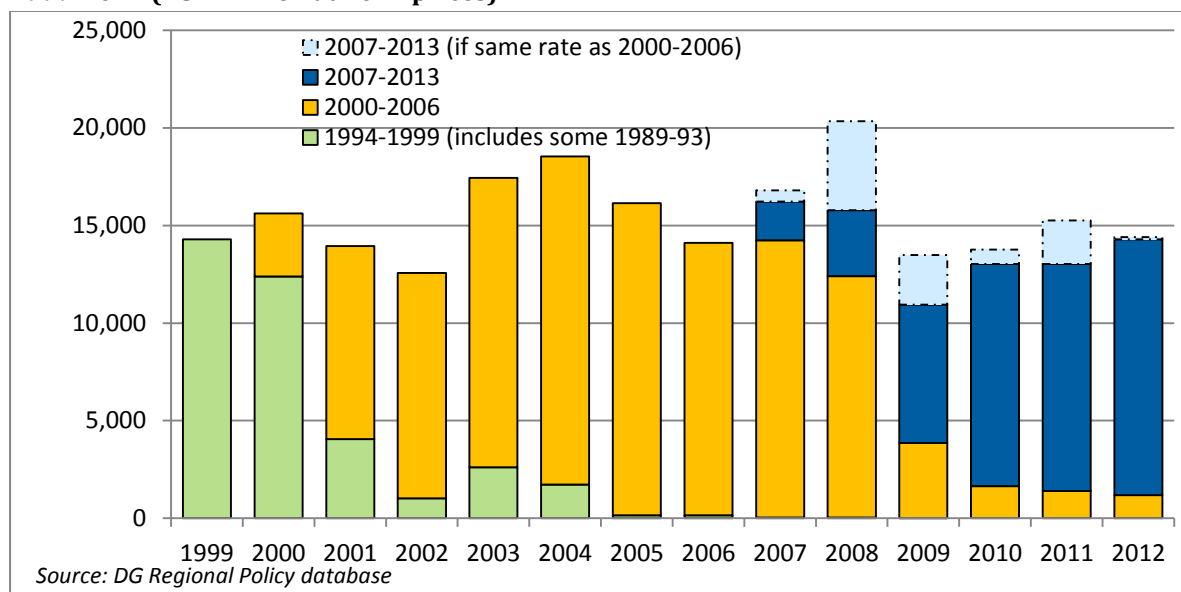
### The payment implications of delays in implementing ERDF programmes

The delay in the implementation of programmes in the current period in relation to the previous one, which is reflected in the lower rate of payments from the ERDF, implies that, in sum, EU15 Member States had received some EUR 10.8 billion less (at 2012 prices) by the end of 2012 than they would have done had the payments schedule been the same as in 2000-2006 (Figure 8). This is marginally (EUR 103 million) more than at the end of 2011, reflecting the continuing lagging behind of payments as compared with the previous period.

<sup>11</sup> The payments data for this 6-year period are adjusted approximately to a 7-year basis to be comparable.

<sup>12</sup> It is not possible to compare the schedule of payments for the EU12 countries in the same way since the 10 which entered the EU in mid-2004 began to receive the ERDF only from that point on.

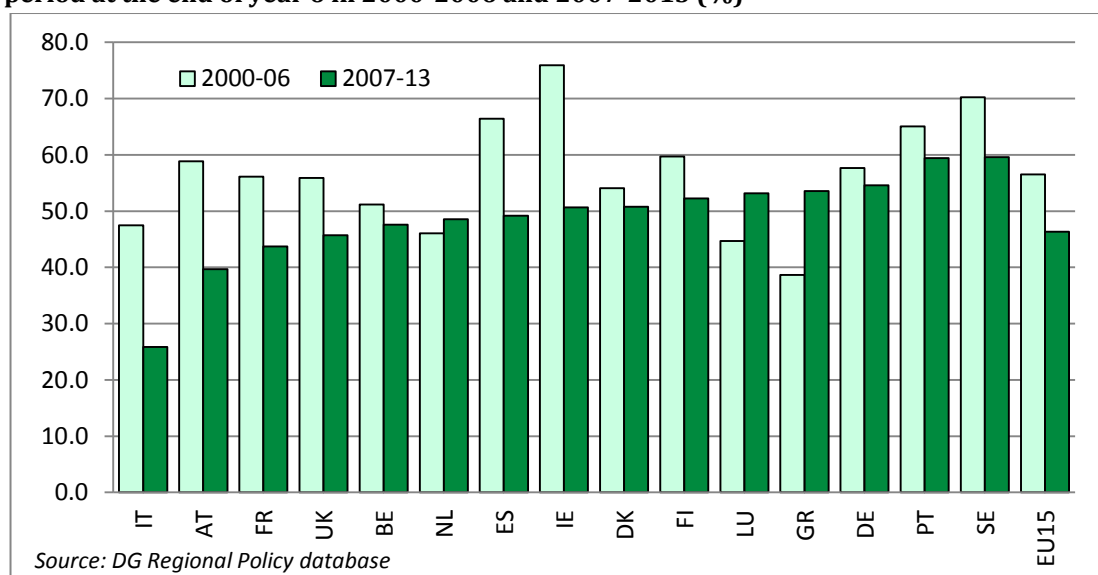
**Figure 8 Payments from the ERDF to EU15 Member States under successive programming periods, 1999-2012 (EUR million at 2012 prices)**



### Pronounced differences in the rate of ERDF payments between EU15 Member States

This shortfall in payments in relation to the 2000-2006 period varied markedly between countries. It was particularly large in proportionate terms in Ireland (at around 25 percentage points), Italy (22 percentage points) and Austria (almost 20 percentage points) (Figure 9). In absolute terms, however, it was larger in Italy (EUR 4.5 billion) than anywhere else, accounting for 46% of the overall shortfall, and with Spain (EUR 4.0 billion, 40% of the total), for almost all of it.

**Figure 9 Payments from the ERDF to EU15 countries relative to the total amount available for the period at the end of year 6 in 2000-2006 and 2007-2013 (%)**



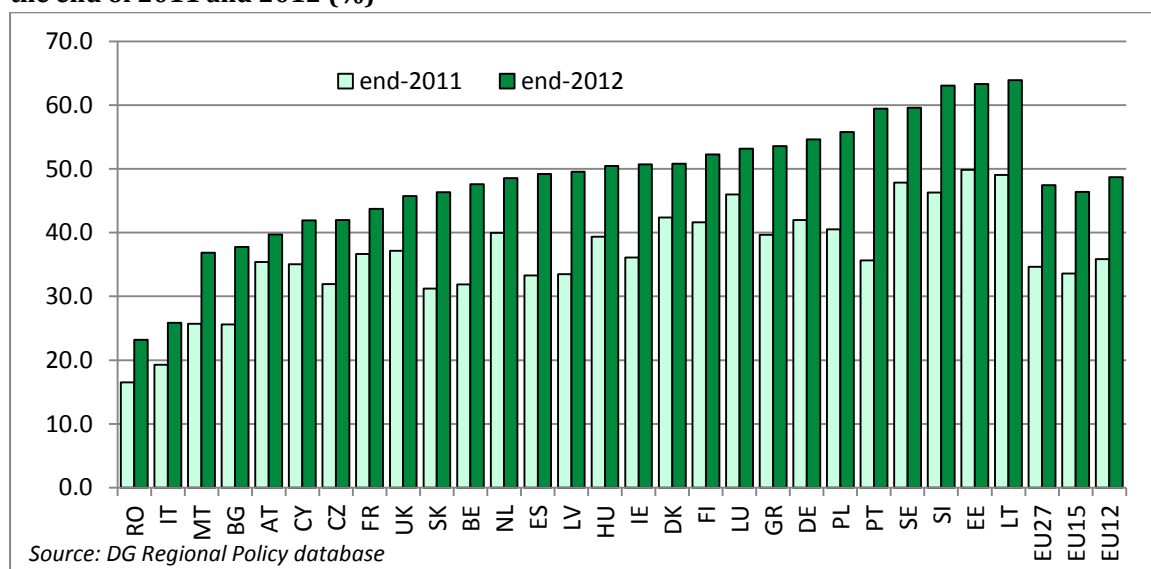
By contrast, in Greece, payments of the ERDF at the end of 2012 were significantly higher (around 15 percentage points) in relation to the funding available for the period than at the end

of the sixth year of the previous period (equivalent to EUR 1.8 billion), though together with Luxembourg and, to a much smaller extent, the Netherlands, it was the only case where this was so.

### The rate of ERDF payments higher in the EU12 than the EU15

As noted in last year's report, the rate of implementation of ERDF programmes, as reflected in the payments data, was faster up to the end of 2011 in EU12 countries taken together than in EU15 Member States, despite their shorter experience in managing the Structural Funds. This continued to be the case in 2012, at the end of which payments to EU12 countries averaged almost 49% of the funding available for the period as against just over 46% in the EU15 (Figure 10). In both sets of countries, payments increased by 13 percentage points relative to the funding available in 2012.

**Figure 10 Payments from the ERDF relative to the funding available for the 2007-2013 period at the end of 2011 and 2012 (%)**



The three countries in which payments were highest relative to the funding available (63-64% in each case) were all EU12 countries (Slovenia, Estonia and Lithuania). On the other hand, three of the four countries in which payments were lowest were also EU12 countries (Bulgaria, Malta and, most especially, Romania), the rate being particularly low (only around a quarter of the funding available) in Romania and Italy.

There was no sign of any acceleration in the rate of implementation of programmes in 2012 in either Romania or Italy, in both of which the increase in payments relative to funding was among the smallest of all countries (less than 7 percentage points). At the same time, payments increased at a higher rate than average in Slovakia, Latvia, Spain and Belgium, in all of which the rate of payment at the end of 2011 was below average, suggesting a significant pick-up in the pace of implementation in these countries.

### ERDF payments by Objective

Overall payments from the ERDF at the end of 2012 were higher relative to the funding available for the period under the Competitiveness and Employment Objective than under the

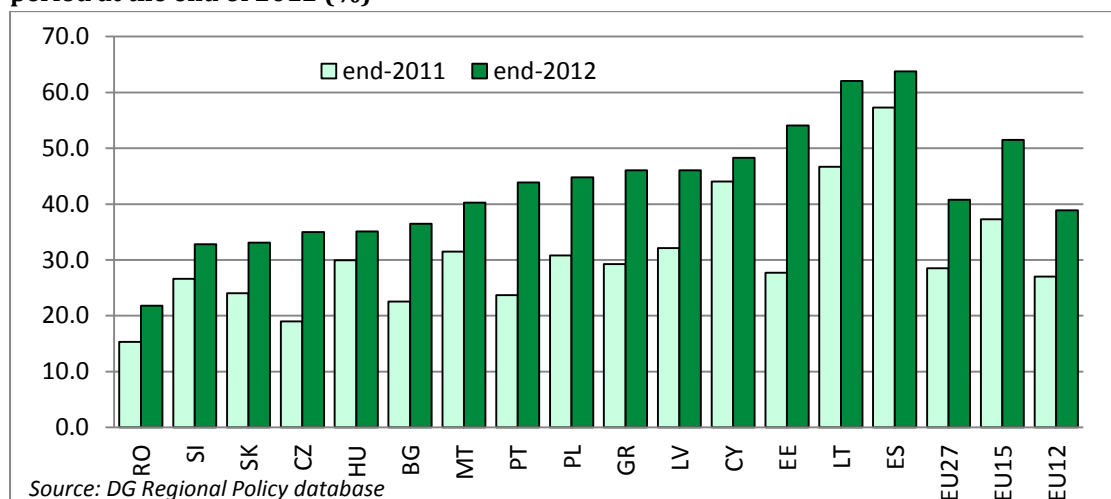
Convergence Objective, but only marginally so (48% as against 47%). Moreover, the increase during 2012 was higher in the latter than the former (13 percentage points as against 11 percentage points), so closing the gap that existed at the end of 2011<sup>13</sup>.

Payments under the European Territorial Cooperation Objective, on the other hand, were significantly lower, at just 40% of the funding available at the end of 2012, though this represented an acceleration (an increase of 13.5 percentage points) over the rate of payment in earlier years.

### Payments from the Cohesion Fund lagging behind the ERDF

At the end of 2012, payments from the Cohesion Fund to the 15 Member States eligible for support were less in relation to the funding available than in respect of the ERDF, reflecting perhaps the typically larger scale nature of the capital projects involved and longer time required to get them underway. Total payments at this time amounted, therefore, to around 41% of the overall funding for the period (Figure 11). The increase over the year, however (at just over 12 percentage points), was similar to the increase in ERDF payments.

**Figure 11 Payments from the Cohesion Fund relative to the total available for the 2007-2013 period at the end of 2012 (%)**



Payments in this case were above average relative to the funding available for the period in all three of the EU15 Cohesion countries, most especially in Spain, one of only three Member States in which the rate of payment was higher than in respect of the ERDF (the other two are Cyprus and Malta). They were lowest, as in the case of the ERDF, in Romania, at only 22% of the overall funding available, with the increase during 2012 being well below average. The rate of payment was also relatively low in Slovenia (only around half the rate for the ERDF) and Slovakia, at around a third of the total funding for the period, and increase during the year in both was smaller than average, unlike in respect of the ERDF. The rate of payment was only slightly higher in the Czech Republic, Bulgaria and Hungary, though in the first two, there was an above average increase during 2012, suggesting an acceleration in the rate of implementation of projects. (The annex includes an overview of the payment rates at the end of years 2009, 2010, 2011 and 2012).

<sup>13</sup> The gap of 1 percentage point at the end of 2012 would be closed completely if Romania were excluded.

## Overall payments relative to funding for the period

Taking the ERDF and Cohesion Fund together, total payments, as implied above, were smaller in Romania and Italy in relation to the total funding available for the period than anywhere else and, moreover, increased at the same slow rate in 2012 and the year before (Figure 12). They, therefore, fell further below the average. They were also relatively small in Malta, the Czech Republic and Slovakia, where again there was no catching up with the average rate, though in the last two, the increase in payments was larger in 2012 than in 2011. Payments were equally below average relative to funding in Austria, France, Hungary and Cyprus, where in each case they increased by less in 2012 than the year before. In Bulgaria, on the other hand, where payments were relatively low as well, the rate increased by more than average, though only marginally so<sup>14</sup>.

**Figure 12 Payments of ERDF and Cohesion Fund at end-2012 and change in rate of payment in 2012 relative to 2011**

<i>Year-to-year change</i>	<i>Payment rates (% total funding)</i>		
	<b>Below EU27 average (of 45.7%)</b>	<b>Less than 6 percentage points above average</b>	<b>Over 6 percentage points above average</b>
<b>Declining</b>	Austria (39.7) France (43.7) Hungary (44.2) Cyprus (44.7)	UK (45.7) Netherlands (48.6) Denmark (50.8)	Finland (52.3) Luxembourg (53.2) Sweden (59.6)
<b>No change</b>	Romania (22.6) Italy (25.9) Malta (38.2) Czech Republic (39.3) Slovakia (41.2)	Slovenia (50.3)	Germany (54.6)
<b>Accelerating</b>	Bulgaria (37.2)	Belgium (47.6) Latvia (48.2) Ireland (50.7) Spain (51.2) Poland (51.5)	Greece (51.8) Portugal (55.2) Estonia (59.8) Lithuania (63.2)

*Note: Year-to-year change relates to the change in 2012 relative to that in 2011. In the Czech Republic and Slovakia, the change was larger in 2012 than 2011 but still no larger than average. It is therefore recorded as 'no change'. In Bulgaria, it was slightly above average. In the other countries in the same box, it was below average, especially in Romania and Italy.*

*Figures in brackets are payments as a % of the total funding available for the period at the end of 2012  
Source: DG Regional Policy database and authors' calculations*

In the UK and the Netherlands, where payments were the same as the EU average or only slightly higher, the increase in 2012 was less than in 2011, as it was in Denmark, Finland, Sweden and Luxembourg, though here payments were further above the EU average. Only in 10 of the 27 Member States did payments increase by both more in 2012 than in 2011 and more than average and in three of these countries (Belgium, Latvia as well as Bulgaria) payments remained below 50% of the overall funding available for the period at the end of 2012.

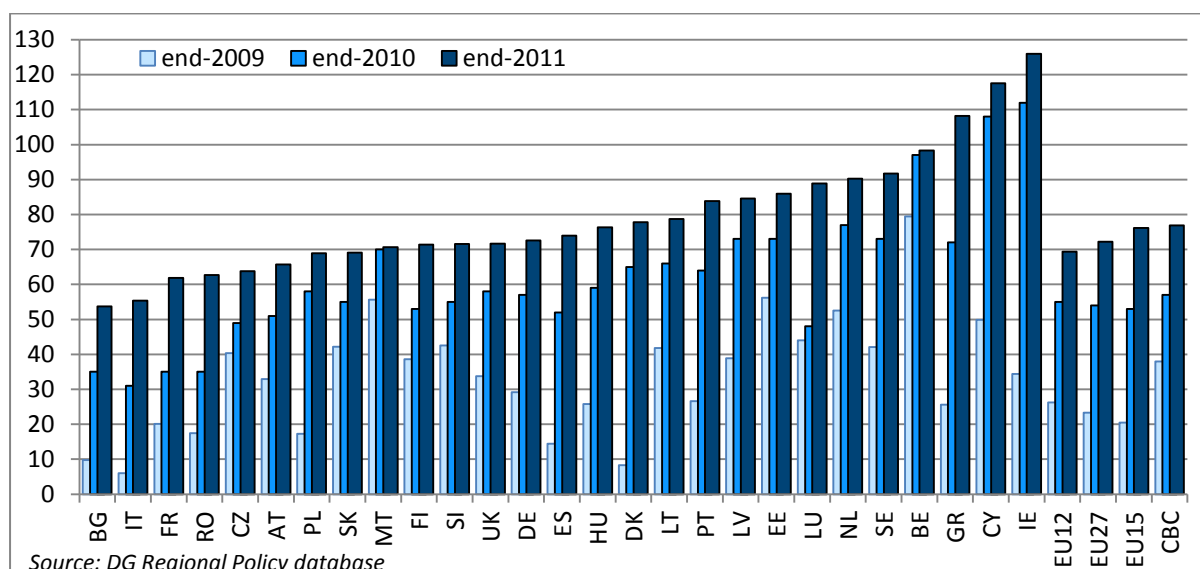
<sup>14</sup>Excluding advance payments, the amount of the ERDF and Cohesion Fund claimed by Member States, was even less than shown in Figure 12 in some countries, including Romania and Bulgaria. .

## Evidence from data on allocations to projects

The second source of data available on which to assess the pace of implementation of programmes is the allocation of funding to projects in Member States, which used to be termed ‘commitments’, the latest information for which relates to the position at the end of 2011. As noted above, there is some difficulty in interpreting these figures. First, the term ‘allocation’ covers all the different phases of implementation from selecting projects and allocating funding to them to the completion of the work involved and so gives no indication on the progress in carrying out the programmes as such. Secondly, there is no common definition of the term, so what is actually covered can vary between countries and even programmes.

Nevertheless, the data on allocation of funding gives some indication, if very broad, of the situation as regards the implementation of programmes at the end of 2011, and provides a useful check on the payments data. The data suggest that programme implementation may have been more advanced than indicated by the latter. Across the EU as a whole, 72% of the funding available had been allocated to projects by the end of 2011, the proportion being slightly higher in the EU15 (76%) than in the EU12 (69%) (Figure 13).

**Figure 13 Allocation of the ERDF and Cohesion Fund to projects at end-2009, end-2010 and end-2011 (% funding available for 2007-2013 period)**



The increase in allocation was less, on average, in 2011 than in 2010, though there are signs of some catching up in a number of countries where the allocation to projects had been relatively small in relation to the funding available at the end of 2010. This was the case in Italy, France and Romania, in all of which the increase in 2011 was above average, bringing the proportion of funding allocated closer to that in other countries. It still, however, left over a third of funding in each case to be allocated over the remainder of the programming period, which, given the need to spend the resources concerned by the end of 2015, means largely in 2012 and 2013. In Italy, there were still some 45% to be allocated and in Bulgaria – where the increase in 2011 was much the same as the average – slightly more.

In both these countries, therefore, the data on allocations confirm what the payments data suggest, that there have been delays in implementing programmes, which might reflect



problems at various stages of the process from the initial planning phase through to the selection of projects and managing their execution. This applies equally to Romania and, to a lesser extent, to the Czech Republic and, in the EU15, to France and Austria, in all of which payments were below 45% of the funding available at the end of 2012.

A breakdown by broad policy area indicates that the share of funding allocated to projects up to end-2011 was small in relation to the funding available for support to innovation in SMEs in both the EU12 and EU15 (only around 53% of the funding available on average in the former and 58% in the latter). This is despite a substantial share of funding being shifted away from this policy area in the course of 2011 as noted above because of a decline in demand for finance from SMEs as a result of the crisis.

In both the EU12 and EU15 too, the allocation to investment in energy by end-2011 was also comparatively low (56% of the funding in the EU12 and 59% in the EU15). As indicated above, additional funding was shifted into this policy area in the course of 2011 and not all of it had been assigned to projects by the end of the year. The relatively small figures for allocation to this area in Romania and Bulgaria and to a lesser extent in Malta and the Czech Republic, is nevertheless a cause for concern.

In transport, allocations to rail projects in the EU12 were much lower (49% on average) than those to road (84%) and there is not much sign of catching up on the delays accumulated in previous years - in Lithuania, Poland, Romania and Slovenia in particular.

## **Financial engineering instruments**

### **Large sums in schemes still to be paid out**

Financial engineering instruments (FEIs) are a way for Member States to accelerate expenditure since funding is counted as being spent once it is paid into FEIs. Nevertheless, the funding still has to reach final beneficiaries (mostly SMEs) by the end of 2015 in order to be eligible to be covered by the ERDF.

Although the amount of the ERDF going to the support of FEIs is relatively small (just over 4% of the total according to plans)<sup>15</sup>, there remained a significant sum still to reach final beneficiaries at the end of 2011 in many countries. According to data collected by DG Regional Policy, of the total ERDF of EUR 6.9 billion paid into financial engineering schemes across the EU up to the end of 2011, some EUR 2.5 billion, or 36%, had been paid out to final beneficiaries, leaving almost two-thirds remaining to be paid out over the four years 2012-2015. The amount involved, however, varies markedly between Member States (Table 6 - the first three columns).

In 12 of the 22 countries in which ERDF support paid into FEIs was still to reach final beneficiaries at the end of 2011, over two-thirds remained to be paid out before the end of 2015. In 5 countries, Austria, Slovakia, Bulgaria, Greece and Romania, all or almost all of the ERDF was still to be paid out. While in Austria, the sum involved was very small, in Bulgaria, it amounted to almost EUR 200 million. To put this into perspective (if only very approximately), it is equivalent in annual terms to 68% of Government capital transfers a year. In Greece, it amounted to just over EUR 1 billion and, though relatively small in relation to Government

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<sup>15</sup> See Expert Evaluation Network on the performance of Cohesion policy, 2007-2013, The use of the ERDF to support Financial engineering instruments, Synthesis Report, 2012

capital transfers, it still represents a significant sum for which suitable recipients need to be found within a relatively short period of time, though as noted above, the conditions on receipt have been relaxed considerably to make the task easier.

**Table 6 ERDF remaining in FEIs relative to total support and capital transfers, end-2011**

	ERDF still to reach final beneficiaries (EUR million)	% of ERDF support going to FEIs	Annual amount as % Govt cap. transfers*	ERDF still to be allocated to FEIs (%)**	ERDF still to reach beneficiaries as % planned
Austria	8.4	100.0	0.0	65.1	100.0
Slovakia	85.0	100.0	7.0	6.4	100.0
Bulgaria	196.1	99.4	68.3	33.5	99.6
Greece	1001.5	99.3	6.2		
Romania	83.9	97.5	3.5	14.0	97.9
Cyprus	14.9	87.4	4.0	0.0	87.4
Spain	328.5	85.6	0.6	64.4	94.9
Malta	7.2	84.2	5.4	0.0	84.2
Poland	737.4	81.3	16.3	6.7	82.5
Italy	795.3	75.8	1.2	51.4	88.2
UK	396.3	72.2	0.6	13.9	76.1
Sweden	50.0	70.7	6.1	28.6	79.1
Lithuania	282.9	68.9	132.2		
Belgium	66.4	62.1	0.6	0.3	62.2
France	70.1	60.3	0.2	45.1	78.2
Latvia	98.9	53.0	8.2	0.2	53.2
Denmark	3.2	46.3	0.2	72.0	84.9
Hungary	155.4	45.9	5.0	56.8	76.6
Germany	365.4	43.1	0.4	39.3	65.4
Finland	16.9	39.4	0.9	50.2	69.8
Estonia	34.9	28.4	11.5		
Czech Republic	62.7	28.4	1.0	35.9	54.1
Netherlands	0.0	0.0	0.0	87.4	82.7
EU27	4385.8	63.8	1.1	34.4	76.3

*Note: Countries not included either have no ERDF going to support FEIs (IE and LU) or all the ERDF had reached final beneficiaries by end-2011 (SI and PT).*

*\*Government capital transfers consist of those recorded by the COFOG classification under Economic affairs and Housing and community amenities. The figure in 2011 has been taken where it is available or to 2010 if not. For DE, LV and RO, where there is a big jump in the 2010 or 2011 figure, an average of 2007-2009 has been taken for DE, 2007-2010 for LV and 20078-2011 for RO. The amount of ERDF remaining to be spent per year in the period 2012-2015 is expressed as % of this in each case.*

*\*\*This column shows the ERDF planned to go to FEIs, according to the latest figures in the DG Regional Policy database, less the funding which has reached final beneficiaries as a % of the planned amount. In the case of Greece, Estonia and Lithuania, especially the first two, the amount allocated is much bigger than the planned amount. The EU total includes the allocated amount for these countries rather than the planned amount. It also includes the allocated amount for Portugal rather than the much higher figures shown by the planned amount.*

*Source: Own calculations based on data provided by DG Regional Policy and Eurostat, Government financial statistics*

The amount still outstanding in FEIs was also large in absolute terms in Italy (almost EUR 800 million) and Poland (just under EUR 740 million), though it is much more important in relative terms (16% of capital transfers a year) in the latter, where less than 20% of the funding paid into FEIs had been paid out at the end of 2011. The amount was also significant in Spain (around EUR 330 million) and the UK (just under EUR 400 million), if small relative to total Government transfers. Nevertheless, financial engineering schemes in both cases had succeeded in finding recipients for only a relatively small proportion of the funding allocated to them by the end of 2011

The amount outstanding was smaller in Lithuania (some EUR 280 million), but substantial in relative terms – the equivalent per year of over 130% of annual Government capital transfers – which raises a serious question-mark over whether those managing the schemes will be able to find suitable recipients over the remaining four years.

In the other countries in which the amount of ERDF still to be paid out was also relatively large either in absolute terms (Germany and Hungary) or relative terms (Latvia and Estonia), around half or more had reached final beneficiaries by the end of 2011, suggesting that there ought not to be too much difficulty in paying out all of the funding remaining by the end of 2015. For a significant number of countries, however –Lithuania and Bulgaria, in particular – there could be serious difficulty, especially if the economic situation does not improve significantly and firms continue to be reluctant to invest.

### **Large sums still to be paid into schemes**

The above figures, however, understate the potential absorption problem in respect of FEIs since they do not take account of the substantial amount of ERDF support still to be paid into schemes according to the latest Member State plans<sup>16</sup>. According to these plans, as recorded in the DG Regional policy database<sup>17</sup>, a total of some EUR 3.6 billion remained to be allocated to FEIs across the EU at the end of 2011 or around 34% of the planned amount (Table – last two columns). This implies that over three-quarters of the ERDF assigned to FEIs still needed to reach final beneficiaries, which has to happen within the four years of the programming period which remain.

In most Member States, the proportion is larger than this. In 11 Member States (including in Greece where the allocated amount greatly exceeds the planned amount recorded in the database), it was well over 80%. Even in many of the countries in which more than half of the funding paid into schemes had already been paid out at the end of 2011, much more than half of what was planned to go into FEIs remained to reach final beneficiaries. In Denmark, Hungary, Germany Finland and the Netherlands (where all of the ERDF paid in had been paid out), the figure was around two-thirds or more. In Bulgaria, where only a very small proportion of the funding paid into FEIs had been paid out at the end of 2011, the amount planned to go into such schemes has been increased substantially over the past two years (by EUR 127 million or 75% since end-2010), pushing up the funding for which recipients need to be found even more.

Even allowing for the fact that some of what is recorded as FEIs in the DG Regional Policy database may be misreported, it is evident that it will be a major task in many countries to find suitable final beneficiaries for the large amount of funding which remains to be paid out by FEIs (including the amount which still needs to be paid in on current plans) by the end of 2015.

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<sup>16</sup> Specifically as at November 2012 but given the small changes in plans in most cases over time, the figures are likely to have been much the same at the end of 2011, the date the allocation figures relate to.

<sup>17</sup> The database distinguishes planned expenditure on loans, venture capital and other repayable items from other, non-repayable, items on the basis of information provided by Member States. In a few cases, it is evident that there are errors in the way the information is reported but in most cases it seems reasonably reliable.

## Reasons for delays in implementation

The evidence summarised above suggests that there was some increase in the rate of implementing programmes in a number of Member States but overall there was no significant catching up on the delay arising from the slow start of programmes at the beginning of the programming period. The main reasons for the continuing delay are not too different from those identified last year.

**The adverse economic conditions** are a major factor in virtually all Member States. In a number of German Länder there was lower demand in 2011 for funding from enterprises. Equally in Belgium demand for investment grants by companies was for the second consecutive year very modest. Similarly, in Spain, the effects of the credit constraints and unfavourable economic conditions considerably affected investment by firms. In the UK, because of the crisis but also because priorities were defined too narrowly, it was difficult in some programmes to find co-financing, and the economic climate considerably delayed projects and jeopardised their completion. In France, the budget constraints following the crisis made it difficult for small local authorities and non-profit organisations to find the resources needed for co-financing expenditure. In Portugal the large reduction in public investment imposed by the external financial assistance programme and the credit crunch limiting access of many companies and other organisation to Structural Fund support were the two main factors constraining implementation. Problems generated by the adverse economic conditions were also reported in the Czech Republic and Romania.

**Problems in public procurement** were a second prominent reason for delay, especially in Convergence regions, particularly in the EU12. The problem became more acute in Latvia in 2011, primarily in respect of large road construction projects, difficulties in obtaining land adding to those of procurement. (Between January and June 2012, EU payments to Latvia were suspended because of questions about the management system and MA lack of control over bodies to which some management functions had been delegated.) In many Member States, procurement decisions are routinely challenged in court by competitors causing further delays. This is the case for instance in Bulgaria, where the numerous appeals, associated with public procurement procedures, launched by disgruntled OP Regional Development applicants, have delayed the implementation process. Procurement procedures also remains an issue in the case of Malta and Czech Republic, where there seems to be a problem of transparency as well, and in Slovakia, where difficulties related to project selection and approval were reported.

**Administrative delays**, time consuming selection criteria, poor quality of applications and inadequate capacity to adapt to change quickly (in the context of excessive regulations and complex planning arrangements) continue to be important, especially in Convergence regions. This is the case for instance in Malta, where the lengthy appeals and certification procedures are reported as being among the main reasons for delays in implementation. Burdensome reporting procedures also slowed down implementation in Bulgaria and Romania where, however, some improvements are reported as compared with last year.

In many EU12 countries, the lack of qualified staff employed in the Ministries and intermediary bodies involved in managing and implementing the projects is also a source of delay. In some cases, this is a consequence in part of high staff turnover. In addition, in Romania and Malta, problems among private contractors in understanding EU funding requirements were reported.

The heavy administrative burden imposed by EU regulations and complicated financial control systems, especially in relation to the amount of funding received tend to be more of a factor in a number of Competitiveness regions where the amount of financial support involved is relatively small (e.g. in Austria, Sweden and France, where there were similar problems in Convergence regions).

Many of the problems noted above affected the implementation of major projects in particular. A number of other difficulties in respects if these were also reported, including problems of managing a large number of participants (Denmark and Sweden), the longer time needed for their preparation and approval (Slovakia and Lithuania), the difficulty of acquiring land (Latvia) and the necessary planning approval (Greece), the lack of complementarity between programmes and projects (Poland) and the resistance of local communities to projects being carried out (Greece, Cyprus and Poland).

There were also specific problems reported in some countries. In Cyprus, the downgrading of the credit rating of the Bank of Cyprus in summer 2011 led to the implementation of the JEREMIE fund being interrupted.

In Slovenia, problems relating to the ISARR information system were a major source of delay, the data being incomplete or not correct and therefore not an adequate basis for managing and monitoring the implementation of policy. In addition, the system does not keep information in the form required for the certification of expenditure and applications for payment to the EC, so causing a need for data reconciliation and consequent delays.

### Measures taken in response to the delays

A number of Member States took measures in 2011 to **shift funding** towards projects and measures which were less affected by the crisis to speed up implementation, often in a way that did not require formal changes (e.g. Germany, Belgium, Austria, Finland, Sweden, UK and Lithuania).

Several Member States reacted by **over-committing funding** (e.g. Finland) which is seen in some (e.g. Latvia) as insurance against expenditure turning out to be ineligible for funding.

In other countries, the **EU co-financing rate** was increased (or the national co-financing rate reduced), as indicated above, which helped to accelerate implementation by reducing the overall amount of funding which needed to be spent (e.g. in Belgium, Italy, Greece, Spain, and Portugal).

**Specific Action Plans** were agreed with the EU in Member States where implementation was most delayed (Italy, the Czech Republic and Slovakia).

**Other action** taken includes setting periodic financial targets (in Italy), adjustment of internal procedures and speeding up of controls (e.g. in Slovenia), greater use of electronic applications (e.g. Hungary), strengthening of capacity and staff, and appointment of external expert to help in selection of projects (e.g. Malta). Some of the initiatives taken involve some transfer of power to central authorities (e.g. the implementation of the Cohesion Action Plan in Italy or the National Development Government Committee created in Hungary), considered more capable and better equipped, or the introduction of task forces and control bodies or committees (e.g. strengthened management by the National Coordination Authority in Czech Republic).

The main features of action taken to speed up implementation in the worst offending countries are summarised below:

**Czech Republic:** In early 2012, an Action Plan was agreed between the Czech Republic and the EC to eliminate the main problems hindering progress, to speed-up implementation and to re-establish confidence in audit bodies. In the case of the Environment OP, two main measures were taken: the appointment of a new MA director in October 2011 and strengthening management by the National Coordination Authority to help find solutions and to monitor progress.

**Bulgaria:** The number of documents required for project applications and reporting was reduced, more detailed information was provided to beneficiaries on procedures, institutional changes were introduced (e.g. better distribution of tasks between MAs and IBs), *ex-ante* control on small-scale public procurement documentation was improved and technical assistance was obtained from International Financial Institutions over auditing.

**Malta:** The MA proposed changes both to the Project Selection Committee membership and to the procedures adopted during the selection process. A notable change was the inclusion of alternate members and ad hoc experts in order to limit delays in decision-making.

**Slovakia:** The MA for the “Informatisation” of Society OP established monthly implementation action plans which are being assessed each month. It also adopted in March 2012 an “Action plan for implementing the measures included in priority axis one”.

**Slovenia:** The MA and Intermediate Body have implemented measures to speed up the preparation of certified claims for reimbursement to the EC (e.g. the introduction of operational and ministerial meetings, the simplification of rules and procedures, speeding up first level controls and providing co-financing from the state budget). The system, however, remains overly rigid and relatively inefficient due to its complexity.

**Italy:** The Cohesion Action Plan was introduced to pull together available funds (sourced by reducing national co-financing and re-shuffling programmes) and redirect them towards a limited number of specific priorities: education, employment, information society and railways. The main features are a more limited role for regions, concentration of funding, conditionality, a focus on services for people and transparency. Other initiatives include the introduction of periodic financial targets and creation of a national fund to mitigate the constraints imposed by the internal stability pact.

**Romania:** Pre-financing was increased to 35%, with positive effects but only for recipients of state aid. In the case of large infrastructure projects, large amounts of pre-financing got stuck in beneficiary accounts due to delays in implementing contracts. A further measure was to allow the use of assets acquired in the project as collateral in obtaining loans. The National Guarantee Fund also prepared special packages for EU funding recipients to help them obtain loan guarantees. The increase in the intensity of aid to micro-enterprises had a positive effect as well.

## 6. Achievements

### The evidence available

The analysis in last year's report of achievements from the programme co-financed by the ERDF and Cohesion Fund, based on data up to end-2010, highlighted the following points:

- A large number of projects were launched but only a limited number had been completed so that evidence on tangible outcomes was limited.
- The task of reviewing these outcomes was complicated by the unsatisfactory nature of the information reported, making it difficult to identify achievements in quantitative terms, to interpret these in qualitative terms and to relate them to policy objectives.

In 2011 and in the first part of 2012, there was a significant increase in the rate of completion of projects co-financed by ERDF and Cohesion Fund. Accordingly, there is more evidence of outcomes available since details of these tend to be reported only when projects are finished. The evidence suggests, in line with the conclusions reached above, that:

- Programme implementation is more advanced in the Competitiveness regions than the Convergence ones, especially as regards support for RTDI (Research, Technological Development and Innovation) and SMEs, where data on job creation and business start-ups suggest a significant increase over the outcomes reported at the end of 2010.
- Although the implementation of programmes is lagging behind in the Convergence regions, much more evidence of achievements is beginning to appear as projects on business support in particular, though also on the environment and, to a lesser extent, transport, are completed.
- Many large projects are still underway but are far from completion, so there are few details as yet of outcomes. Accordingly, the details that are reported as regards transport tend to relate to smaller projects involving road and rail improvement and there are few estimates of results in terms of faster journeys and time savings.
- There continues to be a serious gap in reporting outcomes and results in the AIRs<sup>18</sup>. This is the case even in policy areas such as SME support where the bulk of funding available has been allocated and much has already been spent. Even in these areas, result indicators are not reported in the AIRs, except for job creation.
- MAs have rarely adopted result indicators linked to an underlying theory of change; the information given on outcomes is therefore in most cases inappropriate to assess the effects of interventions.
- The lack of relevant result indicators for completed projects may well tend to lead to achievements being understated.

The most significant achievements that emerged in 2011 relate mainly to RTD and the environment, though some are reported in respect of territorial development and transport infrastructure in a few countries.

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<sup>18</sup> Most indicators are expressed in terms of numbers of projects; there is not enough detail on outputs and even when projects are completed this does not necessarily imply that something has been achieved (e.g. in the case of RTD projects, achievements can materialise regardless of project completion, several years later or never); outcomes are not related to relevant benchmarks or aggregates at national or regional level to help interpret their significance; and it is difficult to aggregate figures across programmes and countries due to different definitions and computation methods.

- Enterprise support policies have been increasingly selective and progressively oriented towards RTD and business start-ups. The most significant achievements in this area are expressed in terms of the private investment directly supported and jobs created. In the EU as a whole up to the end of 2011, some 148,500 investment projects were implemented by SMEs, 14,700 science-industry research cooperation projects were financed and an estimated 1.8 million additional people were given access to broadband, many in disadvantaged areas, so narrowing the digital divide.
- Even though there remain many projects underway, a large number of environmental projects have been completed and have started to produce concrete results. Around 2.2 million additional people have been provided with clean drinking water as a consequence and an estimated 4.7 million more people have been connected to main drainage and sewage treatment plants.
- Evidence of important achievements in transport has also emerged in Convergence regions in some countries, where large projects have been completed. For example, the metro in Sofia, Bulgaria has been extended and new motorways have been built in Slovakia and Slovenia, so reducing congestion on roads and producing significant savings in journey times.
- Territorial development projects are typically small and local and consequently outcomes tend to be fragmented; many projects have been carried out to support tourism, around 3,850 initiatives have been undertaken to improve healthcare infrastructure and services (some details are given below), more than half of them in the EU12, and around 868 square km of polluted land have been cleaned up.

The evidence available is summarised below, first as regards overall jobs created and then for each broad policy area in turn. It is mainly based on the data for core indicators reported to DG Regional Policy and recorded in its database, though other indicators specific to particular programmes are also cited. These, together with interpretation of the relevance of outcomes, are derived from the country reports, which in turn are based on the information published in the AIRs, on evaluation findings and other relevant studies and on interviews with managing authorities. As stressed above, although there is growing evidence on achievements, particularly from core indicators, the AIRs are for the most part seriously deficient in reporting details of achievements in relation to programme objectives. This imposes a significant limitation on what follows and makes it difficult to assess what has been achieved from Cohesion policy funding. It is also clear from the evidence collected by national expert members of the network that the data on core indicators as recorded are not complete and that some major outcomes are not covered, which adds to the difficulty of identifying achievements and assessing their importance. Accordingly, achievements in a number of areas tend to be understated.

#### **Note on the data on core indicators and targets**

##### **Core indicators**

The tables included in the text are based on the latest data available from DG Regional Policy, based on the AIRs submitted in mid-2012 which relate to the situation up to the end of 2011. Figures in the first column are the sum of data for the indicator across all OPs in each country, cumulated over the period 2007-2011. Figures in the second column relate to the change between end-2010 and end-2011. Negative figures for the change in the number of projects may indicate that some have been abandoned or that funding previously allocated has been withdrawn.



The indicators are reported at the end of an administrative process the duration of which might differ across countries. Indicators are recorded mostly when projects are concluded. The change 2010-2011 includes the outcome of projects underway earlier and so does not indicate the outcome in 2011 *per se*.

It should be noted that considerable effort was required of both officials in the Evaluation Unit of DG Regional Policy and of the authors of the present report together with members of the Evaluation Network to check and correct the data on indicators reported by Member States and recorded in the DG Regional Policy database. The most common error was the misreporting of the unit of measurement (e.g. metres being reported rather than kilometres or kilowatts instead of megawatts) but there were also simple errors of transcription, which suggests that the data were not adequately checked before being recorded in the database.

It should also be noted that the indicators as at present reported do not give a complete coverage of the achievements of the programme co-financed, as two examples cited in the text below – the completion of high-speed rail lines in Spain and sections of motorway in Romania – testify.

### **Targets**

Figures in the ‘% target’ column relate to outcomes as a percentage of targets, calculated by including only the OPs for which data for both outcomes and targets are available and meaningful. Accordingly, the figures in this column cannot always be directly compared with that in the first column, since the outcome figure might include OPs for which there are no targets. Zeros in both columns indicate that there are targets but no outcomes are recorded. Zeros in the ‘% target’ column where there is a positive figure in the first column 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. Interpretation of the figures is not straight-forward both because in many cases it is not clear 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.

It should be noted that the data for targets are of highly uncertain relevance and in many cases are not really meaningful since they have been set either with little consideration of their achievability or deliberately too low so that they can more easily be achieved. The figures for outcome relative to targets should therefore be interpreted with a great deal of caution and in few cases provide a real indication of performance.

## **Total jobs created**

According to the AIRs, just over 383,000 full-time equivalent jobs across the EU in gross terms were created up to the end of 2011 (Table 7). In most regions, Cohesion policy support seems to have a positive, and in some cases significant, counter-cyclical effect on employment; but it remains to be verified whether the effect is short-term, largely involving jobs directly created by carrying out the projects themselves or whether it will remain in the longer-term<sup>19</sup>.

Overall, the largest number of new jobs in the EU15 was reported in the UK (48,011), Italy (43,647), Germany (43,462) and Spain (40,743). In a number of cases, the jobs created up until the end of 2011 represent a significant share of total employment: almost 19 per 1,000 employed in Ireland (nearly 2% of the total)<sup>20</sup> and 6 per 1,000 in Finland and Sweden.

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<sup>19</sup> The indicator on jobs created will be examined in detail in the first half of 2013 by the Expert Evaluation Network.

<sup>20</sup> This figure needs to be considered with a great deal of caution, given the relatively small scale of expenditure, and may largely reflect the very broad way in which jobs created are measured.

Significant job creation is also recorded in the EU12, the largest numbers in Poland (31,233) and Hungary (17,650), in the latter, representing around 5 per 1,000 employed, while in Estonia, the figure was slightly higher.

**Table 7 Estimates of gross, full-time equivalent jobs created by ERDF and Cohesion Fund in 2007-2013 programmes up to end-2011**

	All programmes				Convergence			Competitiveness		
	Up to end-2011	Change, 2010-2011	% target	No. per 1,000 employed	Up to end-2011	Change, 2010-2011	No. per 1,000 employed	Up to end-2011	Change, 2010-2011	No. per 1,000 employed
BG	756	132	36	0.2	756	132	0.2			
CZ	9,188	3,553	85	1.9	9,188	3,553	2.2			0.0
EE	3,759	2,260		6.6	3,759	2,260	6.6			
CY	1,641	1,641		4.3				1,641	1,641	4.3
LV										
LT	508	366	13	0.4	508	366	0.4			
HU	17,650	16,457	13	4.7	17,161	16,457	6.7	489	0	0.4
MT										
PL	31,233	20,423	20	2.0	31,233	20,423	2.0			
RO	4,360	920	12	0.5	4,360	920	0.5			
SI	1,543	975	97	1.6	1,543	975	1.6			
SK	1,432	876	8	0.6	1,413	866	0.7	19	10	0.1
GR	11,881	2,750	63	2.7	11,881	2,750	2.9			0.0
ES	40,743	12,374	27	2.2	30,411	11,352	5.0	10,332	1,022	0.8
PT	1,210	1,102	4	0.2	206	119	0.1	1,004	983	0.7
BE	15,173	2,784	56	3.4	2,174	702	4.7	13,000	2,082	3.2
DK										
DE	43,462	11,613	11	1.1	22,436	4,314	3.2	21,026	7,298	0.7
IE	34,431	21,272	285	18.7				34,431	21,272	18.7
FR	19,068	1,644	22	0.7	734	212	1.3	18,335	1,432	0.7
IT	43,647	25,347	14	1.9	41,054	24,504	8.2	2,593	843	0.1
LU	113	67	6	0.5				113	67	0.5
NL	7,586	4,018	62	0.9				7,586	4,018	0.9
AT	3,143	983	46	0.8	292	73	2.1	2,851	910	0.7
FI	15,472	5,212	48	6.3				15,472	5,212	6.3
SE	27,212	12,165	81	6.0				27,212	12,165	6.0
UK	48,011	31,105	26	1.7	7,988	508	6.1	40,023	30,597	1.4
<b>EU15</b>	<b>311,153</b>	<b>132,436</b>	<b>28</b>	<b>1.8</b>	<b>117,176</b>	<b>44,535</b>	<b>4.2</b>	<b>193,977</b>	<b>87,901</b>	<b>1.3</b>
<b>EU12</b>	<b>72,070</b>	<b>47,602</b>	<b>39</b>	<b>1.7</b>	<b>69,921</b>	<b>45,951</b>	<b>1.7</b>	<b>2,149</b>	<b>1,651</b>	<b>0.8</b>
<b>EU27</b>	<b>383,223</b>	<b>180,038</b>	<b>31</b>	<b>1.8</b>	<b>187,096</b>	<b>90,486</b>	<b>2.7</b>	<b>196,127</b>	<b>89,552</b>	<b>1.3</b>

*Note: The table does not include data for Denmark, Latvia and Malta for which estimates are not available. The Portuguese data are likely to be underestimated. Most figures are based on core indicator no. 1. In the case of Cyprus, core indicators no. 6+9 are used; the figures for Spain and Greece are based on core indicator no. 9. Multi-objective programmes are included under Competitiveness for Cyprus and Portugal and under Convergence for Greece and Spain. Source: DG Regional Policy database and authors' calculations.*

## Achievements by broad policy area

### Enterprise support and RTDI (including ICT and access of SMEs to finance)

The main points made in last year's report on achievements in this policy area were:

- The range of Enterprise and RTDI support measures differs considerably between Convergence and Competitiveness programmes. In the former, there is a wider variety of initiatives due to the less developed context in which intervention takes place.
- The majority of the indicators relate to jobs created and to the number of research and innovation projects which tell us very little about actual output or the results and effects of intervention. Job creation was in many cases not the main objective, at least in the short-term, of measures which were aimed at boosting innovation and the competitiveness of firms, which is a clear example of a gap in reporting achievements in relation to programme objectives. The number of research and innovation projects can be considered a result indicator *per se* only in the case of collaborative research, where enhanced cooperation between research centres and business is a specific objective of the schemes concerned. The strength and durability of the new links created through the projects in question, however, can vary markedly and would need to be assessed in detail before any meaningful conclusions can be drawn.
- The most significant achievements consisted of a large number of SMEs and business start-ups supported, especially in the EU15, research projects carried out and infrastructure developed. The majority of RTD projects were recorded in the EU15 and in Competitiveness rather than Convergence regions.
- The figures on SME support indicated a widespread support for small-scale innovation projects, aimed at both developing new products and the adoption of new processes.

In 2011, the figures for indicators increased substantially as compared with 2010, indicating a notable acceleration in the completion of projects. This was particularly the case in the EU15, especially as regards investment in SMEs, the number of business start-ups and jobs created. At the same time, there is a noticeable difference between the number of RTD projects and research jobs created in the two country groups. In the EU12, a comparatively large number of research jobs were created in relation to the comparatively small number of projects undertaken, which might reflect the newness of the policy, with projects mostly creating new jobs, while in the EU15, the effect of projects was more to support existing research jobs.

The policy area includes a range of policy measures which can be distinguished: those for increasing research and innovation, including infrastructure; support for SMEs to increase their capacity to innovate, including direct grants and services; support for business creation of new SMEs; ICT infrastructure and services to improve the environment for innovation. Overall the main outcomes up to the end of 2011 were:

#### **RTDI support**

- Some 14,700 projects were co-financed to support cooperation between universities and business, mostly in EU15 Competitiveness regions, where three times as many projects as in Convergence regions were carried out. At the same time, some 46,000 RTD projects were carried out leading to the creation of additional research jobs, amounting to an increase of 6‰ in R&D employment.
- Nearly 15,000 gross jobs, in full time equivalent (FTE) terms, were created in R&D activities as a result of the projects supported. Some 8,872 research jobs are estimated to have been created in the EU15, equivalent to almost 0.5% of existing R&D

employment, and in the EU12, over 6,000, equivalent to around 2% of R&D employment (Table 8).

- In the EU15 Convergence regions, there was a significant increase in job creation in 2011 relative to 2010 as projects already underway were completed.
- In the EU12 Convergence regions, a sizeable amount of private R&D investment was induced and research laboratories, centres and clusters created. For instance, EUR 73.6 million of private R&D investment was induced in Estonia and EUR 36.4 million in Lithuania (equivalent to 21% of total private investment in R&D in the country) and 138 research laboratories were created or modernised in Romania. In Slovakia, the turnover of the SMEs supported is reported to have increased by 20%.
- Significant results are also reported in the EU12 in respect of the RTD supported, In Slovenia, the projects co-financed led to 549 innovations, many of which were patented, and in Romania, to 38 patents being registered, which may not seem many but which represented around 8% of the total number registered in 2010.
- In Competitiveness regions, support led to the strengthening of research centre activities, equipment and infrastructure across the EU. In Belgium, 217 new jobs were created in the 15 research centres supported in Hainaut and 126 in the 12 centres in the rest of the Walloon region. An additional 48,000 square metres<sup>21</sup> of research and library space have been created as a result of support in Ireland since 2007 and 27,682 square metres of research infrastructure in Luxembourg. In Bratislava in Slovakia, 69 R&D centres were supported and in the Czech Republic, 5,173 square metres of research space were either constructed or modernised up to June 2012.

#### *Enterprise support: investment aid and creation of new firms*

- Increasing amounts of investment aid were given to SMEs over the period up to the end of 2011 as a result of the crisis. In addition, the ERDF led to significant private investment being induced in a number of countries and to new firms being created, partly through support of financial engineering instruments (FEIs).
- Nearly 179,000 gross jobs were created in SMEs as a direct result of the investment projects supported<sup>22</sup>, most of them (80%) in the EU15.
- Estimates of the amount of private investment induced vary greatly across countries and regions, though in Germany, the figure represented 2.4% of total gross fixed capital formation over the period 2007-2011 and in Lithuania, to 4.7% of the total over the period 2009-2011.
- Almost 53,000 business start-ups were supported across the EU, though only 2,800 of these were located in the EU12.
- Although the evidence on the number of firms supported by FEIs is still limited, there are data for some countries. For instance, in Portugal, 7,206 companies received support from FEIs co-financed by the ERDF up to the end of 2011, giving rise to total investment (ERDF plus private funds) of EUR 8.7 billion. In Lithuania, 2,903 SMEs, around 5% of the total currently operating, received similar support.

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<sup>21</sup>. Figure provided by the national expert.

<sup>22</sup> Core indicator no. 9.

## ICT infrastructure

- The projects supported resulted in an additional 1.8 million people having access to the Internet through broadband (i.e. with a download speed of at least 256 Kbit per second), most of them in the EU15.

The box below gives examples of some of the main outcomes of the projects co-financed in respect of support of enterprise and RTDI across the EU.

### Examples of achievements in respect of enterprise support and RTDI

#### RTDI

**Austria.** Support led to the creation of 27 regional research, technology and innovation centres. Projects for the development of regional clusters assisted 1,700 companies in technology transfer activities. Some 125 RTDI-related investment projects resulted in new innovative technologies being implemented in SMEs and new products being created.

**Czech Republic.** Funding has given a major stimulus to the diffusion of knowledge and partnerships between research centres and business. The Czech *Eko-System* initiative was launched in 2012 to prepare firms for start-up financing from the proposed new Seed Fund. A *Knowledge Transfer Partnership* initiative was established to support joint research projects between universities and businesses, 15 projects being financed up to October 2012.

**Finland.** The ERDF has contributed significantly to the creation and improvement of regional R&D networks between research centres, enterprises and local authorities. Despite remote locations and low population density, R&D expenditure had increased to 6.6% of GDP in 2009 in Northern Finland, one of the highest figures in the EU. An example of a project supported by the ERDF is the creation of a research unit specialising in ICT, chemical, plastic and composite technologies at the Kokkola University campus in Chydenius in Central Ostrobothnia. The unit has close links to firms in the region as well as to the University of Oulu and Tampere Technical University. Since its inception in 2008, the unit has completed 18 applied research projects with a total budget of EUR 16 million.

**France.** The ERDF has helped to strengthen cooperation networks between research centres and business. A recent (2012) evaluation of the 'poles of competitiveness' policy concluded that co-financed projects generated over 2,500 innovations (75% of them product and/or process innovations), led to 60 business start-ups and growth of R&D investment and employment in more than half the companies supported.

**Luxembourg.** The ERDF has contributed greatly to support of R&D in new materials. The THERA project (with EUR 259,000 of ERDF support in the programming period 2000-2006) created a laboratory with advanced equipment offering a full range of services to firms. In the present period, some EUR 116 million of funding has helped the Gabriel Lippmann public research centre to increase its capacity to develop new materials.

**Slovakia.** The ERDF has co-financed the development and modernisation of R&D infrastructure (such as new laboratory equipment and supercomputing capacity) and the establishment of centres of excellence. Some 5,122 researchers have received support and 112 R&D centres have been upgraded.

**Slovenia.** The ERDF has supported collaborative R&D projects between research centres and business and co-financed 8 Centres of Excellence, 7 Competence Centres and 17 Economic Development Centres. Up to the end of 2011, support was given to 476 RTD projects and 1,504 new jobs were created as result.

**Spain.** ERDF support contributed to 3,367 articles being published in scientific journals, 1,500 patents being registered (around 10% of the total number of patents registered each year in Spain<sup>23</sup>) and 1,000 new products being developed. Support for Science and Technology parks helped SMEs to become more innovation oriented, the firms located in them increasing their investment in RTDI by an estimated 26% more, and their turnover by an estimated 40% more, than similar ones located elsewhere.

***Enterprise support including access to finance and ICT***

**Bulgaria.** The ERDF helped firms to increase their innovation capacity, to introduce new technologies and products and to reduce the average age of their technical equipment. Overall, 130 SMEs introduced new technologies or products as a result of support up to end-2011 and created 1,400 new jobs.

**France.** The ERDF co-financed the creation of a JEREMIE fund of funds in Languedoc-Roussillon. Three funds are now fully operational, with total resources of EUR 29 million. By end-2011, EUR 1.4 million of soft loans and EUR 2.6 million of equity finance had been provided to companies along with over EUR 22 million of loan guarantees.

**Greece.** The ERDF has helped bridge a significant funding gap arising from the low liquidity of the banking sector. Up to May 2012, the Entrepreneurship Fund, co-financed by the ERDF, had received 296 applications for loans amounting to EUR 65.7 million.

**Malta.** The ERDF has increased SME access to credit. Up to the end of 2011, 179 SMEs had participated in the First Loss Portfolio Guarantee scheme, a JEREMIE initiative and 30% of the total funds available (EUR 15.83 million) had been committed (EUR 5.8 million to start-ups) with EUR 7.78 million actually disbursed.

**Slovenia.** The ERDF has co-financed the development of FEIs. Up to end-2011, 910 applications for long-term loan guarantees had been approved and by August 2012, venture and mezzanine capital was invested in 13 SMEs.

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<sup>23</sup> Based on the average number of patents filed over the years 2000-2008.

**Table 8 Core indicators – Enterprise support and RTDI (total), outcomes up to end-2011**

	Research jobs created			No. of start-ups supported			Gross (FTE) jobs created in SMEs			Additional population with broadband access (thousands)		
	To end-2011	Change 2010-2011	% target	To end-2011	Change, 2010-2011	% target	To end-2011	Change 2010-2011	% target	To end-2011	Change 2010-2011	% target
BG												
CZ	447	413	17				237	49	16			
EE												
CY	331	331					1,310	1,310				
LV				421	177	513						
LT	133	7	15	168	167	1,120						
HU	1,950	1,950		869	331		10,803	5,655	155			
MT				3	3	9						
PL	2,484	2,401	42	1,192	475	65	19,129	9,361	38	40.1	40.1	1
RO	611	349	122	42	35	140	1,593	565	7			
SI				8	4	38				39.6	39.6	132
SK				91	-7	35	1,102	691	10			
GR				2,034	1,519	169	11,881	2,750	63			
ES				4,689	279	41	40,743	12,374	27	332.9	167.3	5
PT				853	233	90	337	229	2	33.7	33.7	6
BE	343	31	122	1,177	415	46	2,765	962	27			
DK				3,453	3,453	384						
DE	614	280	14	363	56	2	28,068	8,979	30			
IE	806	251	110	91	30	198	33,804	21,061	284	153.1	0	44
FR	2,401	1,221	37	60	-126	17	2,952	731	20	398	224.1	11
IT	1,341	551	21	1,564	1,395	36	7,109	6,142	41	685.8	316.5	21
LU	63	46	32									
NL				3,996	561	527						
AT	141	17	16	47	12	14						
FI												
SE	634	427	74	11,430	4,757	63	1,534	1,534	0	21.4	2.8	146
UK	2,593	73	81	20,406	13,133	64	15,240	6,171	43	57.8	0	
EU15	8,872	2,850	38	50,163	25,717	68	144,433	60,932	42	1,682.7	744.4	11
EU12	6,019	5,497	34	2,794	1,185	84	34,174	17,631	31	128.7	105.8	2
EU27	14,891	8,347	37	52,957	26,902	68	178,608	78,563	40	1,811.4	850.2	8

Source: DG Regional Policy and authors' calculations.

## Transport

The main points made in last year's report in respect of the outcomes of transport projects were:

- The planning, preparation and completion of transport projects tend to require more time than those in other policy areas because of their scale and complexity<sup>24</sup>. As a consequence, projects tend to be slower to produce tangible output and results.
- The available monitoring indicators relate mostly to output (km of roads or railways constructed or upgraded) and only to a very limited extent to results (savings in journey time, increases in the number of passengers using the routes, reduction in accidents and so on).
- Overall, the outcomes were far below the targets set.
- The length of additional motorway (around 250 km) added to the trans-European Transport Network (TEN-T) was limited; half was in Spain and the rest in Hungary, Slovenia, Slovakia, the UK, Portugal and Greece.
- Over 1,200 km of other new roads were constructed mainly in Spain, Germany and Portugal in the EU15 and Poland, the Czech Republic and Hungary in the EU12.
- The new railway lines added over 350 km to the network and were concentrated in Germany and Portugal. In the EU12, new lines were constructed in Bulgaria and Slovakia and existing lines were improved in the Czech Republic, Hungary, Slovakia and Slovenia. In the EU15 improvements in existing lines were mainly concentrated in France.

The transport projects completed remain limited, especially in Convergence regions in Italy, Greece and Romania. However, a number of major projects were concluded in 2011. The main points to emerge from the country reports are:

- ERDF and Cohesion Fund co-financed projects mainly involve roads, over 14,000 km being constructed or improved, mostly the latter, across the EU, for the most part in Convergence regions.
- EU funding supported the construction or improvement – again mainly the latter – of over 1,100 km of railway line<sup>25</sup>.
- Improvements in urban transport systems were co-financed in Bulgaria, in the form of the metro in Sofia, and in the Czech Republic, in the form of the extension of tramway lines.

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<sup>24</sup> JASPERS was established in late 2005 as a technical assistance facility to increase the capacity of Member States to make the best use of EU funding. The support covers projects in a number of areas including transport, environmental and urban infrastructures, energy and the knowledge economy. A recent evaluation (December 2012) found evidence of its positive effects on the quality and timeliness of the preparation, submission, approval and implementation of major projects in EU12 countries. For more information see:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/eval2007/jaspers\\_evaluation/financial\\_report\\_131212.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/jaspers_evaluation/financial_report_131212.pdf)

<sup>25</sup> In Spain, as noted in the examples in the textbox below, 500 km of high speed railway line were completed in the present programming period and co-financed mostly from funding from the 2007-2013 period. This, however, is not included for some reason in the core indicator on new railway construction reported by the Spanish authorities and recorded in the DG Regional Policy database, though it is referred to in the AIR for Castilla La Mancha and is recorded as a Cohesion Fund project. Because it is not included in the core indicator data, it is not included in Table 9 below.



### *Roads (new and reconstructed)*

- Over 1,270 km of new roads were constructed up to the end of 2011, 650 km in the EU15, mostly in Spain, but also in Germany, Portugal and Italy and 570 km in the EU12, mainly in Poland and the Czech Republic, but also in Hungary, Estonia, Slovakia and Romania. (Table 9).
- The length of motorway added to the TEN-T network amounted to around 250 km, with only a modest increase in 2011, which took place mostly in Spain, Hungary and Slovenia.
- The length of roads improved by the end of 2011 is much greater at around 10,000 km; over 4,230 km in the EU15, largely in Portugal, Spain, Greece and Germany and around 5780 km in the EU12, mostly in Poland, but also in the Czech Republic, Slovakia, Romania, Latvia, Estonia, Bulgaria and Hungary.

### *Railways (new and reconstructed)*

- Most large railway projects were still under construction at the end of 2011 and the projects completed added around 350 km to the rail network, mainly in Germany and to a lesser extent in Slovakia and Bulgaria.
- About 800 km of railway line had been improved by end-2011, 440 km in the EU15 (mainly in France, Germany, Greece, and Italy) and 360 km in the EU12 (mostly in the Czech Republic and Hungary, but also in Slovakia and Slovenia).

Some major examples of achievements in respect of transport are set out in the following box.

#### **Examples of achievements in transport**

##### ***Roads***

**Portugal.** The ERDF and Cohesion Fund co-financed the construction or improvement (mainly the latter) of around 1,940 km of roads, including the last section of the Internal Regional Ring in Lisbon, which carries an average 50,000 vehicles a day and which has reduced the traffic on the main roads in the capital by 40%, so improving the urban environment.

**Romania.** EU financing has begun to improve the poor state of the transport network which adversely affects economic competitiveness and the quality of life. Few projects had been completed by the end of 2011 (only 10% of the contracts awarded), but the 58.5 km of new motorway open to traffic added around 20% to the existing network. The two stretches constructed were the 14 km of the A2 between Cernavoda and Constanta, improving access to the Black Sea coast (an important tourist destination) and the 44.5 km of the A1 between Timisoara and Arad, the two main cities on the western border of the country, which will connect to the M3 motorway in Hungary when the project currently underway is completed<sup>26</sup>.

**Slovakia.** The projects supported under Cohesion policy have had a significant effect in reducing travel time and congestion on the roads. The construction of the Sverepec-Vrtizer stretch of the D1 motorway cut the journey time from Bratislava to Žilina, a distance of around 200 km, by some 30 minutes and reduced congestion in the city of Považská Bystrica.

**Slovenia.** EU funding co-financed 52.4 km of new motorway construction, reducing congestion on a number of main routes. Overall, the projects completed are estimated to have resulted in time savings valued at EUR 39.82 million a year.

<sup>26</sup> It should be noted that these stretches of motorway are not included in Table 9 because they are not recorded in the DG Regional Policy database, perhaps because the whole motorway has not yet been completed.

### ***Railways***

**Spain.** EU funding, mostly from that available for the 2007-2013 period, co-financed the completion of nearly 500 km of high speed railway line, amounting to 17% of the total in the country and including the Madrid-Valencia line which is now in operation. As a result, the number of car journeys and air flights is estimated to have been reduced substantially<sup>27</sup>.

### ***Urban transport***

**Bulgaria.** EU funding co-financed the extension of the Sofia metro system, which has helped to improve the sustainability of development in the city, cutting traffic on the roads and reducing road accidents by 18%; harmful emissions by 90,500 tons a year and noise by 15-20% and resulting in aggregate time savings of 110 thousand hours a day and economic benefits valued at an estimated EUR 35 million a year.

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<sup>27</sup> This is not included in Table 9 because it is not included in the DG Regional Policy core indicator database – see Footnote 21 above.

**Table 9 Core indicators – Transport (total), outcomes up to end-2011**

	km of new roads (total)			km of new TEN-T roads			km of reconstructed roads			km of new railways (total)			km of TEN-T railways			km of reconstructed railways		
	Up to end-2011	Change, 2010-2011	% target	Up to end-2011	Change, 2010-2011	% target	Up to end-2011	Change, 2010-2011	% target	Up to end-2011	Change, 2010-2011	% target	Up to end-2011	Change, 2010-2011	% target	Up to end-2011	Change, 2010-2011	% target
BG							161	33	7	16	14	45	16	14	2			
CZ	110	44	45				706	62	51							181	4	40
EE	54	33					196	39										
CY																		
LV							265	221	0									
LT																		
HU	94	60	29	53	43	31	117	1	37						116	54	40	
MT																		
PL	257	142	7				3,678	1,833	52									
RO	11	0					308	30										
SI	52	0	87	52	0	101										24	0	15
SK	42	20	18	20	8	27	349	280	32	41	22	17	41	22	20	41	22	22
GR	4	0	0	4	0	0	310	263	31	10	1	4	10	1	4	43	43	129
ES	353	226	30	108	7	74	1,786	1,107	60	4	0	2				1	0	6
PT	80	75	27	5	5	4	1,857	1,423	62	46	39	20	38	38	18	8	8	10
BE																		
DK																		
DE	117	20	6				226	58	2	216	20	416	130	8	518	66	66	
IE							33	0	100									
FR	28	0														287	93	58
IT	48	17	47				11	0	2	20	7	34				35	14	3
LU																		
NL																		
AT																		
FI																		
SE	9	4					3	3		1	1							
UK	12	5		6	5		10	5										0
<b>EU15</b>	<b>651</b>	<b>347</b>	<b>17</b>	<b>123</b>	<b>17</b>	<b>8</b>	<b>4,235</b>	<b>2,858</b>	<b>52</b>	<b>297</b>	<b>68</b>	<b>35</b>	<b>177</b>	<b>47</b>	<b>25</b>	<b>440</b>	<b>224</b>	<b>22</b>
<b>EU12</b>	<b>621</b>	<b>299</b>	<b>12</b>	<b>126</b>	<b>50</b>	<b>4</b>	<b>5,779</b>	<b>2,501</b>	<b>41</b>	<b>58</b>	<b>36</b>	<b>14</b>	<b>58</b>	<b>36</b>	<b>2</b>	<b>361</b>	<b>80</b>	<b>8</b>
<b>EU27</b>	<b>1,272</b>	<b>646</b>	<b>14</b>	<b>249</b>	<b>67</b>	<b>6</b>	<b>10,015</b>	<b>5,358</b>	<b>46</b>	<b>355</b>	<b>105</b>	<b>28</b>	<b>235</b>	<b>83</b>	<b>7</b>	<b>802</b>	<b>303</b>	<b>12</b>

Note: This table reports the data recorded in the DG Regional Policy database, corrected so far as possible for misreporting. It is assumed that the figures for new TEN-T roads are included in total new roads (i.e. in the first column) but it is not always clear that this is the case. In particular, the original data for Slovenia and Greece record the total km of new roads to be zero but the km of new TEN-T road to be positive. The same is the case for new railway lines in Slovakia. It has therefore been assumed that the total of new roads or railway lines for these three countries is the same as the TEN-T figure.

Source: DG Regional Policy database and authors' calculations.

## Energy and Environment

The main points made in last year's report in respect of achievements up to the end of 2010 were:

- The environment and energy projects supported consisted mostly of those aimed at improving the supply of drinking water and wastewater treatment, risk prevention and mitigation and, to a lesser extent, the production of energy from renewable sources.
- Most of the comparatively few projects completed were in EU15 Convergence regions in Greece, Spain and Portugal.

Although there was a significant increase in the projects completed in 2011, indicators of outcomes were for the most part still well below the targets set, reflecting the lengthy delays in implementation because of planning and management difficulties.

### *Environment: drinking water infrastructure, wastewater and solid waste*

- By the end of 2011, around 2.2 million people had been provided with an improved supply of drinking water as a result of EU co-financed projects (which was only 13% of the target for the programming period). Most of these, nearly 2 million, were in the EU15, in Spain (around 1.17 million), France (408.3 thousand), Portugal (202.7 thousand) and Greece (160.8 thousand) (Table 10).
- An additional 4.7 million people were connected to improved wastewater treatment as a result of EU support (again only 13% of the target), around 70% of them in EU15 Convergence regions.
- Many wastewater treatment plants were built or upgraded, mainly in Convergence regions. In Portugal, 158 plants were built<sup>28</sup>. In Estonia, 5 additional plants were added to the 29 which existed in 2007<sup>29</sup>. In Malta, the discharge of sewage effluent was reduced by 80%<sup>30</sup>.
- Over 1,400 solid waste projects (waste prevention, recycling of communal or industrial waste, increasing landfill capacity, improving waste storage facilities and closing substandard landfill sites) had been carried out by end-2011, nearly half of them in the EU12. In Slovenia, 6 regional waste disposal centres were built. In Slovakia, the 58 waste collection units established increased the amount of waste recovered by 744 tons a year, while in Romania, 84 landfills in rural areas were closed. The projects co-financed by the ERDF resulted in around 1.5 million people benefiting from flood prevention measures in France, 1.2 million in Portugal, approximately 187,000 in Poland, 69,000 in Italy and some 53,000 in Germany, many of them in Bavaria, and.

### *Energy efficiency and renewable energy sources*

Some 22,818 projects were carried out up to the end of 2011 to increase the capacity to generate electricity from renewables, the majority of them in the EU15. These projects added over 2,900 megawatts (MW) to generating capacity across the EU, mostly in the EU15. The following box sets out examples of achievements in these two broad policy areas.

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<sup>28</sup> Source: 2011 AIR of the Territorial Valorisation OP

<sup>29</sup> Expert's estimate on the basis of the information in the AIR of the OP for the Development of the Living Environment 2011.

<sup>30</sup> 2011 AIR for Malta.

## Examples of achievements in respect of the environment and energy

### *The environment*

**Malta.** The Malta South Sewage Treatment facility, co-financed by EU funding, was completed in 2011, enabling 80% of all sewage generated in the country to be treated and resulting in the upgrading of coastal waters in the south of Malta to class 1 status from class 3, with obvious benefits to the tourist industry.

**Spain.** EU funding co-financed the installation of around 1,000 km of main drainage, connecting some 1.6 million additional people to effective sewage treatment.

### *Energy efficiency*

**Latvia.** The ERDF has contributed the major part to a total of EUR 73 million allocated to improving the energy efficiency of apartment blocks built in the Soviet era which are particularly energy inefficient. By the end of 2011, 56 buildings had been renovated, with a reduction in heat consumption of 48%, and contracts had been signed for the renovation of nearly 400 more.

**Slovakia.** The ERDF co-financed a significant amount of modernisation and improvements in the energy efficiency of public buildings, especially schools and colleges and helped not only to save energy but to counter the effect of the crisis by maintaining employment in the construction industry.

**Table 10 Core indicators – The environment and energy, outcomes up to end-2011**

	Additional capacity of renewable energy production (MW)			Additional population served by water projects (thousands)			Additional population served by wastewater projects (thousands)		
	Up to end-2011	Change 2010-11	% target	Up to end-2011	Change, 2010-11	% target	Up to end-2011	Change, 2010-11	% target
BG							116.6	50.7	6
CZ	8.8	4.8	7						
EE									
CY									
LV				104.8	83.0	6	1,247.8	59.2	
LT	39.0	12.0	39				13.6	9.0	5
HU	0.4	0.4	1						
MT									
PL	45.5	24.9		37.7	14.5	15	136.0	88.5	11
RO	99.2	14.0	50						
SI	106.0	16.0	30	70.3	21.7	19	30.2	17.0	14
SK	52.5	16.3	53				487.0	487.0	
GR				160.8	121.0	16	208.6	205.3	13
ES				1,172.9	44.8	11	1,635.3	523.1	16
PT				202.7	167.7	45	222.3	216.2	11
BE									
DK									
DE	1,903.0	1,361.0		1.4	1.4		50.7	8.1	46
IE							19.0	19.0	271
FR				408.3	0.0	115	362.1	0.0	
IT	181.0						640.9	246.4	18
LU									
NL									
AT	87.0	17.0	83						
FI									
SE									
UK	410.0	410.0							
<b>EU15</b>	<b>2,581.0</b>	<b>1,788.0</b>	<b>0</b>	<b>1,946.0</b>	<b>334.9</b>	<b>14</b>	<b>3,139.0</b>	<b>1,218.0</b>	<b>15</b>
<b>EU12</b>	<b>351.5</b>	<b>88.4</b>	<b>2</b>	<b>212.8</b>	<b>119.2</b>	<b>9</b>	<b>1,544.6</b>	<b>224.8</b>	<b>6</b>
<b>EU27</b>	<b>2,932.5</b>	<b>1,876.4</b>	<b>1</b>	<b>2,158.8</b>	<b>454.1</b>	<b>13</b>	<b>4,683.6</b>	<b>1,442.9</b>	<b>13</b>

Source: DG Regional Policy database and authors' calculations.

## **Territorial development**

The main points made in last year's report on achievements in respect of territorial development were:

- Territorial development projects are of various kinds, often small and scattered over a wide area. In many cases, they lack critical mass and an underlying strategy in respect of their contribution to development. Sometimes, however, they can have a significant effect on local communities and help alleviate budget constraints of highly indebted or low income local authorities and regions.
- Most indicators consist of the number of projects carried out which may give an indication of the effort made but none at all of tangible outcomes.
- The projects supporting tourism vary greatly in terms of average size, ranging from over EUR 2.5 million in Lithuania to EUR 120,000 in Spain, making it difficult to assess their significance.
- A considerable number of healthcare projects have been carried out mostly in Convergence regions, the average size varying from EUR 700,000 in Spain to EUR 12 million in Czech Republic and Lithuania and over EUR 20 million each in Slovakia.
- A significant amount of polluted or contaminated land was cleaned up, mostly in the EU12 and especially in Hungary and Czech Republic; urban regeneration projects were carried out mostly in the EU15, particularly in Portugal, Germany and Italy.

The conclusions to be drawn from the information available up to the end of 2011 are not very different, the lack of both output and result indicators make it difficult to assess achievements. The most significant outcomes of co-financed projects are:

- A sizeable number of jobs were created in tourism. A significant amount of healthcare and education infrastructure was constructed
- Around 870 square km of polluted land was cleaned up, mostly in the EU15.

## **Tourism**

- Around 5,700 jobs were created in tourism up to the end of 2011, half of them in the EU12 (Table 11).
- Some 6,100 tourist projects were carried out, mostly in the EU15. In general, there is little evidence of the results in terms of the additional visitors attracted, and in number of cases (such as in Italy), the projects carried out were isolated initiatives and not part of a long-term strategy designed to produce a lasting effect on the industry. In Slovenia, however, the comprehensive approach adopted in Slovenia led to EUR 230 million of investment being induced from the private sector.

## **Land rehabilitation and attractiveness of towns and cities**

- Most of the 868 square km of land rehabilitated up to end-2011 were in France, Spain, Italy, Germany, Poland and the Czech Republic.
- Nearly 6,700 projects for improving the attractiveness of towns and cities were carried out, 60% of them in the EU15, most of the tangible outcomes being in Competitiveness regions, with 28,500 square metres of public space regenerated in Vienna, largely in Gründerzeitviertel-Westgürtel, an area with serious urban problems, and 247 enterprises opening units in renovated urban areas in Budapest.

### *Health and education infrastructure*

- Around 3,830 healthcare projects were carried out up to the end of 2011, more than half of them in the EU12, though in most cases there is little information on the outcome in terms of the difference they made.
- In Spain, 426 health centres were built or renovated and in Portugal, 32 healthcare facilities were completed. In Slovakia, the projects undertaken led to an increase of 1,369 in the number of hospital beds and resulted in 36,628 patients being treated in modernised facilities and diagnostic equipment in hospitals being upgraded.
- In Estonia, the projects carried out added an extra 12,437 square metres of floor-space for nursing and care services. In Romania, 9 health care centres were modernised and equipped, providing care services to over 260.000 people.
- In Southern Italy, some 3,131 projects for the installation of ICT equipment and laboratories in schools were undertaken; covering 73% of all schools in the region with nearly 2 million students<sup>31</sup>. In Portugal, the projects co-financed resulted in over 10% of existing primary and secondary schools with around 77,000 pupils being renovated, while in Malta, the facilities upgraded or modernised covered 23% of the student population.

The following box gives additional information on some of the main achievements from the projects undertaken in in respect of territorial development.

#### **Examples of achievements in respect of territorial development**

##### *Tourism*

**Slovenia.** The projects co-financed contributed to the number of overnight stays increasing from 7.6 million in 2007 to 9.4 million in 2011 and created 611 jobs in gross terms. They also led to 15 cultural heritage sites being renovated and over 91,000 square metres of sports and recreational area being constructed or improved.

##### *Social Infrastructure*

**Latvia.** Projects co-financed involved 27 schools and colleges being adapted for pupils and students with disabilities (such as through the installation of lifts), so enabling over 3,560 young people with special needs to attend normal schools,

**Portugal.** The Schools Modernisation Programme, co-financed by the ERDF, led to the construction, expansion or renovation of 867 schools or facilities up to mid-2012, representing over 7% of the total, including 337 primary schools and 58 secondary schools

**Malta.** Around 19,000 students, 23% of the total, were provided with upgraded or modernised facilities as a result of the projects carried out. Examples include the upgrading of laboratories in two institutes of the Malta Council for Arts, Science and Technology, the installation of audio equipment at the Junior College (a post-secondary school) and the furnishing of school laboratories with scientific equipment.

**Romania.** ERDF support led to 9 healthcare centres being renovated and equipped in large cities, such as Cluj Napoca, Timisoara, Constanta and Oradea, and in smaller towns, such as Botosani, Moinesti and Dragasani. In addition, 38 schools and colleges, with 17,000 pupils or students, were modernised along with 22 social centres, providing services to some 2,730 vulnerable people including Roma children, people with disabilities and elderly people.

<sup>31</sup> Source: AIR of the OP for Education, which in terms of financial implementation at the end of 2011 was well in advance of the country average.

**Table 11 - Core indicators – Territorial development, outcomes up to end-2011**

	Area rehabilitated (square km)			No. of jobs created in tourism		
	Up to end-2011	Change, 2010-2011	% target	Up to end-2011	Change, 2010-2011	% target
BG						
CZ	24.4	8.5	2	755	270	46
EE						
CY						
LV	0.0	0.0	0			
LT				86	70	17
HU	9.8	9.8	3			
MT						
PL	32.8	32.8	0	993	701	22
RO				84	72	0
SI	0.2	0.0	3	611	211	61
SK	0.2	0.0	12	340	197	9
GR						
ES	96.8	16.7	29			
PT	4.4	4.4	24	713	203	30
BE	5.8	1.7	1			
DK						
DE	47.4	13.7	3	928	-683	0
IE						
FR	576.0	405.0		17	-52	7
IT	68.1	34.4	22	676	660	38
LU	1.0	0.0	67			
NL	1.0	1.0	50			
AT						
FI						
SE				385	385	
UK	0.1	0.1	2	89	22	74
<b>EU15</b>	<b>800.6</b>	<b>477.0</b>	<b>12</b>	<b>2,808</b>	<b>536</b>	<b>32</b>
<b>EU12</b>	<b>67.2</b>	<b>51.1</b>	<b>0</b>	<b>2,868</b>	<b>1,520</b>	<b>25</b>
<b>EU27</b>	<b>867.8</b>	<b>528.0</b>	<b>0</b>	<b>5,676</b>	<b>2,056</b>	<b>27</b>

Source: DG Regional Policy database and authors' calculations.

## 7. Evaluations

Last year's report highlighted significant differences between Member States in the number and nature of evaluations carried out on EU co-financed interventions in the present programming period. These differences were a result in part of differences in the pace of advancement of the implementation of programmes, in the attention paid to evaluations by Managing Authorities (MAs) and in the capacity to coordinate and plan evaluations. The majority of the evaluations carried out up to the end of 2010 were focussed on implementation aspects and procedures and used qualitative methods and only a small minority, though still a significant number, were aimed at assessing effects on policy objectives and used quantitative counterfactual methods. There were also many studies of particular policy areas, demonstrating a more flexible and focussed approach to evaluation than previously. Although the results of interventions and their



impact were still not clearly identified in many cases, in some policy areas (especially R&D, enterprise support and territorial development), the findings were beginning to build a stock of knowledge in several countries, even if in an unsystematic way.

In 2011, many more projects were completed and Member States were beginning to prepare their plans for the 2014-2020 programming period. In consequence, there was more of an incentive for evaluations to be focussed on the effects of interventions so as to inform future policy decisions.

### **Attitudes to and capacity for evaluation**

There have been no significant changes in the evaluation strategies of Member States since last year's report was prepared. There have, however, been delays in the implementation of plans, which are broadly in line with the delays in implementing programmes. Reasons for the delays include lengthy administrative procedures in initiating evaluations (as in Bulgaria) and financial constraints (as in Portugal and Slovakia).

The undertaking of evaluations seems to be slowing down as the end of the programming period approaches (253 evaluations in 2011 and 63 in 2012 up until October). Nevertheless, the number of evaluations completed in the 2011-2012 period amounts, on average, to around one per programme, though with marked variations between countries (Table 12). Evaluation activity reached its peak in the 2010-2011 period, when many mid-term evaluations and ones focussed on implementation were completed.

There were changes in evaluation activity in some countries. After a period of very low or no activity, there was a significant increase in the number of evaluations in the Czech Republic, Italy and Greece, while in Spain, Ireland, Denmark, Luxemburg and Malta, there were no new evaluations in addition to those reported last year. A slow-down is also evident in Poland – where around 300 evaluations were carried out up to the end of 2010 – the Netherlands and Portugal. The relatively small number of evaluations carried out in Ireland and in the Southern European countries, apart from Italy – despite the recent increase in Greece - is of particular concern since they have been most affected by the economic crisis and budgetary constraints. Accordingly, it is especially important that funding in these countries is spent efficiently and that policies are as effective as possible.

Some 61% of the total evaluations were carried out on Convergence programmes in the 22 months between the beginning of 2011 and October 2012, i.e. 1.6 evaluations per OP, while for Competitiveness programmes, it was less than 1 per OP. The number of evaluations was higher than the number of OPs in 10 countries; the number exceeding 3 times the number of OPs in Lithuania, Poland and the Czech Republic. The ratio in Austria was also relatively high, but the majority of evaluations are not published and, accordingly, cannot be considered in the following analysis<sup>32</sup>. By contrast, the ratio was low, less than 0.5 per OP, in Germany, Hungary, Slovakia and the Netherlands. Evaluations of CBC programmes are also few in number.

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<sup>32</sup> In the period examined, 9 out of 13 evaluations were published. See Austrian country report for more details:  
([http://ec.europa.eu/regional\\_policy/information/evaluations/index\\_en.cfm#1](http://ec.europa.eu/regional_policy/information/evaluations/index_en.cfm#1)).

**Table 12 Evaluation carried out in the 2011-2012 period by Member State**

	Number	% of total	Ratio to OPs
Lithuania	11	3.5	5.50
Poland	90	29.0	4.50
Czech Republic	52	16.8	3.71
Estonia	5	1.6	2.50
Latvia	5	1.6	2.50
Cyprus	2	0.6	2.00
Austria	13	4.2	1.44
Bulgaria	6	1.9	1.20
Romania	6	1.9	1.20
Italy	33	10.6	1.18
Sweden	8	2.6	1.00
France	36	9.4	0.94
UK	9	3.2	0.63
Finland	3	1.0	0.60
Greece	6	1.9	0.60
Belgium	2	0.6	0.50
Portugal	5	1.6	0.50
Slovenia	1	0.3	0.50
Germany	8	2.6	0.44
Slovakia	4	1.3	0.44
Netherlands	1	0.3	0.25
Hungary	3	1.0	0.23
Denmark	0	:	:
Spain	0	:	:
Ireland	0	:	:
Luxemburg	0	:	:
Malta	0	:	:
<i>Convergence</i>	<i>193</i>	<i>61.1</i>	<i>1.62</i>
<i>Competitiveness</i>	<i>89</i>	<i>28.2</i>	<i>0.78</i>
<i>Multi-objective*</i>	<i>27</i>	<i>8.5</i>	<i>2.08</i>
<i>CBC</i>	<i>7</i>	<i>2.2</i>	<i>0.10</i>
Total	316	100.0	0.98

*Notes: Countries ordered in terms of the ratio of evaluations to Operational programmes. Evaluations of communication are not included.*

*(\*) Includes evaluations which cover OPs in which both Objectives apply.*

*Source: Estimations based on country reports*

These figures confirm the different attitudes, and policy, towards evaluation across the EU and indicate that the increasing completion of projects was not accompanied by a corresponding increase in the number of evaluations in many countries.

No significant changes in the management of the evaluation of Cohesion policy have occurred since last year's report. Responsibility for evaluation is in most cases devolved to individual MAs to carry out, an arrangement which favours assessment of implementation but makes it difficult to coordinate different evaluations. The evidence from past years confirms that organisational procedures affect the results of evaluations. In particular, evaluations of the results and effects of interventions, which more than others need uniform methodological approaches for comparisons, are fragmented at national and EU level. Not only are evaluation plans uncoordinated, but the ability to manage evaluations differs between MAs. In addition, while the close link between the evaluators and the MAs gives evaluators access to detailed knowledge of implementation procedures, it can potentially limit their independence and the objectivity of the reports produced.

Although evaluation plans are important, their usefulness depends on the commitment of MAs. A commitment to give serious attention to evaluations increases the usefulness of plans (by improving the coordination of evaluations of different issues and the use of different methods),

whereas if there is little commitment, plans tend not to be respected and are of limited usefulness, as in some Southern and Eastern EU Member States. Although there is an obligation to formulate an evaluation plan in the next programming period, there will still be a need for Member States to treat evaluations seriously rather than as simply a formal obligation if the plans are going to be meaningful.

Coordinating bodies play an important role in stimulating and supporting evaluation capacity. In small countries (e.g. Lithuania, Latvia and Denmark), central bodies can acquire the necessary knowledge and administrative competence to carry out or guide evaluations more easily than in bigger ones, where coordination may be lacking (Germany) or more limited than in the past (Italy) or where dialogue between central and regional authorities is complicated (France). In this regard, an interesting division of labour is evident in Austria, where individual MAs are responsible for process evaluations to support programme implementation, while a federal body is responsible for more results-oriented evaluations to inform strategic choices. A similar approach was planned in Italy, but has been pursued in a discontinuous and more limited way.

### **The division of evaluations between policy areas**

In 2011 and 2012, most evaluations were devoted to assessing procedures and programme implementation, according to the 240 evaluations which can be classified of the 316 listed in Table 12 above. In detail:

- Just under a third (32.5%) of the evaluations classified focussed on assessing the arrangements and procedures for managing or administering programmes (a quarter of these evaluations included other objectives relating to analysis of implementation and outcomes). Over this period, evaluations in the Czech Republic, Hungary, Lithuania, Netherlands, Romania and Slovakia especially tended to be of this kind.
- Half of the evaluations were directed to monitoring or checking the progress made in implementing programmes. This was the case for many mid-term evaluations. In particular, 16% of these also assessed outcomes. Such evaluations were widespread in almost all countries, but particularly in France, Germany, Belgium, Greece, Sweden and the UK (where many of them were combined with assessment of outcomes);
- 18% of the evaluations were aimed at assessing the outcomes or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives; this was especially so in Slovenia, Estonia and Italy.

This division is similar to that recorded in last year's report and reflects both the preferences of MAs and the still limited number of completed projects. On the last point, it is important to emphasise that aid schemes need be assessed with a lag of 3-4 years and complex infrastructure projects with one of 10-12 years to measure outcomes and effects satisfactorily. Consequently, evaluations of effects or impact carried out in the same programming period when the interventions were launched are rare, and, for example, in Italy, are focussed generally on the previous programming period or in the UK, Germany and Slovenia are limited to enterprise support.

In practice, it is difficult to arrange the timing of evaluations so that they provide evidence of outcomes on programmes implemented in the same programming period. To do so requires

detailed planning, which is often lacking. However, countries or regions with more evaluation experience and efficient national evaluation systems (generally those in the Centre-North of Europe) are able to integrate evaluation of EU programmes with evidence and knowledge accumulated from evaluation of national policies.

According to the national reports, a number of studies have been implemented in some countries to help MAs to find out more about new types of policy intervention (e.g. in respect of energy efficiency in Italy, job opportunities in waste treatment in Guadalupe, and the marketing of regional products in the Czech Republic) or about monitoring and evaluation activities (e.g. in France and the UK). These can provide important support and exploratory analysis of potential results, even though they are not traditional evaluations as such. In addition, evaluations intended to help prepare for the next programming period are receiving increasing attention and are likely to become more numerous in 2013.

Many evaluations are relatively small-scale. Out of a sample of 513 evaluations carried out in Poland in recent years (including on the ESF and the European Agricultural Fund for Rural Development), only 31% cost over EUR 18,750. While this may be an extreme example and in other countries the cost may be higher, it, nevertheless, suggests that at this cost there is limited possibility for carrying out detailed and thorough evaluations using advanced techniques and assembling the quantitative and qualitative information required to carry out counter-factual analysis and/or in-depth case studies. Evaluations, therefore, may provide specific guidance on particular issues but are not an integral part of the policy-making process.

Well over half (59%) of the evaluations focussed on particular measures or set of interventions, while the remainder covered several policy areas (frequently whole programmes) or transversal aspects (such as gender or sustainable development) (Table 13). 'RTDI plus enterprise support' and 'Territorial development' are the two principal policy areas analysed. Evaluations of 'Capacity and institutional building', covering the management of the Structural Funds as well as more strategic problems, accounted for 7% of the total. 'Transport', 'The environment' and 'Energy' were each the subject of relatively few evaluations despite the large amount of funds devoted to them.

**Table 13 Evaluations carried out in 2011-2012 by policy area and main objective**

Policy area	Main objective			Total	% of total
	Arrangements and procedures	Progress in implementing programmes	Outcome or effects of interventions		
RTDI + Enterprise support and ICT	5	26	16	47	20
Human Resources (ERDF only)	1	4	3	8	3
Transport	4	5	1	10	4
The environment	3	4		7	3
Energy		4		4	2
Territorial development	24	13	10	47	20
Capacity and institution building	16	1		17	7
Multi-area	20	55	10	85	35
Transversal aspects	5	8	2	15	6
Total	78	120	42	240	100

*Note: Only evaluations that are classified in the country reports are included.*

*Source: Estimates based on country reports*

This highlights the existence of potential gaps in knowledge about interventions to develop infrastructure and a lack of evidence to support decision-making in this regard. For instance, a

Polish evaluation emphasises the lack of coherence of some investment in infrastructure in deprived areas and the frequent tendency to consider all new infrastructure as having positive effects. Analysis of outcomes in these policy areas is generally complicated, requires a wide range of methods and needs to be carried out sometime after the infrastructure goes into operation, which conflicts with the small scale and instant nature of many evaluations.

The types of evaluation carried out in countries reflect the different national approaches and the preference for evaluations of programmes or of particular policy areas or themes. Some Member States have focussed largely on mid-term evaluations of individual programmes (the Netherlands, Germany, France, Greece, Belgium and the UK) or of the National Strategic Reference Framework (e.g. the Czech Republic and Latvia). Others have mixed annual on-going evaluations of whole programmes with evaluations of specific themes (Austria and Italy). In general, the division of evaluations by policy area varies significantly and is affected by the decisions of individual MAs (e.g. as in Germany); but in many cases it is difficult to identify a consistent evaluation strategy covering all the main issues (implementation processes, added value of EU policies, innovation and learning effects, final effects and impact). Consequently, at EU level as well as at national level, some policy areas and important aspects have not been adequately covered by evaluations. More effective use of evaluation plans might lead to better defined and more consistent evaluation strategies covering all the main issues.

In this regard, the effects of the crisis on programmes co-financed under Cohesion policy and the response to the new needs arising from the economic downturn are present in several evaluations, but systematic evidence is rarely provided. In addition, financial and strategic reprogramming, which assumed significance in 2011, was rarely associated with specific and in-depth evaluations but was more frequently driven by the priority of not losing funding. Only where mid-term evaluations were considered important (e.g. in France) did the findings of evaluations form the basis for reprogramming.

The approaches used in evaluations can be classified in 240 cases. More than half of these (53%) were based on qualitative methods, 36% on a mix of qualitative and quantitative methods, a small number (4%) used quantitative counterfactual techniques, often combined with other quantitative or qualitative methods, and slightly more (7%) used other quantitative methods (including cost-benefit analysis).

The prevalence of qualitative methods is partly explained by the predominance of evaluations aimed at examining procedural issues. However, impact evaluations also used qualitative methods in many cases, so there is no direct correlation between the objectives of evaluations and the methods used. The use of different methods does not vary significantly between countries, though exceptions are Germany and France, where quantitative methods tended to be used in association with qualitative ones, and Poland, Romania, Sweden, Slovakia and Austria – as well as in respect of Cross-border cooperation (CBC) programmes - where qualitative methods were predominant. These results are broadly in line with evaluation theory<sup>33</sup> and reflect an evaluation process directed towards providing MAs with additional information and insights in respect of programmes though not so much about their effects in relation to ultimate policy objectives.

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<sup>33</sup> E. Stern and al. (2012) Broadening the Range of Designs and Methods For Impact Evaluations, Working Paper n.38, Department For International Development, UK.

A crucial and problematic issue concerns the quality of evaluations. A peer review conducted of a selected number of evaluations<sup>34</sup> has shown that most are not of particularly high quality, often with serious deficiencies in the design and use of methods and insufficient attempt to examine and verify the underlying logic of interventions. There are also weaknesses in many cases in the specification of the terms of reference, the selection of evaluators and the ability to control and assess deliverables, reinforced by a lack of public and informed discussion of the evaluations produced. To improve evaluations, all these aspects, as well as the planning, commissioning, design, and use of evaluations, need to be strengthened.

## Main findings of evaluations

This section summarises some of the main findings of the evaluations carried out in 2011-2012 listed in the national reports. It is important to note that the evaluations reported do not cover all programmes, are concerned with a range of different issues, have been carried out with differing methods using data of varying quality and, consequently, have differing levels of reliability.

### RTDI

Evaluations<sup>35</sup> record positive results in respect of RTDI for both Competitiveness and Convergence programmes. In many cases, RTDI interventions generated a critical mass which enabled a leap forward in national or regional R&D activity (in Lithuania, R&D expenditure is estimated to have a multiplier effect of 2.3 on GDP, higher than that of other interventions).

In many cases, findings relate to results in terms of networking and cooperation, in particular:

- interventions contributed to the creation of successful networks between the public and private sector at regional level (e.g. in Denmark and Italy);
- a greater involvement of different stakeholders is important to develop a more competitive R&D system (in Estonia);
- institutional cooperation is important both vertically (between different institutional levels) and horizontally (between different authorities) (e.g. Lithuania).

These findings tend to confirm the importance of the role of Cohesion policy in producing, or strengthening, an environment which is conducive to RTDI, which is a precondition for making RTDI policy effective. In this regard, a recent evaluation for the French Government verified the vital role of the French *Poles of Competitiveness* policy in bringing together different RTDI actors but also indicated a need to improve the market focus of interventions.

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<sup>34</sup> A peer review process, organised by the team responsible for the present report, has so far examined 14 evaluations, selected according to the method used (e.g. quantitative counterfactual or theory based) and on the basis of perceived good quality by the national experts and others.

<sup>35</sup> This paragraph is based mainly on the following evaluation reports: Estonia, *Mid-term evaluation of R&D and higher education measures*, Lithuania *Evaluation services of Lithuanian science and business collaboration effectiveness and coordination of funding possibilities*; Estonia *Evaluation of Estonian Enterprise and Innovation Policy*; Poland, *Mid-term Evaluation of the implementation stage of priorities 3, 4, 5 and 6 of the OP Innovative Economy*; Italy *Evaluation of the research and innovation policy in the OP Marche 2007-2013*; *Impact evaluation of the regional policy for RTDI in Tuscany (2002-2004 period)*; *Evaluation of RTDI policy in Sardinia*; France *Evaluation of the Poles of Competitiveness*; Slovenia *Evaluation of the entrepreneurship and competitiveness policy in the 2004-2009 period*.

Two counterfactual evaluations carried out in Italy (on interventions in Toscana in the period 2002-2004) and Slovenia confirm the positive impact of RTDI policy at a micro level. In particular, the Italian evaluation shows significant effects on SMEs, especially as regards innovation and where major incentives are involved. The Slovenian evaluation identifies different effects of subsidies on firms which vary according to the type of firm and sector of activity. Although the net effects estimated are not very significant, this is explained by the weak economic environment. These findings highlight the considerable cumulative forces which RTDI policy can potentially release as well as the caution needed when supporting a policy oriented towards SMEs.

Evaluations have also found that RTDI policy can be obstructed by the fragmentation and duplication of interventions (in Estonia and Denmark) or by administrative burdens and excessive obligations to provide information (in Poland). The former may lead to resources being too widely dispersed and to synergies being weak, while the latter may lead to a reduced involvement of SMEs.

### **Enterprise support**

The majority of evaluations of enterprise support report positive results, but in some cases results are relatively uncertain. In Italian Convergence regions, the overall effects of enterprise support are found to have been positive, but weak implementation of policy (in Sicilia) and the lack of concentration on promising districts (in Campania) have limited the effects. Positive micro-economic effects have also been found in Portugal and Germany. On the other hand, in Finland, national support schemes co-financed by the ERDF were found to have limited regional impact, which is explained by the change in global business which has served to reduce the effect of financial support.

Evaluations of Financial Engineering Instruments (FEIs) tend to indicate relatively positive results. In Estonia and Sweden, firms which used FEIs were found to have improved their performance in terms of productivity, employment, export capacity, growth and the acquisition of skills<sup>36</sup>. Significant effects have also been found in Scotland, Northern Ireland and Wales. Problems of implementation and difficulties in accessing funding have been recorded in several cases in Convergence regions (in Bulgaria and Romania) and are found to have been worsened by the crisis.

These recent findings give only a partial picture of the functioning of enterprise support and should be considered along with other studies and evaluations that have been carried out, though they confirm that the performance of policy measures is strongly influenced by the socio-economic environment and that it is difficult to advocate a uniform approach at EU level or draw universally valid conclusions. Moreover findings need to be framed within their policy context. In the initial plans, support for enterprises favoured RTDI measures and financial engineering, but the effects of the crisis have led to many programmes falling back on more traditional aid schemes. A more in-depth analysis of the evidence is needed to identify a flexible policy approach that can adapt to the emerging needs of enterprises and the new global environment.

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<sup>36</sup> Estonia, *Evaluation of Estonian Enterprise and Innovation Policy*; Sweden, *Mid-term evaluation of regional venture capital funds*.

## Territorial development

Results in respect of Territorial development are uneven because it covers a wide range of interventions. In Italy,<sup>37</sup> evaluations of local development interventions have found that they have boosted cooperation between different levels of government and increased the participation of local authorities in the design and implementation of development policy. They also conclude, however, that they tend to have been fragmented with resources spread over a relatively large number of projects. In Poland<sup>38</sup> and France<sup>39</sup>, evaluations have pointed to problems of integration between different interventions (between different OPs and between the ERDF and ESF) which have limited the results. The main problems are often due to the limited nature of cooperation between the different authorities involved. In addition, more specific indicators are needed to monitor progress and assess outcomes<sup>40</sup>.

A counterfactual analysis of urban interventions in Sardinia concluded that the results were limited in terms of reducing social problems. In Slovakia<sup>41</sup>, contextual factors (in terms of administrative capacity and the economic crisis) were found to affect the investment priorities of local authorities.

In general, evaluations in this policy area highlight most clearly the difficulty of local authorities and other bodies in implementing ERDF programmes and the complexity of local development. At the same time, they demonstrate the relevance of indirect and unexpected effects (such as stimulating networking and local cooperation and increasing administrative capacity) in improving local conditions, especially in Convergence regions. More systematic and comparable evaluations in different areas and countries would be useful; in this respect.

## Multi-area and Mid-term evaluations

In the past two years a large number of mid-term evaluations have been carried out across the EU (in a systematic way in France, the UK, Germany and the Netherlands, but also in many other countries). In France and Sweden, a synthesis of the main findings has been produced. Though a detailed review of their findings at EU level is not possible here because they cover all policy areas, apply different methodologies and focus on different situations as regards implementation, some of the more general results can be summarised.

First, the evaluations tended to verify the validity of the initial basic strategy, though in many cases they recommended adjustments to differing extents in both the allocation of funding and implementation procedures. The impact of the economic crisis was often the principal reason for adjustment, but it was not seen as requiring a fundamental change in strategy. Accordingly, the thinking is that the structural need for long term transformations towards a knowledge society, reinforcement of basic infrastructure and improved well-being in the less advanced

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<sup>37</sup> See *Evaluation of urban policy in Sardinia; Ex-post evaluations of the Territorial Integrated Projects in Alto Belice (Sicily) and in Pompei-Ercolano (Campania); Final evaluation of the implementation of Territorial Integrated Projects in Sicily.*

<sup>38</sup> *Analysis of complementarity effects between Projects co-financed in the 2007-2013 period in the Kujawsko-Pomorskie region; Internal and External complementarity of Projects in the regional OPs of Podlaskie 2007-2013.*

<sup>39</sup> *Centre: Evaluation of the urban strand of the ERDF OP.*

<sup>40</sup> *Lithuania, Evaluation of the relevance and efficiency of the monitoring indicators for measures of the OP for the Promotion of Cohesion administered by the Ministry of Health -October 2011.*

<sup>41</sup> *Report on achievements of indicative regional allocations in the regional OP.*



areas is unchanged and programmes mainly need to cope with the reduced availability of public and private co-financing.

Secondly, problems of implementation are found to be widespread and especially important for Convergence programmes. The failure of programmes to produce effective outcomes seems to depend more on such problems than on the underlying strategy. Indeed, many of the cases where re-allocation is proposed to avoid de-commitment involve delays in implementation. Three main types of implementation problem are identified:

- problems related to bureaucratic procedures and the limited capabilities of implementing bodies (lack of know-how and/or of personnel, inadequate organisation, poor use of information technology and so on);
- problems related to decision-making procedures and policy design (as regards, e.g. selection criteria and the extent of involvement of final beneficiaries);
- problems related to inadequate coordination between different authorities, especially between those at central level and those at regional or local level<sup>42</sup>.

A more careful classification and analysis of these deficiencies in each country would be useful to prepare for the new programming period. In large complex programmes, problems of implementation are almost inevitable, but according to mid-term evaluations, the capacity to learn from previous experience and to take account of, and manage, risk is still too weak in a number of Convergence countries.

Thirdly, several evaluations (in Bulgaria, France, Lithuania and Poland) highlighted weaknesses in the monitoring system as regards both the definition of indicators and targets and reporting. They, therefore, confirm the conclusions reached in many previous reports that insufficient attention tends to be paid to the monitoring of results and that monitoring is not well integrated into the management of programmes.

## Use of evaluation evidence

Use of evaluation findings has tended to be largely informal. The prevalence of evaluations of implementation and procedures increases understanding of these aspects within MAs but does not tend to stimulate discussion of the results of policy. However, several countries have encouraged debate and the systematic implementation of evaluation recommendations.

In Lithuania and Latvia, formal procedures have been established for monitoring such implementation and for ensuring that evaluation recommendations feed into policy-making. In Estonia, the integration of evaluations into the policy planning process was reinforced by the reorganisation of Ministries, with some of the personnel responsible for evaluations of the Structural Funds being transferred to the State Budget Department (Ministry of Finance) in 2011 precisely for the purpose.

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<sup>42</sup> In Lithuania, the *Mid-term evaluation of implementation efficiency of priorities, measures and activities of national strategic reference framework of EU funds for the planning period of 2007 – 2013* suggests centralising the management of EU funds as well as clarifying targets and indicators. In Italy the new *Action and Cohesion Plan* allows central Ministries to manage regional funds where regional authorities have not been able to achieve the expected results.

In France, the presentation of the mid-term evaluations to Steering Committees provides an important opportunity for discussing policy results. In Belgium, France, Bulgaria and Malta, findings from evaluations have increasingly fed into the policy-making process, while, according to the Czech report, some recommendations on procedural issues have been taken up almost immediately. In Sweden, an explicit systematic learning approach to evaluation is evident in several studies on specific aspects of the programmes. In Italy, the recent provision of public access to basic information on all EU projects<sup>43</sup> is a move in the direction of a more transparent policy and greater sharing of knowledge.

These examples imply that the aims of evaluations differ and that often a different evaluation approach is used for each aim. In this regard, the aim of increasing accountability and the accumulation of knowledge about the effects of policy is still subordinate to analysis of implementation and procedures. Regular open debates with stakeholders on policy results are still rare. Consequently, in the next programming period a stronger orientation towards results will require increasing the number and quality of impact evaluations as well as more opportunity for debating the evidence they produce.

## 8. Concluding remarks

The main points which can be drawn from the above are similar in many respects to those made in last year's report. One year further on, a number of them have increasingly important implications for the next programming period. The points worthy of note are:

- the rate of implementation of programmes in most countries remains relatively slow and has failed to make good the delayed start in launching projects, which can be attributed to a large extent to the focus on completing the programmes for the previous programming period;
- although the rate of implementation has picked up over the past year in some Member States, in most cases, the adverse economic conditions have increasingly constrained the finance available for co-funding and have continued to depress the demand for support of innovation and new investment on the part of companies;
- accordingly, in many countries, there is a substantial amount of funding to be absorbed over the remaining three years of the programming period, which could lead to:
  - priority being given to projects which can be carried out quickly rather than to those which are likely to be most effective in furthering development;
  - attention being diverted away from launching the programmes for the next period starting in 2014, so slowing down their implementation and perpetuating the present delays in expenditure;
- this is especially the case in Romania, Bulgaria and the Czech Republic in the EU12 and in Italy, France and Austria in the EU15, in all of which, especially in Romania, Italy and Bulgaria, there is a serious possibility that a significant part of the funding available will not be absorbed;
- the amount of funding still to be absorbed over the remainder of the programming period is even larger than it appears since some of what is recorded as expenditure are

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<sup>43</sup> <http://www.dps.tesoro.it/opencoesione/ml.asp>.

resources which have gone into financial engineering schemes; these remain to reach final beneficiaries (usually SMEs); which needs to happen over the next three years for the resources concerned to be financed by the ERDF;

- government expenditure on capital formation has been hit disproportionately hard by fiscal consolidation measures taken across the EU and has declined in most Member States over the past 2-3 years, in many cases substantially; this is especially the case in countries, such as Bulgaria and Romania, where there is an acute need for improvements in infrastructure; as a consequence the ERDF and the Cohesion Fund have become the major source of finance for development expenditure in these and other EU12 countries, in particular, but also in Convergence parts of the EU15, and in some cases virtually the only source;
- reductions in government spending on capital formation have been facilitated in a number of cases by increases in EU co-financing rates on Cohesion policy programmes, which have been reduced in size as a result;
- the on-going crisis has led to a widespread tendency for growth and jobs to become a priority of national governments across the EU ahead of reducing regional disparities; as a consequence, EU funding in a number of countries has been directed towards areas in which it can have the biggest effect on growth and jobs at national level rather than necessarily in the most disadvantaged regions;
- this is occurring at the same time as regional disparities seem to be widening as a result of stronger regions recovering more quickly from the recession and being better able to withstand the effects of the on-going economic and financial crisis; accordingly, the focus of Cohesion policy appears to be shifting away from supporting the development of weaker regions at a time when this seems to be more necessary;
- despite the delays in the implementation of programmes, there is increasing evidence of the positive effects of the projects which have been carried out; this is particularly the case in respect of enterprise support, transport and environmental infrastructure;
- assessing the outcome of programmes and the achievements from EU support is, however, made difficult by the continuing deficiency of the information published in Annual Implementation Reports; this applies to the quantitative indicators, which too often bear little relationship to the aims of the intervention concerned and are not consistent across programmes; it applies equally to the qualitative information, which in most cases does not enable the quantitative outcome to be meaningfully interpreted in relation to policy objectives;
- these deficiencies mean that the achievements of Cohesion policy are often hard to identify and, in consequence, tend not to be sufficiently recognised;
- an estimated 383,000 or so jobs are reported to have been created up to the end of 2011 by Member States; while this is figure is subject to much uncertainty because of the nature of the data and the question-marks over their consistency across countries, there is little doubt that the ERDF and Cohesion Fund have made a substantial contribution to employment against a background of little if any job growth;
- in addition, enterprise support is reported to have led to the creation of almost 53,000 new businesses and induced a substantial amount of private investment and though the precise figures may be in doubt, again, there can be little question over their

significance; ERDF support has also helped to strengthen links between research centres and business in many areas and to increase investment in ICT and R&D infrastructure and equipment;

- support for investment in transport has been concentrated more on roads than rail or urban transport; nevertheless, it has led to the construction of the metro in Sofia, to the extension of the tramway system in the Czech Republic and to the construction or improvement of around 1,150 km of railway lines across the EU; in addition, the 1,270 km of motorway and other new roads constructed as well as the 10,000 km of roads upgraded have relieved congestion, reduced journey times and, in a number of cases, taken traffic away from city centres;
- support for environmental infrastructure had led to an additional 2.2 million people, mostly in Convergence regions of the EU15, being connected to improved water supply and 4.7 million to sewage treatment systems;
- around 5,700 new jobs were created in tourism up to the end of 2011, half of them in the EU12, around 870 square km of polluted land was rehabilitated across the Union and 6,700 projects were carried out to improve the urban environment;
- while the above outcomes can be derived from the information in the AIRs, there is a clear and urgent need for a major improvement in the indicators monitored and their link to policy objectives if a result-oriented Cohesion policy, which is intended in the next programming period, is to become a reality;
- a move towards a results-oriented policy equally requires a step change in the number, nature and quality of evaluations carried out on EU co-financed programmes in order better to be able to assess their effects on the pursuit of policy goals and, accordingly, to help select the measures likely to be most effective in this regard;
- at present, most of the evaluations carried out on programmes are concerned with implementation and procedural aspects and only a minority (18% of those carried out on the current period up to October 2012) were specifically aimed at assessing the results of interventions and their effect on ultimate policy objectives;
- moreover, there is evidence of a general slowing down in evaluation activity across the EU in 2012 at the same time as a growing number of projects were completed; by contrast, there was an increase in activity in the Czech Republic, Italy and Greece, where few evaluations had been carried out previously, in part reflecting delays in the implementation of programmes;
- the evaluations carried out have not been evenly spread across policy areas and there are significant gaps in the evidence available on the effects of intervention in respect of infrastructure projects in particular – in transport and the environment, especially;
- a relatively large number of evaluations carried out on ERDF support of enterprise and RTDI and these have tended to find positive effects of intervention in terms of job creation and stimulating investment;
- there is significant room for improvement in the evaluations undertaken, in their design and use of methods, though also in the specification of the terms of reference, the selection of evaluators and the ability to control and assess deliverables on the part of commissioning bodies;

- such an improvement is likely to be furthered by encouraging much more public discussion of the evaluations produced and by making more systematic use of their findings in the policy-making process; above all, there is need for a common acceptance on the part of Member States that evaluations are an important part of formulating effective development policies and making the most productive use of Cohesion policy funding rather than simply a formal obligation of receiving the funding concerned.

## Annex 1: EU co-financing rates, 2007 and 2012

The average co-financing rate for the ERDF and Cohesion Fund in Member States for the period 2007-2013 (% total expenditure on programmes)

	EU Co-financing rate (ERDF and Cohesion fund)		% -point change
	2007	Nov. 2012	
EU12	81.7	82.3	0.6
EU15	57.0	61.2	4.2
EU27	68.8	71.7	2.9
CBC	70.7	70.8	0.1
Cyprus	85.0	85.0	0.0
Lithuania	81.3	85.0	3.7
Hungary	85.0	85.0	0.0
Malta	85.0	85.0	0.0
Slovenia	85.0	85.0	0.0
Czech Republic	85.0	85.0	0.0
Romania	82.1	85.0	2.9
Slovakia	84.5	84.5	0.0
Greece	78.6	84.1	5.5
Bulgaria	82.8	82.8	0.0
Estonia	83.4	82.6	-0.8
Latvia	78.1	79.4	1.3
Poland	78.6	79.1	0.5
Spain	68.2	75.7	7.5
Portugal	63.4	75.0	11.6
Germany	61.0	60.8	-0.2
Austria	53.3	53.3	0.0
UK	48.8	51.3	2.5
Italy	47.7	51.1	3.4
Denmark	50.0	50.0	0.0
Belgium	41.2	47.5	6.4
Sweden	46.1	47.0	0.9
Finland	46.5	46.5	0.0
Ireland	40.0	45.5	5.5
Netherlands	42.2	42.2	0.0
France	35.5	37.1	1.6
Luxembourg	29.7	29.7	0.0

Note: Countries are ordered in terms of the co-financing rate in 2012

Source: DG Regional Policy database

## Annex 2: Distribution of EU funding between policy areas

Planned distribution 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
<b>1. Enterprise support</b>	<b>12.7</b>	<b>23.1</b>	<b>25.9</b>	<b>29.6</b>	<b>22.3</b>	<b>23.0</b>	<b>21.4</b>	<b>15.5</b>	<b>25.0</b>	<b>14.4</b>	<b>30.4</b>	<b>22.4</b>	<b>22.4</b>	<b>29.2</b>
11 RTDI and linked activities	4.7	12.0	13.8	9.1	10.1	7.7	3.9	8.2	14.0	4.3	9.3	7.7	10.0	12.2
12 Innovation support for SMEs	5.3	5.5	6.8	6.9	6.4	9.8	5.3	3.3	4.7	3.7	17.2	3.5	5.3	8.1
13 Other investment in firms	2.5	2.3	2.8	10.5	1.5	2.8	9.6	0.6	3.1	5.3	3.6	0.5	3.9	5.4
14 ICT and related services	0.1	3.2	2.5	3.1	4.3	2.7	2.7	3.4	3.2	1.1	0.3	10.6	3.2	3.4
<b>2. Human resources</b>	<b>0.6</b>	<b>1.0</b>			<b>0.4</b>	<b>0.3</b>	<b>1.2</b>				<b>0.2</b>		<b>0.2</b>	<b>0.7</b>
21 Education and training	0.6	0.7					0.9					0.2	0.3	0.3
22 Labour market policies		0.3			0.4	0.3	0.3			0.2			0.1	0.4
<b>3. Transport</b>	<b>35.3</b>	<b>33.5</b>	<b>23.0</b>	<b>12.1</b>	<b>28.9</b>	<b>26.6</b>	<b>24.9</b>	<b>21.6</b>	<b>40.7</b>	<b>34.3</b>	<b>28.0</b>	<b>34.0</b>	<b>34.3</b>	<b>28.6</b>
31 Road	18.5	17.1	9.6	6.7	12.2	11.8	15.4	14.6	27.5	18.4	12.2	19.4	20.5	15.5
32 Rail	5.7	12.1	6.2		6.5	9.9	7.8		9.7	11.9	13.4	12.5	9.9	9.0
33 Other	11.1	4.2	7.2	5.4	10.2	5.0	1.7	7.0	3.4	4.0	2.4	2.1	3.9	4.1
<b>4. Environment and energy</b>	<b>31.9</b>	<b>24.1</b>	<b>25.6</b>	<b>37.7</b>	<b>23.3</b>	<b>24.9</b>	<b>29.8</b>	<b>36.7</b>	<b>19.7</b>	<b>33.1</b>	<b>28.0</b>	<b>20.4</b>	<b>24.4</b>	<b>22.5</b>
41 Energy infrastructure	5.5	5.9	1.0	1.2	3.2	8.7	1.7	12.5	4.0	3.9	4.8	1.7	4.0	4.2
42 Environment and risk prevention	26.5	18.2	24.7	36.5	20.1	16.2	28.2	24.2	15.6	29.2	23.2	18.7	20.4	18.3
<b>5. Territorial development</b>	<b>11.9</b>	<b>15.0</b>	<b>23.5</b>	<b>16.8</b>	<b>22.6</b>	<b>23.6</b>	<b>18.7</b>	<b>24.8</b>	<b>11.6</b>	<b>14.5</b>	<b>11.7</b>	<b>19.5</b>	<b>15.1</b>	<b>16.0</b>
51 Tourism and culture	3.5	5.3	5.8	6.4	2.1	4.0	4.0	14.0	3.5	4.3	4.6	3.6	4.1	4.2
52 Planning and rehabilitation	2.7	4.3	0.5	8.4	6.7	4.4	3.2	0.9	1.8	5.8	1.7	3.6	3.1	4.1
53 Social Infrastructure	5.7	5.4	17.2	2.0	13.8	15.3	11.5	10.0	6.4	4.4	5.5	12.3	7.9	7.5
54 Other														0.2
<b>6. Technical assistance</b>	<b>7.6</b>	<b>3.5</b>	<b>2.0</b>	<b>3.8</b>	<b>2.4</b>	<b>1.6</b>	<b>3.9</b>	<b>1.4</b>	<b>3.0</b>	<b>3.6</b>	<b>1.8</b>	<b>3.4</b>	<b>3.4</b>	<b>3.0</b>

Note: As at end-2011

Source: DG Regional Policy database

**Planned distribution of ERDF and Cohesion Fund between broad policy areas in EU15 Member States, 2007-2013**

*% Total allocation*

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
<b>1. Enterprise support</b>	<b>58.2</b>	<b>83.3</b>	<b>49.4</b>	<b>52.2</b>	<b>42.4</b>	<b>37.3</b>	<b>69.0</b>	<b>48.8</b>	<b>80.1</b>	<b>74.6</b>	<b>71.5</b>	<b>59.9</b>	<b>20.3</b>	<b>33.4</b>	<b>35.8</b>	<b>38.2</b>
11 RTDI and linked activities	18.4	31.7	16.0	37.3	19.1	19.3	53.0	16.3	33.7	27.0	23.3	21.2	3.4	12.5	18.8	15.2
12 Innovation support for SMEs	14.4	47.3	14.0	4.3	14.3	10.8	13.0	25.6	27.2	31.1	33.4	28.4	8.0	8.5	9.5	11.9
13 Other investment in firms	24.9	1.1	18.1	10.7	4.8	1.5		3.2	18.4	10.2	11.0	8.9	3.1	8.8	5.3	7.4
14 ICT and related services	0.5	3.2	1.3		4.2	5.7	3.0	3.7	0.8	6.3	3.8	1.5	5.7	3.5	2.2	3.7
<b>2. Human resources</b>	<b>0.8</b>		<b>3.7</b>		<b>1.0</b>	<b>0.7</b>		<b>6.4</b>	<b>3.4</b>	<b>0.8</b>		<b>3.1</b>	<b>0.6</b>		<b>0.9</b>	<b>1.2</b>
21 Education and training	0.5		1.9		0.5	0.1		1.9	1.4	0.3		0.7			0.2	0.4
22 Labour market policies	0.3		1.8		0.5	0.7		4.5	2.0	0.5		2.4	0.6		0.7	0.8
<b>3. Transport</b>	<b>5.6</b>		<b>19.4</b>	<b>21.4</b>	<b>11.3</b>	<b>18.6</b>		<b>4.2</b>	<b>0.9</b>	<b>3.8</b>	<b>6.8</b>	<b>7.0</b>	<b>32.7</b>	<b>29.0</b>	<b>13.0</b>	<b>20.8</b>
31 Road	1.4		12.2	16.9	2.2	4.1		0.6		1.4	0.9	2.2	23.2	8.0	5.1	8.7
32 Rail			4.8	4.5	2.9	9.3		0.1		1.0	1.2	1.6	5.1	15.1	5.2	7.7
33 Other	4.2		2.4		6.2	5.2		3.6	0.9	1.4	4.6	3.2	4.4	5.9	2.7	4.4
<b>4. Environment and energy</b>	<b>10.5</b>		<b>12.1</b>	<b>12.3</b>	<b>22.3</b>	<b>20.6</b>	<b>24.0</b>	<b>14.8</b>	<b>6.0</b>	<b>7.9</b>	<b>8.1</b>	<b>13.3</b>	<b>26.3</b>	<b>24.3</b>	<b>17.7</b>	<b>19.9</b>
41 Energy infrastructure	3.1		3.6	5.1	7.9	9.3	9.0	7.6	4.6	4.6	6.6	5.8	3.9	1.6	1.2	4.4
42 Environment and risk prevention	7.4		8.4	7.2	14.4	11.3	15.0	7.2	1.4	3.3	1.5	7.5	22.3	22.7	16.5	15.5
<b>5. Territorial development</b>	<b>23.0</b>	<b>12.9</b>	<b>13.1</b>	<b>12.4</b>	<b>19.7</b>	<b>19.6</b>	<b>3.0</b>	<b>21.7</b>	<b>7.0</b>	<b>8.7</b>	<b>9.7</b>	<b>13.8</b>	<b>17.4</b>	<b>12.5</b>	<b>29.1</b>	<b>17.4</b>
51 Tourism and culture	6.3	9.6	3.8	1.1	4.8	7.0		6.6	3.7	8.3	5.0	2.9	4.1	2.9	4.0	4.4
52 Planning and rehabilitation	14.9		6.1	6.4	5.1	6.6	3.0	13.3	3.2	0.2	1.5	8.1	3.0	4.3	6.2	5.4
53 Social Infrastructure	1.7	3.2	3.2	4.9	5.7	6.0		1.7	0.1	0.2	3.2	2.8	10.2	4.3	18.4	7.0
54 Other					4.1									0.9	0.5	0.6
<b>6. Technical assistance</b>	<b>1.9</b>	<b>3.8</b>	<b>2.3</b>	<b>1.8</b>	<b>3.3</b>	<b>3.2</b>	<b>4.0</b>	<b>4.1</b>	<b>2.7</b>	<b>4.2</b>	<b>4.0</b>	<b>2.9</b>	<b>2.7</b>	<b>0.9</b>	<b>3.5</b>	<b>2.5</b>

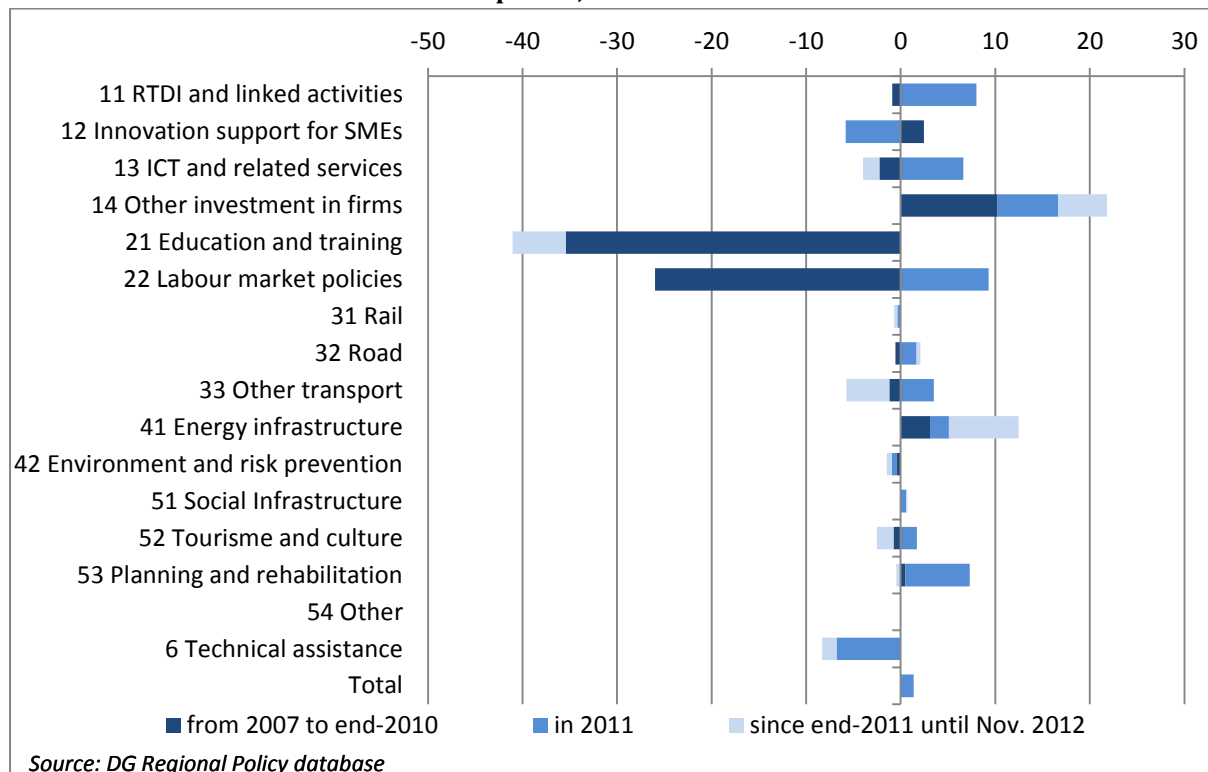
*Note: As at end-2011*

*Source: DG Regional Policy database*

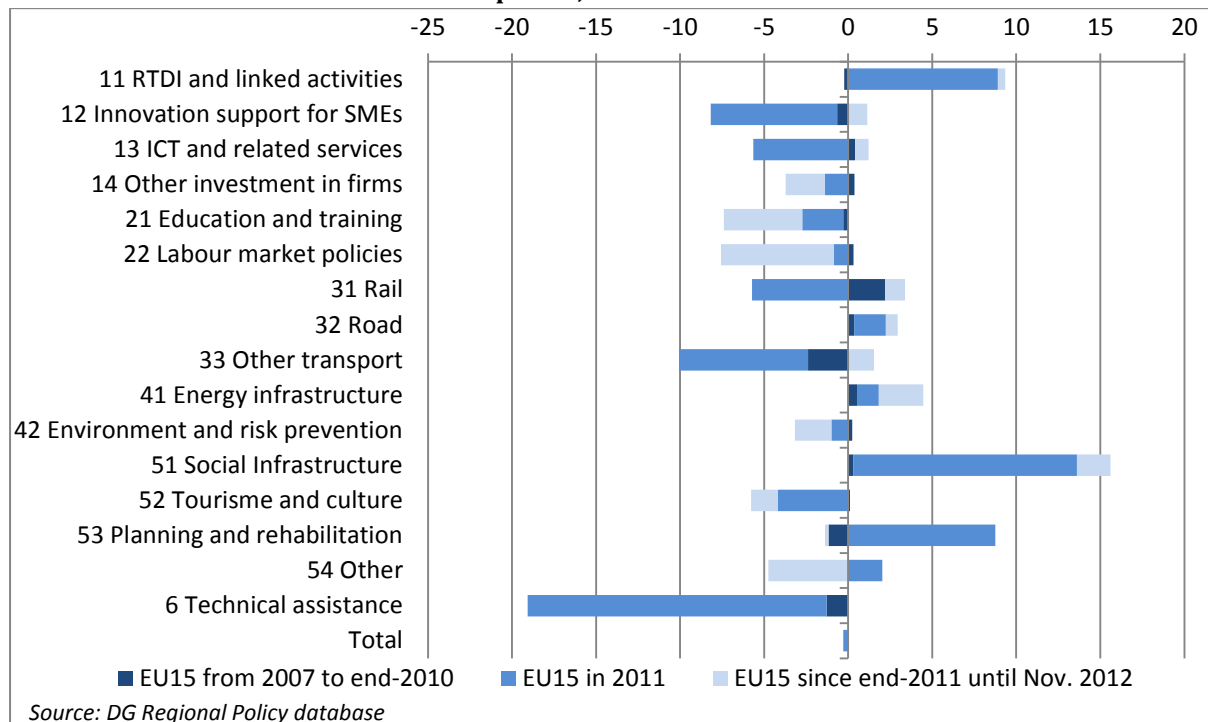


### Annex 3: Shift of funding between policy areas

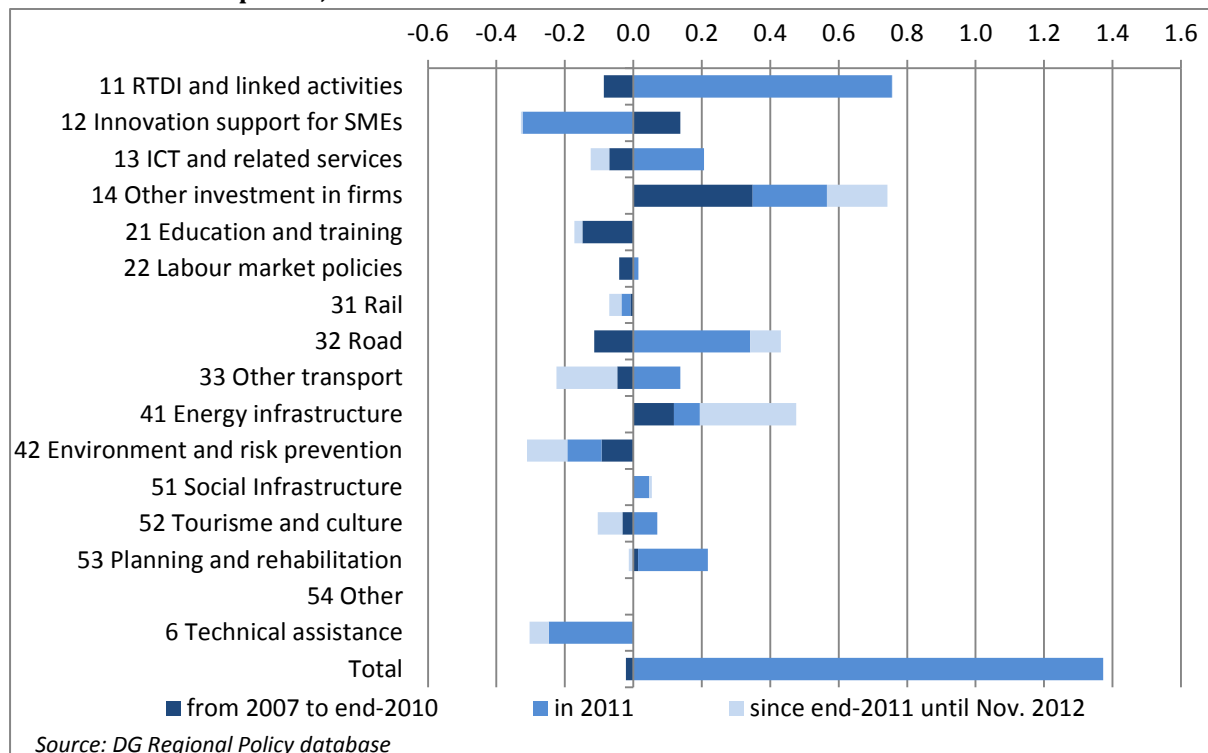
Net shifts of funding (ERDF and Cohesion Fund) by broad policy area in % of initially planned distribution to these for the 2007-2013 period, EU12



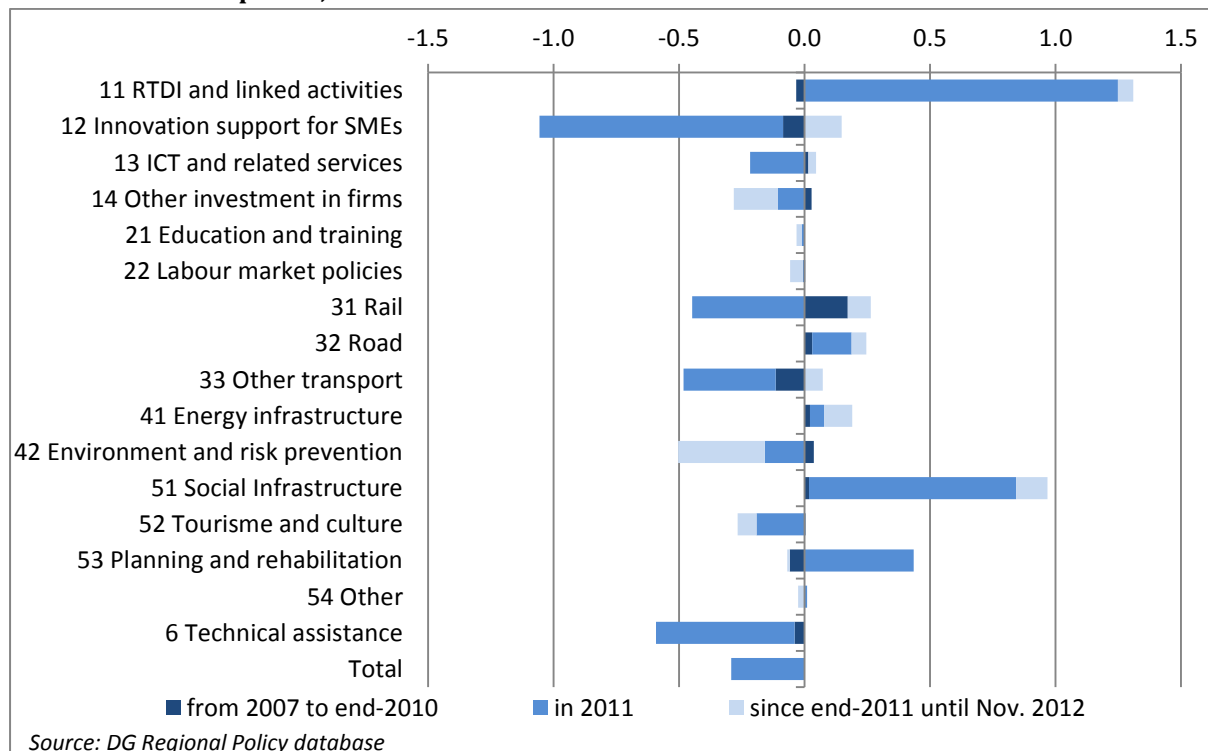
Net shifts of funding (ERDF and Cohesion Fund) by broad policy area in % of initially planned distribution to these for the 2007-2013 period, EU15



**Net shifts of funding (ERDF and Cohesion Fund) by broad policy area in % of total initial allocation for the 2007-2013 period, EU12**



**Net shifts of funding (ERDF and Cohesion Fund) by broad policy area in % of total initial allocation for the 2007-2013 period, EU15**



## Shifts in funding in individual countries: main points from country reports

In Portugal, by May 2012 EUR 690 million from the ERDF and Cohesion Fund (almost 5% of the total budget available for the period) committed to 472 projects had been withdrawn because of slow implementation. Over half of the funding concerned (EUR 352 million) had been allocated for high-speed rail projects, which were dropped by the new government.

A major change in Latvia in 2011 involved shifting funding from the “Entrepreneurship and Innovation” OP co-financed by the ERDF to the “Human resources and Employment” OP co-financed by the ESF. The shift, to support active labour market measures in 2012 and 2013, was in response to persistently high unemployment.

In December 2011, an amendment to the regulation (specifically to Regulation 1083/2006) was approved to enable Member States experiencing, or threatened by, serious problems of financial instability to apply for a temporary increase of 10% in the EU co-financing rate for interim payments from Structural Funds. Ireland was considered eligible for this in respect of the Border, Midlands and West Regional OP. In Spain co-financing rates were increased for most of the Convergence Regional OPs and for the OP Technology Fund. The result will be a reduction in total investment as the national contribution to funding is reduced. Co-financing rates were also increased in Portugal up to a maximum of 85%.

The strategic change adopted in Italy (the introduction of the Cohesion Action Plan) was aimed at increasing concentration of spending, greater transparency and more conditionality. It took the form of central government taking over more responsibility for the provision of services from the regions. Increased centralisation also occurred in Hungary with the setting up of a National Development Government Committee, while in Slovenia, the number of priorities was reduced and EUR 300 million reprogrammed. The Czech Republic received additional an EUR 237 million as a result of the Inter-institutional Agreement and EUR 52.9 million was shifted from Technical Assistance to Regional OPs and the OP for Enterprise and Innovation. The regional development priorities and the relative importance attached to them, however, remained much the same.

Minor changes were also made in Germany, Austria, Denmark Finland and Estonia, with programmes becoming more focussed on innovation and enterprise support.

In Competitiveness regions in the UK, on the other hand, a small amount of funding was switched from enterprise support, and in particular RTDI and linked activities, to human resources. In France and Italy, there were also shifts to human resources, in the former in both Competitiveness and Convergence regions, in the latter in Convergence regions, where funding on the environment and transport was increased as well. The increase was balanced by a reduction of funding on tourism and labour market measures. In Spain and Portugal there was equally a shift from enterprise support to transport and environmental infrastructure, accompanied by an increase in support of the knowledge economy.

Small changes to the distribution of funding within transport occurred in Convergence regions in Germany, with more going to regional and local roads, and in Latvia, where more went to the repair and reconstruction of main roads. On the other hand, funding for transport was reduced substantially in Competitiveness regions in Italy.

In the EU12, the nature of shifts in funding differs between countries and it is difficult to identify common patterns. Funding was shifted to research infrastructure, employment and social inclusion in Slovakia, the environment and research and competitiveness in Slovenia, the environment and energy in Hungary, transport and business support in the Czech Republic, the urban environment, tourism, technology diffusion and transport in Bulgaria (including to the Sofia metro), from RTD, energy and Technical assistance towards a nuclear physics facility (the EU Extreme Light Infrastructure project) in Romania and from transport to the environment and risk prevention in Malta.

There are various reasons for such shifts in funding. In most cases, it was a response to the slow implementation of projects or insufficient interest in the measures planned. In Spain and Bulgaria as well as a few other countries, it was reported that shifts in funding were intended to avoid the risk of de-commitments. In Spain in particular, this led to funding being diverted from business development measures for which demand was significantly affected by the fall in investment.

In Germany, most Länder mentioned administrative or political problems in implementation and some local authorities also referred to the crisis and to the difficulties encountered in finding co-financing. In Romania, co-financing problems were responsible for a lack of demand for measures aimed at cleaning up polluted industrial sites.

In Malta the changes were triggered, among other factors, by the outcome of the Mid-Term evaluation. In Bulgaria the shifts were a response to emerging social and economic needs as unemployment increased which was also the case in France and Latvia. Similarly, in Estonia resources were shifted to meet the need for additional support of enterprises in the crisis, in this case from energy where the CO<sub>2</sub> quota sales made it possible to use more national funding for support.

**Net shifts in planned distribution of ERDF and Cohesion Fund to broad policy areas in EU12 Member States - 2007 to Nov. 2012**

*% Total allocation*

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	EU27
<b>1. Enterprise support</b>	<b>1.0</b>	<b>0.9</b>	<b>1.6</b>			<b>0.4</b>	<b>1.6</b>	<b>2.2</b>	<b>2.0</b>	<b>0.1</b>	<b>1.2</b>	<b>0.7</b>	<b>1.3</b>	<b>0.7</b>
11 RTDI and linked activities	-1.0	1.2	0.1			-0.7	-1.6	2.4	1.9		4.6	-0.4	0.7	0.9
12 Innovation support for SMEs	-2.2	-0.8	0.8			1.6	1.4	0.3	-0.8		-3.4	1.7	-0.2	-0.5
13 Other investment in firms	4.2	0.8	0.8			-0.4	2.1	-0.5	0.4			0.3	0.7	0.3
14 ICT and related services		-0.2				0.0	-0.3		0.5			-0.9	0.1	
<b>2. Human resources</b>	<b>-0.6</b>	<b>-0.7</b>				<b>-0.4</b>	<b>-0.3</b>						<b>-0.2</b>	<b>-0.1</b>
21 Education and training	-0.6	-0.8				0.0	-0.2						-0.2	-0.1
22 Labour market policies		0.1				-0.4	-0.1							
<b>3. Transport</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>		<b>-0.8</b>		<b>-1.6</b>	<b>-3.7</b>	<b>1.0</b>	<b>0.2</b>	<b>-1.5</b>	<b>-0.7</b>	<b>0.2</b>	<b>-0.1</b>
31 Road	-0.9	0.6	-4.5		-0.8		-1.4	-3.6	1.1	2.0	-0.8	-0.3	0.3	0.3
32 Rail	-2.8	-0.1	1.3				0.3		0.1	-0.4		-0.5	-0.1	-0.1
33 Other	4.0	-0.1	3.5				-0.4	-0.1	-0.2	-1.3	-0.7	0.1	-0.1	-0.2
<b>4. Environment and energy</b>	<b>0.2</b>	<b>0.0</b>	<b>-1.9</b>			<b>1.0</b>	<b>0.6</b>	<b>-0.9</b>	<b>0.4</b>	<b>-0.9</b>	<b>0.2</b>		<b>0.2</b>	<b>0.0</b>
41 Energy infrastructure	1.4	0.6	-1.5			1.1	1.5	7.7	0.2				0.5	0.4
42 Environment and risk prevention	-1.2	-0.6	-0.5			-0.1	-0.9	-8.6	0.2	-0.9	0.2		-0.3	-0.4
<b>5. Territorial development</b>	<b>0.7</b>	<b>0.6</b>				<b>-1.0</b>	<b>-0.3</b>	<b>2.5</b>		<b>0.9</b>		<b>1.3</b>	<b>0.2</b>	<b>0.6</b>
51 Tourism and culture	-0.7					-2.0	-0.1	1.1		0.7	-0.3			-0.1
52 Planning and rehabilitation	0.1	0.5						-0.5	0.1		-0.1	1.2	0.2	0.3
53 Social Infrastructure	1.3					1.0	-0.3	1.9	-0.1	0.2	0.4	0.1	0.1	0.5
54 Other														
<b>6. Technical assistance</b>	<b>-1.5</b>	<b>-0.3</b>						<b>0.0</b>	<b>-0.5</b>	<b>-0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>-0.3</b>	<b>-0.4</b>

*Note: shifts from the beginning of the programming period until November 2012*

*Source: DG Regional Policy database*

## Net shifts in planned distribution of ERDF and Cohesion Fund to broad policy areas in EU15 Member States - 2007 to Nov. 2012

% Total allocation

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
<b>1. Enterprise support</b>	<b>-1.5</b>		<b>1.1</b>	<b>6.2</b>	<b>-0.3</b>	<b>0.1</b>		<b>-0.1</b>	<b>0.1</b>			<b>-4.1</b>		<b>-0.4</b>	<b>0.6</b>	<b>-0.1</b>
11 RTDI and linked activities	0.3		1.5	6.8	0.8	0.2		-0.2	-1.6			-1.2		2.1	3.9	1.3
12 Innovation support for SMEs	-1.6		-0.2		-0.8	-0.3		1.9	-1.0			-3.0		-2.3	-0.7	-0.9
13 Other investment in firms	-0.6		0.0	-0.5	0.0	0.3		-1.6	2.6			0.4		-0.6	-1.4	-0.3
14 ICT and related services	0.4		-0.2		-0.3	-0.1		-0.2	0.1			-0.4		0.3	-1.3	-0.2
<b>2. Human resources</b>			<b>-0.6</b>		<b>0.1</b>	<b>0.1</b>		<b>-0.2</b>	<b>0.0</b>			<b>0.1</b>			<b>-0.2</b>	<b>-0.1</b>
21 Education and training			-0.2		0.0	0.1						0.0			-0.2	0.0
22 Labour market policies			-0.4		0.0	0.0		-0.2	0.0			0.1			0.0	-0.1
<b>3. Transport</b>	<b>0.2</b>		<b>-0.1</b>	<b>14.3</b>	<b>-0.5</b>	<b>0.3</b>		<b>-0.6</b>	<b>-0.4</b>	<b>0.4</b>		<b>1.9</b>		<b>1.3</b>	<b>-6.0</b>	<b>-0.3</b>
31 Road			0.0	11.6	0.3	1.0		-0.1		0.2		1.2		0.1	-0.6	0.2
32 Rail			-0.1	2.8	-1.4	0.3		-0.1	-0.4			0.4		1.7	-4.2	-0.2
33 Other	0.2		0.0		0.5	-1.0		-0.5		0.2		0.3		-0.5	-1.2	-0.4
<b>4. Environment and energy</b>	<b>1.3</b>		<b>0.2</b>	<b>-4.4</b>	<b>0.8</b>	<b>0.7</b>		<b>0.7</b>	<b>0.2</b>	<b>-0.1</b>		<b>1.5</b>		<b>-1.3</b>	<b>-2.1</b>	<b>-0.3</b>
41 Energy infrastructure	0.5		0.9	-5.1	1.0	0.4		1.7	0.1			0.6		-0.1	-0.6	0.2
42 Environment and risk prevention	0.8		-0.8	0.7	-0.2	0.4		-1.0	0.1	-0.1		0.9		-1.1	-1.4	-0.5
<b>5. Territorial development</b>			<b>-0.7</b>	<b>-15.6</b>	<b>0.0</b>	<b>-0.9</b>		<b>0.2</b>	<b>0.1</b>	<b>-0.1</b>		<b>0.9</b>		<b>0.6</b>	<b>9.2</b>	<b>1.1</b>
51 Tourism and culture			-0.3	1.1	0.0	-1.1		-0.1	0.1	-0.1				-0.1	0.2	-0.3
52 Planning and rehabilitation			-0.2	-16.3	-0.2	0.0						0.2		0.2	3.0	0.4
53 Social Infrastructure			-0.2	-0.4	0.6	0.1		0.3				0.7		0.5	5.9	1.0
54 Other			0.0		-0.4										0.1	0.0
<b>6. Technical assistance</b>			<b>0.1</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-0.3</b>			<b>0.1</b>	<b>-0.1</b>		<b>-0.2</b>		<b>-0.2</b>	<b>-3.7</b>	<b>-0.6</b>

Note: shifts from the beginning of the programming period until November 2012

Source: DG Regional Policy database

**Net shifts in planned distribution of ERDF and Cohesion Fund to broad policy areas in EU12 Member States - in 2011**

*% Total allocation*

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	EU27
<b>1. Enterprise support</b>		<b>0.4</b>	<b>1.6</b>						<b>2.0</b>	<b>0.1</b>	<b>1.2</b>	<b>-0.4</b>	<b>0.9</b>	<b>0.5</b>
11 RTDI and linked activities		0.0	0.1						1.9		4.6	-0.8	0.8	1.0
12 Innovation support for SMEs		0.0	0.8						-0.8	0.0	-3.4	0.5	-0.3	-0.6
13 Other investment in firms		0.4	0.8						0.4	0.0			0.2	0.1
14 ICT and related services		0.0							0.5	0.0		0.0	0.2	0.0
<b>2. Human resources</b>		<b>0.1</b>							<b>0.0</b>				<b>0.0</b>	<b>0.0</b>
21 Education and training		0.0											0.0	0.0
22 Labour market policies		0.1							0.0				0.0	0.0
<b>3. Transport</b>	<b>0.4</b>	<b>0.5</b>	<b>0.3</b>						<b>1.1</b>		<b>-1.5</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.0</b>
31 Road	-0.9	0.4	-4.5						1.1		-0.8	-0.1	0.3	0.3
32 Rail	-2.8	0.0	1.3						0.1				0.0	-0.2
33 Other	4.0	0.0	3.5						-0.2		-0.7	0.0	0.1	-0.1
<b>4. Environment and energy</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-1.9</b>						<b>0.4</b>	<b>-1.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>
41 Energy infrastructure	1.0	0.1	-1.5						0.1				0.1	0.1
42 Environment and risk prevention	-1.4	-0.2	-0.5						0.2	-1.0	0.2	0.1	-0.1	-0.1
<b>5. Territorial development</b>	<b>0.8</b>	<b>0.4</b>							<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>1.8</b>	<b>0.3</b>	<b>0.7</b>
51 Tourism and culture	-0.2	-0.1							0.0	0.7	-0.3	0.2	0.1	0.0
52 Planning and rehabilitation	0.0	0.4							0.1		-0.1	1.4	0.2	0.3
53 Social Infrastructure	1.0	0.0							-0.1	0.2	0.4	0.3	0.0	0.4
54 Other														0.0
<b>6. Technical assistance</b>	<b>0.8</b>	<b>0.4</b>							<b>0.0</b>	<b>0.9</b>	<b>0.0</b>	<b>1.8</b>	<b>0.3</b>	<b>0.7</b>

*Note: shifts in 2011*

*Source: DG Regional Policy database*

## Net shifts in planned distribution of ERDF and Cohesion Fund to broad policy areas in EU15 Member States - in 2011

% Total allocation

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
<b>1. Enterprise support</b>			<b>0.4</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.2</b>			<b>-0.2</b>			<b>-1.8</b>		<b>0.0</b>	<b>0.6</b>	<b>0.0</b>
11 RTDI and linked activities			1.1	0.7	0.7	0.3			-0.1			-0.4		2.1	3.9	1.2
12 Innovation support for SMEs			-0.7		-0.6	-0.4			-0.3			-2.3		-2.4	-0.7	-1.0
13 Other investment in firms			0.1		-0.3	0.1			0.2			0.8		0.1	-1.4	-0.1
14 ICT and related services			-0.1		-0.2	-0.2						0.1		0.0	-1.3	-0.2
<b>2. Human resources</b>			<b>0.0</b>		<b>0.1</b>	<b>0.0</b>									<b>-0.2</b>	<b>0.0</b>
21 Education and training			0.0		0.0	0.1									-0.2	0.0
22 Labour market policies			0.0		0.1	0.0									0.0	0.0
<b>3. Transport</b>	<b>0.4</b>		<b>-0.1</b>	<b>1.8</b>	<b>-0.4</b>	<b>0.4</b>						<b>1.7</b>		<b>0.1</b>	<b>-6.0</b>	<b>-0.7</b>
31 Road	-0.9		-0.1	4.9	0.0	1.0						1.0		0.0	-0.6	0.2
32 Rail	-2.8		-0.1	-3.1	-0.1	0.3						0.4		0.2	-4.2	-0.4
33 Other	4.0		0.0		-0.3	-1.0						0.3		-0.1	-1.2	-0.4
<b>4. Environment and energy</b>	<b>-0.4</b>		<b>0.0</b>	<b>-1.3</b>	<b>-0.2</b>	<b>1.1</b>			<b>0.2</b>					<b>-0.1</b>	<b>-2.1</b>	<b>-0.1</b>
41 Energy infrastructure	1.0		0.4	-1.6	0.7	0.2			0.1					0.0	-0.6	0.1
42 Environment and risk prevention	-1.4		-0.4	0.3	-0.9	0.9			0.1					-0.1	-1.4	-0.2
<b>5. Territorial development</b>	<b>0.8</b>		<b>-0.3</b>	<b>-1.1</b>	<b>1.0</b>	<b>-1.0</b>						<b>0.3</b>		<b>0.1</b>	<b>9.2</b>	<b>1.1</b>
51 Tourism and culture	-0.2		-0.1	-0.7	0.4	-1.0								-0.2	0.2	-0.2
52 Planning and rehabilitation	0.0		0.0	-0.4	0.0	-0.1						0.2		0.2	3.0	0.4
53 Social Infrastructure	1.0		-0.2		0.6	0.1						0.1		0.0	5.9	0.8
54 Other															0.1	0.0
<b>6. Technical assistance</b>	<b>-0.8</b>			<b>-0.1</b>	<b>-0.1</b>	<b>-0.3</b>			<b>0.0</b>			<b>-0.2</b>		<b>0.0</b>	<b>-3.7</b>	<b>-0.6</b>

Note: shifts in 2011

Source: DG Regional Policy database



**Net shifts in planned distribution of ERDF and Cohesion Fund to broad policy areas in EU12 Member States - in 2012 up until Nov.**

*% Total allocation*

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	EU27
<b>1. Enterprise support</b>	<b>1.0</b>							<b>2.2</b>				<b>1.1</b>	<b>0.1</b>	<b>0.1</b>
11 RTDI and linked activities	-1.0							2.4				0.4	0.0	0.1
12 Innovation support for SMEs	-2.2							0.3				1.1	0.0	0.1
13 Other investment in firms	4.2							-0.5				0.3	0.2	-0.2
14 ICT and related services												-0.8	-0.1	0.0
<b>2. Human resources</b>	<b>-0.6</b>												<b>0.0</b>	<b>-0.1</b>
21 Education and training	-0.6												0.0	0.0
22 Labour market policies														-0.1
<b>3. Transport</b>	<b>-0.1</b>						<b>-0.6</b>	<b>-3.7</b>		<b>0.2</b>		<b>-0.5</b>	<b>-0.1</b>	<b>0.2</b>
31 Road	-0.1						-0.6	-3.6		2.0		-0.2	0.1	0.1
32 Rail							0.3			-0.4		-0.5	0.0	0.1
33 Other	0.0						-0.3	-0.1		-1.3		0.1	-0.2	0.1
<b>4. Environment and energy</b>	<b>0.5</b>					<b>1.3</b>	<b>0.6</b>	<b>-0.9</b>		<b>0.1</b>		<b>-0.1</b>	<b>0.2</b>	<b>-0.2</b>
41 Energy infrastructure	0.3					0.4	1.5	7.7					0.3	0.1
42 Environment and risk prevention	0.2					0.9	-0.9	-8.6		0.1		-0.1	-0.1	-0.3
<b>5. Territorial development</b>	<b>-0.1</b>					<b>-1.3</b>		<b>2.5</b>				<b>-0.6</b>	<b>-0.1</b>	<b>0.0</b>
51 Tourism and culture	-0.4					-1.3		1.1				-0.2	-0.1	-0.1
52 Planning and rehabilitation	0.0							-0.5				-0.2	0.0	0.0
53 Social Infrastructure	0.3							1.9				-0.2	0.0	0.1
54 Other														0.0
<b>6. Technical assistance</b>	<b>-0.7</b>						<b>0.0</b>			<b>-0.3</b>		<b>0.1</b>	<b>-0.1</b>	<b>0.0</b>

*Note: shifts in 2012*

*Source: DG Regional Policy database*

Net shifts in planned distribution of ERDF and Cohesion Fund to broad policy areas in EU15 Member States - in 2012 up until Nov.

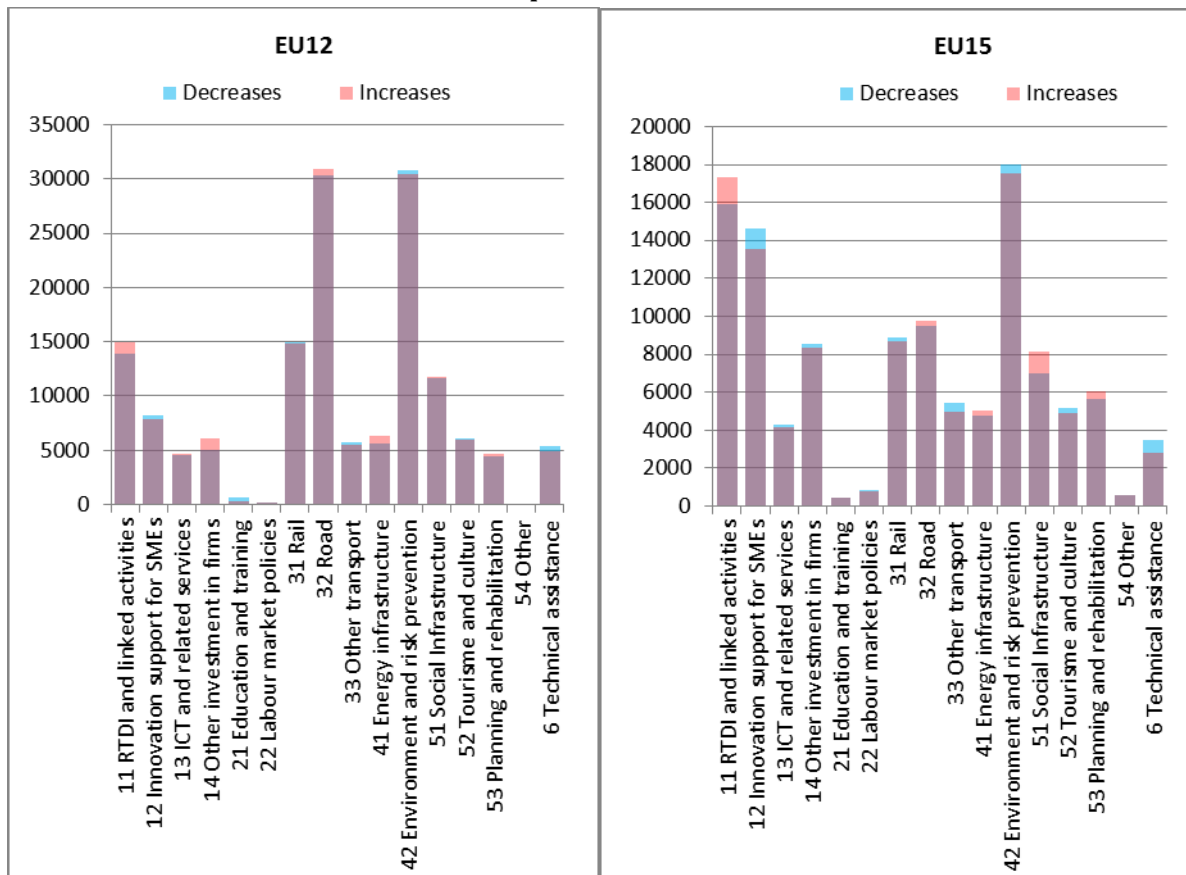
% Total allocation

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
<b>1. Enterprise support</b>			<b>0.8</b>		<b>0.0</b>	<b>0.4</b>						<b>-0.2</b>		<b>-0.5</b>		<b>0.1</b>
11 RTDI and linked activities			0.5		0.0	-0.1						0.1		0.0		0.1
12 Innovation support for SMEs			0.5		-0.1	0.2						-0.1		0.2		0.1
13 Other investment in firms			-0.1		0.1	0.1						-0.2		-0.8		-0.2
14 ICT and related services			-0.1		0.0	0.1								0.1		0.0
<b>2. Human resources</b>			<b>-0.5</b>		<b>0.0</b>	<b>0.0</b>						<b>0.1</b>				<b>-0.1</b>
21 Education and training			-0.1		0.0	0.0						0.0				0.0
22 Labour market policies			-0.4		0.0	0.0						0.1				-0.1
<b>3. Transport</b>			<b>0.0</b>		<b>-0.2</b>	<b>-0.1</b>				<b>0.4</b>				<b>1.1</b>		<b>0.2</b>
31 Road			0.1		0.3	0.0				0.2				0.1		0.1
32 Rail			0.0		-1.3	0.0								0.8		0.1
33 Other			-0.1		0.8	0.0				0.2				0.1		0.1
<b>4. Environment and energy</b>			<b>0.2</b>		<b>0.9</b>	<b>-0.4</b>				<b>-0.1</b>				<b>-1.0</b>		<b>-0.2</b>
41 Energy infrastructure			0.5		0.2	0.1								0.0		0.1
42 Environment and risk prevention			-0.4		0.7	-0.5				-0.1				-1.0		-0.3
<b>5. Territorial development</b>			<b>-0.4</b>		<b>-0.7</b>	<b>0.1</b>				<b>-0.1</b>		<b>0.1</b>		<b>0.5</b>		<b>0.0</b>
51 Tourism and culture			-0.3		-0.2	-0.1				-0.1				0.0		-0.1
52 Planning and rehabilitation			-0.2		-0.2	0.1										0.0
53 Social Infrastructure			0.0		0.1	0.0						0.1		0.5		0.1
54 Other					-0.4											0.0
<b>6. Technical assistance</b>			<b>0.0</b>		<b>0.0</b>					<b>-0.1</b>				<b>0.0</b>		<b>0.0</b>

Note: shifts in 2012

Source: DG Regional Policy database

**Planned distribution of funding (ERDF + Cohesion Fund) by broad policy area (in EUR million) – Difference between distribution at start of period and at November 2012**



Source: DG Regional Policy database

## Annex 4: ERDF and Cohesion Fund payments relative to total available for 2007-2013

*Payments as % of total amount decided*

	ERDF				Cohesion Fund				ERDF + Cohesion Fund			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
EU27	12	22	35	47	12	22	33	41	12	22	33	46
EU15	12	22	34	46	9	26	36	51	11	22	34	47
EU12	13	23	36	49	13	19	27	39	13	22	32	45
Lithuania	27	37	49	64	17	31	47	62	23	35	48	63
Estonia	23	41	50	63	14	24	28	54	20	34	41	60
Sweden	18	28	48	60					18	28	48	60
Portugal	10	23	36	59	10	17	20	44	10	22	32	56
Germany	18	28	42	55					18	28	42	55
Luxembourg	8	18	46	53					8	18	46	53
Finland	17	28	42	52					17	28	42	52
Greece	12	26	40	54	9	16	29	46	11	24	37	52
Poland	12	25	41	56	14	19	31	45	13	23	37	51
Spain	10	21	33	49	8	44	57	64	10	24	36	51
Denmark	9	17	42	51					9	17	42	51
Ireland	18	30	36	51					18	30	36	51
Slovenia	13	26	46	63	16	24	27	33	14	25	38	50
Netherlands	9	19	40	49					9	19	40	49
Latvia	17	23	33	50	13	24	32	46	15	23	33	48
Belgium	17	27	32	48					17	27	32	48
UK	10	25	37	46					10	25	37	46
Cyprus	19	27	35	42	13	28	44	48	17	28	39	45
Hungary	13	23	39	50	14	21	30	35	13	22	36	44
France	13	23	37	44					13	23	37	44
Slovakia	9	19	31	46	11	21	24	33	10	20	28	41
Austria	13	23	35	40					13	23	35	40
Czech Rep.	12	22	32	42	13	19	19	35	12	21	27	39
Malta	9	16	26	37	11	22	31	40	10	18	28	38
Bulgaria	9	20	26	38	10	11	23	36	10	16	24	37
Italy	8	14	19	26					8	14	19	26
Romania	10	12	17	23	11	14	15	22	11	13	16	23

*Source: DG Regional Policy database*

*Note: Countries are ordered in terms of their payment rate (ERDF + Cohesion Fund) at end 2012*

## Annex 5: Allocations of ERDF and Cohesion Fund for 2007-2013 period by broad policy area

### Allocations to projects in EU12 Member States as at end-2011

*% Total allocation*

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	CBC	EU27
<b>1. Enterprise support</b>	<b>51</b>	<b>75</b>	<b>86</b>	<b>83</b>	<b>79</b>	<b>76</b>	<b>64</b>	<b>79</b>	<b>68</b>	<b>57</b>	<b>78</b>	<b>59</b>	<b>68</b>	<b>67</b>	<b>71</b>
11 RTDI and linked activities	29	86	73	91	73	78	31	76	73	72	46	57	71	61	71
12 Innovation support for SMEs	38	40	72	22	99	77	43	100	53	9	99	63	53	71	56
13 Other investment in firms	119	97	198	111	64	71	98	100	69	74	64	317	88	37	96
14 ICT and related services	0	76	68	106	66	75	36	61	71	77	70	47	63	70	65
<b>2. Human resources</b>	<b>83</b>	<b>45</b>			<b>18</b>	<b>63</b>	<b>1</b>		<b>963</b>	<b>0</b>		<b>0</b>	<b>31</b>	<b>63</b>	<b>48</b>
21 Education and training	83	49					0					0	36	69	52
22 Labour market policies		36			18	63	2		88	0			21	59	46
<b>3. Transport</b>	<b>65</b>	<b>78</b>	<b>87</b>	<b>223</b>	<b>98</b>	<b>71</b>	<b>85</b>	<b>64</b>	<b>68</b>	<b>58</b>	<b>52</b>	<b>54</b>	<b>70</b>	<b>77</b>	<b>76</b>
31 Road	64	97	95	336	116	110	82	68	80	98	98	55	84	120	89
32 Rail	66	62	86		106	38	96		39	8	15	58	49	80	60
33 Other	65	42	76	82	71	43	71	56	52	23	29	21	50	56	63
<b>4. Environment and energy</b>	<b>38</b>	<b>35</b>	<b>83</b>	<b>93</b>	<b>74</b>	<b>96</b>	<b>72</b>	<b>65</b>	<b>68</b>	<b>81</b>	<b>72</b>	<b>83</b>	<b>67</b>	<b>85</b>	<b>70</b>
41 Energy infrastructure	27	42	97	88	83	107	81	33	59	20	53	78	56	83	57
42 Environment and risk prevention	41	32	82	93	72	91	71	81	70	89	76	84	69	85	72
<b>5. Territorial development</b>	<b>66</b>	<b>65</b>	<b>92</b>	<b>157</b>	<b>86</b>	<b>75</b>	<b>88</b>	<b>79</b>	<b>79</b>	<b>46</b>	<b>95</b>	<b>89</b>	<b>77</b>	<b>88</b>	<b>75</b>
51 Tourism and culture	55	67	80	37	40	83	83	66	80	76	126	61	76	97	76
52 Planning and rehabilitation	87	60	8	260	93	89	94	101	87	0	48	89	67	72	69
53 Social Infrastructure	63	66	98	105	90	68	89	95	76	76	83	97	81	77	80
54 Other														59	44
<b>6. Technical assistance</b>	<b>51</b>	<b>60</b>	<b>51</b>	<b>119</b>	<b>78</b>	<b>38</b>	<b>85</b>	<b>100</b>	<b>47</b>	<b>33</b>	<b>101</b>	<b>88</b>	<b>58</b>	<b>71</b>	<b>59</b>
<b>Total</b>	<b>54</b>	<b>64</b>	<b>86</b>	<b>118</b>	<b>85</b>	<b>79</b>	<b>76</b>	<b>71</b>	<b>69</b>	<b>63</b>	<b>72</b>	<b>69</b>	<b>69</b>	<b>77</b>	<b>72</b>

Source: DG Regional Policy database

**Allocations to projects in EU15 Member States as at end-2011**

*% Total allocation*

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
<b>1. Enterprise support</b>	<b>96</b>	<b>85</b>	<b>78</b>	<b>146</b>	<b>70</b>	<b>54</b>	<b>83</b>	<b>95</b>	<b>67</b>	<b>66</b>	<b>88</b>	<b>72</b>	<b>127</b>	<b>54</b>	<b>88</b>	<b>73</b>
11 RTDI and linked activities	99	62	79	163	87	52	80	108	71	60	85	64	105	56	93	72
12 Innovation support for SMEs	86	90	71	86	53	39	111	99	44	67	92	63	40	48	81	58
13 Other investment in firms	100	573	86	109	62	174		75	98	94	98	129	461	43	89	102
14 ICT and related services	101	63	43		57	54	16	27	14	39	52	50	79	85	80	68
<b>2. Human resources</b>	<b>173</b>		<b>57</b>		<b>63</b>	<b>16</b>		<b>56</b>	<b>27</b>	<b>130</b>		<b>67</b>	<b>75</b>		<b>57</b>	<b>56</b>
21 Education and training	149		59		61	5		77	0	229		151			40	65
22 Labour market policies	212		55		65	17		47	45	69		43	75		61	51
<b>3. Transport</b>	<b>133</b>		<b>68</b>	<b>118</b>	<b>52</b>	<b>74</b>		<b>60</b>	<b>16</b>	<b>144</b>	<b>206</b>	<b>60</b>	<b>101</b>	<b>103</b>	<b>74</b>	<b>89</b>
31 Road	203		71	101	64	81		227		101	216	96	104	154	70	103
32 Rail			62	184	75	69		236		152	98	75	114	77	79	78
33 Other	109		60		37	78		28	16	184	233	27	70	102	73	79
<b>4. Environment and energy</b>	<b>99</b>		<b>70</b>	<b>86</b>	<b>62</b>	<b>46</b>	<b>124</b>	<b>55</b>	<b>94</b>	<b>58</b>	<b>25</b>	<b>66</b>	<b>120</b>	<b>69</b>	<b>74</b>	<b>74</b>
41 Energy infrastructure	49		77	118	68	32	291	67	93	29	15	78	123	49	35	59
42 Environment and risk prevention	120		67	64	59	58	23	42	98	98	72	57	120	71	77	79
<b>5. Territorial development</b>	<b>92</b>	<b>40</b>	<b>68</b>	<b>109</b>	<b>51</b>	<b>52</b>	<b>26</b>	<b>121</b>	<b>49</b>	<b>100</b>	<b>121</b>	<b>87</b>	<b>85</b>	<b>71</b>	<b>93</b>	<b>74</b>
51 Tourism and culture	135	54	71	128	60	53		165	43	94	116	113	94	77	95	75
52 Planning and rehabilitation	82		67	92	53	49	26	108	59	98	168	75	98	67	88	70
53 Social Infrastructure	19	0	66	128	67	55		49	4	429	106	95	77	71	95	78
54 Other					16								27	67	81	44
<b>6. Technical assistance</b>	<b>100</b>	<b>57</b>	<b>62</b>	<b>31</b>	<b>57</b>	<b>58</b>	<b>31</b>	<b>87</b>	<b>63</b>	<b>60</b>	<b>3</b>	<b>44</b>	<b>92</b>	<b>47</b>	<b>51</b>	<b>61</b>
<b>Total</b>	<b>98</b>	<b>78</b>	<b>73</b>	<b>126</b>	<b>62</b>	<b>55</b>	<b>89</b>	<b>90</b>	<b>66</b>	<b>71</b>	<b>92</b>	<b>72</b>	<b>108</b>	<b>74</b>	<b>84</b>	<b>76</b>

Source: DG Regional Policy database

**Allocations of ERDF and Cohesion Fund to projects for 2007-2013 period by broad policy area in EU12 Member States - difference between end-2011 and end-2010**

*% Funding available*

	BG	CZ	EE	CY	LV	LT	HU	MT	PL	RO	SI	SK	EU12	CBC	EU27
<b>Enterprise support</b>	<b>16</b>	<b>36</b>	<b>18</b>	<b>9</b>	<b>13</b>	<b>6</b>	<b>17</b>	<b>-14</b>	<b>3</b>	<b>22</b>	<b>21</b>	<b>12</b>	<b>13</b>	<b>19</b>	<b>18</b>
1-RTDI and linked activities	2	52	18	13	22	6	3	-34	4	16	2	10	14	13	17
2-Innovation support for SMEs	5	19	31	0	8	5	12	-10	10	-29	38	22	11	22	14
4-Other investment in firms	64	-2	6	16	-17	-1	22	47	-2	61	-12	228	19	18	24
3-ICT and related services	0	32	2	1	8	19	29	-2	-1	33	-4	1	11	22	15
<b>Human resources</b>	<b>0</b>	<b>6</b>			<b>0</b>	<b>49</b>	<b>1</b>		<b>885</b>	<b>0</b>		<b>0</b>	<b>10</b>	<b>14</b>	<b>12</b>
5-Education and training	0	7					0					0	12	21	18
6-Labour market policies		4			0	49	2		10	0			6	10	9
<b>Transport</b>	<b>32</b>	<b>5</b>	<b>11</b>	<b>0</b>	<b>15</b>	<b>16</b>	<b>18</b>	<b>12</b>	<b>12</b>	<b>26</b>	<b>3</b>	<b>13</b>	<b>14</b>	<b>23</b>	<b>17</b>
8-Road	21	5	15	0	1	22	15	13	11	44	6	18	15	37	19
7-Rail	59	2	7		55	12	23		14	5	0	5	12	21	12
9-Other	34	7	7	0	7	9	41	12	14	4	8	19	14	17	19
<b>Environment and energy</b>	<b>9</b>	<b>13</b>	<b>11</b>	<b>4</b>	<b>15</b>	<b>10</b>	<b>23</b>	<b>3</b>	<b>19</b>	<b>38</b>	<b>22</b>	<b>28</b>	<b>21</b>	<b>21</b>	<b>24</b>
10-Energy Infrastructure	-2	12	0	0	39	9	36	-44	23	5	21	37	18	26	20
11-Environment and risk prevention	12	12	11	4	11	11	22	21	18	42	23	28	22	19	24
<b>Territorial Development</b>	<b>24</b>	<b>12</b>	<b>10</b>	<b>29</b>	<b>16</b>	<b>27</b>	<b>13</b>	<b>-8</b>	<b>5</b>	<b>16</b>	<b>23</b>	<b>3</b>	<b>12</b>	<b>22</b>	<b>16</b>
14-Tourism and culture	40	10	11	5	21	47	6	-4	1	28	2	5	11	24	16
12-Planning and rehabilitation	2	14	1	55	17	29	36	36	10	0	24	11	14	25	18
13-Social infrastructure	26	11	10	0	16	19	10	-22	6	24	40	-1	10	16	17
15-Other														7	15
<b>Technical Assistance</b>	<b>-5</b>	<b>3</b>	<b>29</b>	<b>3</b>	<b>23</b>	<b>6</b>	<b>20</b>	<b>0</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>27</b>	<b>10</b>	<b>18</b>	<b>11</b>
<b>Total</b>	<b>19</b>	<b>15</b>	<b>13</b>	<b>10</b>	<b>12</b>	<b>13</b>	<b>17</b>	<b>1</b>	<b>11</b>	<b>28</b>	<b>17</b>	<b>14</b>	<b>14</b>	<b>20</b>	<b>18</b>

Source: DG Regional Policy database

**Allocations of ERDF and Cohesion Fund to projects for 2007-2013 period to projects by broad policy area in EU15 Member States as at end-2010 - difference between end-2011 and end-2010**

*% Funding available*

	BE	DK	DE	IE	FR	IT	LU	NL	AT	FI	SE	UK	GR	ES	PT	EU15
<b>Enterprise support</b>	<b>1</b>	<b>15</b>	<b>17</b>	<b>21</b>	<b>36</b>	<b>26</b>	<b>34</b>	<b>13</b>	<b>16</b>	<b>19</b>	<b>16</b>	<b>11</b>	<b>40</b>	<b>17</b>	<b>14</b>	<b>21</b>
1-RTDI and linked activities	1	12	20	23	46	28	27	17	14	21	20	5	-8	12	19	21
2-Innovation support for SMEs	3	16	16	3	27	16	69	14	11	15	18	18	23	19	7	17
4-Other investment in firms	1	21	16	21	27	109		8	28	31	5	8	142	18	16	28
3-ICT and related services	2	6	18		27	9	16	2	0	13	8	7	37	20	11	20
<b>Human resources</b>	<b>3</b>		<b>29</b>		<b>14</b>	<b>8</b>		<b>6</b>	<b>3</b>	<b>79</b>		<b>15</b>	<b>-16</b>		<b>42</b>	<b>21</b>
5-Education and training	0		38		10	5		15	0	203		6			3	29
6-Labour market policies	9		18		17	8		2	5	3		20	-16		51	16
<b>Transport</b>	<b>3</b>		<b>13</b>	<b>1</b>	<b>16</b>	<b>21</b>		<b>22</b>	<b>0</b>	<b>76</b>	<b>50</b>	<b>6</b>	<b>19</b>	<b>30</b>	<b>13</b>	<b>22</b>
8-Road	5		10	0	-1	21		77		26	47	-1	30	60	14	29
7-Rail			20	5	36	15		0		104	22	13	-28	16	8	12
9-Other	3		10		13	33		13	0	104	58	6	12	31	22	24
<b>Environment and energy</b>	<b>13</b>		<b>23</b>	<b>13</b>	<b>25</b>	<b>20</b>	<b>68</b>	<b>11</b>	<b>18</b>	<b>15</b>	<b>7</b>	<b>32</b>	<b>53</b>	<b>22</b>	<b>29</b>	<b>29</b>
10-Energy Infrastructure	13		19	31	34	10	180	19	12	8	2	41	66	26	18	25
11-Environment and risk prevention	13		25	0	20	28	0	1	37	26	32	25	52	22	30	30
<b>Territorial Development</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>18</b>	<b>33</b>	<b>26</b>	<b>17</b>	<b>12</b>	<b>27</b>	<b>35</b>	<b>12</b>	<b>38</b>	<b>15</b>	<b>23</b>	<b>23</b>
14-Tourism and culture	0	8	7	-1	26	19		25	12	20	41	22	42	32	24	24
12-Planning and rehabilitation	3		0	9	21	35	26	15	13	19	50	15	23	12	28	20
13-Social infrastructure	0	0	14	7	15	47		5	0	424	18	-3	40	2	22	26
15-Other					10								27	23	6	16
<b>Technical Assistance</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>11</b>	<b>21</b>	<b>7</b>	<b>11</b>	<b>2</b>	<b>8</b>	<b>14</b>	<b>3</b>	<b>7</b>	<b>34</b>	<b>18</b>	<b>15</b>	<b>15</b>
<b>Total</b>	<b>1</b>	<b>13</b>	<b>16</b>	<b>14</b>	<b>27</b>	<b>24</b>	<b>41</b>	<b>13</b>	<b>15</b>	<b>18</b>	<b>19</b>	<b>14</b>	<b>36</b>	<b>22</b>	<b>20</b>	<b>23</b>

Source: DG Regional Policy database