



WP1: Synthesis report

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional
Development Fund (ERDF) and the Cohesion Fund (CF)*

Task 3 Country Report Spain

September 2016



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**WP1: Synthesis report
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**Task 3 Country Report
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List of abbreviations

AIR	Annual Implementation Report
CDTI	Centre for Industrial Technological Development
CF	Cohesion Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
GDFCF	Gross Domestic Fixed Capital Formation
GDP	Gross Domestic Product
ICO	Spanish Official Credit Institute
MA	Managing Authority
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
R&D	Research and Development
RTD	Research and Technological Development
SME	Small Medium Enterprise



List of programmes and link to beneficiaries of ERDF and Cohesion Fund support

CCI	Name of programmes	Links	Nº Projects
2007ES161PO001	OP de la Región de Murcia	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	4 167
2007ES161PO002	OP de Melilla	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	612
2007ES161PO003	OP de Ceuta	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	447
2007ES161PO004	OP de Asturias	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	2 384
2007ES161PO005	OP de Galicia	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	8 405
2007ES161PO006	OP FEDER de Extremadura	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	5 878
2007ES161PO007	OP FEDER de Castilla la Mancha	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	13 328
2007ES161PO008	OP FEDER de Andalucía	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	17 711
2007ES161PO009	OP Fondo de Cohesión-FEDER	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	1 066
2007ES162PO001	OP FEDER de Cantabria	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	2 318
2007ES162PO002	OP FEDER del País Vasco	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	5 592
2007ES162PO003	OP FEDER de Navarra	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	2 426
2007ES162PO004	OP FEDER de Madrid	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	5 509
2007ES162PO005	OP FEDER de La Rioja	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	2 000
2007ES162PO006	OP FEDER de Cataluña	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	4 712
2007ES162PO007	OP FEDER de Baleares	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	3 100
2007ES162PO008	OP FEDER de Aragón	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	2 778
2007ES162PO009	OP FEDER de Castilla y León	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	7 022
2007ES162PO010	OP FEDER de la Comunitat Valenciana	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	11 287
2007ES162PO011	OP FEDER de Canarias	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	3 580
2007ES16UPO001	OP FEDER de Investigación, Desarrollo e innovación por y para el beneficio de las Empresas	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	13 127
2007ES16UPO002	OP de asistencia técnica y gobernanza	http://www.dgfc.sqpg.meh.es/sitios/DGFC/ES/Paginas/BeneficiariosFederCohesion.aspx	460



2007ES16UP0003	OP FEDER de Economía basada en el Conocimiento	http://www.dgfc.sgpg.meh.es/sitios/DGFC/es- Paginas/BeneficiariosFederCohesion.aspx	9 040
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Note: The web links above are to websites of the respective Managing Authorities who, under the rules governing the 2007-2013 programmes were required to publish the names of the beneficiaries of the funding allocated. The number of projects supported has been estimated on the basis of the information published on the website at the time when the data were downloaded. In the meantime the data concerned may have been updated. It may also be that the data have been moved to another part of the website, in which case the link may not work. If this is the case, those who wish to locate the data concerned will need to go to main OP website, as indicated by the beginning part of the link and search from there.



Map 1 Spain and NUTS 2 regions, GDP/head (PPS), 2014



Spain: GDP/head (PPS) by NUTS-2 region, 2014

- Index, EU-27 = 100
- < 50
 - 50 - 75
 - 75 - 90
 - 90 - 100
 - 100 - 125
 - >= 125
- ∕ NUTS2 boundaries

Source: Eurostat, DG REGIO



Preliminary note

The purpose of the country reports is to provide, for each Member State, a short guide to the findings of the ex post evaluation of Cohesion policy programmes 2007-2013 undertaken by DG Regional and Urban Policy and an overview of the context in which the programmes were carried out. It is based on information produced by Task 1 and Task 2 of WP1 and on the country specific findings from the various WPs that form the ex post evaluation. These are listed below with an indication in brackets of the case studies carried out in the Member State concerned, if any.

WP0 – Data

WP1 – Synthesis

WP2 – SMEs, innovation and ICT (case study OP Castilla y Leon)

WP3 – Venture capital, loan funds (case study OP Research, Development and Innovation for and by Enterprises - Technology Fund)

WP4 – Large enterprises (case study OP Valencia)

WP5 – Transport (country case study – case study Madrid-Valencia-Murcia)

WP6 – Environment

WP8 – Energy efficiency (country report Spain)

WP9 - Culture and tourism (case study OP Madrid and two mini case studies: Centre of Arts of Alcobendas – Matadero)

WP10 – Urban development and social infrastructure

WP11¹ – European Territorial Cooperation (case studies Spain-Portugal – Atlantic Area programme)

WP12 – Delivery system

WP13 – Geography of expenditure

WP14 – Impact modelling

¹ The findings from WP11 – European Territorial Cooperation are summarised in a separate report as part of Task 3 of WP1.



Executive summary

Over the 2007-2013 period, the Spanish economy suffered a deep and persistent recession. The GDP fell by almost 1.3% a year in 2007-2009 and it declined further up until 2014, when it increased for the first time for many years. Over the period, the GDP per head in PPS terms, which was above the EU average until 2009, fell to 91% of the EU average by 2013 and remained there in 2014. The recession led to significant job losses, the employment rate declining from 70% of those aged 20-64 in 2007 to just 60% in 2014 and unemployment increasing from 8% of the labour force to a peak of 26% in 2013.

The budget balance which was in surplus in 2007 was transformed into a deficit of 11% of GDP in 2009 by the recession and the measures taken to counter it. It was progressively reduced to 5% of GDP in 2015 by a succession of fiscal consolidation packages which included a substantial reduction in public investment.

Over the period, all regions experienced a marked contraction in GDP per head. However, this was larger in Convergence and Transition regions than in Competitiveness ones, which found it easier to deal with the crisis partly due to the structure of their economies and more advanced level of technological development.

The ERDF and Cohesion Fund available for the 2007-2013 period amounted to EUR 26.6 billion, equivalent to 0.4% of GDP over the country as a whole and around 7% of Government capital expenditure. Funding allocated to Convergence regions was nearly three times greater than that going to Competitiveness and Employment ones, equivalent an average of o EUR 163 a head per year over the period. Over the period, the EU co-financing rate was increased to ease national co-funding problems. The result was an overall reduction of funding under the Convergence Objective of 10% and under the Competitiveness Objective of 7%.

The largest share of funding (33% of the total ERDF available) was to the broad area of Enterprise support and innovation, particularly in Competitiveness regions, though the share going to transport (31%) was only slightly smaller, much of the funding being allocated to railways mainly in Convergence regions. Investment in environmental infrastructure was also relatively large (21% of the total), again mainly situated in Convergence regions.

The measures co-financed over the period led directly to the creation of over 75 400 jobs. This was achieved, in part, through the support given to 53 195 RTD projects, 61 213 projects to help firms finance investment and another 9 961 cooperation projects between SMEs and research centres. In addition, 9 963 businesses were helped to start up.

Support for investment in transport led to the construction of 510 km of new roads, 125 km of them on the trans-European Transport Network (TEN-T), the improvement of 2 458 km of existing roads and the construction of 763 km of railway lines. Investment in environmental infrastructure resulted in an additional 2.2 million people being connected to new or upgraded wastewater treatment facilities and in additional 1.9 million to clean drinking water supply. Support for broadband also led to 2.1 million additional people having access to this.

Overall, the investment supported by Cohesion and rural development policies is estimated to have increased GDP in 2015 by 0.7% above the level it would have been in the absence of the funding and in 2023, GDP will be an estimated 0.8% higher as a result of the investment.



1. The policy context and background

1.1. Macroeconomic situation

Throughout most of the 2007-2013 period, the Spanish economy was in continuous recession. GDP declined by 1.3% a year between 2007 and 2009, by 0.5% a year in the two years 2009-2011 and by over 2% a year between 2011 and 2013 (Table 1). Growth resumed only in 2014 and it was 2015 before the rate increased back to what it was in the years leading up to the crisis. By 2015, Spanish per capita GDP in PPS terms had declined from just above the EU average (103%) in 2007 to well below it (91%).

As a consequence of the prolonged recession, the employment rate fell from 70% of the population of working age (20-64) in 2007 (the same as the EU average) to 59% in 2013 and though it recovered a little in the subsequent two years, it was still well below the EU average in 2015. The loss of jobs led to unemployment increasing markedly in all Spanish regions and the national average rate peaking at 26% in 2013, over three times the rate at the beginning of the period.

Table 1 GDP growth, employment and unemployment, Spain and the EU, 2000-2015

	2000-07	2007-09	2009-11	2011-13	2013-2014	2014-15
GDP growth			(Annual average % pa)			
Spain	3.6	-1.3	-0.5	-2.1	1.4	3.2
EU average	2.3	-2.0	1.9	-0.1	1.4	1.9
	2000	2007	2009	2011	2013	2015
Employment rate (% 20-64)						
Spain	60.6	69.7	64.0	62.0	58.6	62.0
EU average	66.5	69.8	68.9	68.6	68.4	70.1
Unemployment rate (% lab force)						
Spain	13.8	8.2	17.9	21.4	26.1	22.1
EU average	9.2	7.1	8.9	9.6	10.8	9.3

Source: Eurostat, National accounts and Labour Force Survey

At the beginning of the crisis the level of public debt was low and the budget was in surplus, allowing the government to take action to counteract the economic downturn by expanding public expenditure. The recession and the expansionary measures taken resulted in a budget deficit of 11% of GDP in 2009 (Table 2). Through a succession of fiscal consolidation measures, this was progressively reduced to 5% of GDP by 2015 despite GDP declining over much of this period. Cutbacks in public investment were a major element of these measures, this being reduced from 5% of GDP in 2009 to only just over 2% in 2013. Against this background, Cohesion policy funding assumed increasing importance not only for investment in infrastructure but also for R&D in universities and public research centres.

Table 2 Government budget balance, accumulated debt and investment, Spain and the EU, 2000-2015

	2000	2007	2009	2011	2013	2015
Public sector balance			(% GDP)			
Spain	-1.0	2.0	-11.0	-9.6	-6.9	-5.1
EU average	0.0	-0.9	-6.7	-4.5	-3.3	-2.4
Public sector debt						
Spain	58.0	35.5	52.7	69.5	93.7	99.2
EU average	60.6	57.9	73.1	81.1	85.5	85.2
General Govt investment						
Spain	3.7	4.6	5.1	3.7	2.2	2.5
EU average	2.9	3.2	3.7	3.3	3.0	2.9

Source: Eurostat Government financial accounts

1.2. Regional Disparities

During the period 2000-2007, GDP per head in Spain converged towards the European average and beyond, increasing in PPS terms from 96% of the average to 103%.



There was also some catching up of lagging regions, the gap in GDP per head between Convergence and Competitiveness regions narrowing, leading to some regions losing their Convergence (or Objective 1) status. In the 2007-2013 period, the regions were classified as follows:

- Eligible under Convergence Objective: Andalucía, Castilla-La Mancha, Extremadura and Galicia (13.6 million population in 2006 and 31% of the national population);
- Eligible for Phasing-out under Convergence Objective: Asturias, Murcia, Ceuta and Melilla (2.5 million population in 2006 and 6% of the national total);
- Eligible for Phasing-in under Competitiveness and Employment Objective: Valencia, Castilla y León and Canary Islands (9.1 million population in 2006 and 21% of the national total);
- Eligible under Regional Competitiveness objective: Cantabria, Aragón, Balearic Islands, Catalonia, Madrid, Basque Country, Navarre and La Rioja (18.8 million inhabitants in 2006 and 43% of the national total).

The economic recession, and the uneven distribution of the real-estate bubble, had important effects on regional disparities and economic imbalances in Spain. Over the period 2007-2014, all the regions experienced a reduction in GDP per head. However, this was more marked in Transition regions (Phasing-in and Phasing-out) (by 13 percentage points relative to the EU average) than in Convergence ones (by 10 percentage points).

Overall, in terms of GDP per capita, regional disparities did not change substantially over the period, but the most technologically advanced regions (Competitiveness ones) found it easier to deal with the crisis, whereas Convergence and Transition regions faced more serious employment problems. The unemployment rate increased by 21 percentage points in Convergence regions between 2007 and 2013, to over 32%, while in Competitiveness regions, it increased by 14 percentage points to 21% (see Country folder for Spain). In addition, after the crisis, more advanced regions were able to improve their productivity in manufacturing and tradable services, whereas the weaker ones became increasingly dependent on primary production and the public sector². These factors are at the root of the enduring structural imbalances, which were masked by the performance of the national economy before the crisis, but they emerged more intensely as internal and external demand fell after 2007.

2. Main features of Cohesion Policy implementation

2.1. Nature and scale of Cohesion Policy in the country

As set out in the Spanish National Strategic Reference Framework (NSRF), the Cohesion policy focused on three strategic objectives: (1) making Spain a more attractive place to invest and work in; (2) improving knowledge and innovation to boost growth; (3) both increasing and improving jobs.

A total of EUR 26.6 billion from the ERDF and Cohesion Fund was allocated to the 2007-2013 programmes, equivalent to 0.4% of Spanish GDP over the period and around 7% of Government capital expenditure (Table 3). The funding going to Convergence regions was nearly three times larger than that going to Competitiveness ones, amounting to 76% of the total. In relation to population, funding amounted to EUR 163 per head per year in Convergence regions, nearly 5 times the level in Competitiveness regions.

² Juan R. Cuadrado-Roura and Andrés Maroto-Sánchez, 2014, Unbalanced Regional Impact of the crisis in Spain



Table 3 ERDF, Cohesion fund and national co-financing for the 2007-2013 period in Spain, initial (2007) and last (April 2016)

	2007				2016			
	EU funding	National public funding	National private funding	Total	EU funding	National public funding	National private funding	Total
EUR million								
Convergence	19 338.2	7 583.2	-	26 921.4	19 338.2	3 962.8	936.1	24 237.1
Competitiveness	7 262.2	4 817.9	-	12 080.1	7 251.9	2 501.8	1 016.1	10 769.8
Total	26 600.4	12 401.2	-	39 001.6	26 590.1	6 464.6	1 952.2	35 006.9
<i>Change, 2007-2014</i>								
Convergence					-	-3 620.4	936.1	-2 684.3
Competitiveness					-10.3	-2 316.1	1 016.1	-1 310.4
Total					-10.3	-5 936.6	1 952.2	-3 994.7
% GDP	0.35	0.16	-	0.52	0.35	0.09	0.03	0.46
% Govt. capital expend	7.0	3.3	-	10.3	7.0	1.7	0.5	9.2
Per head (EUR) pa	81.7	38.1	-	119.9	81.7	19.9	6.0	107.6
of which:								
Convergence	163.3	64.0	-	227.3	163.3	33.5	7.9	204.7
Competitiveness	35.1	23.3	-	58.4	35.0	12.1	4.9	52.0
EU15								
% GDP	0.13	0.09	0.01	0.24	0.13	0.06	0.01	0.21
% Govt. capital expend	3.1	2.0	0.3	5.5	3.1	1.4	0.3	4.8
Per head (EUR) pa	40.7	26.4	4.3	71.4	40.5	18.2	4.3	63.0
of which:								
Convergence	145.3	74.8	9.6	229.7	145.3	41.6	8.7	195.6
Competitiveness	16.1	15.0	3.1	34.1	15.9	12.6	3.2	31.8

Note: EU funding relates to decided amounts as agreed in 2007 and as at 14 April 2016. The figures for % GDP and % Govt. capital expenditure relate to funding for the period as % of GDP and Govt. capital expenditure aggregated over the years 2007-2013. Govt. capital expend is the sum of General Government gross fixed capital formation and capital transfers. The EU15 figures are the total for the EU15 countries for comparison.

Convergence and Competitiveness categories for EU15 include the Phasing-out and Phasing-in regions, respectively. For Spain, the Phasing-out regions of Principado de Asturias, Murcia, Ciudad Autónoma de Ceuta and Ciudad Autónoma de Melilla are included in the Convergence category, while the Phasing-in regions of Castilla y León, Comunidad Valenciana and Canarias are included in Competitiveness category.

Source: DG Regional and Urban Policy, Inforegio database and Eurostat, national accounts and Government statistics

The three strategic objectives set out above were pursued through 23 Operational Programmes (OPs): 19 regional OPs (1 for each of NUTS1 region), one OP under the Convergence Objective, co-founded by ERDF and Cohesion Fund, and three national Multi-Objective OPs (for Technical Assistance and Governance, the Knowledge-based Economy and RTD and innovation – Technological Fund).

2.2. Division of funding between policy areas and changes over the period

The overall strategy focused mainly on support of research and innovation in enterprises and on the increasing infrastructure endowment, especially transport and environmental (water and waste). In comparison with previous, there was more focus on research and innovation while the investment in infrastructure continued a long-term policy.



Table 4 Division of ERDF financing for the 2007-2013 period in Spain by broad category

	Convergence		Competitiveness		Multi-objective	
	EUR mn	% total	EUR mn	% total	EUR mn	% total
1. Enterprise support, innovation	2 686.3	15.0	1 774.4	36.6	3 192.7	84.5
2. Transport, energy, ICT	8 099.5	45.1	1 455.3	30.0	485.2	12.8
3. Environmental	4 892.0	27.2	720.6	14.9	0.0	0.0
4. Social, culture+territorial dimension	2 217.7	12.3	870.2	17.9	0.0	0.0
5. Human capital - Labour market	0.0	0.0	0.0	0.0	0.0	0.0
6. Technical assistance, capacity building	67.7	0.4	28.7	0.6	99.7	2.6
Total	17 963.4	100.0	4 849.2	100.0	3 777.5	100.0

Note: Division of decided amount of funding as at 14 April 2016. Territorial dimension' includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

Source: DG Regional and Urban Policy, Inforegio database

the division of funding between broad policy areas, however, differed in Convergence regions from that in Competitiveness ones (Table 4). In particular, a large share of funding in Convergence regions went to Transport and, to a lesser extent, to environmental infrastructure. In Competitiveness regions, the majority of the resources went almost equally to support of enterprises and innovation and transport. The great majority of funding in the Multi-Objective OP was invested in RTD and innovation.

Over the programming period, although the overall amount of funding from EU and national sources combined was reduced (see below), the underlying pattern of priorities remained the same. Funding continued to be concentrated on long-term objectives, even though some shifts occurred to offset the short-term effects of the crisis (Table 5)³.

Table 5 Division of financial resources in Spain for 2007-2013 by category, initial (2007) and last (April 2016) and shift between categories

Category	EUR million					% Total	
	2007	2016	Added	Deducted	Net shift	2007	2016
1. Innovation & RTD	5 353.3	5 110.5	1 179.6	-1 422.4	-242.9	20.1	19.2
2. Entrepreneurship	164.5	126.9	2.0	-39.6	-37.6	0.6	0.5
3. Other investment in enterprise	2 496.0	2 400.1	46.5	-142.4	-95.9	9.4	9.0
4. ICT for citizens & business	973.8	1 257.6	401.8	-118.0	283.7	3.7	4.7
5. Environment	6 319.5	5 618.3	480.8	-1 182.1	-701.3	23.8	21.1
6. Energy	461.2	425.8	170.7	-206.1	-35.4	1.7	1.6
7. Broadband	164.2	196.4	46.2	-14.0	32.1	0.6	0.7
8. Road	2 108.1	2 296.9	482.4	-293.7	188.8	7.9	8.6
9. Rail	3 575.5	4 139.1	842.9	-279.4	563.5	13.4	15.6
10. Other transport	1 830.7	1 803.4	335.8	-363.1	-27.3	6.9	6.8
11. Human capital	-	-	-	-	-	-	-
12. Labour market	-	-	-	-	-	-	-
13. Culture & social infrastructure	1 194.5	1 433.2	413.6	-174.9	238.7	4.5	5.4
14. Social Inclusion	-	-	-	-	-	-	-
15. Territorial Dimension	1 679.7	1 590.0	116.4	-206.1	-89.7	6.3	6.0
16. Capacity Building	-	1.5	1.5	-	1.5	-	0.0
17. Technical Assistance	279.2	190.6	28.8	-117.4	-88.5	1.0	0.7
Total	26 600.4	26 590.1	4 548.9	-4 559.2	-10.3	100.0	100.0

Note: 'Added' is the sum of additions made to resources in OPs where there was a net increase in the funding going to the category. 'Deducted' is the sum of deductions made to resources in OPs where there was a net reduction in funding. 'Social inclusion' includes measures to assist disadvantaged groups and migrants.

'Territorial dimension' includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

Source: DG Regional and Urban Policy, Inforegio database, 14 April 2016

³ The 17 categories shown in the table are aggregations of the more detailed 87 categories into which expenditure was divided in the period for reporting purposes.

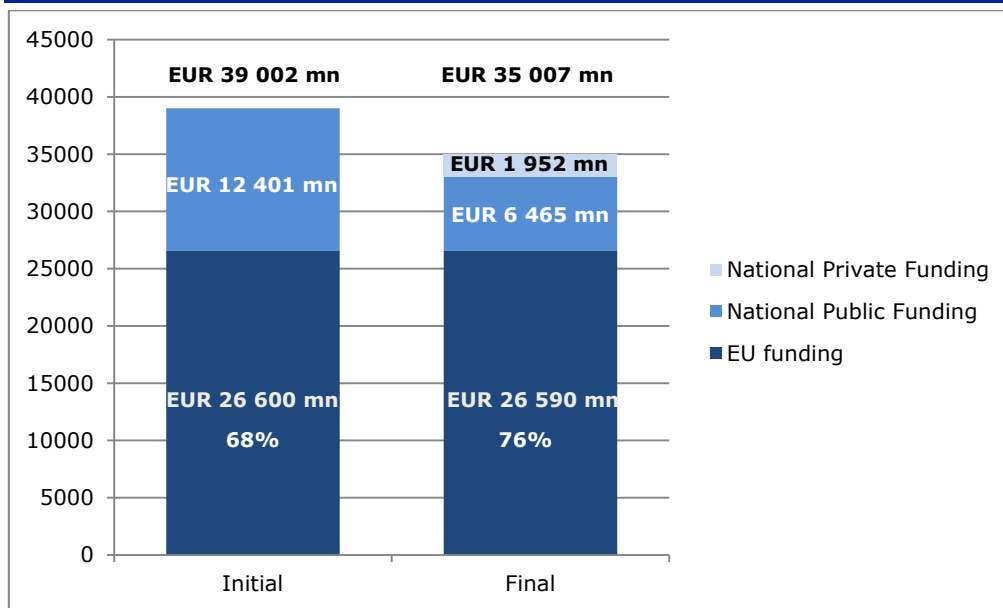


Shifts of funding between policy areas was made in order to increase the rate of implementation of programmes. For example, funding was shifted from business support to other measures to deal with the significant reduction in the ability of firms to co-finance EU projects. In particular, reductions were made to the Environment in particular but also to innovation and RTD. Conversely, funding was increased for investment in transport, especially in railways, and culture and social infrastructure, as well as for 'ITC for citizens and business (Table 5).

2.3. Policy implementation

The EU co-financing rate was increased in 2011 in response to the effect of the crisis on public finances. More specifically, the national co-financing rate was reduced in order to relieve the pressure on the national authorities to find the necessary counterpart funding to carry out projects. In Convergence, Phasing-in and Phasing-out regions, EU co-financing rates were increased to their maximum⁴, which meant a reduction of 45% in national co-funding and, accordingly, in the overall amount of funding for investment (Figure 1). In total, the funding available for the 2007-2013 period was reduced by 11% from what had originally been planned.

Figure 1 Total funding going to expenditure on Cohesion policy programmes for the 2007-2013 period, initial planned amount and final amount (EUR mn)



Source: DG Regional and Urban Policy, Inforegio database, 14 April 2016

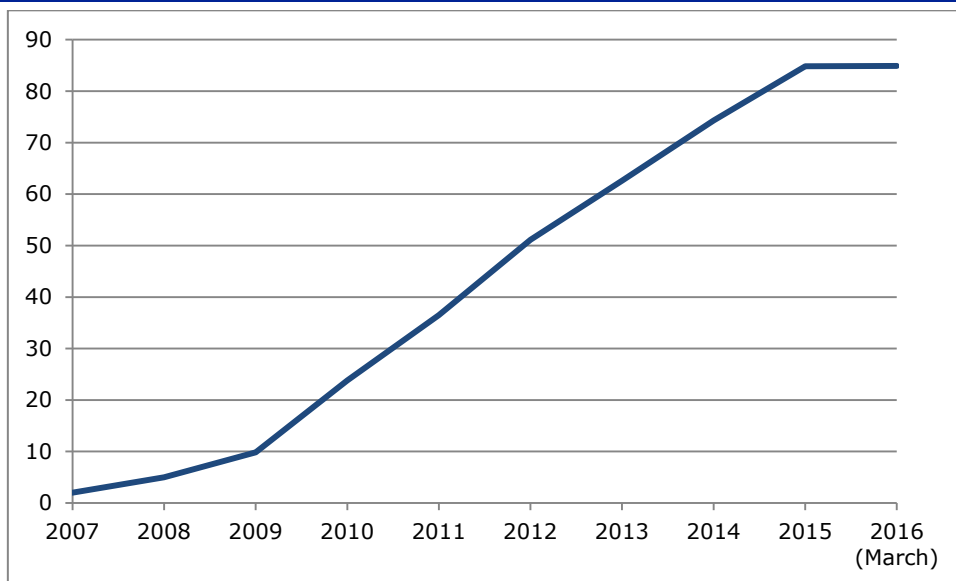
The reduction was larger (around 10%) in Convergence and Phasing-out regions, as well as in the Multi-Objective Technological Fund National OP (TF NOP) than in the Competitiveness and Phasing-in regions (7%).

The rate of implementation of programmes, as reflected in payments from the Commission for expenditure incurred and claimed for, was slow initially because of the overlap with the previous period. The rate increased from 2010 on and was relatively consistent up to 2015. At the end of March 2016, however, payments amounted to only 85% of the available funding (Figure 2) whereas all the funding, apart from 5% which is held back until the expenditure is approved, had to be spent by the end of 2015 to comply with the regulations. Whether this happened or not is open to question since there may well be a lengthy lag before payments are claimed for the expenditure undertaken, but there is some possibility of a loss of funding through de-commitments.

⁴ 80% of total cost and 85% in the Canaries which have the status of an outermost region.



Figure 2 Time profile of payments from the ERDF and Cohesion fund to Spain for the 2007-2013 period (% of total funding available)



Source: DG Regional and Urban Policy, Inforegio database, end-March 2016

3. The outcome of Cohesion Policy programmes – main findings from the ex post evaluation

The main findings summarised here come from the evaluations carried out under the Work Packages (WPs) of the ex-post evaluation exercise. These covered in detail the following policy areas:

- Support to SMEs – increasing research and innovation in SMEs and SME development (WP2);
- Financial instruments for enterprises (WP3);
- Support to large enterprises (WP4);
- Transport (WP5);
- Environment (WP6);
- Energy efficiency in public and residential buildings (WP8);
- Culture and tourism (WP9);
- Urban development and social infrastructure (WP10);
- European Territorial Cooperation (WP11);
- Delivery system (WP12);
- Geography of expenditure (WP13);
- The impact of cohesion policy 2007-2013: model simulations with Quest III and Rhomolo (WP14).

Almost all of these are relevant for Spain. The evaluation of ETC (WP11), it should be noted, is the subject of a separate report. The evaluation on the delivery system (WP12) did not cover the country, while the estimates produced by WP13 on the allocation of funding and of expenditure between regions are not considered here⁵.

⁵ They are available at: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.



3.1. Enterprise support and innovation (WP2, WP3 and WP4)

The funding allocated to specific projects in this broad policy area amounted to EUR 7.6 billion, or 29% of the ERDF and Cohesion Fund allocation for Spain. The larger part of the funding (almost 70%) went to RTD and innovation projects, while most of the rest went to support other investment in enterprises, mainly in SMEs but also in larger enterprises.

Overall, up to the end of 2014, 53 195 RTD projects had been supported, along with 9 961 cooperation projects between companies and research institutions. The support provided helped to start up 9 963 new businesses and co-financed 61 213 investment projects in SMEs. Overall, over 75 400 jobs were reported as being directly created as a result of the funding (see Table 6 at the end of this section).

SME support, R&D and innovation (WP2)

According to the European Innovation Scoreboard (2016), Spain is among the moderate innovator countries⁶. In 2012, R&D expenditure in Spain amounted to 1.3% of GDP (2% in EU28) and there was a marked imbalance between the high investment by the public sector and the relatively low one of the private one.

In the programming period, the share of funding specifically allocated to SME support amounted to around 10% of the total available. The goals of the OPs for R&D and innovation were to increase the competitiveness of the Spanish economy and to bring innovation performance of industry and services closer to the level of the leading industrial EU Member States (see box on the OP Castilla y León case study).

OP Castilla y León case study⁷

On top of long-term structural problems, such as the small size of firms, low productivity and the low level of innovation in SMEs, the crisis added new problems in the Castilla y León economy. These included lack of liquidity, destruction of domestic demand and more difficult access to credit.

The OP allocation amounted to EUR 1 billion (about EUR 800 million of ERDF co-financing), of which 36% was aimed at supporting business and SME growth as well as innovation measures. The OP objectives were to strengthen the links between regional and national RDI actors, to promote the application of basic research in industry and new businesses based on knowledge and to modernise and diversify the economy in order to increase growth and create quality jobs. Overall, the OP contained 23 policy instruments for SME and business support, combining financial incentives, such as grant-loan schemes (95% of the allocation), for R&D and innovation projects and for direct support such as for infrastructure and complementary support services (5%). The overall demand from final recipients and the absorption rate (80% of the total at the end of 2014) of funds were relatively high.

The support measures reached about 6% of regional SMEs. Despite the effects of the crisis, Castilla y León was one of the best performing regions in Spain in terms of output performance in respect of most national policy instruments. There is evidence that the OP was also effective in addressing the main barriers to growth and innovation, of SMEs, especially in relation to business modernisation, as well as in R&D and innovation, including use of ICT, and the internationalisation, particularly of micro and small firms.

Financial Instruments for enterprises (WP3)

Spain does not have a long tradition of using the ERDF to support Financial Instruments (FIs). In the 2007-2013 period, 10 ten of the 20 regional OPs and the national OP for 'Research, Development and Innovation for and by Enterprises - Technology Fund' used FIs. In total, some EUR 788 million, or about 10% of the overall allocation to enterprises support, was allocated to FIs. By the end of 2014, all

⁶ See http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en.

⁷ The full case study report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp2_case_study_es.pdf.



the funding allocated had been paid into specific funds, but only a small proportion (28%) had reached final recipients.

FIs were set up principally with the aim of relieving credit rationing prevalent in the country during the financial crisis, and if sharing risks in financing SMEs, especially those focused on R&D. Overall, two Holding Funds and 9 specific funds were co-financed. Specific funds were generally managed by state-owned bodies, with the exception of the Extremadura Loan Fund which was managed by a private bank (Banco Santander). The most common form of support were loans, although guarantees and venture capital were also used. While the types of investment supported differed from scheme to scheme, the most common support was for improving the technological base of enterprises through productive investment. The amount involved varied from EUR 50 000-200 000 to EUR 200 000-5 million, while the repayment period ranged from three to 5 years.

Evidence from the case study for the Technological Fund OP suggests that the guarantee funds had an important effect in inducing technological investment in enterprises, while medium volume loans and, to a lesser extent, large-volume loans, played a secondary role (see Box).

Technological Fund OP case study⁸

The Technological Fund OP had a financial allocation of some EUR 3 billion, providing funding for research, technological development and innovation. The majority of the funding (70%) was distributed to Convergence regions, which accounted for only 27% of total enterprises.

At the beginning of the programming period, the OP did not consider the use of FIs, but with the onset of the crisis, FIs were included. The decision to include FIs was also related to absorption problems. Overall, EUR 411 million was delivered through the FIs managed by the Centre for the Development of Industrial Technology (CDTI) and the Official Credit Institute (ICO) through Guarantee Fund and Loan Fund.

By the end of 2014, the small-volume ICO Guarantee Funds, which had been set up in 2009 and started supporting operation in 2010, had a disbursement rate of more than 312%, almost reaching the multiplier ratio of 3.5 defined in the funding agreement. The medium-volume CDTI Loan Fund, set up in 2012, disbursed almost 35% of allocated funds. The large-volume ICO Loan Fund was established at the end of 2013 but only 1%, or EUR 4.3 million, had been disbursed by the end of 2014. Some 756 projects were implemented through FIs and more than EUR 310 million of public investment was committed with EUR 272 million disbursed. Overall, EUR 272 million reached final recipients by the end of 2014.

Large enterprises (WP4)

Between 2007 and 2013, some EUR 311 million was provided to large enterprises in Spain, equivalent to around 3.5% of total enterprise support and to 1% of the total ERDF budget available for Spain. In total, Cohesion Policy funded 1 269 projects in 398 large enterprises. The average amount of the support was EUR 0.8 million, half the average in the 8 case study countries covered by the WP4 evaluation (EUR 1.6 million). Two-thirds of large firms supported were engaged in manufacturing, about half of these in high- to medium-high tech industries, and the rest in services (15% in advanced services). The majority of the supported enterprises (78%) were Spanish, most of them multinational companies, and only 23% were branches of foreign multinationals.

Evidence from the case study suggests that the presence of a multinational company in a region area not only constitutes a pull-factor for other companies, but it also has important spill-over effects, such as from their tendency supplier to internationalise their activity, as well as raising demand for a qualified workforce and fostering workforce mobility (see Box).

⁸ The full case study report can be consulted here:
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp3_final_en.pdf.



Comunidad Valenciana OP case study⁹

The Comunidad Valenciana OP was designed to address some of the needs of SMEs, such as technological and organisational innovation, internationalisation, access to financial resources for investment and advisory services. Nonetheless, the most important support projects focused on fostering employment and preventing established firms in the area from leaving.

Between 2007 and 2013, up to EUR 88 million (28% of the total support for large enterprises in Spain) was allocated to 120 projects in 36 large enterprises. Eight projects, which involved investment initiatives aimed at the creation or modernisation of production plants, were awarded almost 98% of this.

The case study found that ERDF-financed investment had a positive effect on employment and the economic development of the region, as well as preventing major employers from leaving. Over 6 000 jobs were directly create, along with a large number of indirect jobs. In addition, the presence of large enterprises in specific sectors in certain areas of the region helped to generate wealth and to trigger economic development. For example, the most successful large-scale project carried out by a multinational company in the automotive industry attracted other companies to the region. In addition, the experience gained by cooperating with multinationals led some suppliers, including SMEs, to take the road to internationalisation themselves. Other indirect effects identified include increased demand for qualified workers and in some cases improved workforce mobility.

3.2. Transport (WP5)

The funding allocated to transport was concentrated mainly in the regions supported under the Convergence Objective in the South and East of the country. Overall, Cohesion Policy funding allocated in Spain for transport investment amounted to EUR 8.2 billion, or 31% of the total available. Half of the funding went to rail, 28% to roads and 22% to other transport. EU funds amounted to 9% of the total spending on transport investment in the 2007-2013 period.

The funding going to 'other' transport was spread across a wide range of modes, including airports, multimodal cargo facilities and ports, covering the full range of transport investment identified in the Spanish Strategic Infrastructure and Transport plan for 2005-2020. This was aimed, among other things, at boosting competitiveness and economic development, as well as strengthening social and territorial cohesion, and it called for an average annual spending on transport infrastructure of EUR 15.5 billion. The evaluation found that Cohesion policy funding addressed all the transport objectives identified by the PEIT and that all the investment supported was regarded as key.

By the end of 2014, funding helped to construct 510 km of new roads, of which 125 km were part of the TEN-T, and to improve another 2 458 km of existing roads (see Table 6 at the end of this section). 763 km of TEN-T railway lines were also constructed.

Madrid-Valencia-Murcia high speed rail case study¹⁰

The project cost EUR 1.5 billion and consisted of two phases, the first, connecting Madrid to Albacete and, the second completing the links to Alicante and Murcia. In total, approximately 220 km of new high-speed railway line (double track) was installed between 2009 and 2013.

The pace of the implementation and the costs of the project were in line with expectations. This was attributed to the cumulative experience gained in this type of infrastructure, as well as to the political consensus around the project. In addition, the economic downturn help0ed to lower construction costs. On the other hand, at the time the case study was carried out, passengers were around half of those forecast at the time of the funding application. This was due to a general decline in travel demand in Spain as a result of the crisis, high fares compared to what

⁹ The full case study report can be consulted here: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp4_case_study.pdf.

¹⁰ The full case study report can be consulted here: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp5_task3_en.pdf



had been forecast, and reduced service frequency relative to what had been planned due to low demand. The expected benefit to cost ratio (1.04) only shows marginal benefits. However, the project did achieve the aim of attracting travellers from air and road. Further benefits are expected when transport demand returns to normal levels.

3.3. Environmental infrastructure (WP6)

Overall, EUR 5.6 billion was allocated to environmental infrastructure, EUR 3.8 billion of this to water supply and wastewater treatment and waste management and EUR 400 million to waste management, the areas on which the WP6 evaluation focussed.

Since 2007, Spain has carried out substantial improvements in waste management. For example, between 2007 and 2009, 246 landfills failing to not meet EU standards were closed. By 2014, EUR 285 million (74%) had been spent and 604 projects undertaken.

By the end of 2014, expenditure on water supply and wastewater treatment had reached 73% of allocated funds, or EUR 2.7 billion. Core indicators show that the population covered by these projects amounted to 3 million and 3.4 million, respectively (see Table 6). Moreover, the evaluation indicates that Spain succeeded in complying more closely with the EU Urban Waste Water Treatment Directive.

The review of the Andalucía OP shows that the resources provided represented a key source of financing¹¹. However, although over half of the funding for these policy areas had been spent by the end of 2013 (EUR 523 million), significant results from the projects completed were yet to become evident, though it appears that much investment is still needed to meet EU requirements, particularly in wastewater treatment.

3.4. Energy efficiency in public and residential buildings (WP8)

Public support to improve energy efficiency was limited in Spain. Only around 1% of EU funding, EUR 260 million, was allocated to this over the period.

The WP8 evaluation focused on energy efficiency interventions in public and residential buildings, which were the subject of a number of national funding schemes. In addition, measures in this area were financed through European-level schemes, such as EEEF and ELENA.

The evaluation carried out a case study of the Andalucía OP (see Box), which up to the end of 2013, had financed 582 projects to improve energy efficiency.

Andalucía OP case study¹²

The Andalucía OP addressed energy efficiency primarily under Priority Axis 4 "Transport and Energy". The OP allocated EUR 69.7 million to code 43 (energy efficiency) and a significant share of this went to energy efficiency in buildings, both public and residential.

Final recipients of support included individuals, non-profit organisations, and communities of owners, public bodies and hospitals. By the end of 2013, 582 projects had been undertaken, half of the target value set for 2015, though no information was available on the results.

The projects carried out include the installation of 999 LED lights, 4 highly efficient cooling systems, two energy efficient heat pumps and one co-generation system and the renovation of 23 019 square metres of building façade. In addition, a large number of interventions were also undertaken in public hospitals. These included the installation of 10 highly efficient cooling systems; 33 boilers and 7 co-generation systems. The total energy saved from the projects amounted to 1 863 tons of oil equivalent.

¹¹ See Environment, WP6, Final Report, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp6_final_en.pdf.

¹² The full case study can be consulted here as separate annex to final report: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.



3.5. Culture and tourism (WP9)

Over the programming period, EUR 660 million, or 2.5% of the total funding available, was allocated to culture and tourism. Over half of the funding (54%), some EUR 358 million, was earmarked for culture, while EUR 302 million went to tourism. In addition, EUR 71 million went to support of individual projects in hotels and restaurants. The largest share of funding for culture was aimed at the protection and preservation of the cultural heritage. Support for tourism, on the other hand, was oriented towards improving tourist services. Support mostly took the form grants, although Spain was one of the few Member States in which FIs were also used (28% of the total for culture and 8% for tourism).

According to the MAs surveyed, the focus of interventions in culture was on economic diversification together with strengthening social cohesion. The Andalucía, Asturias and Madrid OPs (see Box on OP Community of Madrid) provide examples of this type of combined strategy, while the Castilla y Leon and Castilla la Mancha OPs focused on economic diversification only. Support for tourism, on the other hand, was aimed mostly at innovation combined with economic diversification.

OP Community of Madrid case study¹³

The Community of Madrid OP allocated EUR 33.5 million (about 10% of total funding) to tourism and culture. The aim was to improve the quality of life of residents by improving cultural facilities, increasing access to natural areas and developing assets and tourist services in municipalities with tourist potential linked to their historical and cultural heritage. Projects were mainly focussed on infrastructure.

By the end of 2014, 22 projects had been financed and EUR 28.6 million had been spent. The evaluation analysed two projects in-depth¹⁴. The Centre of Arts of Alcobendas (EUR 3.8 million of financial allocation) was regarded as an interesting example of multi-objective intervention, including measures to preserve and improve the cultural heritage of the municipality and to increase the social inclusion of migrants and disadvantaged groups. The project consisted of the construction of a building to house art and music exhibitions. As a result, the municipality was able to offer a stable music programme, a library and a range of cultural activities. The number of visitors to the Centre increased from around 5 400 in 2011 to 40 000 in 2014.

The second project, the "Matadero" project, was aimed at rehabilitating and improving the public areas and services surrounding the Matadero (the *old Slaughterhouse*) in Madrid and turning into a major tourist asset for the city. The project involved an investment of around 95 EUR million, of which the ERDF contributed EUR 12 million. The project succeeded in its aim of rehabilitating the area concerned, improving public infrastructure and cultural amenities and increasing the use of cultural services.

3.6. Urban development and social infrastructure (WP10)

Some EUR 2.2 billion, or 8% of the total funding available, was allocated to urban development and social infrastructure, mainly in Convergence regions. Ten of the 23 OPs¹⁵ allocated more than EUR 22 million to these areas and were therefore among the programmes covered by the WP10 evaluation.

¹³ The full case study report can be consulted here: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp9_case_study_madrid.pdf

¹⁴ The full Mini case studies report can be consulted here: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp9_mini_case_madrid_centro_arte_alcobendas.pdf ; http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp9_mini_case_madrid_matadero.pdf

¹⁵ Regional OPs: Galicia; Extremadura; Castilla La Mancha; Andalucía (Convergence regions); Murcia; Asturias (Phasing-out); Castilla y León; Comunidad Valenciana; Canary Islands (Phasing-in); Cataluña (Competitiveness región).



Half of the allocation (EUR 1.1 billion) went to integrated urban development projects, EUR 253 million of this in Andalucía. The remainder of the funding (EUR 1 billion) went to support investment in social infrastructure, mainly education establishments (e.g. in Andalucía and Catilla-La Mancha) and healthcare facilities (e.g. in Extremadura).

The evidence on achievements, however, is scarce. The only core indicator reported relates to areas of rehabilitated land which amounted to one square km up to the end of 2014.

3.7. ETC (WP11)

Spain was involved in three INTERREG programmes financed under the Cross-border Cooperation strand of the ETC Objective. These were, respectively, with Portugal, Andorra and France. The ETC-funded programmes are the subject of a separate report.

3.8. Impact on GDP (WP14)

The investment supported by Cohesion and rural development policies in Spain is estimated to have increased GDP in 2015, at the end of the programming period, by around 0.7% above the level it would have been in the absence of the funding provided, even after taking explicit account of the contribution made by Spain to the financing of the policy¹⁶. It is further estimated that in 2023, 8 years after the end of the funding coming to an end, GDP will be 0.8% higher as a result of the investment concerned.

3.9. Overview of achievements

Up to the end of 2014, the investment undertaken with support from the ERDF and the Cohesion Fund in the 2007-2013 period in Spain is reported by MAs to have resulted in the direct creation of 75 438 gross jobs (Table 6).

In addition to the achievements reported above under the different WPs, ERDF support contributed to increase the population with access to broadband by around 2.1 million. It should be emphasised that since not all MAs report all of the core indicators, and in some cases, only a minority, the figures tend to understate achievements, perhaps substantially. In addition, the data reported relate to the situation at the end of 2014, one year before the official end of the period in terms of the expenditure which could be financed, so that they also understate achievements over the programming period because of this.

¹⁶ Estimates by the Quest model, a new-Keynesian dynamic general equilibrium model in kind widely used in economic policy research, developed by DG Economic and Financial Affairs to assess the effects of policies. See The impact of Cohesion Policy 2007-2013: model simulations with Quest III, WP14a, final report, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf.



Table 6 Values of core indicators for ERDF and Cohesion fund co-financed programmes in Spain for 2007-2013 period, as at end-2014

Core Indicator Code	Core and common indicators official name	Value of 2014 Achievement
0	Aggregated Jobs	75 438
4	Number of RTD projects	53 195
5	Number of cooperation project enterprises-research institutions	9 961
7	Number of direct investment aid projects to SME	61 213
8	Number of start-ups supported	9 963
9	Jobs created in SME (gross, full time equivalent)	75 438
12	Number of additional population covered by broadband access	2 114 496
14	km of new roads	510
15	km of new TEN roads	125
16	km of reconstructed roads	2 458
19	km of reconstructed railroads	1
25	Additional population served by water projects	1 928 976
26	Additional population served by waste water projects	2 172 260
29	Area rehabilitated (km2)	1

Note: The figures in the table are those reported by MAs in Annual Implementation Reports. Core indicators for which no data were reported by the Member State are not included.

The aggregate jobs indicator is based on an examination by the Commission of all gross job creation reported for each priority axis and is regarded as the most accurate figure for the total number of gross jobs directly created as a result of funding. It tends to be higher than the sum of the figures reported by MAs for the core indicators relating to jobs created because in many cases MAs fail to report anything for these indicators.

Source: Annual Implementation Reports, 2014 and DG Regional Policy post-processing of these, August 2016

