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**COMMISSION STAFF WORKING DOCUMENT**

**Ex post evaluation of the ERDF and Cohesion Fund 2007-13**

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## 1. EXECUTIVE SUMMARY

Cohesion Policy is the key investment policy at the European level, delivering EUR 346.5 billion of European money in the 2007-2013 programming period. This evaluation examines the impact of two of the three funds<sup>1</sup> which make up Cohesion Policy – the European Regional Development Fund and Cohesion Fund (total EUR 269.9 billion).

The ERDF and Cohesion Fund supported a wide range of projects – from enterprise support to infrastructure, from urban regeneration to culture and social infrastructure. For almost all the Cohesion Countries<sup>2</sup>, the sum of these two funds was equivalent to between 20% and 60% of government capital investment – a crucial contribution in a period including the economic and financial crisis.

The goals of Cohesion Policy are the reduction of disparities in regional development and the promotion of economic, social and territorial cohesion. The evaluation examined outcomes in terms of overall development (e.g. in terms of GDP/head) as well as at the level of the various individual policy themes which are major constituents of economic, social and territorial cohesion.

### **The ex post evaluation**

To ensure independence, the ex post evaluation was tendered to independent evaluation companies or consortia, split into 14 lots (with 63 programme and 20 project case studies) to enable each to be given to a specialist in the field. In addition:

- Over 3000 beneficiaries and 1000 Managing authority employees were interviewed
- 530 stakeholders participated in 10 seminars to discuss the results – and 80 organisations responded to an online consultation.
- For each thematic contract, scientific experts external to the companies commented on each main deliverable – a total of 25 respected experts in their fields.

Furthermore, the evaluation used several innovative methods, including contribution analysis for support to large enterprises and state of the art econometric techniques.

### ***Impact on regional income and GDP/head***

For the aggregate level, the ex post evaluation estimated that 1 euro of Cohesion Policy investment in the period 2007-13 will generate 2.74 euros of additional GDP by 2023. In other words, Cohesion Policy will be responsible for nearly €1 trillion of additional GDP (at €950 billion, equivalent to almost the entire €975.8 billion of EU budget for 2007-13 – a strong return on investment).

Every region and country in the European Union benefits from Cohesion Policy, even the net payers. The positive effect takes account of the financing of Cohesion Policy via the EU budget and is the sum of direct effects (via the investment) and indirect effects (via increased

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<sup>1</sup> The third fund – the European Social Fund (ESF) has its own evaluation. However, some findings in the current document (e.g. macro-economic modelling results) refer to all 3 funds.

<sup>2</sup> For these and other key terms (SMEs, financial instruments, etc) see glossary in annex.

trade) minus the contribution. The impact averages 4.2% of GDP in cohesion countries and is small but always positive in non-cohesion countries, averaging 0.4% of GDP by 2023.

In previous programming periods (notably 1994-99 and 2000-2006), Cohesion Policy contributed to a steady process of convergence (a reduction in regional disparities in GDP/head) in the EU, in a context where other developed countries generally experienced no convergence (or even divergence). The financial crisis of 2007-2008 came at the beginning of the programming period examined in this document, and created a poor climate for investment and convergence. The result is that regional convergence over the period was very small, with the strong suggestion from econometric work that there would have been divergence without Cohesion Policy.

Regional GDP/head is just one indicator of impact. A more detailed and complete picture can be seen by examining the contribution to various individual policy themes across the fields of economic, social and territorial cohesion.

### ***Impact across various fields of economic, social and territorial cohesion***

Estimates based on available monitoring data indicate that 400 000 SMEs were financially supported. Although this is only 2% of firms in the EU, support focussed on strategic enterprises – in the manufacturing sector, an estimated 15% of small firms and over a third of medium sized firms received direct financial support. Monitoring data also indicates that this support led directly to the creation of 1 million jobs – to put this into perspective, a net total of 3 million jobs were created in the EU economy over the 2007-13 period.

A major result of support was helping SMEs withstand the effects of the crisis by providing credit when other sources of finance had dried up. Moreover, some of the programmes used ERDF support as a test-bed for experimental and innovative policy - research and innovation in Denmark, Sweden and Finland, the ‘Living Labs’ experiment in Puglia (Italy) or the Inno-voucher scheme in Lithuania.

3700 large enterprises were also supported, bringing new technology and improved productivity to the region as well as generating spillovers to SMEs, the human capital base and social infrastructure.

Transport bottlenecks have been removed, travel times reduced and urban trams and metros supported. Vital to economic development and often contributing to environmental quality, this includes the construction of 4900 km of roads, mostly motorways (of which 2400 km on the TEN-T). It also includes the construction or upgrading to necessary standards of 2600 km of TEN-T railway.

Cohesion Policy has also made a significant contribution to the environment: a substantial number of landfill sites which did not comply with EU standards were closed down while in the Czech Republic, Hungary, Lithuania, Poland and Slovenia, as well as Croatia, the proportion of waste which was recycled was increased by over 10 percentage points. Moreover, in Lithuania, energy efficiency measures in 864 public buildings reduced consumption 236 GWh a year by end 2014, which implies a cut of almost 3% in overall annual energy consumption in the country.

Investment in social infrastructure led to the modernisation of schools and colleges in Portugal, benefiting over 300 000 children and young people as well as the upgrading of schools and healthcare facilities in Poland for 1.9 million people.

### *Lessons for the future*

The evaluation found many lessons specific to individual policy themes. However two particular cross-cutting lessons for the future emerged:

- The monitoring of Cohesion Policy improved from the previous 2000-2006 period, and there was a strong focus on investing the money, delivering projects and generating outputs. However very few 2007-13 programmes had a "focus on results", setting clear goals for changes at the level of the region, selecting projects accordingly and tracking progress towards those goals. This was addressed in the 2014-20 regulations through the **result orientation**, but systematic delivery through the period will require a cultural shift in many cases.
- An important feature of the 2007-13 period was the increased use of **financial instruments**<sup>3</sup> (EUR 11.5 billion, up from 1 billion in the previous period). These have the potential to be a more efficient means of funding investment across many policy areas, but the legal provisions were not detailed enough in 2007-2013. This, together with the inexperience of many implementing bodies, led to delays in implementation. A further challenge is spreading financial instruments beyond enterprise support, where over 90% of 2007-13 financial instrument funding was concentrated.

## 2. INTRODUCTION

This Staff Working Document covers the ex post evaluation of Cohesion Policy programmes financed by the European Regional Development Fund (ERDF) and the Cohesion Fund over the 2007-2013 programming period.

The European Social Fund (ESF) is the subject of its own evaluation and Staff Working Document. Except where otherwise stated (notably: macro-models, delivery system), the figures and findings in this report refer to the ERDF and Cohesion Fund, but not the ESF.

The general regulation for the 2007-2013 period<sup>4</sup> requires the Commission to carry out an ex post evaluation which will:

*"examine the extent to which the resources were used, the effectiveness and efficiency of Fund programming and the socio-economic impact. It will be carried out for each of the objectives and will aim to draw conclusions for the policy on economic and social cohesion. It will identify the factors contributing to the success or failure of the implementation of operational programmes and identify good practice."*

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<sup>3</sup> Notably loans, equity and guarantees. See glossary for more information.

<sup>4</sup> Article 49(3) of Council Regulation (EC) No 1083/2006 of 11 July 2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund

The approach adopted was twofold:

1. A thematic approach. 10 work packages assessed the impact and achievements in thematic areas and the delivery system, drawing lessons for the policy.
2. An aggregate approach – 4 work packages collected data on the aggregate performance of all of the funds, assessed the macro-economic impact and synthesised elements from the thematic work packages.

### 2.1. Thematic work packages

Trying to cover all 322 Operational Programmes in 27 Member States<sup>5</sup> would have risked being a superficial and repetitive exercise. The evaluation therefore drew together findings by policy theme, divided into work packages (WPs) as follows:

- Support to SMEs and business innovation (WP2)
- Financial instruments for enterprise support (WP3)
- Support to large enterprises (WP4)
- Transport (WP5)
- Environment: waste, water and waste water infrastructure (WP6)
- Energy efficiency in public and residential buildings (WP8)
- Culture and tourism (WP9)
- Urban development and social infrastructures (WP10)
- European Territorial Cooperation (WP11)
- Delivery system (WP12)

The 2007-13 ex post evaluation brings a greater analytical depth to these issues and looks at several thematic areas not examined in depth before. The exercise is therefore more comprehensive and detailed than previous exercises.

While all programmes and aggregate investments were covered in cross cutting work packages, certain themes were not specifically examined. Notably, RTD and ICT infrastructure were not covered by specific packages<sup>6</sup>. The rationale for this is that much of the infrastructure concerned was not complete in 2013. Since in both cases, construction is only the first step (long term use being the second) it is too early to evaluate the impacts. Resource and capacity constraints also played a role in defining the scope of the overall work.

The findings of the individual work packages are drawn together in the synthesis document (see below).

### 2.2. Crosscutting work packages

Work Packages for data collection (WPs 0 and 13) collated and checked data on aggregate achievements, for example monitoring figures (notably the figure for 1 million jobs).

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<sup>5</sup> Croatia only joined on 1 July 2013 and therefore only benefitted from ERDF and Cohesion Fund support in the last 6 months of the period. This partial information is taken into account where appropriate, notably in the Synthesis Report

<sup>6</sup> See financial table by work package in section 3.

Moreover, four sub-Work Packages (under WP14) estimated the effect of Cohesion Policy on economic growth, two on the basis of macroeconomic models, the other two through econometric analysis using counterfactual techniques.

Finally, there is a Work Package synthesising the results and lessons learned (WP1). This is a good background document to the current Staff Working Document.

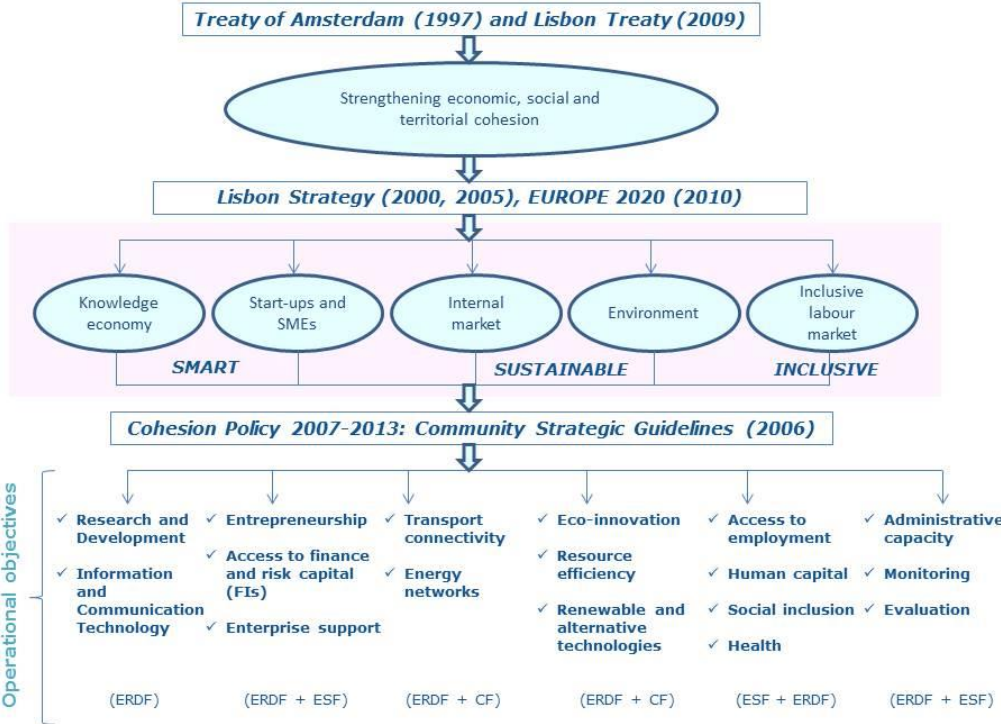
This Staff Working Document gives the highlights of the evaluation. Detailed results are available in the final reports of the synthesis document and individual Work Packages, websites for all of which are listed at the end of annex 3, at the very end of this document.

**3. BACKGROUND TO THE INITIATIVE**

**3.1. The goals and intervention logic of Cohesion Policy**

The basis of Cohesion Policy is the Treaty. When the 2007-2013 programmes were prepared, the text read "to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development, in particular through .... the strengthening of economic and social cohesion"<sup>7</sup> and "In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas."<sup>8</sup>

The Lisbon Treaty, which came into force in 2009, made one change adding territorial cohesion as an objective. Article 3.3 of the Treaty on European Union states that the EU "shall promote economic, social and territorial cohesion"<sup>9</sup>.



<sup>7</sup> Article 2 TEU (version 2006)  
<sup>8</sup> Article 158 TEC (version 2006)  
<sup>9</sup> Treaty on European Union. See also Title XVII of Part Four of the Treaty on the Functioning of the European Union is now devoted to "Economic, social and territorial cohesion".

On this basis, a broad, simplified intervention logic could be drawn with 3 levels (see diagram above):

- At the top level is the overall goal of economic, social and territorial cohesion. This is sometimes aggregated into single measures (notably GDP/head) but it should also be born in mind that disparities in levels of development can also be seen in terms of individual economic goals (such as innovation or entrepreneurship), social goals (such as inclusion and health) and territorial goals (such as access to a quality transport network).
- This leads to the middle level: the smart, sustainable and inclusive goals of the Lisbon Strategy and Europe 2020. These are not just a link between economic, social and territorial cohesion on the one hand and the individual investment objectives on the other, they are also a link to Europe's priorities and goals.
- At the bottom level are the individual policy themes. They contribute to cohesion in two ways. The first, as mentioned above, is cohesion in terms of reducing disparities in the various social, economic and territorial themes. The second is the contribution to the overall strengthening of economic, social and territorial cohesion.

On this last point – that development depends on simultaneous investment in a wide variety of fields – it is increasingly recognised that cohesion must be promoted by a tackling a variety of factors and that the whole is more than the sum of its parts. For example, the OECD<sup>10</sup> notes:

*Regional policy has evolved, and continues to evolve, from a top-down, subsidy-based group of interventions designed to reduce regional disparities, into a much broader family of policies designed to improve regional competitiveness. These policies are characterised by a strategic concept or development strategy that covers a wide range of direct and indirect factors.*

This is because:

*Regional growth depends on endogenous growth factors such as education and innovation, but also on infrastructure and forces described in the new economic geography, such as economies of agglomeration [ie creating a business base]*

They conclude:

*Policy makers should develop a comprehensive regional policy that not only links regions through infrastructure investments, but that also fosters human capital formation and facilitates the process of innovation. **The risk of piecemeal visions of regional policy or of sectoral policies, such as only promoting human capital or only providing infrastructure, is that a "leaking" instead of a linking process will be created.** [our emphasis]*

It is therefore essential to pursue a holistic strategy of regional development, covering all the relevant themes of intervention. This is the goal of – and rationale for – the various themes in Cohesion Policy. This is also the reason it is complicated to assess the overall contribution of each individual theme – it makes more sense to speak in terms of contributions to cohesion in terms of that theme and in terms of the contribution of ERDF and Cohesion Fund as a whole to the goals of Cohesion Policy.

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<sup>10</sup> OECD (2009) "How regions grow" (quotes are from policy brief p5-6 and executive summary p17-18)



### A stronger "result orientation" in the 2014-20 period

Even before the current ex post evaluation, implementation experience and evaluation evidence collected during the 2007-13 programme period<sup>11</sup> made it clear that Cohesion Policy needed a tighter focus on results.

The 2014-20 regulations<sup>12</sup> therefore require the following:

- Preconditions for assistance ("[ex ante conditionalities](#)") which include requirements in terms of rigorous strategic planning, analysis of demand, capacity of the delivery bodies, project pipeline and relevant context conditions (e.g. the skilled labour necessary for R&D). For maximum effectiveness, these requirements are tailored to the field of intervention.
- Programmes must set specific objectives at the regional or national level, translated into clear indicators of results with targets and benchmarks. This makes make clear whether the programmes are achieving their goals.
- To ensure that projects are focussed, project selection criteria must take account of the results set at the level of the programme.
- Regular reporting of results and outputs and a performance framework linked to the release of a performance reserve.
- Impact evaluation for each of the specific objectives, to understand the contribution of the programme to changes at the national or regional level, as well as learning lessons for the future.

This is important context for the current staff working document, since many of the key conclusions of individual work packages – and indeed of the evaluation as a whole – are addressed by one or more of the above requirements.

For further details and explanation, see the [guidance document on the monitoring and evaluation of the Cohesion Fund and ERDF](#).

### 3.2. Cohesion Policy Funding

The Structural Funds and Cohesion Fund provided EUR 346.5 billion of support in the 2007-2013 programming period. National and regional public contributions – together with private contributions – brought the total investment to EUR 477.1 billion (see table 1).

*Table 1: Cohesion Policy funding 2007-13*

<b>Source of finance</b>	<b>(EUR billion)</b>
EU contribution	346.5
Public cofinancing	105.3
Private cofinancing	25.3
Cohesion Policy total	477.1

<sup>11</sup> ERDF Ex-Post Evaluation 2000-2013 : [http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2000-2006/#1](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2000-2006/#1)

<sup>12</sup> In particular: Regulation (EU) No 1303/2013 ; Regulation (EU) No 1301/2013 ; Council Regulation (EU) No 1300/2013

The ERDF<sup>13</sup> and Cohesion Fund accounted for EUR 269.9 billion of the EU contribution, or 78% of the total (see table 2)<sup>14</sup>.

**Table 2: EU funding for Cohesion Policy by Funds and Objective, 2007-2013 (EUR billion)**

	Convergence	Competitiveness	ETC	Total
Structural Funds + Cohesion Fund	283.7	54.9	8.0	346.5
of which:				
ESF	52.7	23.9		76.6
ERDF	161.1	30.9	8.0	200.0
Cohesion Fund	*69.9	*0.0		69.9
ERDF + Cohesion Fund	231.0	30.9	8.0	269.9

\* Eligibility for the Cohesion Fund is determined at a national level – there is not a 1-to-1 correspondence with convergence regions and some of the investment goes to Convergence regions

Source: DG Regional and Urban Policy, Infoview database

Most of the support went to regions under the Convergence Objective. These are regions whose GDP (Gross Domestic Product) per inhabitant is less than 75% of the Community average.<sup>15</sup> Over 80% of the ERDF was allocated to these regions and 69% of the ESF.

In addition, the Cohesion Fund (allocated on a national rather than a regional basis)<sup>16</sup> went predominantly to Convergence regions. The European Territorial Cooperation programmes (abbreviated as ETC, but commonly referred to as "Interreg") accounted for 4% of the ERDF and 2.5% of the overall funding.

The treaty mandate to tackle "*Disparities in levels of development*" and "*Economic, social and territorial cohesion*" implies a very wide range of objectives<sup>17</sup>, from enterprise support to infrastructure, from urban development to interregional co-operation (see table 3).

**Table 3: ERDF and Cohesion Fund spending by broad field and Work Package**

ERDF and Cohesion Fund field of intervention	Covered by Work Packages...	Funding (EUR bn)
SME and business innovation	WP 2 – SMEs, innovation WP 3 - Financial Instruments	32.3
Generic enterprise support	WP 3 - Financial instruments WP 4 - Large Enterprises	21.4
RTD Infrastructure	-	17.5
ICT (Broadband, e-government)	-	11.3

<sup>13</sup> European Regional Development Fund – the main instrument of regional policy.

<sup>14</sup> Decided funding at end March 2016.

<sup>15</sup> A full list of these regions for the 2007-13 period can be found at: [http://ec.europa.eu/regional\\_policy/archive/policy/region/index\\_en.htm](http://ec.europa.eu/regional_policy/archive/policy/region/index_en.htm)

<sup>16</sup> Member States whose GNI (Gross National Income) is lower than 90% of the EU average can benefit from the Cohesion Fund. In 2007-13, this was the following countries: Bulgaria, Czech Republic, Estonia, Greece, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia, and Slovakia. In addition, Spain benefitted from transitional ("phasing out") support in the 2007-13 period.

<sup>17</sup> See tables in section 6 on implementation for more details

<b>ERDF and Cohesion Fund field of intervention</b>	<b>Covered by Work Packages...</b>	<b>Funding (EUR bn)</b>
Transport investment	WP 5 - Transport	82.2
Energy investment	WP 8 - Energy Efficiency	11.8
Environmental investment	WP 6 - Environment	41.9
Culture and Tourism	WP 9 - Culture and Tourism	12.2
Urban & Social Infrastructure	WP 10 - Urban and Social Infrastructure	28.8
Other themes	-	2.2
Technical assistance, capacity building	WP 12 - Delivery Systems*	8.4
<b>ERDF &amp; Cohesion Fund total</b>		<b>269.9</b>

\* *The study on delivery systems covers the delivery of all of Cohesion Policy – the amount here is the funding specifically for investment in technical assistance and capacity.*

\*\* *ETC ("Interreg") is included but not shown separately above – by its nature it covers many fields of intervention.*

#### **4. KEY EVALUATION QUESTIONS**

The evaluation considered three main sets of questions:

- How the funding provided was used in regions across the EU or what the money was spent on.
- What the results were and how far they contributed to the goals of Cohesion Policy. As noted in section 3, these goals were "economic and social progress" and "balanced and sustainable development". For the thematic work packages, the results were analysed in terms of the contribution in that theme, while the horizontal work packages assessed the contribution more generally.
- What the lessons to be drawn from the experience over the period are and what the implications are for Cohesion Policy in the future or how the design and operation of the policy can be improved to make it more effective.

The evaluations were planned and tendered before the Better Regulations Guidelines were adopted on 19/05/2015<sup>18</sup>. These guidelines set out five evaluation criteria (effectiveness, efficiency, relevance, coherence and EU added value). On the one hand, the current evaluation tackled effectiveness and efficiency – on the other hand, issues such as relevance, coherence and EU added value were not tackled explicitly, but arose naturally in some work packages (see sections 7.11 and 7.12) and were added as questions to the open public consultation (see annex 2). Therefore there are limitations in the extent to which comprehensive conclusions can be drawn on relevance, coherence and EU added value based on the available data and evidence.

#### **5. METHOD**

To ensure independence, the ex post evaluation was tendered to independent evaluation companies or consortia, split into 14 lots to enable each to be given to a specialist in the field. The first contract was signed in December 2013 and the last deliverable handed in during September 2016.

<sup>18</sup> SWD(2015) 111 final [http://ec.europa.eu/smart-regulation/guidelines/toc\\_guide\\_en.htm](http://ec.europa.eu/smart-regulation/guidelines/toc_guide_en.htm)

Because of the wide range of intervention areas, a wide variety of methods was used, including 63 programme and 20 project case studies, as well as counterfactuals and theory-based impact evaluation. Case studies were usually selected to be a representative mix on objective criteria (eg spending, size and geographic balance), however for the delivery system, poor performers were deliberately selected to analyse common delivery problems.

More details can be found in annexes 1 and 3. Detailed discussions of methods and limitations can be found in the reports for each of the work packages – weblinks are listed at the end of annex 3.

## **6. IMPLEMENTATION, STATE OF PLAY AND RESULTS**

The 2007-13 programmes were implemented in a context of various challenges. Two in particular had a strong bearing on Cohesion Policy:

1. The deep global economic and financial crisis. This strongly influenced the business opportunities and the private investment climate, especially in poorer regions. It also influenced public finances and the capacity of governments to invest.
2. The need to build the economy, infrastructure and administrative capacity of 13 Member States joining from 2004 onwards, for which, with the exception of Croatia, this was the first full programming period. Most of these countries faced development challenges on a greater scale than existing Member States.

### **6.1. Implementation – a slow start, but most programmes caught up**

Cohesion Policy is implemented in accordance with the principle of shared management. The Member State (represented by a regional or national "managing authority") has primary responsibility for delivery of the policy, selecting and monitoring projects.

Implementation started slowly<sup>19</sup>, picking up speed in 2012 or so in most countries (see graph 1). However, by the end of March 2016, just over 90% of the funding<sup>20</sup> available from the ERDF and Cohesion Fund for the 2007-2013 period had been paid to Member States, with a slightly larger share being paid to EU12 countries (92%) than to EU15 ones (89%).

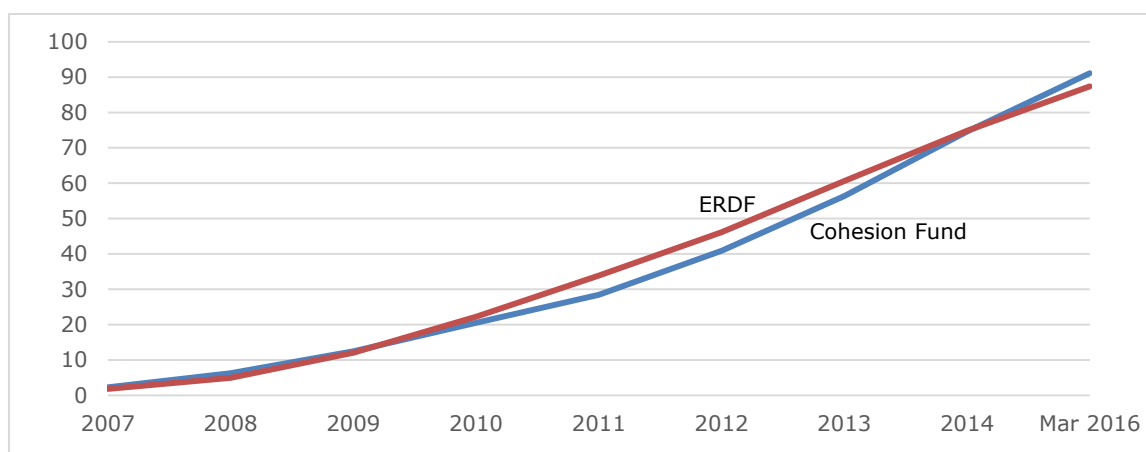
A similar time profile is evident for both the ERDF and Cohesion Fund, though the latter built up more slowly (as might be expected, given the fact that infrastructure projects tend to take longer to complete) and caught up in the later years of the period.

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<sup>19</sup> There is a lag between spending on the ground and payment claims, then another lag to final reimbursement. Taking account of this (indicatively 3-6 month) lag, payments from the Commission to Managing Authorities is a good proxy for programme implementation.

<sup>20</sup> Note that the proportion cannot exceed 95% since 5% of payments are held back until the programmes are formally completed.

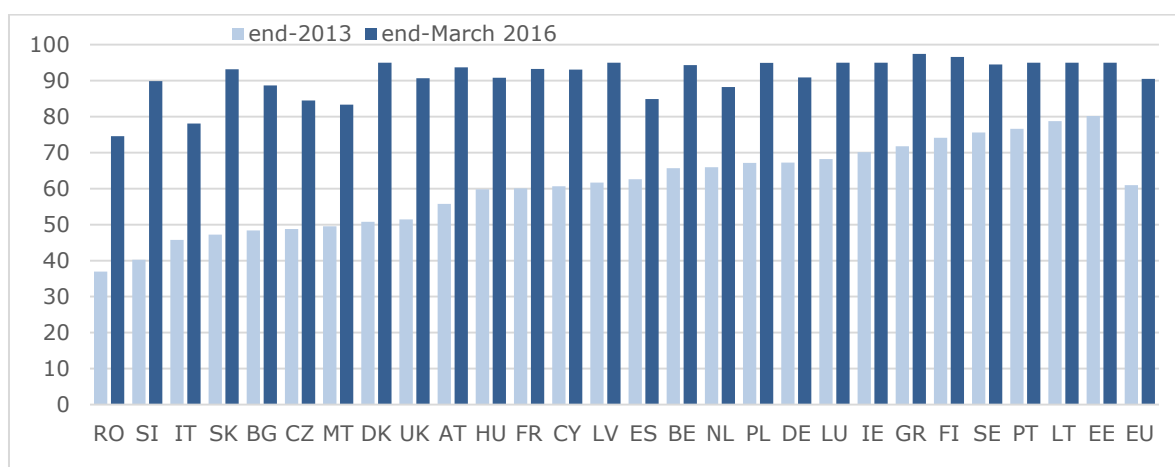
**Graph 1: Payment profile under the ERDF and Cohesion Fund over the 2007-2013 period (each shown as a % of total funding for the period)**



Source: DG Regional and Urban Policy, Infoview database

The rate of implementation varied considerably between countries. In Romania, only 37% of the funding for the period had been claimed by the end of 2013 and in Slovenia, only 40%, while in Italy, Slovakia, Bulgaria, the Czech Republic and Malta, the proportion was less than 50% (see Graph 2).

**Graph 2: Payments relative to total funding available, ERDF plus Cohesion Fund<sup>21</sup>**



Source: DG Regional and Urban Policy, Infoview database

Figures do not include ETC ("Interreg") where funding cannot easily be attributed by Member State

In all of the countries where implementation was lagging, payments increased over the following years, and for most countries this means (taking account of the lag in payments and the fact that they are capped at 95% until closure) that they had more or less caught up by 2016.

However, in Romania and Italy, payments remained below 80% of the funding available at the end of March 2016, while in Malta and the Czech Republic it was below 85%. While more payment claims will come in as the programmes move towards closure, these countries are likely to struggle to invest all of their allocation.

<sup>21</sup> Note that in Greece, the payments rate was just over 97% at the end of March 2016 because of a special agreement made to release the final 5% of funding early as a result of the severe public finance problems in the country.

The evaluation of the delivery system traced these implementation delays to several key problems, particularly common in the newer Member States for whom 2007-13 was the first full period of Cohesion Policy:

- Problems setting up systems for project preparation and selection.
- Insufficiencies in the public procurement systems.
- Setting up systems for managing and following up projects, leading to a constantly high discrepancy between contracted amounts and payments to beneficiaries.
- High turnover among key staff in the EU12.

## 6.2. Administrative burden – necessary, but needs to be proportional

A narrow majority of those surveyed<sup>22</sup> (55%) thought the administrative burden of project application and implementation too high in relation to funding. This was particularly the case in EU15 countries where the funding was relatively smaller, suggesting a need for proportionality.

In addition, 62% of those interviewed considered that the complexity of internal administrative rules and procedures caused delays in project selection, especially in the EU12 countries. This, however, raises a question over the efficiency of the procurement procedures in place and the capacity of the authorities concerned to manage the process.

The burden must be weighed against benefits. 80% of those interviewed considered that the efforts and resources involved in monitoring were well invested, while the majority of those surveyed considered that the design of the control system was also appropriate, especially the single audit principle involved and the role given to national audit authorities. The increased focus on controls and audit in the period is a factor in the reduction in error rates - the error rate for the 2007-2013 programming period remains stable in the last years around 5%-7% and significantly below the rates for the 2000-2006 period.

The evaluation also found that much of the increased administrative burden was a result of implementation problems rather than inherent in the design of the system. These problems stemmed from the incomplete application of the single audit principle, leading to multiple controls at various levels, non-harmonised and sometimes even contradictory interpretations of the regulations, a lack of capacity at management level, the low uptake of simplification measures available and the limited use of digital technology. The last was a particular issue in some EU12 Member States, generating large paper records.

In the context of the 2014-2020 period a number of simplification measures were already included, notably the provisions on simplified cost options<sup>23</sup>. Also, a High Level Group on Simplification<sup>24</sup> has been launched to look at potential further measures to simplify the process for beneficiaries.

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<sup>22</sup> 2472 including 1412 beneficiaries – see the evaluation of the delivery system (link & references in annex 3)

<sup>23</sup> Eligible costs are calculated according to a predefined method based on outputs, results or some other costs. The tracing of every euro of co-financed expenditure to individual supporting documents is no longer required: this is the key point of simplified costs as it significantly alleviates the administrative burden. Using simplified costs means also that the human resources and administrative effort involved in management of the Funds can be focused more on the achievement of policy objectives instead of being concentrated on collecting and verifying financial documents. For further information, please see [the guidance on simplified cost options](#).

<sup>24</sup> By decision of 10 July 2015 (C(2015) 4806), the Commission set up a High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds. The task of the group of experts is to advise the Commission on simplification and reduction of

### 6.3. Outputs and results

The core indicators<sup>25</sup> give an overview of the achievements of Cohesion Policy programmes over the 2007-2013 period. These indicators (listed in table 4 below) are not predictions or projections – they represent actual achievements "on the ground". They are the direct outcomes of supported projects, measured regularly at the project level and verified by the programme level and by the European Commission.

While the core indicators were a valuable innovation during the 2007-13 period there were several limitations in their use:

- The latest figures refer to end-2014 and final values will only be reported as the programmes are formally closed (closure documents expected in 2017). This leads of course to an understatement of achievements, since it refers to a point where only 77% of the money had been spent.
- The core indicators were not compulsory in 2007-13. For some indicators (e.g. the headline jobs figure) reporting was rather systematic, but for the other indicators there are likely to be cases where achievements on the ground went unreported, leading to undercounting.
- Conversely, there were instances of over counting. This was particularly the case for the headline figure of jobs created, where a study commissioned by DG Regional and Urban Policy<sup>26</sup> found instances of double-counting, as well as cases of including jobs which fell outside the definition (e.g. temporary jobs and jobs safeguarded). This study was used as a basis for improvements to the data (including the specific data cleaning work under WPO of the ex post evaluation) and there is an annual data verification exercise for all indicators.

With these caveats in mind, the corrected monitoring data suggests that around 940,000 jobs were created by end 2014. Taking account of the fact that only 77% of payments had been made at this point, while we are now over 90%, job creation to date could be as high as 1.1 million. Even allowing for remaining elements of over counting, it can reasonably be said that around 1 million jobs have been created by the ERDF and Cohesion Fund.

The analysis of key outputs and results formed part of the evaluation questions and will therefore be discussed in more detail in the next section.

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administrative burden for beneficiaries of Cohesion Policy. For further information, see [the high level group's website](#).

<sup>25</sup> "Core indicators" in the 2007-13 period are referred to as "common indicators" in 2014-20

<sup>26</sup> Expert evaluation network (2013) "Job creation as an indicator of outcomes in ERDF programmes" [http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/eval2007/job\\_creation/evalnet\\_task1\\_job\\_creation\\_synthesis.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/job_creation/evalnet_task1_job_creation_synthesis.pdf)

**Table 4: Values of core indicators reported for programmes co-financed by the ERDF and Cohesion Fund up to end-2014**

Core Indicator (measurement unit)	Value at end-2014
Aggregated Jobs (no.)	*940 000
RTD projects (no.)	95 000
Cooperation projects between enterprises+research institutions (no.)	33 600
Research jobs created (no.)	41 600
SMEs supported (no.)	**400 000
Start-ups supported (no.)	121 400
Additional population covered by broadband (thousand)	8 200
Km of new roads (no.)	4 900
Km of new TEN roads (no.)	2 400
Km of reconstructed roads (no.)	28 600
Km of new railway (no.)	1 050
Km of TEN railway (no.)	2 600
Km of reconstructed railway (no.)	3 900
Additional capacity of renewable energy production (megawatts)	3 900
Additional population served by water projects (thousand)	5 900
Additional population served by waste water projects (thousand)	6 900
Area rehabilitated (square km))	1 100
Jobs created in tourism (no.)	** 16 200

\* Now casting suggests that this was over 1 million by end-2015. See text above for details

\*\* Estimate based on WP2

Source; DG Regional and Urban Policy, derived from 2014 AIRs

## 7. ANSWERS TO THE EVALUATION QUESTIONS

### 7.1. Macroeconomic impact of the policy – every region of the EU benefits

The impact of Cohesion Policy is positive and significant, particularly in the regions which are the main beneficiaries. The macroeconomic models<sup>27</sup> estimate that, in the EU12, the spending led to increased GDP in 2015 by 4% above what it otherwise would have been, and in Hungary, by over 5% (see Graph 3).

This impact is sustained (and in some cases even increases) in the longer term. In Poland, for example, by 2023, GDP is estimated to be almost 6% above what it would be without Cohesion Policy investment in the 2007-13 period.

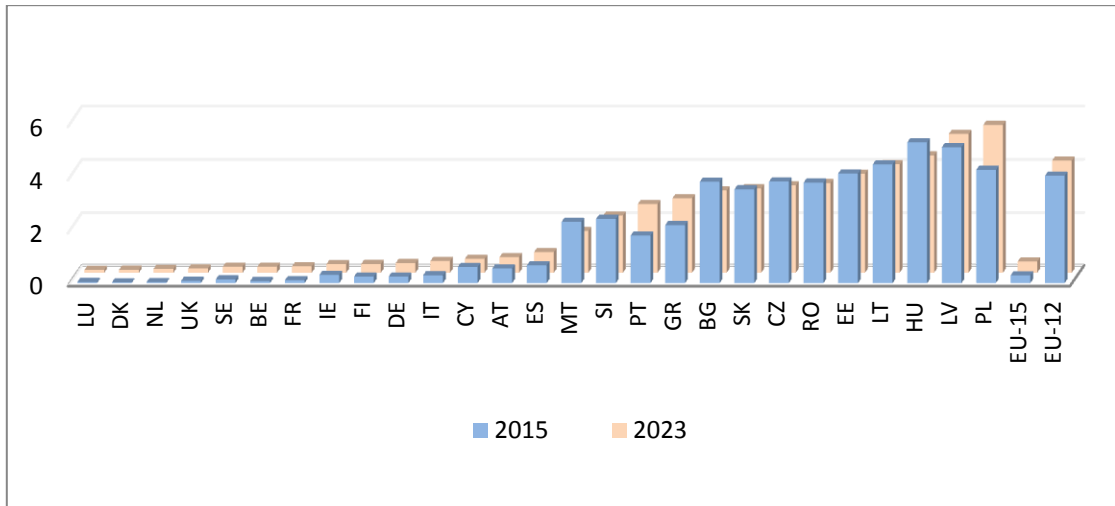
In regions of more developed Member States, the impact is smaller but remains positive even taking into account the fact that these Member States are net contributors to the policy. This net positive effect takes account of their contribution to Cohesion Policy funding through the EU budget and is due to direct effects (via Cohesion Policy investment) plus two types of indirect effects (via trade):

<sup>27</sup> Two macro-economic models were used to estimate the impacts: QUEST III and Rhomolo. Methodological details and model specifications are detailed in the respective work packages. The models estimate similar impacts on GDP, but QUEST gives more detailed results at a national level, while Rhomolo models impacts at the regional level. Both models simulate the impacts of the EU contribution only, but QUEST also includes the impact of rural development policies as well as Cohesion Policy. The results of the macromodels were verified by two econometric studies using a counterfactual approach.



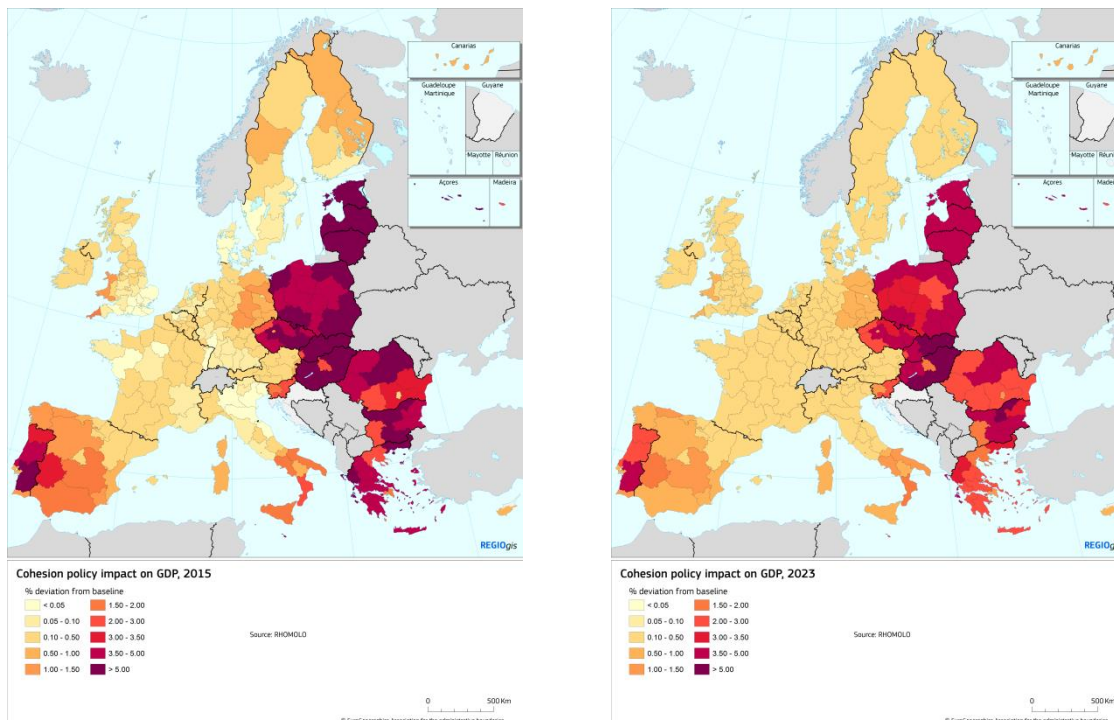
- A short to medium term effect: the import of capital goods for the implementation of Cohesion Policy projects in the Cohesion Countries.
- A long term effect: Cohesion Countries getting richer and importing more from non-Cohesion Countries.

**Graph 3: Impacts on GDP of cohesion and rural development policies in Member States, 2015 and 2023 (percentage deviation with respect to baseline)**



Source: QUESTIII simulations. Impact of the EU contributions only

**Figure 1: Cohesion Policy, impact on GDP 2015 and 2023 in regions, % deviation from baseline**



Source: Rhomolo. Impact of the EU contributions only.

One euro of investment in the period 2007-13 is estimated to generate 2.74 euros of additional GDP by 2023. Cohesion Policy in the period 2007-13 will be responsible for nearly some €950 billion of additional GDP by 2023.

This GDP effect of €950 billion is of a similar scale to the entire EU budgets for 2007-13 (€975.8 billion) and 2014-2020 (€908.4 billion).

**Table 5: GDP effects compared to original investment budget**

	<b>Investment 2007-13 (€ billion)</b>	<b>Additional GDP by 2023 (€ billion)</b>
EU15	201	504
EU12	192	485
EU27	393	989

Source: QUESTIII simulations.

In the wake of the crisis the EU funds were called upon to play a countercyclical role. The effect of the crisis in reducing the Government funding available to spend on public investment led the EU to increase co-financing rates (and therefore decrease national co-financing) for Cohesion Policy programmes in the Member States where problems were most severe. The increase was aimed at helping the countries concerned to meet their part of the funding needed to carry out programmes, so enabling them to take up the EU financial support available. This highlighted the role of the EU as a stabilizing factor in times of crisis.

The funding provided over the 2007-2013 period was especially important for Convergence regions. In four countries (Hungary, Lithuania, Slovakia and Latvia) the ERDF and Cohesion Fund was equivalent to more than half of government capital investment.

**Table 6: ERDF and Cohesion Fund support relative to GDP and Government capital expenditure, 2007-2013**

	ERDF+ Cohesion Fund (EUR m)	% GDP	% Government capital expenditure
EU27	261,236	0.3	6.5
Hungary	21,281	3.0	57.1
Lithuania	5,747	2.7	52.1
Slovakia	9,999	2.1	52.1
Latvia	3,947	2.7	50.5
Malta	728	1.6	42.5
Poland	57,178	2.3	40.9
Estonia	3,012	2.6	39.4
Bulgaria	5,435	2.0	38.7
Czech Republic	22,146	2.0	34.3
Portugal	14,558	1.2	27.5
Romania	15,374	1.7	25.1
Slovenia	3,345	1.3	24.5
Greece	15,846	1.0	18.9
Cyprus	493	0.4	7.1
Spain	26,590	0.4	7.0
Italy	20,989	0.2	4.4
Croatia	706	0.2	3.9

	ERDF+ Cohesion Fund (EUR m)	% GDP	% Government capital expenditure
Germany	16,100	0.1	2.5
Finland	977	0.1	1.7
France	8,051	0.1	1.1
Belgium	987	0.04	1.1
UK	5,387	0.04	1.0
Sweden	935	0.04	0.8
Austria	646	0.03	0.7
Ireland	375	0.03	0.7
Netherlands	830	0.02	0.4
Denmark	255	0.01	0.4
Luxembourg	25	0.01	0.2

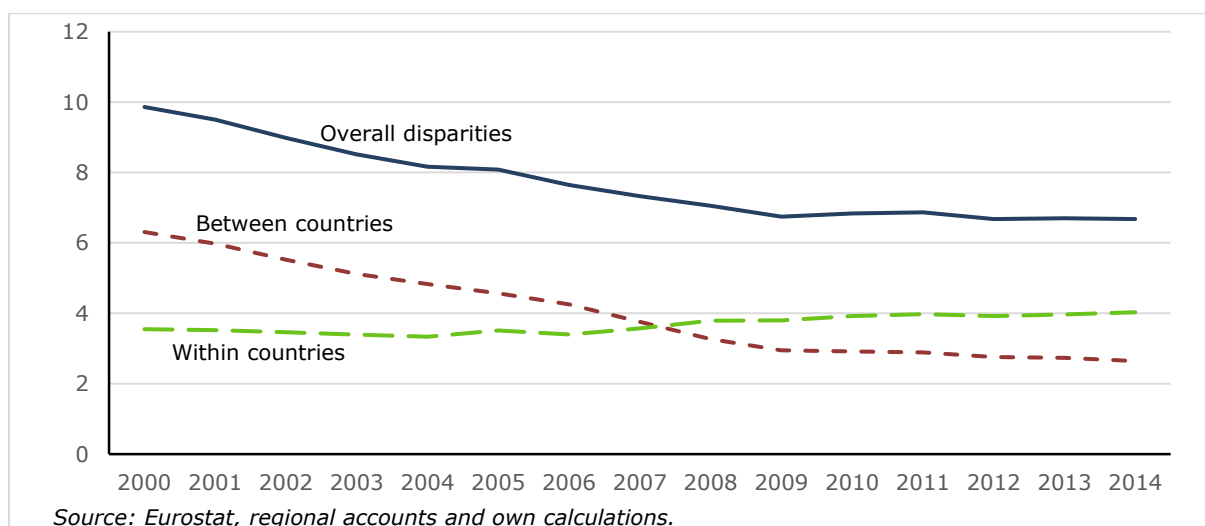
*Note: The first column shows the total decided amounts of funding for the 2007-2013 period as at end-2015. This is then related to aggregate GDP and Government capital expenditure over the years 2007-2013.*

*Government capital expenditure is the sum of General Government gross fixed capital formation plus capital transfers, the latter being adjusted approximately for abnormal transfers to banks and other companies during the crisis.*

*Source: Eurostat, Government statistics*

The impact of Cohesion Policy on regional convergence, can be seen by examining how the dispersion in regional GDP/head has changed over time. Over the 2000-2006 programming period, in a context where regional disparities stagnated or even increased in other developed countries<sup>28</sup>, the EU saw a significant reduction in disparities, which continued up to 2009. Between then and 2011, as the financial crisis took hold, disparities widened slightly before narrowing marginally from 2011 until 2014 (Figure 1).

**Figure 1 Disparities in GDP/head in PPS between NUTS 2 regions in the EU27, 2000-2014 (Theil index<sup>29</sup>)**



<sup>28</sup> See for example OECD (2009) "How regions grow – trends and analysis".

<sup>29</sup> The Theil index is a summary measure of inequality that reflects the extent to which the distribution of GDP across regions differs from the distribution of population. It has a value of zero if all regions have the same level of GDP per head and the value increases as inequality in GDP per head increases.

## 7.2. Support for SMEs and business innovation (EUR 32.3 billion)<sup>30</sup>

Support to SMEs over the period was concentrated on RTD and innovation, in line with the Lisbon strategy. Some 400 000 SMEs across the EU received direct support and 121 400 new businesses were helped to start up. The firms directly supported represented just under 2% of the 23 million or so SMEs in the EU. This, however, greatly understates the potential importance of the support since in many cases it was targeted at the more strategic firms in a region, such as those engaged in manufacturing or tradable services and, accordingly, sources of potential growth, rather than those in sectors such as retailing or other basic services in which most SMEs operate (see Box). Around 7% of manufacturing SMEs were supported, a key sector for regional exports and growth. Moreover, an estimated 15% of small firms in manufacturing in the EU (those with 10-49 persons employed) received direct support and over a third of medium-sized enterprises.

The average amount of funding going to each SME is estimated at around EUR 115 000, though there was wide variation between different measures of support, from several million euro (up to EUR 5 million in Poland for co-financing the purchase of modern machinery, for example) to a few thousand euro (such as in respect of short-term credit for micro enterprises).

The evaluation found that a major result of support was helping SMEs withstand the effects of the crisis by providing credit when other sources of finance had dried up. It enabled SMEs to invest in modernising or expanding plant and equipment. In addition and as part of Cohesion Policy's response to the economic crisis, eligibility rules were changed to allow the financing of working capital – this enabled firms to remain in business and to maintain employment.

The evaluation concluded that it is too early to say to what extent support maintained firms which were viable in the long run and to what extent support impeded longer term structural change. However, a deep recession may force too much restructuring, too quickly and that the evaluation does show that support prevented significant job losses in the medium term.

At the same time, the ERDF did not only play a role of helping firms survive the crisis, important as this was in many regions. It also provided support for innovation and for the adoption of more technologically advanced methods of production as well as for the development of new products. The evidence from the surveys and case studies carried out as part of the evaluation shows that ERDF support led to investment being maintained, increased and/or accelerated, resulting in increased turnover, profitability and exports.

It also led, in a number of cases, to observable behavioural changes, such as SME owners and managers being more willing to take risks and to innovate. This was evident, for example, for R&D grants in Castilla y León (Spain), which resulted in SMEs being more capable of undertaking complex projects, often in collaboration with other firms or research centres. The ERDF supported 35 500 projects for cooperation between SMEs and research centres.

Some of the programmes used ERDF support as a test-bed for experimental and innovative policy measures instead of replicating traditional national schemes. This happened, for example, with the focus on research and innovation in Denmark, Sweden and Finland, the 'Living Labs' experiment in Puglia (Italy) or the Inno-voucher scheme in Lithuania.

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<sup>30</sup> These figures (and figures in the following titles) refer to allocations for 2007-13 for the policy areas examined in the evaluation. See table in section 3 for further details.

A number of lessons were drawn from the evaluation<sup>31</sup>:

1. The SMEs which responded best to support were those which already had the necessary managerial capacity to grow and innovate. For example, the Polish case study showed that SMEs which were already exporting took more advantage of the support provided for investment and were more able to increase their competitiveness and exports through innovation.
2. Policy measures which were specifically tailored to the underlying circumstances and to the degree of risk involved in the investment concerned tended to be more successful. For example, the use of grants was generally preferable for riskier projects than the use of loans. Equally, measures which were specifically aimed at achieving particular results, such as grants conditional on a certain policy being followed or action being taken (such as the creation of jobs), were more likely to be effective.
3. The involvement of intermediaries with specific knowledge of the local situation (such as regional development agencies) or of the particular support measure being used (such as fund managers or service providers) tended to produce better results, for example, through more informed selection of the firms to be supported or the advice and guidance given to SMEs.
4. Several findings related to a lack of a "result orientation" of support. Measures of support should be based on sounder explicit theories of change. Such theories of change should take explicit and detailed account of the local context. The support measures should then be tailored to both the local context and the change that they are designed to bring about. The monitoring system – rather limited, with indicators which gave a very partial view of achievements – needs in future to be more closely aligned with the objectives, covering, for example, developments in R&D expenditure, productivity or exports.
5. The experimental approach – using ERDF as a test bed, instead of replicating national funding – could be more widely followed since it is a way in which the ERDF can give rise to a distinct stream of added-value for the EU which exceeds the relatively small amounts of funding involved, at least in Competitiveness regions.

Lesson 4 was explicitly addressed in the 2014-20 regulations which put in a place a "result orientation" for Cohesion Policy (see box in section 3 above). Lessons 1 and 2 are to some extent being addressed by the fact that the result orientation has led to more explicit discussions of theory of change (beneficiaries targeted, appropriateness of policy measures).

But, in a context of the shared management of Cohesion Policy, lessons 1, 2, 3 and 5 are a decision for the managing authorities. The Commission is diffusing the results of the ex post evaluation and is encouraging managing authorities to take account of these findings.

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<sup>31</sup> For fuller details on the lessons learned by thematic field, see Synthesis Report [LINK?](#)

### 7.3. Support to large enterprises<sup>32</sup> (EUR 6.1 billion)

Although SMEs are the main focus of Cohesion Policy, large enterprises are often a key to regional development. An estimated €6.1 billion was allocated to large enterprise support – roughly 20% of the total direct support to enterprise under the ERDF.

**Table 7: Incidence and volume of support to large Enterprises 2007-2013**

	<b>Direct enterprise support<sup>33</sup></b> (EUR million)	<b>Large enterprise support</b> (EUR million)	<b>Large enterprise / total support</b>	<b>Number of projects</b>	<b>Number of firms supported</b>
<b>Poland</b>	6591	1153	17%	539	408
<b>Portugal</b>	4145	1134	27%	407	319
<b>Germany</b>	3200	704	22%	763	632
<b>Czech Republic</b>	1491	467	31%	520	339
<b>Hungary</b>	2581	453	18%	409	273
<b>Spain</b>	2543	311	12%	1269	398
<b>Italy</b>	2034	243	12%	416	270
<b>Austria</b>	283	133	47%	194	148
<b>Total (8 case study countries)</b>	22 868	4598	20%	4517	2787
<b>Total (EU-28)</b>	<b>31 233</b>	<b>6100 (est.)</b>	<b>20% (est.)</b>	<b>6000 (est.)</b>	<b>3700 (est.)</b>

Source: Work Package 4

This took the form of some 6000 projects, with an average project size of EUR 1 million. In total, roughly 3700 individual large firms were supported, with 1.6 projects on average (although some firms were even supported for 4-5 projects). Poland, Portugal and Germany made up half of ERDF support to large enterprises in 2007-13.

Over 70% of these supported large enterprises operated in manufacturing industries, including the automotive industry, aerospace, the packaging industry and materials. For the most part, large firms were supported through non-refundable grants, but in four Member States (Italy, Spain, Portugal, Austria), support was also provided in the form of loans (usually combined with grants).

The large enterprises supported had a strongly positive effect on the local economy. 90% of projects achieved or more than achieved the goals set. Both the production capacity and the productivity of the large enterprises rose, often due to the utilisation of cutting-edge technologies that went beyond simple replacement investments. Moreover, the projects directly created at least 60 000 new jobs in the eight case study regions.

<sup>32</sup> Large enterprises as defined using the standard Commission definition: see glossary.

<sup>33</sup> Enterprise spending encompasses the following ten expenditure codes as defined in Council Regulation (EC) NO 1083/2006: 03–09, 14–15 and 68.

**Table 8: A variety of direct and indirect impacts – but indirect impacts ("wider benefits") are often not targeted by grant givers (N=45 ERDF large enterprise case studies)**

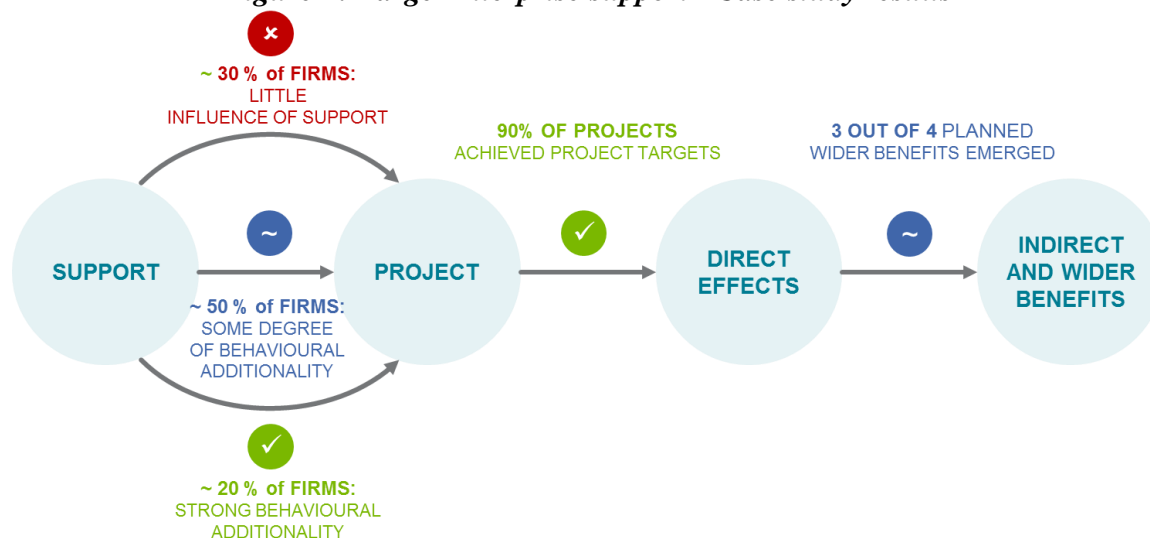
Direct effects	Indirect and wider benefits
Increased production (41 out of 45 cases)	Spillovers to SMEs (24 out of the 34 cases where this was targetted)
Demand for jobs (40/45)	Improved working culture (6/8)
Increasing private investment (40/45)	Attracting other companies (3/4)
Bringing new cutting-edge technology to the region (38/45)	Improved workforce mobility (3/6)
Improved productivity (36/45)	Quality jobs / improved human capital base (43/45)
	Improved social infrastructure (11/13)
	Improved business infrastructure (10/13)

Case studies discovered that 3 out of 4 of the targeted "wider benefits" were achieved, the most common being knowledge spillovers and the building of a local supply chain. However, as can be seen above, managing authorities do not always target wider benefits as much as they could.

ERDF was usually only one of the influences on the decision to invest. The ERDF was a main cause of investment in only 20% of the cases examined – compared to 30% of cases where it had no significant influence on the investment decision. In most cases, ERDF support was one factor among many. Large enterprises tend to have longer term strategies, multiple grant options and easier access to finance than SMEs – they are therefore less influenced by grant money.

There is a limit as to how much grants can influence the decision to invest – programmes which also target wider benefits reap a greater reward.

**Figure 1: Large Enterprise support - Case study results**



Wherever it was possible to judge, the presence of the large enterprises was secure and the supported large enterprise projects were sustainable for the mandatory five-year period. For longer-term sustainability, case studies found this to depend on factors such as the lifecycle of the investment and technology and the corporate strategy.

A number of lessons were drawn from the evaluation, including:

1. Support to large enterprises needs to be selective as regards the firms supported. There needs to be a close match with the structure of the regional economy and its areas of actual or potential specialisation. Support needs to at least consider (and in some cases be conditional on) links to local enterprises, research centres and universities.
2. It is important that managing authorities avoid providing financial support on repeated occasions simply because it has come to be expected. Especially since the risk of wasteful "subsidy races" between Member States is especially acute for such support. The evaluation confirmed a large body of evidence that large enterprises are attracted to a region not only by the financial inducements on offer but more fundamentally by local conditions, by the state of transport and communication networks, by the skills of the local workforce, by the social amenities available and so on. A more effective strategy to attract and maintain large enterprise investment may, therefore, be to direct policy at strengthening these elements rather than by giving subsidies.

The above findings confirm the limits placed by the 2014-20 regulations on direct financial support to large enterprises. Direct support is now confined to thematic objectives related to innovation where the wider benefits are clearer.

#### 7.4. Financial instruments for enterprise support (EUR 11.5 billion)

The use of Financial Instruments<sup>34</sup> (FIs) has increased considerably, going from EUR 1 billion in 2000-6 to EUR 11.5 billion of ERDF allocated in 2007-13. Indeed, 25 of the 27 Member States used the ERDF in this way, the only exceptions being Ireland and Luxembourg.

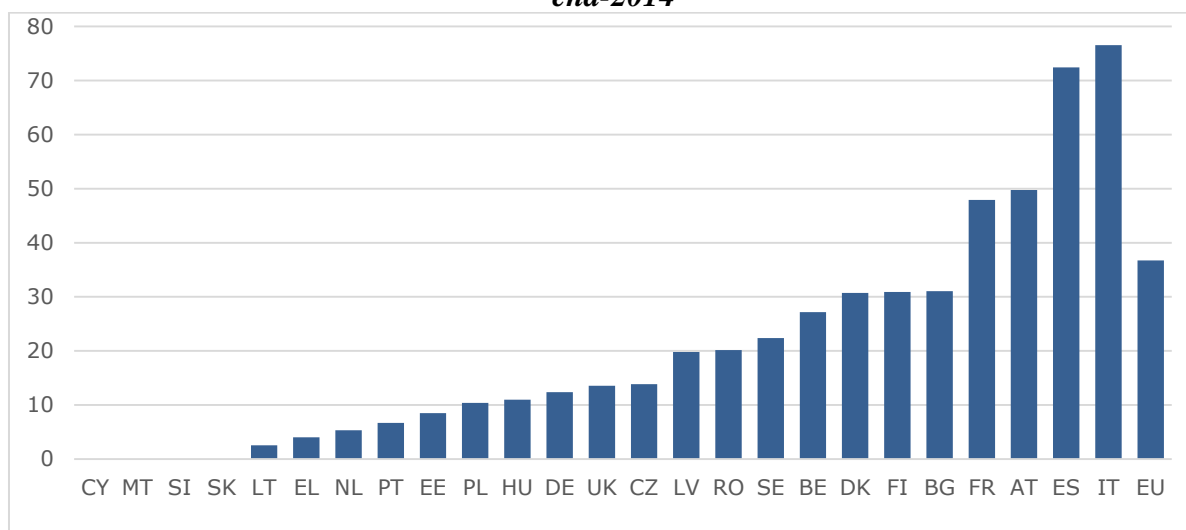
Of the funding allocated, 95% had been paid into FIs at the end of 2014, though only 57% had reached final recipients. In total, 1025 FIs were in operation at the end of 2014, 972 of them co-financed by the ERDF. Of these, 90% provided support to enterprises, 6% to urban development projects and 4% to energy efficiency and renewable energy projects (which only became eligible for the use of FIs in 2010).

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<sup>34</sup> Notably loan, equity and guarantee funds – for a detailed analysis, see the stocktaking exercise in Work Package 3 evaluating Financial Instruments.



**Graph 4: Percentage of ERDF (and ESF) paid into FIs but yet to reach final recipients at end-2014**



*Note: Ireland and Luxemburg did not put ERDF or ESF into FIs.*

*Source: European Commission 'Summary of data on the progress made in financing and implementing financial engineering instruments', September 2015*

Many of the larger funds seem to have been less successful in distributing the funding paid into them. While large funds of over EUR 50 million in the nine evaluation case study countries covered had invested 55% of their funding by end 2014, medium sized and smaller funds had invested 82%. Moreover, two funds in Italy and one in Spain with combined loanable resources of EUR 486 million had lent out less than 2% of the amount available.

The majority of the FIs set up were in the form of loans, which accounted for 53% of the funding paid out to final recipients by the end of 2014, while another 23% were in the form of guarantees. Just 21% of the funds reaching final recipients were in the form of equities or venture capital, though more in general in the EU15 and less in the EU12.

Many of the venture capital funds focussed on supporting dynamic companies, often in higher-tech industries or knowledge-intensive services. Conversely, few of the loan funds targeted particular sectors – most of them were generally available to all types of SME. Moreover, the economic crisis caused a shift in many cases towards a more general focus. It also led to FIs financing working capital, an estimated 10% of the loans in the case study operational programmes.

The cost of setting up and operating the funds are difficult to assess and in many cases were not reported to the Commission. The difficulty of assessing them stems partly from the different ways in which the fees of managing the funds are calculated (which, for example, can be as a percentage of the money managed or a flat rate charge to SMEs requesting funding). For some funds, management fees were calculated on the basis of the amount of financing, rather than actually paid out to firms – for 18 such funds management costs may have exceeded 20% of the amount reaching final recipients. This issue has been tackled in the Regulations for the 2014-2020 programming period with stricter controls on fees and a requirement that there has to be a performance-related component in the fee calculations.

Because of delays in funds being set up and monitoring systems established, it is difficult to quantify the achievements of FIs or assess their effectiveness compared to grants.

The evaluation did however find that FIs played a crucial role in providing funding to SMEs during the credit crunch of the economic crisis – this certainly contributed to many firms staying in business. The change of regulations as a response to the economic crisis, allowing FIs to finance working capital gave them a distinct advantage over grants. In Lithuania, in particular, the MA estimated that around 60% of loans went to support working capital, keeping business afloat during the crisis. FIs also helped to maintain investment in new technology and in improving production processes more generally.

It is also evident that FIs have assisted in the development of financial markets in a number of regions. In the North-East England, they created a revolving fund in the region and helped to develop a private investment sector as well as supporting investment in new technology and innovation. In Bayern (Germany), they helped to develop a business market and in Hungary and Malopolskie in Poland, regional financial intermediaries.

Finally although this may seem unexpected, there are situations where enterprises prefer FIs to grants. Evidence from case studies suggests that SMEs often prefer a loan for 80% of an investment to a grant for 20%<sup>35</sup> of it – because in the latter case, they would still have to find financing for the rest of the investment. This may prove to be a key source of added value of FIs in the longer term.

The evaluation noted the following lessons for the future:

1. The insufficient level of detail and clarity in the legal provisions for FIs: this, along with the inexperience of many implementing bodies, contributed to delays in setting up FIs and in delivering the funding to final recipients.
2. The failure of managing authorities to spell out the expected contribution of FIs to programme objectives. Such objectives need to be specified in binding agreements with fund managers to avoid exclusive focus on commercial criteria in the selection of projects.
3. Monitoring systems need to focus on performance in contributing to programme objectives. For example, all 9 of the financial instrument case study programmes had a rationale of promoting productivity, innovation and other aspects of business quality, but only 1 programme (the NE of England) actually monitored this – the others monitored spending and jobs created.
4. Moreover, other forms of basic information should be reported since these are key to assessing the effectiveness of FIs, notably: the costs of operating FIs need to be transparent, basic information on the funding recycled and the private money attracted needs to be reliably reported.
5. A better analysis of the market gap. There is evidence that the funds set up in Spain and Italy were larger than justified. Moreover, in some cases equity may have been more appropriate than loans.

All of these issues were addressed in the 2014-20 regulations, which substantially clarify the legal framework (answering lesson 1), provide for a focus on the results sought at the programme level (including a rigorous gap analysis) and their translation into project selection criteria (lessons 2 and 5) and set out clear monitoring and reporting requirements for FIs (lessons 3 and 4).

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<sup>35</sup> An 80% loan and a 20% grant are not atypical figures in an ERDF context.

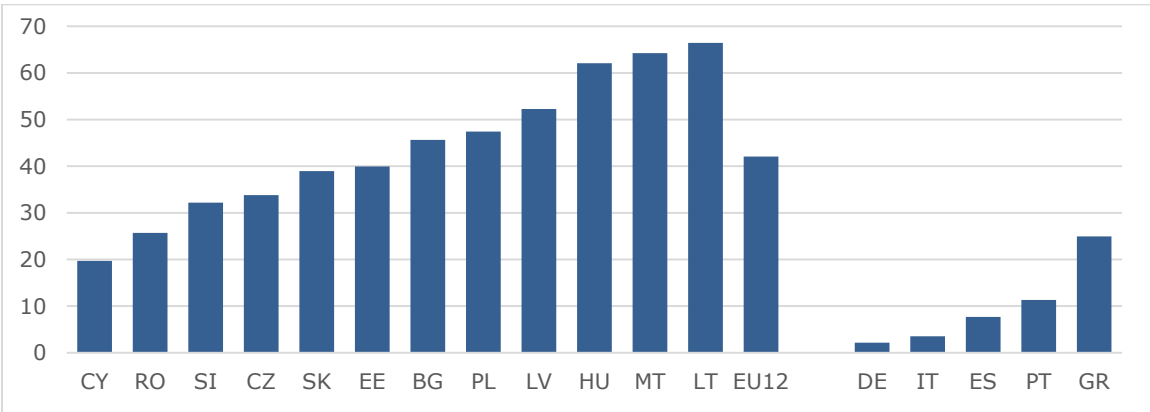
7.5. Transport (EUR 65.4 billion)

Investment in transport has always been a major focus of support for both the ERDF and Cohesion Fund. This continued to be the case in the 2007-2013 period, to a large extent because of the entry into the EU of the 10 Central and Eastern European Member States (along with Cyprus and Malta) in 2004 and 2007 and the need to improve their transport infrastructure.

In total across the EU27 as a whole, some EUR 80.9 billion of the overall amount of the ERDF and Cohesion Fund, or almost a third (31%), was earmarked for support of investment in transport in the 2007-2013 period. Of this, over two-thirds (69%) was accounted for by the EU12 countries (i.e. around EUR 55.6 billion), where 37% of total funding went to investment in transport.

Overall, the ERDF and Cohesion Fund represented a significant source of funding for investment in transport over the period. The amount of the ERDF and Cohesion Fund for the 2007-2013 period going to transport in the EU12 represented over 40% of total Government capital expenditure on transport over these 7 years (see graph 5), and probably represents almost all the construction in certain key fields, e.g. motorways.

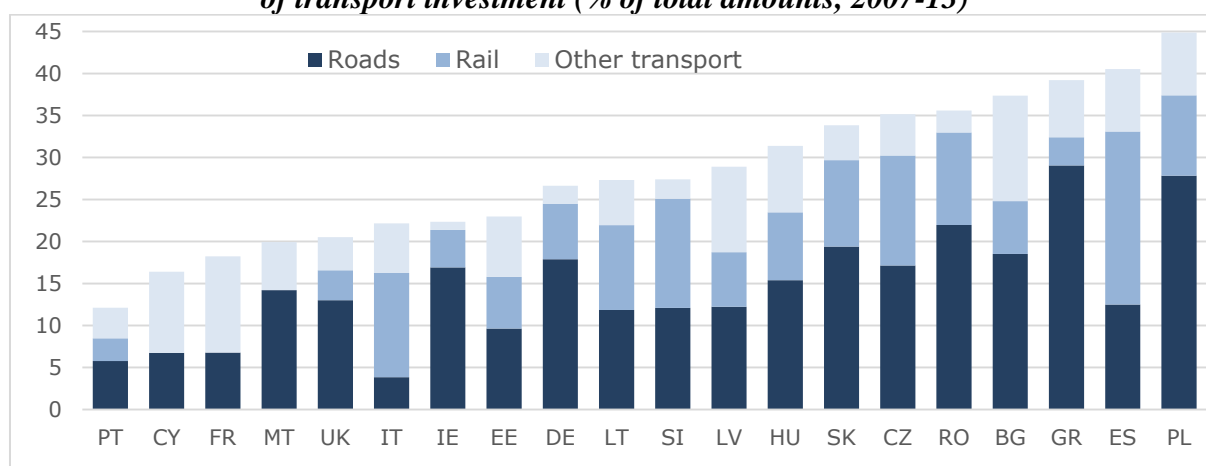
**Graph 5: ERDF and Cohesion Fund transport allocation relative to total public capital expenditure on Transport, 2007-2013 (%)**



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

Within transport, the biggest share of support went to investment in roads, followed by rail (see graph). Support for other transport, for waterways, ports and urban transport, accounted for a minor part of funding in most countries (for 17% of the total on average).

**Graph 6: ERDF and Cohesion Fund going to various types of transport investment (% of total amounts, 2007-13)**



Source: DG Regional and Urban Policy, Inforegio database Convergence regions only in all MS except CY, IE=total country

**Table 9: ERDF and Cohesion Fund co-financed construction and upgrading of roads and railways, figures up to end-2014 (km)**

	New roads	New TEN roads	Upgraded roads	New railways	Upgraded railways	TEN railways
BG	175.0	173.0	1040.5	0.0	234.0	234.0
CY	2.9	2.9	3.4			
CZ	311.8	110.8	<u>2017.9</u>		369.1	294.0
EE	69.7		205.0			
HU	502.0	135.2	2521.2	20.0	216.0	20.0
LT			<u>1473.4</u>		0.0	0.0
LV	0.0	0.0	636.6			0.0
MT			13.3			
PL	1886.3	1056.0	<u>7216.2</u>	2.0	482.1	123.7
RO	367.9	313.6	1892.8		122.3	21.8
SI	60.0	52.4	10.7		89.5	89.5
SK	79.5	40.6	1625.7		64.3	64.3
<b>EU12</b>	<b>3455.0</b>	<b>1884.5</b>	<b>18656.6</b>	<b>22.0</b>	<b>1577.2</b>	<b>847.2</b>
DE	293.5	100.7	<u>769.9</u>	184.5	248.6	158.8
IE			33.0			
ES	509.8	124.7	2458.1	(763.3)	1.2	(763.3)
FR	28.0				549.9	57.0
GR	<u>144.4</u>	144.4	<u>2645.9</u>		60.3	11.4
IT	94.3	0.0	188.1	29.0	1 035.0	733.2
PT	300.4	138.2	2996.7	47.6	385.5	47.6
SE	36.0		14.0	2.0	81.0	
UK	13.0	7.0	11.0	2.0	2.0	<b>2.0</b>
<b>EU15</b>	<b>1419.4</b>	<b>515.0</b>	<b>9116.6</b>	<b>1028.3</b>	<b>2363.4</b>	<b>1773.2</b>
<b>EU27</b>	<b>4874.4</b>	<b>2399.5</b>	<b>27773.3</b>	<b>1050.3</b>	<b>3940.6</b>	<b>2620.5</b>
<b>ETC</b>			<u><b>787.3</b></u>			

*Note: Data in italics for CY, CZ, GR and SI are based on the text of the Annual Implementation Reports, not the structured submission in the data reporting system.*

*Underlined data for upgraded roads include values reported under programme specific indicators, where the achievement was significant and the indicator definition was close to the core indicator.*

*No data were reported for railways in Spain, though significant construction and upgrading was undertaken. The figures in brackets indicate the length of line likely to have been constructed by major projects in the country.*

*TEN-T railways include both new lines and upgraded ones.*

*Source: DG Regional and Urban Policy, based on indicators reported in AIRs.*

Given the large number of investments, it is impossible to describe them all, but the following examples drawn from the case studies of the ex post evaluation<sup>36</sup> give a flavour of the types of investment and the benefits they provide.

### ***Trakia motorway, Bulgaria***

The road constructed over the 2007-2013 period runs for 116 km between Stara Zagora and Karnobat in the south west of Bulgaria and completes the Trakia motorway from Sofia to Black Sea port of Burgas. Accordingly, it links the capital city which is the centre of economic activity with the fourth largest city in the country and the largest port and, therefore, is of vital importance for the development of the Bulgarian economy. The project was implemented in three sections, construction beginning in 2010. Two sections opened in mid-2012, the third one a year later. The motorway was a key part of the country's General Transport Master Plan which identified the investment needed to construct an efficient transport network in Bulgaria and was based on an assessment of the improvements needed in the existing network, a forecast of future demand for transport and an appraisal of the options for achieving the overall objective. The Trakia Motorway was the first priority according to the Plan and forms part of the Orient-East-Med Corridor of the TEN-T, which runs from Greece to the German Baltic coast. In consequence, it makes a major contribution both to improving transport links in Bulgaria and in the wider EU.

### ***Cernavoda-Constanța motorway, Romania***

The road is a 51 km long section of the A2 motorway linking Bucharest and Constanta on the Black Sea coast, the fifth largest city in Romania and the largest port on the Black Sea as well as being one of the largest in Europe. It also forms part of the TEN-T priority axis number 7, which runs from Patra in Greece, through Athens to Sofia and on to Budapest and which is part, in turn, of the Orient-East-Med Corridor which the Trakia motorway, described above, is on. Accordingly, it shares the same characteristics of the latter in being strategically important for both the Romanian and the wider EU economy. The section which completed the A2 motorway opened to traffic towards the end of 2012.

### ***Urban transport projects***

A number of public transport projects were supported over the period which had the effect of reducing congestion in cities and improving the urban environment as well as reducing travel times. Examples include the development of metro systems in Budapest (see major project case studies), Porto and Sofia (described below), tramlines in Le Havre in France, Szeged in the South of Hungary (described below) and Warsaw in Poland and the upgrading of urban or suburban railways between Gdynia, Sopot and Gdansk in Poland and between Nantes and Châteaubriant in France (also described below) as well as the city rail tunnel in Leipzig (see major project case studies prepared as part of WP5).

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<sup>36</sup> See annex 3 for references, where further details can be found.

### ***Sofia metro extension***

Cohesion Policy funding co-financed the extension of the metro network in Sofia from 18 km in 2009 to 39 km in 2015 and the number of stations from 14 to 34. This took the form of the construction of the new metro line number 2, the first central section of which was opened in 2012, and the extension of the existing metro line 1. As a result, the Sofia metro now serves the major residential areas situated in the north and south of the city, as well as the Sofia Business Park, and the airport. This has led to changes in travel patterns, with an increasing proportion of journeys being made by public transport and a reduction in the use of cars, so resulting in significantly less congestion in the city and so in toxic emissions.

### ***Development of Szeged electric public transport***

Cohesion Policy funding was used to upgrade and extend the tram system in Szeged in Hungary to expand the capacity of routes linking residential areas with the city centre and to give added incentive to people to use public transport rather than cars. Tramline 1 and sections of lines 3 and 4 were, therefore, modernised (18.3 km in total) and a new line 2 was constructed (of 4.8 km ) along with an extension of the trolleybus network (of 3.7 km). Nine new low-floor trams and 10 new trolleybuses were also purchased and a new passenger information and traffic management system was installed together with 8 bike-and-ride stations next to tram and trolleybus stops. The result has been a reduction in travel time between the main residential areas and the city centre, which the project application estimated to be on average 2-3 minutes per journey. The noise and air pollution has also been reduced by expanding electric public transport and privileging public transport in the city.

### ***Reopening of railway line Nantes - Châteaubriant***

The railway line, covering a distance of 64 km, was re-opened in 2014 having been closed for passenger traffic since 1980. The project was co-funded under Cohesion Policy and involved the replacement of existing track, the electrification of the line, the installation of safety systems at level crossings and of signalling and telecommunication equipment and the improvement of access to stations and services at Nantes and other places along the route. The line, which is now used by tram-trains, has made commuting and other journeys to Nantes, a centre of essential services in the area, much easier. It has increased the attractiveness of using public transport instead of cars and so has reduced both congestion and pollution levels. The latter has been estimated in the project application to go down by 261.000 tonnes of CO<sub>2</sub> in the course of 30 years.

The evaluation found that:

1. The concentration of support on roads in the EU12 in 2007-2013 can be justified by the poor state of the network. This is likely to continue to be so for some years. But in the EU15, it is questionable whether Cohesion Policy should continue to finance road building. The shift to railway, however, requires a greater planning capacity as these tend to be more complex.
2. Planning has improved in several ways vis-à-vis the 2000-2006 period: in 2007-13, demand forecasts tended to be reasonably accurate and projects were in most cases completed to budget, or even below the costs initially forecast, in contrast to the previous period when cost overruns were common. The price reductions may however be partly due to the economic crisis, and there were more projects which overran in terms of time (though again this seems to have occurred less frequently than in the earlier period).

3. The need remains however, to ensure that sufficient time and effort are put into preparing projects, that alternative routes and modes of transport are properly assessed and maintenance costs and how they are to be covered are properly taken into account, and that contractors are chosen on the basis of quality and capacity, not just cost.
4. Consideration needs to be given to the appropriate balance (e.g. within the framework of comprehensive transport plans) between TEN-T projects and those aimed at meeting local and regional needs. Projects outside TEN-T but which help to reduce regional disparities (the central objective of Cohesion Policy), may be regarded as much a source of EU added-value as those that contribute to the TEN-T, provided they fit in the framework of coherent transport strategic documents.

These issues were addressed in the 2014-20 regulations. In particular, it is now a precondition<sup>37</sup> of investment in transport infrastructure that there be:

- A coherent transport strategy, based on the careful analysis of needs and identifying the ways of addressing them. The strategy should consider the efficiency of the network and include an analysis of nodes and connections.
- A pipeline of well-prepared projects, including a list of priority projects, a realistic timetable and an early warning system.
- Measures to increase the capacity of bodies carrying out the projects, including analysis of both the bottlenecks and of the weaknesses of intermediary bodies and beneficiaries in fields such as tendering and project management, adequate assistance and training and an early warning system.

#### 7.6. Environmental infrastructure (EUR 27.4 billion)

Like transport, the environment has been a focus for support from Cohesion Policy since 1989. Along with transport, it is one of the policy areas eligible for financing from the Cohesion Fund, on the grounds that it is important to have common environmental standards across the EU for both the health of people and to protect the eco-system. The entry of the EU12 countries into the EU in 2004 and 2007 further increased the need for investment and a substantial proportion of the ERDF and Cohesion Fund amounts allocated to these countries went to support of such investment.

**Table 10: Funding allocation by country groupings, 2007-2013**

	EU12	EU4 Conv	EU4 Comp	EU15 Conv excl. EU4	EU15 Comp excl. EU4	EU27
<b>EUR million</b>						
Waste	3 906	1 145	68	188	52	5 361
Water	3 990	2 813	315	157	41	7 316
Wastewater	9 949	3 624	147	445	51	14 216
Other	8 684	3 428	767	1 016	1 265	15 160
<b>Total</b>	<b>26 529</b>	<b>11 010</b>	<b>1 298</b>	<b>1 806</b>	<b>1 409</b>	<b>42 053</b>
<b>% Total</b>						
Waste	2.6	1.8	0.5	1.2	0.3	2.1
Water	2.7	4.4	2.2	1.0	0.2	2.8
Wastewater	6.7	5.7	1.0	2.8	0.3	5.4
Other	5.8	5.4	5.3	6.3	6.8	5.8
<b>Total</b>	<b>17.8</b>	<b>17.3</b>	<b>9.0</b>	<b>11.3</b>	<b>7.6</b>	<b>16.1</b>

*Note: EU4 Conv=Convergence regions in GR, ES, IT and PT; EU4 Comp=Competitiveness regions in these countries; EU15 Conv=Convergence regions in the rest of the EU15; EU15 Comp=Competitiveness regions in the rest of the EU15*Source: DG Regional and Urban Policy, Inforegio database

<sup>37</sup> A so-called "ex ante conditionality" in the field of transport infrastructure. For the details of requirements, see [part 2 of the guidance on ex ante conditionalities](#), p122ff

Over the programming period, convergence countries saw a significant shift in the disposal of waste away from landfill towards recycling. A substantial number of landfill sites which did not comply with EU standards were, therefore, closed down while in the Czech Republic, Hungary, Lithuania, Poland and Slovenia, as well as Croatia, the proportion of waste which was recycled was increased by over 10 percentage points. Much of this shift was co-financed by the ERDF and Cohesion Fund.

In the case studies of waste management, the following achievements were noted:

- In Bulgaria, the proportion of waste which was landfilled was reduced from 80% to 70% between 2007 and 2013. A mechanical biological treatment facility (MBT), co-financed by EU funding, was opened in Varna in 2011 and a similar facility, but including a composting plant, was opened in Sofia in 2015.
- In Estonia, 39 landfills and 11 industrial waste sites were closed down between 2007 and 2013, the share of municipal solid waste composted nearly doubled to 6% and the share of biodegradable waste sent to landfill was reduced significantly.
- In Poland, the share of municipal waste going to landfills was reduced from 90% to 53%, while the share of waste going to recycling increased from 6% to 16% and the share composted rose from 6% to 13%. A number of regional waste management centres have been constructed to replace smaller local and less efficient ones. For example, a regional centre with a recovery facility to handle various types of waste and a composting facility was constructed in Gdansk with EUR 48.2 million of the total cost of EUR 83.5 million coming from EU funds.
- In Slovenia, EU funds co-financed some 200 waste collection centres and the construction of a number of regional centres for waste management as well as the building of an one incinerator and the clean-up of old municipal waste landfills. Between 2007 and 2013, recycling nearly doubled to over 40% and composting was also increased, though it remained relatively low (only around 7% of the total in 2013).

For achievements in water and waste water treatment:

- An additional 5.9 million people were connected to a new or improved supply of clean drinking water, 1.6 million of whom were in the EU12 and 3.7 million in Convergence regions in the four southern EU15 Member States. Most of them in Spain and Greece;
- An additional 6.7 million people were connected to new or upgraded wastewater treatment facilities, of whom 1.7 million were in the EU12 and 4.6 million were in the four southern Member States (see table).

**Table 11: Additional people served by water and wastewater projects by end-2014**

	Additional population ('000) served by:	
	Water projects	Wastewater projects
CZ	371.3	490.3
EE	13.7	15.8
HU		478.1
LT		78.5
LV	672.2	90.1
PL	262.2	537.3
SI	291.6	194.2
SK	33.0	44.2
ES	1 929.0	2 172.3



	Additional population ('000) served by:	
	Water projects	Wastewater projects
GR	1 455.5	370.8
IT		825.0
PT	359.8	1 270.0
DE		213.0
FR	514.6	101.4
<b>EU12</b>	<b>1 644.0</b>	<b>1 928.5</b>
<b>EU4</b>	<b>3 744.3</b>	<b>4 638.1</b>
<b>EU15 Other</b>	<b>514.6</b>	<b>314.4</b>
<b>EU</b>	<b>5 902.9</b>	<b>6 880.9</b>

*Note: EU4=GR, ES, IT and PT*

*Source: DG Regional and Urban Policy, derived from AIRs for 2014*

A striking example is the construction of a new sludge treatment facility at the Vilnius wastewater treatment plant in Lithuania. Before the construction, most of the sludge was landfilled while now it is composted and used as fertiliser. The aim was not only to comply with the EU Sludge Directive (86/278/EEB) but also to reduce the smell from untreated sludge, which affected half the population of Vilnius.

The evaluation noted lessons including the following:

1. Many environmental projects are complex and require a high level of competence in the authorities concerned, which may not exist in smaller authorities which only undertake such projects occasionally. Since waste management projects in smaller local authority areas are likely to become more important in future years (in line with the Waste Framework Directive), this is an issue deserving attention.
2. As for transport, projects need to be carefully prepared before they are implemented to minimise problems and reduce maintenance costs. Managing Authorities should be encouraged to allow sufficient time for this, and the procurement process needs to give proper weight to the quality of proposals. There is a need for a pipeline of well-prepared projects to be established in case a particular project falls through or additional funding becomes available.
3. There is a need for better and universally collected monitoring data to enable the results of the expenditure undertaken and the projects completed to be assessed. There is equally a need for the underlying data on the situation and developments to be available – at present the relevant data that are available from Eurostat are extremely limited.
4. It would be helpful if evaluations of the support to environmental infrastructure provided under Cohesion Policy, and the assessments of the implementation of EU Directives on waste disposal and water management, were better aligned.

Findings 1 and 2 need to be addressed through improved capacity at the level of the managing authority. The Commission is providing support through an expanded Jaspers as well as awareness-raising and information dissemination activities linked to the new cost/benefit guidelines.

Findings 3 and 4 above were to some extent addressed through an increased focus on quality monitoring and evaluation in the 2014-20 regulations. However, these areas will need further work, to tackle data gaps and ensure that evaluations are aligned. Discussions have started with Eurostat (on data) and DG Environment (on alignment of evaluations) but neither issue is likely to have a simple solution.

## 7.7. Energy efficiency in public and residential buildings (EUR 6.4 billion)

Heating, cooling and lighting buildings account for a substantial proportion of the energy consumed across the EU. Accordingly, improving the efficiency of energy use in building can contribute considerably to reducing overall energy consumption, so saving on the depletion of fossil fuels, reducing import bills and increasing energy security across Europe.

The regulations were adapted in June 2009 as part of the European Economic Recovery plan: energy efficiency of housing became eligible for support in all parts of the EU and the maximum proportion of funding for this was raised to 4% of the total ERDF allocation. The express intention was to boost economic activity as well as to further social cohesion by helping to reduce disparities in access to good quality housing and relieving energy poverty.

Almost all of the funding provided to support investment to increase energy efficiency in buildings, overall around 90% of the total, took the form of non-repayable grants. Only a small amount of funding – around 9%, less than EUR 1 billion – was in the form of loans, interest subsidies and guarantees and even less was in the form of other types of financial instrument, such as equities, in particular. Many of the financial instruments (FIs) were organised through JESSICA funds managed by financial intermediaries, the central purpose of which was to provide funding for urban regeneration<sup>38</sup>.

The evaluation reviewed 27 OPs and found an overall reduction of 2904 GWh<sup>39</sup> per year up to the end of 2013 for all energy efficiency measures, including 1438 GWh as a result of the measures to increase energy efficiency in residential and public buildings. To put this into context, the reduction in respect of buildings amounts to an estimated cut of some 0.2% in total yearly energy consumption in the countries and regions concerned, not large but significant given the relatively small amount of funding involved. Moreover, by the end of 2013, only around 55% of the total funding available for energy efficiency had been spent.

In addition for 20 OPs, data were also collected on the reduction in greenhouse gas emissions resulting from the projects supported. Up to the end of 2013, this amounted to a cut of 826.4 kilo tonnes of CO<sub>2</sub> equivalent emissions a year from the projects undertaken to increase energy efficiency in buildings (and one of 1454 kilo tonnes a year from all the energy efficiency projects supported). This amounts to an estimated reduction of 0.1% a year in annual emissions in the OP areas concerned.

In Lithuania, the result of the projects carried out was higher, in line with the larger share of funding going to increasing energy efficiency in buildings. By the end of 2014 (i.e. one year later than the figures quoted above), energy use in the 864 public buildings which had been renovated had been reduced by 236 GWh a year, which implies a cut of just under 3% in overall annual energy consumption in the country.

Other less quantifiable achievements came in the form of technological advances as a result of innovative projects undertaken, awareness raising of the benefits of investing in energy saving and policy learning in the sense of acquiring a better understanding of the policy measures available and how they can best be implemented and assessed.

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<sup>38</sup> JESSICA stands for Joint European Support for Sustainable Investment in City Areas, which is an initiative introduced by the European Commission in cooperation with the European Investment Bank (EIB) to support urban regeneration and development through financial instruments.

<sup>39</sup> Enough to light the city of Stuttgart for a year – or 1% of the UK's annual electricity consumption.

In terms of lessons for the future, the evaluation noted:

1. Programmes need to spell out clearly the rationale for the use of EU funding to support investment in energy efficiency in buildings and to show how it relates to national energy policy and to the support available from national and regional schemes, as well as to the objectives that have been set, so as to demonstrate the coherence of the policy and its justification.
2. Bearing in mind the long term energy cost reduction for building owners, loans or other kinds of financial instrument are likely to be preferable to grant support for energy efficiency measures. Awareness-raising campaigns might be needed to overcome initial reservations.
3. Energy audits should be a standard part of project selection criteria to identify the reduction in energy use intended and to verify its achievement.
4. Financial support should be complemented by a range of non-financial measures to, including advice and guidance, certification schemes and building regulations.
5. Indicators need to be more widely, and uniformly, applied to monitor the results of support. There is also a need for better data on the context concerned and developments in this, so that the indicators can be meaningfully interpreted. In this case, it means the availability of regional data on energy consumption and greenhouse-gas emissions.

Lessons 1 and 3 are at least partly addressed in the 2014-2020 period by the focus on results and a clear theory of change, translated into project requirements. However, in a context of shared management, their implementation is, along with lessons 2 and 4, something which the Commission can encourage but the final decision remains with the managing authority. For lesson 5, this is partly addressed by the increased focus on quality monitoring data. However, some of the context data does not currently exist and further work will be needed in partnership with Eurostat.

#### 7.8. Culture and tourism (EUR 12.2 billion)

The programmes gave one or more of the following rationales for supporting culture and tourism:

- (1) to assist economic diversification
- (2) to contribute to local regeneration and to strengthen social cohesion
- (3) to help increase innovation and competitiveness
- (4) to contribute to the sustainability of economic development.

In some cases, the ERDF was used as an additional, and often minor, source of funding to support national or regional strategies already in place, in others, as the primary source of finance, though again mainly to support national or regional strategies.

At the same time, the evaluation found that strategies were often vague and not targeted at achieving particular objectives or meeting specific needs. Accordingly, the link between the provision of support and the general aim of furthering regional development tended not to be spelled out, in some case deliberately so, allowing the flexibility to reallocate funding as time went on. In some cases, support for culture was seen in isolation rather than as part of a coherent strategy for regional development, and was aimed largely at furthering social cohesion.

These problems – vague strategies, poor links to regional development goals – tended to be a problem in larger projects. In addition, oversized investments carry the risk of becoming a burden on local municipalities because of their maintenance costs. On the other hand, the evaluation found that smaller, targeted projects could be a pull factor for regional growth.

The case studies found that ERDF support led to an increase in participation in cultural activities events and in visitor numbers to places where cultural sites or historical monuments had been upgraded. It also led to the creation of additional tourist destinations, as well as more companies being set up in the areas to which support was given. Increased participation in cultural activities was reported, for example, in Puglia (Italy), increased numbers of visitors to upgraded cultural sites in Malta and increased employment from the support given to tourism in Podlaskie in Poland and Rhône-Alpes in France.

The case study of Puglia<sup>40</sup> highlighted the importance of a well-defined strategy for the two sectors and coordinated action to develop tourism through support to natural and cultural assets. As a result, the region succeeded in attracting more visitors from outside Italy, its traditional market, the number of tourists from abroad increasing from just over 14% of the total in 2008 to 18% in 2012, only 4 years later.

Only in a few cases (in the UK and Ireland, especially) was culture seen as having economic potential in itself, apart from its contribution to the development of tourism, in the form of the creative industries (such as digital media, films, music and performing arts) which have significant growth potential.

The case studies also found evidence that managing ERDF support had generated additional added-value in the form of an improvement in the capacity of the authorities to implement policy measures in these two areas. The support, therefore, seems to have triggered a modernisation of procedures in regional and local authorities in Member States by encouraging the spread of standards of 'good governance' in the form of practices such as partnership building, multi-annual programming and place-based policies, as well as the implementation of better monitoring and evaluation systems.

In terms of lessons for the future, the evaluation noted that:

1. The main lesson is that ERDF support to the two sectors could be more effective if it was focused on small well-targeted projects to exploit their potential to contribute to regional development. This means programmers seeing the sectors as an integral part of a development strategy rather than in isolation.
2. Related to this, there is a need to give serious consideration to supporting the development of creative industries as a potential source of growth and employment in particular regions, which implies shifting the focus of support for culture away from infrastructure and more towards 'softer' forms of intervention.
3. It is equally important for regions to develop new forms of sustainable tourism in order to remain competitive in the context of a changing market and in order to avoid the excessive exploitation of their natural assets.
4. Since cultural projects must be maintained – often at the cost of the local municipality – it is important to avoid oversized projects and to have a plan for financial sustainability. This may include public-private partnerships or donations from the public.

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<sup>40</sup> For further detail see WP 9 on:  
[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp9\\_final\\_report.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp9_final_report.pdf)

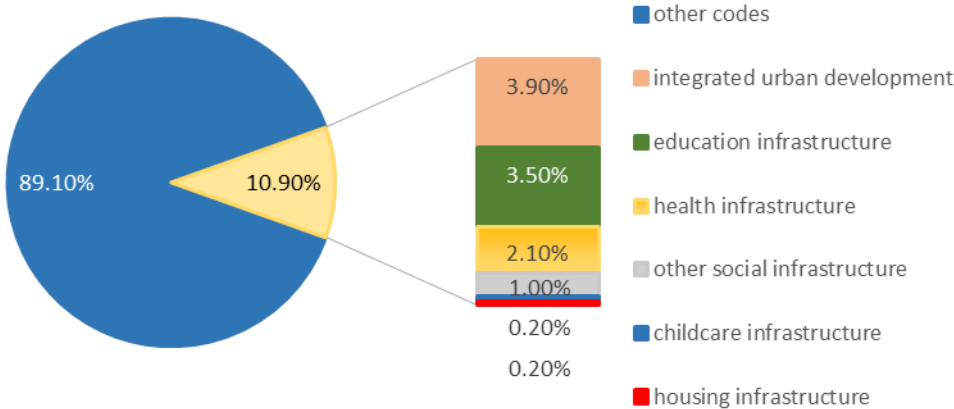
- 5. Monitoring of project outputs and results needs to be improved significantly. This implies the adoption of more relevant indicators. It also implies a need for clearer advice and guidance on the indicators, measurement and reliability.
- 6. More evaluations need to be undertaken in order to make good the deficiency of information that at present exists about the effectiveness of the different measures of support. These need to cover not only the results of the measures concerned but their wider effect on regional development.

The regulations for Cohesion Policy for the 2014-2020 programmes go a long way towards putting these policy lessons into practice, in that they require the link between the support provided and the development objectives to be spelled out, a greater focus on results and the adoption of more relevant indicators as well as systematic evaluation of policy areas.

7.9. Urban and social infrastructure (EUR 28.8 billion)

The ERDF allocation to integrated urban development and social infrastructure in the 2007-13 period was almost €29 billion. This represented around 11% of the total ERDF allocation of which 4% to urban development and 7% to social infrastructure. Within the latter, education and health infrastructure accounted for around ¾ of the total (see graph).

**Figure 2:**



Source: DG Regional and Urban Policy, Inforegio database

ERDF support for urban development is concentrated, with more than 45% of the 2007-13 money allocated to just four countries: Italy, Poland, Greece and Germany. The relative importance of the allocation to this field varied widely with eight countries at one end of the spectrum not investing at all in this field (AT, DK, FI, HR, IE, LU, RO, SE) while, at the other end, the Netherlands allocated more than 20% of ERDF followed by Cyprus (19%), and Bulgaria and Belgium (14%).

Social infrastructure is concentrated in convergence regions with substantial budgets in Member States such as Hungary and Portugal as well as the Italian Region of Sicily. Conversely, eight countries did not invest at all in this field (AT, BE, DK, FI, HR, IE, LU, SE). In Member States that invest in social infrastructure, this field is often given more weight than urban development: Slovakia allocates more than 40% of its ERDF allocation to social infrastructure, followed by Estonia (39%) and Hungary (37%).

Monitoring data shows that three quarters of the (small scale) projects studied in the evaluation made a concrete contribution to growth and jobs (and a quarter of projects reported a high contribution). Improved skills and expansion of local businesses were the most common outcomes, but there were also impacts on a variety of other factors from health to business creation to higher labour market participation.

**Table 12: Urban and social projects, % reporting contribution to...**

Improved skills/ educational attainment/ qualifications	39%
Improved performance/ expansion of local businesses	32%
Improved health outcomes	25%
Entrepreneurship/new business creation	24%
Higher rate of female and/or youth participation in the labour market	17%
Other	26%
<b>Total reporting some contribution</b>	<b>73% (and 24% a high contribution)</b>

Source: Work Package 10

Activities related to urban development ranged from ‘investments in deprived areas’ and ‘economic growth support’ to support of ‘cultural heritage’ and ‘strategy development’. The following achievements were distilled from the evaluation:

- Strategy development, plans, reports, brochures, meetings, etc.
- Construction/ repairs/ renovation to schools, housing, social and cultural centres, and other buildings
- Creation of business space
- Town centre/ historic area/flood defences etc. revitalisation
- (Re)construction of streets and cycle paths
- Public spaces/ facilities
- Revitalisation of wasteland/ reuse of brownfield sites
- Wastewater and drinking water treatment
- Energy efficiency.

Achievements in the EU12 ranged from infrastructure improvements (water, sewage, schools, housing and cultural centres) and renovation of buildings to actual development of urban integrated development plans and strategies. Latvia for example used all of its integrated urban development budget for infrastructure improvements in urban and rural areas. The Czech Republic made an effort to develop Integrated Plans for Urban Development for cities with more than 50 000 inhabitants, as the basis for neighbourhood development related to sports facilities, public places, culture and leisure facilities.

Among the EU15 the UK emphasised the creation of business centres and the support of SMEs at local level. Other EU15 countries used ERDF funds to trigger private investments in towns and cities, for instance in Rotterdam.

Achievements in relation to social infrastructure are most of all the improvement or establishment of new social infrastructure facilities, especially in those Member States with a large financial allocation to education and health infrastructure. The main achievements included:

- Improvement of social infrastructure facilities with modernisation of equipment and increase of efficiency of services such as ambulances or care services (e.g. Hungary). This contributed to filling the gap between more and less developed regions in Europe.
- Improvement of education system in some Member States where a significant budget was deployed for education infrastructure (e.g. Portugal).
- Improvement of health systems with the aim to improve health outcomes (Hungary and Czech Republic).
- Improvement of lifelong learning services in combination with labour services to better adapt the workforce in target areas to labour market and business needs (e.g. Spain, Poland, Czech Republic or Lithuania).
- Some programmes used social infrastructure investments for improving the security of urban areas or for expanding and enhancing cultural heritage related education.
- Other social infrastructure was used in combination with various urban development actions to support cultural, sports or training facilities, as well as the establishment of support centres for different disadvantaged groups.

The evaluation identified the following lessons learned:

1. Urban regeneration and social infrastructure projects have a major role in strengthening the growth potential of regions and improving territorial cohesion. They are, however, demanding to design and implement effectively. In particular, they need to be embedded in a coherent strategy for development of the region. Strategies were rarely expressed explicitly in the programmes, which tended instead to provide a broad menu of possibilities. Strategies did exist for these areas, but at the local level (in the case of urban issues) and sectoral ministries (in the case of health and educational infrastructure).
2. The strategy concerned also needs the authorities in the area to have the capacity for implementing the policy, which cannot be taken for granted. It also needs to involve the local community – local businesses, social enterprises and the voluntary sector – to ensure that all of the parties concerned feel part of the policy and a degree of ownership of it.
3. More relevant output and result indicators are needed. These are difficult to define but need to relate to the objectives of the policy. For example, the number of new businesses locating in the area or growth in economic activity (for urban regeneration) and number of people treated or educated in more modern buildings with more advanced equipment or the number of additional children cared for (for social infrastructure).
4. More evaluations need to be undertaken to assess achievements and to identify areas for improvements. This is especially important not only because very few evaluations have been carried out in the past but also because any quantitative indicators of results are inevitably limited in what they can reveal (and, of course, say nothing about the underlying processes at work).

These lessons were addressed in the 2014-20 regulations by the result orientation<sup>41</sup>, which requires that the programmes set out a clear strategy based on the desired results (lesson 1), translated into an appropriate result indicator with accompanying output indicators (lesson 3) with an impact evaluation (lesson 4). Lesson 2 (on local capacity and ownership) is, in the context of shared management, an issue for the managing authorities, but the Commission is actively encouraging both of them in the current period.

#### 7.10. European Territorial Co-operation ("Interreg" – EUR 7.7 billion)

The Interreg programmes, financed under European Territorial Co-operation, divide into three strands:

- Cross-border cooperation, consisting of 56 programmes bringing together neighbouring regions in different countries, aimed at strengthening cross-border cooperation (Strand A).
- Transnational cooperation, consisting of 13 programmes to support cooperation between countries in the same broad geographic area, such as those around the Baltic Sea (Strand B).
- Inter-regional cooperation, consisting of one general programme to support cooperation between regions in the EU wherever they are located and three programmes to support networking and the exchange of information and experience (URBACT, INTERACT and ESPON) (Strand C).

**Table 13: ETC ("Interreg") programmes and decided amount from ERDF, 2007-2013**

	Number of OPs	EUR million	% Total
Cross-border cooperation	55	5479	70.9
Transnational cooperation	13	1814	23.5
Inter-regional cooperation	1	321	4.2
ESPO	1	34	0.4
INTERACT	1	30	0.4
URBACT	1	53	0.7
<b>Total</b>	<b>73</b>	<b>7732</b>	<b>100.0</b>

*Source: DG Regional and Urban Policy, Inforegio database*

The amounts allocated to Interreg are relatively limited. Even the cross-border programmes, which take the bulk of the money, only represent some EUR 20 per head of population in the regions covered. The programmes therefore have to be highly strategic and focussed.

By end 2013, the cross-border programmes had funded over 6800 projects in policy areas at the core of the Lisbon, and later, Europe 2020 strategy. These included the creation and expansion of economic clusters, the establishment of centres of excellence, high education and training centres, cooperation networks between research centres and cross-border advisory services for enterprises and business start-ups. The 1300 or so environmental projects involved the joint management of natural resources, including sea and river basins, cooperative action to combat natural risks, to respond to climate change, to preserve biodiversity and pilot initiatives to develop renewable energy.

<sup>41</sup> See "result orientation" box in section 3.2



Specific examples as regards RTD include the joint development of support for SMEs as regards image analysis and optical measurement process control in the mining industry and a cross-border research and business cooperation in the development of new propulsion systems, liquefied natural gas technology and a new generation of wind-assisted motor boats.

Although the indicators available are limited and incomplete, they show that around 3500 jobs were directly created as a result of the projects undertaken, 487 km of roads were reconstructed and over 500 000 people participated in joint education or training activities.

In the case of the transnational programmes, the indicators show that 2207 jobs were created and 260 transnational projects in RTD and innovation, accessibility, risk prevention and water management were implemented. Most of the projects involved tackling common problems through collaboration, joint research or exchange of experience. The most frequent outcomes were the establishment of networks or partnerships of SMEs and research centres, the joint management of natural resources and joint action for environmental protection. A major aspect has been the creation of a critical mass, i.e. a sufficient scale, for tackling territorial and environmental problems, for setting up RTD networks and for creating common services (such as in the case of transport in the North-West Region).

In the case of the interregional cooperation programme, the aim of which was to improve the effectiveness of regional policies through cooperation and exchanges between regions, the programme succeeded in setting up a framework in which local and regional authorities from across the EU could share experience and examples of good practice in relation to the problems they faced. However, the evaluation found little evidence of knowledge or experience being disseminated outside of the regions involved in the projects and outside of Interreg more generally.

Beyond the above described outputs and results, the programmes also contributed to wider effects, notably in terms of alleviating specific barriers to cooperation (mainly cultural and physical barriers), and of better social integration.

In terms of lessons learned, the evaluation found that:

1. Interreg programmes remained very broad and were often aimed primarily at developing cooperation and linkages. It is important to strike an appropriate balance between co-operation (which remains a central element of Interreg) and leveraging the learning for the goals of Cohesion Policy.
2. Limited attention seems to have been paid to the notion of a functional region or area when identifying the border regions to support. Yet this is essential to considering the potential benefits of cross-border cooperation. There are obvious difficulties in defining functional areas in practice, but attempting the exercise would at least focus attention on the aspects which are relevant for development of the cross-border area concerned.
3. Most programmes seem to have adopted a bottom-up approach when deciding the projects to support. This made it difficult to pursue a coherent strategy to further the development and economic integration of the regions concerned, even though most individual projects made a contribution.
4. The results of the projects supported were often difficult to identify and many projects were too small to produce discernible effects on the development of regions or their closer integration. This stems from the way in which projects supported were selected, from the distribution of the limited funding available over a large number of them and from the lack of a strategic focus.

5. There was very limited coordination between Interreg programmes and mainstream ones. The potential for complementing one with the other and reinforcing the effects on development was therefore lost. There was equally not much sharing of experience in undertaking projects or of the results achieved between those responsible for the transnational programmes and the regional and central authorities managing the mainstream ones
6. The evaluation also highlighted the limitations of the monitoring system and the lack of indicators that reflect the central objective of the programmes of stimulating cooperation in order to further economic and social development. There is a need to rectify this and to develop indicators that relate to what the programmes are attempting to achieve, which goes beyond the immediate purpose of the projects supported.

These weaknesses are being addressed through the regulations for the 2014-2020 programming period. In particular, the result and performance framework should ensure a greater concentration of funds on a limited number of policy aims, with a well-articulated intervention logic at the outset and measurement of results.

#### 7.11. Coherence and relevance of the actions

As noted above, since the evaluations were contracted before the adoption of the Better Regulation Guidelines, coherence and relevance were not specific evaluation questions, hence information on these aspects was not systematically collected. However, they arose naturally in some of the work packages<sup>42</sup>, which often found programmes and projects to be focussed on delivery and outputs, not results. In particular:

- A lack of strategic focus in the programmes. For example, strategies for urban regeneration and social infrastructure projects were rarely expressed explicitly in the programmes, which tended instead to provide a broad menu of possibilities. Similarly, Interreg programmes tended to spread projects geographically, instead of concentrating on the relevant "functional area" for each policy field.
- A lack of clear theories of change, expressed in measurable terms, with baselines and targets. This was found in the majority of programmes across the various work packages.
- Projects were often selected more for ability to absorb funding in a given year than for their contribution to the objectives of the programme (see for example the evaluation of the delivery system). Project selection is crucial in shaping the impact of Cohesion Policy – the projects largely determine the long term results.
- A lack of monitoring of the results sought. For example, all 9 of the financial instrument case study programmes had a rationale of promoting productivity, innovation and other aspects of business quality, but only 1 programme (the NE of England) actually monitored this – the others monitored spending and jobs created.
- Evaluations which focus on process, not results. The evaluation of the delivery system found that, in the evaluations conducted by Member States and Managing Authorities, there was a predominance of process evaluations (44%) and monitoring-type evaluations (44%) over impact evaluations (22%)<sup>43</sup>. Although the lack of impact evaluations was partly explained by early delays in implementation, this is still imbalanced.

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<sup>42</sup> In addition, see the results from the public consultation in Annex 2

<sup>43</sup> Some evaluations covered more than one topic, so figures add to more than 100%

The above issues are being addressed in 2014-20 through the result orientation, in particular, the requirements for clearly defined intervention logic and ex ante conditionalities, as well as the introduction of stronger monitoring and evaluation provisions.

#### 7.12. EU added value

As with coherence and relevance, EU Added Value was not an explicit evaluation question. Nevertheless it emerged clearly in several work packages:

- The two macroeconomic models (Quest III and Rhomolo)<sup>44</sup> suggest a sustained flow of benefits in terms of GDP, productivity and investment throughout the Union. Notably there are net benefits even (through trade effects) for the donor regions, and the impact in all regions lasts way beyond the actual implementation period.
- ERDF support was vital in helping SMEs to withstand the economic and financial crisis, at a time when national budgets were highly constrained (see section 7.2 above on support). In fact Cohesion Policy often enabled SMEs to invest, expand or innovate despite the crisis, while financial instruments kept SMEs afloat by supporting working capital (see sections 7.2 and 7.3, as well as the relevant work packages).
- The evaluation of transport found that Cohesion Policy pushed Member States towards strategic planning. Moreover, Member States prioritized investments in TEN-T infrastructure, thus ensuring support for transport networks in line with the EU objectives and enhancing the economic and territorial cohesion between various parts of the EU.
- For the environment, Cohesion Policy enabled budget limited public authorities to meet EU policy goals even during the financial crisis. For example it funded infrastructure for water and waste management to ensure timely compliance with the relevant EU Directives. Further, it provided incentives for significant shifts in the EU13 and Convergence regions in the South of EU15 in the disposal of waste away from landfills and towards recycling in line with the EU policy.
- In the evaluation of tourism and culture, the stakeholders from the evaluation identified aspects related to the EU added value of related ERDF investments, including:
  - Institutional learning and increased professional capacity of actors involved in planning and implementing the interventions in the two sectors
  - The ERDF support proved decisive for early identification, better financial planning and complementarity of projects
  - The development of monitoring and evaluation systems
  - An increase in cooperation among cross-border actors.
- Interreg is the only policy instrument in its field. It is therefore crucial for ensuring continuity and linkages of common projects across borders and (for transnational and EU wide programmes) across the EU.

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<sup>44</sup> For more detail see section 7.1 above, as well as:  
[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp14a\\_final\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf)

In addition, the respondents to the public consultation<sup>45</sup> identified various sources of added value:

- 83% of the respondents said that the ERDF and Cohesion Fund have provided support to groups or policy areas that could not have been sufficiently addressed by national programmes and policies. For smaller Mediterranean countries this support was seen as crucial for improving their competitiveness within the internal market. More generally, the multi-annual programming and strategic approach of ERDF provided the focus for these interventions over a medium term period.
- 71% of the respondents said the ERDF and Cohesion Fund had enabled novel support that could not be covered by national programmes. Particular mention was made of territorial projects specific to the border areas – these are not always seen as a priority by national governments. Some of the interventions promoting local economic development and regeneration and would not have happened if local authorities had to rely upon exclusively national funding and instruments.
- 60% of the respondents said that the ERDF and Cohesion Fund have provided crucial support to structural reforms of labour market, transport, environment, energy, education and social policies and programmes. Support was appreciated for the design of clusters for micro SMEs.

## 8. CONCLUSIONS

The 2007-13 programmes were implemented in a context of various challenges. These included on the one hand the deep global economic and financial crisis and on the other the need to build the economy, infrastructure and administrative capacity of 13 Member States joining from 2004 onwards (and for most of whom this was the first full programming period).

The ex post evaluation of the ERDF and Cohesion Fund 2007-2013 provides evidence that Cohesion Policy responded **effectively** to those challenges and delivered a wide range of positive results. Based on the monitoring data, we estimate that around 1 million jobs were created. Moreover, the macro-economic models estimate that Cohesion Policy in the period 2007-13 is likely to generate nearly €1 trillion of additional GDP by 2023. Finally, the policy showed the capacity to be flexible during the crisis.

However, there is scope for increased **efficiency**: the revolving nature of financial instruments makes them more cost efficient in the long run, but 90% of ERDF financial instrument spending in 2007-13 was concentrated in just one field – enterprise support. The 2014-20 regulations have now extended the possibility of using financial instruments to all thematic objectives and, in line with the Investment Plan for Europe, the delivery of investment through financial instruments in new areas - such as energy efficiency, renewable energy and transport infrastructure - is being strongly promoted.

When considering the **relevance, effectiveness and coherence** of the actions, a lesson emerges from across the evaluation: the focus on delivering results was not strong enough. Although results were delivered by the programmes, only a minority had a clear intervention logic. Following the completion of the 2000-2006 ex post evaluation in 2010, the Commission initiated a thorough reflection on how to make Cohesion Policy more relevant,

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<sup>45</sup> Further results from the public consultation are reported in Annex 2

effective and coherent – and better focussed on delivering results. This led to new framework obligations in the 2014-20 regulations:

- Programmes have to set specific objectives translated into clear indicators of results with targets and benchmarks.
- Project selection criteria must take account of the results set at the level of the programme.
- Regular reporting of results and outputs and a performance framework linked to a performance reserve.
- Impact evaluation for each of the specific objectives.

These changes address many of the recommendations which have emerged from the 2007-2013 evaluation in relation to the effectiveness of the policy. In addition they improve relevance and coherence.

Finally, although this was not a key focus of the evaluation, there were clear indications of the **EU added value** of Cohesion Policy:

- Through trade effects, Cohesion Policy has a net positive impact on the GDP of every region of the EU, even the net contributors. This effect is clear in 2016, (just after the end of spending) but lasts into the longer term (2023).
- In a context of economic crisis and a pressure on the public investment budgets of the poorer countries, Cohesion Policy enabled SMEs to keep afloat and even expanding during the crisis, as well as investment in transport and in waste and waste water infrastructure to meet European goals.
- Interreg is an instrument which is unique in its field, crucial for ensuring continuity and linkages of common projects across borders and, for some projects, across the EU.

The results of the 2007-13 ex post evaluation confirm many of the improvements made in the 2014-20 regulations, probably since many of the many issues had become apparent to practitioners and were already found in evaluations (e.g. the ex post evaluation of the previous 2000-2006 period, finished in 2010).

Nevertheless, the 2007-13 ex post evaluation brings a greater analytical depth to these issues and looks at several thematic areas not examined in depth before. It also provides a reference framework for judging over the coming years if the issues are being tackled in an effective and proportional way – as well as which elements will need to be maintained or reinforced post 2020.

## List of countries, glossary of a few key terms

### List of Member States and Cohesion Countries

Code	Name	Cohesion Country in the period 2007-13?
AT	Austria	
BE	Belgium	
BG	Bulgaria	*
CY	Cyprus	*
CZ	Czech Republic	*
DE	Germany	
DK	Denmark	
EE	Estonia	*
EL	Greece	*
ES	Spain	
FI	Finland	
FR	France	
HR	Croatia	From accession, i.e. 1 July 2013
HU	Hungary	*
IE	Ireland	
IT	Italy	
LT	Lithuania	*
LU	Luxembourg	
LV	Latvia	*
MT	Malta	*
NL	Netherlands	
PL	Poland	*
PT	Portugal	
RO	Romania	*
SE	Sweden	
SI	Slovenia	*
SK	Slovakia	*
UK	United Kingdom	

### Cohesion Fund and Cohesion Countries

Since 1994, the Cohesion Fund has been used to provide support for the poorer regions of Europe and stabilise their economies with a view to promoting growth, employment and sustainable development. The Fund contributes to financing environmental measures and trans-European transport networks - particularly high-priority projects of European interest. The Cohesion Fund may also be used to finance the priorities of the EU's environmental protection policy.

Eligible countries are referred to in this report as Cohesion Countries. These are Member States with a Gross National Income (GNI) per inhabitant below 90 % of the EU average, i.e. the 13 Member States that have joined the EU since 2004, as well as in Greece and Portugal.

## Convergence Objective

*[See the map of Europe of the regions covered in 2007-2013 by the Convergence and Regional Competitiveness and Employment objective](#)*

Regions<sup>46</sup> whose GDP (Gross Domestic Product) per inhabitant is less than 75% of the Community average are eligible for funding under the Convergence objective of the ERDF.

- **Bulgaria:** the whole territory
- **Czech Republic:** Střední Čechy, Jihozápad, Severozápad, Severovýchod, Jihovýchod, Střední Morava, Moravskoslezsko
- **Germany:** Brandenburg-Nordost, Mecklenburg-Vorpommern, Chemnitz, Dresden, Dessau, Magdeburg, Thüringen
- **Estonia:** the whole territory
- **Greece:** Anatoliki Makedonia, Thraki, Thessalia, Ipeiros, Ionia Nisia, Dytiki Ellada, Peloponnisos, Voreio Aigaio, Kriti
- **Spain:** Andalucía, Castilla-La Mancha, Extremadura, Galicia
- **France:** Guadeloupe, Guyane, Martinique, Réunion
- **Hungary:** Közép-Dunántúl, Nyugat-Dunántúl, Dél-Dunántúl, Észak-Magyarország, Észak-Alföld, Dél-Alföld
- **Italy:** Calabria, Campania, Puglia, Sicilia
- **Latvia:** the whole territory
- **Lithuania:** the whole territory
- **Malta:** the whole territory
- **Poland:** the whole territory
- **Portugal:** Norte, Centro, Alentejo, Região Autónoma dos Açores
- **Romania:** the whole territory
- **Slovenia:** the whole territory
- **Slovakia:** Západné Slovensko, Stredné Slovensko, Východné Slovensko
- **United Kingdom:** Cornwall and Isles of Scilly, West Wales and the Valleys

A phasing-out system is granted to those regions which would have been eligible for funding under the Convergence objective if the threshold of 75% of GDP had been calculated for the EU at 15 and not at 25:

- **Belgium:** Province du Hainaut
- **Germany:** Brandenburg-Südwest, Lüneburg, Leipzig, Halle
- **Greece:** Kentriki Makedonia, Dytiki Makedonia, Attiki
- **Spain:** Ciudad Autónoma de Ceuta, Ciudad Autónoma de Melilla, Principado de Asturias, Región de Murcia
- **Austria:** Burgenland
- **Portugal:** Algarve
- **Italy:** Basilicata
- **United Kingdom:** Highlands and Islands

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<sup>46</sup> Level 2 regions in the NUTS classification: <http://ec.europa.eu/eurostat/web/nuts/overview>

## Competitiveness Objective

[See the map of Europe of the regions covered in 2007-2013 by the Convergence and Regional Competitiveness and Employment objective](#)

All regions which are not covered by the Convergence objective or by the transitional assistance are eligible for funding under the competitiveness and employment objective.

A phasing-in system is granted until 2013 to NUTS 2 regions which were covered by the former Objective 1 but whose GDP exceeds 75% of the average GDP of the EU-15.

Regions eligible for transitional assistance under the Competitiveness and Employment objective:

- **Éire-Ireland:** Border, Midland and Western
- **Greece:** Sterea Ellada, Notio Aigaiio
- **Spain:** Canarias, Castilla y León, Comunidad Valenciana
- **Italy:** Sardegna
- **Cyprus:** the whole territory
- **Hungary:** Közép-Magyarország
- **Portugal:** Região Autónoma da Madeira
- **Finland:** Itä-Suomi
- **United Kingdom:** Merseyside, South Yorkshire

## ERDF (European Regional Development Fund)

The ERDF was set up in 1975 and provides financial support for the development and structural adjustment of regional economies, economic change, enhanced competitiveness as well as territorial cooperation throughout the EU. Along with the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Regional Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), the ERDF is one of the five Structural and Investment Funds (ESIF) of the EU.

The Fund focuses in particular on four key priorities:

- Strengthening research, technological development and innovation
- Enhancing access to, and use and quality of ICT
- Enhancing the competitiveness of SMEs
- Supporting the shift towards a low-carbon economy in all sectors.

The ERDF also funds cross-border, interregional and transnational projects under the European territorial cooperation objective (see below).



## **FI (Financial Instrument)**

Financial instruments are a resource-efficient way of using Cohesion Policy resources to support the Europe 2020 strategy. Targeting projects which could potentially become self-sustainable, they provide investment support through loans, guarantees, or equity. These mechanisms can be combined with non-monetary support such as technical assistance and interest rate subsidies.

The aim of using financial instruments is not only to make Cohesion Policy funding more efficient and sustainable since resources are paid back and can be 'recycled'. At the same time, they also create incentives for private investors to engage in projects, and for the projects to increase their performance and practice greater financial discipline.

## **Interreg and ETC**

European Territorial Cooperation (ETC), better known as Interreg, is one of the two goals of Cohesion Policy and provides a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States. The overarching objective of European Territorial Cooperation (ETC) is to promote a harmonious economic, social and territorial development of the Union as a whole. Interreg is built around three strands of cooperation: cross-border (Interreg A), transnational (Interreg B) and interregional (Interreg C).

Five programming periods of Interreg have succeeded each other:

INTERREG I (1990-1993)

INTERREG II (1994-1999)

INTERREG III (2000-2006)

INTERREG IV (2007-2013)

INTERREG V (2014-2020)

## **Managing Authorities and Operational Programmes**

A managing authority is responsible for the efficient management and implementation of an operational programme. A managing authority may be a national ministry, a regional authority, a local council, or another public or private body that has been nominated and approved by a Member State. Managing authorities are expected to conduct their work in line with the principles of sound financial management.

For each operational programme, a managing authority must provide the Commission with an annual implementation report by 31 May each year. Other key tasks for a managing authority include:

- ensuring that activities selected for funding match the operational programme's criteria
- checking that co-financed products and services are delivered efficiently according to EU and national rules
- recording and storing accounts, and ensuring that a rigorous audit trail exists
- ensuring that an operational programme's performance is properly evaluated

## **SMEs and large enterprises**

Small and medium-sized enterprises (SMEs) are often referred to as the backbone of the European economy, providing a potential source for jobs and economic growth.

SMEs are defined by the European Commission as having less than 250 persons employed. They should also have an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million. Large enterprises are defined as those exceeding one or more of these limits. In practice, employment is usually the determining factor.

Within the SME category, there are three main classes:

- micro enterprises: with less than 10 persons employed;
- small enterprises: with 10-49 persons employed;
- medium-sized enterprises: with 50-249 persons employed;

For further information, see the [structural business statistics](#), published by Eurostat.

## Annex 1: Procedural information

DG Regional and Urban Policy was the lead DG.

*Table 1: Organisation and timing*

Evaluation proposal to REGIO board of directors	April 2013
First contract signed	December 2013
Last deliverable handed in	June 2016
Number of steering group meetings	39
Participating DGs (in addition to DG Regional and Urban Policy)	AGRI: Agriculture and Rural Development BUDG: Budget CLIMA: Climate Action COMP: Competition EAC: Education and Culture EMPL: Employment, Social Affairs and Inclusion ENER: Energy ENV: Environment MOVE: Mobility and Transport RTD: Research and Innovation SG: Secretary General

### Regulatory scrutiny board comments, with responses

RSB comment	DG Regional and Urban Policy response
<p>(1) Scope. The rationale for defining the scope of the report (initiated before the launch of the Better Regulation package) should be further explained.</p> <p>Its thematic focus implies that several horizontal issues are not or only superficially addressed. Such elements include the overall effect of the cohesion policy on convergence between and within countries, the quality of programming, the absorption capacity of local beneficiaries, the ability of the funds to leverage private investment, more details on the experience with the use of financial instruments or the targeting of funds to specific convergence or competitiveness regions.</p>	<p>The explanation of scope has been improved, notably in sections 2 and 4.</p> <p>The evaluation studies have the material to address horizontal issues rather thoroughly – the presentation has been improved in the current version:</p> <ul style="list-style-type: none"> <li>• The overall impact on convergence is dealt with in section 7.1</li> <li>• The quality of programming is at the heart of the result orientation, which is now explicitly assessed or referenced in each subsection of section 7</li> <li>• Absorption capacity is already dealt with in section 6.1 – and the report makes clear that this was not usually the main issue.</li> <li>• Financial instruments already have a dedicated section (7.4), as well as comments elsewhere in the report and conclusions. However, due to their relatively slow implementation rates, it is not yet possible to evaluate leverage.</li> </ul>

<b>RSB comment</b>	<b>DG Regional and Urban Policy response</b>
<p>The report should in particular provide an assessment of the innovations introduced in the regulation for the period 2007-2013. If these elements remain out of the scope, the report should refer the reader to the documents where such issues are addressed in depth (e.g. Cohesion reports).</p>	<p>As discussed at the RSB meeting, there was relatively little change between the 2007-13 regulations and the preceding period – the big change was from 2007-13 to 2014-20. For this reason, we do not think this issue is worth an extended discussion in an SWD which is already rather long. However, the 2014-20 changes are highlighted and compared to evaluation findings.</p>
<p>(2) Evidence base and selection of findings from the contractor. The report should more transparently describe how the results from the different Work Packages, the corresponding Synthesis Report and other information sources such as reports from the Court of Auditors fed into the Staff Working Document to present a balanced evaluation of the two funds.</p> <p>Regarding SMEs for instance, elements like the beneficial countercyclical effect of the ERDF, on which the contractor's report acknowledges the lack of strong conclusive evidence, seems to be given more prominence than other critical issues raised such as the additionality and sustainability of funds, i.e. whether ERDF triggered positive effects that would not have materialised without it, or whether it may have opposed or postponed a restructuring process by artificially keeping ailing SMEs alive.</p> <p>Similarly, findings indicating that the impacts of the cohesion policy subsidies are insignificant or inexistent for large firms should be assessed against the fact that such firms continue to benefit from a significant part of total direct support to enterprises.</p>	<p>Every subsection of section 7 on impacts has been brought more closely into line with the results and findings of the synthesis report.</p> <p>The contractor's report makes the countercyclical effect and additionality rather clear (see for example p126ff of the synthesis report). However it is true that we cannot yet tell to what extent support made a long term contribution and to what extent it postponed a restructuring process – this is therefore now reflected in the text of section 7.2.</p> <p>In fact, because of previous evaluation findings, the 2014-20 regulations have significantly narrowed the possibilities for support to large enterprises. The text has been developed to make this clear to the reader.</p>
<p>The thematic review should also shed light on the synergy between ERDF funding and implementation of EU sectoral policies systematically as it is done for instance for environment.</p>	<p>As stated at the RSB meeting, this is not possible on a systematic basis. The evaluations were conceived before the better regulation guidelines and did not systematically examine this topic. Where it came up in the course of the evaluation, it has been reported.</p>

RSB comment	DG Regional and Urban Policy response
<p>Bringing more transparency on the way the report extracted representative elements from the contractor's work and bringing in key elements from the findings of the Work packages and the lessons drawn in the Synthesis Report would strengthen the added value of the SWD as an instrument to inform policy making.</p>	<p>To make this link clear, the SWD has been systematically brought into line with the language and content of the findings from the synthesis report and includes footnotes so they interested reader can compare with the source.</p>
<p>(3) Evaluation dimension. The report should further build on descriptive findings and output indicators on how the funds were used to make a critical analysis of the performance of the European Regional Development Fund and the Cohesion Fund. For instance, the sectorial elements tend to present case studies and lessons learned but should include, as intermediary step, a discussion on the overall performance and impacts of the funds in each area (possibly comparing their efficiency with other EU policy instruments) and how they contributed to meeting the policy objectives, which could then support choices on future orientations and priorities.</p>	<p>It is complicated to assess the overall impact of the various different thematic elements which make up the ERDF and Cohesion Fund. We use a multi-pronged approach:</p> <ul style="list-style-type: none"> <li>• The issue of overall contribution and regional impact is tackled through section 7.1.</li> <li>• For some thematic fields (such as SME support) it is possible to aggregate a contribution at the EU level, and we do so.</li> <li>• But for fields such as social infrastructure or inter-regional co-operation, it is difficult or impossible to aggregate their contribution into an overall impact figure and then to divide this to get a comparable "efficiency" figure (cost per co-operation?) vis-à-vis another policy field.</li> </ul> <p>We draw <u>qualitative</u> overall conclusions, but do not think it is realistic to derive a unit cost for these fields.</p>
<p>In view of informing future impact assessments, the report should further describe the problems encountered (including those still to be resolved for the period after 2020) and critically assess where and how funds could be used better, identifying areas that should be further prioritised, maintained and/or phased out.</p>	<p>The evaluation now systematically identifies where problems have been addressed in the regulations for the 2014-20 period (see the end of each subsection in section 7).</p>
<p>(D) Procedure and presentation A section or an annex highlighting what can be found in specific work packages or in other documents and reports would address some of the concerns expressed regarding the limited scope of this evaluation.</p>	<p>The scope is not limited – the four general work packages cover 100% of expenditure, the thematic packages cover all the main fields except RTD and ICT infrastructure, where it is too early to expect impacts as the investment is often not complete. Section 2 has been redrafted to make this, and the contribution of each package, clearer to the reader.</p>

Evidence used – see annex 3 on evidence and methods.

## External expertise

The evaluation was given to independent evaluation companies or consortia, split into 14 work packages to enable each to be given to a specialist in the field. All of the work packages can be found on DG Regional and Urban Policy's website at the following link:

[http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/#1](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1)

*Table 2: Evaluation lead partners*

No.	Work package	Lead evaluator(s)
0	Data collection and quality assessment	T33 (IT)
1	Synthesis report	Applica (BE)
2	Support to SMEs – Research and Innovation	CSIL (IT)
3	Financial instruments for enterprise support	T33 (IT); Metis (AT); EPRC (UK)
4	Support to Large Enterprises	KPMG (HU)
5	Transport	Aecom (IE)
6	Environment	COWI (DK)
8	Energy efficiency	Ramboll (DK)
9	Culture and Tourism	IRS (IT)
10	Urban development and Social Infrastructures	Metis (AT)
11	European Territorial Cooperation	ADE (BE)
12	Delivery system (also covers the ESF)	KPMG (DE)
13	Geography of expenditure	WIIW (AT)
14	Effect on GDP: QUEST model Rhomolo model Regional Discontinuity Design Propensity Score Matching	DG REGIO DG REGIO University of Rome University of Piemont

Each of the 10 thematic work packages (i.e. excluding synthesis, modelling and data collection) had 2-5 external experts, selected for their knowledge of the field, who reviewed and commented the main deliverables.

*Table 3: List of the 25 independent scientific experts by work package*

Work Package	Experts	Institution	Field of competence
2 SME and business innovation	Brad Graeme Philip Astbury	University of Melbourne	Program Evaluation
	Harvey Armstrong	University of Sheffield	Regional Policy
	David Audretsch	Indiana University	Economic Development and Global Competitiveness
	Mateja Dermastia	Anteja ECG	Clusters, Innovation and Competitiveness Policies
	Robert Picciotto	King`s College	Program Evaluation

<b>Work Package</b>	<b>Experts</b>	<b>Institution</b>	<b>Field of competence</b>	
<b>3</b>	<b>Financial Instruments</b>	Marc Cowling	Professor of Entrepreneurship at the University of Brighton	Financial Instruments
		Pietro Alessandrini	Professor of Monetary Economics and European Monetary Policy at the UNIVPM, and Founding member of the Money and Finance Research Group (MoFiR)	Financial Instruments
		Heléne Clark	Director at Acknowledge and Chair of Board of Directors at the Centre for Theory of Change	Theory-based evaluation, Urban Geographer and Environmental Psychologist
<b>4</b>	<b>Large Enterprises</b>	Dirk Czamitzki	KU Leuven	enterprise support
		Elliot Stern	Lancaster University	CIE and TBIE
<b>5</b>	<b>Transport</b>	Emile Quinet	Paris School of Economics	Urban Economics
		Roger Vickerman	University of Kent	Professor of European Economics
<b>6</b>	<b>Environment</b>	Giles Atkinson	London School of Economics	Professor of Environmental Policy
		Sándor Kerekes	Corvinus University of Budapest, Hungary	Environmental Management and Economics
<b>8</b>	<b>Energy Efficiency</b>	Robert Harmsen	University of Utrecht	Energy Efficiency
		Jean-Sébastien Broc	École des Mines de Nantes, France	Energy Efficiency
<b>9</b>	<b>Culture and Tourism</b>	Dr. Beatriz Garcia	University of Liverpool	Cultural Policy
		Harvey Armstrong	University of Sheffield	Regional Policy
<b>10</b>	<b>Urban and Social Infrastructure</b>	Tobias Chilla	University of Erlangen-Nuremberg	Cultural Geography, Social and Political Geography, Urban and Regional Studies
		Roberto Camagni	Politecnico di Milano	Regional Policy
<b>11</b>	<b>ETC ("Interreg")</b>	Lena Tsipouri	University of Athens	Research and Innovation, Regional Development and Corporate Governance
		Slavo Radosevic	University College London	Regional Policy
<b>12</b>	<b>Delivery System</b>	Jiří Blažek	Associated Professor at Charles University in Prague in the Department of Social Geography and Regional Development	Expert on EU Cohesion Policy and insight on Central and Eastern Europe

Work Package		Experts	Institution	Field of competence
		Edoardo Ongaro	Professor of International Public Services Management of Northumbria University Newcastle	Expert on governance and public management reform in EU Member States
		Javier Revilla Diez	Professor and Chair of Economic Geography at the University of Cologne	Expert on regional economics, applied economic geography and impact assessment



## **Annex 2: Stakeholder consultation**

A nearly 3 month on-line public consultation covering both individual citizens and organisations from Member States has shown the perceptions of 104 respondents from 18 countries on the relevance, the effectiveness, the efficiency, the coherence and the EU added value attached to ERDF and CF 2007-2013.

Nearly 80% of the inputs came from representatives of different organisations (public organisations, ministries, agencies, trade unions, business associations and federations) and only 20% from individual citizens. The answers which came from four countries with both competitiveness and convergence regions (Germany, Italy, Spain and UK) represented 61% of the contributions.

A majority gave a positive view on each policy question in the survey:

- addressing real needs on the ground (86%)
- strengthening economic, social and territorial cohesion (83%)
- have provided support to groups or policy areas that could not have been sufficiently addressed by national programmes or policies (82%)
- delivered in coherence with national and regional policies (79%)
- have enabled support that could not have been covered by national programmes (71%)
- have been used to support structural reforms of labour market, transport, environment, energy, education and social policies and programmes (59%).
- administration has been delivered in a cost effective manner (54%)

### **1. Introduction**

The analysis is based on the results of an on-line public consultation which ran from 3 February to 27 April 2016. The structure of the questionnaire included 13 closed questions and other 12 open questions, offering the possibility of comments/examples of the respondents in relation to the five evaluation criteria i.e. the relevance, the effectiveness, the efficiency, the coherence and the EU added value attached to these structural funds. Some respondents used the opportunity just to make statements without clear link to the questions.

The ex post evaluation of 2007-2013 was launched in the second part of 2013 while the Better Regulation documents (where these principles and standards are included) have been published in May 2015. Nevertheless the Commission general principles (participation, openness and accountability, effectiveness, coherence) and minimum standards for stakeholder consultation were met.

## Consultations within specific work packages

Previous to the online public consultation there were other actions targeting specific stakeholders during 2014 and 2015 (see table).

	Thematic	OP Survey questionnaires		Survey of beneficiaries		Interviews			Seminars
		Polled	replies	Polled	Replied	MA	Stakeholders	SMEs	Participants
WP2	Inno & SMES	-	-	700		-	-	-	12
WP3	Financial Instruments	-	-	-	-	-	-	-	40
WP4	Large Enterprises	-	-	-	-	17	45	-	40
WP5	Transport	-	-	-	-	-	-	-	21
WP6	Environment	-	-	-	-	-	-	-	38
WP8	Energy efficiency	-	-	-	-	-	-	-	17
WP9	Culture and Tourism	150	95	-	-	157	-	-	32
WP10	Urban and Social	115	115	400	256	104	-	-	40
WP11	ETC			-		67	-	-	56
WP12	Delivery Systems	-	-	Open call	2,747	720	-	-	234
	<b>Sub-Totals</b>	265	210	1,100	3,003	1,065	45	-	530

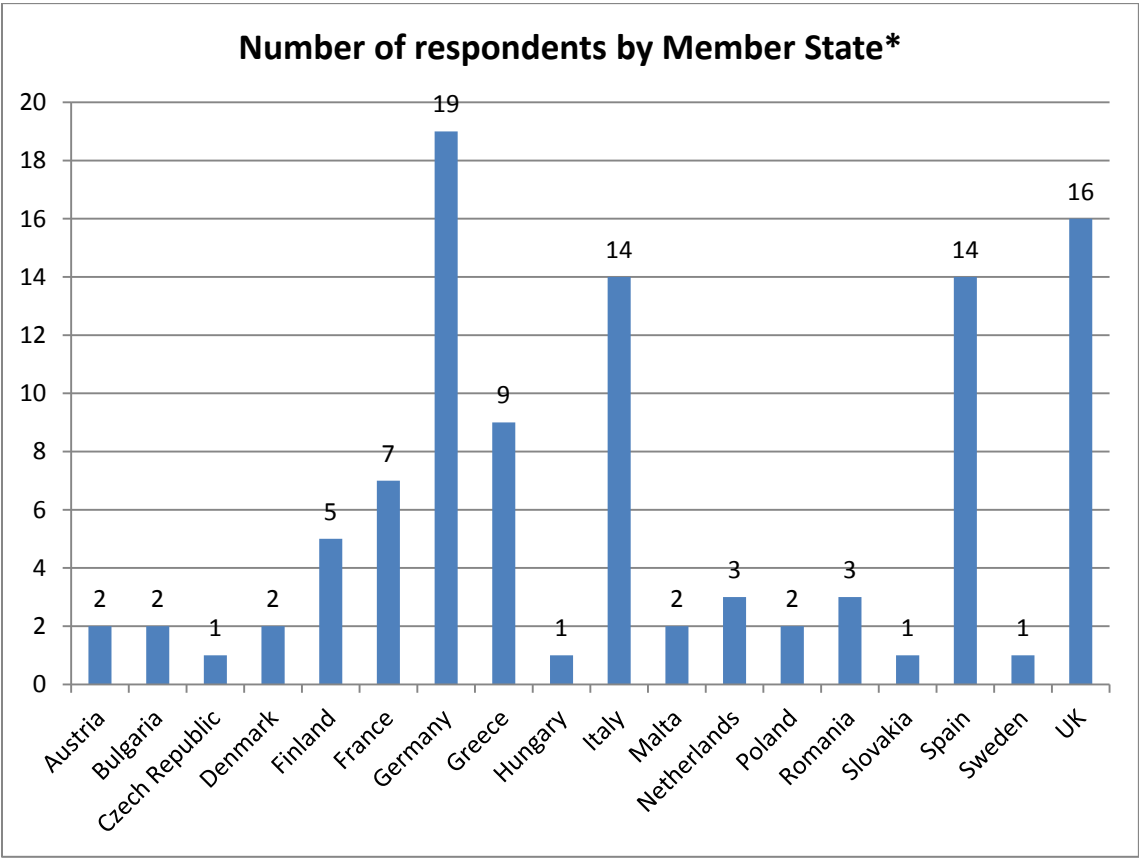
<b>Count in total</b>		210		3,003	1,065	45		530
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This was part of the process for 10 evaluation Work Packages (Innovation & SMEs, Financial Instruments, Large Enterprises, Transport, Environment, Energy Efficiency, Culture and Tourism, Urban and Social, Delivery Systems and other) and consisted of surveys by operational programme, surveys of beneficiaries, interviews and seminars, particularly organised in the context of networking with institutions/organisations from member states.

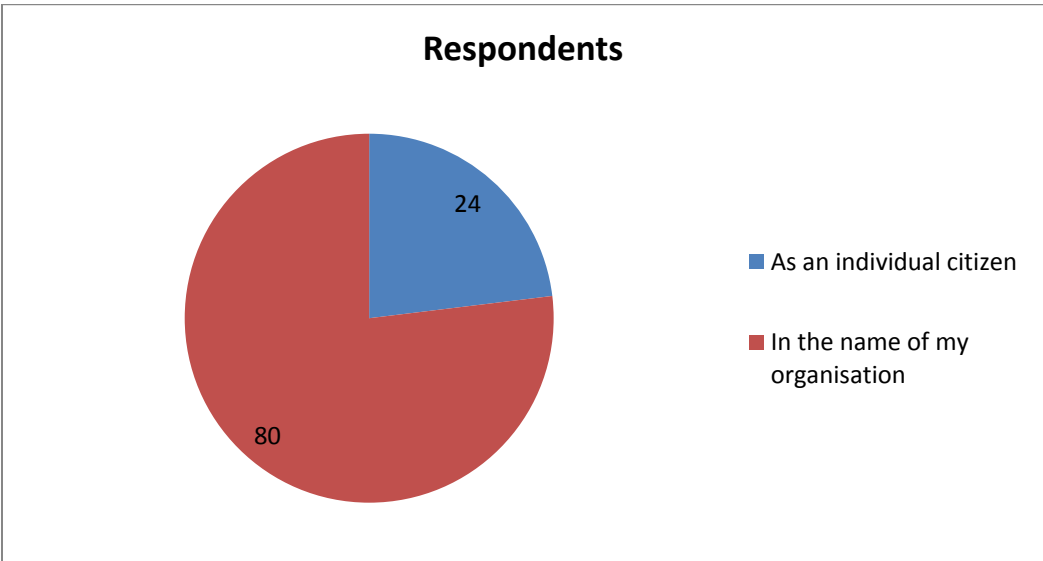
Nearly 5 000 participants were involved from all Member States. The results were integrated in the specific work packages.

## 2. Characteristics of survey respondents

104 respondents from 18 countries replied. Germany, Italy, Spain and UK represent 61% of the contributions.



Nearly 80% of the inputs came from representatives of different organisations (public organisations, ministries, agencies, trade unions, business associations and federations) and only 20% from individual citizens. This increases the representativeness of this public consultation. It is important to recognise though these represent perceptions and may not be expert analyses of impact.



22% of the respondents represented state institutions as ministries or agencies, 20% - other public institutions as research institutes and 12% - trade unions or business associations.

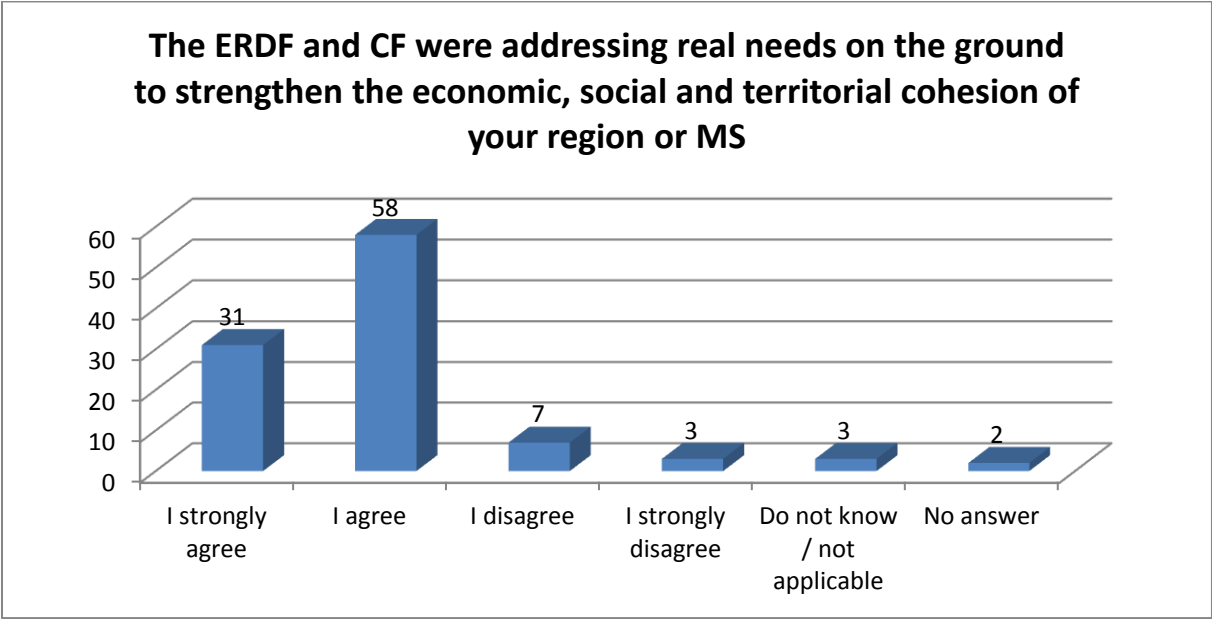
Almost one third of the respondents (33%) are people working in the management of operational programmes, while 20% expressed their views on behalf of a partner represented in the monitoring committee (not working in the management of the programmes) and only 22% expressed opinions as beneficiary of the policy.

### 3. Analysis of the replies

The overall rate of positive assessment by policy area was over 50% (see the cumulative number of statements "I agree" and "I strongly agree" for each policy section of the questionnaire).

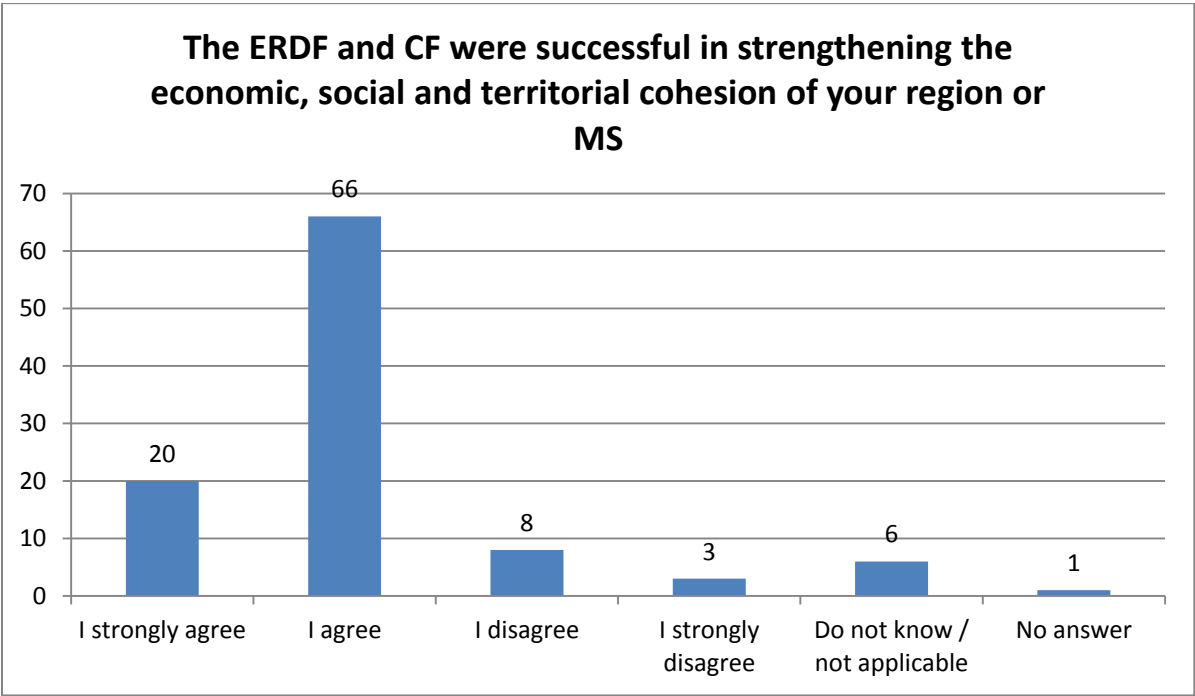
#### 3.1 Relevance

When testing their opinions on the relevance of both ERDF and Cohesion Fund, 86% of the respondents considered that these funds addressed the real needs on the ground (cumulative approach for responses "I agree" and "I strongly agree").



### 3.2 Effectiveness

In terms of effectiveness 83% of the respondents believed that ERDF and CF were successful in strengthening the economic, social and territorial cohesion (see figure below).

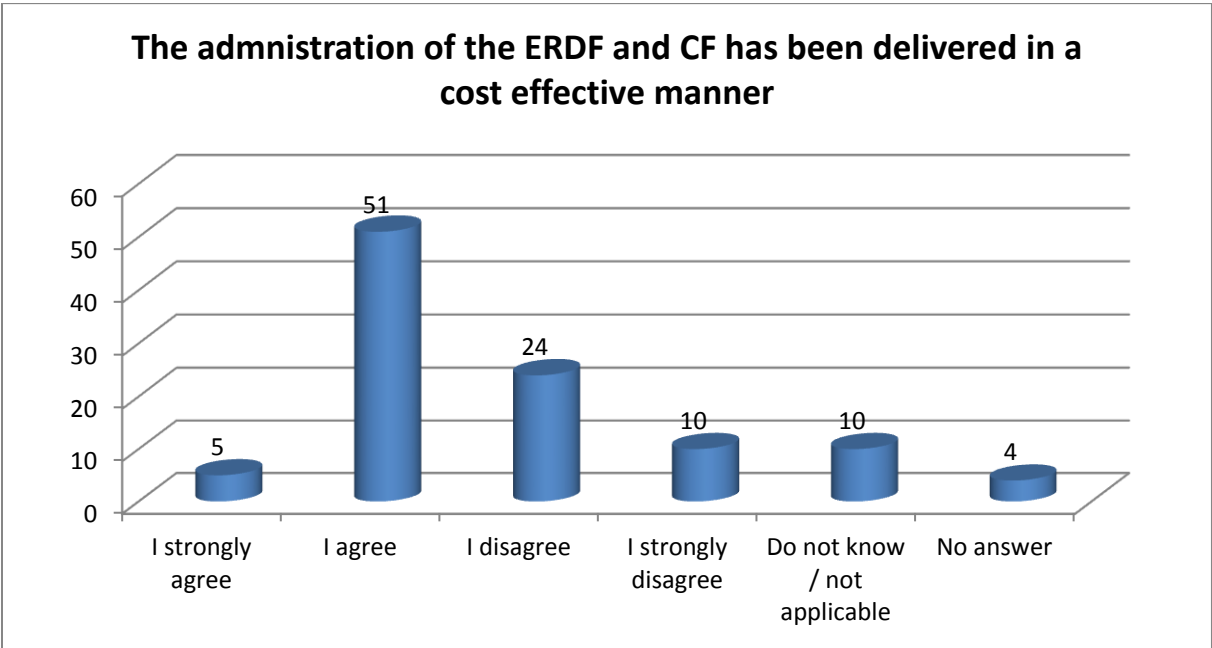


One respondent from EU12 considered that ERDF financed projects provided a real boost to SMEs which in turn led to job creation and safeguarding. Businesses were helped from start-up through to management and technical support generating a comprehensive support across the business life cycle.

Another example concerns territorial cohesion, notably the management and knowledge about shared natural assets. The programme supported joint habitat mapping across the border, allowing strengthening territorial cohesion.

### 3.3 Efficiency

54% of the respondents think that ERDF and Cohesion Fund have been administrated in a cost effective manner (see figure).

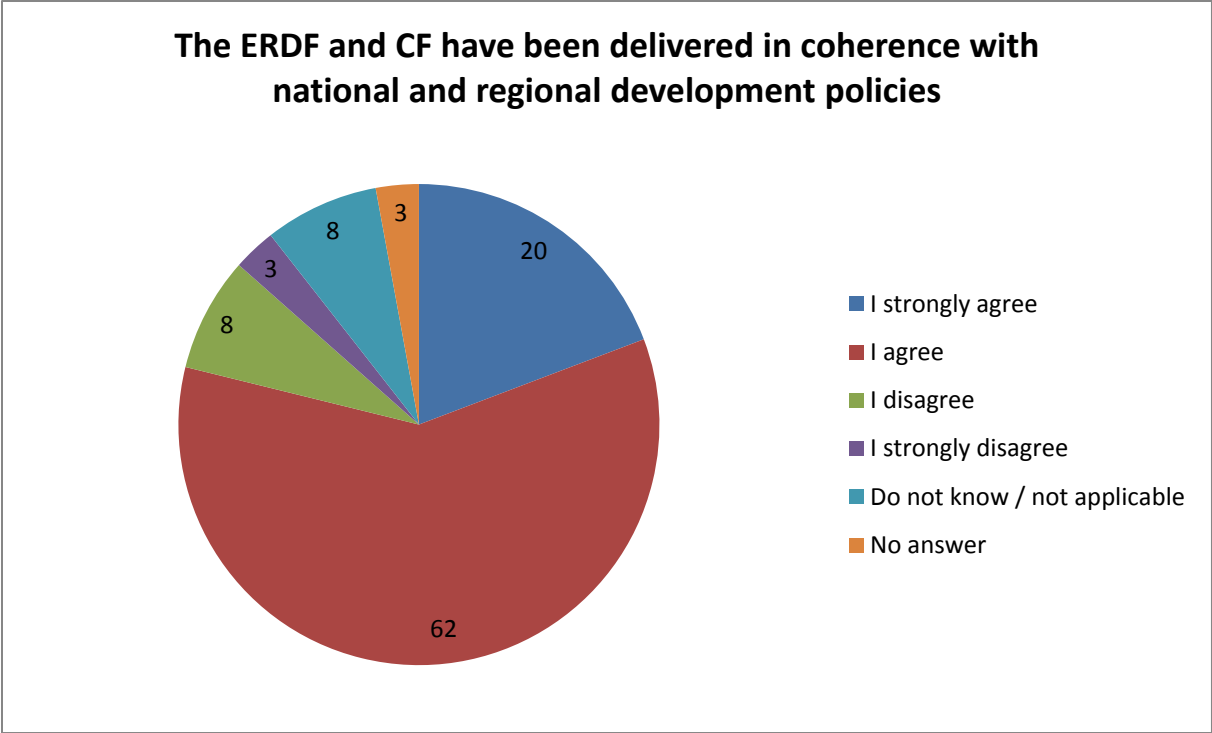


Some respondents mentioned the administrative burden for applicants, both in the application process and during the project implementation and project closing phases.

For some respondents it appears that as a result of a shift towards fewer but larger projects, the high administrative burden in combination with a reduced likelihood of being approved meant that funds were not attractive enough for smaller organisations who could otherwise make an important contribution to ERDF objectives.

### 3.4 Coherence

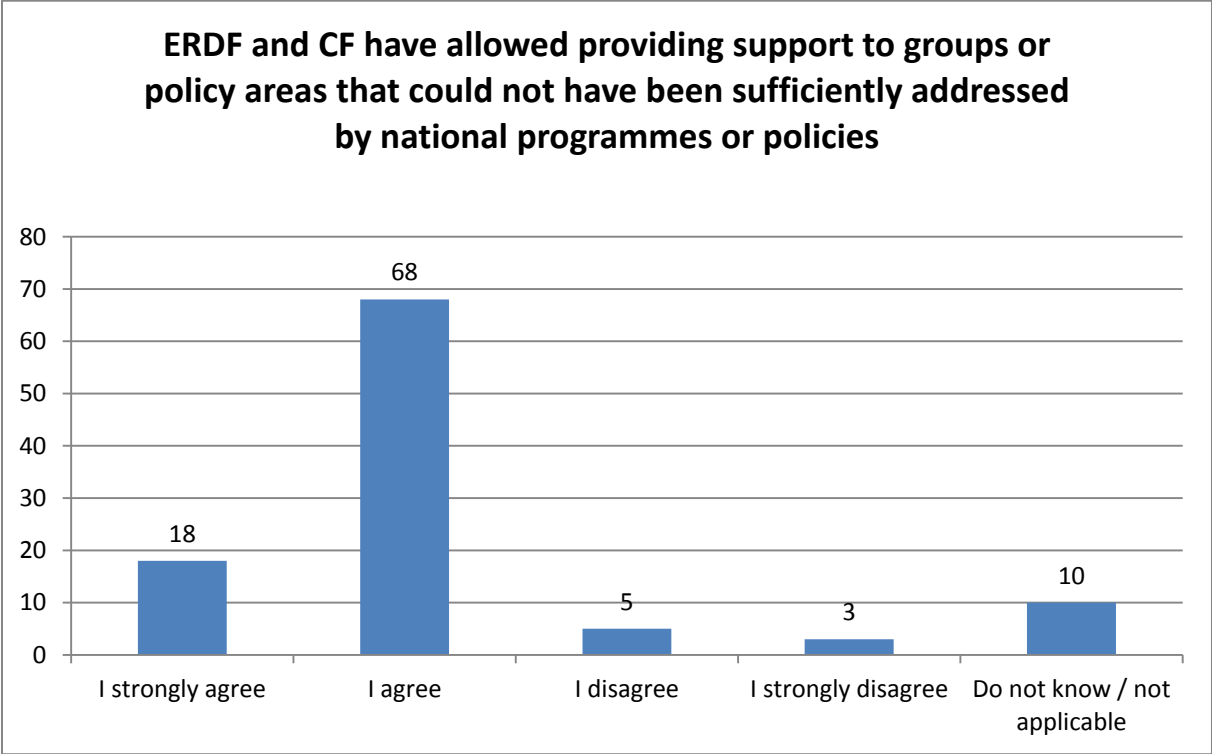
79% of the respondents viewed ERDF and Cohesion Fund design and implementation as being coherent with national and the regional policies (see figure below). Respondents often underlined that studies delivered as part of the projects helped shape regional strategies in areas as innovation, smart specialisation, environmental plan, flood protection strategies. ERDF is seen as a suitable instrument to support specific aspects of the implementation of these strategies. Existing local, regional and national policies have been connected to the European regulatory requirements given opportunities for co-funding with private or state resources, particularly in the area of innovative actions.



**3.5 EU added value**

**3.5.1 Complementarity with national programmes and policies**

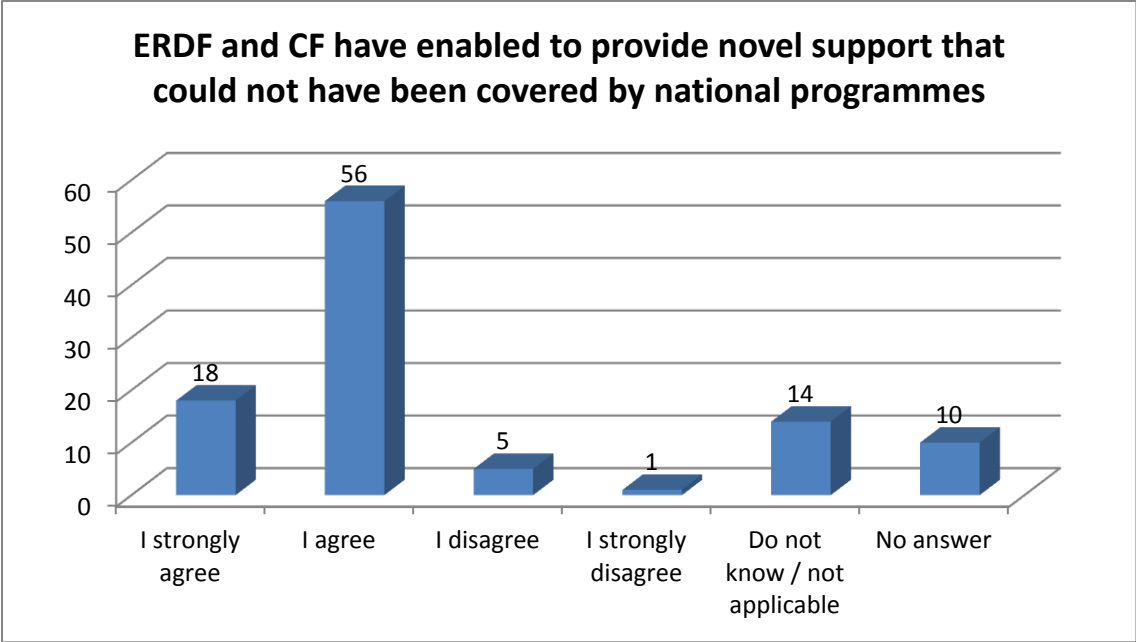
83% of the respondents considered that the ERDF and Cohesion Fund have provided support to groups or policy areas that could not have been sufficiently addressed by national programmes and policies. For smaller Mediterranean countries this support was seen as crucial for cross border cooperation projects and improving their competitiveness within the internal market.





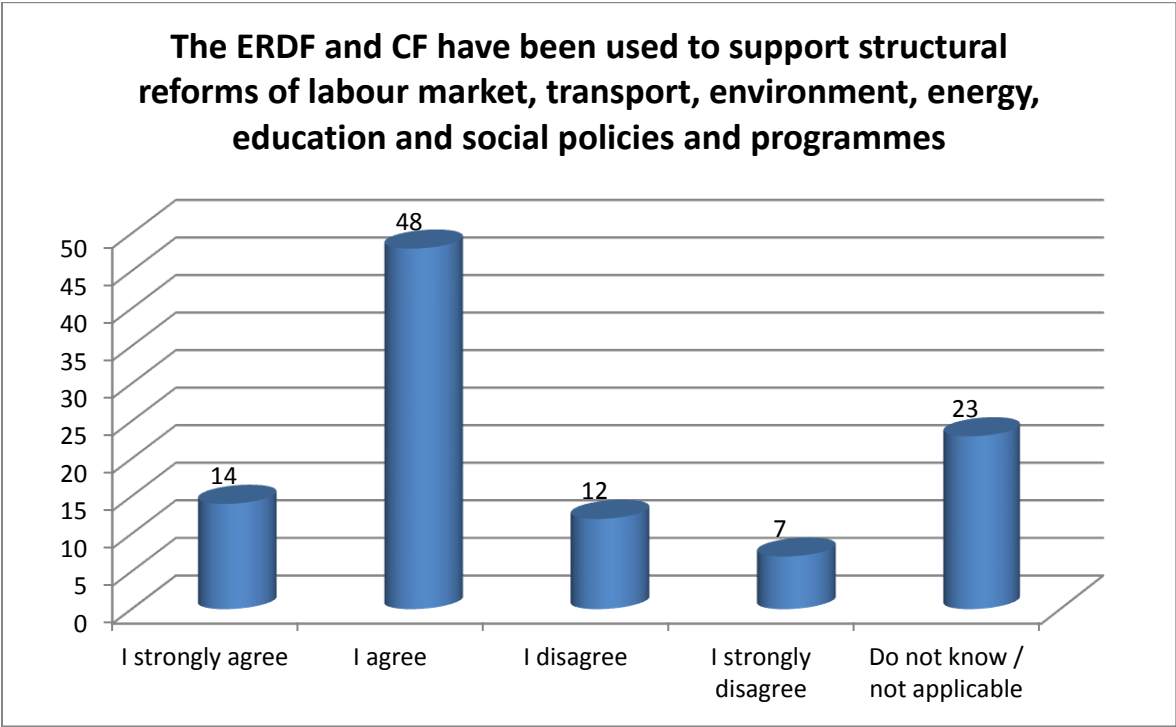
**3.5.2 Novel support never covered by national programmes**

71% of the respondents viewed the ERDF and Cohesion Fund as having enabled novel support that could not be covered by national programmes. Particular mention was made of territorial projects specific to the border areas – these are not always seen as a priority by national governments. Some of the interventions that were financed under ERDF promoted local economic development and regeneration and would not have happened if local authorities had to rely upon exclusively national funding and instruments. It was very much appreciated the fact that multi-annual programming and strategic approach of ERDF provided the focus for these interventions over a medium term period.



### 3.5.3 Support for structural reforms

60% of the respondents considered that the ERDF and Cohesion Fund have been used to support structural reforms of labour market, transport, environment, energy, education and social policies and programmes. Job creation and economic growth were particularly targeted thanks to the support provided by ERDF. Support was appreciated for micro SMEs, in terms of design cluster when they lack some of the skills required to grow their business. However grants alone do not bring structural reforms if they are not granted under specific conditions and integrated into the medium and long term strategic approaches.



### 4. Conclusions and other responses

This consultation confirmed a largely positive perception of the ERDF and Cohesion Fund. However, by policy areas covered by these funds the perception was slightly differentiated with higher positive perception (with an average of 82,5%) when analysing their relevance, effectiveness and coherence. In the case of efficiency and EU added value (as support to structural reforms) the positive perception went down to respectively 54% and 60%.

Some respondents, particularly those representing business organisations and trade unions, used the opportunity to make, in the most part, interesting statements which however were not necessary linked to the questions content.

For example in several cases they underlined the multiplier effect of ERDF in terms of attracting co-financing from public and private sources. One comment presented the case of an operational programme in the area of innovation and SMEs where the co-funding was initially planned at maximum 50% by regulation, but described in the operational programme as 40% while the real ERDF contribution turned out to be 30%. The main shift was caused by the higher contribution of the private sector. Available money was reoriented towards newly identified needs.

Nevertheless other statements suggested that Cohesion Policy objectives have limits. Too many objectives foreseen by regulations jeopardise the possibility to address the real needs particularly when SMEs and micro-SMEs are the beneficiaries.

Another area of comments referred to the necessity of standardising the projects competitive selection procedure, not only for reasons of uniformity, but for reasons of simplicity as well. It was also mentioned between approval of an SME project and the arrival of EU money it took sometimes 600 days, raising the risk of bankruptcy.

Some respondents suggested concentrating more ERDF funds on sustainable growth projects and job creation and increasing the technical support for better quality project generation.

This was the first on line public consultation related to the ERDF and Cohesion Fund since the launch of the provisions of the Better Regulation documents regulating aspects of general principles and minimum standards for stakeholders consultation. Together with the more targeted activities developed in the past under the form of interviews, surveys and seminars, the consultation gave a perspective on the evaluation results.

## Annex 3. Evidence, methods and analytical models

Methods applied in an evaluation essentially depend on the question they are supposed to answer and on the data available. As the ex post evaluation of the ERDF and the Cohesion Fund covered a wide range of intervention areas and different questions, methods needed to reflect this. The full descriptions of methods for each work package can be found online at the addresses at the end of this annex.

Most of the evaluations carried out fell into the area of theory-based evaluation, complemented by counterfactual evaluations and macroeconomic modelling.

Interviews, desk review, literature review, statistical methods. As part of most work packages, interviews (WPs 2, 3, 4, 5, 6, 8, 11, 12), desk reviews and literature reviews (WPs 2, 3, 4, 8, 9, 12) were carried out. Statistical methods were used, for example, in the analysis of regional disparities under WP 1 and in order to check data quality in WP 0 and 13 which collected data on output indicators and the geographic distribution of expenditure.

To generate or validate certain hypotheses, 63 case studies were carried out (WP2, 3, 4, 5, 6, 8, 9, 10, 11 and 12) plus 20 project case studies (WP5, 6).

A Bayesian network analysis formed part of WP2 in order to generate, structure and assess logical frameworks of interventions supporting SMEs in three in-depth regional case studies.

Surveys were employed to collect information and perceptions in several work packages (9, 10 and 12).

Cost benefit analysis: WPs 5 and 6 assessed the quality of financial analyses of 40 major projects in the framework of their cost benefit analysis.

Seminars with stakeholders and academic experts:

- Seminars with stakeholders, including both representatives of case study regions and others, were used to test and validate findings of thematic work packages (WP 2, 3, 4, 5, 6, 8, 9, 10 and 11).
- A seminar with Member States explored the effect of the financial and economic crisis on implementation and strategy of programmes.
- A seminar with academic experts (WP1) looked into the determinants of growth of regions and asked whether it is possible to identify a "gold standard" of regional development strategies in the EU context.

Dynamic stochastic general equilibrium models:

- The QUEST model developed by DG ECFIN was used to simulate the impact of the support provided on GDP and other macroeconomic aggregates on the level of MS (WP14a).
- This work was supplemented by a simulation through a new model RHOMOLO (WP14b), developed by DG REGIO in co-operation with the Joint Research Centre. RHOMOLO has the advantage of simulations at the regional (NUTS 2) level. It also includes a separate modelling of the transport sector, refining the analysis of support provided for infrastructures.

Counterfactual evaluations: Two work packages of the evaluation carried out a causal analysis of the effect of the support provided on GDP growth rate by NUTS regions based on a regression discontinuity design (WP14c) and a propensity score matching (WP14d).

## **List of websites**

Homepage of the 2007-13 evaluation:

[http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/#1](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1)

WP1 Synthesis report, final report:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp1\\_synthesis\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp1_synthesis_report_en.pdf)

WP2 SMEs, final report:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp2\\_final\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp2_final_en.pdf)

WP3 Financial Instruments for enterprise support, final report:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp3\\_final\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp3_final_en.pdf)

WP4 Large enterprises, final report:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp4\\_final\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp4_final_en.pdf)

WP5 Transport, final report

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp5\\_final\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp5_final_report_en.pdf)

WP6 Environment, final report

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp6\\_final\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp6_final_en.pdf)

WP8, Energy efficiency:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp8\\_final\\_report.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp8_final_report.pdf)

WP9 Tourism and Culture:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp9\\_final\\_report.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp9_final_report.pdf)

WP10 Social infrastructure

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp10\\_final\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp10_final_en.pdf)

WP11 ETC

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp11\\_final\\_report.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp11_final_report.pdf)

WP12 Delivery System

[http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/#1](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1)

WP13 Geography of Expenditure

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp13\\_final\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp13_final_report_en.pdf)

WP14 a Quest:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp14a\\_final\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf)

WP14b Rhomolo:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp14b\\_final\\_report\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14b_final_report_en.pdf)

WP14c and d Econometric studies (counterfactuals) Executive Summary:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/expost2013/wp14c\\_d\\_executive\\_summary\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14c_d_executive_summary_en.pdf)