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EXPLANATORY NOTE

**SUBJECT: INTRODUCTION TO CATEGORISATION AND CORE
INDICATOR DATA 2007-2013**

A. USE OF FUNDS: THE CATEGORISATION SYSTEM	2
B. MONITORING OUTPUTS: CORE INDICATORS 2007-2013	4
C. CONTACTS	5

A. USE OF FUNDS: THE CATEGORISATION SYSTEM ¹

The General Regulation (EC) N° 1083/2006 (Articles 37 and 67) and Regulation EC N° 1828/2006 (Article 11) require Member States to provide, for each operational programme, a breakdown by category of the use of Funds, and to report cumulative allocations against these categories in the Annual Implementation Reports (AIRs). This information has proved essential in terms of aggregated monitoring of the project pipeline and communicating on the investment activities of the policy. The 86 "priority theme codes" are the most widely used, but the categorisation systems also has information on "Form of finance", "Territorial dimension", "Economic dimension" and "Location" (NUTS codes).

1. What does this data tell us?

This data helps answer many questions such as

- How much EU support is foreseen for different fields of investment (transport, research, human capital development, etc.)?
 - What progress has there been in selecting specific projects to absorb that EU support? How do different rate of project selection compare in relation to the average by theme or overall?
 - How widely are financial instruments used in different fields of investment?
 - How much funding is used in specific fields of investment in urban, rural or other areas?
 - How much innovation support or labour market support has been granted to particular sectors of the economy?
2. **Background:** Work has been underway since early 2009 to ease the transmission and improve the quality and reliability of the reported information. The Member States have been presented with the Commission's overall analysis annually since 2009 in the relevant Committee - COCOF. It has been published in various formats but in particular in the 2010 and 2013 Strategic reports - [LINK](#).
3. **Progress and Caveats:** Successive reporting exercises have led to following improvements:
- Coverage of all 437 programmes, which allows to compare selection progress by programme to the EU average;
 - Rising project selection rates and improved reliability of data reported;
 - Better data at programme level on the "Economic dimension" and the "Location dimension".

¹ The background reference documents on the use of the categorisation system are:

- Information Note COCOF 09/0008/00-EN of 18 May 2009 - [LINK](#)
- The questions and answers sheet (public SFC2007 webpage) updated in early 2012: [LINK](#)

However there were also **limitations and certain inconsistencies in the data:**

- The project selection data does not equate to payments by beneficiaries or declared to the Commission. Payment data received by the Commission is not encoded in line with the 86 priority theme "category codes" but only in line with the programme financial tables.
- From time to time the Commission and programmes have had to correct data which was not reported in Euro, not cumulative or not allocated to the correct codes.

Through each annual exercise the Commission works to address quality issues in partnership with the programme authorities with a view to render the data more consistent.

4. Available on the Website:

- **Table 1: ERDF/ESF/CF Priority theme overview 2007-2012**

Provides a synthesis of decided and project selection amounts reported by all funds by themes (provided synthetically by the major thematic groups and also by 86 priority theme codes);

- **Table 2: ERDF/CF Raw data 2007-2012**

Provides ERDF/CF project selection data reported by relevant programmes in its "raw" state (amounts allocated by combination of the five dimension codes).

B. MONITORING OUTPUTS: CORE INDICATORS 2007-2013

Core indicators, presenting mainly measures of outputs, provide a relatively up-to date picture of implementation progress. However, they under represent the number and variety of co-financed actions. This is because the chosen core indicators cover only those actions present frequently in many programmes. As a result a variety of actions are undertaken which do not give rise to outputs measured by the selected core indicators.

1. What does this data tell us?

- It tells us how many projects are selected in those areas covered by specific core indicators – RTD, SME support projects, ICT, health and education projects and others.
- It tells us about specific outputs resulting from completed projects – Km of roads, Km of rail, Number of start-up companies supported, Additional population served by waste water projects, etc.

2. **Background:** The reporting of core indicators for the ERDF and Cohesion Fund is not an obligation for programmes during 2007-2013. However an agreement between the Commission and MS in 2009 led to changes to the SFC07 data exchange system. These arrangements were documented along with indicator definitions in [Working Document N° 7](#) of July 2009. Nearly all ERDF/CF programmes now report some or all of the 41 core indicators, in their annual reporting, where relevant.²

3. **Caveats:** The quality of data is affected by the following factors:

- Not all Member States have used the same or comparable definitions recommended by the Commission;
- Reports delivered by Member States include simple, but consequential errors. For instance units of reporting have been mixed up (e.g., MWh instead of Megawatts).
- In a number of cases targets have not been set. Where targets are set some are substantially over- or underachieved. Target setting remains perhaps the most widespread and substantial problem.

Even a small number of such outliers can render the immediate use of the reported information difficult.

4. **Available on the Website:**

- The excel table *Core indicators data for ERDF/Cohesion Fund* offers a version of the Core indicators reported in the 2012 programme implementation reports rectified by DG REGIO.

² The first detailed public reporting of outputs and results using the core indicators took place in the [2013 Strategic report](#) – see in particular the staff working document [staff working document SEC\(2013\)129](#) (see sections 3 and 4) and the 13 thematic factsheets [13 thematic factsheets](#) that provide commentaries on the core indicator reporting by theme.

C. CONTACT

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