MANAGING THE 2007-13 PROGRAMMES TOWARDS FULL ABSORPTION AND CLOSURE

REVIEW OF PROGRAMME IMPLEMENTATION
WINTER 2012-SPRING 2013

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PREFACE

The research for this paper was undertaken by EPRC in preparation for the 34th IQ-Net meeting held in Laško, Slovenia on 12-14 June 2013. The paper was written by Rona Michie and Kaisa Granqvist.

The paper is the product of desk research and fieldwork visits during Spring 2013 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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The partners in the IQ-Net network are as follows:

**Austria**

- State Government of Niederösterreich (Lower Austria), Economic and Tourism Department
- State Government of Steiermark (Styria), Department for Economy, Tourism and Sport

**Belgium**

- Enterprise Flanders Agency

**Czech Republic**

- Ministry of Regional Development

**Denmark**

- Danish Business Authority

**Finland**

- Alliance of Länsi-Suomi (Western Finland) and the Ministry of Employment and the Economy
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France
- Délégation interministérielle à l’aménagement du territoire et à l’attractivité régionale (DATAR, Interministerial Delegation of Territorial Development and Regional Attractiveness)

Germany
- Nordrhein-Westfalen (North Rhine-Westphalia), Ministry for Business, Energy, Industry, SMEs and the Craft Sector, EU Affairs Unit
- Sachsen-Anhalt (Saxony-Anhalt), Ministry of Finance

Greece
- Management Organisation Unit of Development Programmes S.A.

Italy
- Ministry of Economic Development and Promuovi Italia SpA

Poland
- Śląskie Voivodeship (Marshal’s Office of Silesia)

Portugal
- Financial Institute for Regional Development (IFDR)

Spain
- País Vasco (Basque Country), Provincial Council of Bizkaia, Department of Economy and Finance

Slovenia
- Ministry of Economic Development and Technology, EU Cohesion Policy Directorate

United Kingdom
- Department of Communities and Local Government
- Scottish Government
- Welsh European Funding Office

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It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.
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MAIN FINDINGS

- The rate of financial implementation has improved significantly across the EU27, with the average payments rate now at 51.4 percent (May 2013). The absorption rate is slightly higher for ESF (54.6 percent) than ERDF (53 percent). The payment rate for the Cohesion Fund is 43.1 percent. Yet there are wide variations between countries, ranging from a total absorption rate of 66.6 percent in Estonia to 25.3 in Romania.

- In most IQ-Net programmes, financial progress can be considered to be good. Commitments are beyond 68 percent and figures reach 100 percent in some cases. Payments are often progressing slower than would be wished in spite of high commitment figures. There are considerable variations within programmes and between priority areas.

- Most IQ-Net programme authorities are expecting to comply with the decommitment rule in 2013. Yet spending challenges and interruptions of payments as a result of audits continue to affect financial progress of programmes. To ensure timely commitments and payments of last remaining resources, programmes have adopted various commitment strategies with close monitoring of financial absorption.

- The Strategic Reports 2012 show that, IQ-Net programme countries have made good progress towards their physical targets and there are already signs of the long-term positive effects of the measures. However, across IQ-Net programme countries, as well as the EU more broadly, there is little consistency in the reporting against core indicators.

- The measurement of physical progress has been a learning process for many during this programme period, with examples of targets having been set too low, or too high.

- Programme managers have taken various actions to address the challenges of measuring physical progress, including revising or re-negotiating indicators or targets, taking action to improve reporting by beneficiaries or Intermediate Bodies, and introducing new measures to stimulate new projects.

- The economic crisis has had an important impact, including public sector budget restrictions and corresponding problems to ensure co-financing at national and/or regional levels, slow progress of some priorities due to a decreased demand and fluctuations in exchange rates. Internal factors such as a lack of human resources have also slowed progress in some cases.
• Few IQ-Net programmes have been formally revised or are in the process of revision. Often funding has been continuously reallocated amongst activity fields within the same priority, in a way that does not require formal revision, towards projects or measures less affected by the crisis. Yet, some programmes are prepared to make revisions towards the end of the 2013 if this is necessary from a financial absorption viewpoint.

• As the programme period is coming an end, implementation structures and procedures remain stable, with some important exceptions driven by the need to improve the pace of spending.

• Data show that FEIs have made an important contribution to reaching programme targets especially given the impact of the economic crisis, however, by the end of 2011, only one-third of Structural Funds allocations to FEIs had reached final beneficiaries. The rest remained in Holding Funds or specific FEIs.

• Evaluation activity has continued within IQ-Net programmes, with many evaluations feeding directly into development of the new programmes for 2014-20. In particular, the number of ESF evaluations has greatly increased.

• Over the last six months, there has been an intensive process of feeding in to the Commission’s draft closure guidelines and internal gathering of information on issues and questions. Now that the final closure guidelines have been published, managing authorities have been making decisions about internal deadlines, updating or preparing domestic guidance, investigating the possibility of part closure, setting up working groups for closure, drawing up risk registers, and disseminating information via training, workshops and newsletters. Human resources may be an issue for closure as attention increasingly turns to the 2014-20 programmes.
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1. INTRODUCTION

This is now the seventh and final year of the 2007-13 programme period, with two or three and a half years remaining to ensure full absorption of programme allocations. Concerns around the management and implementation of the current programmes continue to be centred on ensuring full commitment, maintaining or increasing the level of payments, as well as planning for timely project and programme closure, while balancing these demands with the preparations for the forthcoming period. The context within which most programmes are operating has changed dramatically since the programmes were written, and their performance in terms of financial execution and in demonstrable results faces high levels of scrutiny.

This paper reviews recent developments in the implementation of the 2007-13 programmes focusing on the 2012-13 period. It draws on a mix of desk research and interviews with staff working on the implementation of Structural Funds programmes in the 14 Member States where managing authorities and programme secretariats are partners in IQ-Net. The surveyed programmes collectively account for almost one-third of Cohesion policy spending and encompass a mix of Convergence, Regional Competitiveness & Employment, and Phasing-In/Out regions. The desk-based research has focused on EU-level and programme documents, including financial performance and monitoring data, with a particular focus on Member States’ 2012 Strategic Reports. Interviews were conducted with managing authorities, programme secretariats and national coordination bodies.

The paper is divided into seven sections. Section 2 reviews the progress with implementing the 2007-13 programmes, in terms of financial execution, while Section 3 reviews progress in terms of meeting their targets for physical output and result indicators. Section 3 examines new developments, particularly those introduced to help facilitate programme progress, either financial or physical, while Section 5 highlights some examples of interesting findings from recent evaluations carried out by IQ-Net managing authorities and programme secretariats. Section 6 reviews the arrangements being put in place to facilitate programme closure, and Section 7 concludes the paper.

Preparations for the 2014-20 period are covered in the accompanying IQ-Net Thematic Paper 32(2).
2. ASSESSING PROGRAMME PROGRESS: FINANCIAL PROGRESS

2.1 Financial implementation in the EU27

The rate of financial absorption of Cohesion policy programmes has increased significantly in the EU27 over the last six months. After increases of about five percentage points every six months since 2010, the payment rate has accelerated in the last year. Following a 6.7 percentage point increase in May-October 2012, payments increased by 7.3 percentage points from 44.1 percent (7 November 2012) to 51.4 percent (14 May 2013) in the last six months. However, as Figure 1 shows, there are marked differences between Member States and Funds:

- Highest overall payments continue to be found in Estonia (68.8 percent), Ireland (67.6 percent) and Portugal (66.9 percent).
- The lowest rates were reported for Czech Republic (39.3 percent), Bulgaria (38.2 percent) and Romania, still only at 25.3 percent.
- Payments have increased significantly in some countries, e.g. in Estonia (14.9 percentage points), Ireland (12 percentage points) and Italy (11.9 percentage points). The slowest progress has been made in the United Kingdom (1.6 percentage points), Lithuania (2.4 percentage points) and in the Czech Republic (3 percentage points).

In terms of individual Funds, payments are most advanced for the ESF (54.6 percent), followed by ERDF (53 percent). Payments for the Cohesion Fund are lower at 43.1 percent. Particularly high rates can be found for the ESF in Latvia (84.4 percent), in Estonia (73.5 percent), Austria (71.7 percent) and Portugal (71.6 percent), while Cohesion Fund payments are highest in Spain (69.6 percent), Estonia (64.9 percent) and in Lithuania (62.1 percent).

Figure 1: Structural Funds payments in 2007-13 (14 May 2013)

Source: Commission data from 14 May 2013 on Commission disbursements to Member States. These figures are not an accurate representation of progress on the ground; the Commission has had a cash shortage with which to make payments and there is a systematic delay between expenditure occurring on the ground and its being declared to the Commission.

Note: EU27 excludes EU cross-border cooperation and Interregional cooperation programmes.
Despite the recent acceleration, the pace of spending is notably slower than in 2000-06: overall payments are around eight percentage points behind the same point in the 2000-06 period. Indeed, expenditure claims covering around 48 percent of EU financing are still to be declared to the Commission in the remaining 30 months allowed for spending under the programme period. For many countries, there remains a substantial amount to be claimed and some concerns are expressed over their ability to absorb the amount available. Yet, in a number of countries the pace of implementation seems to have picked up in last six months (Figure 2).

**Figure 2: Payment rate and pace relative to the EU27 average**

Since there is a systematic delay between expenditure occurring on the ground and its being declared to the Commission and disbursed by the Commission, the progress of programmes is somewhat underestimated. Some Member States have high levels of project selection but lower levels of expenditure declared, which may indicate that programme implementation may be more advanced than indicated by the payments data (Figure 3). By the end of 2011, the financial volume of projects selected ('committed') was €246 billion, representing 71 percent of available resources. It is estimated

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4 The understanding of ‘selected project’ recommended by Commission since 2008-09 is that the projects have been selected by the managing authority. This act of selection may typically involve a grant decision or other confirmation of inclusion of the projects in the programme or allocation of EU funding from the programme (EC 2013b: 25). However, there is no common definition of the term, so what is actually covered can vary between countries and even programmes (EEN 2013: 25).
that at the end of 2012 the financial volume of projects selected would be €304 billion, 88 percent of available resources. Nevertheless, in some cases the data on allocations confirm what payment data suggests; there have been significant delays in the implementation of programmes.

**Figure 3: Commitments (by end of 2011) and payments declared by Member States (14 May 2013)**

![Graph showing commitments and payments](image)


**Note:** Projects selected by 31 December 2011; payments by 14 May 2013.

The Strategic Reports 2012 show that in most of the IQ-Net programme countries (e.g. AT, BE, FI, PL, PT, UK), financial absorption has been satisfactory. The absorption rates remain low in France, Greece and the Czech Republic. However, within individual countries, there are strong regional variations in financial progress as the following examples indicate.

- **France.** Although overall payment rates remain very low on average (17 percent), the rates for ERDF OPs lie between 24 and 43 percent; there is also a significant gap between the payment rate of the national ESF OP (30.8 percent) and ESF Convergence OPs (16.8 percent). Interestingly, there is a north-south divide regarding payments under ERDF OPs with lower payments in the north of the country.

- **Poland.** The level of contracting differs under individual programmes. Regional programmes achieved best results; the use of the allocation calculated jointly for all 16 regions amounted to 76 percent as of the end of 2011. Among national programmes, the highest contracting was observed with regard to the OP Innovative Economy (around 70 percent of funding was distributed), while under the OP Infrastructure and Environment and the OP Human Capital 69 percent and 67 percent of funding was contracted, respectively.
Furthermore, the Strategic Reports 2012 highlight how progress has varied between different thematic areas. In the EU27, commitments have progressed above average for the following thematic areas:

- roads (and in IQ-Net programme countries, significantly above planned allocations in BE, ES, GR, NL);
- social infrastructure (BE, UK);
- SME and other business support (DK, GR); and
- culture and heritage (BE, NL, SE, SI).

On the other hand, commitments have progressed below the EU27 average in the following themes:

- innovation and R&D (10 percent or below EU average in AT, ES, GR, IT),
- environment (CZ, DK, IT);
- rail (PL, SI);
- IT services and infrastructure (AT, BE, DE, DK, FI, FR, IT, NL);
- capacity building (AT, DE, ES, FR, IT, NL, PL, UK);
- energy (BE, CZ, ES, FI, IT, PL, PT, SI); and
- other transport (AT, CZ, FR, NL, PL, PT, SI, UK).\(^5\)

In principle, the progress of Lisbon earmarked priorities has been slower than non-earmarked priorities. There is a growing gap in project selection under Lisbon earmarking in Convergence programmes (under Regional Competitiveness and Employment programmes, project selection for Lisbon earmarking is ahead of overall non-Lisbon, at 75.4 the latter and 76.8 the former).

### 2.2 Financial progress in IQ-Net programmes

With the programme period now in its final year, commitments are above 68 percent in all IQ-Net programmes. Figures are over 100 percent in several Greek OPs, around 100 percent in Wales and Nordrhein-Westfalen, and 96 percent in Vlaanderen and Scotland. Although financial progress is deemed satisfactory in almost all programmes, payments are often progressing slower than would be wished. However, many programmes have taken measures to improve financial performance and there have been significant increases in payments in recent months in most programmes.

- **Austria (Niederösterreich, Steiermark).** Financial progress in both Austrian programmes is good. In Niederösterreich, commitments increased to 73 percent and payments to 42 percent (10 April 2013). At measure level, payments are most advanced in the areas of business-related and technology infrastructure (53 percent) and flood protection (68 percent). In Steiermark, commitments stand at 70 percent and payments at 41 percent (11 April 2013). At the measure level, above average payments are reported for the tourism (88 percent) and environment (81 percent), while R&D is lagging behind. Compared to same point in 2006, commitments are behind by 11 percentage points in Niederösterreich and seven percentage points in Steiermark.

- **Belgium (Vlaanderen).** Financial progress is deemed satisfactory in Vlaanderen. In May 2013 a total of 479 projects have been accepted which represents an increase of 9 on

October 2012. Most projects are accepted under Priority 1 (38 percent). The lowest number of projects was accepted under Priority 4 (9 percent). ERDF commitments are currently at 96.2 percent an increase of 0.6 percent from October 2012. Payments were at 60.04 percent with a 7.37 percent increase in recent months. The largest increase was recorded in Priority 4 (EUR 1.89 million). Priority 4 is also the priority in which most funds remain available (13.7 percent). There has been a small decrease in funds that are committed in Priority 1, 2 and 3 despite additional projects being approved in each of these. This is due to de-committed funds becoming available when projects come to a close.

- **Czech Republic.** From a national perspective, over the last six months financial progress of the NSRF has continued at a moderate pace, especially as regards the processes of certification and reimbursement from the EC side. The commitment rate of the NSRF has increased by only five percentage points to 82 percent (6 March 2013) and payments by 12 percentage points to 52 percent. A substantial increase (52 percent) has been recorded in certification rate which now stands at 29 percent. Nevertheless, rates still differ widely across individual operational programmes. Payments range from 78 percent for the OP Transport to only 31 percent for the Integrated OP, certifications stand at 58 percent for the ROP South-East, while the OP Research and Development for Innovations has reached only 10 percent.

- **Denmark.** Progress with implementation is generally deemed satisfactory in Denmark, with very little difference between ESF and ERDF. Commitments for ERDF (94 percent) are higher than for ESF (88.2 percent). Correspondingly, payments stand at 51.6 percent for ERDF and at 39 percent for ESF. In Denmark, the Regional Growth Fora undertake programme administration at the regional level concerning both ESF and ERDF, and absorption also varies between regions and programmes, although not to an extent that is giving cause for concern.

- **Finland (Länsi-Suomi).** Financial progress is deemed to be satisfactory in Länsi-Suomi OP. ERDF commitments are at 89 percent and payments at 54 percent (22 March 2013) with around 10 percent increase over the past six months. Commitments are highest in Priority 3 (regional accessibility and enhancing the business environment) at 95 percent, followed by Priority 2 (promotion of innovation activity and networking, and reinforcing knowledge structures) at 89 percent, Priority 4 (support for large city regions) at 88 percent and Priority 1 (Promotion of business activity) at 85 percent respectively. There are absorption concerns related to Priority 1, because of the current economic situation and related limited demand for investment aid and loans. In general, the commitment rate is deemed satisfactory but payments are behind projected. Although there are some concerns related to disbursement, the flat rate cost option and maturation of on-going projects is expected to increase the payment rate in the near future.

- **France.** Overall, commitment rates for ERDF programmes under the C&E objective are considered to be good, standing at 82 percent. However, payments are lagging behind at 40 percent of EU funding (1 April 2013). There is some variation at the regional level, with commitments lying between 66 percent (Champagne-Ardenne) and 92 percent (Rhône-Alpes)

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6 Certification rate corresponds to certified expenditure included in a summary application for payment submitted to the European Commission.
and payments ranging from 28 percent (Île-de-France) to 53 percent (Rhône-Alpes). Under regional ESF sub-programmes of the C&E objective, figures are higher for commitments (95 percent) but also low for payments (41 percent). In the Convergence regions, ERDF commitments are at 75 percent and payments at 37 percent, while ESF commitments are at 90 percent and payments lagging behind at 22 percent. Compared to the same time in the 2000-06 period, commitments for ERDF (both Convergence and C&E objectives) are lagging behind with a difference of seven percentage points, while payments are well behind with a difference of 13 percentage points compared to April 2006.

- **Germany (Nordrhein-Westfalen, Sachsen-Anhalt).** The Nordrhein-Westfalen ERDF OP has committed almost all available funding, and is now focusing on issues relating to funding recovered from existing projects (e.g. resources committed but not spent by approved projects). The situation in terms of payments is satisfactory; the OP has not yet seen the automatic de-commitment of any funds and does not foresee problems with n+2 in 2013. However, payments are progressing slower than would be wished, largely because the Nordrhein-Westfalen ERDF OP mainly funds small projects and many of these projects only submit one payment claim annually. The financial position of the ERDF OP in Sachsen-Anhalt is very good and the position of the ESF OP is generally satisfactory, although there are some concerns over whether it will be possible to reach the n+2 target for 2013 for the ESF OP. The commitment rate for the ERDF OP was 88 percent (28 February 2013) and the payment rate was 62 percent, whereas the commitment rate for the ESF OP was 68 percent and the payment rate was 47 percent.7

- **Greece.** With commitments at NSRF level above 87 percent and payments at 49 percent, financial progress is deemed to be satisfactory (May 2013). However, financial performance differs widely between programmes. Although regional OPs continue to perform generally better than the national average there is considerable variation at the regional level, with commitments ranging from 69 percent (Attiki) to 108 percent (Thessalia–Sterea Ellada–Epeiros) and payments between 43 percent (Attiki) and 71 percent (Thessalia–Sterea Ellada–Epeiros). In contrast, figures are lower for sectoral OPs; the Digital Convergence OP and the Reinforcement of Public Administration Efficiency OP continue to have the lowest commitment (53 percent and 68 percent respectively) and absorption rates at 36 percent (for both programmes). Amongst the sectoral programmes the performance is very strong for the Competitiveness and Entrepreneurship OP which includes the State aid actions for support to the SMEs, R&D and energy saving measures. Commitments for this OP stand at 114 percent and payments at 67 percent.

- **Poland (Śląskie).** The financial performance of the ERDF ROP continued to improve steadily in the second half of 2012. By January 2013, total ERDF commitments stood at around 88 percent of the total allocation which was around the average for Polish ROPs. ERDF payments represented around 53 percent of total ERDF (the average for ROPs stood at around 60 percent). The most advanced Priorities in terms of implementation remain: Priority 9 Health and Recreation (98 percent of ERDF committed and 90 percent spent); Priority 4 Culture (100 percent committed and 82 percent spent); and Priority 8 Education Infrastructure

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(100 percent committed and 81 percent spent). The financial performance of Priority 2 Information Society has improved over the past year. The financial performance of the Human Capital OP (HCOP) has improved steadily over the past year. Over 86 percent of overall resources available from ESF had been committed (end March 2013). The value of approved expenditure was around 56 percent of the total allocation and certified payments amounted to around 54 percent. Overall, financial progress is more marked in the regional component of the OP (covering priorities 6-9). Around 88 percent of funds have been committed, 64 percent of payments approved and 60 percent certified. Within this, the best performing priorities are Priority 6, The Labour Market Open for All, (certified expenditure worth 77 percent of total allocation). Priority 9, Development of Education and Competences in the Regions, has the lowest level of certified spending among the regional Priorities (around 47 percent). However, performance varies across the regions: in Śląskie this is currently one of the best performing priorities. In terms of funding contracted as a percentage of total allocation, the strongest performance for the regional components of the OP at the end of March 2013 was found in the regions of Lodzkie and Malopolskie (with over 93 percent contracted). Nevertheless, spending under this heading remains the lowest (14 percent), among other things as a consequence of previous legal problems with State aid.

- **Portugal.** The latest financial implementation data (March 2013) show that financial absorption is above the EU average. More than 95 percent of the Structural and Cohesion Funds have been committed by the end of the first quarter of 2013. This includes over-booked commitments by the ERDF in excess of the total ERDF allocation. Payments are currently at 60 percent of the total Funds’ allocation, with only a slight increase in the first quarter of 2013. In line with previous trends, there are marked variations in spending across the programmes. As regards the national programmes, financial implementation is greatest in the ESF NOP Human Capital (68 percent), followed by the ERDF-CF NOP Territorial Development (58 percent), ERDF NOP Competitiveness Factors (52 percent) and ERDF NOP Technical Assistance (34 percent). The human potential strategic priority, funded mainly by the ESF, continues to have the highest rate of absorption. Spending under the Cohesion Fund is considerably lower, although a number of major projects are currently being notified to the Commission. Among the ERDF ROPs, the range in spending rates is from 60 percent (Centro) to 39 percent (Algarve).

- **Slovenia.** Financial performance in Slovenia is considered to be satisfactory. Overall absorption figures increased to 86 percent (commitments) and 51 percent (payments) (31 March 2013). The ESF OP performs best in terms of commitments (94 percent) and payments are also high at 57 percent. The ERDF OP reports the highest payment rate (70 percent), while commitments stand at 90 percent. Finally, the OP supporting infrastructure, which is co-financed by both ERDF and Cohesion Fund, is slightly behind the average, and commitments are at 78 percent, while payments stand at 28 percent.

- **Spain.** Overall spending across all OPs in Spain is close to 50 percent of allocations and above the EU average, although there are wide variations across the regions. Budget

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8 The Polish Human Capital (HCOP) is the largest ESF programme in the EU in 2007-13.
9 In Śląskie, Priority 6 is a ‘systemic’ project organised by the regional labour office on behalf of the ESF unit in the regional government.
restrictions - particularly regarding national match-funding - are impacting on spending in some programmes. Within the Bizkaia component of the País Vasco ERDF ROP, there has been limited progress in the amount of certified expenditure over the last six months, but spending is very high (78 percent) and no difficulties are expected in absorbing the remaining funds over the remaining period as all the projects have been contracted and are being implemented on the ground. The main delay was in Priority 2 (‘Environment and risk prevention’) where there was a lag due to one large project which accounted for 75 percent of the priority’s allocation, but the project has now been implemented and the certification checks are being finalised.

- **United Kingdom.** The Scottish, English and Welsh programmes are fully committed in practical terms. In Scotland, commitment remains at 96 percent for the Scottish programmes as a whole while in Wales, the level of commitments have risen to a rate of 100 percent for all four programmes (April 2013). Both partners have over-commitment in some programmes. In England, commitment stands at 78 percent for the ten English ERDF programmes as a whole, and when the project pipeline is added to commitments already made, the figure for all programmes is over 104 percent (March 2013). There is also progress with regards to payments - payments for the Scottish programmes as a whole have risen by six percent to around 58 percent; in Wales, payments have risen by some 12 percent to over 50 percent for the programmes as a whole; and in England payments stand at 52 percent, up eight percent.

In spite of spending challenges in many IQ-Net programmes over recent years, most IQ-Net programme authorities are expecting to comply with the decommitment rule in 2013 (Bizkaia, Denmark, England, Länsi-Suomi, Niederösterreich, Nordrhein-Westfalen, Sachsen-Anhalt ERDF, Scotland, Śląskie ERDF, Slovenia, Steiermark, Vlaanderen, Wales). For example, the English managing authority notes that sufficient projects have been coming forward and project sponsors have been able to find match funding, despite difficult economic circumstances. Länsi-Suomi OP does not foresee any problems with the n+2 rule in 2013, as 93.6 percent of the n+2 target had already been paid out by 19 March 2013. Also Śląskie ERDF managing authority does not foresee problems in meeting n+2/3, although it needs to apply to the European Commission for refunding of expenses of £47 million, to reach 57.5 percent by the end of the year.

However, there are some concerns among a limited number of programmes whether the n+2/3 target for 2013 will be attained (Czech Republic, France, Greece, Portugal, Sachsen-Anhalt ESF). In Portugal, most OPs have already reached their n+3 targets for this year but progress is needed in two ROPs (Alentejo and Algarve) and the Technical Assistance NOP. The Sachsen-Anhalt ESF programme has some concerns over reaching the n+2 target for 2013 for the ESF OP. One reason for delays in ESF financial absorption is that many types of ESF intervention are co-financed by the federal ESF OP in Germany, rather than the Land ESF OPs, and this limits the scope for the use of resources for certain activities. In Greece, all programmes met the n+3 targets at the end of 2012. The targets for 2013 are seen as especially challenging, requiring an overall absorption of €3.89

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10 The UK programmes’ budgets are given in Euros, and pound sterling figures are based on estimates and will vary with changes in the exchange rate during the lifetime of the programmes. The percentage rates given for Scotland and Wales are percentages of the pound sterling figures.
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billion or €4.18 billion total public expenditure, when the required Greek national co-financing is taken into account, and several programmes are considered to be at risk of missing the targets.

In the Czech Republic, there are serious doubts about all programmes being able to meet the required certified c.65 percent of the OPs' allocations for n+2/n+3 in 2013. Although certification of the Integrated OP has taken a greater step forward over the last six months, the IOP is not expected to meet the n+2/n+3 rule for this year for the Regional Competitiveness and Employment Objective and approximately €0.6 million will be lost. Moreover, due to pro-rata rationing, it will also be necessary to decrease the allocation for the Convergence Objective (by approximately €7.7 million). The IOP's financial and physical progress is substantially influenced by delays in the start/implementation of projects managed by state institutions and in public tendering.

Financial progress of some programmes continued to be affected by audits, not least because they led to interruptions of payments (Czech Republic, France, Niederösterreich, Steiermark). In France, the second interruption was lifted in early 2013, although the managing authorities are still working on their rescue plans introduced in the wake of the payment interruptions. Similarly, in Niederösterreich some suspended payments were released after an Action Plan was introduced in autumn 2012 to resolve audit issues identified by the domestic Audit Authority. However, payments continue to be suspended in the area of urban development. An Action Plan has been prepared also in Steiermark due to continuing issues with activities managed by the Land's main intermediate body SFG (Styrian Business Agency). The action plan will require a major programme revision involving the reallocation of funding between Priorities. The new programme has been presented to the Monitoring Committee on 27 May. In addition to this suspension, there is a second relating to alleged duplicate funding for universities. The approval of the action plan is still pending. In the Czech Republic, certification of the Integrated OP was suspended on March 2013 due to the findings of an annual control audit report, which concluded an error rate at five percent. As a response, the IOP managing authority introduced 'the ten commandments' to speed up procedures related to projects and programme management (e.g. on-going consultation of application for payments, phasing of projects, and regular performance control of IOP intermediate bodies).

Various commitment strategies are being employed by programmes, with close monitoring of financial absorption to ensure timely commitments and payments of the last remaining resources. A strategy of some programmes (Länsi-Suomi OP, Portugal, Scotland, Vlaanderen) has been to ensure as high commitments as possible. The strategy of a managing authority in Vlaanderen has been to maximise the number of projects accepted in each priority and Länsi-Suomi OP continues preparing funding agreements so that all funds are committed by the end of 2013. The aim of managing authority in Portugal and Scotland is to over commit to ensure full commitment of the programmes. In Scotland, the decision has not yet been taken on how much to over commit to ensure full commitment of the programmes; exchange rate fluctuations pose the biggest risk in this regard. In addition to the main strategy to ensure absorption, reprogramming of funding, Portuguese authorities have set an average level of overcommitting for the Regional OPs of 4.46 percent for now, with the calculations made at priority level. The ‘breaking rates’ are calculated taking into account operations that are cancelled or closed with amounts lower than approved, and then applied at priority level. The methodology is still under development and it will be adapted according to the views of the managing authorities and any changes in the implementation of the programmes.
The strategy in Denmark, the Czech Republic and the Śląskie ERDF ROP has been to intensify monitoring of the financial progress of projects with and in regions. In the Śląskie ERDF ROP, the managing authority has intensified monitoring of projects with the highest level of co-funding and projects with slow progress in payment levels. As a result, the managing authority has sent individual letters to selected beneficiaries, which have serious problems with planning and carrying out expenses. In February 2013, the managing authority for the Czech Integrated OP submitted a report on risky projects to the Government to prevent the programme from losing the allocation. Out of almost 400 projects, four were identified as ‘sleeping projects’ and 40 as ‘highly risky projects’. Respective ministers were assigned to immediately solve the situation of problematic projects implemented from the IOP at their ministries within 30 days, or contract out the projects. The Danish Monitoring Committee decided in November 2012 that the pre-allocation of funds to individual regions will be terminated if there are uncommitted funds amounting to more than €0.67 million in the ERDF and ESF programmes combined. The six Regional Growth Fora can then apply for a limited number of projects, and this will continue as long as there are more than €0.67 million to be committed.

**Box 1: Ensuring timely programme implementation in Slovenia**

- The Slovenian managing authority (the Ministry of Economic Development and Technology) will report to the Government on a monthly basis and the implementation of decisions taken is closely monitored by the managing authority.
- The ministries involved in implementation as Intermediate Bodies will invest additional efforts to simplify and shorten administrative procedures.
- An 'Interdepartmental Working Group on Public Private Partnerships' has been set up.
- So-called ‘flying groups’ have been set up to solve problems concerning project implementation.
- Bodies involved in project preparation and approval are meeting regularly.
- There has been further adjustment of relevant laws, guidelines and regulations.
- A list of environmental projects has been prepared for which implementation, at least of some stages, will be moved in to the next programme period.
3. ASSESSING PROGRAMME PROGRESS: PHYSICAL PROGRESS

There is increasing pressure on Cohesion policy to deliver measurable outputs. This section discusses progress in the physical implementation of Cohesion policy programmes, at Member State level as described in the 2012 Strategic Reports and at the level of the IQ-Net programmes, as well as the difficulties in monitoring and reporting progress.

3.1 Progress towards targets: EU27

In the guidelines for the Strategic Reports 2012, the Commission stated that Member States should focus on giving a clear picture on programme implementation and of the achievements of Cohesion policy in this programme period compared to objectives, assess the multiple and various impacts of the economic and financial crisis on the programmes and provide examples of the programme strategies for achieving the objectives of Europe 2020.

Box 2: The Strategic Reports 2012

Concerning the reporting of the implementation and achievements of Cohesion Policy, the Commission recommended that the Strategic Reports should provide evidence of the achievements of Cohesion policy in the current programme period using qualitative and quantitative data and the findings of evaluations and other analysis where necessary to explain reported performance. The reports should use three primary sources of quantified data:

- **Reporting against core and other indicators and analysis**: Member States should provide aggregate information on progress towards each indicator target for the programme period. Whenever relevant and where possible, information should be aggregated at national level. For the ERDF and the Cohesion Fund, the core indicators should be reported upon. While ESF does not have core indicators, the indicators outlined in the Annex to the guidelines on monitoring and evaluating indicators should be reported upon.

- **Payment process**: The Member States’ reports should comment on the aggregate information on financial implementation at OP level.

- **Allocations to operations selected**: Member States should use as a reference the aggregated data from the 2011 programme annual implementation reports.

The Strategic Reports 2012 of the IQ-Net programme countries broadly follow the recommendations of the Commission. In addition to financial progress, all IQ-Net programme countries reported on physical progress against core indicators and provided qualitative information for progress. Indeed, in many programmes the information on physical progress takes largely the form of data for 2007-11 for the ERDF/CF core indicators (BE, CZ, DE, GR, FI, PL, PT, SI) and is reported against NSRF objectives (e.g. CZ, PT). However, in some countries the reports are more closely focused on financial implementation than physical progress (AT, FR) or provide limited analysis of performance with respect to targets complementing the quantitative data provided (DE, ES, UK). On the other hand, in some countries (DE, FI, GR), the quantitative data are complemented with an extensive and in depth description of financial and physical progress. Reports also draw extensively from evaluation experiences (AT, CZ, DE, FI, GR, PT, SI) and describe the evaluation activities undertaken (e.g. AT, CZ, DE, ES, FI, FR, PT, UK).

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Across IQ-Net programme countries, as well as the EU more broadly, there is little consistency in the reporting against core indicators. The number of core indicators reported varied significantly, from four (FI) to 41 (PL, PT) (Figure 4, and Annex). In addition to core indicators, some countries (e.g. FI, BE, CZ) reported other indicators as well, ranging from one additional indicator (FI, BE) to 51 used in the Czech Republic. Also the number of ESF indicators reported differed significantly; Finland, Germany and the United Kingdom reported only the number of participants in ESF programmes whereas France reported progress against 24 result indicators. As well as the number of core indicators varying significantly, the indicators used most frequently also varied (i.e. there was not a ‘core’ usage of the core indicators). Most frequently reported indicators among IQ-Net programme countries were: number of RTD jobs created, number of start-ups supported, investments induced in SMEs, number of renewable energy projects, number of tourism projects, number of projects for sustainability/attractiveness of towns and cities. On the other hand, the least frequently reported indicator measured the outputs of transport projects.

Figure 4: Number of core indicators reported in EU27

Most IQ-Net programme countries (AT, BE, CZ, DK, FI, GR, ES, SI, UK) have made good progress towards the physical targets. Several Member States (e.g. BE, DK, SI) are optimistic about attaining the majority of their objectives. Although in most countries the progress to date is described as ‘satisfactory’, in some countries (e.g. AT, DK, SI, UK) many targets have been already achieved or are nearly achieved. For example the Austrian Strategic Report 2012 identified ‘good to very good implementation progress across all funding programmes’ and good performance with respect to indicators across ERDF programmes. Some encouraging results of the programmes were reported:

- Including approved projects, the Austrian programmes have created more than 7,700 new jobs (112 percent of the target), the funded investment volume is €3.5 billion (92 percent) and climate-related investment helped to create an additional 140 MW of renewable energy capacity.
• **In Belgium**, by the end of 2011, ERDF investments alone have already resulted in an estimated 15,000 jobs (both created and retained), 575 innovation projects supported, 1,000 projects supporting SMEs and almost 1,200 supporting start-ups.

However, there is commonly significant variation between the progress reported against individual objectives and core indicators within thematic areas. For example:

• **Greece** has made good progress towards physical targets, especially for three of the NSRF General Objectives, namely Developing entrepreneurship, Modernization of physical infrastructure and relevant services of the national transport system, and Enhancing access to employment. It is noted that, up to now, active labour market policies have benefited 117,000 unemployed people and 21,000 SME direct investment projects have been financed. However, there is a remarkable variation in the progress measured against core indicators. Most indicators demonstrate a moderate performance (30-70 percent of targets) while a few indicators have well exceeded their targets, such as the number of direct investment aid projects to SMEs (203 percent), start-ups supported (169 percent), the additional population covered by broadband access (524 percent), number of physical regeneration projects (872 percent), whereas eight indicators in the fields of transport, climate change, risk prevention and renewable energies are only at 10 percent of the targets.

• **In Spain**, overall progress is positive compared to the baseline values (2004, 2005), although not in all cases. The best performance can be seen in the ‘Environment and Development Sustainable’ indicators, in most cases exceeding the 2010 targets. ‘Transport’ indicators have also largely met the targets. The weakest performance has been in ‘Business Development’ and ‘Local and urban development’ indicators, although in the latter theme performance was very uneven with some indicators exceeding the set targets. Finally, despite the effects of the economic crisis, especially from 2009, a significant number of context indicators have not significantly worsened in recent years. It is therefore possible that progress towards the objectives will continue in the coming years. Regarding the ESF output-result indicators, the Strategic Report provides a mixed assessment. On the one hand, there is recognition of the major impact of the crisis on the labour market and the consequent inability to advance the job creation objectives, and progress is below target on a range of indicators. On the other hand, a number physical indicators have achieved more than 50 percent of the targets for the whole period, and in some cases have already exceeded their targets, notably in the development of business plans in supported firms, number of measures to increase access to employment for women and to increase participation in education and training.

There are already some signs of the long-term positive effects of measures (e.g. in DK, FI, SI, PT, GR). In Slovenia these signs of long-term effects were found in relation to many measures, but especially RTDI. In Denmark, it has been found particularly encouraging to note a strong performance of capacity building in firms and organisations with regard to competence development, as this signifies a continued impact of the programme after projects have been completed. In Finland, the programmes have helped to develop the quality of working life and improve education and the national education network. Last, the Portuguese Strategic Report finds that the NSRF is contributing
to improvements in key policy domains such as youth education, structural transformation of the economy and environmental infrastructure. For example, under the Human Potential priority, 4.4 million people have been supported by the ESF (46 percent men and 54 percent women) by the end of 2011.

Although the progress towards the indicators have been widely positive in the IQ-Net programme countries, the achievement of targets needs to be interpreted with some caution\textsuperscript{13}, not least because target setting has proved to be a real challenge (e.g. DK, AT). For example in Denmark, the results reported are significantly over original programme goals and the main intervention areas of the ERDF programme are expected to fulfil their targets between five and 16 times over, for the clear reason that goals were set too conservatively in the original programme.

Also the monitoring and reporting of progress has been challenging (e.g. AT, DE, FI), despite the efforts made to improve data gathering and quality of different types of indicators (FR). In Finland, monitoring has been challenging because target values have not been set for the indicators at national level and in Belgium because there have been target ranges set (e.g. for number of RTD projects 325-585) for most indicators rather than exact target values. In Austria, against the Commission recommendations, the indicator values (included in the main text of the Strategic Report) do not only include concluded but also approved projects, which results in a seemingly higher achievement of targets (although the table in the annex to the report uses the concluded project (i.e. lower) figures). Lastly, Germany has experienced problems in aggregating data.

**Box 3: The NSRF and Strategic Reports in Germany**

Germany's federal structure has shaped the approach taken to the NSRF and the 2009 and 2012 Strategic Reports. A key issue is that the German constitution allocates certain rights and responsibilities to federal, Land and local authority levels, so that relations between levels are not based on a simple hierarchy, as in countries where the central State delegates certain tasks to sub-national authorities. Similarly, although the constitution states that ‘(f)ederal law breaks Land law’ (Article 31), it also notes that ‘(t)he exercise of State authority and the execution of State tasks is the responsibility of the Länder, unless otherwise stated in the constitution’ (Article 30).

In 2007-13, 81 percent of Structural Fund resources are managed by Land authorities (with one ERDF OP and one ESF OP managed at federal level). The Länder are fully responsible for the strategic design and implementation of their programmes. Apart from the management of the two federal programmes, only limited functions are undertaken at federal level, notably interaction with the Commission and the coordination of all managing authorities. Moreover, federal interaction with the Commission is generally based on agreement with the Land authorities. Of particular importance for the Strategic Reports is the lack of any centralised monitoring system for financial or output/result data; instead, decisions on the design and implementation of monitoring systems, as well as on the definition of indicators and targets, are taken by programme managing authorities, leading to a variety of different approaches. Output/result data is not therefore consistent across programmes, creating difficulties for aggregating data at national level.

The introduction of the NSRF and Strategic Reports in 2007-13 therefore generated specific challenges in Germany. When writing the NSRF, the federal authorities had to find a way to meet EU requirements but also respect differences between Länder in terms of strategic goals, priority axes and Lisbon earmarking. These differences were partly due to the diverse socio-economic structures of the eastern and western Länder but also to the varied approaches of the Land governments to Structural Fund programming.

The lack of a centralised monitoring system or a centralised approach to indicator/target setting means that the Strategic Reports have had to rely on information provided by the managing

\textsuperscript{13} See European Commission (2013b) op. cit. p. 20; EEN (2013) op. cit., pp. 33-34.
3.2 Progress towards targets: IQ-Net partner programmes

It is very difficult to obtain an accurate, aggregated picture of physical progress against targets amongst the IQ-Net programmes. At the time the programmes were written, performance was predominantly measured in terms of financial progress, rather than physical progress. Indeed, the Nordrhein-Westfalen managing authority has found there has been relatively little interest expressed in physical targets, either from domestic actors or from EU level actors; instead, the main focus has remained on financial issues. The managing authority used to present information on a limited number of output/result indicators to the monitoring committee but has stopped doing this due to a lack of interest. This is reflected in most of the IQ-Net programme 2011 AIRs, which place much stronger emphasis on describing financial progress than physical progress.

The measurement of physical progress has been a learning process for many during this programme period. There are several examples of targets having been set too low, or too high (Denmark, Finland, France, Greece, Portugal, Slovenia, Spain). The economic crisis has made it difficult to forecast demand - in Länsi-Suomi OP, the targets were set too high with regard to investment aid and loans, demand for which has been adversely affected by the economic crisis. Lack of experience of target-setting has been a contributory factor, for example in Vlaanderen, this period was the first time that they had consistently used indicators, and in some cases it was found challenging to define targets.

Box 4: Defining Indicators in Vlaanderen

To help address the challenge of how beneficiaries interpret indicators, the ERDF programme in Vlaanderen has developed a fiche for each indicator in order to reduce differences in interpretations and solve some of the definitional challenges. These have arisen particularly in relation to the ‘jobs created’ indicator, where questions have been raised concerning what are direct and indirect jobs created, and what are new jobs and jobs saved.

The fiches have not completely eliminated challenges and some beneficiaries still apply their own interpretation, and some beneficiaries have continued to find it difficult to report consistent numbers. On occasions the contribution of the project is assessed far too high, and programme authorities have had to ask partners to re-interpret the indicators in order to provide a more realistic numbers.

Beneficiaries have been less interested in achieving some objectives measured by selected indicators, and there has been a weak relationship between indicators indicated in applications and project selection criteria (Śląskie ERDF). Regarding the comparability of data, it is worth noting that different programmes have different conventions in terms of reporting – in Portugal’s NOP Competitiveness Factors, output indicators are updated annually, but outcome/results data is only collected once projects are closed.
To address these challenges, programme managers have taken various actions, including revising or re-negotiating indicators or targets, taking action to improve reporting by beneficiaries or Intermediate Bodies, and introducing new measures to stimulate new projects, as the following examples indicate.

- **Revised or re-negotiated indicators or targets** (Greece, Portugal, Sachsen-Anhalt, Scotland, Śląskie ERDF OP, Steiermark). In Portugal, indicators in the NOP Competitiveness were revised following the financial reprogramming in 2011 to introduce more realistic targets (in eight indicators), to reduce the scope of two indicators (relating to risk capital funds and public services) and to eliminate seven indicators (mainly because of a lack of relevance or duplication). In Greece, the new indicator system which was proposed in the Attikí ROP’s revision in October 2012 addressed to a great extent identified weaknesses. Previously, there had been cases of inadequate quantitative indicators, baseline values and objectives which required redefinition, as well as indicators not supported adequately or at all by the monitoring system. With the redefinition of the indicator system it is estimated that the majority of the proposed targets will now be achieved. In Sachsen-Anhalt, both ERDF and ESF OPs have been revised during the period (with the latest OP level revisions being approved in 2012), and these changes have inter alia involved the revision of indicator targets (i.e. in line with shifts in funding). These changes have helped to ensure that indicator targets should be met. In Scotland, a comprehensive review of indicators was carried out in 2012 which might ultimately impact on targets. Expressing targets as a range has been helpful in this regard in Vlaanderen, allowing a certain level of flexibility. In the course of programme implementation, some targets in the Austrian programmes have been adjusted, namely the target for R&D projects, which was reduced by 40 percent, because many staff cost-intensive R&D projects have been moved from the Structural Funds into purely domestically financed schemes.

- **Action to improve reporting by beneficiaries or Intermediate Bodies**, for example the managing authority for Śląskie ERDF OP has launched additional competitions, extended the pool of beneficiaries, strengthened communication and publicity campaigns, and sent questionnaires on indicators to all beneficiaries who can monitor indicators but did not previously choose to do so. In País Vasco, there has been an effort to ensure that all Intermediate Bodies update physical indicators at the same time as spending/certifying data. Moreover, Bizkaia provide the Basque Regional Government with detailed annual reports of physical progress for each individual project, even if expenditure has not yet been certified. The report includes a systematic review of physical progress and impact at the project level, including quantitative data and qualitative assessment, and is presented to the key OP partners at the annual Monitoring Committee. In parallel, Bizkaia has strengthened the publicity and communication of co-funded projects to the public through the dissemination of leaflets and a revamped branding image.

- **Introduced new measures**: in Denmark, new measures have been taken both at the national and regional level to stimulate more projects concerning competence development, especially with regard to technology.
In IQ-Net programme countries difficult economic circumstances have led to **public budget restrictions and corresponding problems to ensure co-financing at national and/or regional level** (FI, CZ, FR, ES, PL, PT, SI), **slow progress of certain priorities due to a decreased demand** (e.g. ES, FI, PT) and **fluctuations in exchange rates** (UK). Against this background IQ-Net partner programmes mostly report that progress against physical targets has been ‘satisfactory’. On the other hand, the German 2012 Strategic Report sees implementation challenges as programme-specific rather than systemic. The financial crisis is not seen to have generated major problems for implementation, largely because the OPs have a strategic orientation, are flexible and provide for stable funding flows.

However, there are variations between programmes, between Funds and indeed within programmes. **Several areas of activity have been identified as performing particularly well** against targets, including RTD, innovation and entrepreneurship in Denmark, R&D jobs in Lănsi-Suomi and consultancy services, and support for city-region projects in Steiermark. In Aquitaine, a common approach among the different actors involved, combined with a call for tenders approach to selecting the most promising projects is credited with the number of social housing units benefitting from energy efficiency measures being expected to exceeded initial forecasts, in addition, competences among construction businesses have been enhanced. A lower intervention rate than originally planned meant that more SMEs could be assisted in Scotland than originally envisaged, while reallocation of resources to better-working instruments has meant that these instruments (for example, business vouchers) have over-performed against set targets.

The **economic crisis has had a positive impact** on a number of programme priorities and measures. In England, for example, public sector budget cuts have been such that ERDF is now an increasingly important source of growth funding. In Portugal, similarly, ERDF funding under the Competitiveness NOP targeting SMEs has progressed fast due to the crisis and the associated reduction of private investment, and rising unemployment has increased the demand for ESF funding. The pursuit of ESF targets has also been positively affected (as in Śląskie and Wales) as greater numbers of people seek help with attaining employment.

However, the **effect of the economic crisis has also frequently had a negative impact**. Progress in reaching job creation targets has been particularly difficult (Aquitaine, Scotland, Wales, Lănsi-Suomi, Slovenia). In Lănsi-Suomi, the economic situation has reduced demand for investment aid and credit granted under business support measures, which has made the target to create new jobs challenging to achieve. Consequently more emphasis has been placed on other activities such as promotion of innovation activity and networking, and reinforcing knowledge structures. However, the impacts of these types of projects on job creation are longer term. On the other hand, public spending constraints have led to new projects lacking ambitious content; instead of funding innovative, but risky, projects the programmes have kept their focus on more traditional ‘basic’ projects, where the probabilities of failing are lower. As a result, the number of new jobs created is lower, but more reliable. In Aquitaine, a high level of concentration in terms of project size has led to fewer jobs being created than anticipated, as there are considerably fewer small projects creating jobs. At the same time, the programme features many investments with an indirect impact on employment, notably regarding investments in specific sectors (e.g. wood energy, ICT), which are found to be more difficult to measure.
The national context has had both negative and positive effects on physical progress. A supportive national context has contributed to positive performance in Aquitaine, where two national initiatives have supported programme objectives (competitiveness poles and R&D investment). However, the national context can also have a negative impact, as in Śląskie, where an important issue for R&D projects has been the ‘demarcation line’ between national and regional level funding for ERDF. Under the Śląskie OP priority for R&D, the value of the total eligible costs for a project cannot exceed PLN 400,000. This low value results in entrepreneurs looking elsewhere for funding, particularly to the national, sectoral Innovative Economy OP, which has higher funding thresholds. A further issue has been that Ministry of Regional Development regulations for investments in a number of areas (energy, telecommunications infrastructure, the R&D infrastructure, health centres and revitalisation within ROPs) came into force very late in the programme period, causing delays, and there have also been delays in the implementation of centrally implemented systemic (ESF) projects.

Targets have been reported as difficult to reach in a number of other areas:

- The late start of some activities and the long-running nature of others has contributed to uneven performance in the Danish ESF programme, with some activities recording very low levels of outcomes.

- The internationalisation and inter-regional cooperation priority themes have had a low rate of response in Vlaanderen. The lack of response may be because many similar projects are already supported under INTERREG programmes. Furthermore, only beneficiaries in Vlaanderen can claim costs under the internationalisation priority, whereas those from across the border cannot and therefore have little incentive to participate unless there is a similar priority available in their country. Similarly in Niederösterreich, a low rate of project applications has been experienced in tourism and in R&D, and in the case of R&D, competing domestic funding has been found easier to access.

- RTD and innovation projects have also been problematic in the Czech Republic, as have renewable energy and environment protection projects. There is a wide range of causes, including managerial difficulties, maturity of the beneficiaries, delays in the submission of major projects application files, delays in tendering processes due to appeals, merger or abolition of implementing bodies, delegation of responsibility to new intermediate bodies, problems in identifying the EU contribution rate in major energy projects and low demand from the private sector in information society projects due to liquidity problems. In Aquitaine, fewer projects than expected were received in the field of risk prevention and promotion of energy and environmental resources, so funding was therefore transferred to another theme within the same objective.

- The implementation of integrated urban projects has been difficult in Aquitaine, where there were issues regarding: the limited diversity of project applicants; administrative requirements discouraging applicants (particularly associations); changing rules and delays; difficulties mobilising ERDF in conjunction with ESF; and complex ERDF procedures which are not adapted to small projects.
Targets relating to participants in social inclusion projects have been found to be challenging for the Śląskie ESF; the targets were set centrally and there is a perception that regional level contexts were not sufficiently taken into account. As a traditional heavy industrial region undergoing substantial restructuring, Śląskie has a high proportion of inhabitants in the social welfare system, making progress with these targets difficult.

Many of these abovementioned challenges are related to the country-specific factors causing absorption and implementation challenges and thus impacting on the programmes’ ability achieve their physical targets. The Strategic Reports 2012 of the IQ-Net programme countries outline the following, mostly internal, factors hindering the physical progress of the programmes:

- **The nature of projects** (e.g. Poland, Slovenia). In Poland, the highest spending of the Human Capital OP can be attributed to the nature of the projects implemented under the programme (usually short-term, with a relatively small budget). Investments implemented under the OP Infrastructure and Environment are subject to different spending dynamics, which reflect the specific nature of infrastructural projects, characterised by a longer preparatory period, larger budget and the period of implementation spanning several years. In Slovenia, the slower progress of the Cohesion Fund OP is explained by the longer time needed for preparation of some major infrastructure projects.

- **Lack of resources and capacity**. For example, France has lacked sufficient personnel. In the context of the General Reform of Public Policies, no new members of staff are being employed despite the possibility to do so with the help of Structural Funds (‘administrative capacity’).

- **Slow financial management and complex administration**. In Finland, the long time needed to process payments has caused some delays and the administration of programmes is generally deemed heavy. In France, the heaviness of some of the appraisal circuits, the management of flat rates and complicated certifying procedures have also led to payment delays. In Spain, the Strategic Report 2012 calls for simplification of management and control procedures and indicators for the next period, as well as better implementation of the proportionality principle for small programmes and swift adoption of the legislative package. In the Czech Republic, risks were identified in the areas of control and management systems, large projects and public contracts. In Greece, the changes in programme architecture implied in the transition from a pure Objective 1 status for all the regions in 2000-06 to a regime of phasing in and phasing out programmes for five regions (with Operational Programmes but extensive use of delegation mechanisms to intermediate bodies) have been challenging.

- **Administrative reforms**. The performance of the Greek programmes has been affected by the implementation of the administrative reform of regional and local government (‘Kallikratis’ reform).
4. NEW DEVELOPMENTS – FACILITATING PROGRAMME PROGRESS

This section discusses the revisions that programme managers have introduced over the last six months help facilitate the financial and physical implementation of the programmes. It also provides an update of the state-of-play with regard to the implementation of financial engineering instruments, both in IQ-Net programmes and more widely.

4.1 Programme revisions and new developments

The Commission has taken a wide set of measures as a response to the economic crisis, featuring the European recovery plan. The Commission proposed a set of legislative changes and targeted recommendations, in the main to speed up the Convergence, Competitiveness and European Territorial Cooperation programmes and accelerate financing for programmes already approved for 2007-13. This was done by way of increased EU pre-financing and a series of simplification measures. In the Strategic Reports 2012, EU27 countries widely mentioned five measures:

Box 5: Commission measures to improve financing flow

| Improving the cash flow of programme authorities: additional EU advance payments, made in 2009, of €6.25 billion were used to pre-finance mainly public beneficiaries. |
| Declaration of expenditure related to major projects not yet approved: used by nearly all Member States with large infrastructure projects. |
| Simplification or rationalisation of national or regional procedures: more rapid implementation was secured, by paying advances to public authorities and by increasing advances to enterprises under state aid schemes. |
| Reduction of national co-financing: The Commission approved reductions in national co-financing requirements for ES, GR, IE, IT, LT, PT, BE, FR and UK. Moreover, the EU institutions approved further reductions (2011) in national co-financing by temporarily increasing co-financing rates up to 95 percent for Member States with the greatest budgetary difficulties (GR, HU, IE, LV, PT, RO). |
| Adaptation of the priorities of existing Operational Programmes / reprogramming: the Commission recommended modifying Operational Programme objectives and priorities so as to accelerate spending in areas with more growth potential. |
| Additional anti-crisis measures proposed 21 May 2013. |
| Prolonging an agreement of co-financing from December 2012 for another two years in CY, GR, PT. |
| More time to spend money: The Commission proposed extending the n+3 rule for Romania and Slovakia on 21 May 2013, which would have otherwise expired in 2013. |


15 Amendments in regulatory provisions; such as increasing advance payments for Member States or to extend the scope of eligible expenditure to strategic areas such as energy efficiency and labour market policies.

These anti-crisis measures have proved be important for financial implementation of programmes, including in IQ-Net programme countries. The French Strategic Report 2012 notes that discontinuing the advance payments received as a response to the crisis, allowing to pay beneficiaries with insufficient liquidity, to lower the n+2 thresholds and to draw down funding from the Commission on a regular basis, has had several negative impacts, including: implementation delays, increased risks regarding n+2, exclusion of project promoters with insufficient own funds, payment delays and barriers to the set-up of FEI which require immediate funding from the Managing Authority.

Following the Commission recommendations, Member States have responded to the crisis by shifting funding towards projects and measures which were less affected by the crisis, often in a way that did not require formal changes (Figure 5). At EU level, the main changes have brought about increases for innovation and R&D, generic business support, sustainable energy, cultural and social infrastructure, roads and the labour market. Reductions have affected ICT services, environment measures, rail, other transport, training and education and capacity building measures.17

![Figure 5: Thematic Reprogramming 2007-12, total by Member State (reprogrammed %)](image)

Over the recent period, only a few programmes have been formally revised or are in a process of revision (England, Greece, Portugal, Scotland, Wales). In Wales, there are some programme modifications awaiting Commission approval relating to ESF targets, which have been exceeded. In England, there have been OP revisions to enable £162 million of ERDF to be spent on broadband roll-out across England, matched by local authorities and Broadband UK. In Scotland, underspend from projects of £25 million has been re-focused on youth employment and expansion of SMEs.18 Both Scottish ERDF programmes have also been revised to allow match funding from a source that was previously excluded (Business Gateway). In Portugal, the previously reported programme revision19 was formally approved by the Commission at the end of 2012 and the focus has been on implementing the decision. Also a review of Greek NSRF OPs was adopted by the European

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17 European Commission (2013a) op. cit. p. 4.
19 Ibid.
Commission in autumn 2012. A number of measures for accelerating NSRF implementation have already been implemented:

**Box 6: Accelerating NSRF implementation in Greece**

Measures include action on sleeping projects, simplifying approvals procedures, modifying and simplifying ex ante controls, simplifying the financing process, action on public procurement, acceleration of project implementation, reduction of the administrative burden and the use of technology to speed up the approval process, for example:

**Sleeping projects:** On January 2013, the number of sleeping projects was reduced to 467, with a total budget of €1.1 million (almost a 50 percent reduction compared to July 2012).

**Simplification of financing process:** 1) Private legal entities can be appointed as accounting officers for grant payments via the Bank of Greece; 2) Decentralisation of the Public Investments Programme (PIP) to Ministries/Regions.

**Public Procurement:** 1) Establishment of special fee for legal appeals; 2) Reduction of phases in the evaluation procedure; 3) Reduction of documents required for the submission of bids; 4) Circular for selection of evaluation committees; 5) Standardisation of draft tenders and contracts to be used by beneficiaries (work in progress).

**Digital/ e-signature and e-circulation of documents:** 1) Introduction of e-signature in approval process (submission of Technical Bulletin, approval decision, budget line) through MIS/NSRF – Pilot implementation; 2) E-circulation of documents through MIS/NSRF (It involve electronic process and delivery to all involved parties (Beneficiary, Financing body, Direction of Public Investments) through MIS/NSRF) (Work in progress).

Some programmes are prepared to make revisions towards the end of the 2013 if this is necessary from a financial absorption viewpoint (Länsi-Suomi, Nordrhein-Westfalen, Spain, Steiermark). For example Nordrhein-Westfalen may make another, final set of changes towards the end of 2013 if necessary, but there will be no changes for reasons relating to OP content as no funds remain to be committed. Financial reprogramming proposals for most of the OPs in Spain are expected in the current round of Monitoring Committees before the summer.

Often funding has been continuously reallocated amongst activity fields within the same priority in a way that does not require formal revision (France ESF, Länsi-Suomi, Niederösterreich, Nordrhein-Westfalen, Sachsen-Anhalt, Scotland, Steiermark, Śląskie ERDF, Vlaanderen). For example in Śląskie ERDF ROP, the aim of reallocations between measures/sub-measures is to use the available funds by increasing the level of co-financing for projects during their implementation or by supporting projects from reserve lists. The Sachsen-Anhalt managing authority is discussing possibilities for shifting funds within ESF OP priorities with some of the main actors responsible for implementing significant components of the OP. In Vlaanderen, the strategy has been to launch calls for a whole priority axis rather than a specific objective, despite some objectives receiving a greater response (awareness raising) than others (internationalisation) because funds can be reallocated within priorities. In the French national ESF OP and its regional sub-programmes, funding that has not been committed on a certain priority in one region can be transferred to another or to the national level if there is a funding need on that particular theme. The financial allocations have also been reprogrammed in French ERDF OPs in the course of the programme period:

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1) Projects that do not have a tender agreement six months after they have been approved; 2) Overall budget (p.e.) > €60,000; 3) No land acquisition contract is signed; 4) No tendering/contractual data are registered; 5) No act of technical assistance/INTERREG and State aid is included.
Box 7: Thematic analysis of revisions to financial tables of ERDF OPs made between 2007-11 across France

In 2012, DATAR carried out an analysis of recent revisions of all ERDF OPs. A thematic assessment shows that 22 OPs made changes to the theme ‘R&D, innovation and entrepreneurship’ linked to the implementation of regional innovation strategies. In some regions, funding was increased for related measures, while in others funds were transferred to other priorities, e.g. due to an initial over-commitment or difficulties among businesses to access funding.

Concerning the theme ‘environment and risk prevention’, the envelopes of 20 OPs were modified, with some managing authorities moving funds elsewhere linked to delays in project development or strategic reorientation in the context of the crisis.

Funding of 12 programmes was moved to increase the envelope of measures relating to the ‘information society’ due to a high demand in the field of broadband development. This followed a change of the NSRF allowing for funding to be used to extend broadband beyond industrial zones. The highest funding amounts thus transferred amounted to around €20 million.

Finally, seven OPs changed their financial tables on the ‘energy’ theme, most often related to changes in the eligibility of expenditure in the field of energy efficiency in housing. The Ile-de-France region is exceptional in this respect as, in 2012, 14 projects were committed for a total cost of over €40 million (€10 million of ERDF). The forecast number of social housing units to benefit from these measures is at almost 4,000, i.e. more than twice the anticipated number.

As the programme period is coming an end, implementation structures and procedures remain stable, with some important exceptions driven by the need to improve the pace of spending. In the French ESF OP, the number of intermediate bodies has been reduced. In Śląskie ERDF and in Niederösterreich, responsibilities have been shifted between government departments. In Śląskie ERDF, the responsibilities for controls of Technical Assistance for the Intermediate Body have been delegated to the Department of Regional Development in the regional government (previously the Department of Control in the regional government had this responsibility). Also a new Procedure Manual has been finalised. Last, in Portugal Ministerial responsibilities have been adjusted as a result of change to the government structure; a new Ministry responsible for Regional Development has been set up (with a new Minister for Regional Development and Adjunct Minister to the Presidency), which is responsible for coordination of the NSRF, although this has not impacted the pace of spending.

Last, a recent development in relation to State aid is the ‘Leipzig-Halle judgement’, which may have a major impact on programme implementation in future, as it is likely to impact on the possibility of ERDF being used to co-finance infrastructure measures. The judgement has caused problems for the technology centres (Technopoles) in Niederösterreich, and Austria has prepared a position paper in this regard.

Box 8: State aid and infrastructure: Leipzig Halle guidance

In the past, the financing of transport infrastructure has often been considered to fall outside the ambit of State aid rules. On 23 July 2008, the Commission adopted Decision 2008/948/EC on measures by Germany to assist DHL and Leipzig-Halle Airport, where it found the unlimited warranties granted as incompatible with the common market. On 19 December 2012, the Court of Justice of the European Union upheld the General Court's decision. The ruling confirms two legal principles; the transfer of state resources to any public sector organisation that operates within a commercial market shall be subject to the State Aid test and may therefore be found to be State Aid; and the construction of infrastructure with a view to its subsequent commercial use, is an economic activity, and shall be prima facie aid to the operator.

This so-called ‘Leipzig-Halle judgment’ about State aid issues might have consequences for ERDF co-financed infrastructure measures. First, The Leipzig Halle case narrows down the understanding of public realm to activities where the operation does not involve economic activity (for example, parks and motorways). The second principle requires an assessment to be made at the point of investment. According to COCOF document (November 2012) outlining the treatment of infrastructural projects in relation to State aid issues, all infrastructure projects will have to carry out State aid checks on the basis of ‘analytical grids’ in the project application stage.

4.2 Financial engineering instruments in the 2007-13 programmes

As in programme implementation more generally, the focus of managing authorities and Fund Managers with regard to implementation of financial engineering instruments (FEIs) over the last six months has been on accelerating spend under the current instruments, many of which have taken a considerable time to become operational, and looking ahead to the needs for the next period, as well as the implications of the regulatory changes.

In February 2013, the Commission published an update to their summary report on the progress made in financing and implementing FEIs co-financed by Structural Funds, which presents the situation and data as at the end of 2011. Although gaps and inconsistencies remain, the report is an important improvement in the availability of information on the use of FEIs. This was made possible by the amendment made to the General Regulation which meant that from 2012 managing authorities were formally required to report on implementation of FEIs.

The data reveal that by the end of 2011, a total of 592 FEIs had been set up (including both Holding Funds and individual specific funds), through 178 operational programmes in all Member States, with the exception of Ireland and Luxembourg. There was also one cross-border FEI. The total value of OP contributions to all FEIs amounted to €10.7 billion; of this some €7 billion were from the Structural Funds (both ERDF and ESF – although ESF contributions account for only around 3 percent of the overall Structural Fund contribution). FEIs for enterprises (Article 44(a) measures) account for nearly 90 percent of the FEIs implemented in 2007-11. Accordingly most of the OP contributions - €8 billion and around 82 percent of the total are accounted for by FEIs for enterprises. A much lower number of the FEIs target urban development (Article 44(b)) (7.8 percent of the total number and 14.2 percent of OP contributions) and energy efficiency/renewable energies (Article 44(c)) (2.5 percent of the total number and 3.2 percent of OP contributions). These figures don’t take into account any additional allocations made to FEIs since 2011, for example among the IQ-Net programmes alone there have been new allocations made and funds launched in the intervening period:

- Two new JEREMIE funds have been set up in Spain (Extremadura and JEREMIE – CDTI).
- A further €1.5 million of ERDF as well as €1.5 million by the Aquitaine region has been allocated to the AQUI-INVEST co-investment fund (Aquitaine) in the course of 2012.


The EUREFI venture capital fund supported under INTERREG IVA Grande programme (FR, BE, LU), set up under INTERREG II in the 1994-99 programme period.
Several French regions accelerated the creation of start-up or co-investment funds in the course of 2012, linked to similar domestic initiatives (National Start-up Fund, Strategic Investment Fund).

In England, a JESSICA Fund was approved in January 2012 in the West Midlands.

A UDF has been set up under JESSICA - IDEA in Spain.

**Figure 6: Destination of OP contributions paid into FEIs (as at 2011)**

<table>
<thead>
<tr>
<th></th>
<th>Article 44 (a)</th>
<th>Article 44 (b)</th>
<th>Article 44 (c)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remaining in HFs¹</td>
<td>2693.87</td>
<td>956.44</td>
<td>241.34</td>
<td>3891.65</td>
</tr>
<tr>
<td>Remaining in specific funds</td>
<td>2624.93</td>
<td>570.53</td>
<td>51.08</td>
<td>3246.54</td>
</tr>
<tr>
<td>Paid to final recipients</td>
<td>3583.85</td>
<td>6.17</td>
<td>52.45</td>
<td>3642.47</td>
</tr>
</tbody>
</table>

Note: All figures in € million.


By the end of 2011, approximately one third (€3.6 billion) of the total value of OP contributions paid to FEIs had reached the final recipients (mainly SMEs) (Figure 6). Another third, some €3.2 billion, remained in specific funds and was therefore available to support final recipients, while the final third, some €3.8 billion, still remained in holding funds. This varied widely over Member States. The outstanding amounts of ERDF still to be paid out through FEIs were fairly large in a number of cases, both in absolute and relative terms.
The percentage of Structural Funds allocated to FEIs but still to reach final recipients (i.e. still in Holding Funds or specific funds) at the end of 2011 ranged from 100 percent (in Austria, Slovakia and the CBC programme) to 13 percent in the Czech Republic. Seventeen Member States plus the CBC programme had over 50 percent of Structural Funds allocations to FEIs still to disburse to final recipients. However, these figures relate to very different absolute amounts of funding – as can be seen from Figure 7, some Member States had large allocations of Structural Funds still to spend.

The 2012 report by the Expert Evaluation Network\textsuperscript{24} highlights significant potential absorption problems and states that ‘it is evident that it will be a major task in many countries to find suitable final beneficiaries for the large amount of funding that remains to be paid out by FEIs […] by the end of 2015.’ Clearly, the amount of funds placed in FEIs is larger than just the Structural Funds component, and in some cases the national component has been paid out first and will have reached final recipients, but the remaining Structural Funds element is the amount that must be spent by the end of 2015.

However, some progress will have been made in terms of payments to beneficiaries since the data in these reports, particularly as concerns the slow-to-launch JESSICA funds. For example, the JESSICA Fund in Śląskie has now made loan agreements, accounting for around 18 percent of its allocation, to three projects:

• Stara Kablownia Czechowice Dziedzice (a large shopping centre) (€4,145,102 plus a further allocation of €3,252,369);
• Andromeda Tychy (cinema and shopping/conference facilities (€509,709 plus €586,595); and
• Playgrounds in Jastrzębie Zdrój (€61,093 plus €155,362).

There are also further contracted funds for a fourth project, Świętochłowice Municipal Unit (€2,596,897).

In Scotland, the first investment from the SPRUCE Fund, the JESSICA UDF, was made in November 2012, awarding just over €2.4 million support to a project, which is expected to create up to 117 full time job equivalents.

In several programme areas, FEIs have made an important contribution to reaching programme targets especially given the impact of the economic crisis (Wales, Länsi-Suomi). In Denmark, two of the six regional FEI funds have asked for permission to extend loans to projects running beyond the end of 2013; one has been granted a one-year extension, the other has not been decided yet. In Germany, a number of Länder are experimenting with different approaches for combining grants and loans for innovation support.

However, questions have been raised about the reporting of ERDF indicators by FEIs. For example, Finnvera, a specialised financing company owned by State of Finland administering loans and guarantees offered as part of business support, reports only projected achievements. There is no verification of achievements after projects are completed, unlike in other organisations responsible for ERDF administration. Consequently, the actual outturn is unclear and it is estimated that planned figures are higher than those realised. Also because the ERDF subsidy is small per granted loan, the subsidy's role in job creation has been questioned.

Within the IQ-Net managing authorities, progress in FEI implementation has been assessed as improving in many programmes, with a few variations:

• According to the funding source. There are several instances of ESF-funded instruments struggling with low levels of demand. In Denmark, for example, the extent to which money has been committed varies widely between the various funds and it is notable that while the ERDF-funded instruments (the two loan funds CIBIT ‘Accelerace Invest’ and the North Denmark Loan Fund, and the venture capital fund ‘Fonden CAT Invest Zealand’ are performing relatively well (with 44 percent, 22 percent and 42 percent committed respectively), the three ESF-funded instruments (one loan fund and two venture capital instruments) have experienced low levels of demand and have committed much lower amounts (between zero and seven percent). Indeed, the ESF Guarantee Fund set up in Sachsen-Anhalt in 2011 will no longer be funded by the ESF OP because businesses were not taking up funding. The Guarantee Fund aimed to provide guarantees for part of the cost of business training, and, although 15 firms applied for a guarantee in 2011, all in the end used other forms of financing (e.g. a normal bank guarantee, or a notary escrow account) which involve a lower administrative burden and are thus preferred by firms with
sufficient liquidity to obtain other forms of financing. Moreover, in April 2012, a domestic legal issue has arisen over the use of ESF funding for training guarantees.

- **Due to the impact of the economic crisis.** The economic crisis has impacted in different ways on different FEIs. The Expert Evaluation Network Report notes that a number of new measures have been introduced as a response to the economic crisis, and that ERDF-funded FEIs have frequently been used to improve access to credit for enterprises where commercial banks have been reluctant to lend. However, the impact of the crisis has been mixed. There has been a negative impact seen in Finland, Slovenia and Greece. In Finland, the demand for Finnvera loans has decreased due to the downturn, mainly because private banks are able to provide loans more cheaply and due to lack of interest in investing by companies. Consequently, part of the budget appropriations of Finnvera, the state-owned financing institution which administers FEIs, will be returned and re-budgeted to other implementing bodies. In Slovenia, fewer SMEs have been benefitting from the holding fund (although the guarantee fund is on track to achieve its targets and about 900 firms have received funding).

In contrast, in Wales, spending under the JEREMIE fund has benefitted from applications from those companies that would have received bank funding pre-crisis, as JEREMIE has stood in where the banks have withdrawn, while in Sachsen-Anhalt, the provision of medium- to long-term loan funds has proved to be a reliable approach for addressing the varied effects of the economic and financial crisis.

- **The type of FEI.** JESSICA Funds, slower to come on line, are now starting to see funding being allocated to projects (Scotland, Śląskie). However, these have also been affected by the economic crisis. In Scotland, for example, the JESSICA fund relied on the private sector to invest to make marginal deals in areas of need of investment – it was an ‘instrument of its time’ – but now it is funding projects that banks would have funded five to six years ago, so, not doing what it was initially envisaged. This was echoed by a recent evaluation in Śląskie which found that contrary to original intentions, the JESSICA instrument meets with greater interest among entrepreneurs than Local Government Units, due to the fear of increasing local government debt, problems with making own contributions and too low profitability of investments in revitalisation. The JESSICA fund in England East Midlands (United Kingdom) has also suffered from lack of businesses coming forward as well as related issues such as insufficient match funding. In Greece, the impact of the economic crisis has impacted differently on different instruments – while there is increased demand for ‘classical entrepreneurship’ loans and especially loans to meet current business needs (working capital), some sectors and/or enterprises are seen as not ‘bankable’ as a result of the economic crisis (i.e. ICT sector, which is seen as too risky). There is also considerable overlap being found between different available products.
• **A mismatch with market expectations.** In Wales, a number of projects have come forward which have good ideas but are not investor ready, and there has been a perception that a government-backed fund can be treated like a grant.

Other areas of concern continue. There are **mixed views on the regional development effects** of Cohesion policy-supported FEIs. In Finland, there are already concerns about the commitment rate of Aloitusrahasto Vera, the ERDF co-funded national equity fund with regional earmarking which has been operational for a year. By the end of 2011, Aloitusrahasto Vera had made 12 investments decisions (€3.25 million); two in the IQ-Net region of Länsi-Suomi. There has been criticism of Aloitusrahasto Vera ignoring the regional development purposes of the fund and following its ‘normal investment policy’, and the lack of publically-available information on investee companies and the investments made has not helped to build trust on the effectiveness of the equity fund. However, despite these concerns, the equity fund is found by the managing authority in the region to be an effective tool for funding innovative growth companies, and an evaluation of Priority 1 (Effect of funding on renewal, networking and international competitiveness of companies) found that although investee companies deem the application process to be burdensome and slow, the equity investments have had positive effects on companies’ product development and that they have enabled investments in production and marketing and sales in international markets. They have also had positive effect in increasing companies’ capital base.

There are some **outstanding concerns relating to the regulations.** Procedures are not seen to be transparent enough, and there is no ultimate decision concerning the exit policy and the possibility of changing the contracting period. From the JESSICA Śląskie point of view, these two issues are very important. State aid issues also continue to cause concern. In Portugal, regulatory issues around the JESSICA fund have been resolved except for State aid matters. Some issues have arisen because it is not clear if the exemption regulation can be used to cover a product that is not a subordinated loan, so a notification is being prepared.

There have also been some soft, difficult to measure outcomes, e.g. in Wales, where a JESSICA UDF made an indicative offer to a project, which consequently gave a bank confidence to lend to the project (thus removing them from the need for JESSICA support).
5. EVALUATION OF PROGRAMME PROGRESS

Over the last six months, evaluation activity has continued within IQ-Net programmes. IQ-Net managing authorities have recently carried out or are planning to undertake evaluations which will feed directly into development of the new programmes for 2014-20 (in Denmark, an evaluation to be published soon aims to improve the basis for the choice of policy instruments in the next period, by charting the use of instruments in the current period, and especially their degree of success in supporting the goals of the programme, while in Śląskie, the use of micro-loans as individual projects and the role of the district level labour offices in supporting the unemployed have been examined, as these are likely to be important instruments in the new regional OP).

This section highlights some of the results of evaluations carried out by IQ-Net programmes which have been found by the programmes themselves to be especially interesting. These are organised by thematic evaluations, process evaluations, studies relating to evaluation methodology and ESF evaluations.

5.1 Thematic evaluations

A number of thematic evaluations have been carried out recently, or are planned, by IQ-Net programmes. Two new evaluations are currently planned in the context of the Slovenian ERDF OP; one will examine the tourism-oriented Priority 3 ‘Integration of natural and cultural potentials’ and one will examine Priority 4 ‘Development of regions’, while an evaluation of RTDI measures concluded in October 2012 concluded that Slovenia had made very good progress with regard to RTDI, mainly due to Structural Funds support. The findings show that progress is made slowly but sustainably and have an important long-term effect.\(^\text{25}\) An evaluation of the impact of the impact of the Śląskie ERDF ROP on the development of the information society in the region has been carried out, along with an analysis of environmental infrastructure needs in the environment area, while in Spain, the environment strategic priority and the NOP Technology Fund have been evaluated recently.

There are also interesting findings in Finland related to the development of regional knowledge clusters, and to cross-border projects, and in Portugal from a recently completed evaluation of cluster policy.

**Box 9: Supporting clusters and knowledge profiles of counties in Länsi-Suomi, Finland**

Länsi-Suomi OP has successfully supported development of regional knowledge clusters and cooperation between research institutions and businesses. Business incubation by the local Universities of Applied Sciences has facilitated growth of new innovative ideas and businesses. This closer cooperation between the Universities of Applied Sciences and business has been particularly important in the regions which do not have universities (Satakunta, Seinajoki, Pori). The programme has also successfully focused efforts on nurturing the strategically important competencies of each county and helped them to build their competence profiles.

**Financing for projects crossing regional borders - Etelä-Suomi, Finland**

Thematic umbrella projects crossing regional borders can be supported under the Etelä-Suomi OP, for example, to develop competence clusters. In principle, project partners must come from more than one county in Etelä-Suomi and the projects must have strategic importance for the whole area. The priority axis is funded by setting aside 28 percent of the appropriations reserved for each county. The

projects crossing regional borders have marked a significant cultural change in the region. This is because each county is required to set aside an equal share of funding, but each county does not necessarily gain from the funding pot equally.

Box 10: The new cluster policy in Portugal

The new policy to support clustering in Portugal – the so-called called Collective Efficiency Strategies, typology Clusters (or CES-Clusters) - was approved in 2008 and resulted in the formal recognition of 11 ‘Competitiveness Poles’ and 8 ‘Other Clusters’. The NSRF 2007-13 is the main financing mechanism for the policy. By the end of 2012, €180 million was allocated to so-called anchor (structuring) projects, €12.7 million for activities designed to stimulate and manage partnerships, and €875 million for business investment projects within CES -Clusters.

The new cluster policy is viewed as a positive development overall that should be consolidated and improved drawing on accumulated experience. The process of formally establishing and recognising the CES-clusters was considered to be appropriate, participative and flexible. However, a preference was given to traditional areas considered to have high export potential, instead of sponsoring sectors with higher technology or knowledge content and more risk. Governance weaknesses are also highlighted, particularly regarding policy and political integration. Only some of the instruments initially planned to support clustering (namely, the Incentive Schemes and the ‘Business Support System for Collective Action’) were effectively mobilised. Finally, the management bodies had limited experience in cluster processes, which impact on the effectiveness of R&I guidance for overseas markets, cooperation and coordination.

5.2 Process evaluations

Key new evaluation work undertaken in Nordrhein-Westfalen concerns publication of the final evaluation of the competitive call approach in March 2013. This approach has been a key feature of the Nordrhein-Westfalen ERDF OP in 2007-13, which is seen to have worked well, and is used in particular for allocating funding for innovation. There have been 54 calls, with 940 projects selected, leading to €1.1 billion of funds committed. The evaluation assesses the administrative procedures used for the calls, including processes relating to project selection, commitments and payments – i.e. rather than the impact of the calls. A key aim has been to develop recommendations for further developing and improving this approach in 2014-20, notably by simplifying procedures so that they can be simpler, quicker and more cost-effective in future.

Box 11: Final evaluation of the competitive call approach in the Nordrhein-Westfalen ERDF OP

The use of competitive calls for allocating a significant percentage of total expenditure has been a major change in the design and implementation of the ERDF OP in Nordrhein-Westfalen in 2007-13. By February 2012, 54 competitive calls had been undertaken on 28 themes, leading to the selection of 947 projects (with funding being committed to 618 of these, including €439 million of ERDF funding and €194.9 million of Land and federal co-financing). An interim evaluation of the competitive call approach was completed in September 2008 and a final evaluation in early 2013. Both evaluations found that this approach has been useful, with the final evaluation emphasising that it has facilitated the transparency of project selection; the mobilisation of target groups; and the selection of high quality projects. Overall, the final evaluation recommended that in future:


1. A top-down approach to the planning and design of the calls should be introduced;
2. Each call theme should last for around three years, and the number of closure dates per call should be increased;
3. Decisions on whether to use calls should depend on the goals of specific interventions;
4. Requirements on call-specific selection criteria and simplified scoring should be strengthened;
5. The number of administrative entities involved in the calls should be reduced;
6. The procedures for setting up and running selection panels should be optimised;
7. Knowledge management and quality management should be strengthened;
8. The payment process should be improved, with a single body for commitment and payments.
9. Legal changes should be made to facilitate the allocation of funding on a cost-basis; the use of flat rate costs for general and staff costs; the simplification of public procurement requirements; the use of electronic files, as well as a sampling approach, for paper checks and on-the-spot checks; and the introduction of an ERDF legal basis able to override domestic rules;
10. Procedural changes should be made, notably binding dates for both the funder and the applicant/recipient; the revision of call documents; the introduction of electronic procedures; and the expansion of eligibility checks during the call phase;
11. Advice and support for projects in relation to content should be intensified.

5.3 Evaluation methodologies

In Portugal, a meta-evaluation of the first round of evaluation reports is expected to help improve the next evaluation round for 2014-20. It is interesting to note that an evaluation team from another country (Spain) was contracted to do the meta-evaluation, in order to ensure an independent assessment of the work of Portuguese evaluation teams. Also with a view to improving the approach to be taken for 2014-20, a 2012 study in Sachsen-Anhalt aimed to develop a system for monitoring and evaluating the environmental effects of ERDF interventions. In Scotland, the newly re-launched Monitoring and Evaluation Group has funded a round of seven 2014-focused evaluation projects carried out by the programme partners, and funded by Technical Assistance.

Box 12: Meta-evaluation in Portugal

In Portugal, the meta-evaluation of the first round of evaluation reports is expected to help improving the next evaluation round for 2014-20. The meta-evaluation is intended to ‘refine and improve the skills of processes and outcomes and the usefulness of the evaluation studies, focusing on critical topics as: the organization of the evaluations, the development of custom notebooks, procedures and criteria applied in selecting assessing bodies, or the potential for institutional training in the domain of evaluation of policies and programs supported by the Structural Funds’. The scope of the meta-evaluation covers the so-called first cycle of NSRF and OP evaluations, focused on 15 of those evaluations.

The meta-analysis takes as its object the evaluation process, analysing and assessing the relevance and the correctness of the assessment methods, techniques and quality of the results achieved as well as a set of contextual factors affecting the organization and operation of the evaluation system. The conclusions include a series of detailed recommendations on design and commissioning (covering clarity and coherence, transparency and sufficiency); outputs of evaluation (theoretical/methodological framework, objectives, criteria, questions, sources, techniques and fieldwork, conclusions, and recommendations); and disclosure and follow up (covering diffusion, follow up and sufficiency).
Box 13: Developing a system for monitoring and evaluating the environmental effects of ERDF interventions in Sachsen-Anhalt

A 2012 study in Sachsen-Anhalt aimed to develop a system for monitoring and evaluating the environmental effects of ERDF interventions, particularly with a view to improving the approach to be taken for 2014-20. A key aim was to improve the quality and comprehensiveness of environmental monitoring but also to ensure that any new indicators and methods could be easily implemented within the context of Structural Fund programming and did not generate significant additional administrative burdens.

The evaluation developed a point-based system using quantitative and qualitative indicators, structured around goals relating to a) climate change, b) adaptation to climate change and risk and c) environmental protection and resource efficiency, which are in turn further divided into 12 sub-goals. The choice of indicators was based on a thorough assessment of their quality, meaningfulness, effectiveness, efficiency and practicability from an ERDF perspective, as well as consideration of the current indicators used for ERDF monitoring in Sachsen-Anhalt, the indicators proposed by the EU, and the indicators used by other German Länder. On this basis, the evaluators developed an ‘ideal set’ of indicators, which was discussed with the monitoring committee’s environmental working group; this ‘ideal set’ was based mainly on quantitative result indicators but, where necessary, it was complemented by qualitative output indicators.

The evaluation also developed a methodology for quantifying the impact of the ERDF on greenhouse gas emissions in CO₂-equivalents, on the basis of the two indicators ‘increase in installed energy generation from renewable sources’ and ‘change in annual final energy use in terms of i) electricity and ii) heat’. This methodology allows for an aggregate quantified assessment of progress towards this strategic EU-level and ERDF goals, without overly burdening project-holders.

Further, the evaluation developed a scoring model that facilitates the aggregation and comparison of the indicator values collected, and thus the analysis of the environmental effects of the ERDF OP and its component-parts. This scoring model can also be linked with data on funding allocations to generate an environmental index that measures the relationship between environmental effects and funding, and thus could potentially facilitate political decision-making.

Box 14: Technical Assistance Evaluation Projects: Scotland

In 2012, the remit of the Scottish Structural Funds Monitoring and Evaluation Group (MEG) was expanded to help build the evidence base for the 2014-20 programmes, through both formal evaluation and learning lessons from the current programmes by the exchange of experience and evaluation. One of the main areas of work envisaged for the MEG is oversight of a 2014-focused round of evaluation projects financed from Technical Assistance. In 2012, the Programme Monitoring Committees agreed that Technical Assistance should be used to fund evaluation projects to help ensure that the experience of delivering current programmes in Scotland and elsewhere provides a robust evidence base for the 2014-20 programmes. Seven partnership projects have been funded by Technical Assistance:

- Evaluation of the Management Information Systems of the 13 Community Planning Partnerships (CPPs) delivering EU funded programmes across the Lowlands and Uplands Scotland Programme area.

- A project focusing on occupational segregation and gender mainstreaming to ensure a robust evidence base for future programmes.

- An evaluation of the current state of the art in social innovation at a national and European level, to identify best practice and inform the MEG of ways in which social innovation might be supported through Structural Funds post-2013.

- A project focusing on Roma social inclusion, providing capacity to develop needs-based Roma inclusion interventions for the future, including input to a National Roma Integration Strategy.
Managing the 2007-13 programmes towards full absorption and closure
Review of programme implementation, Winter 2012-Spring 2013

- An evaluation of the lessons learned in the Highlands & Islands Convergence Programmes 2007-13, so that these can inform the planning process for 2014-20.

- A project capturing, mapping and quantifying how the Third Sector has used ERDF, ESF, and EU Rural and Fisheries funds in the current programming period and examine how the Third Sector can participate equally in the delivery of future funds.

- A project assessing Simplified Cost Approaches for Structural Funds, to establish a range of simplified costs models for the 2014-20 Programmes; test these models in line with Scottish Government compliance and audit requirements before presenting their recommendations to the European Commission for approval; establish a lessons learned review of simplified cost models used in the current programmes (including a review of unit costs used in other United Kingdom regions); establish delivery arrangements for the simplified cost models; and establish guidance and management structure for the models identified.

### 5.4 ESF evaluations

As the Commission’s 2013 Strategic Report notes, the number of ESF evaluations carried out has increased significantly since 2010. Correspondingly, an increasing number of evaluations related to ESF interventions have been carried out in IQ-Net programmes. In Denmark, for example, a review of the use of ESF grants has found that the projects have resulted in a strengthening of the employment frequency and improvement of the participants’ competences, as well as improvement of the participants’ possibilities for finding jobs thanks to, for instance, continuing training. The economic crisis has slowed down progress, but the design of the programme has largely been able to adapt to changes in socio-economic conditions. Furthermore, the ESF programme has made it possible to initiate larger projects than would otherwise have been the case, and has facilitated the development of new methods and approaches.

The Welsh managing authority regularly undertakes follow-up surveys of ESF participants, a key feature of which is their ability to track the longer term outcomes of participation in an ESF project. The 2011 survey found that unemployed ESF participants are about 20 percent more likely to find a job than unemployed individuals who have not attended ESF training. The study suggested that results for economically inactive ESF participants may be greater, although there are more caveats surrounding this analysis for the economically inactive than there are for the unemployed.\(^{28}\)

The following examples provide summaries of other interesting findings from a selection of ESF evaluations carried out by IQ-Net programmes.

**Box 15: Collating information on training for businesses (Śląskie)**

An evaluation of the use of consultancy firms in the provision of training recommended the need to prepare a special platform or database where the different training services offered to firms by agencies and consultancies and the associated costs can be collected and compared. This would facilitate the work of the OP in providing training by making the benefits more transparent to the heads of enterprises who are often reluctant to encourage staff training.

Box 16: Supporting young people in Wales

The Evaluation of ESF Convergence Priority 1 (Supporting Young People) examined the implementation, ongoing delivery and strategic fit of activities supported under this programme area as well as an assessment of participant outcomes. Key findings included:

- The evaluation showed that this new and innovative area for ESF is having a real impact not only for the young people it supports but also in the longer term by influencing mainstream provision in the way it engages and supports young people in school or college.

- Evaluation findings show that ESF support for young people is progressing very well against forecast figures. At the time of the evaluation in October 2011, projects had already supported 39,000 participants and this has now reached just over 75,000.

- ESF is making a positive difference to young people’s lives by helping to raise their aspirations and improve confidence, and by supporting them to remain in or return to mainstream education, and become more employable.

- ESF has also added value by encouraging projects to be more responsive to the needs of young people and to develop innovative approaches to engagement and support provision.

- Key working and mentoring were considered by the project sponsors to be the most effective practices in supporting young people.

- The ESF support delivered through this Priority is also helping to create more effective partnerships and fostering better joint working among a range of organisations, including greater collaboration between local authorities than previously.

- Although some sponsors faced initial challenges to delivery, their knowledge and management of delivery improved over time. Identifying and implementing lessons learned and support for continuous improvement continues to be addressed by the managing authority (WEFO), in partnership, including through the development of the post-2013 Programmes.

Box 17: Disadvantage in the labour market: Scotland

A survey of ESF Priority 1 project participants was undertaken in 2011 and gathered robust descriptive information on their participation, focusing on any patterns of multiple deprivation, participants’ achievements, immediate destinations and subsequent activities, and an assessment by the participants of the value of the ESF funded activity. The evaluation analysed multiple disadvantage by looking at six factors: disability; ethnicity; non-native English speaker; lone parent; unemployed two years or more; and no qualifications at the start of training.

The evaluation concluded that ESF Priority 1 projects have largely been successful in targeting those experiencing disadvantage in the labour market. In particular, they have successfully engaged young people not in education, employment or training, those with health problems and certain disadvantaged ethnic minority groups. The survey found that people who took part in work placements were more likely to complete their training course and to move onto a positive destination. Participants rated work placements highly and were most positive about practical experience gained and getting exposure to the world of work, so it appears that training courses incorporating work experience provide a popular and effective route towards employability.

Overall, 48 percent of participants thought that they would not have been able to access their training course without the support they received. Completion rates for both programmes were high and more than a quarter of those leaving the programme did so to take up a job.
6. PREPARATIONS FOR PROGRAMME CLOSURE

Programme closure preparations were just beginning in many IQ-Net programmes at the time of the last IQ-Net Review Paper in December 2012. In the initial preparations for closure, there was a strong focus on project closure as a means of avoiding later systemic issues arising. Since the last paper, the Commission has adopted the final 2007-13 closure guidelines, on 20 March 2013, after a 14-month period of drafting and consultation. The Commission intends that the guidelines take into account the lessons learned from the 2000-06 closure process and seek to address weaknesses and bottlenecks identified in the previous closure exercise.

They guidelines have been discussed with and further refined by Member State representatives in three COCOF meetings. During the COCOF consultation, around 400 questions from the Member States were handled. These will serve as a starting point for a Question and Answer document that should provide further technical details, as was the case in the last closure exercise. The Question and Answer (Q&A) document has been found to be particularly helpful (Slovenia, England), and several IQ-Net managing authorities are planning to extend and adjust the Q&A on the basis of any further issues arising during the Commission and domestic closure workshops (England, Slovenia). The guidelines include annexes on FEI reporting and list responsibilities for managing, certifying and audit authorities. These are also seen as quite helpful.

As reported in December 2012, the major changes compared to closure in 2000-06 include exclusion of the ten percent flexibility on the calculation of the final contribution at priority level. This had previously been provided for in closure of the 2000-06 programme period, but is now excluded by Article 77 of the draft General Regulation. Second, the closure of Cohesion Fund projects is addressed in programme closure. Third, the guidelines include a dedicated section both on major projects and financial instrument reporting. Fourth, the Audit Authority is required to check final statements and disclose discrepancies and/or systemic deficiencies, projected error rates by year and a residual error rate for the programme at closure. Fifth, there are changes for reporting for withdrawn/recovered amounts, pending recoveries and irrecoverable amounts (Art. 20, Annex XI of Reg. 1828/2006), recoveries covered by an annual statement submitted on a yearly basis and lastly commitments will remain open for the amounts declared under Annex XI.3, for which the Commission has requested further information or that the Member State continues the recovery procedure.

Over the last six months, there has been an intensive process of feeding in to the Commission’s draft closure guidelines (England) and internal gathering of information on issues and questions (Sachsen-Anhalt). Other activity has included:

- Making decisions about internal deadlines, e.g. in Vlaanderen, the managing authority would prefer to stop running projects two to three months prior to 1 January 2015 (the final closing date). This is particularly the case for those projects that make use of de-committed funds. In England, the managing authority has set a target for the last payment claim at the end of June 2015. In Finland, the Government is

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29 Michie R & Granqvist K (2012) op. cit.
Currently preparing new closure guidelines which extend the previously decided internal deadlines. The new guidelines make it possible to prepare funding agreements in 2014 and to implement projects after 30 April 2015. The managing authority has seen necessary to stretch the timetable for closure because it is likely that part of appropriations for intermediaries will be yielded back in autumn 2013, and be available for re-budgeting. Otherwise, it is expected that the programme closure will progress according to the original timetable (preparation of funding agreements (funds committed) by 31 December 2013; last day of implementation for funded projects mainly 30 April 2015; all closure measures finished 31 December 2015).

- Updating/preparing domestic guidance (France, Greece, Portugal, Śląskie, Slovenia, Wales), often involving domestic audit authorities (France, Śląskie).
- Investigating the possibility of part closure as in Śląskie, which has one of the highest ROP allocations, a large number of implemented projects and a large number of approved payment applications.
- Setting up a working group for closure (Czech Republic, Wales). In Wales, the project closure group will involve key stakeholders. The project closure group will help get ownership and track the way risks are being managed going forward.
- Drawing up an initial risk register, both programme and project related. The aim is to ensure ownership of the risks (Wales).
- Disseminating information via training, workshops and newsletters (England, Finland, Germany, Portugal, Slovenia, Wales).

**Box 18: Keeping closure in focus: Wales**

In Wales, the managing authority (WEFO) is planning to produce a quarterly closure newsletter. The closure manager will hold meetings with each team within the managing authority to obtain feedback on concerns, and will disseminate information in the quarterly newsletter. This is to help ensure a joined up approach and make sure everyone is aware of the information needed early. The intention is also to keep closure on the agenda when the focus turns to the new programmes, as is can be difficult balancing the old and new programmes to make sure both are equally dealt with.

**Resources are an issue for closure,** as the authorities in Nordrhein-Westfalen note, there are difficulties inherent in dealing with two programme periods at the same time, which is seen to imply the need for more or less twice as many staff as when managing a single programme period because of the significant systemic changes between one period and the next e.g. in terms of implementation procedures, monitoring requirements etc. There is a lack of interest noted in closing the current programmes when attention turns to the next period (Czech Republic), and there may be a lack of staff experienced with closure of the last period. Śląskie is also reviewing the level of human resources that will be needed. In this regard, some have already or are in the process of appointing a closure manager to ensure a coherent approach within the various teams (Denmark, Scotland, Wales) or are allocating staff to the process (Czech Republic IOP).

**A number of areas of concern continue** that were reported in the last review paper, for example, the exclusion of the ten percent flexibility on the calculation of the final contribution at the priority level (England, Slovenia, Wales). It is thought that this will lead to a great number of small programme revisions and hence not only to cause a burden for programme authorities but to the Commission as well. In Finland, as the COCOF guidelines for programme closure do not include 10 percent flexibility in the funding frameworks of priorities, the framework will be evened out in 2015 if necessary.
Remaining areas of concern raised include: the need to explain the reasons if indicators differ by more than 25 percent from their targets (Slovenia); the question of how all three closure documents should be submitted to the Commission via SCF2007 by the deadline (at the moment they are submitted separately) (England); and the definition of unfinished projects (Wales). Closure of ETC programmes is still a particular issue in England, and there is concern that there is still not enough guidance, whether financial corrections will be distributed between Member States proportionately to the under-achievement, and who bears liability with regard to the residual error rate (will it be proportionate to the error rate incurred by projects in their territory). The liability issue also caused a problem in the 2000-06 programmes, as a number of Member States are involved in the programmes, but the liability question and how it is distributed between partners was not really tackled.

One area of concern in Sachsen-Anhalt affecting closure is that the Land government has decided that it will be possible to continue spending funds until the end of 2015. Previously, the Land had made a domestic commitment to spend all EU funding by the end of 2013 but this has not proved possible, so the date has been pushed back in line with scope provided by the EU regulations. However, the Certifying Authority and Audit Authority for the ERDF and ESF OPs are not keen on extending the deadline, due to concerns over possible errors and difficulties that could emerge with monitoring and control due to the fact that the implementing bodies will have to use two separate and parallel electronic data monitoring systems for the two OP periods for a prolonged period of time.
7. CONCLUSION

This is the final year of the current 2007-13 programme period, and there remain two (or three) and half years within which committed funds must be spent. To this end, managing authorities are carefully tracking commitment and payments levels, in order to fully utilise their Structural Funds allocations, manage the recycling of funding where possible and ensure timely payment claims from projects. At the same time, preparations are being made for the next programme period 2014-20; and in many areas they are the main focus of activity and taking an increasing amount of managing authority time.

The forthcoming programme period has an increased focus on programme results, and the current programmes are also feeling this pressure, although the programmes were written in a different climate – both economically and in terms of expectations with regard to monitoring and reporting, of physical progress in particular. Nevertheless, IQ-Net programmes have shown encouraging results in terms of their financial and physical progress towards targets, in difficult economic circumstances, and there are already signs of the long-term positive effects of the measures. However, there is a temptation to continue to rely on monitoring programmes’ financial progress as the foremost measurement of performance. Despite the Commission’s efforts to standardise and improve the approaches taken, for example, through the introduction of core indicators, it is still hugely problematic to aggregate output/result data within countries, across countries, and across EU27. Existing data can’t be used to compare programme performance – as programmes have different budget allocations, different regional and national contexts, different priorities, different baselines and targets. Even comparing the progress of programmes against their own original targets is difficult; targets and baselines often have not been set, there are major problems with the definition of indicators as well as measuring and reporting, particularly at beneficiary level.

Managing the 2007-13 programmes towards full absorption and closure continues to be a challenging task, involving responding to the pressure to spend efficiently imposed by the n+2/n+3 discipline and the pressure to spend effectively with demonstrable impacts, while negotiating the transition period between programme cycles, moving towards closure of one set of programmes, and at the same time developing the Cohesion policy programmes that will be in place for the next seven year period.
Annex 1. Core indicators reported by IQ-Net programme countries

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Managing the 2007-13 programmes towards full absorption and closure  
Review of programme implementation, Winter 2012-Spring 2013

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Note: 1) Figures include ERDF and CF, 2) Figures include ERDF, CF and ESF.
Annex 2: Progress towards ERDF core indicators in IQ-Net programme countries (% of target for 2007-13)

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<td>3  Jobs created - women</td>
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### Managing the 2007-13 programmes towards full absorption and closure

**Review of programme implementation, Winter 2012-Spring 2013**

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**Note:** 1) Figures include ERDF and CF, 2) Figures include ERDF, CF and ESF.
Managing the 2007-13 programmes towards full absorption and closure
Review of programme implementation, Winter 2012-Spring 2013

Improving the Quality of Structural Funds
Programme Management
through Exchange of Experience

IQ-Net is a network of Convergence and Regional Competitiveness programmes actively exchanging experience on practical programming issues. It involves a programme of research and debate on topical themes relating to Structural Funds programme design, management and delivery, culminating in twice-yearly meetings of members. IQ-Net was established in 1996 and has successfully completed four periods of operation: 1996-99, 1999-2002, 2002-07 and 2007-10. The fifth phase was launched on 1 January 2011 (Phase V, 2011-13).

IQ-Net Meetings
33 partners’ meetings and a special 10th anniversary conference have been held in 13 European countries during 17 years of operation of the network. Meetings are held at approximately six-month intervals and are open to IQ-Net partners and to observers interested in joining the network. The meetings are designed to facilitate direct exchange of experience on selected issues, through the presentation of briefing papers, plenary discussions, workshop sessions and study visits in the hosting regions.

IQ-Net Website
The IQ-Net Website is the network’s main vehicle of communication for partners and the public. The launch of Phase V has been accompanied by an extensive redesign of the site which comprises two sections:

Partner Intranet Pages available exclusively to IQ-Net members.

Public Pages which provide information on the Network’s activities and meetings, allow the download of IQ-Net Reports and Bulletins, and provide a news section on issues relevant to the Network.

The Partners’ section of the website provides exclusive services to members of the network, including access to all materials prepared for the IQ-Net meetings, a list of EU27 links (programmes, institutions etc.), partners’ contact details, a partners’ blog and other items of interest.
IQ-Net Reports
The IQ-Net Reports form the basis for the discussions at each IQ-Net meeting. They present applied and practical information in a style accessible to policy-makers, programme executives and administrators. The reports can be downloaded, at no charge, from the IQ-Net website. To date, 32 thematic papers have been produced on both ‘functional issues’ (e.g. management arrangements, partnership, information and communication, monitoring systems) and ‘thematic issues’ (e.g. innovation, enterprise development, tourism). A similar number of papers have also been produced to review developments in the implementation of the Network’s partner programmes.

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<tr>
<td>Preparing for 2014-20: Programming, Concentration and Performance</td>
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<td>‘Smart specialisation’ and Cohesion policy – A strategy for all regions?</td>
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<td>New financial instruments in Cohesion policy</td>
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<td>Taking stock of programme progress: implementation of the Lisbon Agenda and lessons for Europe 2020</td>
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<td>The Reform of Cohesion Policy after 2013: More Concentration, Greater Performance and Better Governance?</td>
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<td>New Partnership Dynamics in a Changing Cohesion Policy Context</td>
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<td>Pandora’s Box and the Delphic Oracle: EU Cohesion Policy and State Aid Compliance</td>
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<td>The Financial Management, Control and Audit of EU Cohesion Policy: Contrasting Views on Challenges, Idiosyncrasies and the Way Ahead</td>
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<td>From Environmental Sustainability to Sustainable Development? Making Concepts Tangible in Structural Funds Programmes</td>
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<td>Making sense of European Cohesion Policy: 2007-13 on-going evaluation and monitoring</td>
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<td>Turning ideas into action: the implementation of 2007-13 programmes</td>
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<td>Preparations for the Programme Period 2007-13</td>
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<td>Territorial Cohesion and Structural Funds</td>
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<td>Cohesion Policy Funding for Innovation and the Knowledge Economy</td>
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<td>The Added Value of Structural Funds</td>
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<td>Information, Publicity and Communication</td>
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<td>The Structural Funds: Facilitating the Information Society</td>
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<td>Information into Intelligence: Monitoring for Effective Structural Fund Programming</td>
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<td>At the Starting Block: Review of the New Programmes</td>
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<td>Effective Responses to Job Creation</td>
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<td>The Evolution of Programmes and Future Prospects</td>
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Managing the 2007-13 programmes towards full absorption and closure
Review of programme implementation, Winter 2012-Spring 2013

- Equal Opportunities in Structural Fund Programmes
- The Contribution of Meso-Partnerships to Structural Fund Implementation
- Regional Environmental Integration: Changing Perceptions and Practice
- Structural Fund Synergies: ERDF and ESF
- The Interim Evaluation of Programmes
- Monitoring and Evaluation: Principles and Practice
- Generating Good Projects
- RTD and Innovation in Programmes
- Managing the Structural Funds – Institutionalising Good Practice
- Synthesis of Strategies 1994-96

**IQ-Net Bulletin**

The IQ-Net Bulletin promotes the dissemination of the Network’s activities and results. 16 issues have been published to date, over the period from 1996 to 2012. Bulletins are published using a standard format, with each providing summaries of the research undertaken and reports on the discussions which take place at IQ-Net meetings. The Bulletins can be downloaded from the IQ-Net website.

Admission to the IQ-Net Network is open to national and regional Structural Funds managing authorities and programme secretariats. For further information or to express an interest, contact Professor John Bachtler ([john.bachtler@strath.ac.uk](mailto:john.bachtler@strath.ac.uk)) or Dr Laura Polverari ([laura.polverari@strath.ac.uk](mailto:laura.polverari@strath.ac.uk)).