



# Delivery system

## FINAL REPORT

### WORK PACKAGE 12

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

*Contract: 2014CE16BAT046*

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## **Evaluation Final Report**

### **Ex post evaluation of the delivery system (Work package 12)**

This report is part of a study carried out by a Team selected by the Evaluation Unit, DG Regional and Urban Policy, European Commission, through a call for tenders by open procedure No 2014CE16BAT046. This report is based on the contract between the DG Regional and Urban Policy and KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG Germany) dated 17 November 2014. The evaluation team mainly comprises KPMG Germany (lead firm), and subcontractors KPMG Advisory Ltd. (KPMG Hungary) and Prognos AG, Berlin, supported by the European network of KPMG and independent experts.

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The authors are responsible for any remaining errors or omissions.

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## **EXECUTIVE SUMMARY**

This is the Final Report of Work Package (WP) 12 (Cohesion Policy Delivery System) of the suite of ex post evaluations of Cohesion Policy programmes 2007–2013, financed by the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF).

The purpose of this evaluation was to provide an assessment of the performance of the 2007–13 Cohesion Policy delivery system. In this context, “delivery system” is understood as the combination of legal requirements and procedures that support the effective and efficient investment of European Union resources, and of the outlining of roles and responsibilities in planning, management and implementation of the policy at each level of government. Many legal requirements and procedures of the delivery system in the 2007–13 period were quite similar for all programmes, i.e., they did not differ greatly irrespective of the amount of funding, quality of governance or socio-economic development level.

As specified by the Tender Specifications (p. 11), the evaluation aimed to “analyse the effectiveness and efficiency of the delivery system and identify the main success factors that support the accountable implementation of a policy that is legal and regular, which delivers results in a timely and responsive manner at reasonable costs to national administrations and beneficiaries.”<sup>1</sup>

The evaluation covered the Cohesion Policy delivery system in all 28 Member States, it collected and analysed evidence on stakeholder expectations and on their judgment of performance of the delivery system against these expectations, on strengths and weaknesses and factors driving successes and failures. This wide coverage was important in order to capture differences in the implementation of programmes across Member States and regions with varying socio-economic contexts, public administration systems, administrative capacities and quality of governance. These variations are vital because the Cohesion Policy delivery system essentially works through and relies largely on the pre-existing, heterogeneous national and regional public administrations of Member States.

This evaluation involved the analysis of a wide variety of information gathered from a combination of web based surveys, case studies, focus groups and interviews, and covered approximately 3,700 representatives from national and regional institutions, beneficiaries and the European Commission. This primary research was complemented by existing secondary data (e.g., expenditure data, data on error rates, data on the type of evaluations carried out, etc.) and a review of existing literature.

A sub-set of eight Member States (Poland, Bulgaria, Italy, Greece, Latvia, the Netherlands, Sweden and Germany) were the subject of case studies aimed at validating findings from the surveys and consultations and exploring causal relationships between performance and underlying explanatory factors. Furthermore, case studies on administrative capacity-building financed from technical assistance were conducted in seven Member States (Bulgaria, Romania, Greece, Poland, Italy, the Czech Republic and Slovakia).

The main conclusions of the evaluation can be summarised in terms of two key challenges faced by the Cohesion Policy delivery system (references to key findings relate to later sections of this Executive Summary):

---

<sup>1</sup> Tender Specifications, p. 11.

- **Challenge 1: Programme and project implementation.** Most programmes performed well in terms of implementation, selecting and carrying out projects – the main exceptions being Romania and Croatia which as newer Member States experienced some teething problems (key finding 1). However, many beneficiaries, especially in programmes with smaller budgets, perceived the administrative burden to be higher than necessary – especially regarding to requirements during the application phase, control procedures and contradictory interpretations of rules at different levels of the delivery system (key finding 2).
- **Challenge 2: Results and impacts.** Focussing the programmes on longer term impacts proved a greater challenge – programmes in the 2007-13 period started to concentrate on "Lisbon" goals, though this did not lead to much greater concentration and focussed only on inputs (key finding 3). Projects were often selected for their ability to absorb funding rather than their contribution to desired impacts on the region (key finding 4) and the majority of programmes funded did not have in place a systematic impact measurement system (key finding 5).

**Key Finding 1: Despite the challenges of the financial and economic crisis, which started in 2008, Cohesion Policy programmes delivered projects accounting for over 90% of the available EUR 347 billion by the end of 2015.**

By the end of the funding period, over EUR 312 billion of the total funds had been paid out in the EU-28, with only minor variation across the three funds (ERDF – 91%, ESF – 90%, Cohesion Fund 90%).<sup>2</sup> Nine countries fell below the EU average (90%), with Croatia standing at 65.2%, and Romania at 74.8%. These low values are in large part due to the new systems that Croatia and Romania had to set up for the 2007-2013 period, resulting in several issues, including: long appraisal processes with large gaps between application rates and approval/contracting rates, a constantly high difference between contracted amounts and payments to beneficiaries, and high turnover among key staff.

Greece had the highest absorption rate of 99.5% by the end of 2015, the result of a focused effort to use all EU funds under the challenging circumstances resulting from the financial crisis. In particular, the increase in the maximum EU co-financing rates to 100% for the 2007-2013 programmes financed by the CF, the ESF and the ERDF helped significantly in injecting investment directly into the economy under difficult macro-economic and public-finance conditions.

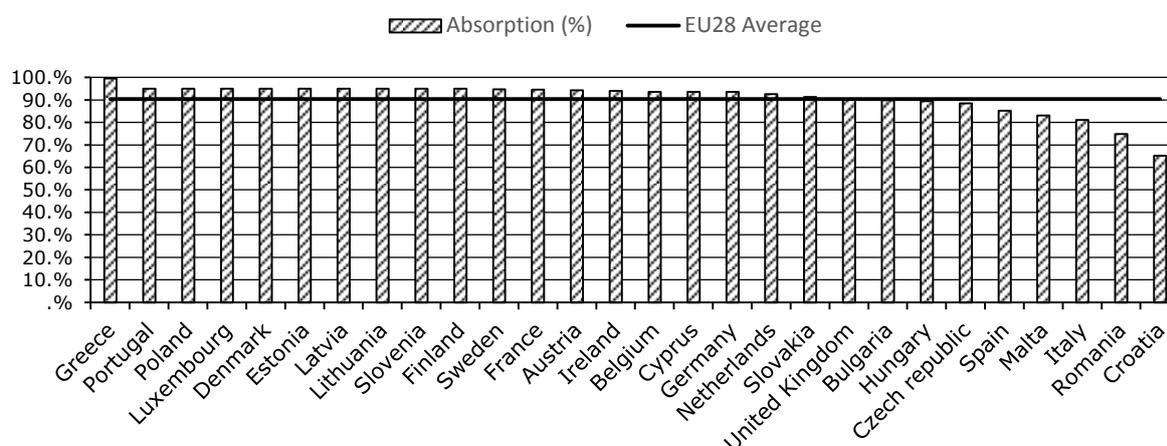
Poland's successful implementation of Cohesion Policy in the 2007-2013 period was closely related to a high level of fund absorption (95%) and to their effective use. This was partly the result of the capacities and experiences built up in the pre-accession period (PHARE, SAPARD, and ISPA funds). Further factors that contributed to this success were the establishment of a central ministry with a strong coordination role, gradual decentralisation of programme implementation and (improved qualification of staff (which was to some extent financed by technical assistance).

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<sup>2</sup> DG REGIO, Open Data Platform, retrieved under <https://cohesiondata.ec.europa.eu/dataset/Total-Percentage-of-Available-Funds-Paid-Out-by-th/w8x7-cqjd>

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Figure 1: Total percentage of available funds paid by the Commission from the budget of the 2007-2013 programming period (spending up to November 2015)



Source: KPMG/Prognos (2016) based on DG REGIO Cohesion Policy data, retrieved on 10/05/16 at <https://cohesiondata.ec.europa.eu/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#column-menu>.

Generally, when looking at the EU-28 as a whole, we can conclude that the maturity and capability of the institutional system responsible for the implementation of the Operational Programmes played a decisive role in accelerating fund absorption, reducing the time and cost (particularly administrative cost) required to access the funds and in supporting beneficiaries in developing and implementing their projects.

However, while programming, or more precisely programme approval, was not problematic in most Member States, contracting and implementing projects appeared most difficult (despite high commitment rates in many countries). In particular, in the Cohesion countries such as Romania, Bulgaria and the Czech Republic, long appraisal processes with large delays between application rates and approval/contracting rates, and large gaps between contracted amounts and payments to beneficiaries, hindered the effective implementation of Cohesion Policy. Oftentimes, project pipelines were not properly managed and calls for proposals frequently generated applications 10-20 times the allocation.<sup>3</sup> This created high administrative capacity pressures and made the selection of projects based on qualitative criteria very difficult.

**Conclusion #1:** the delivery system was generally satisfactory in the financial implementation of Cohesion Policy. However, Member States with insufficient administrative capacities will need more targeted capacity building, particularly in contracting and implementing projects (e.g. regarding the management of calls and project pipelines, project selection systems, etc.).

**Key Finding 2: Administrative and control arrangements are perceived as necessary and useful but often disproportionate, especially outside the Cohesion Countries. Overly strict or conflicting interpretations of eligibility rules are a particular problem.**

55% of respondents (and 54% of beneficiary respondents) in the web-based survey reported that the overall administrative burden related to project application and

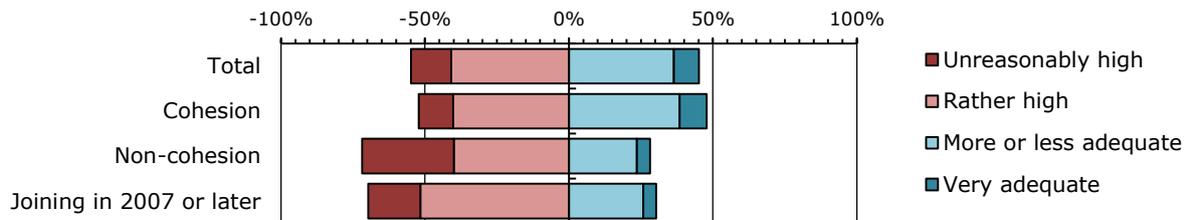
<sup>3</sup> See, for Romania, Lucaci, L.O. (2012) Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013, Year 2 – 2012, Task 2: Country Report on Achievements of Cohesion policy –Romania, A report to the European Commission, DG Regional and Urban Policy, Brussels.

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implementation was high in proportion to the overall benefits. In non-Cohesion countries, where programmes tend to be smaller, this number was higher: 72% when looking at all respondents.

Figure 2: Proportionality of administrative requirements<sup>4</sup>

**Compared to the amount of money provided and overall benefits, the proportionality of the overall administrative burden related to project application and implementation under the ESF/ERDF or Cohesion Funds in 2007-2013 was...**

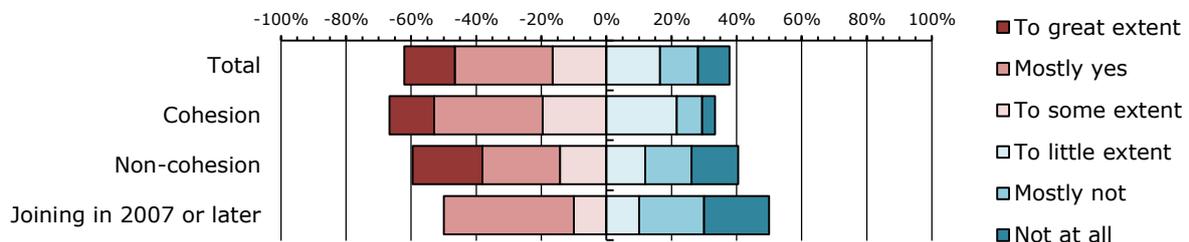


Source: KPMG/Prognos (2015), Online Survey, N=2,472 (all respondents) and 1,412 (beneficiaries - not displayed).

Furthermore, 62% of respondents to the semi-structured interviews in Member States perceived that the complexity of general internal administrative rules and procedures caused delays in project selection.

Figure 3: Complexity of internal administrative rules

**To what extent has the complexity of general internal administrative rules and procedures caused delays in project selection?**



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States. N=103.

Although the Regulations<sup>5</sup> stipulated certain exceptions to ensure proportionality in the control of Operational Programmes in the 2007-13 period, administrative requirements were often not proportionate compared to the scale of spending and the level of administrative capacities in the Member States.

Administrative costs vary between fields of intervention. A SWECO report (2010, p. 46 and p. 40-41) for DG REGIO found that "[...] the enormous variations are related to the thematic foci of the projects. [...] Overall, an average of 75-80% of the administrative

<sup>4</sup> The categories used to analyse Member States in this and in all the charts that follow in this chapter are:

- Cohesion: EU-25 countries eligible for the Cohesion Fund in the 2007-2013 period;
- Non-cohesion: EU-25 countries ineligible for the Cohesion Fund in the 2007-2013 period;
- Joining in 2007 or later: Romania, Bulgaria and Croatia.

<sup>5</sup> See Council Regulation (EC) No 1083/2006 (Art. 74), which provides certain exceptions for Operational Programmes for which the total eligible public expenditure does not exceed EUR 750 million and for which the level of Community co-financing does not exceed 40% of the total public expenditure.

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*workload comprises financial reporting and progress reports, while 20-25% is taken up with reporting, monitoring and evaluation tasks.*" In this ex post evaluation, 80% of the respondents to the semi-structured interviews considered that the efforts and resources for monitoring were well invested in the 2007-2013 period.

Figure 4: Administrative workload of final beneficiaries in ERDF and Cohesion Fund projects<sup>6</sup>

The administrative workload of the final beneficiaries (all values expressed as a percentage of total eligible expenditure)		Lower threshold	Upper threshold
<b>Funding application</b>		0,4%	5%
<b>Project management</b>		0,7%	17%
<i>by task</i>			
	financial reporting and progress reports (75 - 80% of the administrative workload within project management)	0,5%	13%
	reporting, monitoring and evaluation tasks (20 - 25% of the administrative workload within project management)	0,2%	4%
<i>by type of funded activity</i>			
	Infrastructure investment projects	1%	2%
	Business development support	3%	13%
	Establishment of (social) platforms	8%	27%
	Studies and investigations	2%	18%

Source: KPMG/Prognos (2016) based on SWECO (2010).

Almost one third of the avoidable burden sustained by economic operators in the EU is explained by inefficiencies in national implementation, and notably in administrative procedures.<sup>7</sup> However, the High Level Group of Independent Stakeholders on Administrative Burden finds that only four percent of this burden stems from formal decisions by Member States to go beyond what is required by EU rules.

The evaluation found that design of the control system was appropriate, especially considering the single audit principle and the role of national audit authorities. The system allowed risk-based approaches to controls and introduced simplification tools that could contribute to the reduction of administrative costs. The enhanced focus on controls, notably the introduction of audit authorities played a pivotal role in providing the European Commission with detailed information on the legality and regularity of expenditure. Assurance increased and error rates decreased<sup>8</sup>, with some variations across countries. However, this improvement seems to have come at the expense of increased administrative costs, particularly at the level of beneficiaries.

Much of this increased burden was a result of implementation problems, rather than of design issues. Such inefficiencies included an incomplete application of the single audit principle, leading to multiple controls at various levels. Other factors were the low reliance on e-cohesion solutions, contradictory interpretation of rules and a 'control culture'; lack of capacity and competence at the level of management verifications, low uptake of available simplification measures and lack of preventive solutions. This led to

<sup>6</sup> Lower and upper thresholds are the minimum and maximum values in the responses of the SWECO survey.

<sup>7</sup> High Level Group of Independent Stakeholders on Administrative Burden (2011): Europe can do better. Report on best practice in Member States to implement EU legislation in the least burdensome way, p. 12.

<sup>8</sup> Average level of error rates estimated at 4,5 - 7,7% for Cohesion Policy expenditure, between 2009 and 2013. Source: European Court of Auditors.

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errors and hindered the efficient use of the financial control system. On the other hand, 66% of the survey respondents in this evaluation regarded controls and audit as helpful in reducing errors and irregularities in the 2007-2013 period.

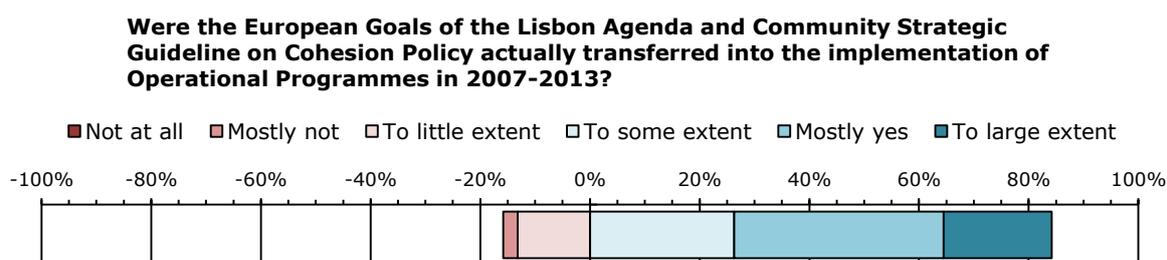
**Conclusion #2.1:** improved administrative capacity of Managing Authorities, especially as regards first-level verifications, in order to enable them to better support beneficiaries. Build on simplification tools (e.g. SCO) and give more priority to risk-based verification approaches and preventive measures.

**Conclusion #2.2:** introduce more differentiation of the delivery system and the level of EU management and oversight, recognising the great variation of administrative and governance quality and capacity in Member States and regions – administrative and compliance requirements from the EU level should be 1. more proportionate to scale of spending and 2. inversely proportionate to Member State administrative capacity.

**Key Finding 3. Programme objectives tended to be very broad. There was an attempt to focus resources on European priorities (Lisbon objectives and 'earmarking' process). However, this was only the first step towards a more focussed and strategic approach required in the 2014-20 period.**

Following the General Regulation and the fund-specific regulations, Member States had to ensure a minimum allocation of Cohesion Policy expenditure to Lisbon-related objectives. This evaluation found that the earmarking codes formed an integral and routine part of monitoring, reporting and financial planning activities in all Member States. Earmarking was relatively easy to handle and allowed for a transparent check of whether Operational Programmes were coherent with the Lisbon objectives. Findings from semi-structured interviews with Managing Authorities confirmed that the successful transfer of European goals into programme design and implementation supported the shift in the focus of Operational Programmes, e.g. as visible in the increase of funding for R&D and innovation and a decrease for infrastructure.

*Figure 5: Role of the Lisbon Agenda on Operational Programmes*



*Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=76.*

However, the semi-structured interviews with Managing Authorities found that the requirements for concentration on Lisbon objectives did not significantly influence the choice of thematic priorities of Operational Programmes, i.e., the earmarking process did not lead to a more rigorous "thematic concentration". For instance, Managing Authorities in Poland tended to adopt broad objectives in Operational Programmes, intended to increase absorption and enhance responsiveness to the external environment. However, there was a significant trade-off in terms of delivery of results, as the focus on absorption and addressing changing needs during the financial and economic crisis shifted the focus from relevant structural changes in the economy.

In the case of Germany, programmes were primarily influenced by national and even stronger regional priorities, and less so by European strategies and goals. Group

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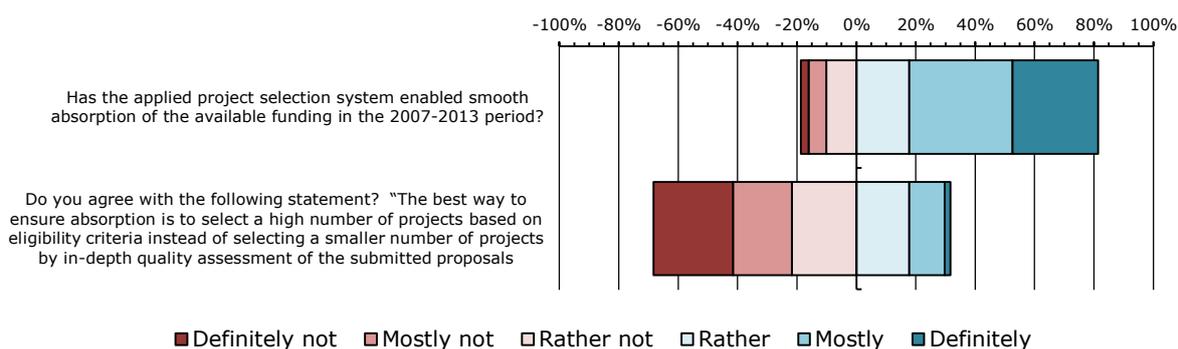
discussion participants explained that the strategic framework for Cohesion Policy was seen as broad enough to cover both regional priorities and European strategies and goals. An important explanation for this general observation about the limited impulse on thematic concentration was that the Lisbon strategy itself was too broad and the types of interventions that could be supported were too many<sup>9</sup> to foster greater thematic concentration.

**Conclusion #3:** Acknowledging the limited impact of the Lisbon Agenda and the earmarking process on thematic concentration, there is a need for strengthening the strategic design of Operational Programmes and a stronger thematic concentration is necessary in the future. In the 2014-2020 programming framework, the introduction of 11 thematic objectives and of ex-ante conditionalities (in particular the ex-ante conditionality 1.1 on 'smart specialisation') addressed this identified need for improvement. Further opportunities to increase thematic concentration in the future could lie in allocating the available funding of ERDF and ESF to a limited number of investment priorities at lower levels of programming and by including the proposed criteria for project selection (at least for the key investment areas) in the Operational Programmes.

**Key Finding 4. Projects were often selected as much for their ability to absorb funding as for their contribution to the objectives of the programme.**

The process of project preparation and selection is crucial in shaping the impact of Cohesion Policy. Findings from the semi-structured interviews in the Member States show that ensuring absorption is considered as a vital aspect of project selection, and this is often due to risk aversion by Managing Authorities and the broad objectives of Operational Programmes. The ability of the applied project selection systems to ensure high absorption was clear to most interviewees (81% confirming this statement). While most interviewees rejected the statement that selecting a high number of projects based on eligibility criteria is the best way to ensure absorption instead of performing in-depth quality assessment of the applications, about third (32%) of the interviewees still agreed with this statement.

Figure 6: Assessment of different aspects of project selection



Source: KPMG/Prognos (2016), *Semi-structured interviews in Member States*, N=118 and 101.

<sup>9</sup> Centre for Industrial Studies (2010), "Lessons from shared management in cohesion, rural development and fisheries policies", reference no 2009.CE.16.0AT.102&2009.CE.16.C.AT.054, Final Report, p. 20.

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The findings of multiple case studies confirm this finding, as an example, in Bulgaria absorption proved to be one of the important factors guiding the selection of projects, while Operational Programmes could not always deliver the expected results.<sup>10</sup>

Several other studies support this finding and add some important additional aspects. For instance, for the CEE countries, Ferry argues (2015, p. 16)<sup>11</sup> that *"...it is particularly noticeable in CEECs<sup>12</sup> [that there was] an excessive preoccupation with compliance at the expense of strategic performance. This in turn has led to [...] a tendency to avoid risky or innovative projects"*.

**Conclusion #4:** A more strategic and result-oriented Cohesion Policy largely depends on a more precise definition of objectives in the Operational Programmes and closer and more explicit links to project selection criteria. In the 2014-2020 period, this need for improvement has been partially addressed with the requirement to define specific objectives with matching result indicators for each investment priority in an OP. Further ways to foster a more strategic project selection process lie in an enhanced coordination process of project selection systems during programming, the creation of stronger and binding links between calls for proposals and OPs, and in ex-ante and ongoing assessments of project selection systems and their selection criteria.

**Key Finding 5. In the 2007-13 period, there was still only a moderate tendency in many Member States and regions in being aware of, measuring, and reflecting on the progress of Operational Programmes towards their objectives.**

The limited emphasis on thematic concentration in Operational Programmes, together with their typically broad objectives (see findings 3 and 4), had implications for the strategic delivery of Operational Programmes. Clear target setting and precise objectives were often missing – clear obstacles for a stronger focus on delivering results and tracking progress of strategic plans.

Also, there was a predominance of process evaluations (44%) and monitoring-type evaluations (44%) over impact evaluations (22%).<sup>13</sup> As argued in the semi-structured interviews with EC officials (both EMPL and REGIO), "evaluations were generally unable to convey reliable information on impacts, i.e. whether the programmes had made a difference. Most evaluations primarily addressed programme implementation (process evaluations)." This assessment was supported by many case studies, adding further information on the often suboptimal focus of evaluations.

Nonetheless, there were signs of improvement. For instance, Ciffolilli et al (2014, p.84) argue that "over the past year, the focus of evaluations shifted from procedures and more to the results of interventions and their effects in relation to policy objectives (36% of the total) as well as to assessing progress in the implementation of programmes or measures (38%)". These findings are supported by the case studies, particularly in

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<sup>10</sup> However, it is important to note that in addition to project selection further other factors contributed to this, such as the financial crisis, issues at the programming stage, the late setup of the delivery system or challenges in public procurement.

<sup>11</sup> *ibid.*

<sup>12</sup> Central and Eastern European Countries (CEECs) is an OECD term for the group of countries comprising Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Slovenia, and the three Baltic States: Estonia, Latvia and Lithuania.

<sup>13</sup> Some evaluations could be classified in several categories (e.g. covering both, process and impact evaluation), therefore the sum adds to 110%; see DG REGIO (2015): How are evaluations used in the EU? How to make them more usable? Presentation by Stryczynski, Kai in Stockholm, 8 October 2015.

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Poland, the largest beneficiary country of the Cohesion Policy, where evaluation is an important example of the transfer of European know-how into the national implementation system and wider public administration. Thanks to the Cohesion Policy, the Polish evaluation potential has developed significantly throughout the programming period.

Conclusion #5: Despite recent improvements, the need for further strengthening the "result orientation" of Operational Programmes and the evaluation of impacts was confirmed by this evaluation. In the current 2014-20 period some key areas for improvement are already addressed, most notably by the introduction of ex-ante conditionalities, specific objectives and result indicators and explicit requirement to evaluate the impact of Operational Programmes set by the CPR. Further improvements could be facilitated through compulsory biennial reports of Managing Authorities on the use of evaluation results, more sharing of evaluation results across Member States and Regions, and more cooperation between EU and Member State evaluation functions.

## RESUME

Ce document constitue le Rapport Final du Module de Travail (MT) 12 (Instruments de Mise en œuvre de la Politique de Cohésion) de la série d'évaluations ex post des programmes de la Politique de Cohésion 2007-2013, financés par le Fonds Européen de Développement Régional (FEDER), le Fonds Social Européen (FSE) et le Fonds de Cohésion (FC).

L'objectif de cette évaluation était de présenter une analyse de la performance des instruments de mise œuvre de la Politique de Cohésion 2007-13. Dans ce contexte, les « instruments de mise en œuvre » sont définis comme la combinaison des obligations légales et des procédures permettant l'investissement effectif et efficace des ressources de l'Union européenne d'une part, et de la définition des rôles et responsabilités dans la planification, gestion et mise en œuvre de la politique à chaque niveau de gouvernement d'autre part. De nombreuses prescriptions légales et procédures des instruments de mise œuvre durant la période 2007-13 étaient plutôt similaires pour tous les programmes, c'est-à-dire qu'elles présentaient peu de différences au-delà du montant de financement, de la qualité de la gouvernance ou des niveaux de développement socioéconomique.

Comme indiqué dans les spécifications de l'appel d'offres (p. 11), l'évaluation visait à « analyser l'efficacité et l'efficience des instruments de mise œuvre et identifier les principaux facteurs de succès permettant la mise en œuvre responsable d'une politique légale et régulière, produisant des résultats à temps et de façon opportune à un coût raisonnable pour les administrations nationales et les bénéficiaires. »<sup>14</sup>

L'évaluation a couvert les instruments de mise œuvre de la Politique de Cohésion dans les 28 Etats Membres, elle a recueilli et analysé des résultats probants sur les attentes des parties prenantes et leur jugement sur la performance des instruments de mise œuvre eu égard à ces attentes, sur les forces et faiblesses et facteurs déterminant les succès et échecs. Cette large couverture était importante pour appréhender les différences de mise en œuvre des programmes dans les Etats Membres et régions présentant des contextes socioéconomiques, systèmes d'administration publique, capacités administratives et qualités de gouvernance variés. Ces variations étaient essentielles parce que les instruments de mise œuvre de la Politique de Cohésion fonctionnent essentiellement grâce aux administrations publiques nationales et régionales préexistantes et hétérogènes dans les Etats Membres et en dépendent largement.

Cette évaluation a comporté l'analyse d'une grande variété d'informations rassemblées par une combinaison d'enquêtes en lignes, d'études de cas, de groupes de discussion et d'entretiens, et couvre approximativement 3.800 représentants issus d'institutions nationales et régionales, de bénéficiaires et de la Commission européenne. Cette recherche a été complétée par des données secondaires existantes (par exemple, données sur les dépenses, sur les taux d'erreur, sur les types d'évaluations conduites etc.) et une revue de la littérature existante.

Un sous-ensemble de huit Etats membres (Pologne, Bulgarie, Italie, Grèce, Lettonie, Pays-Bas, Suède et Allemagne) a fait l'objet d'études de cas visant à valider les conclusions des enquêtes et consultations et à explorer les relations causales entre performance et facteurs d'explication sous-jacents. De plus, des études de cas sur le renforcement des capacités administratives financé par l'assistance technique ont été menées dans sept Etats Membres (Bulgarie, Roumanie, Grèce, Pologne, Italie, République tchèque et Slovaquie).

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<sup>14</sup> Spécifications de l'appel d'offres, p. 11.

Les conclusions principales de l'évaluation peuvent être résumées sous la forme de deux enjeux majeurs auxquels fait face le système de prestation de la Politique de Cohésion (les références aux constatation-clés visent les sections suivantes de ce résumé) :

- **Enjeu 1 : Mise en œuvre des programmes et projets.** La plupart des programmes ont eu une bonne performance en termes de mise en œuvre, sélection et réalisation de projets – les principales exceptions étant la Roumanie et la Croatie qui, en tant qu'États Membres les plus récents, ont rencontré des problèmes de mise en route (résultat 1). Toutefois, de nombreux bénéficiaires, particulièrement dans les programmes avec des budgets moindres, ont perçu la charge administrative comme plus élevée que nécessaire – particulièrement en ce qui concerne les obligations durant la phase d'application, les procédures de contrôle et les interprétations contradictoires des règles à différents niveaux du système de prestation (résultat 2).
- **Enjeu 2 : Résultats et impacts.** La focalisation des programmes sur les impacts à plus long terme se sont avérés être un défi plus grand – les programmes de la période 2007-13 ont commencé à se concentrer sur les objectifs « de Lisbonne », bien que cela ne conduise pas à une concentration plus grande et soit uniquement focalisé sur les contributions (résultat 3). Les projets ont fréquemment été sélectionnés pour leur capacité à absorber les financements plutôt que pour leur contribution aux impacts souhaités sur la région (résultat 4) et la majorité des programmes financés n'avaient pas de système de mesure d'impact systématique en place (résultat 5).

**Résultat 1 : En dépit des défis de la crise économique et financière ayant débuté en 2008, les programmes de la Politique de Cohésion ont réalisé des projets s'élevant à plus de 90% des EUR 347 milliards disponibles jusqu'à la fin 2015.**

A la fin de la période de financement, plus de EUR 312 milliards des fonds totaux ont été payés dans l'UE-28, avec seulement des variations mineures entre les trois fonds (FEDER – 91%, FSE – 90%, Fonds de Cohésion – 90%).<sup>15</sup> Neuf pays ont été au-dessous de la moyenne UE (90%), avec la Croatie à 65,2% et la Roumanie à 74,8%. Ces faibles valeurs sont en grande partie dues aux nouveaux systèmes que la Croatie et la Roumanie ont dû mettre en place pour la période 2007-13, donnant lieu à de nombreux problèmes tels que : long processus d'évaluation avec des écarts importants entre taux de candidature et taux d'approbation/de signature, un écart constamment élevé entre montants contractés et paiements aux bénéficiaires, et un renouvellement élevé parmi le personnel essentiel.

La Grèce a eu le taux d'absorption le plus haut à 99,5% à la fin 2015, résultat d'un effort ciblé pour utiliser tous les fonds de l'UE dans des circonstances défavorables résultant de la crise financière. En particulier, l'élévation du taux de cofinancement maximum de l'UE à 100% pour les programmes 2007-13 financés par le Fonds de Cohésion, le FSE et le FEDER a significativement aidé à injecter directement des investissements dans l'économie dans des conditions macroéconomiques et de finances publiques difficiles.

La mise en œuvre réussie par la Pologne de la Politique de Cohésion dans la période 2007-2013 a été étroitement liée à un haut niveau d'absorption des fonds (95%) et leur utilisation efficace. Cela résulte pour partie des capacités et expériences acquises durant la période de pré-accession (fonds PHARE, SAPARD et ISPA). Certains facteurs

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<sup>15</sup> DG REGIO, Open Data Platform, extrait à <https://cohesiondata.ec.europa.eu/dataset/Total-Percentage-of-Available-Funds-Paid-Out-by-th/w8x7-cqjd>

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supplémentaires ayant contribué à ce succès comprennent l'établissement d'un ministère central avec un rôle de coordination important, la décentralisation graduelle de la mise en œuvre des programmes l'amélioration des qualifications du personnel (dans une certaine mesure financée par l'assistance technique).

Figure 7 : Pourcentage total des fonds disponibles payés par la Commission sur le budget de la période de programmation 2007-2013 (dépenses jusqu'au Novembre 2015)



Source : KPMG/Prognos (2016) sur la base de données de la DG REGIO sur la Politique de Cohésion, extraites le 10/05/16 à <https://cohesiondata.ec.europa.eu/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#column-menu>.

En général, considérant l'UE-28 dans son ensemble, nous pouvons conclure que la maturité et la capacité du système institutionnel responsable de la mise en œuvre des Programmes Opérationnels ont joué un rôle décisif dans l'accélération de l'absorption des fonds, la réduction des délais et coûts (en particulier des coûts administratifs) requis pour accéder aux fonds et le soutien aux bénéficiaires dans le développement et la mise en œuvre de leurs projets.

Toutefois, alors que la programmation, ou plus précisément l'approbation de programme, n'a pas été problématique dans la plupart des Etats membres, la passation de contrat et la mise en œuvre de projets se sont avérés être les plus difficiles (en dépit de taux d'engagement élevés dans de nombreux pays). En particulier, dans les pays de Cohésion tels que la Roumanie, la Bulgarie et la République tchèque, de longs processus d'évaluation avec des délais importants entre taux de candidature et taux d'approbation/de signature, et des écarts importants entre montants contractés et paiements aux bénéficiaires, ont affecté la mise en œuvre efficace de la Politique de Cohésion. Fréquemment, les réserves de projets n'ont pas été adéquatement gérées et les appels à propositions ont fréquemment généré des candidatures représentant 10 à 20 fois les dotations.<sup>16</sup> Cela a créé de fortes pressions sur les capacités administratives et a rendu très difficile la sélection de projets sur la base de critères qualitatifs.

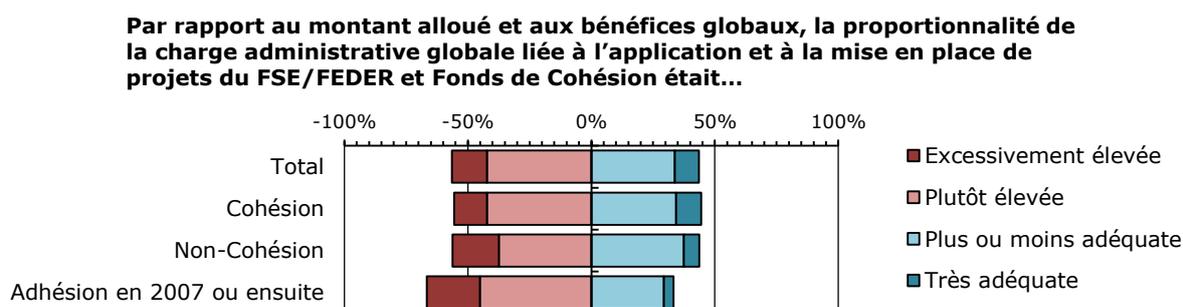
<sup>16</sup> Voir, pour la Roumanie, Lucaci, L.O. (2012) Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013, Year 2 – 2012, Task 2: Country Report on Achievements of Cohesion policy – Romania, Rapport auprès de la Commission européenne, DG Politique Régionale et Urbaine, Bruxelles.

**Conclusion #1 :** les instruments de mise en œuvre ont été en général satisfaisants dans la mise en œuvre financière de la Politique de Cohésion. Néanmoins, les Etats membres avec des capacités administratives insuffisantes auront besoin de davantage de renforcement des capacités ciblé, particulièrement pour la passation de contrat et la mise en œuvre de projets (par exemple en ce qui concerne la gestion d'appels à propositions et de réserves de projets, les systèmes de sélection de projets etc.).

**Résultat 2. Les mesures administratives et de contrôle sont perçues comme nécessaires et utiles mais souvent disproportionnées, surtout en-dehors des pays de Cohésion. Les interprétations excessivement strictes ou divergentes des règles d'éligibilité sont en particulier un problème.**

55% des répondants (et 54% des répondants bénéficiaires) de l'enquête en ligne ont indiqué que la charge administrative globale en lien avec la candidature et la mise en œuvre des projets était élevée par rapport aux bénéfices globaux. Dans les pays en-dehors de la Cohésion, où les programmes tendent à être plus petits, ce nombre a été plus élevé : 72% de l'ensemble des répondants.

Figure 8 : Proportionnalité des obligations administratives<sup>17</sup>



Source : KPMG/Prognos (2015), Enquête en ligne, N=2 472 (tous répondants) and 1 412 (bénéficiaires – non affiché)

De plus, 62% des répondants aux entretiens semi-directifs dans les Etats membres ont estimé que la complexité des règles et procédures administratives internes et générales ont causé des retards dans la sélection de projets.

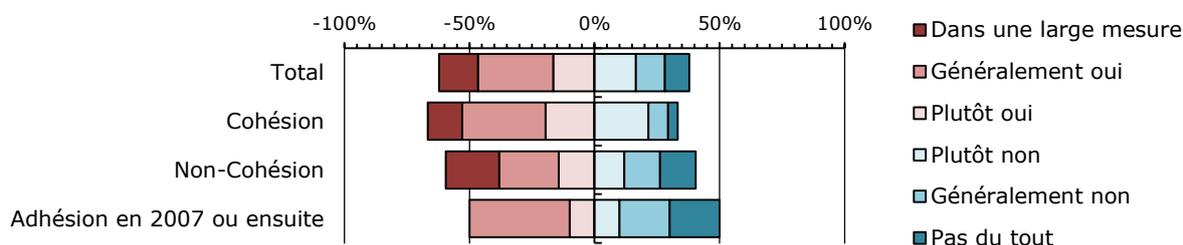
Figure 9 : Complexité des règles administratives internes

<sup>17</sup> Les catégories utilisées pour analyser les Etats membres dans ce graphique et les suivants dans ce chapitre sont :

- Cohésion : UE-25 pays éligibles au Fonds de Cohésion durant la période 2007-2013 ;
- Non-Cohésion : UE-25 pays inéligibles au Fonds de Cohésion durant la période 2007-2013 ;
- Adhésion en 2007 ou ensuite : Roumanie, Bulgarie et Croatie.

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**Dans quelle mesure la complexité des règles et procédures administratives internes et générales ont-elles causé des retards dans la sélection de projets ?**



Source: KPMG/Prognos (2015), Entretiens semi-directifs dans les Etats membres. N=103.

Bien que les Règlements<sup>18</sup> prévoient certaines exceptions pour assurer la proportionnalité des contrôles des Programmes Opérationnels durant la période 2007-13, les obligations administratives n'étaient souvent pas proportionnelles aux dépenses et aux niveaux de capacité administrative dans les Etats membres.

Les coûts administratifs varient entre domaines d'interventions. Un rapport de SWECO (2010, p. 46 et pp. 40-41) pour la DG REGIO a montré que « [...] les énormes variations sont liées aux orientations thématiques des projets. [...] En général, une moyenne de 75-80% de la charge de travail administratif comprend la communication d'informations financières et les rapports d'activité, tandis que 20-25% est constituée de tâches de communication d'informations, de suivi et d'évaluation. » Dans cette évaluation ex post, 80% des répondants aux entretiens semi-directifs ont considéré que les efforts et ressources pour le suivi ont été bien investies durant la période 2007-2013.

Figure 10 : Charge de travail administratif pour les bénéficiaires de projets FEDER et du Fonds de Cohésion<sup>19</sup>

Charge de travail administratif des bénéficiaires finaux (toutes valeurs exprimées en pourcentage des dépenses éligibles totales)	Limite basse	Limite haute
<b>Candidature au financement</b>	0,4%	5%
<b>Gestion de projet</b>	0,7%	17%
<i>par tâche</i>		
communication d'informations financières et rapports d'activités (75 - 80% de la charge de travail administratif dans la gestion de projet)	0,5%	13%
Tâches de communication d'information, de suivi et d'évaluation (20 - 25% de la charge de travail administratif dans la gestion de projet)	0,2%	4%
Projets d'investissement en infrastructure	1%	2%
<i>Par type d'activité financée</i>		
Soutien au développement commercial	3%	13%
Etablissement de plateformes (sociales)	8%	27%
Etudes et enquêtes	2%	18%

<sup>18</sup> Voir Règlement (CE) N° 1083/2006 du Conseil (Art. 74), établissant certaines exceptions pour les Programmes Opérationnels dont les dépenses publiques éligibles totales ne dépassent pas EUR 750 million et pour lesquels le niveau de cofinancement européen ne dépasse pas 40% de la dépense publique totale.

<sup>19</sup> Les limites haute et basse sont les valeurs minimum et maximum dans les réponses à l'enquête SWECO.

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*Source: KPMG/Prognos (2016) sur la base de SWECO (2010).*

Près d'un quart de la charge de travail évitable supportée par les opérateurs économiques dans l'UE est expliquée par des inefficacités dans la mise en œuvre nationale, et notamment dans les procédures administratives.<sup>20</sup> Toutefois, le Groupe de Haut Niveau de Parties prenantes Indépendantes sur les Charges Administratives établit que quatre pour cent seulement de cette charge provient de décisions formelles des Etats membres allant au-delà de ce qui est prévu par les règles européennes.

L'évaluation montre que l'architecture des systèmes de contrôle était appropriée, particulièrement en ce qui concerne le principe d'audit unique et le rôle des autorités d'audit nationales. Le système a permis des approches du contrôle fondées sur l'analyse des risques et a introduit des outils de simplification qui ont pu contribuer à la réduction des coûts administratifs. Le renforcement de l'attention portée aux contrôles, et notamment l'introduction d'autorités d'audit, a joué un rôle déterminant dans la présentation à la Commission européenne d'informations détaillées sur la légalité et la régularité des dépenses. Les certifications ont augmenté et les taux d'erreur ont diminué<sup>21</sup>, avec quelques variations de pays à pays. Toutefois, l'amélioration semble avoir été faite aux dépens d'une augmentation des coûts administratifs, et particulièrement au niveau des bénéficiaires.

Une grande partie de l'augmentation de la charge a résulté de problèmes de mise en œuvre, plutôt que de conception. De telles inefficacités comprenaient l'application incomplète du principe d'audit unique, donnant lieu à des contrôles multiples à différents niveaux. D'autres facteurs ont été le faible recours à des solutions e-Cohésion, l'interprétation contradictoire des règles et une « culture du contrôle » ; le manque de capacité et de compétence au niveau de la vérification de gestion, faible utilisation des mesures de simplification disponibles et manque de solutions préventives. Cela a donné lieu à des erreurs et a entravé l'utilisation efficace du système de contrôle financier. D'autre part, 66% des répondants à l'enquête dans cette évaluation ont considéré les contrôles et l'audit comme utile pour réduire les erreurs et irrégularités dans la période 2007-2013.

Conclusion #2.1 : améliorer la capacité administrative des Autorités de Gestion, particulièrement en ce qui concerne les contrôles de premier niveau, afin de leur permettre de mieux accompagner les bénéficiaires. Exploiter les outils de simplification (les OCS, par exemple) et donner davantage de priorité aux approches de vérification fondées sur les risques ainsi que les mesures préventives.

Conclusion #2.2 : introduire davantage de différenciation pour les instruments de mise en œuvre et le niveau européen de gestion et supervision, reconnaissant la grande variation de qualité et capacité administrative et de gouvernance dans les Etats membres et régions – les obligations administratives et de conformité au niveau de l'UE devraient être 1. davantage proportionnelles à l'échelle des dépenses et 2. inversement proportionnelles à la capacité administrative des Etats membres.

**Résultat 3. Les objectifs des programmes ont eu tendance à être très vastes. Il y a eu une tentative de concentrer les ressources sur les priorités européennes**

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<sup>20</sup> Groupe de Haut Niveau de Parties prenantes Indépendantes sur les Charges Administratives (2011) : Europe can do better. Report on best practice in Member States to implement EU legislation in the least burdensome way, p. 12.

<sup>21</sup> Le niveau moyen de taux d'erreur est estimé à 4,5 - 7,7% pour les dépenses de la Politique de Cohésion, entre 2009 et 2013. Source : Cour des Comptes Européennes.

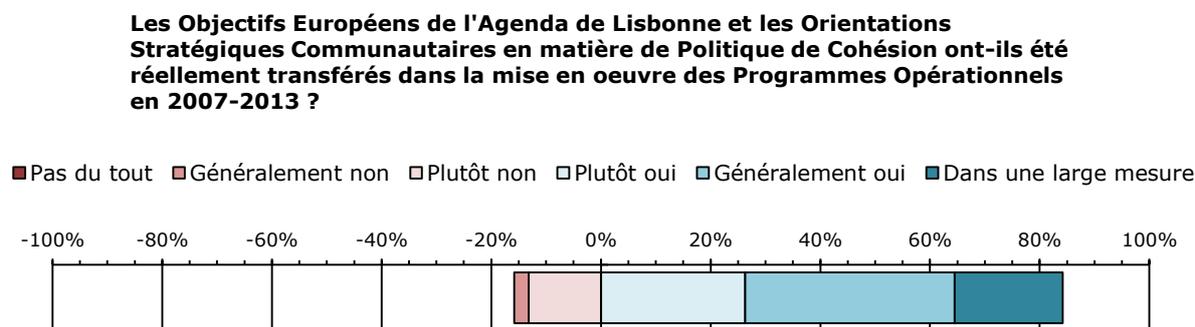
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**(objectifs de Lisbonne et processus « d'affectation des fonds »). Toutefois, cela n'a été que la première étape vers une approche plus concentrée et stratégique requise pour la période 2014-20.**

Selon le Règlement Général et les règles spécifiques des Fonds, les Etats membres devaient assurer un minimum d'allocation des dépenses de la Politique de Cohésion aux objectifs liés à Lisbonne. Cette évaluation établit que les codes d'affectation des fonds ont fait partie intégrante et courante des activités de suivi, de communication d'information et de planification financière dans tous les Etats membres. L'affectation des fonds était relativement facile à effectuer et a permis un examen transparent de la cohérence des Programmes Opérationnels avec les objectifs de Lisbonne. Les résultats d'entretiens semi-directifs auprès d'Autorités de Gestion ont confirmé que le transfert réussi d'objectifs européens vers la conception et la mise en œuvre de programme a marqué un tournant dans l'orientation des Programmes Opérationnels, visible par exemple dans l'augmentation des financements pour la R&D et l'innovation et la baisse pour les infrastructures.

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Figure 11 : Rôle de l'Agenda de Lisbonne sur les Programmes Opérationnels



Source : KPMG/Prognos (2015), Entretiens semi-directifs dans les Etats membres, N=76.

Toutefois, les entretiens semi-directifs avec les Autorités de Gestion ont montré que les obligations en matière de concentration sur les objectifs de Lisbonne n'ont pas significativement influencé le choix des priorités thématiques des Programmes Opérationnels, c'est-à-dire que le processus d'affectation n'a pas donné lieu à une « concentration thématique » plus rigoureuse. Par exemple, les Autorités de Gestion en Pologne ont eu tendance à adopter des objectifs larges dans les Programmes Opérationnels, en vue d'augmenter l'absorption et d'améliorer la réactivité à l'environnement extérieur. Toutefois, il y a eu un arbitrage significatif en termes de production de résultats, l'accent sur l'absorption et la réponse à des besoins changeants durant la crise économique et financière déplaçant l'accent sur les changements structurels de l'économie.

Dans le cas de l'Allemagne, les programmes ont été en premier lieu influencés par des priorités nationales et plus fortement régionales, et dans une moindre mesure par les stratégies et objectifs européens. Les participants à une discussion de groupe ont expliqué que le cadre de référence stratégique pour la Politique de Cohésion était perçu comme suffisamment large pour englober à la fois les priorités régionales et les stratégies et objectifs européens. Une explication importante pour cette observation générale sur la stimulation limitée de la concentration thématique était que la stratégie de Lisbonne elle-même était trop large et les types d'interventions qu'elle pouvait soutenir étaient trop nombreuses<sup>22</sup> pour favoriser une plus grande concentration thématique.

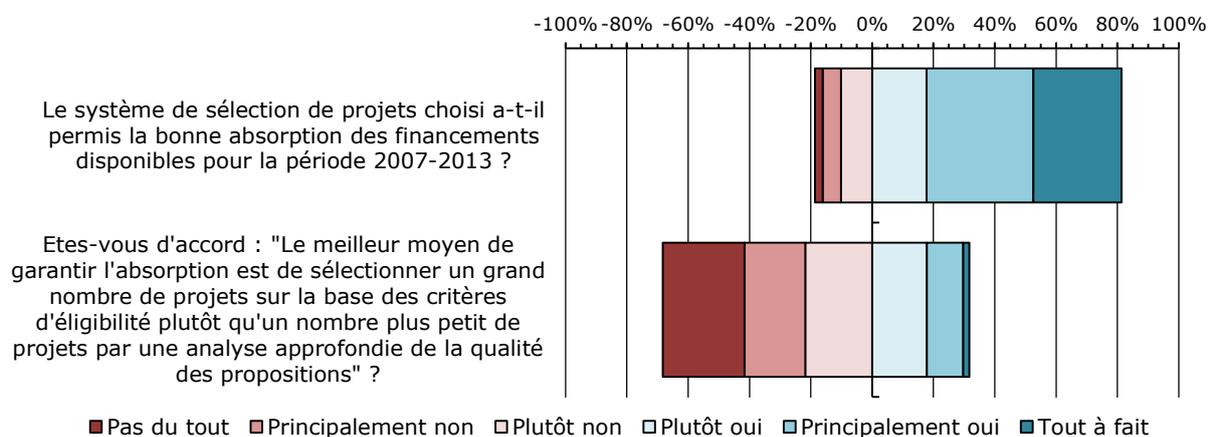
**Conclusion #3 :** Reconnaisant l'impact limité de l'Agenda de Lisbonne et du processus d'affectation sur la concentration thématique, il est nécessaire de renforcer à l'avenir la conception stratégique des Programmes Opérationnels et une plus forte concentration thématique. Dans le cadre de programmation 2014-2020, l'introduction des 11 objectifs thématiques et des conditionnalités ex ante (en particulier de la conditionnalité ex ante 1.1. sur la « spécialisation intelligente ») répondait à l'identification de ce besoin d'amélioration. Des opportunités supplémentaires d'accroître la concentration thématique dans le futur pourraient être trouvées dans l'allocation de financements FEDER et FSE à un nombre limité de priorités d'investissements à des niveaux inférieurs de programmation et dans l'inclusion de propositions de critères pour la sélection de projets (au moins pour les domaines d'investissement-clé) dans les Programmes Opérationnels.

<sup>22</sup> Centre for Industrial Studies (2010), "Lessons from shared management in cohesion, rural development and fisheries policies", référence n° 2009.CE.16.0AT.102&2009.CE.16.C.AT.054, Rapport Final, p. 20.

**Résultat 4. Les projets ont souvent été sélectionnés autant pour leur capacité à absorber le financement que pour leur contribution aux objectifs du programme.**

Le processus de préparation et de sélection de projet est crucial pour former l'impact de la Politique de Cohésion. Les résultats des entretiens semi-directifs dans les Etats membres montrent que garantir l'absorption est considéré comme un aspect vital de la sélection de projet, et cela est souvent dû à une aversion au risque par les Autorités de Gestion et aux objectifs larges des Programmes Opérationnels. La capacité des systèmes de sélection de projets à garantir une forte absorption est clairement apparue pour tous les enquêtés (81% d'entre eux ont confirmé cette affirmation). Alors que la plupart des enquêtés a rejeté l'affirmation selon laquelle sélectionner un grand nombre de projets sur la base des critères d'éligibilité est le meilleur moyen de garantir l'absorption plutôt que de faire une analyse approfondie de la qualité des candidatures, environ un tiers (32%) des enquêtés est en accord avec cette affirmation.

Figure 12 : Analyse de différents aspects de la sélection de projet



Source : KPMG/Prognos (2016), Entretiens semi-directifs dans les Etats membres, N=118 et 101.

Les conclusions de nombreuses études de cas confirment ce résultat ; en Bulgarie par exemple, l'absorption s'est avérée être l'un des plus importants facteurs orientant la sélection de projets, alors que les Programmes Opérationnels ne pouvaient pas toujours générer les résultats escomptés.<sup>23</sup>

De nombreuses autres études corroborent cette conclusion et ajoutent quelques importants éléments supplémentaires. Par exemple, pour les PECO, Ferry énonce (2015, p. 16)<sup>24</sup> qu' « ...il est particulièrement visible dans les PECO<sup>25</sup> [qu'il y avait] une préoccupation excessive envers la conformité aux dépens de la performance stratégique. Cela a mené en retour à [...] une tendance à éviter les projets risqués ou innovants ».

<sup>23</sup> Toutefois, il est important de noter qu'en plus de la sélection de projets, d'autres facteurs ont contribué à cela, tels que la crise financière, des problèmes au stade de la programmation, la mise en place tardive des instruments de mise en œuvre ou des enjeux de marchés publics.

<sup>24</sup> ibid.

<sup>25</sup> Les Pays d'Europe Centrale et Orientale (PECO) au sens de l'OCDE sont un groupe de pays comprenant l'Albanie, la Bulgarie, la Croatie, la République tchèque, la Hongrie, la Pologne, la Roumanie, la Slovaquie, la Slovénie et les trois Etats baltes : Estonie, Lettonie et Lituanie.

Conclusion #4 : Une Politique de Cohésion plus stratégique et orientée sur les résultats dépend largement d'une définition plus précise des objectifs dans les Programmes Opérationnels et des liens plus étroits et explicites aux critères de sélection des projets. Durant la période 2014-2020, ce besoin d'amélioration a été en partie satisfait par l'obligation de définir des objectifs spécifiques avec des indicateurs de résultats correspondants pour chaque priorité d'investissement dans un PO. D'autres moyens de développer un processus plus stratégique de sélection de projet existent avec une amélioration du processus de coordination des systèmes de sélection de projets durant la programmation, la création de liens plus forts et étroits entre les appels à propositions et les PO, et dans les analyses ex ante et continues des systèmes de sélection des projets et de leur critères de sélection.

**Résultat 5. Durant la période 2007-13, la tendance à prendre conscience, mesurer et faire le bilan des progrès des Programmes Opérationnels par rapport à leurs objectifs, dans de nombreux Etats membres et régions, n'a été que modérée.**

L'attention limitée à la concentration thématique dans les Programmes Opérationnels, couplée à leurs objectifs typiquement larges (voir résultats 3 et 4), ont eu des implications pour l'exécution stratégique des Programmes Opérationnels. La fixation de buts clairs et d'objectifs précis a souvent manqué – un obstacle clair à un renforcement de l'orientation sur les résultats et le suivi des progrès des plans stratégiques.

Par ailleurs, il y a eu une prédominance d'évaluations de processus (44%) et des évaluations de suivi (22%).<sup>26</sup> Comme avancé dans les entretiens semi-directifs avec des représentants de la Commission (à la fois EMPL et REGIO), « les évaluations étaient généralement incapables de transmettre des informations fiables sur les impacts, c'est-à-dire si les programmes avaient fait une différence. La plupart des évaluations visaient en premier lieu la mise en œuvre des programmes (évaluations de processus). » Cette analyse est confortée par de nombreuses études de cas, apportant davantage d'informations sur le cadrage sous-optimal des évaluations.

Néanmoins, il y a eu des signes d'amélioration. Par exemple, Ciffolilli et al (2014, p.84) affirment qu'« au cours de l'année passée, les évaluations se sont moins portées sur les procédures et davantage sur les résultats des interventions et leurs effets sur les objectifs des politiques (36% du total) mais aussi sur l'analyse des progrès dans la mise en œuvre des programmes ou mesures (38%) ». Ces résultats sont confirmés par des études de cas, particulièrement en Pologne, le plus grand pays bénéficiaire de la Politique de Cohésion, où l'évaluation est un exemple important de transfert de savoir-faire européen vers le système national de mise en œuvre et plus largement l'administration publique. Grâce à la Politique de Cohésion, le potentiel d'évaluation de la Pologne s'est significativement développé durant la période de programmation.

Conclusion #5 : En dépit d'améliorations récentes, le besoin de renforcer « l'orientation sur les résultats » des Programmes Opérationnels et l'évaluation d'impact a été confirmé par cette évaluation. Certains domaines-clés d'amélioration sont déjà traités pour la présente période de programmation 2014-20, principalement par l'introduction de conditionnalités ex ante, d'objectifs spécifiques et d'indicateurs de résultats et l'obligation explicite par le RPDC d'évaluer l'impact des Programmes Opérationnels. Des

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<sup>26</sup> Certaines évaluations pouvaient être rangées dans plusieurs catégories (couvrant par exemple à la fois l'évaluation de processus et d'impact), c'est pourquoi la somme atteint 110% ; voir DG REGIO (2015) : How are evaluations used in the EU? How to make them more usable? Présentation par Stryczynski, Kai à Stockholm, 8 Octobre 2015.

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améliorations supplémentaires pourraient être facilitées par des rapports biannuels des Autorités de Gestion sur l'utilisation des résultats des évaluations, l'accroissement du partage des résultats des évaluations entre Etats membres et régions, et davantage de coopération entre les fonctions d'évaluation de l'UE et des Etats membres.

## ZUSAMMENFASSUNG

Dies ist der Abschlussbericht des Arbeitspakets 12 (Kohäsionspolitik „Delivery System“ bzw. „Liefer- und Umsetzungssystem“) aus der Reihe von Ex-post Evaluationen der kohäsionspolitischen Programme 2007-2013, welche durch den Europäischen Fonds für regionale Entwicklung (EFRE), den Europäischen Sozialfonds (ESF) und den Kohäsionsfonds (KF) finanziert wurden.

Der Zweck dieser Evaluation war eine Beurteilung der Leistung des Liefer- und Umsetzungssystems der Kohäsionspolitik 2007-13. In diesem Zusammenhang wurde das "Liefer- und Umsetzungssystem" als Kombination von gesetzlichen Vorschriften und Verfahren definiert, die eine effektive und effiziente Nutzung der Mittel der Europäischen Union unterstützen sollen und das die Rollen und Verantwortlichkeiten bei der Planung, Steuerung und Umsetzung der Kohäsionspolitik auf jeder Ebene der öffentlichen Verwaltung skizziert. Viele rechtliche Anforderungen und Verfahren des Liefer- und Umsetzungssystems in der Förderperiode 2007-13 wiesen über alle Programme hinweg eine hohe Ähnlichkeit auf unabhängig von der Höhe der Mittel, der Qualität der öffentlichen Verwaltung oder der sozioökonomischen Entwicklung der Programmregion.

Gemäß der Leistungsbeschreibung (S. 11) sollte die Ex-post Evaluation „die Effektivität und Effizienz des Liefer- und Umsetzungssystems analysieren und die wichtigsten Erfolgsfaktoren identifizieren, welche die verantwortliche Umsetzung einer Kohäsionspolitik unterstützen, die recht- und ordnungsmäßig ist und auf zeitgerechte und angemessene Art und Weise, zu angemessenen Kosten für die nationalen Verwaltungen und den Begünstigten, die gewünschten Ergebnisse liefert.“<sup>27</sup>

Diese Evaluation umfasste die Analyse einer Vielzahl von Informationen aus einer Kombination von web-basierten Befragungen, Fallstudien, Fokusgruppen und Interviews, an denen ca. 3.700 Vertreter aus nationalen und regionalen Institutionen, den begünstigten Fördermittelempfängern und der Europäischen Kommission teilnahmen. Diese Primärdatenerhebung wurde durch vorhandene Sekundärdaten (z.B. Daten über Projektausgaben, Daten über Fehlerraten, Daten über die Art der durchgeführten Evaluierungen, etc.) und eine Durchsicht der bestehenden Literatur ergänzt.

Die Evaluation untersuchte das Liefer- und Umsetzungssystem der Kohäsionspolitik in allen 28 EU-Mitgliedstaaten. Sie sammelte und analysierte Erkenntnisse über die Erwartungen der Stakeholder und ihre Beurteilung der Leistung des Liefer- und Umsetzungssystems und glied sie mit deren Erwartungen, ermittelte Stärken und Schwächen sowie Erklärungsfaktoren für beobachtete Erfolge und Misserfolge ab. Diese breite Bewertungsbasis war ein wesentlicher Faktor, um die unterschiedlichen Rahmenbedingungen für die Programmumsetzung in den Mitgliedstaaten und Regionen mit ihren unterschiedlichen sozioökonomischen Zusammenhängen, unterschiedlichen Verwaltungssystemen, variierenden Verwaltungskapazitäten und Qualitäten der Governance-Strukturen angemessen berücksichtigen zu können. Diese Variationen sind von entscheidender Bedeutung für diese Evaluation, weil das Liefer- und Umsetzungssystem der Kohäsionspolitik sich im Wesentlichen auf die bereits bestehenden heterogenen nationalen und regionalen öffentlichen Verwaltungen der Mitgliedstaaten stützt.

Vertiefende Fallstudien wurden für eine Teilgruppe von acht Mitgliedstaaten (Polen, Bulgarien, Italien, Griechenland, Lettland, den Niederlanden, Schweden und Deutschland)

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<sup>27</sup> Tender Specifications, S. 11.

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durchgeführt. Ziel war es, die Erkenntnisse aus der web-basierten Befragung und den Interviews zu überprüfen und die kausalen Beziehungen zwischen Performance und den zugrundeliegenden Faktoren zu ermitteln. Darüber hinaus wurden weitere sieben Fallstudien in Bulgarien, Rumänien, Griechenland, Polen, Italien, der Tschechischen Republik und der Slowakei durchgeführt, welche den Auf- und Ausbau der Verwaltungskapazitäten über die Finanzierung aus der sog. „technischen Hilfe“ bewerteten.

Die wichtigsten Schlussfolgerungen der Ex-post Evaluation zum Liefer- und Umsetzungssystem der Kohäsionspolitik können als zwei zentrale Herausforderungen zusammengefasst werden:<sup>28</sup>

- **1. Herausforderung: Programm- und Projektimplementierung.** Die meisten Programme erzielten gute Leistungen in Bezug auf die Umsetzung, die Auswahl und Durchführung von Projekten – besondere Ausnahmen bildeten hierbei Rumänien und Kroatien, die als neue Mitgliedstaaten gewisse Anfangsschwierigkeiten zu bewältigen hatten (Key Finding 1). Viele Empfänger, vor allem bei Programmen mit kleineren Budgets, haben jedoch den Verwaltungsaufwand als höher als notwendig wahrgenommen – vor allem auf Grund der regulativen Anforderungen in der Bewerbungsphase, den Kontrollverfahren und auch durch die widersprüchlichen Interpretationen von Regeln auf verschiedenen Ebenen des Liefer- und Umsetzungssystems (Key Finding 2).
- **2. Herausforderung: Ergebnisse und Auswirkungen.** Der Fokus der Programme auf längerfristige Auswirkungen erwies sich als größere Herausforderung, da die Lissabon-Ziele stärker in die Programme der Förderperiode 2007-13 integriert wurden. Allerdings führte dieser Ansatz aufgrund des übermäßig starken Ausgabefokus – des sog. Earmarking-Verfahrens – und der zu schwachen Ergebnisorientierung bzw. der zu geringen strategischen Fokussierung der Programme zu keinem zufriedenstellenden Ergebnis (Key Finding 3). Die Projektauswahl erfolgte häufig auf Basis ihrer Fähigkeit vorhandene Finanzmittel zu absorbieren anstatt den Fokus auf den Projektbeitrag für die Entwicklung der Region zu richten (Key Finding 4). Darüber hinaus verfügte die Mehrzahl der Programme über kein strukturiertes System zur Messung der Auswirkungen (Key Finding 5).

**Key Finding 1: Trotz der Herausforderungen der im Jahr 2008 einsetzenden Finanz- und Wirtschaftskrise, wurden durch die Programme der Kohäsionspolitik bis zum Ende des Jahres 2015 mehr als 90% der zur Verfügung stehenden 347 Mrd. EUR für Projekte ausgeschüttet.**

Mit nur geringen Unterschieden zwischen den drei Fonds (EFRE: 91%, ESF: 90%, Kohäsionsfonds: 90%) wurden zum Ende der Förderperiode mehr als 312 Mrd. EUR der gesamten Mittel in der EU-28 ausgezahlt.<sup>29</sup> Neun Länder lagen unterhalb des EU-Durchschnitts (90%). Kroatien mit 65,2% und Rumänien mit 74,8% erzielten die geringsten Auszahlungsraten. Diese niedrigen Werte sind zu einem großen Teil auf den Aufbau der neuen Liefer- und Umsetzungssysteme zurückzuführen, die Kroatien und Rumänien für den Zeitraum 2007-2013 einzurichten hatten, u.a. mit den folgenden

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<sup>28</sup> Die nachfolgenden Verweise auf die wichtigsten Ergebnisse beziehen sich auf die späteren Abschnitte dieser Zusammenfassung.

<sup>29</sup> DG REGIO, Open Data Platform, abgerufen unter <https://cohesiondata.ec.europa.eu/dataset/Total-Percentage-of-Available-Funds-Paid-Out-by-th/w8x7-cqjd>

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Konsequenzen: Lange Bewertungsprozesse mit großen zeitlichen Abständen zwischen Bewerbungen und Genehmigungen / Vergaberaten, eine konstant hohe Diskrepanz zwischen vertraglich vereinbarten Förderbeträgen und tatsächlichen Zahlungen an die Begünstigten sowie eine hohe Fluktuation unter den wichtigsten Mitarbeitern.

Griechenland hatte mit 99,5% die höchste Absorptionsrate am Ende des Jahres 2015, aufgrund konzentrierter Bemühungen, alle EU-Mittel unter den schwierigen Umständen der Finanzkrise zu nutzen. In einer schwierigen gesamtwirtschaftlichen Lage und einer angespannten Haushaltssituation hat insbesondere die Erhöhung der EU-Kofinanzierungssätze auf bis zu 100% für die kohäsionspolitischen Programme wesentlich dazu beigetragen, dass Investitionen direkt in die Wirtschaft getätigt wurden.

Polens erfolgreiche Umsetzung der Kohäsionspolitik im Zeitraum 2007-2013 war eng mit dem hohen Grad der Mittelabsorption (95%) und deren effektiver Nutzung verbunden. Dies war zum Teil ein Resultat aus dem Aufbau von Kapazitäten und Erfahrungen vor dem EU-Beitritt (PHARE, SAPARD und ISPA - Mittel). Weitere Erfolgsfaktoren waren die Einrichtung einer zentralen Koordinationsstelle, die sukzessive Dezentralisierung der Programmumsetzung und eine verbesserte Mitarbeiterqualifikation (die zu einem gewissen Teil durch technische Hilfe finanziert wurde).

Abbildung 1: Gesamtanteil an den verfügbaren Mitteln welche durch die Kommission aus dem Haushalt der Programmperiode 2007-2013 ausgezahlt wurden (Auszahlungen bis November 2015)



Quelle: KPMG / Prognos (2016), basierend auf Daten der GD REGIO zur Kohäsionspolitik, abgerufen am 10/05/16 bei <https://cohesiondata.ec.europa.eu/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#Spalte-Menü>.

Im Gesamtblick auf die EU-28 Länder zeigt sich, dass die Reife und Fähigkeit des für die Umsetzung der operationellen Programme verantwortlichen institutionellen Systems eine entscheidende Rolle für die Beschleunigung der Mittelabsorption zukommt. Es wurden zudem Zeit und Kosten (insbesondere Verwaltungskosten) verringert, welche für den Mittelzugriff erforderlich waren und die Unterstützung der Begünstigten bei der Entwicklung und Umsetzung ihrer Projekte positiv beeinflusste.

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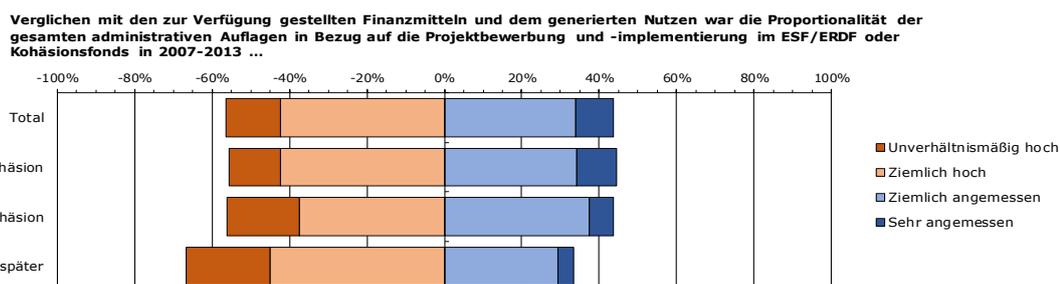
Während jedoch die Programmierung, oder genauer gesagt, Genehmigung der Programme in den meisten Mitgliedstaaten weniger problematisch war, erschien die Auftragsvergabe und Durchführung von Projekten, ungeachtet hoher Absorptionsraten in vielen Ländern, als problematisch. Insbesondere in den Kohäsionsländern wie Rumänien, Bulgarien und der Tschechischen Republik zeigten sich lange Bewertungsprocedere mit großen zeitlichen Abständen zwischen den Bewerbungsraten und den Genehmigungs- und Vertragsraten, und ebenso großen Verzögerungen zwischen den vertraglich vereinbarten Summen und den tatsächlichen Zahlungen an die Begünstigten, was die effektive Implementierung der Kohäsionspolitik dort insgesamt erschwerte. Oftmals waren zudem Projektpipelines nicht optimal geführt und Förderwettbewerbe generierten häufig Bewerbungsraten, die 10-20-mal größer waren als die verfügbaren Mittel. Dies verursachte einen hohen Druck auf die Administration und erschwerte die Auswahl von Projekten auf Grundlage qualitativer Kriterien.

**Fazit #1:** Das Liefer- und Umsetzungssystem funktionierte im Allgemeinen zufriedenstellend bei der finanziellen Durchführung der Kohäsionspolitik. Allerdings benötigen Mitgliedstaaten mit unzureichenden Verwaltungskapazitäten einen gezielteren Aufbau von Kapazitäten, insbesondere bei der Auftragsvergabe und Durchführung von Projekten (z.B. bezüglich der Verwaltung von Aufrufen und Projektpipelines, bei Projektauswahlssystemen, etc.).

**Key Finding 2: Verwaltungs- und Kontrollsysteme wurden als notwendig und nützlich aber auch disproportional empfunden – insbesondere außerhalb der Kohäsionsländer. Allzu strenge oder widersprüchliche Interpretationen der Regeln zur Förderfähigkeit stellten ein besonderes Problem dar.**

In der web-basierten Befragung gaben 55% aller Befragten (54% der begünstigten Befragten) an, dass der Gesamtverwaltungsaufwand bezogen auf die Projektbewerbung und -implementierung im Verhältnis zum Gesamtnutzen zu hoch war. In Nicht-Kohäsionsländern, in denen die Programme in der Regel kleiner sind, war diese Zahl mit 72% deutlich höher.

Abbildung 2: *Verhältnismäßigkeit der administrativen Anforderungen*<sup>30</sup>



Quelle: KPMG / Prognos (2015), web-basierte Befragung, N = 2472 (alle Befragten) und 1412 (Begünstigte - nicht angezeigt)

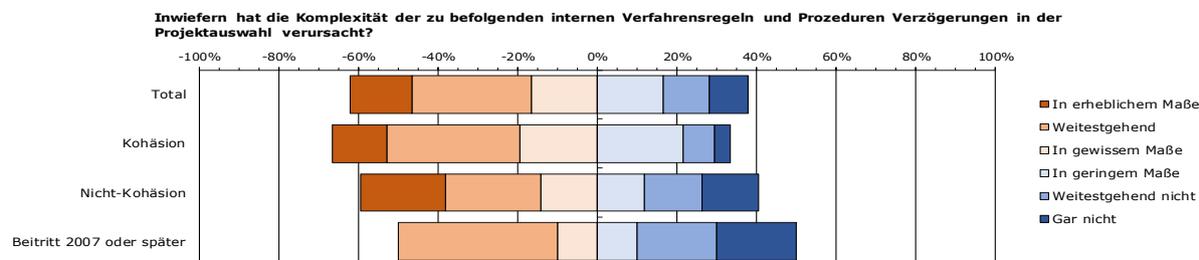
<sup>30</sup> Die Kategorien zur Analyse der Mitgliedstaaten in diesem und in allen nachfolgenden Abbildungen, sind:

- Kohäsions-Länder: EU-25 Länder mit Zugriff auf den Kohäsionsfonds im Zeitraum 2007-2013;
- Nicht-Kohäsions-Länder: Die EU-25-Länder, die im Zeitraum 2007-2013 nicht für den Kohäsionsfonds berechtigt waren;
- Länder mit Beitritt zur EU im Jahr 2007 oder später: Rumänien, Bulgarien und Kroatien.

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Zusätzlich gaben 62% der Befragten in den semi-strukturierten Interviews in den Mitgliedstaaten an, dass die Komplexität der allgemeinen internen Verwaltungsvorschriften und Verfahren Verzögerungen bei der Projektauswahl verursachten.

Abbildung 3: Komplexität der internen Verwaltungsvorschriften



Quelle: KPMG / Prognos (2015), semi-strukturierte Interviews in den Mitgliedstaaten. N = 103.

Obwohl die regulatorischen Bestimmungen<sup>31</sup> gewisse Ausnahmen vorsehen, um die Verhältnismäßigkeit der Steuerung Operationeller Programme im Zeitraum 2007-13 zu gewährleisten, wurden die administrativen Anforderungen im Vergleich zum Volumen der Programme und zum Umfang der Verwaltungskapazitäten in den Mitgliedstaaten oft nicht als angemessen empfunden.

Allerdings variieren die Verwaltungskosten zwischen den unterschiedlichen Interventionsfeldern. Eine SWECO Studie (2010, S. 46 u. S. 40-41) im Auftrag der GD REGIO hat folgendes festgestellt: „[...] the enormous variations are related to the thematic foci of the projects. [...] Overall, an average of 75-80% of the administrative workload comprises financial reporting and progress reports, while 20-25% is taken up with reporting, monitoring and evaluation tasks.“ 80% der Gesprächspartner in den semi-strukturierten Interviews dieser Ex-post Evaluation gaben an, dass die Anstrengungen und Ressourcen für Monitoring in der Förderperiode 2007-2013 gut investiert wurden.

Abbildung 4: Verwaltungsaufwand der Endempfänger in EFRE und Kohäsionsfonds - Projekte<sup>32</sup>

Der administrative Arbeitsaufwand der Zuweisungsempfänger (alle Werte als Prozentanteil der absoluten erstattungsfähigen Kosten)		Unterer Grenzwert	Oberer Grenzwert
<b>Projektbewerbung</b>		0.4%	5%
<b>Projektmanagement</b>		0.7%	17%
nach Aufgabe	Finanzielle Berichterstattung und Fortschrittsreports (75 - 80% des administrativen Aufwands innerhalb des Projektmanagements)	0.5%	13%
	Berichterstattung, Begleitung und Bewertung (20 - 25% des administrativen Aufwands innerhalb des Projektmanagements)	0.2%	4%

<sup>31</sup> Siehe Verordnung (EG) Nr. 1083/2006 (Art. 74), welche Ausnahmen für operationelle Programme vorsieht, deren zuschussfähige öffentliche Ausgaben 750 Mio. EUR nicht überschreiten und die Kofinanzierung durch die Gemeinschaft 40 % der gesamten öffentlichen Ausgaben nicht übersteigt.

<sup>32</sup> Untere und obere Grenze sind die Minimal- und Maximalwerte in den Antworten der SWECO Umfrage.

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	Infrastruktur und Investitionsprojekte	1%	2%
<i>nach Typ der geförderten Maßnahme</i>	Unterstützung der wirtschaftlichen Entwicklung von Unternehmen	3%	13%
	Gründung (sozialer) Plattformen	8%	27%
	Studien und Analysen	2%	18%

*Quelle: KPMG / Prognos (2016), basierend auf SWECO (2010).*

Fast ein Drittel der vermeidbaren Belastungen für Wirtschaftsakteure in der EU wird demnach durch Ineffizienzen bei der nationalen Umsetzung und insbesondere den Verwaltungsverfahren erklärt. Demgegenüber ergeben sich der „High Level Group of Independent Stakeholders on Administrative Burden“ zur Folge nur vier Prozent dieser Belastung aus formalen Entscheidungen der Mitgliedstaaten, die über die Anforderungen von EU-Vorschriften hinausgehen.<sup>33</sup>

Auch diese Ex-Post Evaluation zeigt, dass das Design des Kontrollsystems als angemessen angesehen wurde, vor allem das Single Auditing-Prinzip und die Rolle der nationalen Prüfbehörden. Dieses System erlaubte risikobasierte Ansätze für die Kontrollen und hat Instrumente zur Vereinfachung eingeführt, die zur Senkung der Verwaltungskosten beitragen konnten. Die verstärkte Ausrichtung auf Kontrollen, insbesondere die Einführung von Prüfbehörden, spielte eine entscheidende Rolle dabei, der Europäischen Kommission detaillierte Informationen über die Recht- und Ordnungsmäßigkeit der Ausgaben bereitzustellen. Die Sicherheit wurde erhöht und die Fehlerquoten sanken im Vergleich zum Zeitraum 2004-2006<sup>34</sup>, allerdings mit einigen Unterschieden zwischen den Ländern. Der Preis dieser Verbesserung scheinen jedoch erhöhte Verwaltungskosten zu sein, vor allem auf Ebene der Begünstigten.

Ein großer Teil dieser erhöhten Belastung resultierte aus Umsetzungsproblemen, nicht jedoch aus Design-Problemen des Kontrollsystems. Derartige Ineffizienzen beinhalten die unvollständige Anwendung des Single Audit-Prinzips, was zu mehrfachen Kontrollen auf verschiedenen Ebenen führt. Weitere Faktoren waren die geringe Nutzung von E-Cohesion Lösungen, die widersprüchliche Auslegung von Regeln sowie eine "Kontrollkultur", ein Mangel an Kapazitäten und Kompetenzen auf der Ebene der Verwaltungsprüfungen (management verifications), die geringe Nutzung der zur Verfügung stehenden Maßnahmen zur Vereinfachung und ein Mangel an präventiven Lösungen. Dies führte zu Fehlern und behinderte die effiziente Nutzung des Finanzkontrollsystems. Trotzdem bewerteten 66% der Befragten die Kontrollen und Audits als hilfreich, um Fehler und Unregelmäßigkeiten zu reduzieren.

**Fazit #2.1:** Verbesserung der administrativen Kapazitäten der Verwaltungsbehörden notwendig, insbesondere im Hinblick auf First-Level Verifications, um eine bessere Unterstützung der Begünstigten zu ermöglichen. Dazu gehört die vermehrte Nutzung von Vereinfachungs-Tools (z.B. „Simplified Cost Options“ bzw. „Vereinfachte Kostenoptionen“) und eine stärkere Priorisierung von risikobasierten Verifikationsansätzen und Präventionsmaßnahmen.

<sup>33</sup> High Level Group of Independent Stakeholders on Administrative Burden (2011): Europe can do better. Report on best practice in Member States to implement EU legislation in the least burdensome way, S. 12.

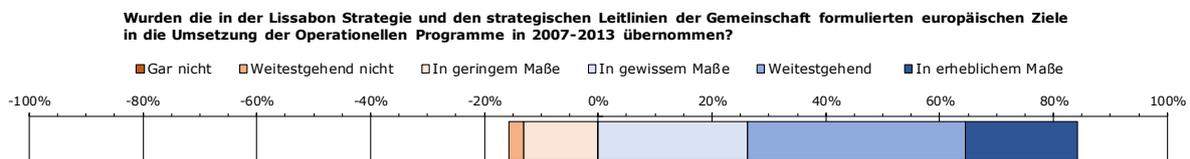
<sup>34</sup> Für die Ausgaben der Kohäsionspolitik zwischen 2009 und 2013 wurde durchschnittliche Höhe der Fehlerraten auf 4,5 - 7,7% geschätzt; Quelle: Europäische Rechnungshof.

**Fazit #2.2:** Mehr Differenzierung des Liefer- und Umsetzungssystems und des Umfangs der EU-Einbindung hinsichtlich Verwaltung und Kontrolle, um die große Variation der Verwaltungs- und Governance-Qualität und -Kapazität in den Mitgliedstaaten und Regionen angemessener zu berücksichtigen. Administrative und Compliance-Anforderungen seitens der EU sollten zum einen in einem angemessenen Verhältnis zum Programmvolumen stehen und zum anderen anti-proportional zur Verwaltungskapazität des Mitgliedstaates ausgestaltet sein.

**Key Finding 3: Die Programmziele waren vielfach sehr vage formuliert. Es wurde versucht, die finanziellen Ressourcen stärker auf die europäischen Prioritäten (Lissabon-Ziele und Earmarking-Prozess) zu konzentrieren. Dies war ein erster Schritt in Richtung eines fokussierten und strategischeren Ansatzes, der in der 2014-20 Periode verbindlich wurde.**

Gemäß der allgemeinen Verordnung und den fondsspezifischen Verordnungen hatten alle Mitgliedstaaten eine Mindestzuteilung der kohäsionspolitischen Mittel zu den Lissabon-Zielen zu gewährleisten. Die vorliegende Evaluation zeigt, dass die Earmarking-Codes einen integralen und Routinebestandteil des Monitorings, des Reportings und der Finanzplanung in allen Mitgliedstaaten gebildet haben. Das Earmarking war relativ einfach anzuwenden und erlaubte eine transparente Überprüfung, ob die Operationellen Programme im Einklang mit den Lissabon-Zielen umgesetzt wurden. Erkenntnisse aus den semi-strukturierten Interviews mit Verwaltungsbehörden bestätigten, dass die erfolgreiche Übertragung der europäischen Ziele in das Programmdesign und in die Umsetzung zu einer Verschiebung des Fokus' der Operationellen Programme geführt haben, die z.B. anhand der Erhöhung der Mittel für Forschung und Entwicklung und Innovation sowie umgekehrt an der Abnahme der Infrastrukturförderung sichtbar wurde.

Abbildung 5: Einfluss der Lissabon-Agenda für die Operationellen Programme



Quelle: KPMG / Prognos (2015), semi-strukturierte Interviews in den Mitgliedstaaten, N = 76.

Allerdings wurde in den semi-strukturierten Interviews mit Verwaltungsbehörden ebenfalls deutlich, dass die Anforderungen bezüglich der Konzentration der Mittel auf die Lissabon-Ziele keinen signifikanten Einfluss auf die Wahl der thematischen Prioritäten der Operationellen Programme ausgeübt haben, d.h. der Earmarking-Prozess hat nicht zu einer strengeren "thematischen Konzentration" geführt. Beispielsweise neigten Verwaltungsbehörden in Polen dazu, weit gefasste Ziele in ihren Operationellen Programmen zu verwenden, um die Absorption der Finanzmittel zu erhöhen und so die Reaktionsmöglichkeiten bei exogenen Veränderungen zu verbessern.

Im Falle von Deutschland wurden Programme in erster Linie durch nationale und noch stärker durch regionale Prioritäten beeinflusst, und in geringerem Maße von europäischen Strategien und Zielen. Die Teilnehmer der Fokusgruppen gaben zu Protokoll, dass der strategische Rahmen für die Kohäsionspolitik breit genug sei, um sowohl regionale Prioritäten als auch europäische Strategien und Ziele abzudecken. Eine wichtige Erklärung für diese Beobachtung eines begrenzten Impulses für eine thematische Konzentration war, dass die Lissabon-Strategie selbst zu breit formuliert ist und zu viele

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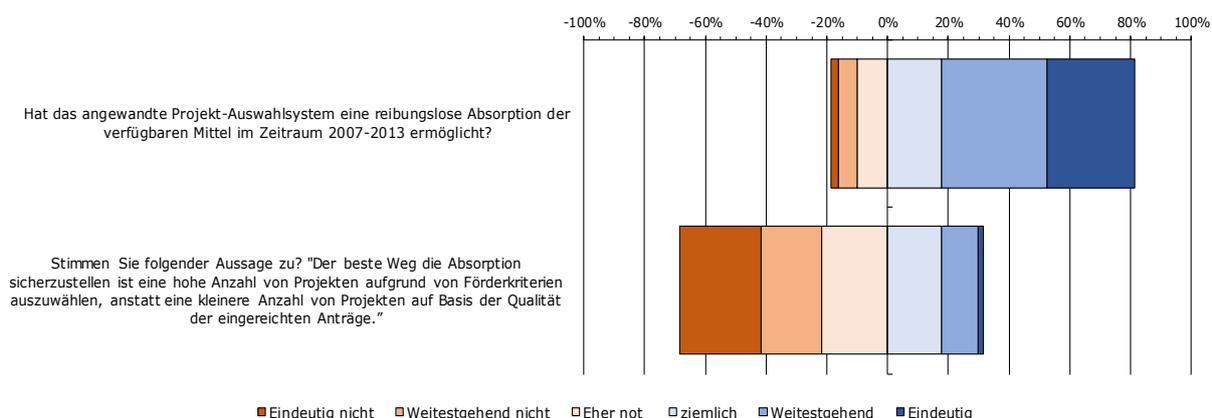
verschiedene Interventionsarten ermöglichte, als dass eine größere thematische Konzentration erreicht werden konnte.<sup>35</sup>

**Fazit #3:** Vor dem Hintergrund der begrenzten Wirkung der Lissabon-Agenda und des Earmarking-Prozesses auf die thematische Konzentration, besteht die Notwendigkeit, das strategische Design der Operationellen Programme zu verbessern und eine stärkere thematische Konzentration zu forcieren. Der Planungsrahmen für die Förderperiode 2014-2020 hat durch die Einführung von elf thematischen Zielen und der Ex-ante-Konditionalitäten (insbesondere der Ex-ante-Konditionalität 1.1 für die "intelligente Spezialisierung") diesen identifizierten Verbesserungsbedarf adressiert. Weitere Möglichkeiten die thematische Konzentration in Zukunft zu erhöhen, liegen u.a. in der Zuteilung der verfügbaren Mittel des EFRE und des ESF zu einer begrenzten Anzahl von Investitionsprioritäten auf den unteren Ebenen der Programmierung und durch die Einbeziehung der vorgeschlagenen Kriterien für die Projektauswahl (zumindest für die wichtigsten Investitionsbereiche) in die Operationellen Programme.

**Key Finding 4: Projekte wurden zu häufig aufgrund ihrer Fähigkeit zur Finanzmittelabsorption und weniger aufgrund ihres Beitrags zur Erreichung der Programmziele ausgewählt.**

Der Prozess der Projektvorbereitung und -auswahl ist entscheidend, um die Auswirkungen der Kohäsionspolitik zu gestalten. Die Erkenntnisse aus den semi-strukturierten Interviews in den Mitgliedstaaten zeigen, dass die Sicherstellung der Fördermittelabsorption als ein wesentlicher Aspekt bei der Projektauswahl berücksichtigt wurde. Dies ist oftmals ein Resultat der Risikoaversion von Verwaltungsbehörden und den weit gefassten Zielformulierungen in Operationellen Programmen. Die Fähigkeit der angewandten Projekt-Auswahlsysteme eine hohe Absorption sicherzustellen wurde von 81% der Befragten bestätigt. Des Weiteren wies die Mehrheit der Befragten die Aussage zurück, dass die Auswahl einer hohen Anzahl von Projekten aufgrund von Förderkriterien besser sei als die Auswahl weniger Projekte auf Basis der Qualität der eingereichten Anträge.

Abbildung 6: Bewertung verschiedener Aspekte bei der Projektauswahl



Quelle: KPMG / Prognos (2016), semi-strukturierte Interviews in den Mitgliedstaaten, N = 118 und 101.

<sup>35</sup> Centre for Industrial Studies (2010), "Lessons from shared management in cohesion, rural development and fisheries policies", reference no 2009.CE.16.OAT.102&2009.CE.16.C.AT.054, Final Report, S. 20.

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Die Ergebnisse mehrerer Fallstudien bestätigen dieses Key Finding, z.B. war in Bulgarien die Absorption einer der wichtigsten Faktoren bei der Auswahl von Projekten, obwohl die Operationellen Programme nicht durchgehend die erwarteten Ergebnisse erzielten.<sup>36</sup>

Mehrere andere Studien unterstützen diesen Befund und fügen einige weitere wichtige Aspekte hinzu. Zum Beispiel argumentiert Ferry (2015, S. 16)<sup>37</sup> für die mittel- und osteuropäischen Länder wie folgt: "...it is particularly noticeable in CEECs<sup>38</sup> [that there was] an excessive preoccupation with compliance at the expense of strategic performance. This in turn has led to [...] a tendency to avoid risky or innovative projects".

**Fazit #4:** Eine strategischere und ergebnisorientiertere Kohäsionspolitik hängt maßgeblich von einer genaueren Definition der Ziele in den Operationellen Programmen und der besseren und expliziteren Verknüpfung mit den Projektauswahlkriterien ab. In der Förderperiode 2014-2020 wurde dieser Aspekt mit der Vorgabe zur Aufstellung spezifischer Ziele mit korrespondierenden Ergebnisindikatoren für jede Investitionspriorität eines Operationellen Programms bereits zum Teil adressiert. Weitere Möglichkeiten, um strategischeren Projektauswahlprozessen zu stärken, liegen in einem verbesserten Koordinationsprozess der Projektauswahlssysteme während der Programmierung, der Schaffung strafferer und bindender Verknüpfungen zwischen Förderaufrufen und Operationellen Programmen sowie in der ex-ante und laufenden Bewertung von Projektauswahlssystemen und ihrer Selektionskriterien.

**Key Finding 5: In der Förderperiode 2007-13 konnte in vielen Mitgliedstaaten und Regionen nur eine moderate Tendenz festgestellt werden, sich der spezifischen Programmziele bewusst zu sein, deren Erreichung zu messen und über die Fortschritte der Operationellen Programme in Richtung ihrer Ziele reflektieren.**

Die begrenzte Betonung der thematischen Konzentration in den Operationellen Programmen, in Kombination mit ihren häufig vagen Zielen (siehe Ergebnisse 3 und 4), hatte auch Auswirkungen auf deren strategische Umsetzung. Klare Zielsetzungen und präzise Zielformulierungen fehlten oftmals – zentrale Hindernisse für eine stärkere Konzentration auf Ergebnisse und die dedizierte Verfolgung der Programmfortschritte.

Ebenso existierte eine Dominanz von Prozessevaluationen (44%) und Evaluationen mit Monitoring-Charakter (44%) gegenüber Wirkungsevaluationen (22%).<sup>39</sup> Vertreter der Europäischen Kommission (sowohl GD REGIO und GD Arbeit) argumentierten in den semi-strukturierten Interviews wie folgt: "evaluations were generally unable to convey reliable information on impacts, i.e. whether the programmes had made a difference. Several hundreds of evaluations have been produced until end 2012 (for ESF), but most

<sup>36</sup> Es ist anzumerken, dass neben der Projektauswahl weitere Faktoren Einfluss hatten, bspw. die Finanzkrise, Probleme während der Programmierungsphase sowie Probleme bei der öffentlichen Auftragsvergabe.

<sup>37</sup> Ferry, M. (2015). Synthesis Report: WP8. Cohesion Policy and its Components: Past, Present and Future. FP7 project "Growth- Innovation - Competitiveness: Fostering Cohesion in Central and Eastern Europe (GRINCOH)", S. 16.

<sup>38</sup> Mittel und Osteuropäische Länder (MOEL/CEECs) ist ein Begriff der OECD der die Länder Albanien, Bulgarien, Kroatien, die Tschechische Republik, Ungarn, Polen, Rumänien, die Slowakei, Slowenien, und die drei baltischen Staaten: Estland, Lettland und Litauen umfasst.

<sup>39</sup> Einige Evaluationen wurden in mehrere Kategorien eingeteilt (z.B. in Prozess- und Wirkungsevaluation), sodass sich die Summe zu 110% addiert; siehe DG REGIO (2015): How are evaluations used in the EU? How to make them more usable? Presentation by Stryczynski, Kai in Stockholm, 8 October 2015.

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*of them struggle with judging effectiveness. Most evaluations have primarily addressed programme implementation (process evaluations)."*

Diese Einschätzung wurde von vielen der durchgeführten Fallstudien gestützt, welche weitere Informationen über den oft suboptimalen Fokus der Evaluationen ergänzten.

Gleichwohl wurde auch ein vielversprechender Trend hinsichtlich des Bewusstseins und der Messung der Programmfortschritte beobachtet. Wie in den Interviews mit Beamten der Europäischen Kommission hervorgehoben wurde, konnten während des gesamten Förderzeitraums, welcher durch die Wirtschafts- und Finanzkrise begleitet wurde, Fortschritte in Richtung einer stärkeren Ergebnisorientierung beobachtet werden: *"In the second half of the programming period, a Helpdesk was set up. It helped countries operationalise the regulation on evaluation, advised them and provided backstopping. For instance, it helped Member States identifying the risks of the monitoring system, or to select representative samples of supported units (to measure impacts later on). Uptake in Member States was initially a little slow, but, by 2014, it was gaining some speed."*

Diese Verbesserung wurde auch durch die Literatur bestätigt. Zum Beispiel argumentieren Cifollilli et al. (2014, S.84) wie folgt: *"over the past year, the focus of evaluations shifted from procedures and more to the results of interventions and their effects in relation to policy objectives (36% of the total) as well as to assessing progress in the implementation of programmes or measures (38%)"*.

Diese Ergebnisse werden durch die Fallstudien dieser Evaluation gestützt. Zum Beispiel haben sich in Polen die Evaluationen und die Ergebnisorientierung deutlich verbessert. Mit Polen, als größtem Empfängerland der Kohäsionspolitik, kann die Verbesserung der Evaluationskultur als ein gelungenes Beispiel für den Transfer von europäischem Know-how in die nationalen Liefer- und Umsetzungssysteme und die breitere öffentliche Verwaltung verdeutlicht werden.

Fazit #5: Trotz der jüngsten Verbesserungen bestehen zwei Notwendigkeiten, die durch die vorliegende Ex-post Evaluation bestätigt wurden: Erstens die Weiterentwicklung der "Ergebnisorientierung" der Operationellen Programme, zweitens die Verbesserung der Wirkungsevaluation.

In der aktuellen Förderperiode 2014-20 wurden bereits einige der wichtigsten Bereiche für Verbesserungen adressiert, vor allem durch die Einführung der Ex-ante-Konditionalitäten, den spezifischen Zielen und Ergebnisindikatoren und der expliziten Vorgabe, die Wirkungen der Operationellen Programme zu bewerten.

Weitere Verbesserungen könnten durch obligatorische, zweijährliche Berichte der Verwaltungsbehörden über die Verwendung von Evaluierungsergebnissen, einen breiteren Austausch der Evaluationsergebnisse in den Mitgliedstaaten und Regionen und durch mehr Zusammenarbeit zwischen der EU und den Mitgliedstaaten bei ihren Evaluationsaktivitäten erreicht werden.

## 1 INTRODUCTION

Cohesion Policy constitutes a central investment vehicle of the European Union to strengthen economic, social and territorial cohesion across regions and Member States. During the 2007-2013 period a total of EUR 347 billion was made available to Member States and regions through the European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF) Of this EUR 270 billion was from the ERDF/CF combined and EUR 77 billion of from the ESF. These resources, combined with national co-financing, have been invested through 309 (ERDF/CF) and 117 (ESF) Operational Programmes, involving several hundreds of thousands of projects (over 54,700 for the ERDF/CF alone).

Cohesion Policy in the 2007–2013 period was also one of the main means used to deliver the renewed Lisbon Agenda for growth and jobs, bringing a new strategic dimension to the policy. The strategic link between the Lisbon Agenda and Cohesion Policy was established by the EU-wide Community Strategic Guidelines on economic, social and territorial cohesion (CSG), an indicative framework for the Member States for preparation of their individual National Strategic Reference Frameworks (NSRF) and Operational Programmes. In parallel with the increased strategic role of Cohesion Policy, Member States were given more flexibility in implementing Operational Programmes, accompanied by an increased focus by the Commission on regularity, legality and the evident delivery of results.

Cohesion Policy operated under the budget management mode of shared management, in which the Commission entrusted Member States with implementing Operational Programmes at the national and regional levels. Member States thus had primary responsibility for designing Operational Programmes, selecting projects, setting up management and control systems and ensuring that the system functioned efficiently and effectively. The Commission played a central role in negotiating and approving the contents of Operational Programmes, in setting the overall strategies pursued under Cohesion Policy and in specifying the overarching legal and regulatory framework. The Commission also had the overall responsibility for accounting for the use of the funds via various monitoring, evaluation, audit and control functions.

The success of Cohesion Policy depended heavily on the smooth functioning of the 'delivery system', i.e. the combination of legal requirements and procedures that support the effective and efficient investment of European Union resources, and the operational roles and responsibilities in planning, management and implementation of the policy at European, national and regional levels. Many legal requirements and procedures of the delivery system in the 2007–13 period were quite similar for all programmes, i.e., they did not differ greatly irrespective of the amount of funding, quality of governance or socio-economic development level.

### **The elements of the delivery system and the performance criteria used**

The subject of Work Package 12 of the ex post evaluation was to analyse the effectiveness and efficiency of the delivery system of Cohesion Policy during the 2007–2013 period. The evaluation divided the 'delivery system' into the following seven distinct components or "elements":

- programming,
- project selection,
- compliance,

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- financial management and control, monitoring,
- evaluation and reporting.

These performance criteria are described more fully in Chapter 2.

Our approach has been to treat each of these seven elements as designed to enable the efficient and effective delivery of Cohesion Policy by contributing, to varying degrees, to six “performance criteria”: accountability, legality and regularity, delivery of results, timeliness, responsiveness and reasonable administrative costs.

While some of the elements make explicit contributions to particular performance criteria (e.g. ‘financial management and control’ to ‘legality and regularity’), in practice, the contributions of the elements to these performance criteria were interdependent. Accordingly, the overall success of Cohesion Policy depended crucially on the smooth functioning of the delivery system as a whole, with its multitude of actors, stakeholders and layers of programming and implementation.

### **Purpose of the evaluation**

The purpose of this ex post evaluation was to provide an assessment of the performance of the 2007–2013 Cohesion Policy delivery system. Reflecting the Tender Specifications, the evaluation aimed to analyse the effectiveness and efficiency of the delivery system and identify the main success factors that supported the accountable implementation of a policy that was both legal and compliant, and that delivered results in a timely and responsive manner at reasonable cost to national administrations, beneficiaries and the EU. Furthermore, the evaluation was asked to analyse the role played by technical assistance programmes in increasing the capacity of national and regional administrations to implement Cohesion Policy effectively and efficiently.

In terms of coverage, the evaluation included the ERDF, ESF and the Cohesion Fund and all three objectives of Cohesion Policy, i.e. Convergence, Regional Competitiveness and Employment, and European Territorial Cooperation (ETC). The evaluation included all EU Member States (EU-28).

### **Coverage of the requirements of the Tender Specifications**

The table below summarises the requirements of the Tender Specifications (2014 CE16BAT 046) and how these are addressed in this Final Report (Task 6):

*Table 1: Coverage of the requirements of the Tender Specifications*

Requirement of the Tender Specifications (Task 6)	Chapter Reference
<b>1.</b> The report will pull together the findings of all tasks:	
a) Task 1: Tasks of the delivery system 2007-2013	Integrated in chapters <b>3–8</b>
b) Task 2: Interviews, structured discussions and survey	Integrated in chapters <b>4–7</b>
c) Task 3: Case studies in selected Member States	Integrated in chapters <b>4–7</b>
d) Task 4: Identifying improvements to enhance effectiveness and efficiency	Chapter <b>9.4</b>
e) Task 5: Assessment of capacity building financed by	Chapter <b>8</b>

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Requirement of the Tender Specifications (Task 6)	Chapter Reference
Technical Assistance	
2. The report should include two good practice examples for each of the elements of the delivery system (written up as mini-case studies)	Chapter <b>10.2</b> (annex)
3. What was the rationale for the legal provisions relating to the elements of the delivery system?	Chapters <b>4.1-4.2; 5.1-5.2; 6.1-6.2; 7.1-7.2</b>
4. How well did the individual elements meet expectations?	Chapters <b>4.3; 5.3; 6.3; 7.3</b>
5. What were the strengths and weaknesses?	Chapters <b>4.4; 5.4; 6.4; 7.4</b>
6. Within the different elements, what were the main success factors?	Chapters <b>4.4; 5.4; 6.4; 7.4</b>
7. What were the conceptual and practical problems?	Chapters <b>4.3-4.4; 5.3-5.4; 6.3-6.4; 7.3-7.4</b>
8. Were there missing or superfluous features?	Chapters <b>4.4; 5.4; 6.4; 7.4</b>
9. What are possible ways to enhance the effectiveness and efficiency of the elements of the delivery system (e.g. radical simplification, incremental simplification, customisation to various types of delivery systems)?	Chapter <b>9.4</b>
10. What was the performance of administrative capacity building financed by technical assistance?	Chapter <b>8</b>
11. In responding to these questions, given that in 2007-2013 the ESF and ERDF/CF were delivered through different programmes, the report will clearly identify how the findings apply to each fund	Chapters <b>4.4; 5.4; 6.4; 7.4</b>

*Source: KPMG/Prognos (2016), based on the Tender Specifications.*

### Structure of the Final Report

Following this Introductory Chapter, Chapter 2 describes the methodological approach of the study. Chapters 3 provides a general context to the analysis by summarising the main financial and output-level achievements of Cohesion Policy in 2007-13.

The key findings of the evaluation regarding the seven elements of the delivery system are included in the following chapters. D Given the strong interdependencies between the elements, some are presented jointly: **programming & project selection** (Chapter 4), **compliance, financial management and control** (Chapter 5), **monitoring and reporting** (Chapter 6) and **evaluation** (Chapter 7). Chapter 8 presents the assessment of administrative capacity-building through technical assistance.

Chapter 9 summarises the conclusions of the evaluation in terms of the two main challenges facing the Cohesion Policy delivery system (i.e. implementing the Operational Programmes and delivering results), it assesses the contribution of the different elements to the six performance criteria, and finally describes possible directions and options for improving the delivery system into the future.

## 2 METHODOLOGICAL APPROACH

### 2.1 Scope of the evaluation

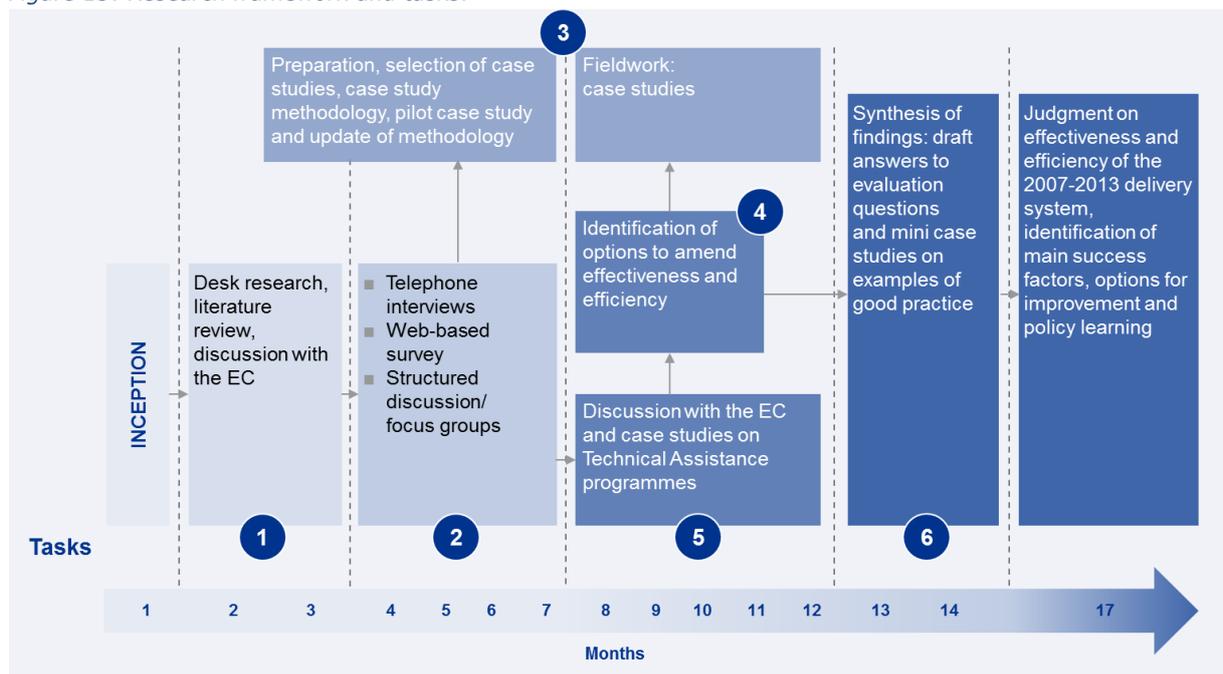
The subject of this evaluation was the delivery system of 2007-2013 Cohesion Policy programmes financed by the ERDF, ESF and Cohesion Fund (and, in the case of Croatia, the Instrument for Pre-Accession Assistance, IPA). The evaluation covered the delivery system in all 28 Member States. This wide coverage was important in order to account for differences in the implementation of programmes as a result of widely varying socio-economic contexts, public administration systems, administrative capacities and quality of governance.

The evaluation covered all three objectives of Cohesion Policy, e.g. Convergence, Regional Competitiveness and Employment, and European Territorial Cooperation (ETC).<sup>40</sup>

### 2.2 Research process and evaluation tasks

The evaluation was carried out between October 2014 and February 2016. As defined by the Tender Specifications, it comprised six Tasks, as illustrated in the figure below.

Figure 13: Research framework and tasks.



Source: KPMG/Prognos (2016).

As part of **Task 1**, an in-depth analysis of each element of the delivery system was carried out through literature review, interviews with Commission officials (both DG

<sup>40</sup> ETC programmes required separate analysis because their implementation was shared across various public bodies of different countries or regions, in some cases delivering services jointly as a single legal entity through the European Grouping of Territorial Cooperation (EGTC) instrument. Applications for funding, on the other hand, were addressed to the Joint Technical Secretariats (JTS).

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REGIO and DG EMPL) and desk research on the legal framework of the delivery system. As a result, the evaluators identified the legal provisions and the rationale for and stakeholder expectations of each element of the system.

Evidence for analysing the performance of the seven delivery system elements were gathered primarily during **Task 2**. The main data collection techniques used included semi-structured telephone interviews in the Member States, a web-based survey and focus group discussions. This enabled the evaluators to assess to what extent stakeholders' expectations of the system have been met.

**Task 3** tested, through in-depth discussion in eight Member States (Poland, Bulgaria, Italy, Greece, Latvia, the Netherlands, Sweden and Germany), whether the findings arising from Task 2 were well grounded.

The Discussion Paper resulting from **Task 4** provided a set of options for the improvement of future Cohesion Policy implementation, including discussion of trade-offs between these options and their necessary conditions for success.

Due to the importance of the administrative and political contexts in which the delivery system operates, the assessment was complemented by findings from seven Member State case studies (Bulgaria, Romania, Greece, Poland, Italy, the Czech Republic and Slovakia) regarding administrative capacity-building activities financed by technical assistance (**Task 5**).

Finally, all evidence, findings and conclusions were consolidated and summarised in the present Final Report (**Task 6**).

### **2.3 The analytical framework**

As described in Chapter 1, the evaluation broke down the Cohesion Policy delivery system into **seven elements**. A brief description of these is provided below.

*Table 2: Brief description of elements of the delivery system 2007–2013.*

<b>Programming</b>	Programming in the 2007–2013 period refers to the process of putting the National Strategic Reference Framework (NSRF) and the Operational Programmes in place. The NSRF and the Operational Programmes served as an agreement between the Member State and the European Commission as to how to deliver Cohesion Policy. Both were developed within a common European strategic and regulatory framework and envisaged the fulfilment of the objectives laid down in the Council Regulation.
<b>Project selection</b>	Project selection is the process of defining and applying certain criteria for the selection of operations to be supported by the Operational Programmes. The selected projects were meant to contribute to the fulfilment of the objectives defined in those Operational Programmes.
<b>Compliance with EU and national law</b>	Compliance is a horizontal element relevant to all stages of programme implementation, from application for funding and project selection through financial management and control to reporting and monitoring. It typically encompasses respect for rules regarding the fields of eligibility of projects and expenditures, public procurement, state aid, environmental impact and equal opportunity.
<b>Financial management and control</b>	Financial management covers financial planning, managing the flow of finances in programmes and the accounting of all expenditures within programmes. Financial control covers the management and control system, the management verifications conducted by Managing Authorities (sometimes referred to as first-level control) and audits conducted by Audit Authorities (second-level control).

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**Monitoring**

Monitoring is the process of collecting data, checking the progress of programme implementation and ensuring that projects, priorities and programmes are working properly. Monitoring in this sense fulfils the programme-management function of detecting implementation failures or identifying points for further optimisation.

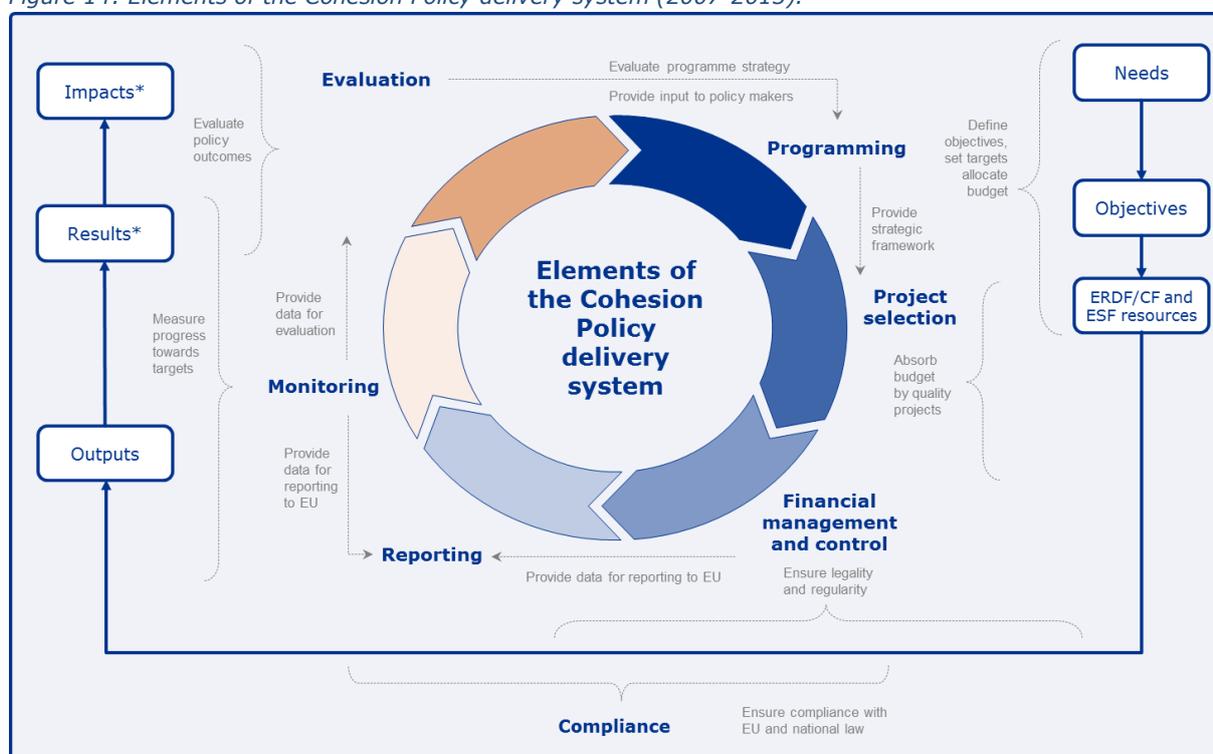
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<b>Evaluation</b>	Evaluation assesses interventions in terms of their results, impacts and the needs they aim to satisfy. Evaluations should aim to improve the quality, effectiveness and consistency of assistance provided from the Funds and the strategy and implementation of Operational Programmes with respect to the specific structural problems affecting the Member States and regions concerned.
<b>Reporting</b>	Reporting is the provision of regular structured information on the implementation of the Funds and their contribution to national and European objectives. Reporting, as understood in this ex post evaluation, focuses on the formal submission of required reports from the Member States to the European Commission at the level of the Operational Programme by Managing Authorities (i.e. implementation reporting).

Source: KPMG/Prognos (2016).

These seven elements and their most important functions within the delivery system are shown graphically in the figure below.

Figure 14: Elements of the Cohesion Policy delivery system (2007-2013).



Source: KPMG/Prognos (2016). \*According to the terminology used in the 2007-2013 period.

The evaluation analysed the effectiveness and efficiency of the delivery system and identified the main success factors that supported accountable implementation of a policy that is compliant in legal and regulatory terms, and that it delivers results in a timely and responsive manner at reasonable cost to national administrations, beneficiaries and the EU. In doing so, the evaluation assessed the contribution of the elements of the system to the following **six system-wide performance criteria**.

- **Accountability** – The European Commission, Member States and Managing Authorities can be held accountable for their spending and for the results they achieve (e.g. to the European Court of Auditors, the European Parliament or taxpayers in general).
- **Legality and regularity** – Articles 310–325 of the TFEU rule require that payments and transactions involving Cohesion Funding are free of irregularities,

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defined in the General Regulation as 'any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.'<sup>41</sup>

- **Delivery of results** – This refers to achieving targets set in Operational Programmes, as prescribed by Article 2(7) of the General Regulation. However, targets are often not fully representative of the objectives of programme priorities, nor are objectives always formulated clearly. Therefore, assessing the delivery of results requires consideration of a number of various variables.
- **Timeliness** – This criterion refers to the timely implementation of the agreed programme schedule, including the achievement of absorption targets, as well as the closure of programmes on time.
- **Responsiveness** – This refers to the ability of the actors responsible for programme implementation to respond swiftly and appropriately to changing circumstances, and to adapt to relevant changes in the programme implementation schedule.
- **Reasonable administrative cost** – This refers to the proportionality of financial and administrative resources allocated to programme implementation relative to the total amount of funding disbursed. In this evaluation, administrative cost was assessed with regard to the costs generated by the different elements.

To ensure that the evaluation process was focused and structured, an **analytical framework** was developed during Task 1, building on the outcomes of the literature review, desk research, the interviews with the Commission officials (both DG REGIO and DG EMPL) and feedback from the Steering Group of the ex post evaluation. The analytical framework maps out the delivery system elements where the highest contributions to the performance criteria can be expected (marked by "x" in the figure below). Due to the strong interdependencies between the elements, programming and project selection, compliance and financial management and control, and monitoring and reporting were each analysed jointly. The ex post evaluation focused its analysis on these selected areas.

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<sup>41</sup> Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions of the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

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Figure 15: Analytical framework: focus areas of the analysis.

Element \ Criterion	Accountability	Legality and regularity	Delivery of results	Timeliness	Responsiveness	Reasonable administrative cost
Programming and project selection	x		x	x	x	x
Compliance, financial management and control	x	x	x			x
Monitoring and reporting	x		x		x	
Evaluation	x		x		x	

*	=	Analysed in the ex post evaluation (contribution of the element to the performance criterion is critical)
	=	Not analysed (contribution of the element to the performance criterion is limited or not crucial to the evaluation)

Source: KPMG/Prognos (2016).

## 2.4 Evidence base and data analysis

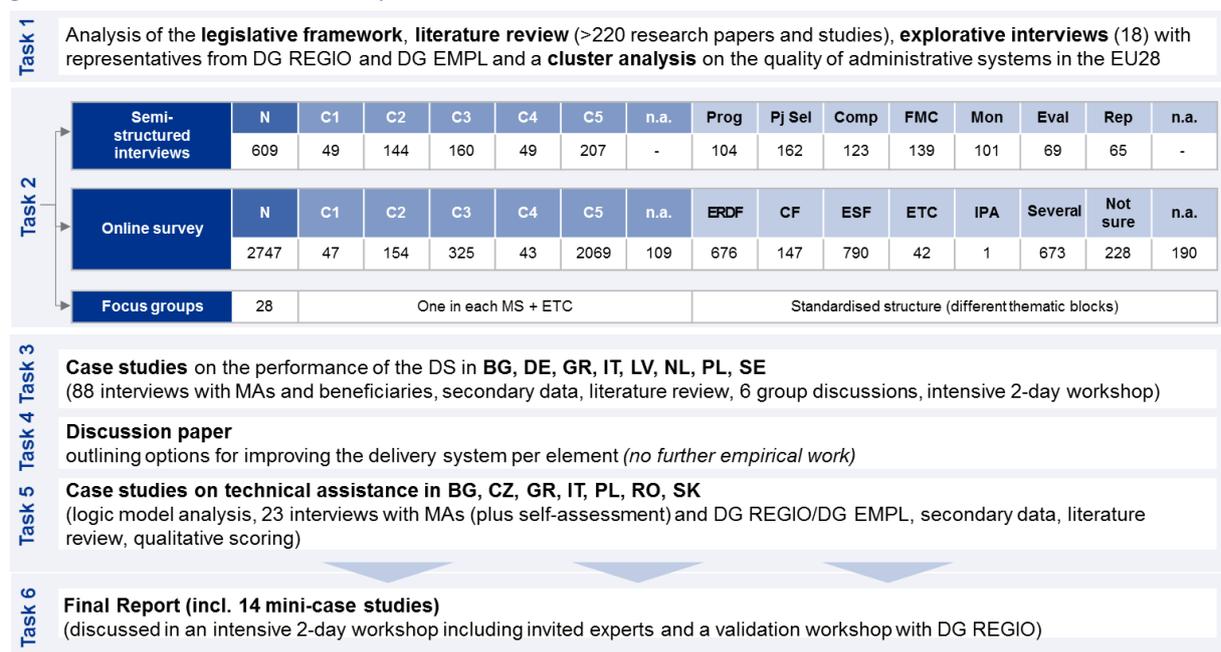
The evaluation is based mainly on fieldwork conducted in all 28 Member States, consisting of interviews, focus groups, a web-based survey and case studies (Task 3 and Task 5). As a complementary source of evidence, an analysis of the legislative framework and an extensive literature review (covering over 220 research papers and studies) were performed. Overall, more than 3,700 representatives from the Commission and regional and national institutions (including beneficiaries) were consulted during the fieldwork, as follows:

- **18** explorative interviews with representatives from DG REGIO and DG EMPL,
- **720** people interviewed via phone or in person over two phases of interviews (explorative and semi-structured interviews, including case-study interviews),
- **234** people who participated in focus group discussions,
- **2,747** people who responded to the web-based survey.

The fieldwork covered several different types of stakeholders, including representatives from Managing, Certifying and Audit Authorities, Intermediate Bodies, Implementing Agencies, Monitoring Committees and partners, policy experts and evaluators and the civil society. An overview of the empirical basis of the evaluation is presented in the next figure.

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Figure 16: Evidence basis of the ex post evaluation.



Source: KPMG/Prognos (2016).

### Semi-structured interviews in Member States

The data collection was preceded by an explorative phase, with 67 interviews carried out in ten selected countries<sup>42</sup>. Its main purpose to fine-tune the data collection instruments and to test whether the concepts and main findings from the initial stage of the evaluation were appropriately interpreted and shared by the national and regional stakeholders. The semi-structured interviews were carried out based on the lessons learnt from the explorative phase. The interview guide consisted of closed- and open-ended questions. Closed questions were asked to quantitatively assess certain features of the 2007–2013 delivery system (such as various pre-defined aspects of performance, the relevance of single influencing factors or the potential of selected options for improving the design of the delivery system) on a Likert-type scale<sup>43</sup> from one to six. Additionally, interviewees could provide further insights through open-ended questions.

### Web-based survey

The questionnaire used consisted mainly of closed questions with standardised answers, but also included open-ended questions which gave respondents the opportunity to give more detailed answers. The web-based survey could be filled out by any interested stakeholder, and each respondent was encouraged to recommend the survey to fellow stakeholders (“snowball” approach). The survey was differentiated by respondent group and it avoided overly complex, technical terminology, especially when addressing

<sup>42</sup> Austria, Bulgaria, the Czech Republic, Germany, Greece, Spain, Hungary, Italy, Poland and Slovakia.

<sup>43</sup> The Likert scale (developed by Rensis Likert) is an instrument to measure attitudes of individuals towards pre-determined answers that range from one extreme to the other. For this report the scale ranges from one to six, with one being the most negative answer option (e.g. strongly disagree) and six being the most positive (e.g. strongly agree). A six-point Likert-type scale was applied here to avoid ambivalent answers (which occur in a five-point scale with a midpoint) and encourage respondents to commit to either the positive or the negative end of the scale. Thereby, the Likert items are able to capture direction (positive or negative).

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beneficiaries.<sup>44</sup> The questionnaire was administered in all relevant MS languages to facilitate quality responses in all 28 Member States. The survey was published on the DG REGIO website, and was sent to the Managing Authorities and other institutions for dissemination amongst the targeted groups of actors.

### **Focus group discussion**

The semi-structured interviews were designed to assess performance as well as to identify factors influencing performance. The structured focus-group discussions reflected on how these factors led to success and failure within the delivery system. Focus groups consisted of a variety of participants representing the same types of actors involved in the semi-structured interviews. Due to time limitations for the focus-group sessions (each focus group could run for only two to three hours), the discussion was divided into three thematic blocks based on the most crucial issues, such as administrative costs in the implementation of Cohesion Policy, legality and regularity, or delivery of results.

### **Eight Member-State case studies on selected Operational Programmes**

The main objective of the 'Member-State case studies' (Task 3) was to validate and deepen the analysis undertaken in Task 2. In addition, the case studies assessed the extent to which stakeholders in the Member States perceived that weaknesses identified in the 2007–2013 period have been addressed in the 2014–2020 delivery system, and explored whether simplified cost options have been used and whether they have been effective. The findings of the case studies are based on literature review, in-depth interviews with national and regional stakeholders, group discussions and consultations with national experts on the delivery of Cohesion Policy. The Member States selected for case-study analysis were Poland, Bulgaria, Italy, Greece, Latvia, the Netherlands, Sweden and Germany (Romania, Bulgaria and Poland were also required by the Tender Specifications).<sup>45</sup>

### **Option development**

The identification of the options (Task 4) for an improved delivery system was an iterative process aimed at identifying as many alternative options as possible from the empirical analysis of the delivery system, and then narrowing these down to those most relevant for further analysis. The options were assessed in a two-step procedure. Firstly, all options were analysed regarding both their potential impact on the six performance criteria and potential trade-offs of the implementation on one or the other performance criteria. Secondly, the viability of the options was screened against two key criteria: feasibility (including technical and legal feasibility) and (political) acceptance from all relevant stakeholders in the delivery system.

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<sup>44</sup> In order to assure high-quality data from the open survey approach, a number of mechanisms were used to filter out uninformed responses, i.e. applying contingency questions such as number of years of involvement in the implementation of the ESF/ERDF or Cohesion Fund, the role of the respondent in the implementation, involvement in the preparation and/or implementation of the 2007–2013 period, etc.

<sup>45</sup> The selection of Member States and the focus Operational Programmes in each Member State provided a balanced coverage of different implementation set-ups (e.g.: national programmes centrally delivered, regional Operational Programmes, national programmes regionally delivered) of both ERDF/CF and ESF Operational Programmes, different levels of experience in Cohesion Policy, the relevant primary objective of Cohesion Policy (Convergence, Regional Competitiveness and Employment, and European Territorial Cooperation), the total number of Operational Programmes, and the budgets covered by the Operational Programmes.

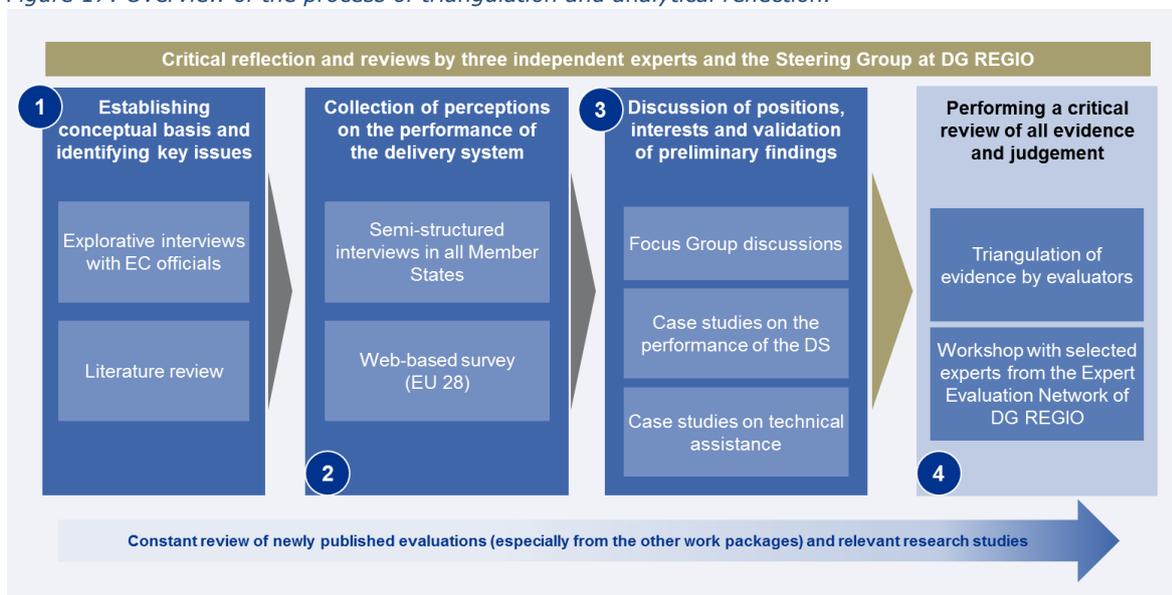
### Member-State case studies on administrative capacity-building activities financed from technical assistance

Case studies (Task 5) were conducted in seven Member States: Bulgaria, Romania, Greece, Poland, Italy, the Czech Republic and Slovakia. Firstly, an assessment of current issues in administrative capacity was performed for each Member State, organised along the three dimensions of administrative capacity-building as outlined by Boeckhout et al. (2002):<sup>46</sup> structures, human resources and systems and tools. The case studies then took stock of the capacity-building activities and identified the key drivers of their performance. Finally, the effectiveness of these activities was assessed in terms of their contributions to the achievement of the objectives set out in the Operational Programmes financing technical assistance, and in terms of their ability to address the most pressing needs for the improvement of administrative capacities to deliver Cohesion Policy.

### 2.5 Process of triangulation and analytical reflection

The findings and conclusions presented in this ex post evaluation have been based on a combination of various primary and secondary data sources (**data triangulation**). Primary data collected in the interviews and the web-based survey involved various respondent groups in order to counter structural bias stemming from the type of respondents. In addition, this data was collected using multiple empirical methods, as detailed in the previous section (**methodological triangulation**). These empirical tools were utilised at different stages of the analysis to enable cumulative reasoning to be built upon prior stages of research. An overview of this process of triangulation is presented below, outlining how the different empirical methods were used to construct an evidence base.

Figure 17: Overview of the process of triangulation and analytical reflection.



Source: KPMG/Prognos (2016).

<sup>46</sup> Boeckhout, S. et al. (2002): Key Indicators for Candidate Countries to Effectively Manage the Structural Funds. NEI Regional and Urban Development.

## **2.6 Robustness and limitations of findings**

To ensure the greatest possible reliability of the analysis, all data collection tools were developed step by step and tested within various settings (e.g. by performing pre-tests in different countries, involving both our academic experts and experts from DG REGIO in internal reviews, etc.). The local Member State teams carrying out data collection were provided with instructions and underwent training before carrying out the data collection. For the selection of interviewees and focus group participants, a systematic approach was developed using a matrix consisting of the Member State, the type of Operational Programme (regional or thematic), the regions within the Member State (if applicable), the objective and fund involved in the Operational Programme and the type of stakeholder. The evaluation used a multiple-respondent design in the interviews such that similar areas of investigation were addressed with several interviewees in each country.

Although various measures were applied to ensure consistency and a well-balanced selection of stakeholders consulted as part of the fieldwork, the following limitations for the findings need to be taken into consideration.

- A crucial factor in direct comparison of the findings lies in the quantitative assessment approach. To this end, a six-point Likert-type scale was applied because it was considered the most suitable for capturing the strength of the respondents' views on a given item.<sup>47</sup> However, the six-point Likert-type scale poses the risk of varying interpretations by different interviewees and respondents, which could not be fully controlled for in the analysis.
- The systematic approach used for selecting interviewees and focus-group participants could not be rigorously implemented in all Member States, mostly due to organisational and logistical challenges (such as actors being too heavily involved in the closure of the 2007–2013 period or in preparations for the 2014–2020 period; lack of willingness to participate in the ex post evaluation; inability to reach certain beneficiaries). Also, focus-group discussions were carried out mainly in the capital cities of all EU Member States, making it more challenging to include actors from remote regions, especially in larger Member States.
- Since the web-based survey could be completed by any interested stakeholder, the distribution of the responses was centrally monitored and the country teams facilitated wide participation in all Member States. Nevertheless, some countries were overrepresented in the web-based survey (e.g. the Czech Republic, Poland and Slovakia), while others were underrepresented (e.g. France, the United Kingdom and Slovenia).

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<sup>47</sup> See e.g. Burns, A.; Burns, R. (2008) *Basic Marketing Research* (Second ed.). New Jersey: Pearson Education, p. 245.

### 3 HEADLINE FIGURES OF THE IMPLEMENTATION OF COHESION POLICY

This section provides a general context to the element-wise analysis in the forthcoming chapters by summarising the main financial and output-level achievements of Cohesion Policy.

**Finding 1: Commitment rates averaged 98% in the EU-27 in 2013, going beyond 100% in several countries.**

By the end of 2009, 23% of the funding available from ERDF, ESF and Cohesion Fund was allocated to projects (EU-27, see the figure below). There were high variations in the take-up among Member States, with Belgium at 79% and Italy at 6%<sup>48</sup>. The commitment rate grew steadily over the years, averaging 54%, 72% and 88% in 2010, 2011 and 2012, respectively.

By the end of 2013, 98% of the funding available was allocated to projects in the EU-27, with eleven countries over-committing funding to ensure absorption, most notably Greece (152%), Cyprus (118%) and Hungary (115%).<sup>49</sup> Only six countries fell below the 90% absorption rate (the Netherlands – 53%, Spain – 75%, Czech Republic – 80%, France – 82%, Sweden – 83% and Austria – 85%).

Figure 18: Allocation of the ERDF and Cohesion Fund to selected projects (commitment) at the end of 2009, 2010, 2011, 2012 and 2013 (% funding available for 2007-2013 period)

	End 2009	End 2010	End 2011	End 2012	End 2013	End 2014
<b>EU-27</b>	<b>23</b>	<b>54</b>	<b>72</b>	<b>88</b>	<b>98</b>	
<b>EU-15</b>	<b>20</b>	<b>53</b>	<b>76</b>	<b>93</b>	<b>95</b>	
<b>EU-12</b>	<b>26</b>	<b>55</b>	<b>69</b>	<b>84</b>	<b>102</b>	
Cross-Border Cooperation	38	57	77	91	94	
Greece	26	72	108	118	152	
Cyprus	50	108	118	118	118	
Hungary	26	59	76	91	115	
Bulgaria	10	35	54	95	111	
Ireland	34	112	126	107	107	
Slovenia	43	55	72	81	104	
Luxembourg	44	48	89	98	103	
Finland	39	53	71	91	103	
Slovakia	42	55	69	75	103	
Romania	17	35	63	79	102	
Belgium	79	97	98	101	100	
Italy	6	31	55	90	100	

*availability check with DG REGIO currently running*

<sup>48</sup> The Expert Evaluation Network of DG REGIO had a critical reflection on the uptake of funds at the end of the funding period, given that many countries, including Romania, Southern Regions of Italy, Bulgaria, Malta and the Czech Republic showed very low levels of absorption (Ciffolilli et al., 2014, p. 96). See: Ciffolilli, A. et al. (2014). Expert Evaluation Network on the Performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013. European Commission, Directorate General for Regional and Urban Policy.

<sup>49</sup> As found by Ciffolilli et al. (2014, p. 58): "the figures for funding allocated to projects selected can exceed 100% as Member States make allowances for some of the projects selected not being undertaken in practice and to guard against the risk of de-commitment (i.e. of infringing the n+2 rule)."

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	End 2009	End 2010	End 2011	End 2012	End 2013	End 2014
Malta	56	70	71	88	100	
Latvia	39	73	85	93	99	
UK	34	58	72	83	99	
Denmark	8	65	78	91	98	
Portugal	27	64	84	93	97	
Estonia	56	73	86	92	96	
Lithuania	42	66	79	91	96	
Poland	17	58	69	85	95	
Germany	29	57	73	83	92	
Austria	33	51	66	76	85	
Sweden	42	73	92	105	83	
France	20	35	62	76	82	
Czech Republic	40	49	64	73	80	
Spain	14	52	74	81	75	
Netherlands	53	77	90	98	53	

Source: KPMG/Prognos (2016) based on latest available data on the Open Data Platform of DG REGIO.<sup>50</sup> Member States used varying definitions for "selected projects", therefore data reported is not homogenous. The "cross border cooperation" programmes are included in the EU-27 average.

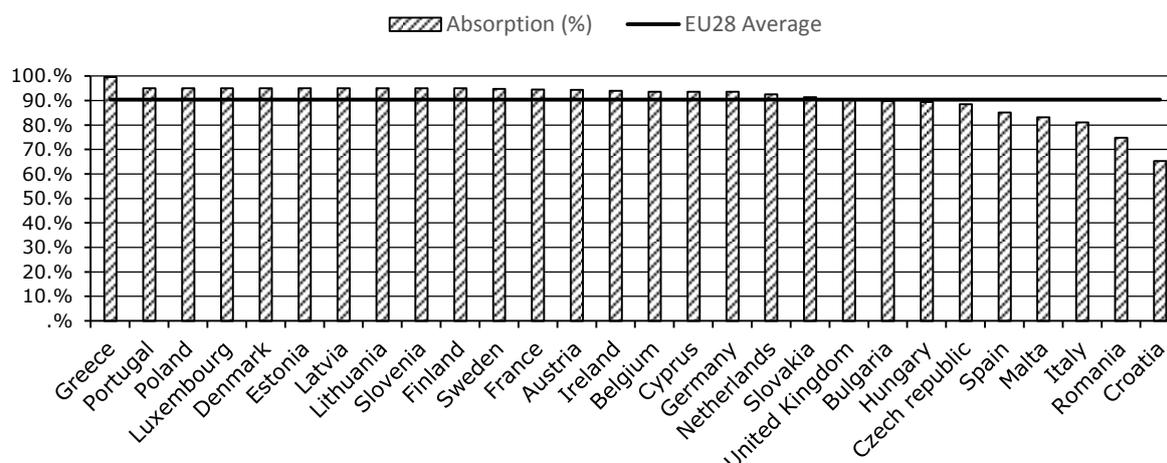
**Finding 2: Cohesion Policy managed to deliver projects accounting for 90% of verified expenditure (out of the available EUR 347 billion) by the end of 2015, with Greece at the top of the list, reaching almost 100%, and only Croatia and Romania falling below 80% due to the difficulty of setting up new systems for the 2007-2013 period.**

Despite the challenges of the financial and economic crisis starting in 2008, Cohesion Policy programmes managed to deliver projects accounting for over EUR 312 billion by the end of 2015, which means that 90% of the total expenditure was verified by the end of 2015 in the EU-28 (see figure below), with a minor variation across the three funds (ERDF – 91%, ESF – 90%, Cohesion Fund 90%).

Figure 19: Total percentage of available funds paid out by the Commission from the budget of the 2007-2013 programming period (spending up to November 2015)

<sup>50</sup> <https://cohesiondata.ec.europa.eu/dataset/Total-Percentage-of-Available-Funds-Paid-Out-by-th/w8x7-cqjd>

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Source: KPMG/Prognos (2016) based on DG REGIO Cohesion Policy data, retrieved on 10/05/16 at <https://cohesiondata.ec.europa.eu/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#column-menu>.

Nine countries (out of the EU-28) fell below the EU average (90%), with Croatia standing at 65.2%, Romania at 74.8%, and Italy at 81%. For Croatia and Romania these low values are in large part due to the new systems that the countries had to set up for the 2007-2013 period (as discussed during the expert workshop, with experts participating from Poland, Greece, Bulgaria, Romania and Italy). This new set-up led to, e.g. long appraisal processes with large gaps between application rates and approval/contracting rates, and large gaps between contracted amounts and payments to beneficiaries, and high staff turnover in the institutional system.

By the end of 2015, Greece had the highest absorption rate with 99.5% (see Finding 1: the commitment rate reached 152% at the end of 2013). This was the result of a focused effort to use all EU funds under the difficult circumstances resulting from the financial crisis (e.g. heavy budgetary constraints, challenges in mobilising co-financing, changing needs and priorities regarding areas of investment in the regions, etc.). Poland's successful implementation of Cohesion Policy in the 2007-2013 period (95%) was closely related to a high level of fund absorption and to their effective use. This was partly the result of the capacities and experiences built up in the pre-accession period (PHARE, SAPARD, and ISPA funds), of the establishment of a central ministry with full responsibility for programming and implementing a substantial share of the funds (alongside of increasingly self-governing provinces) and of the improved qualification of staff (which was to some extent financed by technical assistance).

Generally, when looking at the EU-28 as a whole, the maturity and capability of the institutional system responsible for the implementation of the Operational Programmes played a decisive role in accelerating fund absorption, reducing the time and cost (particularly administrative cost) required to access the funds and supporting beneficiaries in developing and implementing their projects.

**Finding 3: For a number of reasons, including the financial and economic crisis and also a limited result orientation, the achievement of output targets – based on selected common (“core”) indicators – was only partially successful.**

More than 54,700 projects co-financed by the ERDF and CF were completed by the end of 2013. These were achieved under difficult macroeconomic conditions in many Member States and regions. The financial and economic crisis affected both the uptake of funding

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(despite decreased co-financing requirements) and the conditions for project implementation for many beneficiaries.

Overall, a mixed performance level can be reported on the common indicators (based on the data from 2014, with many on-going projects still in the Member States). Some indicators exceeded or were close to target already in 2014, e.g. regarding the supported start-ups (> 100%), research jobs created (>100%), number of direct investment aid projects to SMEs (>100%) or jobs created (>70%). Others, however, fell significantly behind targets, e.g. km of TEN railroads (<50%) or the additional population served by water (40%) and waste water projects (30%).

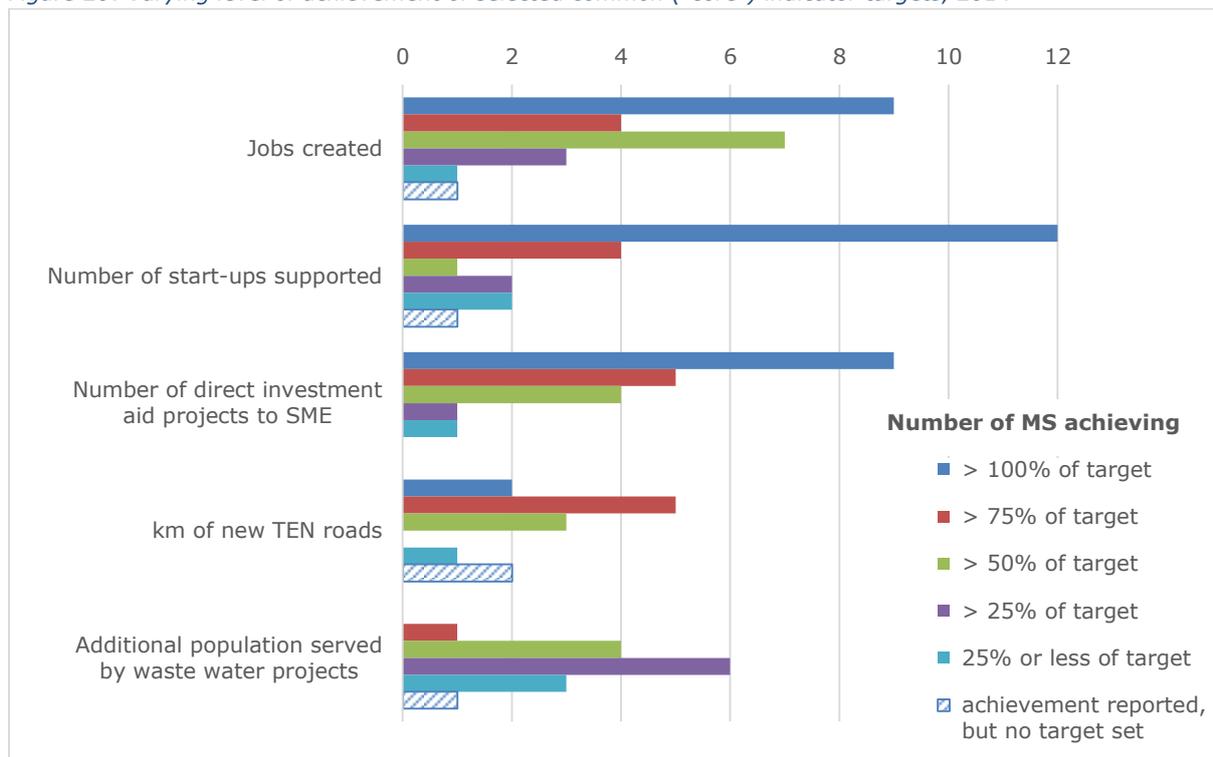
The data for the achievement of targets, however, depends heavily on how accurately targets were set, i.e. they may be over or under ambitious. In particular, the data on job creation needs to be interpreted carefully, as the Expert Evaluation Network (2014b) highlights: "*[Job creation] is, in any case, only a very partial measure of the employment effects of support [...] there are major difficulties of data inconsistency and of interpreting the figures reported, raising a serious question-mark over their meaningfulness.*" (p. V).<sup>51</sup>

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<sup>51</sup> Ciffolilli, A., et. al (2014). Expert Evaluation Network on the Performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013. European Commission, Directorate General for Regional and Urban Policy.

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Figure 20: Varying level of achievement of selected common ("core") indicator targets, 2014



Source: KPMG/Prognos (2016) based on Open Data Platform of DG REGIO. Note: numbers do not add up to 28 because not all Member States used the respective indicator.

## **4 PROGRAMMING AND PROJECT SELECTION**

Programming in the 2007–2013 period referred to the process of putting the National Strategic Reference Framework (NSRF) and the Operational Programmes in place. The NSRF and the Operational Programmes served as an agreement between the Member State and the European Commission on what to address and how to deliver Cohesion Policy.

Project selection is the procedure of defining and applying criteria in order to decide which operations will be supported by Operational Programmes. The selection process should identify those projects best contributing to the objectives defined in the Operational Programmes.

The following sections outline the relevant legal provisions, the rationale and the main expectations of the key stakeholders, the performance of programming and project selection in the 2007-2013 period, and a summary of strengths, weaknesses, conceptual and practical problems, success factors, missing and unnecessary features and the fund-specific findings.

### **4.1 Legal provisions**

For the 2007-2013 programming period, the Commission proposed the Community Strategic Guidelines on Cohesion (CSG), which provided an overall framework for strategy development of the Structural and Cohesion Funds. The National Strategic Reference Framework (NSRF) then built 'the link between Community priorities on the one hand, and its National Reform Programme (NRP) on the other'.<sup>52</sup> Moreover, the NSRF was supposed to outline the national strategy of the Member State. With regard to Member States, 'the activities of the Funds [...] shall take the form of operational programmes'.<sup>53</sup> The strategies for the Operational Programmes had to be developed in line with the NSRF and linked back to the Lisbon Agenda by the earmarking of expenditures.<sup>54</sup> Although in 2010 the Lisbon Agenda was followed by the Europe 2020 strategy, the earmarking system was left unchanged.

Both NSRF and Operational Programmes were developed within a common European strategic and regulatory framework and designed to fulfil the following objectives laid down in the Council Regulation<sup>55</sup>:

- The Convergence objective ('aimed at speeding up the convergence of the least-developed Member States and regions').
- The Regional Competitiveness and Employment objective ('aimed at strengthening regions' competitiveness and attractiveness as well as employment by anticipating economic and social changes, including those linked to the opening of trade' outside the least-developed regions).
- The European Territorial Cooperation (ETC) objective ('aimed at strengthening cross-border cooperation, transnational cooperation and interregional cooperation and exchange of experience at the appropriate territorial level).

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<sup>52</sup> Council Regulation (EC) No. 1083/2006 Art.27.

<sup>53</sup> Council Regulation (EC) No. 1083/2006 Art.32 (1).

<sup>54</sup> Article 9 and Annex IV of Council Regulation (EC) No 1083/2006 (OJ L 201/25, 31.07.2006).

<sup>55</sup> Council Regulation (EC) No. 1083/2006 Art.2.

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Both NSRF and the Operational Programmes were developed by national and regional authorities in the Member States, including the development of strategies and choice of priorities. This was followed by the preparation, negotiation and approval of the NSRF and Operational Programmes by the Commission.

In considering this process, it is important to highlight the Partnership Principle. This principle referred to cooperation between Member States and the Commission on the one hand, and the involvement of representative national or regional stakeholders on the other.<sup>56</sup> The role of the Commission as a partner was twofold. Firstly, it operated as an advisor in preparing and adopting the National Strategic Reference Framework.<sup>57</sup> Secondly, it had to approve the submitted strategy and the Operational Programmes. The involvement of the Commission at an early stage of the preparation of the Operational Programmes was intended to 'ensure that the Lisbon Strategy was fully accounted for during the drafting process'.<sup>58</sup>

Provisions regarding the design of the **project selection** system and the selection procedure<sup>59</sup> were laid down by the Regulations. The actual project selection was left in the hands of Managing Authorities, in accordance with the shared management. As an exception, the Commission retained the right to decide about funding of major projects.

## **4.2 Rationale and stakeholder expectations**

Preparation for the 2007–2013 funding period took place in the context of an intense debate on Cohesion Policy. Strengthening the thematic scope of funding was one important element in this debate.<sup>60</sup> This led to substantial changes regarding the requirements for programming in the preparation of the 2007–2013 period. The key change was a shift towards a more strategic approach that integrates the Community's priorities into Cohesion Policy. The implementation of Cohesion Policy on Member State level had to be oriented towards the Lisbon Agenda and its targets for creating growth and jobs.<sup>61</sup> Overall, the main function of programming and project selection was to ensure *accountability*, facilitate the *delivery of results*, allow *timely* and *responsive* policy implementation, and implement Cohesion Policy at *reasonable administrative costs*.

### *Accountability*

By involving a broad range of partners in the programming process and adhering to the partnership principle, programming was expected to contribute to accountability both from the perspective of the Commission and of the national/regional stakeholders.

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<sup>56</sup> However, the legislation does not specify the concrete arrangement for involving the partners when it comes to the preparation of the Operational Programmes. For the National Strategic Reference Framework, partners had to be consulted prior to the preparations. Refer to Council Regulation (EC) No 1083/2006 Art.28.

<sup>57</sup> Council Regulation (EC) No 1083/2006 Art. 28 (1).

<sup>58</sup> See: Bachtler, J. et al. (2006). The 2007–2013 Operational Programmes: A preliminary assessment. IQ-Net Thematic Paper No. 19(2), p. v.

<sup>59</sup> Council Regulation (EC) No 1083/2006 (36), (39), (40), (41).

<sup>60</sup> See, amongst others, Sapir, A., et al. (2004). An Agenda for a Growing Europe: The Sapir Report. Oxford University Press. See also: Mendez, C. et al. (2011). Taking stock of programme progress: Implementation of Lisbon Agenda and lessons for Europe 2020, IQ-Net Thematic Paper No. 27(2).

<sup>61</sup> Council Regulation (EC) No. 1083/2006 Recital (9).

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However, on the Member State level, there was less interest in strengthening the role of the partners - even though this principle was not in question.<sup>62</sup>

Furthermore, programming was expected to enhance the accountability of Cohesion Policy Operational Programmes by making policy interventions more binding and providing benchmarks to verify progress in implementation.<sup>63</sup> From the perspective of national and regional authorities a key function of Operational Programmes was also considered to be the provision of a binding framework for the implementation, especially regarding the financial commitment.

Overall, programming played a crucial role for accountability within the delivery system, as programming set the baseline for assessing the progress and achievements. Therefore, it was important for subsequent elements monitoring, reporting and evaluation.<sup>64</sup>

### *Delivery of results*

From the perspective of the Commission, programming and project selection were expected to facilitate the integration of Lisbon goals into the NSRF and Operational Programmes, foster thematic concentration through the earmarking process and translate OP objectives into calls for proposals and projects. National or regional authorities had to focus their interventions on identified needs and potential, describe expected impacts and define indicators for measuring performance.

National and regional authorities had slightly different expectations regarding programming and project selection than the EC. Often, their main interest was maintaining a broad scope in strategies and interventions of the Operational Programmes.<sup>65</sup> Furthermore, from the perspective of Managing Authorities, Intermediate Bodies and national/regional stakeholders, key expectations towards programming and projects were linked to ensuring the use of the available funds (absorption), the identification of national and regional needs and the selection of projects that meet those needs.

### *Timeliness*

From the perspective of the Commission, the Managing Authorities and Intermediate Bodies, programming was expected to contribute primarily to timely approval of the NSRF and the Operational Programmes. Similarly, project selection was expected to contribute to timely implementation. Representatives from national and regional

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<sup>62</sup> This is also reflected by the fact that initially, in the preparation of the 2007–2013 legislation, the Commission had foreseen more clearly defined competences for the partners. During the negotiations with the representatives from the Member States those competences were softened. The role of the partners – especially in the preparation of the National Strategic Reference Framework – was negotiated out of the 2007–2013 legislation, as a comparison of the different versions of the relevant regulation shows. This indicates that, overall, national authorities were not looking for major contributions from that source.

<sup>63</sup> Council Regulation (EC) No 1083/2006 (36).

<sup>64</sup> Wostner, P. (2008): Micro-efficiency of the EU Cohesion Policy, Research Paper No. 64. European Policy Research Centre, p. 29.

<sup>65</sup> This is reflected, for instance, in the modification to the original proposal for the implementation regulation, which states, 'the mid-term review of the Community Strategic Guidelines shall not impose an obligation on Member States to revise either the Operational Programmes or their respective national strategic reference frameworks' (Art. 26 1083/2006).

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authorities, as well as Officials from the European Commission underlined the relevance of ensuring absorption via a timely selection of projects.

*Responsiveness*

Programming had a crucial function in the responsiveness of the implementation of Cohesion Policy. The Commission expected the framework set by the Operational Programmes to allow for possible adjustment of strategies and priorities to changing needs and conditions.

### *Reasonable administrative costs*

Programming required considerable resources on the part of national or regional authorities (administrative costs). However, compared to other delivery-system elements, this burden was expected to be minor. Project selection, in contrast, was seen from the outset as a significant driver of costs for both the authorities in charge of the process and the beneficiaries submitting proposals.

### **4.3 Performance of programming and project selection in the 2007–2013 period**

The performance of programming and project selection was assessed using information collected from all 28 Member States through semi-structured interviews with national stakeholders (mainly Managing Authority and Intermediate Body representatives) and a web-based survey filled in by beneficiaries, applicants, institutional stakeholders and other interested parties across Europe.<sup>66</sup> In addition, findings related to programming and project selection were the topic of focus group discussions and were specifically covered by case study reports conducted in Task 3 (covering all countries analysed there, i.e., Sweden, Germany, the Netherlands, Bulgaria, Greece, Italy, Latvia and Poland).

**Finding 4: The National Strategic Reference Frameworks and the majority of the Operational Programmes (97%) were approved by the end of 2007, allowing for a relatively timely start of programme implementation.**

Overall, the programming process and approval of the NSRF and Operational Programmes went smoothly, as seen by Managing Authorities across different Member States.<sup>67</sup> The Community Regulations were approved in mid-2006, followed by the Community Strategic Guidelines. The NSRFs were approved in 2007, followed by the negotiation and approval of the Operational Programmes.

By the **end of 2007, the majority of OPs were approved**. This indicates an only a slight delay in programming in some Member States and regions. In fact, as Bubbico & DeMichelis (2011, p. 5)<sup>68</sup> confirm “[...] *the new regulatory requirements have certainly caused a delayed start to the programmes on the ground and consequently delayed financial execution. [...] The National Strategic Reference Frameworks were approved in 2007, followed by the negotiation and approval of the operational programmes. In 2007, 307 of the 317 operational programmes were decided.*”

Only a **few programmes**, such as the “Poland (Zachodniopomorskie) – Germany (Mecklenburg-Vorpommern, Brandenburg) Cross-border Cooperation Operational Programme” (approval August 2008) or the “Poland (Woiewodship Lubuskie) – Germany (Brandenburg) Cross-border Cooperation Operational Programme (approval March 2008)” were started with greater delays.

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<sup>66</sup> For more details regarding the methodological approach and the data collection tools, see Section 2.

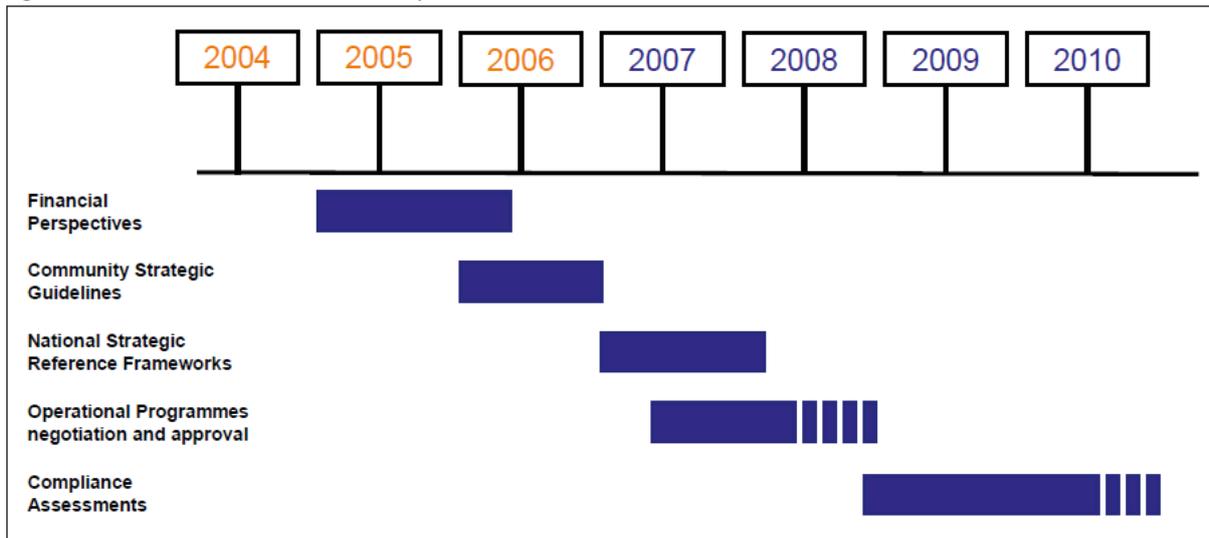
<sup>67</sup> Bachtler, J. et al. (2006). The 2007–2013 Operational Programmes: A Preliminary Assessment. IQ-Net Thematic Paper No. 19(2), p. 11.

<sup>68</sup> Bubbico & DeMichelis (2011) The financial execution of Structural Funds, Regional Focus n° 03/2011.

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Figure 21: Timeline of the 2007-2013 period



Source: Bubbico & DeMichelis (2011).

However, national and regional authorities also frequently stated that due to the delay in providing the new legislative framework for programming in time, additional adjustments to and **duplicated work** within the programming process were caused. Moreover, national and regional authorities faced challenges in the management of the **two overlapping programming period** which required the adaptation of administrative structures to the new regulations and rules while at the same time continuing the management of the previous period with largely the same staff capacity.<sup>69</sup>

From the perspective of the Commission, timeliness was also a factor that **occasionally impeded the quality** of the Operational Programmes, as explained in interviews. With the funding period already running, a certain level of pressure on the Commission's side could be observed: implementation should be initiated by approving the remaining Operational Programmes, sometimes sacrificing a more critical review of programmes in order to enter the implementation.

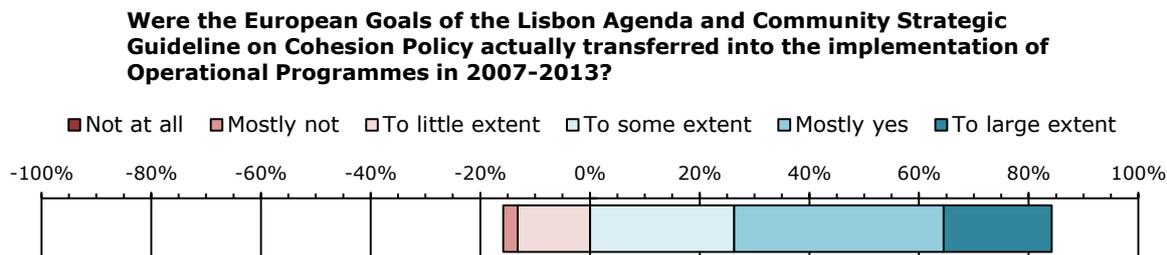
**Finding 5: The goals of the Lisbon strategy and priorities of the Community Strategic Guidelines were appropriately integrated into the National Strategic Reference Frameworks and Operational Programmes.**

Following the General Regulation and the fund-specific regulations, Member States had to ensure a minimum allocation of Cohesion Policy expenditure to Lisbon-related objectives. Operational Programmes in the 2007-2013 programming period integrated the European goals of the Lisbon Agenda into their priorities as foreseen by the regulation. Evidence from the semi-structured interviews with national and regional authorities shows that the "transfer of European goals into implementation of Cohesion Policy" was quite successful (more than 80% of the institutional stakeholders agreed with this statement).

<sup>69</sup> Compare also Bubbico & DeMichelis (2011) The financial execution of Structural Funds, Regional Focus n° 03/2011, p. 5.

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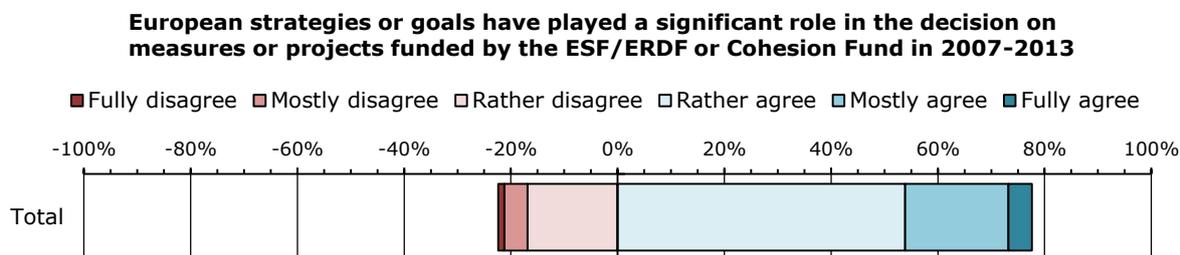
Figure 22: Transfer of European Goals into implementation



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=78.

Also the web-based survey confirmed that “European strategies played a significant role” in programming, including the Lisbon strategy but also other (sectoral) EU strategies.

Figure 23: Role of European strategies in project selection



Source: KPMG/Prognos (2015), Online Survey, N=2,282.

Visible examples for this new or more strongly pursued strategic foci in the Operational Programmes as a result of the Lisbon objectives were the growing relevance of innovation support and the increased focus on environmental aspects in projects supported under ERDF Operational Programmes (e.g. the stronger focus on energy efficiency in urban-development projects).<sup>70</sup> Furthermore, this evaluation also found some examples where the NSRF played a more substantial role in driving strategic policy making, primarily at national levels. This was mainly the case in Member States with high Cohesion Policy budgets and rather weak national or regional (sectoral) strategic frameworks, such as Romania, Bulgaria and Poland.

These overall findings were also supported by the interviews with EC officials and by the literature. The interviews with the Commission showed that overall their expectations regarding the strategic content of NSRFs and Operational Programmes were fulfilled and all in all strategies seemed to be consistent and well-considered when presented for approval. Also, a study by CSIL (2010) found that the “programmes are coherent with the Lisbon Strategy, contributing to the achievement of the main EU objectives” (p. 6).<sup>71</sup>

At the same time, however, the goals of the Lisbon Agenda, namely creating growth and employment, can be characterised as rather far-reaching in their formulation allowing for wide scope for choosing priorities and defining objectives. Many of the interviewees that were involved in the programming of Operational Programmes saw sufficient possibilities to combine the Lisbon objectives with a focus of the Operational Programmes on the

<sup>70</sup> Nordregio (2009) found this focus especially relevant for the Competitiveness regions.

<sup>71</sup> Centre for Industrial Studies (2010), “Lessons from shared management in cohesion, rural development and fisheries policies”, reference no 2009.CE.16.0AT.102&2009.CE.16.C.AT.054, Final Report.

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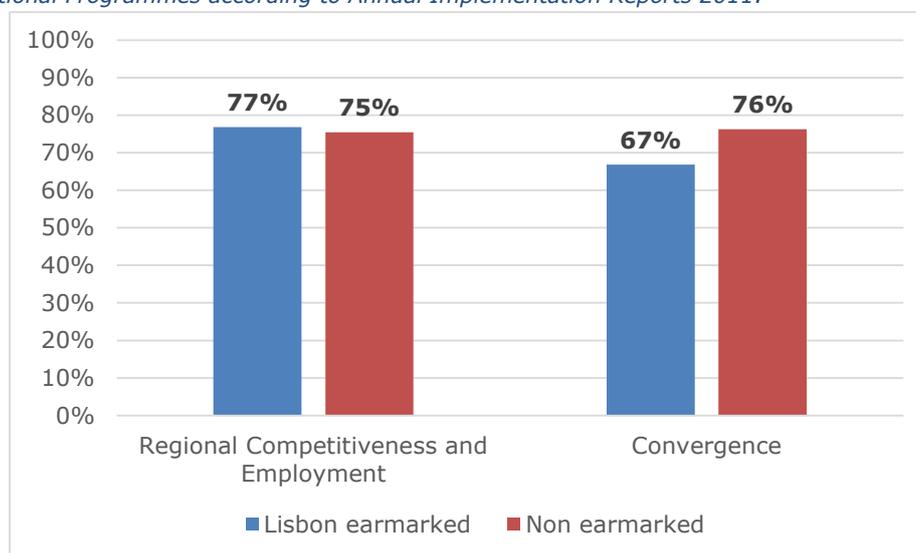
most relevant national or regional needs. However, there were also a few critical assessments, mainly from the South-east and Southern Europe (e.g., Bulgaria, Greece, etc.), as well as from the Central and Eastern European Member States (e.g. Poland, Czech Republic, etc.), pointing to infrastructure and tourism as areas that could not be supported to the level desired by the interviewees.

**Finding 6: 'Earmarking' was applied successfully, in technical terms, but left much scope for Member States and regions to choose their priorities. Due to its input focus, earmarking has not stimulated a more strategic orientation and thematic concentration of Operational Programmes.**

Following the General Regulation and the fund-specific regulations, Member States had to ensure a minimum allocation of Cohesion Policy expenditure to Lisbon-related areas of investment. This evaluation found that, in technical terms, 'earmarking' was applied successfully and created a formalised link between EU objectives and the Operational Programmes in both EU-15 and EU-12 Member States. This enabled a transparent check on whether Operational Programmes were coherent with the Lisbon strategy.

About half of the EU12 Member States committed a share of budget of more than 60 percent to earmarking categories, even though this was not compulsory for them.<sup>72</sup> At a EU-level, the Annual Implementation Reports for 2011 showed that under the "competitiveness objective", 77 percent of planned earmarking expenditure had already been committed by 2011 and 67 percent under the "convergence objective" (see Figure 24).

*Figure 24: Share of committed expenditure (in planned expenditure) according to Lisbon earmarking status under Operational Programmes according to Annual Implementation Reports 2011.*



*Source: KPMG/Prognos (2016), based on: [http://ec.europa.eu/regional\\_policy/sources/how/policy/doc/strategic\\_report/2013/03\\_earmarking\\_decided\\_vs\\_strategic\\_reporting\\_vs\\_air2011.xls](http://ec.europa.eu/regional_policy/sources/how/policy/doc/strategic_report/2013/03_earmarking_decided_vs_strategic_reporting_vs_air2011.xls).*

Findings from the semi-structured interviews in the Member States have shown that representatives in Managing Authorities found earmarking to be a "tool" easy to handle

<sup>72</sup> Bachtler, J. et al. (2006). The 2007–2013 Operational Programmes: A Preliminary Assessment. IQ-Net Thematic Paper No. 19(2). P 43-45.

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and to understand.<sup>73</sup> However, interviewees from Managing Authorities frequently reported that the interpretation of what types of intervention should be classified under which earmarking category was often ambivalent.

The earmarking procedure still left scope for Member States and regions to choose their priorities. Due to its input focus, earmarking has not stimulated a more strategic orientation and thematic concentration of Operational Programmes. The semi-structured interviews with Managing Authorities found that the requirements for concentration did not significantly influence the choice of thematic priorities of Operational Programmes, i.e., the earmarking process did not lead to a more rigorous "thematic concentration". For instance, as shown by the Task 3 case study in Poland, Managing Authorities showed a tendency to adopt broad and general objectives in Operational Programmes, designed to increase absorption and enhance responsiveness of the strategies and interventions.

In the case of Germany, it was found that programmes were primarily influenced by national and even more so regional priorities, and less by European strategies and goals. Group discussion participants explained that the strategic framework for Cohesion Policy was seen as broad enough to cover both regional priorities and European strategies and goals.

An important explanation for this general observation about the limited effect on thematic concentration was that the Lisbon strategy itself was very broad and the types of interventions that could be supported were many (compare CSIL 2010, p. 20)<sup>74</sup>.

Additionally, as pointed out by Mendez (2011, p. 57)<sup>75</sup>, although Lisbon earmarking codes formed an integral part of the monitoring, reporting and financial planning activities, the core dynamics underpinning programme management remained largely unchanged with a continued focus on financial absorption. Despite of the fact that expenditure had to be reported to the Commission according to the Lisbon earmarking codes, the categories of expenditure were only infrequently used for assessing implementation progress of OPs at Member State level, as found in the semi-structured interviews.

*Figure 25: Relevance of different benchmarks for the assessment of the progress made in the implementation of Operational Programmes*

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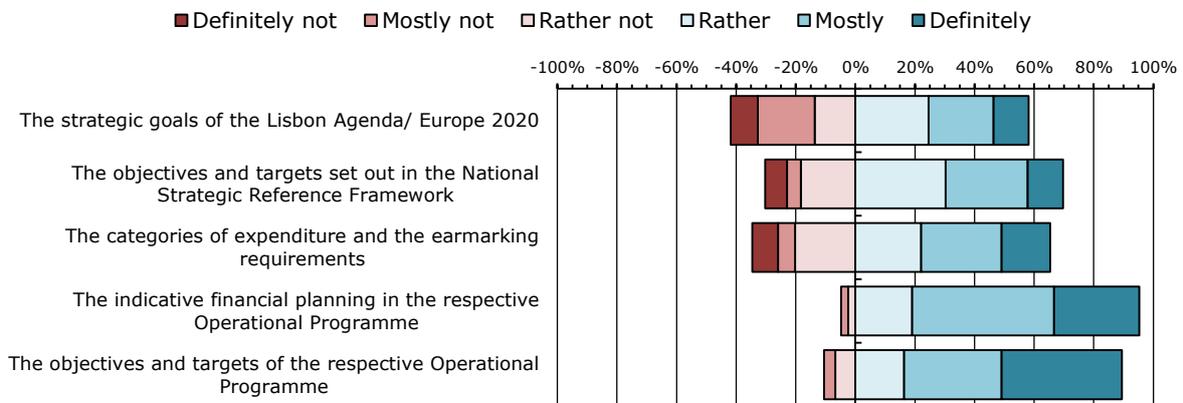
<sup>73</sup> This finding is confirmed by the literature, e.g. CSIL (2010).

<sup>74</sup> Centre for Industrial Studies (2010), "Lessons from shared management in cohesion, rural development and fisheries policies", reference no 2009.CE.16.0AT.102&2009.CE.16.C.AT.054, Final Report.

<sup>75</sup> Mendez, C. et al. (2011). Taking stock of programme progress: Implementation of Lisbon Agenda and lessons for Europe 2020, IQ-Net Thematic Paper No. 27(2).

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**Relevance of different sources for goals and benchmarks for the assessment of outputs and results (achievements)**



Source: KPMG/Prognos (2016), based on semi-structured interviews (N = 110, 109, 104, 42, 104, respectively).

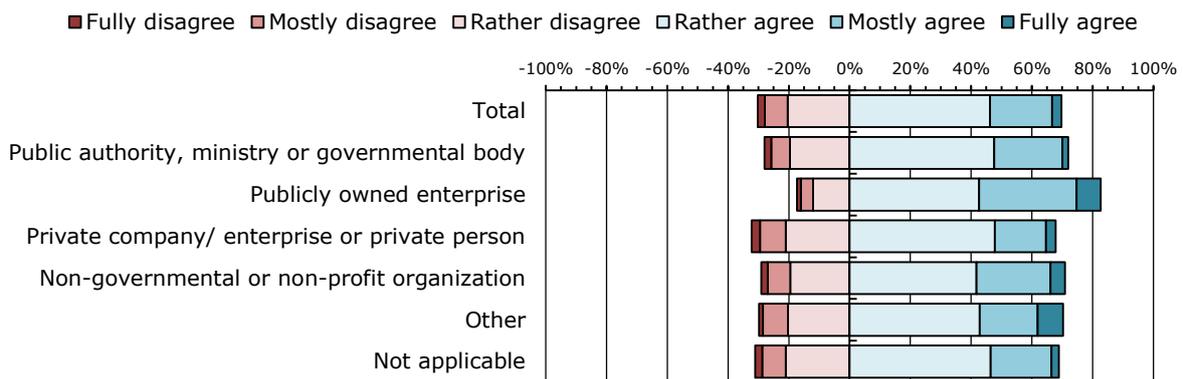
**Finding 7: Priority needs of the regions have largely been addressed by the Operational Programmes, oftentimes driven by bottom-up programming processes.**

Across the board, various types of stakeholders covered in the web-based survey strongly agreed that the Cohesion Policy funding in the 2007-2013 addressed the most pressing problems in their region. It should be noted that this is a viewpoint obtained retrospectively in 2015, i.e. factoring in the experiences of respondents throughout the financial and economic crisis.

Figure 26: Needs-orientation of the Funds (part I)

**The ESF/ERDF or Cohesion Fund in 2007-2013 was addressing the most pressing problems of my region.**

Breakdown by beneficiary type

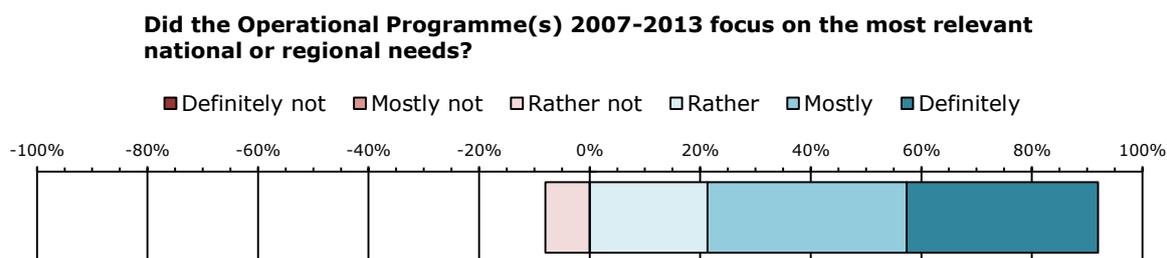


Source: KPMG/Prognos (2015), Online Survey, N=2,347.

Findings from the semi-structured interviews support this finding, respondents saw a high performance of programming with regard to the "focus of Cohesion Policy on the most relevant national and regional needs".

Figure 27: Needs-orientation of the Funds (part II)

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Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=73.

Supportive evidence for this was found in the case studies, e.g. from Sweden (relating to both programming and project selection): *"Although the decentralised implementation system partly hampered the complementarity of national and regional policies and Cohesion Policy, Sweden is a good example of how the project-selection process can involve local stakeholders through regional autonomy within transparent structures which are an important facilitator for a needs-oriented funding."* Similarly, regional stakeholders interviewed as part of the German case study (Task 3) agreed that regional needs were the major point of reference for developing strategies for the Operational Programmes.

In many cases, programming was a bottom-up process, making use of successful building blocks of past programmes ('path dependency'). Particularly in Member States with longstanding experience in the implementation of Cohesion Policy, national or regional priorities were the main starting point for the development of Operational Programmes. In the Western and Nordic countries (e.g. Austria, Germany and Sweden), existing experience and continuity regarding implementation played a major role in the strategy development for the Operational Programmes. As described in Box 1, strategy development often started from the existing portfolio of measures from the previous programming period or other national policy fields, followed by the development of objectives that fit these measures and, finally, by connecting them to the overall European goals.

*Box 1: The German experience: Building upon experience and continuity.*

A bottom-up approach was used to develop the strategies of many Operational Programmes in the 2007–2013 period in Germany, in both funds ESF and ERDF. The starting point for developing the strategies of the Operational Programmes were existing measures as defined in the funding guidelines for project appraisals from the 2000–2006 programming period. Based on the experience gained in their implementation, the available budget and the regional policy priorities, the decision to be made was which of these measures should be retained by the programme. In addition, new measures were suggested, primarily by various departments within the different ministries of the "Länder". The decision regarding the final portfolio was made at the level of ministers, and then used as a starting point for the strategy development of the Operational Programmes by the Managing Authorities. They then linked the portfolio of measures to the overarching European strategies and goals. Representatives from the German authorities in charge of the implementation of the Operational Programmes assessed this as a suitable and successful approach. This perspective was also shared by the external experts and beneficiaries. Such continuity, both regarding successful measures and the experienced staff of Implementing Bodies and Managing Authorities, fostered stability in policy planning. It also ensured smooth implementation, as no major problems arose during the implementation of the four Operational Programmes studied. There was no fundamental criticism of the selected priorities from the European Commission during the programming process, as the regional priorities were anyhow closely aligned to the overall European goals. Representatives from the relevant Managing Authorities explained that this was the result of the close alignment of regional priorities with European strategies and goals. Moreover, the broadly defined European strategic goals left a lot of scope for aligning regional priorities.

Source: KPMG/Prognos (2016).

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Representatives from national and regional authorities also highlighted that well-functioning interventions and implementation structures were decisive factors in the development of programme priorities. Strong continuity, stability and experience were identified as major strengths in the programming process, indicating the tendency to extrapolate successful measures from prior periods to the new programmes (also as a means for ensuring absorption).

In other Member States with a shorter history of implementing Cohesion Policy, such as Latvia and Bulgaria (Task 3 case studies), a lack of experience with a strategic approach to policy-development was found to be a major challenge for the programming phase.

**Finding 8: There were varying degrees of partnership and a varying influence of regional actors in programming across the EU-28 Member States.**

The legislative framework provided relatively few concrete requirements for the involvement of partners in strategy development, particularly in the Operational Programmes. Only for the NSRF was it necessary to describe how different national and regional partners were involved in the development process.<sup>76</sup>

Among the EU-28 Member States, a varying degree of partnership and, thus, varying influence of regional actors in the development of the NSRF and Operational Programmes was observed.

The development of the NSRF was typically organised centrally, either by a national ministry such as the Department for Structural Policy Coordination in the Polish Ministry of Regional Development, by a specific body or agency, such as the Austrian ÖROK (Österreichische Raumordnungskonferenz) or by a specific working-group structure, as in the case of Portugal. Regional actors were involved to varying degrees; in centralised Member States, such as Bulgaria or Romania, the NSRF was designed, budgeted and coordinated at a national level, involving only other national ministries. Slightly more involvement was reported in Greece, where representatives from regional councils were informed and could provide statements. In some cases, such as Germany, regional authorities even provided their own input for the NSRF, while the examples of Italy and Austria illustrated the highest degree of involvement, with common workshops organised by a coordinating authority and attended by national and regional authorities.

The Task 3 case study for Italy found that the programming process for the NSRF in the 2007-2013 programming period followed a very consultative approach. Each region and autonomous province had to prepare a preliminary strategy paper based on the evaluation of the 2000-2006 programming period by the end of 2005, following a defined process of the Council of Ministers<sup>77</sup>. These preliminary strategies formed the basis of discussions<sup>78</sup> organised among the regions to reflect on regional strategies.<sup>79</sup> The regions and the representatives of the central public administration jointly drafted the National

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<sup>76</sup> Only the aide-memoire for the National Strategic Reference Framework required such a description, which was still not compulsory.

<sup>77</sup> Available at:

[http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche\\_e\\_attivita/QSN/INT\\_13\\_E.pdf](http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche_e_attivita/QSN/INT_13_E.pdf).

<sup>78</sup> For additional details regarding the discussion, please refer to:

[http://www.dps.mef.gov.it/QSN/qsn\\_seminari.asp](http://www.dps.mef.gov.it/QSN/qsn_seminari.asp).

<sup>79</sup> The strategy papers are accessible at: [http://www.dps.mef.gov.it/QSN/qsn\\_doc\\_strategici\\_regionali.asp](http://www.dps.mef.gov.it/QSN/qsn_doc_strategici_regionali.asp).

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Strategic Reference Framework<sup>80</sup> in order to define targets and indicators for the 2007-2013 programming period.

*Box 2: The Italian experience: A bottom-up approach for developing the National Strategic Reference Framework.*

In Italy, programming exhibited a more balanced application of regional and national inputs, including the development of both the NSRF and the Operational Programmes. The process started with a definition by the Council of Ministers, followed by a short guidance document. By the end of 2005, each region and autonomous province had prepared a preliminary strategy paper based on evaluation of the 2000–2006 programming period. The central public authorities also prepared a preliminary strategy that formed the basis for discussions, organised among the regions, to reflect on regional strategies. The Department for Development and Cohesion Policies organised ten working groups composed of national and regional actors to discuss the proposed regional strategies between the national and regional levels of public administration. These working groups were supported by external expert input. The regions and the representatives of the national public administration jointly drafted the NSRF in order to define targets and indicators for the 2007–2013 programming period.

Regional authorities then began development of their regional Operational Programmes based on the preliminary strategic documents that each region had already prepared for the NSRF development process. Consistency between the NSRF and the Operational Programmes, as well as among individual Operational Programmes of the Member State, could therefore be increased. However, the complexity of the 52 Operational Programmes in Italy later posed challenges to their implementation.

*Source: KPMG/Prognos (2016).*

Other Member States, especially EU-12 Member States (e.g. Bulgaria, the Czech Republic, Poland and Hungary) with less experience in multi-level cooperation, faced greater challenges in organising such a coordination process for the development of the National Strategic Reference Framework. Interestingly, Member States with a quite centralised approach to developing the NSRF usually had a centralised approach for developing the Operational Programmes. For instance, the Task 3 case study of Bulgaria found that while regional stakeholders participated in the planning of the Operational Programmes, national stakeholders were much more involved in the programming process. As a consequence, policy interventions did not, in the view of some stakeholders, take regional needs into account to a satisfactory degree.<sup>81</sup> In line with this, Dąbrowski, M. (2014)<sup>82</sup> found that the objectives of the Operational Programmes were not specified enough to regional needs in the CEE countries (Poland, Hungary and Romania) even though these countries are characterised by high regional disparities. Dąbrowski argues that this is due to central governments often giving limited scope for regional authorities to set their own investment priorities.

Findings from the web-based survey support the above pattern, i.e. the “beneficiaries’ assessed regional actors’ ability to influence decisions” as quite moderate, particularly in the Cohesion countries.

*Figure 28: Involvement of regional stakeholders in decision making*

<sup>80</sup>Draft and accompanying documents available at:

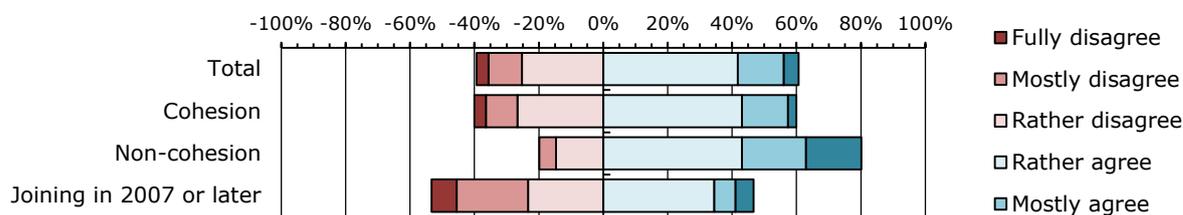
[http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche\\_e\\_attivita/QSN/documento\\_conf\\_erenza\\_unificata\\_22.12.06.zip](http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche_e_attivita/QSN/documento_conf_erenza_unificata_22.12.06.zip).

<sup>81</sup> Ibid. and EEN (2013): Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013, Year 3 – 2013, Task 2: Country Report on Achievements of Cohesion policy, Bulgaria, p. 9.

<sup>82</sup> Dąbrowski, M. (2014). Towards Place-based Regional and Local Development Strategies in Central and Eastern Europe: EU Cohesion Policy and Strategic Planning Capacity at the Sub-national Level. *Local Economy*, 29(4–5).

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**"As far as I know, regional stakeholders had been able to influence programming, i.e. strategic decisions on what should be done with the money coming from the ESF/ERDF or Cohesion Fund in 2007-2013."**



Source: KPMG/Prognos (2015), Online Survey, N= 938.

However, some representatives from national Managing Authorities expressed doubts as to whether the involvement of regional actors was necessary for strategy development in all cases. The Greek case study revealed, for example, that representatives from sectoral national Operation Programmes questioned if regional partners could contribute to developing a national strategy for the Operational Programme Infrastructure and Transport, as they were focused too often on increasing the benefits for their own regions or municipalities. For policy fields like infrastructure and transport, a more comprehensive perspective was therefore necessary. Such an assessment shows some bias, but it highlights the importance of the motivations, competences and abilities of the partners to focus on the greater-good instead of particular interests. However, positive examples of good partnership practice were also identified. For instance, in the case of Sweden, regional actors were closely involved in programming and also played a strong role in project selection. This involvement was organised by "Structural Fund Partnerships" which channelled local and regional demands on Cohesion Policy and tried to find a consensus about these among the regional governments, local authorities and partners from the business sector and civil society.<sup>83</sup>

**Finding 9: Managing Authorities and Intermediate Bodies were able to generate sufficient project applications for the calls for proposal, but projects were often chosen as much for their capacity to absorb money as for their contribution to the objectives of the programme.<sup>84</sup>**

High commitment figures (averaging 98% in the EU-27 in 2014, see Section 3, Finding 1:) underline that **Member States and regions were successful in generating a sufficient amount of projects** for the calls for proposals of their Operational Programmes. Although implementation started slowly (only 23% committed at the end of 2009 in the EU-27), the delivery system on average managed to attract a large number of applications through designing relevant calls for proposal, managing project pipelines for pre-identified projects (e.g. in the field of transport infrastructure), adjusting the Operational Programmes to better meet national and regional needs (especially at times of crisis) and through information and communication activities.

The semi-structured interviews in the Member States (see figure below) indicate a wide (more than 80%) agreement among national and regional authorities that project selection systems enabled the smooth absorption of the available funds. Almost 25% of

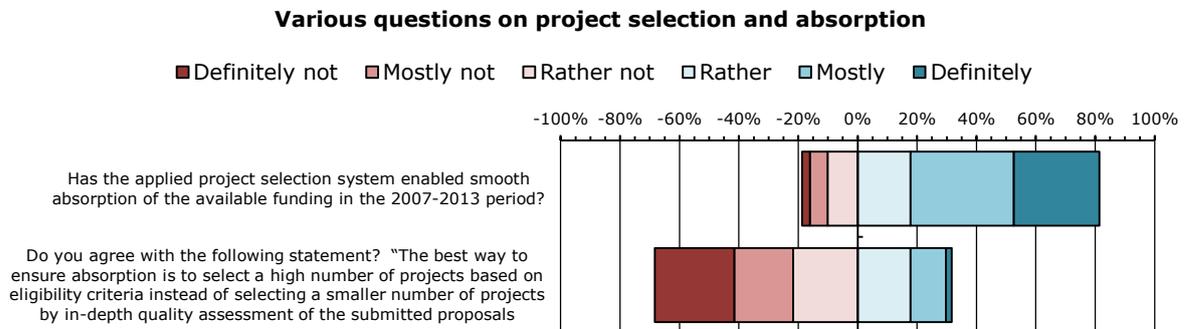
<sup>83</sup> Further information on the structure and functions of Structural Fund Partnerships can be found in the mini case studies.

<sup>84</sup> Commonly referred to as "absorption focus".

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the respondents even agreed that selecting a high number of projects based solely on eligibility criteria (instead of in-depth quality assessment based on selection criteria) was the best way to ensure absorption.

Figure 29: Drivers of project selection and absorption

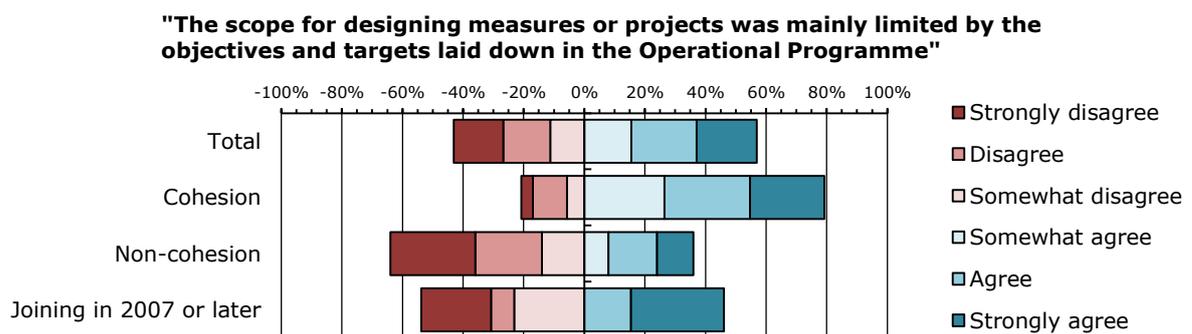


Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=121 and 107.

“Absorption focus” meant that often **the foreseen contribution of the project applications to the objectives of the Operational Programmes could become a second priority** in project selection. The phenomenon of “absorption focus” was concluded by several relevant studies<sup>85</sup>, and found wide agreement in the semi-structured interviews with Commission officials (DG REGIO and EMPL) and the expert workshop with participants from in Poland, Greece, Bulgaria, Romania, Italy and Germany.

Some Operational Programmes had a limited guiding role in project selection, which enabled dominance of absorption-related concerns in designing calls for proposals and project selection procedures. The semi-structured interviews in Member States show that the objectives and the targets of the Operational Programmes often did not limit the scope for designing measures (see below). This was especially the case in non-cohesion countries and in Romania, Bulgaria and Croatia.

Figure 30: Influence of programme objectives on project selection



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=119.

<sup>85</sup> For instance, Ferry, M. (2015) Synthesis Report: WP8. Cohesion Policy and its Components: Past, Present and Future. FP7 project “Growth– Innovation – Competitiveness: Fostering Cohesion in Central and Eastern Europe (GRINCOH)”.

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In practice, **project selection was often influenced by “path dependency”** and practical considerations in order to ensure the uptake of funds. This refers to a commonly observed tendency of past project selection practices to continue and dependence on decisions made in previous programming periods. For instance, in some cases popular funding schemes with high absorption capacity were reopened over the different programming periods with minimal changes.<sup>86</sup> There were also examples of funding guidelines that were only slightly adjusted between the 2000–2006 and 2007–2013 programming periods, despite the new strategic goals of the Lisbon Agenda.<sup>87</sup> It is important to note that path dependency does not necessarily mean that these calls for proposals or funding guidelines contradicted the strategic objectives of the Operational Programmes; it only underlines the fact that in such cases measures and project selection criteria were derived from a practical approach (or a different rationale), the primary focus being put on the absorption of the funds.

**Finding 10: The general set-up of shared management and the often intentionally broad objectives of Operational Programmes gave high flexibility to Member States and regions to tailor their project selection procedures, but also resulted in varying strategic qualities of the selected projects.<sup>88</sup>**

In the 2007–2013 programming period the Operational Programmes did not require detailed descriptions of interventions, measures or projects (unlike the Programme Complements of the 2000–2006 period), thus project selection became the crucial mechanism for translation of objectives in the Operational Programmes into implementation. As defined by Art. 60 of the General Provisions Regulation on the responsibilities of the Member States and regions and the European Commission, “*the Managing Authority shall be responsible for managing and implementing the Operational Programme in accordance with the principle of sound financial management and in particular for: a) ensuring that operations are selected for funding in accordance with the criteria applicable to the Operational Programme and that they comply with applicable Community and national rules for the whole of their implementation period*”.

In the setup of shared management, this meant that **Managing Authorities were responsible for designing their project selection systems** and ensuring that the objectives of the Operational Programmes are translated into implementation. In doing so, for each intervention Managing Authorities could decide, inter alia, on the applied project selection procedures (e.g. open calls or closed procedures), the scope of applicants, the eligibility and selection criteria, the documentation requirements, the periodicity of the calls (e.g. continuously available or periodic calls for applications) or number of selection stages (e.g. single round or multiple round selection).

According to our semi-structured interviews in Member States, many different types of institutional stakeholders (Managing Authorities, Intermediate Bodies other national and regional authorities) agree that **shared management as a delivery mode gave high flexibility** for the Member States and regions to tailor their project selection procedures to the local conditions and the needs of the target group.

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<sup>86</sup> For example, direct SME technology support in Hungary over the 2004–2006 (GVOP 2.1.1) and 2007–2013 periods (GOP 2.1.1), or direct enterprise support measures in many German regional Operational Programmes based on permanent calls.

<sup>87</sup> For example, measures like the counselling centres ‘Frau & Beruf’ (‘Woman & Job’) in various German regional ESF Operational Programmes.

<sup>88</sup> Mostly in terms of innovative content of the projects and their potential contribution to the desired policy impact

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This flexibility was further increased by the **often intentionally broad objectives of the Operational Programmes. Broadly defined objectives in the Operational Programmes allowed for more scope in designing interventions and selecting projects** for the national and regional authorities. This was confirmed by both the semi-structured interviews with EC officials (DG REGIO, DG EMPL) as well as the expert workshop with participants from in Poland, Greece, Bulgaria, Romania, Italy and Germany, indicating wide agreement on the "*overly broad objectives of the Operational Programmes*".

The literature, both from ex post and interim perspectives, support this finding. The Expert Evaluation Network of DG REGIO stated that "*there is a need for [...] more precise definitions of policy goals and of what they are intended to achieve from the financial resources made available*"<sup>89</sup>. Many other studies came to the same conclusion.<sup>90</sup>

Task 3 case studies reached similar findings. For instance, in Poland the objectives of the Operational Programmes were frequently written using general wording to provide sufficient flexibility to allow the implementation of projects by a wide range of potential beneficiaries.<sup>91</sup> This finding also applied to the Operational Programme European Territorial Cooperation 2007–2013 Poland (Lubuskie Voivodeship) – Germany (Brandenburg) where objectives were rather vague in their formulation allowing for funding a broad scope of interventions and projects. The Task 3 case study for Bulgaria found that "*national strategies and priorities for healthcare reform, ICT, housing, R&D and innovations were often broad*".<sup>92</sup> For instance, in the Bulgarian Operational Programme Competitiveness, the unclear objectives of the priority 'supporting innovation' allowed a broader set of beneficiaries to apply for the funding with a view to ensuring smooth absorption of the funding.

As one of the exceptions, the Task 3 case study the Netherlands revealed that funding from the ESF was strictly targeted towards specifically defined interventions, in line with the objectives of the Operational Programme.<sup>93</sup> It must be noted, however, that in the Netherlands the EU funds represented only 0.1% of the total public spending (compared to the 6.8% in Bulgaria), which has put less pressure on the Operational Programmes to address a wide range of national and regional needs.

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<sup>89</sup> See: Ciffolilli, A. et al. (2014). Expert Evaluation Network on the performance of Cohesion Policy 2007–2013. Synthesis of National Reports 2013, p. 94-100, and further reports by the Expert Evaluation Network delivering policy analysis on the performance of Cohesion Policy 2007–2013 (2013). Reports available at: [http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/#2](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#2).

<sup>90</sup> For example, Polverari et al. (2006, p. viii) found that "NSRFs are not as strategic as the Draft General Regulation might imply as early versions tended to be relatively general and sometimes vague". Similarly, CSIL (2010, p. 28) stated that "the identified broad strategic objectives could even dilute efforts to focus on EU objectives and that there were too many types of intervention already in the Lisbon framework" or Bachtler (2013, p. 16) highlights that "Operational Programme priorities were often broad, encompassing a wide array of eligible expenditure categories, and often lacking clearly specified objectives or a justification of how planned interventions should achieve them".

<sup>91</sup> EGO s.c. (2013), *Ocena systemu realizacji polityki spójności w Polsce w ramach perspektywy 2007-2013*, p. 136.

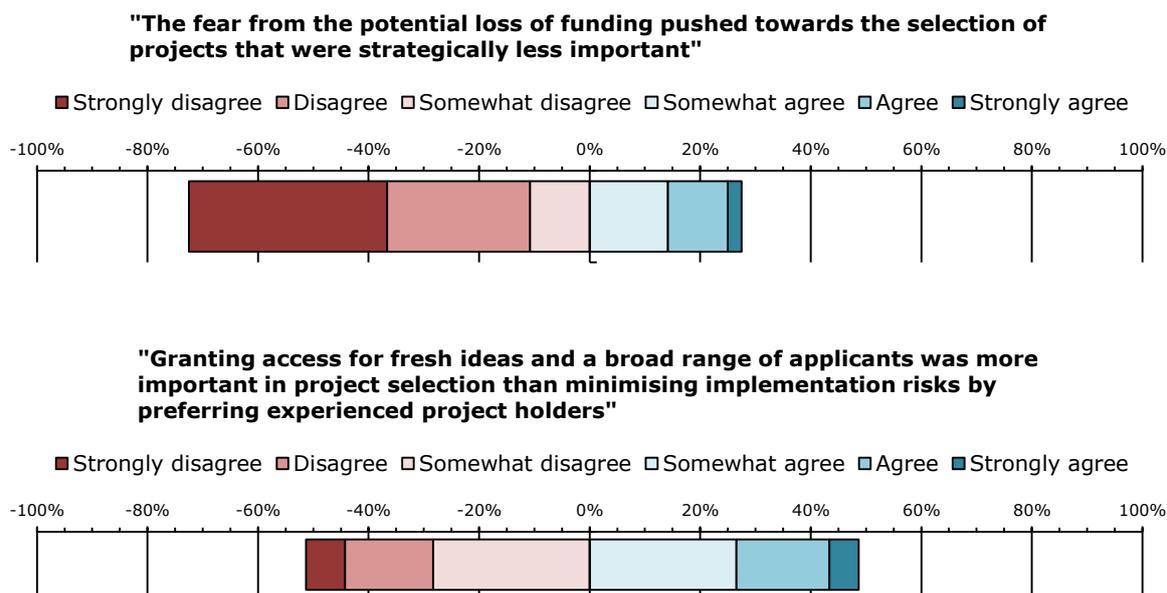
<sup>92</sup> The Expert Evaluation Network for Cohesion Policy came to the same conclusion. Shalafov, P.; Stefanov, R. (2013): Expert Evaluation Network delivering policy analysis on the performance of Cohesion policy 2007-2013. Country Report on Achievements of Cohesion policy. Bulgaria.

<sup>93</sup> The ESF Operational Programme either set out specific measures for certain target groups that had not been adequately addressed through national funding, such as young people released from prison, or was used to provide funding for municipalities to assist the unemployed or prevent youth unemployment, enabling the municipalities to create their own local market interventions.

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"Absorption focus" in project selection (see previous finding), coupled with the flexibility stemming from delivery mode of Cohesion Policy (shared management) and the often overly broad objectives of the Operational Programmes led to **varying strategic quality of the selected projects**. Findings from the semi-structured interviews in Member States show that although the statement "*Selecting strategically less important project to ensure absorption*" was to a large extent not supported, some respondents did support it. Furthermore, the statement "*Granting access to fresh ideas was more important than minimising risks by preferred experienced project holders*" showed a relatively high level of endorsement, indicating that minimising risks was frequently an important driver in project selection.

Figure 31: Factors determining project selection



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=124 and 122.

These findings were in line with the perception of the Commission officials (obtained through semi-structured interviews) and the Task 3 case studies. As found in case study in Bulgaria, the problems and implementation delays experienced in the beginning of the 2007-2013 cycle contributed to a narrowed focus of the Managing Authorities on absorption, often at the expense of project selection and quality. For example, the interviews revealed that despite an explicit focus on fostering research and development, criteria for the innovative potential of the Operational Programme Competitiveness projects were not always adequately defined and assessed. To increase absorption, the Managing Authority had to adopt a wider and more incremental definition of innovation, acknowledging as such not only technological innovations with a global impact, but also, for instance, organisational innovations. As a result, a wide range of projects could be classified as innovative, thereby increasing absorption. Consequently, the contribution of the selected projects to the achievement of the objectives of the Operational Programme was limited.

In turn, as a positive example, the Task 3 case study in Sweden has shown how Structural Fund Partnerships can result in a well-functioning project selection system, responding to the needs of the regions, in line with the European objectives.

The literature also supports the finding on various strategic qualities of the selected projects, e.g. Ferry (2015; p. 25) finds that despite the fact that experts "*are involved in the project selection process [...] there is insufficient weight given to strategic, innovative*

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*aspects. There is very limited tolerance of risk and there has to be a stronger emphasis on risk assessment in innovative projects.” or Polverari et al (2006), referred to above.*

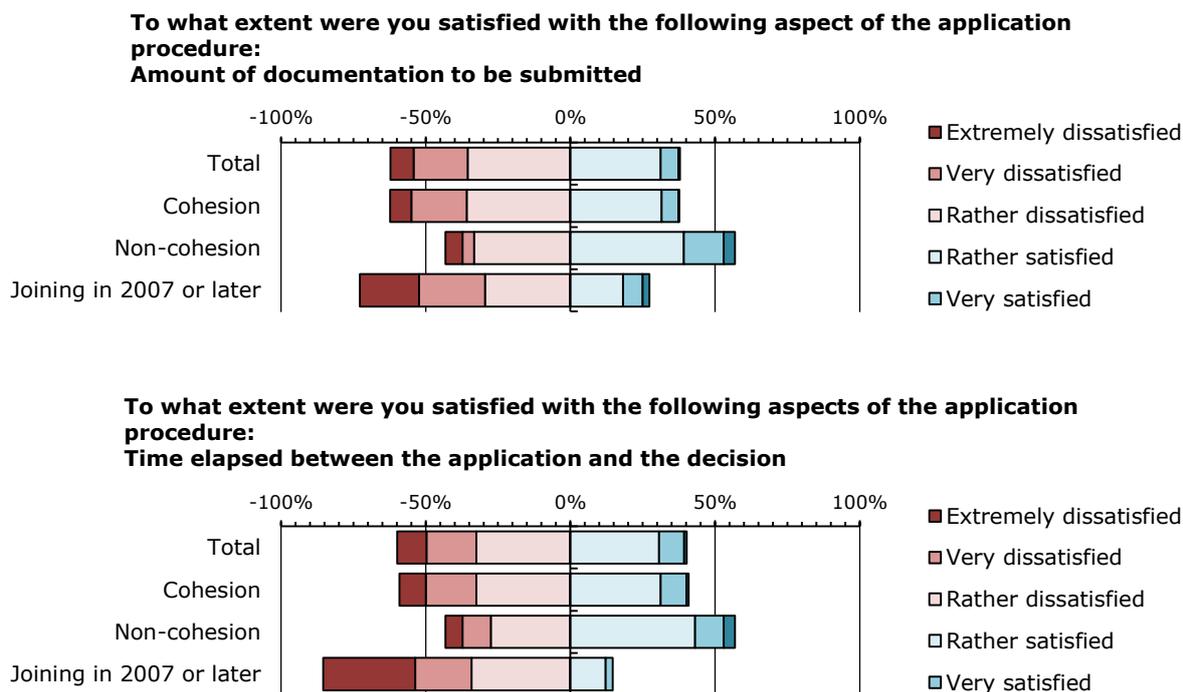
**Finding 11: The project application process was resource-intensive from the beneficiary perspective (i.e. necessitating documentation requirements, complex procedures designed by national and regional authorities, resulting in long project application/selection cycles).**

In general, the submission of successful project applications required considerable investment from the applicants in terms of both time and financial resources. Depending on the applied project selection procedure, they had to describe the planned project in detail, attach additional documentation (feasibility study, maps, blueprints, permits, etc.), submit proof of meeting eligibility criteria (e.g. identification of the applicant, financial proof of stable economic performance), provide further evidence related to selection criteria, or acquire a minimum number of quotes for procurements. The aim of these requirements was to obtain sufficient proof that the applications were compliant with EU and national regulations and were also conducive to the objectives laid down in the calls for proposal.

A certain level of administrative burden was unavoidable in such application procedures due to the above issues. However, around 60% of the beneficiaries perceived that the **documentation requirements** of the application procedures were disproportionately high, and the project selection procedure was too long (compared to national programmes) according to the web-based survey (see figures below).

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Figure 32: Satisfaction with project application procedure



Source: KPMG/Prognos (2015), web-based survey in Member States. N=1158 and 1160

**In the Member States that joined in 2007 or later (Romania, Bulgaria and Croatia) more than 80% of the respondents were dissatisfied** with these aspects. As the Task 3 case study in Bulgaria found, "the additional drivers of the length of the selection process were the low quality of project applications, a large focus on formal compliance, insufficient time for the preparation of project proposals, and inexperience in preparing project applications. The length of project selection was not excessive in all Operational Programmes as compared to international benchmarks,<sup>94</sup> and improved in the course of the funding period. Even though, the beneficiaries generally had a critical assessment. An example is the case of Operational Programme Regional Development, where project selection averaged a total lead time (from registration to contracting) of 118 days<sup>95</sup>, which was considered too long by the beneficiaries. Yet, this figure fell between the respective figures for Romania (where the process was longer) and Hungary (where the process was significantly shorter)."

The share of beneficiaries agreeing with disproportionate burdens and lengthy project selection was **around 60% in the remaining Cohesion countries**. As the Task 3 case study in Poland explained, "despite the years of experience with implementing Cohesion Policy and the numerous declarations of intentions to simplify the rules for applying for funding, by the end of the 2007-2013 programming period there were still multiple areas where procedures and processes required simplification. Partly, this was a direct consequence of obligations laid out by European regulations for Cohesion Policy<sup>96</sup>. "Gold

<sup>94</sup> According to the mid-term evaluation of Operational Programme Regional Development, carried out by ICAP, Global Advisers and Global Balkans Foundation.

<sup>95</sup> It is important to note that the averages conceal significant variance in lead times between grant schemes. For instance, maximum total lead time in the case of Operational Programme Regional Developed was 204 days in the case of grant scheme 1.4-02/2008 ('Support for the improvement of the urban environment').

<sup>96</sup> MRD (2014): *Programowanie perspektywy finansowej 2014 -2020 - Umowa Partnerstwa*, p. 200.

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*plating” was an issue further identified [...in] Poland, concentrating mainly on procedures and legal compliance. In addition, the general lack of trust among the stakeholders involved in the implementation of the Operational Programmes resulted in excessive control executed by the public administration.”. As another example, the Greek Task 3 case study found in relation to project selection that “the delivery system remained burdensome and complicated, with a strong focus on documentation and control of payments. The primary simplification effort identified was a more intensive use of electronic systems, something which was still not fully exploited” (see the Box 3 below for further details).*

*Box 3: Unsuccessful simplification efforts in project selection (Greece)*

Simplifications in project selection, such as the introduction of the electronic submission of project proposals and an e-payment system, were only partially successful in Greece, as they were not complemented by simplifications in other areas. Although the introduction of new IT-systems and e-solutions had the potential to decrease documentation requirements (through the e-submission of applications and payment claims), their full potential was not exploited. For instance, the electronic submission of project proposals was adopted, yet all relevant documentation still had to be submitted in physical form to the Managing Authorities because the national legal framework prohibited the usage of e-signatures. The e-payment system of the Ministry of Development was unsuccessful for similar reasons. Although it had the potential to significantly simplify the processing of payment claims, it ultimately transformed existing procedures into an ‘e-bureaucracy’: despite payments and controls being performed electronically, relevant hard copy files and documentation had to be sent to the different ministries. As a bottom-line, e-solutions could not replace paper-based documentation.

*Source: KPMG/Prognos (2016).*

Further to the above, semi-structured interviewees in the Member States revealed that project selection was often overly complicated due to the **high number of institutions involved, complex processes and procedures, and long approval cycles**. This observation was also confirmed by the Task 5 case studies conducted in Bulgaria, Romania, Greece, Poland, Italy, the Czech Republic and Slovakia regarding administrative capacity development financed by technical assistance. These identified development needs for increased digitalisation of records, expertise transfer to regions, strengthening coordination between the various entities involved in the implementation of the Operational Programmes, and improving communication between implementing authorities and the public.

The proportion of beneficiaries agreeing that there is a disproportionately burdensome and lengthy project selection was **slightly above 40% in non-cohesion countries**. Focus group discussions in non-cohesion countries such as Germany, Denmark, Sweden, the Netherlands and Belgium still pointed out problems related to application, however, the overall discussion was more focused on the burden related to controls (e.g. in Denmark).

Finally, it has to be noted that answers to the web-based survey varied not just across the above country groups (cohesion, non-cohesion, or joined in 2007 or later) but also within them, which implies that the **performance of project selection (and the stakeholders’ perceptions on its performance) was context-specific and closely linked to the administrative capacities** (structures, human capacities, systems and tools) of the Member States and regions. For instance, the Task 3 case study in Latvia, which is a cohesion country, found that “*despite the delayed opening of calls for proposals, the selection of the projects ran smoothly, which can be explained by the small geographical coverage of the Operational Programmes, the relatively limited number of potential applicants in Latvia and the thorough needs assessment undertaken*

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*by the Managing Authority prior to the launch of the calls. The interviewed stakeholders did not report experiencing a significant administrative burden."*

The literature confirmed the outcomes of the web-based survey, focus group discussions and Task 3 and Task 5 case studies. Ciffolilli, A. et al. (2014)<sup>97</sup>, for instance, explained that there were various difficulties surrounding public procurement, especially in the EU-12 countries, leading to deficiencies in project selection and the absorption of funding (e.g. in Romania, Bulgaria, the Czech Republic and Poland). Even though these Member States undertook simplification efforts for project selection, these efforts did not meet expectations regarding the reduction of the documentation burden on applicants and beneficiaries or the timely implementation of the Operational Programmes.

#### 4.4 Summary

##### *Meeting expectations: strengths and weaknesses*

Based on the findings of Section 4.3, the following table summarises the strengths, weaknesses, conceptual and practical problems of the element 'Programming and project selection' and reflects on the main expectations of stakeholders identified in Section 4.2.

*Table 3: Meeting expectations: strengths and weaknesses regarding programming and project selection*

Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
<b>Accountability</b>	<p><b>EC, national and regional stakeholders: partially</b> Varying degree of partnership and varying influence of regional actors</p> <p><b>EC: partially</b> Objectives were only broadly defined and neither OPs nor the NSRF provided a good reference for assessing progress &amp; achievements.</p>	<ul style="list-style-type: none"> <li>A bottom-up process for developing the NSRF with clear responsibilities and steps strengthened the strategic approach to CP</li> </ul>	<ul style="list-style-type: none"> <li>MS with limited experience in multi-level governance faced difficulties in setting up consultative approach to NSRF and OP development</li> </ul>
<b>Delivery of results</b>	<p><b>MAs/IBs, national and regional stakeholders: yes</b> National and regional needs addressed by OPs</p> <p><b>EC: partially</b> Integration of the Lisbon strategy's goals in the NSRF and OPs</p> <p>Earmarking has not stimulated more strategic orientation and thematic concentration</p> <p>"Absorption focus" in project selection, varying strategic qualities of</p>	<ul style="list-style-type: none"> <li>Particularly in MS with limited experience in Cohesion Policy, the programming framework (CSG, NSRF, OPs) contributed visible to a more strategic policy making</li> </ul>	<ul style="list-style-type: none"> <li>Missing requirements for defining concrete and specific objectives in the OPs</li> <li>Often overly broad objectives of OPs hindered effective translation of strategic priorities into project selection criteria</li> <li>Path-dependency and strong influence of experience from previous funding period</li> </ul>

<sup>97</sup> Ciffolilli, A. et al. (2014). Expert Evaluation Network on the performance of Cohesion Policy 2007–2013. Synthesis of National Reports 2013, p. 94.

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Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
	selected projects		
<b>Timeliness</b>	<b>EC, MAs/IBs: yes</b> The NSRFs and the majority of OPs were approved in 2007 <b>Beneficiaries: no</b> Lengthy project selection	<ul style="list-style-type: none"> <li>Despite the late adoption of regulation &amp; strategic documents, programme development &amp; approval was facilitated quickly</li> </ul>	<ul style="list-style-type: none"> <li>National &amp; regional authorities faced challenges in the management of the two overlapping programming periods (with largely the same staff capacity)</li> </ul>
<b>Responsiveness</b>	<b>All stakeholders: yes</b> The delivery system was flexible enough to adjust programme strategies and project selection	<ul style="list-style-type: none"> <li>Ability to shift financial resources among measures within a priority axis of an OP provided enough flexibility for adjusting the implementation to changing needs</li> </ul>	<ul style="list-style-type: none"> <li>Responsiveness was also enabled by leaving objectives quite broad, a main point of criticism with regard to the delivery of results</li> <li>Doubts remain as to whether the adjusted measures still contributed to the goals of the OP</li> </ul>
<b>Reasonable administrative costs</b>	<b>Beneficiaries: no</b> High perceived burden of project application	n/a	<ul style="list-style-type: none"> <li>High documentation requirements</li> <li>Long project selection process</li> </ul>

Source: KPMG/Prognos (2016).

#### Success factors

The main success factors identified related to 'Programming and project selection' function in the studied member States are as follows:

- Well organised development process for involving regional actors in the drafting of the NSRF (compare, e.g. Italy, AT)
- Flexibility of the legislative framework allowed for a responsive implementation of Operational Programmes, especially during the financial and economic crisis
- Professional and experienced Intermediate Bodies and other institutions involved in the implementation and diffusion of programmes (e.g. RDAs, economic development agencies, Chambers of Commerce, etc.)

#### Missing or superfluous features in the 2007-2013 period

Although national and regional actors articulated a general desire for reducing the complexity of the programming framework, in particular in Member States that implemented smaller programmes from a regulatory perspective no redundant features for programming were identified.

However, some needs for improvement were identified, in particular the requirements for defining concrete and specific objectives in the Operational Programmes. In addition, the relevance of the national strategic reference framework for Cohesion Policy, such as the NSRF in the 2007-2013 period, should be increased, e.g. by more precise requirements regarding the follow-up process for the defined strategies. The requirements for a stronger thematic concentration should be strengthened in order to improve the focus on the most relevant strategic goals of Cohesion Policy. Furthermore, as it was found that the capacity for strategic policy-making at Member State level was a key influencing factor for sound development of the NSRF and Operational Programmes, additional

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requirements for developing and implementing evidence-based strategies at national or regional levels in the policy fields covered by Cohesion Policy could be introduced (e.g. by requiring specific thematic or sectoral strategies in key regional priority areas drafted in early stages programming that inform and complement the Operational Programmes).

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*Application of the findings to different funds*

The findings described above apply to all three funds (the ERDF, the ESF and the CF). However, some officials from the European Commission expected fewer challenges regarding the strategic design of Operational Programmes financed from the ESF, as the European Employment Strategies already had been in place as a well-accepted reference framework.<sup>98</sup> Regional and national actors did not consider this aspect in their discussions, yet examples from the case studies conducted in Germany and Sweden indicate more continuity for the Operational Programmes of the ESF. Furthermore, the findings of this evaluation indicate that regional stakeholders were less satisfied with the incorporation of regional needs in the case of the ERDF than in the case of the ESF. This could be explained by the fact that the type of interventions implemented within the ESF, such as training and wage subsidies, were often small-scale and therefore easier to implement under different regional settings and in all regions.

The programming of **ETC Operational Programmes** faced some specific challenges. Apart from their bi- or multinational structure, ETC programmes also differed from the other Operational Programmes by their comparatively small budgets. In spite of these small budgets, there was often a broad portfolio of priorities and measures for the ETC Operational Programmes. Representatives from the European Commission often criticised this lack of concentration as impeding the effectiveness of the ETC programmes.<sup>99</sup> Representatives from the Joint Technical Secretariats and the Managing Authorities underlined the fact that the main objective of these programmes was to improve cooperation between the regions, an effect that could be reached through all types of measures, but was difficult to capture and demonstrate.<sup>100</sup> The NSRF had limited impact on fostering a stronger strategic focus, as serving two or more national strategic documents in one Operational Programme made cross-border programming more challenging.<sup>101</sup> Furthermore, the implementation of the Partnership Principle was of higher relevance in the European Territorial Cooperation objective. As cooperation was an objective of the cross-border and transnational ETC programmes, involvement of the partners from the different Member States was a well-established practice.<sup>102</sup> Due to the territorial focus of the ETC programmes, regional stakeholders were widely involved in strategy development for ETC programmes, as, for example, representatives of the counties or municipalities in the cross-border regions.<sup>103</sup> New Member States and those

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<sup>98</sup> The European Employment strategy was introduced in 1992 by the Treaty of the European Union and constitutes a central pillar of the Europe 2020 growth strategy. Representatives from DG Employment highlighted this specific framework during the expert interviews conducted within Task 1 of this work package.

<sup>99</sup> Representatives from DG REGIO expressed this assessment during expert interviews (Task 1 of this work package).

<sup>100</sup> Participants in the structured discussion with ETC representatives strongly underlined this special character of ETC programmes. In the semi-structured interviews, some interviewees, especially from Western Member States, held a more differentiated view on the broad portfolio of what were often rather small-scale measures (Task 2).

<sup>101</sup> Representatives from two different ETC Operational Programmes in the semi-structured interviews explicitly pointed out these challenges. A quantitative analysis of the assessment of the National Strategic Reference framework for the representatives of the ETC was not possible due to the low numbers of interviewees who chose programming as a topic for the semi-structured interviews.

<sup>102</sup> The closer cooperation in the ETC context was a common refrain of interviewees from ETC programmes in the open-ended answers of the semi-structured interviews, as well as in the group discussion.

<sup>103</sup> Interviewees from the Hungarian-Romanian Cross-border Programme and from the Cross-border Programme Mecklenburg-Vorpommern/Brandenburg and Poland (Wojewodschaft Zachodniopomorskie) highlighted the involvement of representatives from the counties or municipalities in the programme region.

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Member States cooperating with them in cross-border programmes from 2007–2013 highlighted their ability to build upon established cooperation structures thanks to PHARE or IPA programmes. Their intensity and quality varied in the different Member States, but in general, this was a good starting point for strategy development within the ETC programmes in the period of 2007–2013.

## 5 COMPLIANCE, FINANCIAL MANAGEMENT AND CONTROL

While for analytical purposes we have treated Compliance, Financial management and Control as one of the seven elements of Cohesion Policy delivery system (see Chapter 2, Section 2.3), Compliance with EU and national legislation is in practice horizontal element relevant to all stages of programme implementation. It encompasses the respect of rules related to the fields of eligibility of projects and expenditures, public procurement, state aid, environment and equal opportunities. The main purpose of this element is to ensure that Cohesion Policy is implemented in each Member State in accordance with Community (as well as national) rules.

Financial *control* covers the management and control system, the management verifications conducted by Managing Authorities (first level control), the audits conducted by Audit Authorities (second level control), and the certification of expenditure carried out by the Certifying Authorities. In reality, this is not 'only' financial control, as the audit process includes inter alia the screening of procedures, manuals, and guidance documents, which have a strong focus on compliance. Financial management covers financial planning, managing the flow of finances in programmes and the accounting of all expenditures within programmes.

Compliance and financial management and control are strictly interrelated. While compliance stipulates the overall principle that all actors in the system should respect rules, financial management and control can be understood as the enforcement of this principle. This is why these two elements are discussed jointly in this chapter.

The following sections outline the relevant legal provisions, the rationale and the main expectations of the key stakeholders, the performance of compliance, financial management and control in the 2007-2013 period, and a summary of strengths, weaknesses, conceptual and practical problems, success factors, missing and superfluous features and the fund-specific findings related to this element of the delivery system.

### 5.1 Legal provisions<sup>104</sup>

Under shared management, the European Commission and Member States are *both* responsible for the legal and regular use EU funds.<sup>105</sup> Having set regulatory requirements in the beginning of the programming period, the European Commission performs a supervisory role over national systems and delivers guidance and training. The Commission retains the right to block the payment of funds to the Member States if management and control systems do not function properly, or if a Member State fails to take necessary corrective measures.<sup>106</sup>

Member States are responsible for the financial management and control of their Operational Programmes,<sup>107</sup> and for ensuring thereby that operations *comply* with the

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<sup>104</sup> The main legal provisions setting the requirements for compliance and financial management and control at European level are included in Council Regulation (EC) No 1083/2006 (General Regulation), and further specified in Commission Regulation (EC) No 1828/2006 (Implementing Regulation) and partly under fund specific regulations. In addition, official guidelines published by the European Commission provide interpretation and more detailed instructions. Commission guidelines and guidance notes for the 2007-2013 period can be accessed at: [http://ec.europa.eu/regional\\_policy/en/information/legislation/guidance/2007-2013/#1](http://ec.europa.eu/regional_policy/en/information/legislation/guidance/2007-2013/#1)

<sup>105</sup> Council Regulation (EC) No 1083/2006 (Recital 28).

<sup>106</sup> Council Regulation (EC) No 1083/2006 (Art. 91, 92, esp. Art 99.1 (b), (c)).

<sup>107</sup> Council Regulation (EC) No 1083/2006 (Art. 14.1).

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provisions of the Treaty and of acts adopted under it.<sup>108</sup> This is closely connected to project selection. Member States must ensure that operations are selected for funding in accordance with the criteria applicable to the Operational Programme and that they respect applicable Community and national rules during the entire implementation period.<sup>109</sup> To this aim, Member States are required to set up effective management and control systems that prevent, detect and correct irregularities,<sup>110</sup> ultimately ensuring the legality and regularity of expenditures declared under each Operational Programme.<sup>111</sup> Furthermore, Member States must give assurance that these systems are in place and function effectively.<sup>112</sup>

*Box 4: Overview of institutions involved in the control system for Cohesion Policy and their responsibilities.*<sup>113</sup>

**Managing Authorities** - national, regional or local public authorities or public or private bodies designated by the Member State to manage the Operational Programme - also have a key role in the control system.<sup>114</sup> These controls consist of desk review of invoices, payment claims, and progress reports, as well as on the spot checks of selected projects. They aim to ensure that 'the expenditure declared is real, that the products or services have been delivered in accordance with the approval decision, that the applications for reimbursement by the beneficiary are correct and that the operations and expenditure comply with Community and national rules'.<sup>115</sup> Managing Authorities also advise beneficiaries on how to comply with funding requirements, monitor programme implementation and correct irregular expenditure by withdrawing it from the payment claim to the Commission and by recovering the amounts paid to the beneficiary.

A **Certifying Authority** then certifies statements of expenditure and applications for payment before they are sent to the Commission, to ensure they are accurate, based on a reliable accounting system, and compliant with applicable rules.<sup>116</sup> The Authority reviews the information received from the Managing Authority and included in IT systems, asks for clarifications, and may carry out additional checks if it is not satisfied with the controls as they stand.

Managing Authorities and Certifying Authorities may be supported in their tasks by an **Intermediate Body**, a public or private body or service acting under their responsibility and carrying out duties towards beneficiaries on their behalf.<sup>117</sup>

In the 2007-13 programming period a new institution has been introduced in the control system. The **Audit Authority** is a national, regional or local public authority or body, functionally independent of the Managing Authority and the Certifying Authority, designated by the Member State for each Operational Programme and responsible for verifying the effective functioning of the management and control system.<sup>118</sup> This Authority plays a pivotal role in the assurance-building process, reporting annually on the effectiveness of management and control systems in its Annual Control Reports and audit opinion. Its work is based on a strategy and methodology approved by the Commission. The Audit Authority also monitors whether or not its

<sup>108</sup> Council Regulation (EC) No 1083/2006 (Art. 9.5).

<sup>109</sup> *Source: KPMG/Prognos (2016)*  
Council Regulation (EC) No 1083/2006 (Art. 60a).

<sup>110</sup> Council Regulation (EC) No 1083/2006 (Art. 70.2), (Art. 58h).

<sup>111</sup> Council Regulation (EC) No 1083/2006 (Art. 58c).

<sup>112</sup> Council Regulation (EC) No 1083/2006 (Recital 66).

<sup>113</sup> For a more detailed overview of the system, please see European Union (2009): The control system for Cohesion Policy, How it works in the 2007-13 budget period. Available at:

[http://ec.europa.eu/regional\\_policy/en/information/publications/guidelines/2009/the-control-system-for-cohesion-policy-how-it-works-in-the-200713-budget-period](http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2009/the-control-system-for-cohesion-policy-how-it-works-in-the-200713-budget-period)

<sup>114</sup> Council Regulation (EC) No 1083/2006 (Art. 57.1(a) and 60).

<sup>115</sup> Council Regulation (EC) No 1828/2006 (Art. 13).

<sup>116</sup> Council Regulation (EC) No 1083/2006 (Art. 57.1(b) and 61).

<sup>117</sup> Council Regulation (EC) No 1083/2006 (Art. 2.6).

<sup>118</sup> Council Regulation (EC) No 1083/2006 (Art. 57.1(c) and 62).

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recommendations have been taken into account. At the end of Programme implementation, the Authority is required to provide the Commission with a closure declaration.

A main responsibility of a country's internal controls is to assure that certified transactions in Member States are free of errors<sup>119</sup>. **The information provided by national Audit Authorities to the Commission, and notably the results of system audits and error rates for each Operational Programme, is a fundamental building block in this process of assurance, guaranteeing the legality and regularity of certified expenditure.**<sup>120</sup> In the programming period 2007-2013, the Commission reviewed the reliability of these rates and calculated a 'cumulative residual error risk' and a 'validated projected error rate', which fed into the Commission's judgment on whether Programmes were compliant with regulatory requirements. Finally, the European Court of Auditors, until now, calculates its own error rate based on a statistically representative sample of transactions at the EU level. Error rates exceeding the politically agreed-upon materiality level of 2 percent are considered indications of deficiencies in the management and control system of the Operational Programme and corrective measures are needed.

The legal framework for public procurement applicable in the 2007-2013 programming period consisted of two directives at the EU level for public contracts that exceed predefined value thresholds.<sup>121</sup> For procurement contracts below these thresholds, the general principle of the Treaty and the national legal framework for public procurement apply.

The control system of the 2007-2013 period introduced a number of simplification measures. These included the principle of proportionality and reduction of European Commission audit work following an unqualified audit opinion issued by the national Audit Authority, the 'single audit' principle (Art. 73 of Council Regulation (EC) No 1083/2006), partial closure of programmes and additional simplification of the rules, such as simplified cost options and lighter automatic decommitment rules (new 'n+3 rule').

The term 'single audit' refers to a system that is based on the idea that each level of control builds on the preceding level. When Operational Programmes offer reasonable assurance of the effective functioning of their management and internal controls, the Commission can rely on the work of the national Audit Authorities to draw its conclusions on legality and regularity of the use of EU funds (unless there is evidence disproving the effective functioning of control systems). This system aims to prevent the duplication of control work and reduce the overall cost of control and audit activities. It also aims to decrease the administrative workload and the time required for beneficiaries to prepare for and participate in audits.

## **5.2 Rationale and stakeholder expectations**

Combined, compliance and effective financial management and control contribute to accountability, legality and regularity and the timeliness of the delivery system, while also maintaining a reasonable level of administrative cost (which is inevitably present in a multi-layered multi-function delivery system).

<sup>119</sup> See Article 32 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (Financial Regulation).

<sup>120</sup> Council Regulation (EC) No 1083/2006 (Art. 62).

<sup>121</sup> Directives 2004/17/EC and 2004/18/EC. A detailed overview of applicable thresholds is available at [http://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/index\\_en.htm](http://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/index_en.htm)

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A large proportion of Cohesion Policy resources is spent in Member States through public procurement by beneficiaries such as Ministries or public and private companies that contract works, supplies, and services.<sup>122</sup> This is why public procurement represents an important aspect of this evaluation when considering the compliance element. The aim of public procurement is to ensure that all economic operators from across the single market enjoy a level playing field in competing for the award of public contracts.<sup>123</sup>

#### *Accountability*

The European Commission, institutions responsible for policy implementation tasks at the national level and beneficiaries had similar expectations for compliance and financial management and control in the 2007-2013 period. Financial controls were expected to contribute to a higher overall level of assurance on the effective functioning of systems, thus reducing the risk of systemic weaknesses and errors arising from them, ultimately resulting in lower error rates.

#### *Legality and regularity*

Analysis of interviews with all these actors reveals that they expected rules to be clear, precise and transparent. They also expected that compliance and financial management and control would detect errors and irregularities, reduce them, and provide assurance to the funds.

European Commission officials consider public procurement key to ensuring the efficient use of public funds, safeguarding fair competition and access to the market and contributing to competitiveness and fair pricing.<sup>124</sup> With public procurement rules being set at the national level through the transposition of European Directives, institutions responsible for delivery at the national level expected that recourse to the national legal framework of their country would lead to fewer errors related to breaches of procurement rules and reduce the administrative burden on implementing authorities and beneficiaries.

#### *Delivery of results*

Although compliance and financial management and controls are not expected to directly contribute to the delivery of results, stakeholders – and particularly European Commission officials – expressed their expectations that the system does not sacrifice results for legality and regularity. They expect that these elements do not create any obstacles in terms of reaching results.

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<sup>122</sup> See European Court of Auditors (2015): *Efforts to address problems with public procurement in EU cohesion expenditure should be intensified*. Special Report No 10, Observation 10, p. 15: 'Almost half of all transactions audited by the Court in relation to these three funds involved one or several procurements'. The European Commission estimates that public procurement accounts for around 18 percent of European GDP (Source: DG GROWTH estimates).

<sup>123</sup> Moreover, within compliance, this evaluation focuses especially on public procurement matters, and partly on eligibility rules, since these two alone account for the vast majority of quantifiable errors observed in Cohesion Policy. See European Commission (2011): *Analysis of errors in Cohesion Policy for the years 2006-2009*. Staff Working Document SEC (2011) 1179, according to which eligibility and public procurement accounted for 80 percent of cumulative quantifiable errors in 2006-2009 (p.9). For a more detailed analysis, please also refer to key finding III in this report or to Annual Reports of the European Court of Auditors.

<sup>124</sup> See also Metis GmbH (2012): *Public procurement and Cohesion Policy*, European Parliament, Directorate General for Internal Policies, p 21.

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*Reasonable administrative costs*

The control system was expected by stakeholders to provide clear overall guidance and assist beneficiaries in keeping the overall administrative burden to a minimum. Audits were expected to take place in the leanest possible way and involve a low number of auditing bodies.

Compared to the 2000-2006 funding period, European Commission officials, authorities and beneficiaries expected an overall simplification of the delivery system. Indeed, one of the overarching principles of the 2007-2013 programming period was the simplification of rules and the offer of more flexibility to Member States in applying and interpreting these rules.<sup>125</sup>

Furthermore, in the 2007-2013 funding period, only a limited number of eligibility rules were set at the EU level. Following the principle of subsidiarity, Member States were able to tailor eligibility rules to the specific needs of countries, regions or programmes, and to align them with the national legal framework in place. Both the Commission and Member States expected that offering Member States more flexibility would be a simplification, especially in the area of compliance, and facilitate lower errors related to breaches of eligibility rules, at the same time reducing the administrative burden on implementing authorities and beneficiaries.

*Figure 33: Overview of simplification measures implemented in the 2007-2013 period in the areas of compliance and financial management and control, and related expected outcomes.*



*Source: KPMG/Prognos (2016).*

### **5.3 Performance of compliance, financial management and control in the 2007-2013 period**

The performance of compliance, financial management and control was assessed using information collected through the analysis of literature, interviews, web-based survey and focus groups. In addition, findings related to compliance, financial management and control covered by case study reports conducted in Bulgaria (both elements, merged), Germany (both, separately), Greece (both, merged), Latvia (both, separately), Netherlands (compliance only), Poland (FMC only), Sweden (compliance only).

<sup>125</sup> See for instance COM (2004)492, Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, p. 8. See also Council Regulation (EC) No 1083/2006 (Art. 9) provides that '[t]o increase the value added of Community cohesion policy, the work of the Structural Funds and of the Cohesion Fund should be concentrated and simplified'. The Commission proposed a number of reforms including further decentralisation of responsibilities to Member States, regions and local authorities, clear and more rigorous monitoring mechanisms and more transparent, differentiated management systems, with an eye to ensuring greater proportionality and more sound financial management.

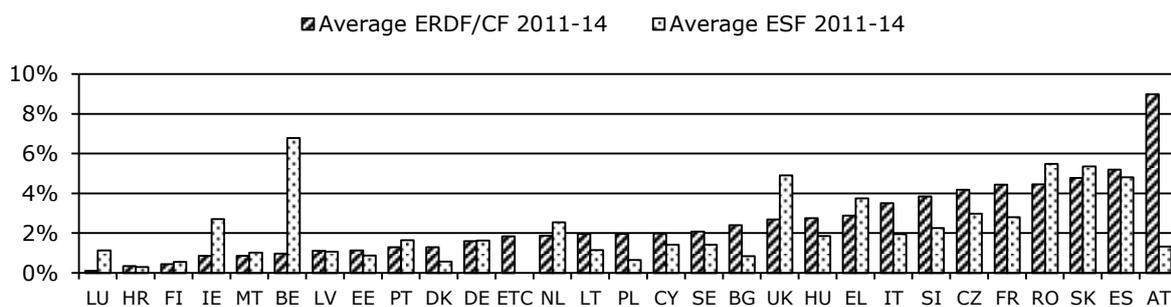
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**Finding 12: Assurance increased and error rates decreased since the programming period 2007-13, falling in the 4.5% and 7.7% interval between 2010 and 2014.**

Compliance and financial management and control contributed to increasing assurance in Cohesion Policy in the 2007–2013 period. These elements performed better and more effectively in the 2007–2013 programming period than in the previous period, according to the changes in the estimated level of error. The European Court of Auditors estimates the average level of error from 2009 to 2013 at between 4.5% and 7.7% for Cohesion Policy expenditure. From 2009 onwards, the greatest share of expenditure was allocated to 2007–2013 Operational Programmes and their related control systems.<sup>126</sup> The Court observed that it had detected a much higher incidence of errors before 2009.<sup>127</sup>

The illustration below offers an overview of the simple average risk of error between 2011 and 2014 across EU Member States. For the ERDF and the Cohesion Fund, Austria, Spain, Slovakia, Romania and France recorded the highest rates. For the ESF, the highest rates were found in Belgium, Romania, Slovakia, the United Kingdom and Spain. The figure shows high variation in the error rates across Member States and across funds, while the level of risk falls in many cases below 2%.

Figure 34: Average level of risk for European Member States, simple average 2011–2014.



Source: KPMG/Prognos (2016), based on data from DG REGIO and EMPL Annual Activity Reports 2011–2014.<sup>128</sup>

Increased assurance can be largely attributed to the design of the control system including a reinforced level of internal controls, established by the Commission and Member States in the 2007–2013 period, and notably to the contribution of the newly introduced Audit Authorities to the smooth functioning of this system.<sup>129</sup> These institutions played a pivotal role in providing the European Commission with detailed information on the legality and regularity of expenditure at the Operational Programme level.

The positive contribution of Audit Authorities to the control system was confirmed by interviews with Commission Officials. Furthermore, 66% of the respondents of the web-

<sup>126</sup> European Court of Auditors (2015): Annual Report 2014, Observation 6.18. These rates refer to both ERDF/CF and ESF expenditure.

<sup>127</sup> Ibid.

<sup>128</sup> The report summarises Member State managements' best estimates of the risk of error in 2014, calculated as a weighted average of the estimate for each Operational Programme. The maximum ERDF risk rate for Austria, not included in this chart, was 25% (2012). This was due to deficiencies at the level of the Audit Authority, leading to missing submission of the Annual Control Report.

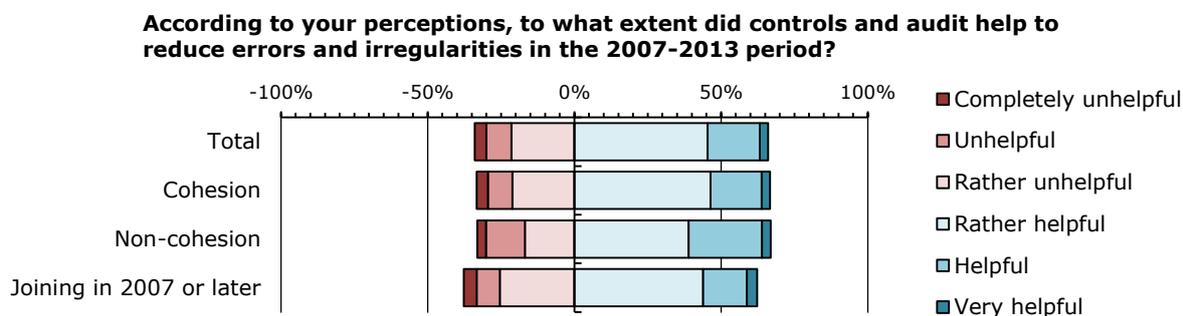
<sup>129</sup> See confirming finding by the European Court of Auditors (2013): Special Report No. 16/2013.

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based survey stated that controls and audit were helpful in reducing errors and irregularities in the 2007-2013 period.

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Figure 35: Contribution of controls and audits to reducing errors and irregularities



Source: KPMG/Prognos (2015), web-based survey, N=1,803.

**Finding 13: There is agreement among all stakeholders that a certain level of complexity regarding controls and administration is inherent in the multi-level system of shared management.**

Under shared management, achieving accountability, legality and regularity in the use of Cohesion Policy resources inevitably necessitates a degree of complexity. This reflects the decentralised character of Cohesion Policy, the high number of institutions involved across different levels of governance, differences in funding schemes and various thematic areas of intervention. This was confirmed by the expert workshop with the participation of independent experts from Greece, Romania, Italy, Poland, Bulgaria and Ireland.

Against this backdrop, the system design during 2007-2013 provided for integration across control levels to prevent duplication of work and reduce the overall cost of control and audit activities ('single audit' principle). Moreover, the control system comprised risk-based approaches to management verification and audits, which had the potential to further reduce costs and minimise administrative burden if the overall level of risk is low (which translates into a smaller sample of audits required to calculate representative error rates).

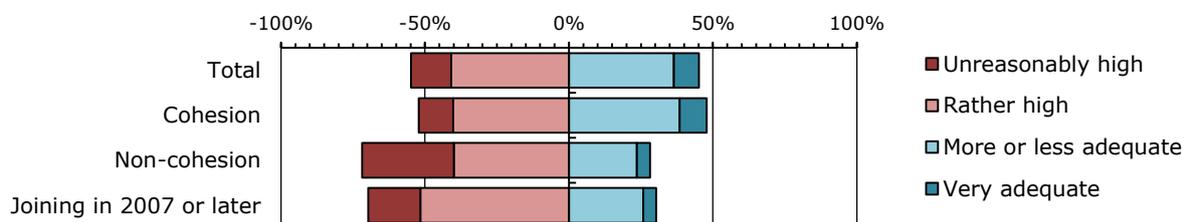
**Finding 14: 54% of the beneficiaries of the Operational Programmes perceived that the administrative burden of programme participation was disproportionately high (compared to national programmes).**

The perceived burdens were primarily related to first and second level controls in Member States and regions (e.g. strict documentation requirements, high number of controls and audits, contradicting interpretations of rules at different levels) and difficulties in complying with complex public procurement rules.

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Figure 36: Proportionality of administrative requirements<sup>130</sup>

**Compared to the amount of money provided and overall benefits, the proportionality of the overall administrative burden related to project application and implementation under the ESF/ERDF or Cohesion Funds in 2007-2013 was...**



Source: KPMG/Prognos (2015), Online Survey<sup>131</sup>, N=2,472 (all respondents) and 1,412 (beneficiaries - not displayed).

As

<sup>130</sup> The categories used to analyse Member States in this and in all the charts that follow in this chapter are:

- Cohesion: EU-25 countries eligible for the Cohesion Fund in the 2007-2013 period;
- Non-cohesion: EU-25 countries ineligible for the Cohesion Fund in the 2007-2013 period;
- Joining in 2007 or later: Romania, Bulgaria and Croatia.

<sup>131</sup> Beneficiaries' response to the survey question, comparison refers to other, mostly national programmes

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Figure 36 shows, 55% of respondents in the web-based survey reported that the overall administrative burden related to project application and implementation was high in proportion to the overall benefits. (When considering only beneficiary respondents, this value is 54%). In non-cohesion countries, where programmes tend to be smaller, this number was higher: 72% when looking at all respondents.

First- and second-level controls created intense workloads for beneficiaries during the 2007–2013 programming period. Overall, beneficiaries stated that a disproportionate amount of their time had to be spent ensuring compliance.<sup>132</sup> This workload discouraged applications from smaller organisations.

Secondary literature<sup>133</sup> estimates that “Overall, an average of 75-80% of the administrative workload comprises financial reporting and progress reports, while 20-25% is taken up with reporting, monitoring and evaluation tasks.” The SWECO report also warns of possible underestimation of the actual cost to beneficiaries.<sup>134</sup>

Table 4: Administrative workload of final beneficiaries in ERDF and Cohesion Fund projects

The administrative workload of the final beneficiaries (all values expressed as a percentage of total eligible expenditure)		Lower threshold	Upper threshold
<b>Funding application</b>		0,4%	5%
<b>Project management</b>		0,7%	17%
<i>by task</i>	financial reporting and progress reports (75 - 80% of the administrative workload within project management)	0,5%	13%
	reporting, monitoring and evaluation tasks (20 - 25% of the administrative workload within project management)	0,2%	4%
<i>by type of funded activity</i>	Infrastructure investment projects	1%	2%
	Business development support	3%	13%
	Establishment of (social) platforms	8%	27%
	Studies and investigations	2%	18%

Source: KPMG/Prognos (2016) based on SWECO (2010).

The following paragraphs offer a *descriptive* account of the sources of this workload, with a particular focus on inefficiencies during implementation. Our analysis identified two main drivers of large administrative workload: strict documentation requirements and the high number of controls and audits.

A large share of administrative costs associated to verification and audits concerns documentation requirements. The retention of documentation for each payment for a long period of time (in case this exceeded the retention period legally set for journal entries) and regardless of the amount, as well as audit-related day-to-day duties such as ensuring the correct handling of timesheets, caused considerable expenses to

<sup>132</sup>Compare findings from previous reports of this work package, Second Interim Report, section 4.4.2 and case-study reports for Bulgaria, Germany and the Netherlands, conducted within Task 3 ('Member State case studies').

<sup>133</sup> See *ibid.* SWECO (2010) and previous reports of this evaluation, notably the Second Interim Report (sections 4.3 and 4.4).

<sup>134</sup> For a detailed account, see *ibid.* SWECO (2010, p. 46 and p. 40-41). Note that lower and upper thresholds are the minimum and maximum values in the responses of the SWECO survey

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beneficiaries. Simplified Cost Options (SCOs) offered a valid solution to curb the amount of paperwork required to certify expenses and limit the overall burden linked to documentation.<sup>135</sup> However, SCOs were not used to their full potential during the 2007–2013 period.<sup>136</sup>

Moreover, the utilisation of electronic storage and the exchange of documents between beneficiaries and Managing Authorities or between different programme authorities (e-Cohesion) was limited. This further increased the burden falling on beneficiaries, for example, due to redundancies in documentation requests and/or an inability to store and present data electronically for verification purposes.

A 2011 report by the High Level Group of Independent Stakeholders on Administrative Burden partly corroborates that strict documentation requirements contributed to increasing workload. The group estimates that almost a third of the avoidable burden sustained by economic operators in the EU is explained by inefficiencies in national implementation, and notably in administrative procedures. It finds that only four percent of this burden stems from formal decisions by Member States to go beyond what is required by EU rules.<sup>137</sup> A recent report looking at the Polish case concludes that the majority of the requirements and the administrative burden in the country stems from the national level and not from the EU.<sup>138</sup>

It also emerged that the 'single audit' principle was not fully implemented, as confirmed by the European Court of Auditors.<sup>139</sup> Article 73 status was granted for the first time in 2012, 6 years into the programming period, and even then only to 61 Operational Programmes, de facto marking this as the exception, rather than the rule. This is partly a result of different audit approaches across Member States, making audit results not comparable.<sup>140</sup> Limited application of the 'single audit' principle resulted in multiple controls at different levels, as the Commission was not always able to draw assurance on the legality and regularity of spending from national audit systems. Beneficiaries reported a steep increase in the number of audits, coinciding with the introduction of statistical sampling.<sup>141</sup> High and increasing control activity is also confirmed in the secondary literature.<sup>142</sup>

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<sup>135</sup> Interviewed Managing Audit and Certifying Authorities rated only simplified cost options above average when asked what contributed to the reduction of this burden. See also Annex II, table 36.

<sup>136</sup> In 2011, for example, only seven Member States relied on this simplification tool in ERDF programmes. See European Commission (2011), Analysis of errors in Cohesion Policy for the years 2006–2009, actions taken by the Commission and the way forward, Commission Staff Working Paper SEC (2011) 1179 final. See also the 2012 Annual Report of the ECA, C 331/175, paragraph 6.23: 'The Court did not detect any errors (quantifiable or non-quantifiable) related to the specific use of SCOs. This indicates that projects whose costs are declared using SCOs are less error prone. Thus a more extensive use of SCOs would normally have a positive impact on the level of error.'

<sup>137</sup> High Level Group of Independent Stakeholders on Administrative Burden (2011): Europe can do better. Report on best practice in Member States to implement EU legislation in the least burdensome way, p. 12.

<sup>138</sup> See Fundacja IDEA Rozwoju (2015): Zmniejszanie obciążeń dla beneficjentów polityki spójności UE – rekomendacje z badań ewaluacyjnych. The report reviews a total of 176 evaluations and identifies 408 recommendations relating to the reduction of administrative burden for beneficiaries in Poland. Available at: [http://ideaorg.eu/wp-content/uploads/2015/05/Batory\\_raport\\_wersja\\_ostateczna.pdf](http://ideaorg.eu/wp-content/uploads/2015/05/Batory_raport_wersja_ostateczna.pdf)

<sup>139</sup> European Court of Auditors, Special Report No. 16/2013.

<sup>140</sup> For a more detailed analysis of incomplete application of Article 73 provisions, please refer to European Court of Auditors, *ibid.* Special Report No. 16/2013.

<sup>141</sup> This account is credible, since statistically representative samples are larger. See European Court of Auditors Special Report No. 16/2013, observation 77, p. 43. The Commission required statistical sampling for

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The findings do not generally contradict the adequacy of the design of the system financial controls. Achieving accountability, legality and regularity and measuring an error rate in Cohesion Policy under shared management inevitably infers a certain degree of complexity. The financial controls system design has to reflect the decentralised character of Cohesion Policy, the high number of institutions involved across different levels of governance, differences in funding schemes and various thematic areas of intervention.

The design of the control system in 2007-2013 aimed to prevent duplication of work across control levels to and to reduce the overall cost of control and audit activities ('single audit' principle). Moreover, the control system comprised risk-based approaches to management verification and audits. As such, the 2007-2013 control system was designed reasonably. In a risk based audit approach, with more effective supporting control measures sample sizes will decrease. In the 2007-13 period, the described findings - especially insecurity and divergent interpretation of rules - led to increased risk of irregularities and consequently to higher samples and more burden. Our findings imply that improvements within the existing system to decrease risk of irregularities has the potential to decrease administrative costs also by reducing sample sizes of audits. Effective implementation of the single audit system requires the building of assurance and trust and confidence, which may take years.

As the 2007-2013 system came with considerable new requirements for national institutions responsible for delivery tasks, a premature endorsement of the Art. 73 principle by the Commission was potentially risky. Moreover, many beneficiaries are already established national or regional public organisations, frequently holding other audit and financial control responsibilities, which means that they may also be subject to internal audits, ministry audits and national audit office audits. Cohesion Policy-related audits merely add to this existing workload so that, whatever the rationale, the cumulative effect can appear overwhelming, work-duplicating and resource-draining to staff at the implementation frontline.

*Box 5: High administrative costs to a beneficiary in North Rhine-Westphalia (Germany)*

A beneficiary of ERDF funding in North Rhine-Westphalia reported his experience of high administrative costs. All project goals were achieved, and only minor deadline extensions were requested, yet this required a large amount of administrative work on the beneficiary's side. Additionally, the documentation of timesheets was particularly burdensome, since the level of detail requested led to a high risk of errors, because of. Moreover, even though electronic archiving systems were expressly endorsed by the relevant ministry, these archives were not accepted by all Intermediate Bodies in charge of management verification. At least one Intermediate Body still requested that the beneficiary provide hardcopies of supporting documents, causing considerable additional administrative effort.

*Source: KPMG/Prognos (2016).*

**Finding 15: Complexity of public procurement rules undermined the achievement of compliance objectives and contributed to administrative costs.**

EU public procurement rules fulfil a crucial role as they safeguard the principles of transparency, mutual recognition, equal treatment and non-discrimination, as well as the

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populations comprising at least 800 items from 2010 onwards (see COCOF Guidance 11-0041-01-EN, of 7.12.2011, p. 11), and for populations of at least 150 items from 2013 onwards (see COCOF Guidance 08/0021/03, of 4.4.2013).

<sup>142</sup> See Contact Committee of the EU's Supreme Audit Institutions (2012), *ibid.* p. 14.

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core fundamental freedoms outlined in the Treaty on the Functioning of the European Union. They also aim at ensuring a level playing field for all economic actors operating in the EU, across borders, bolstering the single market, increasing competition, and thus increasing productivity and value for money for public authorities. Finally, they contribute to ring-fencing public money against corruption and fraud.

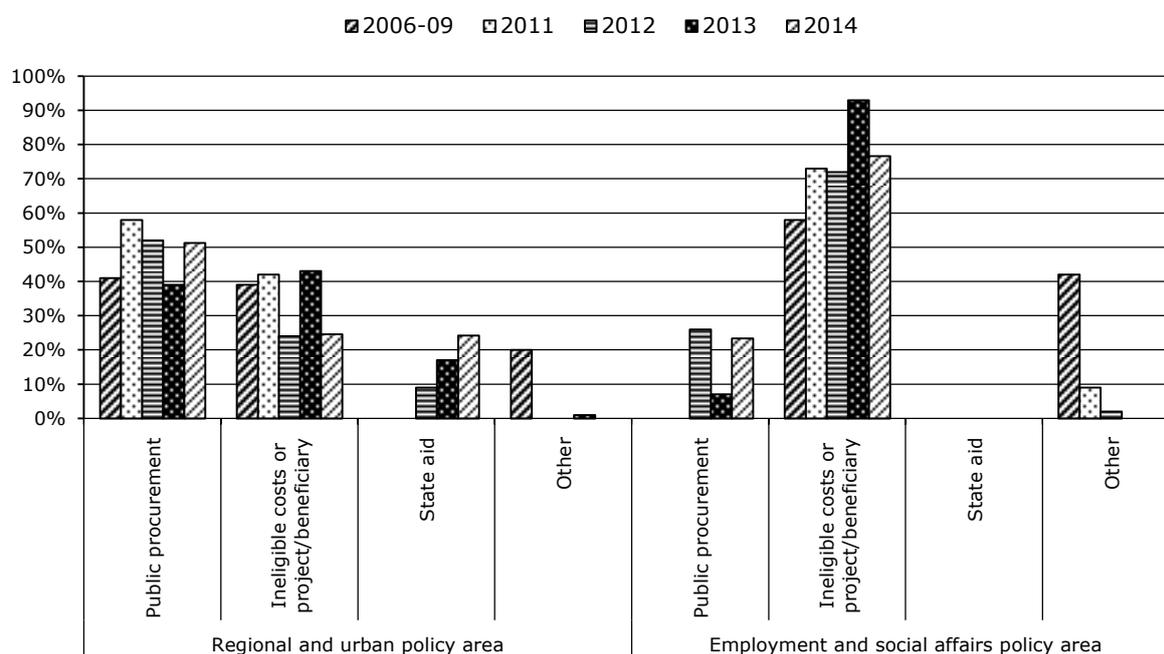
The analysis shows that complying with the legal framework for public procurement posed one of the greatest challenges for beneficiaries, Managing Authorities and Intermediate Bodies. Indeed, on average more than 40% of all errors in Cohesion Policy fell into this area between 2006 and 2009, and this figure increased to almost 60% in 2011. There is some variation across funds: ineligibility issues contributed more than public procurement did to the estimated level of error in the area of employment and social affairs. This is, however, due to the limited use of procurement procedures in those fields rather than to better application of rules.<sup>143</sup>

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<sup>143</sup> For details, see European Commission (2011): Analysis of errors in Cohesion Policy for the years 2006–2009. Staff Working Document SEC (2011) 1179, and 2014 Annual Report of the Court of Auditors on the implementation of the budget. ESF Programmes have much lower rates of error in public procurement due to the smaller size of projects on average, which frequently falls below the procurement threshold. (In this area, the main source of error is ineligible costs.).

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Figure 37: Contribution by type of error to the estimated level of error for the regional and urban policy and employment and social affairs policy areas<sup>144</sup>



Source: KPMG/Prognos (2016), based on data from European Court of Auditors Annual Reports concerning the financial years 2011–2014 and Commission Staff Working Paper SEC (2011) 1179 final.

The table below presents an overview of the sources and frequency of errors in procurement observed during each phase of the process, according to estimates by the European Court of Auditors.<sup>145</sup> Problems with publication and transparency requirements and in tender specifications represented the lion's share of errors, although most of these were *minor* in nature. On the other hand, unlawful award criteria or their incorrect application were driving the most *significant* breaches of the rules. These were also the biggest sources of error for *serious* breaches of procurement rules, immediately followed by the use of inappropriate tendering procedures in the pre-tendering phase.

Table 5: Description and analysis of errors in the different phases of tendering procedures, 2009–2013

Phase	Description of error	Serious	Significant	Minor	Total
<b>Pre-tendering</b>	Artificial splitting of works or services into smaller tenders to avoid thresholds	3.9%	0.5%	0.0%	<b>4.4%</b>
	Award of a contract directly without justification	3.6%	0.3%	0.0%	<b>3.9%</b>
	Use of inappropriate tendering procedure	4.6%	1.7%	0.2%	<b>6.5%</b>

<sup>144</sup> Please note that sums of types of errors by year do not always add up to 100 due to missing data.

<sup>145</sup> The Court of Auditors categorises errors as follows. Serious error: 'A serious breach of the rules, with the result that competition was impeded and/or contracts were deemed to have been awarded to those who were not the best bidders.' Significant error: 'A significant breach of the rules, but nevertheless it is deemed that the contracts were awarded to the best bidders.' Minor error: 'Less-serious, often formal errors, which did not have a detrimental impact on the level of competition.' Source: European Court of Auditors.

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Phase	Description of error	Serious	Significant	Minor	Total
<b>Tendering</b>	Problems with publication and transparency requirements and in tender specification	1.9%	10.9%	18.9%	<b>31.7%</b>
	Specification of unlawful, and incorrect application of, selection and award criteria	5.6%	21.8%	1.0%	<b>28.4%</b>
	Procedural weaknesses, including lack of appropriate documentation	3.7%	6.6%	2.0%	<b>12.4%</b>
<b>Contract management</b>	Modifying or extending the scope of contracts without using procurement procedure	5.3%	7.2%	0.2%	<b>12.6%</b>
<b>Total</b>		<b>28.6%</b>	<b>49.1%</b>	<b>22.3%</b>	<b>100.0%</b>

Source: KPMG/Prognos (2016) based on data from European Court of Auditors (2015), Special Report No. 10/2015.

Moreover, there is a financial dimension associated to public procurement requirements that becomes relevant insofar as the complexity of legal frameworks in each country exceeds what is strictly necessary. Over 90 percent of Audit Authorities in Europe concurred that 'the legal framework for public procurement in their country is more complex than it needs to be' - the European Court of Auditors reports.<sup>146</sup> **'Gold plating' of EU legislation, which the Commission defines as the practice of national bodies going beyond what is required in EU legislation when transposing or implementing it at Member State level,<sup>147</sup> constitutes a challenge for compliance in the achievement of legality and regularity at reasonable administrative cost.** Examples of gold plating include the setting of higher standards than those minimum requirements set by the EU and increased information obligations such as higher frequency of reporting or request of information that has already been provided.

Confronting the complexity of public procurement requirements contributed to the overall administrative and financial burden falling on institutions tasked with implementation responsibilities at the national level, as well as on beneficiaries. Costs varied significantly depending on the type of procedure, phase in the procurement process (e.g. pre-award, post-award, litigation and appeals) and sector. There were also variations across countries related to administrative requirements, length of procedure and cost of labour.<sup>148</sup> Overall, existing literature estimates that businesses sustained about 75% of all costs related to procurement in Europe.<sup>149</sup> In the view of some focus-group participants, the complexity of public procurement rules resulted in rather strict and inflexible tender and appeal procedures. Finally, focus-group participants also pointed out that irregularities related to procurement are much harder to resolve than irregularities related to other eligibility issues. It is difficult to quantify the actual financial harm caused by infringements. Therefore, flat-rate corrections are applied for irregularities related to infringements of public-procurement rules. Some interviewees perceived such flat-rate corrections as disproportionate to the actual financial impact caused by the

<sup>146</sup> See European Court of Auditors (2015): Efforts to address problems with public procurement in EU Cohesion expenditure should be intensified. Special Report No. 10, Observation 25, p. 22. The finding is based on the opinion of 69 Audit Authorities answering the survey promoted by the Court.

<sup>147</sup> See footnote 15 of COM (2010) 543.

<sup>148</sup> For a detailed overview of such costs, see PwC (2011): Public Procurement in Europe, Cost and Effectiveness.

<sup>149</sup> See *ibid.* PwC (2011), p. 89.

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infringement.<sup>150</sup> The rules in this field somewhat discouraged small and medium-sized enterprises to participate in Cohesion Policy delivery, creating an important barrier to entry<sup>151</sup>, and one that runs counter to parallel Commission policies of supporting small enterprise, innovation and local development.

Given that Member States transpose EU procurement directives into their national and regional legal frameworks, as well as institutional and procedural arrangements, add to the complexity described above. In this respect, a main challenge is the interpretation, transposition and coordination across institutions in charge of controls at national level. Of particular importance is understanding the effects of gold-plating.<sup>152</sup>

Interviewees and survey respondents reported that public procurement was a source of potential errors and irregularities in most Member States, with few exceptions, notably in Nordic, non-cohesion countries. In these Member States, interviewees agreed that public procurement rules contributed to reducing errors and irregularities and did not find the national legal framework for public procurement as complex as those in other Member States did. While concrete case-based explanations were not presented in the interviews, this finding can be related to the good track record of Nordic Member States in general, and Sweden in particular, in transposing EU directives and curbing overregulation.<sup>153</sup> The composite indicator on overall performance in public procurement, published by DG GROW as part of the Single Market Scoreboard, supports this hypothesis. As the below figure shows, Nordic Member States performed above average on this dimension. These countries also performed above average on the Single Market Scoreboard indicator on compliance in transposition of EU directives, which measures the number of directives transposed for which the Commission initiated infringement proceedings for non-conformity.<sup>154</sup>

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<sup>150</sup> Overall, interviewees rated the statement that 'financial corrections by the European Commission related to infringements of public procurement rules were proportionate to the financial harm caused by the infringement' at 3.5 on average. However, there are important variations among respondents. Surveyed beneficiaries revealed that such corrections were sometimes executed even when there was no or minimal financial harm to the project caused by the infringement (mean of 3.9).

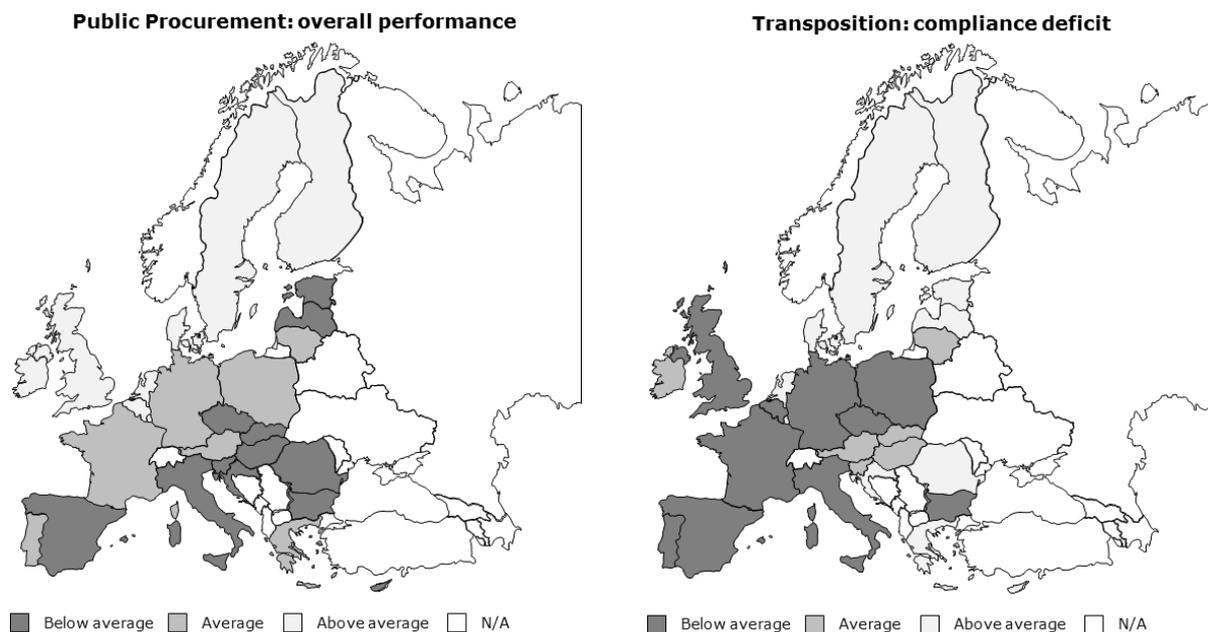
<sup>151</sup> Compare findings from the German case study conducted within Task 3 ('Member State case studies') of this work package, where beneficiaries agreed that public procurement was a source of administrative burden that often discouraged applications, notably from SMEs and smaller organisations. A similar finding is confirmed by the results of SWECO (2010), Regional governance in the context of globalisation: Reviewing governance mechanisms and administrative costs, revised final report to the European Commission.

<sup>152</sup> For a detailed overview of how Member States implemented the European Procurement Directives (Directives 2004/17/EC and 2004/18/EC, adopted on 31 March 2004), please review the 2011 Commission Working Document 'EU public procurement legislation: Delivering results – Summary of evaluation reports', available at: [http://ec.europa.eu/internal\\_market/publicprocurement/docs/modernising\\_rules/executive-summary\\_en.pdf](http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/executive-summary_en.pdf)

<sup>153</sup> See Aththof, K. and Wallgren, M. (2012): Clarifying Gold-Plating, Better Implementation of EU Legislation. Swedish Better Regulation Council and OECD (2010): Better Regulation In Europe: Sweden.

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Figure 38: Single Market Scoreboard 2015 by policy area (public procurement) and governance tool (transposition)



Source: KPMG/Prognos (2016) based on DG GROWTH Data.<sup>155</sup>

Procurement rules may require further investigation in future studies, particularly in light of the new directives on public procurement adopted in 2014, to be transposed by Member States by April 2016, which include important innovations such as mandatory transition to e-procurement.<sup>156</sup> Member state compliance with EU procurement requirements is also a wider issue than Cohesion Policy, and it may be desirable that the Cohesion Policy authorities cooperate more with their national procurement authorities than has been the case to date.

**Finding 16: The perceived disproportionately high burden, was often caused by capacity gaps, both at beneficiary and Managing Authority level.**

Running in a reliable manner a system as complex and prone to change as the financial control system of Cohesion Policy requires experience and good judgment. This evaluation found that there were important gaps in technical knowledge and capacity, especially in Managing Authorities and Intermediate Bodies. These constituted a challenge for the legality and regularity of expenditure and ultimately undermined compliance. Commission officials identified major deficits related to management verifications across Member States and programmes, stating that Managing Authority officials - generally speaking - did not have the capacity to adequately communicate

<sup>155</sup> The full dataset used to produce this illustration, as well as detailed explanations of the composition and methods used to compile the Single Market Scoreboard, are available at:

[http://ec.europa.eu/internal\\_market/scoreboard/index\\_en.htm](http://ec.europa.eu/internal_market/scoreboard/index_en.htm)

<sup>156</sup> Directive 2014/24/EU on public procurement and Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors, adopted by the European Parliament and the Council of the European Union on 26 February 2014.

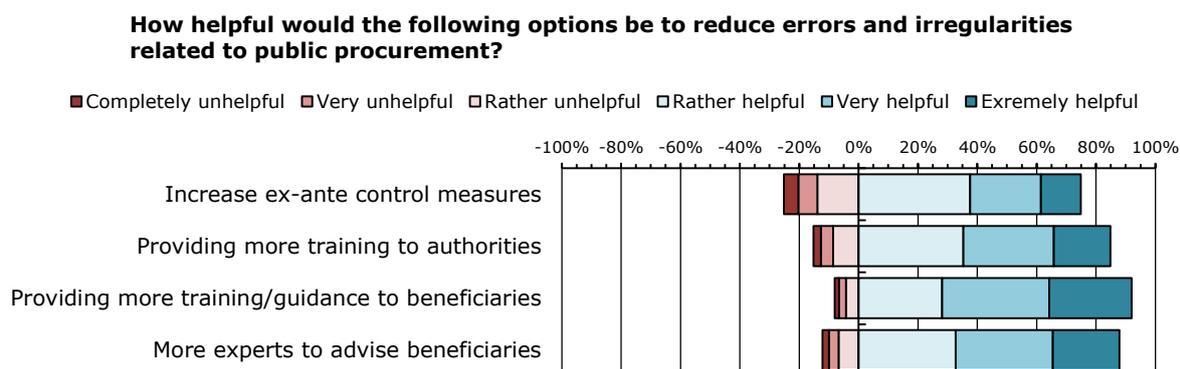
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compliance requirements and could not adequately verify the legality and correctness of expenditures.<sup>157</sup>

This contention is supported by the latest Annual Reports of the European Court of Auditors: for the financial years 2012 and 2013, they reported weaknesses in management verifications carried out by Managing Authorities or Intermediate Bodies.<sup>158</sup> Beneficiaries, too, called for additional training for Managing Authorities, including sector-specific expertise. In particular, the lack of knowledge, legal expertise and experience related to public-procurement legislation was found to be a contributing factor to the high number of errors and irregularities in public procurement, especially in ERDF and CF. This is shared by both beneficiaries and programme implementation institutions alike.

There are already extensive training programmes in place at both the European and national levels, and their quality is mostly regarded as positive.<sup>159</sup> However, this evaluation found that low staff competence nonetheless persists, and the officers themselves, both in Managing and Audit Authorities, expressed the need for more training.<sup>160</sup> Specifically, the new requirements for statistical sampling were perceived as a challenge that should be addressed through additional training. Interviewees from Audit Authorities, for instance, rated their institutions' capacities as fairly high,<sup>161</sup> but also reported the need for additional statistical training or access to experts with adequate statistical knowledge.

*Figure 39: Options for reducing errors and irregularities in public procurement*



*Source: KPMG/Prognos (2015), web-based survey in Member States, N=1786.*

<sup>157</sup> Compare findings from Task 2 of this work package. See Second Interim Report, section 4.4.3. See also 2014 Court of Auditors report, paragraphs 6.44 and 6.45, which states that national authorities had sufficient information to detect beneficiary errors, and that, had this occurred, the estimated error rate would have been 1.6 percentage points lower.

<sup>158</sup> European Court of Auditors (2013): Annual Report on the Implementation of the Budget concerning the financial year 2012, 2013/C331/01, C331/141; European Court of Auditors (2014): Annual Report on the Implementation of the Budget concerning the financial year 2013, 2014/C331/01, C391/186.

<sup>159</sup> See *ibid.* Metis (2014), for an overview of training measures by Member State.

<sup>160</sup> Compare findings from Task 2 of this work package. See Second Interim Report, section 4.4, as well as confirming evidence from Special Report No. 16/2013 of the ECA.

<sup>161</sup> Asked to what extent the lack of qualified and/or trained staff had a negative impact on the effective functioning of their second-level control, interviewees from Audit Authorities gave an average score of 2.7. See Annex II, table 34. Management Authorities rated their capacity lower when asked the same question about first-level control (3.6). See Annex II, table 30.

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Furthermore, evidence suggests that a high turnover of Managing Authority staff<sup>162</sup> made it difficult to grow and retain the capacity (and quality of expertise) necessary to improve the efficiency and effectiveness of the system,<sup>163</sup> which helps to explain the persistence of competence gaps despite training. Personnel continuity, especially in decision-making positions, is therefore crucial. The lack of continuity is especially pronounced in cases where no appropriate management tools exist, since these tools can mitigate problems caused by high turnover.

**Finding 17: The above factors eventually resulted in a general sense of insecurity and the strictest possible interpretation of rules (“control culture”) by both Managing Authorities and beneficiaries (often at the expense of delivery of results).**

The multi-level structure of the control system produced contradicting interpretations of rules at different levels, which undermined legal certainty for beneficiaries and Managing Authorities. The system, designed to guarantee a chain of accountability to the Commission, comprised multiple layers of audit with varying interpretations of rules and audit approaches. The problem with this system was that beneficiaries and Managing Authorities could not obtain answers to their questions regarding regulatory requirements, on which they could safely rely from a legal standpoint.

Analysis of interviews, surveys and focus-group discussions revealed that the verification and audit approaches applied by Managing Authorities, Intermediate Bodies and Audit Authorities were often described as inconsistent with each other. This inconsistency has reportedly led to the detection of errors during subsequent audits that had not been identified at earlier stages.<sup>164</sup> As an example, the European Court of Auditors estimates that in Italy contradicting interpretation of rules between Managing and Audit Authorities accounted for over EUR 8 million in financial corrections in the area of procurement between 2010 and 2012.<sup>165</sup>

Divergent approaches are partly justified by the fact that controls at different levels serve different purposes<sup>166</sup> However; it should be acknowledged that these differences represent a source of conflict in the control chain. Moreover, focus-group participants in most countries reported that guidance on rule interpretation was changed during the funding period. Since these changes were then applied retroactively as criteria for verifications and audits, e.g. of procurement contracts and procedures, this resulted in unpredictable irregularities and financial corrections that could have been prevented.<sup>167</sup>

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<sup>162</sup> For a more detailed analysis of staff fluctuations, please refer to Metis (2014): Co-financing salaries, bonuses, top-ups from structural funds during the 2007–2013 period: Final Report to the European Commission. DG Regional and Urban Policy.

<sup>163</sup> Compare findings from Task 2 of this evaluation. See Second Interim Report, section 4.4.2.

<sup>164</sup> See European Court of Auditors (2015): Efforts to address problems with public procurement in EU Cohesion expenditure should be intensified. Special Report No. 10, Observation 29, p. 24, confirming the relationship between inconsistent interpretation of rules and errors.

<sup>165</sup> Ibid.

<sup>166</sup> E.g. management verification for the detection and correction of irregularities, audit of the effective functioning of the management and control system, inter alia management verification.

<sup>167</sup> For example, the COCOF guidance note on the treatment of errors disclosed in the annual control report was issued in December 2011 but applied retroactively to 2011 annual control reports, which Audit Authorities had presented the same month. This resulted in the duplication of work and costly adjustments on the part of Audit Authorities, with potential negative repercussions upstream in the control chain. For a more detailed analysis of specific weaknesses identified in relation to this matter, and Commission guidance more generally, please refer

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Research conducted as part of country case studies supports this finding. Legal uncertainty, diverging interpretation of legal requirements and unclear guidance from the Commission were observed in e.g., Bulgaria, Germany, Latvia and Sweden. In its reports, the European Court of Auditors has also identified these weaknesses, particularly with reference to second-level controls and the treatment of errors.<sup>168</sup>

*Box 6: The Latvian experience: Legal uncertainty for a beneficiary.*

Shortcomings related to changes in rules or the interpretation thereof applied retroactively were experienced in Latvia. Regarding changes in the *interpretation* of rules, for instance, a beneficiary reported having set a requirement in a 2011 procurement (with the agreement of the Managing Authority) that the contractor had to be a certified project manager in Latvia. The beneficiary was later notified by the same Managing Authority that this criterion was discriminatory and therefore might constitute an irregularity.

*Source: KPMG/Prognos (2016).*

In order to manage the risk of diverging interpretations of rules and related irregularities, Managing Authorities tended to interpret rules and guidance notes in the strictest way possible to avoid dissent from their Audit Authorities. Audit Authorities, too, tended to be overly cautious, making the system rather restrictive. For instance, according to evidence collected, this often resulted in stringent interpretations of eligibility rules and contributed to, for example, reluctance to use simplified cost options.

A prevalent control culture resulted in most efforts being devoted to avoiding errors, with less regard for the achievement of results. Analysis of the interview, focus-group and survey data supports this conclusion.<sup>169</sup> They reported a progressive increase in the number of controls and audits (as outlined above), which they interpreted as part of a general trend towards increased focus on control in the Cohesion Policy delivery system.

According to the interviews with EC Officials, correction was favoured over prevention by programme authorities. Sometimes national legislation contributed to incentives reinforcing this control focus. In Poland, for example, a legal act stipulated a compensation system for controllers awarding a bonus based on the number of identified

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to Special Report No. 16/2013 of the Court of Auditors (e.g. p. 39, par. 66). See also the Contact Committee of the EU's Supreme Audit Institutions (2014): Report on the Parallel Audit on Simplification of the Regulations in Structural Funds by the Working Group on Structural Funds, p.10, discussing simplification measures that applied retroactively and examples of legal uncertainty.

<sup>168</sup> For a more detailed analysis of specific weaknesses identified in relation to the Commission's guidance, particularly on annual control reports, please refer to European Court of Auditors Special Report No. 16/2013 (e.g. p. 39, par. 66).

<sup>169</sup> Interviewees and focus-group participants frequently mentioned a widespread 'lack of trust' and control culture in the system. This was true irrespective of which country respondents belonged to and, though justifiable in some cases, was often perceived as counterproductive. We found such opinions in focus groups from Sweden, Austria, Romania, Malta and Hungary. In Austria, a focus-group participant declared: 'The system is unfortunately based largely on fear: implementing bodies fear the national Audit Authority; the national Audit Authority fears the DG REGIO audit unit; the DG REGIO audit unit fears the European Parliament and the European Court of Auditors. Trust was described as a primary asset in Sweden, where a focus-group participant explained that the 2007-2013 system did not reinforce trust levels. In a similar vein, focus-group participants in Romania reported that a lack of trust in (the competence or correctness of) public administration can inflate the number of appeals by rejected applicants, thus causing delays.

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errors.<sup>170</sup> Critics have argued that this type of incentive, as opposed to a system that ex ante encourages the least possible number of errors, results in unnecessary controls.<sup>171</sup>

The finding discussed in this section aligns with the findings of existing literature on this subject.<sup>172</sup> Research carried out for case studies also confirms the points discussed above, notably in Bulgaria and Germany.

## 5.4 Summary

### *Meeting expectations: strengths and weaknesses*

Based on the findings of Section 5.3, the following table summarises the strengths, weaknesses, conceptual and practical problems of the element 'Compliance, financial management and control' and reflects on the main expectations of stakeholders identified in Section 5.2.

*Table 6: Meeting expectations: strengths and weaknesses regarding compliance, financial management and control*

Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
<b>Accountability</b>	<b>All stakeholders: yes</b> Assurance increased compared to the 2000-2006 period	Increased assurance and lower error rates compared to the previous period Introduction of Audit Authorities	Implementation issues: legal uncertainty, contradicting interpretation of rules
<b>Legality and regularity</b>	<b>EC, MAs/IBs: yes</b> Controls and audits were helpful in reducing errors and irregularities compared to the 2000-2006 period	Controls helped to reduce errors and irregularities Increased assurance and lower error rates compared to the previous period	'Gold plating' Recourse to the national legal framework did not lead to fewer errors related to public procurement rules.
<b>Delivery of results</b>	<b>All stakeholders: no</b> Sense of insecurity ("control culture") that impeded delivery of results	Introduction of the output-focused Simplified Cost Options	'control culture' and disproportionate administrative costs hamper the focus on results Limited use of simplification tools and lack of reliance on output-based SCOs
<b>Reasonable administrative costs</b>	<b>EC, MAs/IBs: no</b> Certain degree of complexity in the system is inherent But simplification did not	Design of the system including simplification measures such as: single audit principle, SCO, proportionality	Implementation issues and lack of appropriate administrative capacities prevented the simplifications to

<sup>170</sup> Legal act available at: <http://dziennikustaw.gov.pl/du/2015/906/D2015000090601.pdf>

<sup>171</sup> See article available at: [http://www.skarbowcy.pl/blaster/extarticle.php?show=article&article\\_id=22572](http://www.skarbowcy.pl/blaster/extarticle.php?show=article&article_id=22572)

<sup>172</sup> See CSIL (2011): Moving towards a more result/performance-oriented delivery system for Cohesion Policy. European Parliament Study, for instance, p. 115. Alternatively, see Metis (2012): Simplification and proportionality in management and control systems, p. 30, which also refers to the new programming period.

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Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
	meet expectations <b>Beneficiaries: no</b> High perceived burden of controls and audits compared to national programmes	principle.	happen Lack of differentiation in requirements across programmes Demanding documentation requirements Multiple controls, despite of the single audit principle

Source: KPMG/Prognos (2016).

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*Success factors*

Main success factors identified related to 'Compliance, financial management and control' function in the studied member States are as follows:

- Wide use of simplification tools, such as the Simplified Cost Option (good example: the Netherlands in ESF funded Operational Programmes)
- Training and knowledge exchange on control practices increasing the clarity and common interpretation of rules (good example: Germany)
- Public procurement: curbing overregulation when transposing EU directives (good example: Sweden).

*Missing or superfluous features in the 2007-2013 period*

As explained in the above chapters, the design of the control system was appropriate and included relevant features. The evaluation did not identify any missing or superfluous features in the 2007-2013 period; however, there is still room for the strengthening of the use of preventive measures and simplification tools.

*Application of the findings to different funds*

Findings related to the Compliance and Financial management and control elements are valid across funds, with only a few, slight variations for ESF compared to ERDF and CF. Simplification measures, particularly the Simplified Cost Options are more widely used in ESF than in the case of the other two funds. This might be one of the reasons why errors decreased faster for ESF than for ERDF or the Cohesion Fund.

As another difference, ineligibility issues contributed more than public procurement did to the estimated level of error in the area of employment and social affairs. This was the opposite in the case of ERDF / CF. The reason for this is, however, the limited use of procurement procedures in those fields rather than to better application of rules.

## 6 MONITORING AND REPORTING

**Monitoring** involves the collection of data and the assessment of the progress of programme implementation to ensure that projects, priorities and programmes are progressing towards achieving their objectives.

**Reporting** is the provision of systematic, structured information on the implementation of Cohesion Policy and its contribution to national and European objectives by Managing Authorities or the Commission.

The following sections outline the relevant legal provisions, the rationale for these, the main expectations of the key stakeholders, and the performance of monitoring and reporting elements of the delivery system in the 2007-2013 period. It also summarises the strengths, weaknesses, conceptual and practical problems, success factors, missing and superfluous features and any fund-specific findings related to this element of the system.

### 6.1 Legal provisions

Monitoring was meant to **collect information on indicators and progress towards specific targets so as to capture and demonstrate the outputs and achievements of Operational Programmes**. Target-setting was seen as allowing identification of deviations from planning and possible difficulties in implementation, and enabling the systematic comparison of outcomes against expectations. This required quantified targets as well as definition of baseline values as the starting point for implementation. In the case of the ERDF and Cohesion Fund, it was only after the adoption of programmes in 2007-2008 that the Commission proposed retro fitting **core indicators** to enable the aggregation of data across Operational Programmes and Member States. Additionally, during the course of the programming period, the Commission introduced a new emphasis on the measurement of results, in addition to measuring the financial implementation and outputs.<sup>173</sup>

Monitoring was carried out by Managing Authorities and Monitoring Committees. Following Council Regulation (EC) No 1083/2006, Monitoring Committees were 'set up and their responsibilities defined, together with the information to be transmitted to the Commission and the framework for examining that information'.<sup>174</sup> The main tasks of the Monitoring Committees were to oversee the implementation of the Operational Programmes and to contribute to the further development of implementation processes, as well as to the design of projects, measures and priorities. According to Council Regulation (EC) No 1083/2006 Art. 66.2, 'The Managing Authority and the Monitoring Committee shall carry out monitoring by reference to financial indicators and the indicators specified in the Operational Programme'.<sup>175</sup>

Following the regulations, **reporting had two components, implementation reporting and strategic reporting**. **Implementation reporting** refers to the formal submission of required reports by Managing Authorities from the Member States to the

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<sup>173</sup> European Commission (2006): Indicative Guideline on Evaluation Methods: Monitoring and Evaluation Indicators, Working Document No. 2, p. 15.

<sup>174</sup> Council Regulation (EC) No 1083/2006 Recital (64).

<sup>175</sup> Council Regulation (EC) No 1083/2006 Art. 66.2. Monitoring made use of financial indicators as well as output and result indicators.

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European Commission at the level of Operational Programmes. It also refers to the data delivered on the implementation of an Operational Programme, and is thereby strongly linked to monitoring. Managing Authorities, Certifying Authorities and Audit Authorities report the information gathered in the monitoring system to the Commission (Council Regulation [EC] No. 1083/2006, Articles 60 [i], 61 [a], 62 [1 d i & ii]). Implementation reporting covers the Annual Report on Implementation (AIR) issued by the Managing Authority and the Annual Control Report (ACR) provided by the Audit Authority. The implementation reporting cycle was completed by an annual examination of programmes (Council Regulation (EC) No 1083/2006, Article 68) conducted by the European Commission and based on the AIRs. The Commission provided feedback to the Managing Authorities on whether it is necessary to undertake mitigating activities or make changes to the strategy regarding the progress of implementation. The Managing Authorities must then inform the Monitoring Committee of the European Commission's feedback and respond to it. The Managing Authorities are obliged to send a Final Report on the implementation of the Operational Programme to the Commission by March 2017 (Article 67).

**Strategic reporting** in the context of Cohesion Policy refers to the reports released by the Member States according to article 29(2) of the General Regulation, as well as the summary released by the European Commission according to article 30(2) of the General Regulation. The strategic reports of the Member States were to provide details 'on the contribution of the Operational Programmes towards implementing the objectives of Cohesion Policy, priorities of Community Strategic Guidelines and National Strategic Reference Framework' as well as progress made with regard to earmarking.<sup>176</sup> The summary report to the European Parliament should contain an overview on the most prevalent development needs and the progress of the implementation to address these needs.

## **6.2 Rationale and stakeholder expectations**

The main rationale of monitoring and reporting was to provide regular, systematic information on the progress (*accountability*) and achievements of Cohesion Policy (*delivery of results*) and serve as a feedback mechanism for its implementation (*responsiveness*).

### *Accountability*

Monitoring and reporting was designed to provide regular, systematic information on progress and achievements and serve as a feedback mechanism for the implementation of individual programmes and ideally of Cohesion Policy overall. For all stakeholders involved in the implementation of Cohesion Policy, the systematic collection and reporting of reliable information on financial progress, on output and result indicators of Operational Programmes was a central rationale for monitoring and reporting.

For the Commission, it was of particular relevance to record and report data that could be aggregated at EU level. The European Council and the European Parliament called for reliable and consistent information on the spending and achievements of Cohesion Policy and exert a growing pressure on the Commission to demonstrate that the financial resources were being used effectively. This aspect of accountability became increasingly linked to the negotiations over the budget allocated to Cohesion Policy, which was

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<sup>176</sup> European Commission (2006): Programming Period 2007-2013. Aide-Mémoire for the desk officers, DG Regional Policy and Employment, Social Affairs and Equal Opportunities.

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reinforced by the financial and economic crisis that took place during the 2007-2013 programming period.

The Monitoring Committees were set up to discuss the monitoring results among a wider group of stakeholders.<sup>177</sup> Through Monitoring Committees, the European Commission expected not only to strengthen the Partnership Principle but also to foster debate on implementation progress, results and activities with a view to further improvement of implementation.<sup>178</sup>

Reporting was intended to document the actions and achievements of Cohesion Policy. Managing Authorities would communicate complete and structured information on the implementation of programmes to the European Commission every year.<sup>179</sup> The European Commission would provide information on the strategic contributions of those programmes to EU objectives. Reporting was supposed to provide standardised information, which would offer a good overview of the implementation of Cohesion Policy through Operational Programmes in the Member States. Reports were required to be publicly accessible to inform citizens about the achievements of Cohesion Policy. Transparency in reporting was expected to contribute to a higher level of accountability in implementation.

Overall, Managing Authorities in the Member States had slightly different expectations regarding monitoring and reporting from the Commission. They frequently aimed to satisfy the informational needs of programme management and the needs of political actors in the region or Member State requesting information on certain measures or on projects under debate at that time. The overall achievements of Cohesion Policy, especially with regard to the strategic framework, were of less interest at this level.

### *Delivery of results*

Monitoring and, to a lesser degree, reporting were expected to contribute to the delivery of results. By systematically measuring and assessing the implementation of the programmes, 'the Managing Authority and the Monitoring Committee shall ensure the quality of the implementation of the Operational Programme'.<sup>180</sup> Monitoring systems were to be designed to enable the Managing Authorities, Intermediary Bodies and the Monitoring Committees to verify whether or not planned outputs and results were proceeding according to plan.

Reporting (i.e. the Annual Implementation Reports) was intended to link implementation with the objectives and targets set out in the Operational Programmes. The information produced throughout the reporting process was to serve as a basis for feedback procedures. Using result indicators to make the policy results more visible, a stronger

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<sup>177</sup> Polverari, L. et. al (2007): Making Sense of European Cohesion Policy 2007-13: On-Going Evaluation and Monitoring Arrangements.

<sup>178</sup> In fact, earlier versions of the regulations stipulated that the partners in the Monitoring Committee should play a strong role in order to 'ensure broad and effective involvement of all the appropriate bodies'. These requirements were then reduced in the negotiations on the regulations, see: COM (2004) 492: Proposal for a Council Regulation laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, presented by the Commission, Art.10 and Art.63.

<sup>179</sup> Expert Evaluation Network (2014): Expert Evaluation Network on the performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013, A report to the European Commission Directorate-General for Regional and Urban Policy.

<sup>180</sup> Council Regulation (EC) No 1083/2006 Art. 66.

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focus on the effectiveness of the implementation, rather than only on expenditures, was planned for the 2007-2013 programming period.

For the European Commission, it was additionally important to report on the achievements of Operational Programmes across Europe related to EU goals (Lisbon, Europe 2020) and, to facilitate a strategic follow-up of the findings from monitoring in Monitoring Committees.

### *Responsiveness*

Monitoring and reporting were to contribute to the responsiveness of Operational Programmes by supporting the adaptation of Operational Programmes to the changing socio-economic context and needs over the course of the programming period. Although the assessment of the implementation progress and the identification of possible difficulties in implementation, monitoring was intended to enable Managing Authorities to take timely action when problems arose. The Annual Implementation Reports, their approval by the Monitoring Committees and the Annual Examination were features designed to broadly enhance consideration by the authorities and partners on whether implementation continued to respond to national or regional needs.

### **6.3 Performance of monitoring and reporting in the 2007-2013 period**

The performance of the monitoring and reporting elements of the delivery systems were assessed using information collected from all 28 Member States through semi-structured interviews with national stakeholders (mainly Managing Authority and Intermediate Body representatives) and a web-based survey of beneficiaries, applicants, institutional stakeholders and other interested parties across the EU.<sup>181</sup> In addition, findings related to monitoring and reporting were the topic of focus group discussions and were also covered by case study reports conducted in Bulgaria, Germany, Greece, Latvia, the Netherlands, Poland, and Sweden.

#### **Finding 18: The majority of the institutional stakeholders agreed that the monitoring systems performed adequately in collecting information on implementation.**

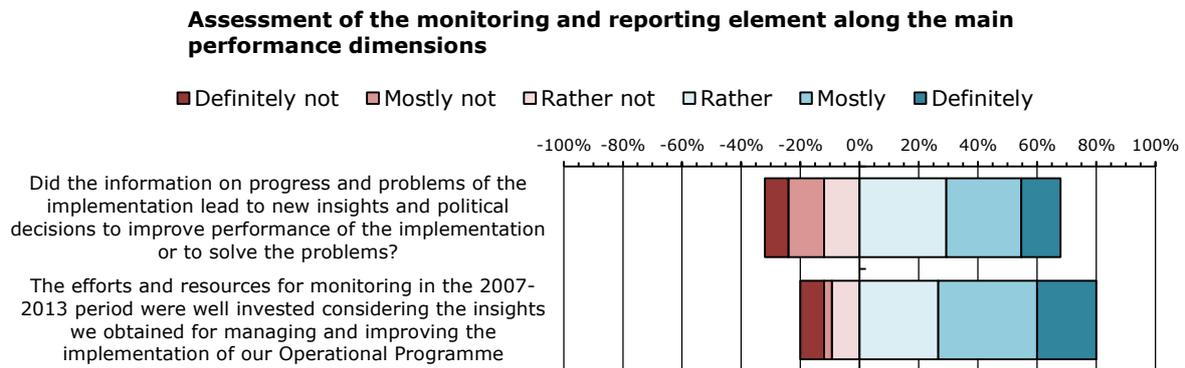
Monitoring and implementation reporting in the 2007-2013 period fulfilled one of their core functions to a satisfactory degree i.e. systematic collection and provision of information on implementation, mainly regarding financial implementation and outputs. Most national and regional stakeholders were satisfied with the monitoring systems and 80% of the institutional stakeholders agreed that the monitoring systems are sufficient for collecting information on implementation. The semi-structured interviews in Member States also showed the satisfaction of stakeholders (primarily Managing Authorities, Intermediate Bodies and Monitoring Committee members) regarding the information on absorption and the assessment of achievements against targets.

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<sup>181</sup> For more details regarding the methodological approach and the data collection tools, see Section 2.

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Figure 40: Assessment of monitoring and reporting



Source: KPMG/Prognos (2015), *Semi-structured interviews in Member States, N=78*.

In addition, despite some difficulties in terms of data quality, a sufficient aggregation of data on financial progress and outputs at the EU level was also possible.<sup>182</sup>

One of the main reasons for this positive assessment was the significant improvements made in setting up IT systems during the period 2007-2013. It was found that numerous Managing Authorities made great progress in running systems for data collection and data analysis. Intermediate Bodies and beneficiaries also gained experience during this funding period, which improved both the systems and data quality.<sup>183</sup> For instance, the Task 5 case study in Bulgaria reported on the development and the set-up of the Unified Management Information System "encompassing all stages of the implementation from project application to reporting and monitoring, which was the most significant achievement of technical assistance in the 2007-2013 programming period". Similarly, in Greece the MIS system, i.e. the main tool for documentation, monitoring and reporting, was successfully upgraded on the national level.<sup>184</sup> Also the Italian Technical Assistance Operational Programme contributed to the better integration of regional monitoring systems into one comprehensive national system.<sup>185</sup> Even in Member States without a dedicated Operational Programme to improve capacity building, technical assistance was used to improve IT-systems for Monitoring, such as the EfReporter, which was either introduced or further developed in several German regions.

The above finding holds for almost all Member States and all types of funds. However, some Member States from the Central Eastern Europe, the South-east Europe and the Southern European countries still faced difficulties in establishing monitoring systems that delivered the necessary information at both the national level and the level of Operational Programmes. For example, despite the improvements in the IT-infrastructure, some Bulgarian authorities had problems adopting a proper system of indicators to assess progress at the programme and project levels.

**Finding 19: Monitoring activities contributed to a high level of responsiveness of the delivery system.**

<sup>182</sup> Some mistakes remained, as found by work package 0 ("Data collection and quality assessment") of this ex post evaluation. These mistakes were mainly due to the incorrect use of measurement units and inconsistencies between the indicator definitions used in the MS and the definitions suggested by the EC.

<sup>183</sup> This was discussed, for example, in the Polish Focus Group discussion.

<sup>184</sup> See the Greek case study on technical assistance of this work package (Task 5).

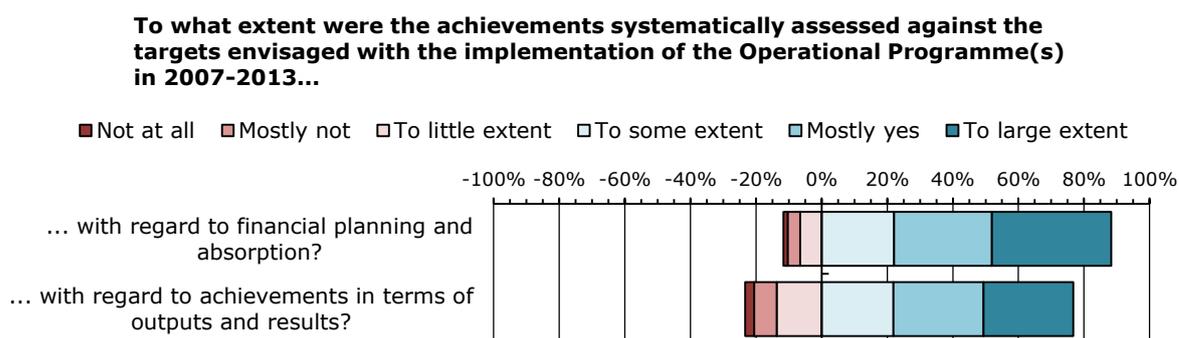
<sup>185</sup> See the Italian case study report on Technical Assistance (Task 5).

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Monitoring activities contributed to a satisfactory level of responsiveness of the delivery system (strategic adjustments and revisions of OPs), especially at a time of unprecedented financial and economic crisis.

The outcome of the semi-structured interviews in Member States regarding the systematic performance assessment found that in particular achievements on financial planning and absorption were systematically assessed against the targets. But also the systematic assessment of achievements in terms of outputs and results showed high satisfaction levels among Managing Authorities.

Figure 41: Degree of systematic performance assessment



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=76.

A further positive finding emerging from this evaluation regarding overall decision-making and adjustments is that the majority of actors involved in the implementation were found to be willing to adjust their measures, if there was evidence from the monitoring system indicating that this was necessary. Representatives at the national and regional levels only reported some selected examples where there had been little interest in such adjustments from the relevant MAs.

**Finding 20: The delivery systems did not stimulate adequate reflection and strategic follow-up on outputs and results of the Operational Programmes in the Monitoring Committees and through monitoring and reporting (AIR, Strategic Reports).**

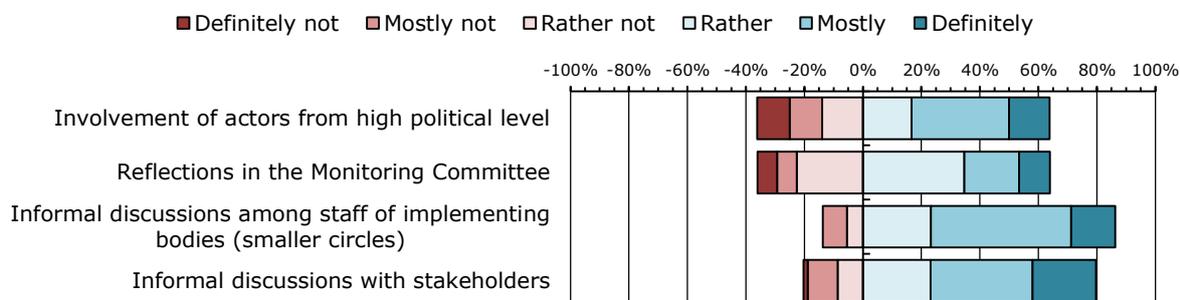
More "strategic" monitoring and, in particular, strategic reporting were regulatory innovations introduced for the 2007-2013 period. While the monitoring systems succeeded in providing information (at least at the level of projects and measures; see finding 18 above), the important follow-on functions of monitoring, i.e. assessing achievements, detecting problems and reflecting on improvements, were fulfilled to a much lesser degree. This was also true for strategic reporting. In particular, the last step in the monitoring process – solving implementation problems and improving implementation through strategic learning – was often not part of the monitoring practice during the period.

The semi-structured interviews with national and regional stakeholders on the "Relevance of different drivers for decision making" showed, "reflections in the Monitoring Committee" ranked visibly lower compared to **"informal discussions"**.

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Figure 42: Factors driving decision making regarding Operational Programmes

**How important were the following aspects for driving decision making in order to improve implementation or solve problems of the Operational Programme(s) in 2007-2013?**



Source: KPMG/Prognos (2015), *Semi-structured interviews in Member States*, N=78 (respondents: IBs and MC-members; less: MAs).

Similarly, the analysis of the semi-structured interviews in Member States regarding "Assessment of the monitoring and reporting element along the main performance dimensions" showed the **lowest value for the "Creation of new insights, driving decision making"**.

The key features of the delivery system designed to promote strategic consideration and decision-making, i.e. the **Monitoring Committee and the Annual Examination, did not reach their full potential**. The activities of the Monitoring Committee focused more on controlling implementation than on fostering policy learning as a basis for decision-making. The Monitoring Committees were often not seen as central forums for reflecting on improvement of programme implementation (see figure above).

Regarding the **role of Monitoring Committees**, Cartwright & Batory (2012)<sup>186</sup> conclude that Monitoring Committees were **suffering from time and capacity constraints** of their members; and that discussions in Monitoring Committees are focusing on technical details rather than on the progress in implementation. Similar conclusions are reached by EPRC & Metis (2014).<sup>187</sup> Overall, the size, the professional and thematic background of the members as well as the mandate of the Monitoring Committees were identified as decisive factors influencing their effectiveness. The Monitoring Committees were often too big and heterogeneous and, as a result, too fragmented in terms of interests to allow for a sufficient, in-depth supervision of programme implementation and the creation of ownership for the programme as a whole.<sup>188</sup> The majority of the representatives from national and regional authorities described the Annual Examination as a rather formal procedure.

Another limiting factor within the 2007-2013 monitoring and reporting system was the **strong focus on financial indicators and absorption**. As reported elsewhere is this

<sup>186</sup> Cartwright, A., & Batory, A. (2012). Monitoring Committees in Cohesion Policy: Overseeing the Distribution of Structural Funds in Hungary and Slovakia. *Journal of European Integration*, 34(4), pp. 323-340.

<sup>187</sup> Metis (2014). Co-financing salaries, bonuses, top-ups from structural funds during the 2007-2013 period, Final Report to the European Commission, DG Regional and Urban Policy.

<sup>188</sup> This was mentioned in the open answers of the semi-structured interviews in Austria, Latvia and Greece. Moreover, the size of the committees was discussed in the focus group discussions in Portugal, Belgium and Sweden.

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report this topic often dominated the reflections and decisions on implementation.<sup>189</sup> This issue was acknowledged both by representatives from the Commission and by national and regional authorities and confirmed by the existing literature.<sup>190</sup>

Furthermore, a tendency for overly **low target-setting** created challenges for thorough assessment of achievements. Since monitoring should also foster accountability and transparency, Intermediate Bodies and Managing Authorities often set targets rather low. Additionally, new Member States often lacked a solid information base from which to derive their targets.

Finally, both **implementation and strategic reporting were of moderate relevance** to national and, in particular, regional actors for assessing and (strategically) reflecting on programme implementation. Although reporting provided clearer information on the ultimate use of the funds, these reports have attracted little attention and awareness for the overall strategies.<sup>191</sup> Evidence from fieldwork has shown that reports were mainly relevant to the communication between the European Commission and Member States, and were sometimes read by members of the Monitoring Committee. For beneficiaries or the broader public, the information provided therein was overly formal and extensive.<sup>192</sup> Moreover, the quality of the reports was sometimes low<sup>193</sup> and, although many of the Annual Implementation Report were published,<sup>194</sup> they were not always circulated among public audiences.<sup>195</sup> Furthermore, with regard to the strategic reports, Bachtler (2013, p. 18)<sup>196</sup> concludes *“the first round of strategic reporting was largely treated as a compliance exercise by most Member States with limited perceived benefits in terms of strategic learning or added value”*.

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<sup>189</sup> For a more critical perspective on monitoring and reporting, see, for example: Batory, A. & Cartwright, A. (2011): Re-visiting the Partnership Principle in Cohesion Policy: The Role of Civil Society Organizations in Structural Funds Monitoring, JCMS: Journal of Common Market Studies, 49(4), pp. 697-717, and Cartwright, A. & Batory, A. (2012): Monitoring committees in Cohesion Policy: overseeing the distribution of Structural Funds in Hungary and Slovakia. Journal of European Integration, 34(4), pp. 323-340.

<sup>190</sup> See also Kah, S. (2011): A snapshot of the present and a glimpse of the future of Cohesion Policy. Review of programme implementation summer-autumn 2011, IQ-Net Review Paper, 20(1) and Centre for Industrial Studies (2010): Lessons from shared management in cohesion, rural development and fisheries policies, Milan.

<sup>191</sup> See also Bachtler, J. & Mendez, C. (2013): EU Cohesion Policy 2007-2013: Are the Goals of the 2006 Reform Being Achieved? European Structural and Investment Funds Journal, Vol. 1, p. 19.

<sup>192</sup> This was indicated, for example, by the web-based survey, where almost 44% of the respondents stated that they were interested only in those fields and aspects of Cohesion Policy that were relevant to their operation or business.

<sup>193</sup> European Commission (2013). Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Cohesion Policy: Strategic report 2013 on programme implementation 2007-2013. Directorate-General Regional Policy, p. 12.

<sup>194</sup> 11 Member States' Annual Implementation Reports for all Operational Programmes are published, and in another 11 Member States they are partially published. For the remaining five Member States, either no AIRs were published or information could not be obtained. See Ciffolilli, A. et al. (2014): Expert Evaluation Network on the performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013. A report to the European Commission Directorate-General for Regional and Urban Policy, p. 98. Fieldwork from this ex post evaluation held no indications that accessibility to the reports posed a major problem.

<sup>195</sup> See, among others, Reggi, L. (2012): Transparency on Structural Funds' Beneficiaries in Europe and Italy, Public Investment Evaluation Unit (UVAL), Collana Materiali UVAL, Analisi e studi.

<sup>196</sup> Bachtler (2013) EU Cohesion Policy 2007-2013: Are the Goals of the 2006 Reform Being Achieved?, ESTIF 1|2013.

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Some important patterns about reflection and strategic follow-ups in monitoring and reporting were also observed when looking at the different **Member States**. In particular representatives from the **Nordic Member States** (Sweden, Finland and Denmark), had a very critical perspective on the monitoring system's contribution to the systematic reflection on implementation problems and improving implementation. The standardised and formal monitoring system was not considered compatible with the culture of open discussion and learning in the administrations of these countries.<sup>197</sup>

In the **Western European Member States**, such as Germany, the Netherlands or Austria, where Cohesion Policy budgets were much smaller than national ones in the respective policy fields, the monitoring of Cohesion Policy often ran parallel to regional or national monitoring systems, and regional policy-makers and other stakeholders placed greater focus on regional monitoring. There was therefore a danger that Cohesion Policy monitoring could become meaningless and would be considered an exercise necessary only to fulfil the requirements of the Commission. This kind of criticism was expressed in focus group discussions in Germany, Sweden, Denmark and the Netherlands. Only in cases where monitoring for Cohesion Policy and national or regional monitoring was combined was it seen as a real added value, such as in the case of the German Operational Programmes for the ESF in North Rhine-Westphalia.

*Box 7: Embedding the monitoring of the ESF in discussions on regional labour policy (Germany)*

A well-established system was identified for the monitoring of the ESF Operational Programme North Rhine-Westphalia. The 'Gesellschaft für innovative Beschäftigungsförderung mbH' (G.I.B.) was responsible not only for measuring the progress of implementation and reporting to the Commission, but also for linking this information to the regional labour market context. The G.I.B., owned by the regional government of North Rhine-Westphalia, supported the regional labour ministries in the implementation of all its policies and interventions and was financed by Cohesion Policy and/or by national or regional funding. This agency first supported Intermediate Bodies and other actors in charge of data collection. They performed consistency checks and data analysis. Apart from these basic monitoring functions, the G.I.B. undertook specific analyses of the data, focusing, for example, on certain regions, target groups, interventions or policy fields. These analyses were then interpreted and presented in the broader context of the regional labour market, linking the ESF-financed interventions more closely to the regional labour market policy. The findings were presented in specific reports or discussed in conferences involving different regional stakeholders. This was considered useful in stimulating a broader discussion of the ESF and the regional labour market policy in general, by all stakeholders representing the ESF Operational Programme North Rhine-Westphalia in the group discussion.

*Source: KPMG/Prognos (2016).*

The various reasons for the relatively weak role of the OP Monitoring Committees given by interviewees and web-survey respondents also showed cross-country patterns. Overall, the formal nature of the Monitoring Committees' activities was one of the most common explanations given. Interviewees and focus group participants reported that Monitoring Committee meetings mainly focused on financial and output data. This approach prevented the Monitoring Committee from acting as a driver for learning. Especially in the context of Member States where the involvement of different partners was common practice in public policy implementation (e.g. from Sweden, Austria and Germany), the set-up of the Monitoring Committees was often characterised by representatives as being too formal.<sup>198</sup> At the same time, in Member State settings with a less participatory culture (e.g. the Czech Republic, Romania and Bulgaria), the perceived

<sup>197</sup> Focus group participants and interviewees in the semi-structured interviews (Task 2) highlighted this point.

<sup>198</sup> This was shown in the Swedish and German Case Study Reports and also mentioned in the Austrian focus group discussion.

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lack of clearly defined competencies of the Monitoring Committees weakened their position in the decision-making process.

The **functioning of the Monitoring Committee also depended on a culture of transparency and open discussion**, as well as on the ability to accept errors and seek improvements. The institutional openness to accept and involve third parties and external stakeholders in the policy process was found to be lower in certain Member States, especially those with a limited history of Cohesion Policy implementation (e.g. countries from the CEE, such as Hungary, Poland, Czech Republic, etc.), but also in some in Southern Europe countries (including Portugal and Italy).<sup>199</sup> Decisions had often already been made before issues were discussed in Monitoring Committees. The members could then simply give their statements on these decisions. In those Member States, the institutional members of the Committees had a tendency to outnumber and marginalise representatives from civil society and NGOs.<sup>200</sup> As stated above, informal exchange and communication played a crucial role in the decision-making process, but to varying degrees in the different Member States. These was found to play a key role in, for instance, Nordic countries and Western Europe, including Sweden, Germany, or Austria.

In some Member States or Operational Programmes, the **functioning of the Monitoring Committee was also limited by a strong focus on the implementation of single projects** at the regional level – especially in decentralised implementation settings where single projects did not form a consistent approach aligned with the strategies of the Operational Programmes. Such a diversified project structure made it challenging for the Monitoring Committees to gain an overall perspective on whether the implementation contributed to the programme strategies. This was observed, for example, in the Swedish case study. Finally, in Member States where funding from Cohesion Policy was of relatively minor importance (compared to national funding), there was often little interest and commitment among Monitoring Committee members, as they considered Cohesion Policy to be of little relevance.

In the context of the **ETC Operational Programmes**, such as in the case of the ETC OP Austria-Hungary 2007-2013, it was noted that the set-up of the Monitoring Committee and the decision-making processes for solving implementation problems followed the centralised set-up of national programmes. A more regional focus on the cross-border regions of the two Member States was considered favourable for the ETC Operational Programme by the representatives of such programmes. Furthermore, they called for a stronger level of involvement from professionals from the border regions targeted by the Operational Programme in order to improve discussion quality in the Monitoring Committee.

In the context of **IPA Operational Programmes** for cross-border cooperation, meetings with the European Commission were deemed to be a helpful source of information for the identification and subsequent solution of implementation problems. This illustrates the reliance of inexperienced national and regional actors on the specific guidance of and exchange with the Commission.

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<sup>199</sup> See also: Batory, A., & Cartwright, A. (2011): Re-visiting the Partnership Principle in Cohesion Policy: The Role of Civil Society Organizations in Structural Funds Monitoring, *JCMS: Journal of Common Market Studies*, 49(4), pp. 697-717. Moreover, representatives from the Managing Authority in Portugal and Italy highlighted that the Monitoring Committee's interference in decisions about implementation was not appropriate, as the Managing Authorities are in charge of the implementation.

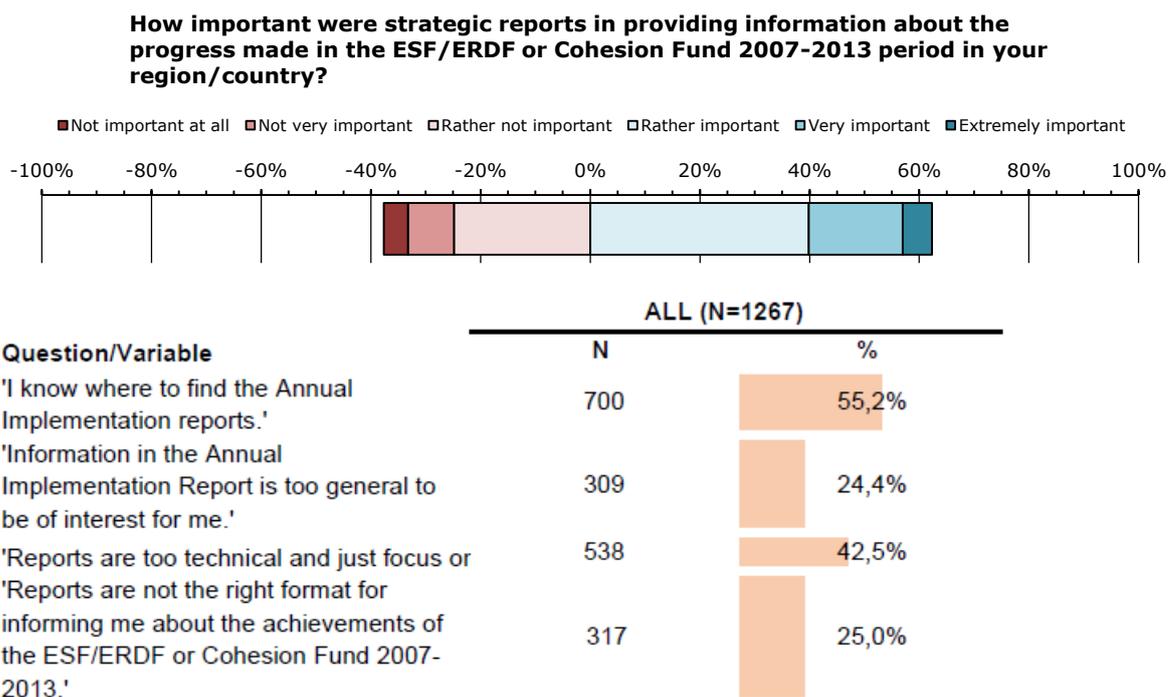
<sup>200</sup> I.e. members that represent authorities with defined tasks within the implementation.

**Finding 21: The delivery systems succeeded only partially in aggregating monitoring data at EU level and monitoring and reporting did not provide the desired information on the achievements of Cohesion Policy related to EU goals ('results').**

As the triangulated evidence from our fieldwork and existing literature demonstrate, **monitoring and reporting could not produce a clear picture of the overall achievements of Cohesion Policy** at the Member State or EU level. Among other reasons, the high number of indicators (over 8,000 across all Operational Programmes) brought major challenges to the validity, consistency and comparability of data coming from the monitoring systems of the individual Operational Programmes. Furthermore, as confirmed by Work Package 0 of this ex post evaluation that *"the data for strategic reporting highlighted weaknesses in the quality and reliability of some data reported by Managing Authorities (MAs)."* (p. ii).

Additionally, the analysis of the web-based survey on the "importance of information and information sources" showed that "Strategic Reports" ranked low and that reports were seen as "too technical and just focus on financial data and the directly produced outcomes" for 43% of the respondents.

Figure 43: Relevance of strategic reports



The literature also supports this finding and almost all EC Officials interviewed reported that it was **difficult to obtain meaningful information on the achievements of Cohesion Policy** during the 2007-2013 period due to the diversity of the data collected for the Operational Programmes. As Ciffolilli et al (2014, p. 97) conclude the *"lack of*

<sup>201</sup> As an example, see: Ciffolilli, A. et al. (2014): Expert Evaluation Network on the performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013. A report to the European Commission Directorate-General for Regional and Urban Policy, p. 98; T33srl, öIR, Spatial Foresight (2015): Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the European Regional Development Fund (ERDF) and Cohesion Fund (CF) – Work Package 0: Data collection and quality assessment, Final Report, p. 18.

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*relevant content and generally poor quality of a lot of AIRs seriously limits the possibility of making a meaningful assessment of what has been achieved with the funding spent and of the progress made towards attaining the objectives initially set".* Similarly, Mendez et al. (2011a) find that in particular the first strategic reports produced in 2009 varied in content length and language, the reporting on outputs and results was patchy with many reports not providing any quantitative information or qualitative assessment (p.23) and many reports did not outline any recommendations for improving performance in the years ahead.

As set out below, this evaluation found a **number of reasons** that help explain the above outlined findings.

In the beginning of the 2007-2013 period, there were **no compulsory requirements on how Managing Authorities should define their indicators** in the Operational Programmes (e.g. the use of core indicators was not mandatory). As a consequence, the Commission could not influence the definition of indicators when negotiating the Operational Programmes. The main focus of the Managing Authorities when creating their monitoring systems was on the information necessary for the day-to-day implementation of their programmes, particularly financial progress and outputs. These specific systems often did not reflect the requirements that would later arise for the aggregation of data from different regions within a Member State (i.e. in Member States with regional programmes). This was particularly evident where there was a lack of integrated national systems for Cohesion Policy (e.g. in the case of Germany) or no national coordination of data collection. In the weakest cases there was a lack of detailed and standardised indicators even within different priorities of the same Operational Programmes.<sup>202</sup>

Notwithstanding this, there was a comparatively high level of agreement among interviewees from the Managing Authorities that there was a degree of common understanding of the indicators between actors involved in the monitoring system. This was partly due to the fact that indicators and their values had been discussed in detail with the bodies involved in data gathering.<sup>203</sup> At the Member State level, stakeholders reported that they did not experience major challenges regarding the definition of (financial and output) indicators. However, this was less true for result indicators. Moreover, as a more in-depth analysis has shown, e.g. for the Romanian monitoring system (case study on technical assistance), these result indicators were, in practice, sometimes not clearly defined.

Furthermore, the indicators used in the monitoring systems were sometimes not suitable for measuring the results of implementation. In the case of the ESF-funded measures, for example, only very limited information on the sustainability of job market entries of participants supported was available.<sup>204</sup> The case of the Polish Human Development Operational Programme illustrated that even in well-developed monitoring systems,

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<sup>202</sup> See, for example, Polverari, L. et al (2007): Making Sense of European Cohesion Policy 2007–13: On-Going Evaluation and Monitoring Arrangements, p.10. And: Ward, T. et al. (2013): Job creation as an indicator of outcomes in ERDF programmes. Synthesis report, August 2013, p. 8.

<sup>203</sup> The overall mean for 'Discussion of the indicators and their values to ensure an appropriate interpretation' was 4.2, while for Managing Authorities and Technical Secretariats it was 4.9. See Annex II, table 41.

<sup>204</sup> See Training and Employment Research Unit (TERU) & Metis GmbH (2012): ESF Expert Evaluation Network. Final Synthesis Report on Access to Employment. Available at:  
<http://ec.europa.eu/esf/main.jsp?catId=3&langId=en>

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authorities were struggling to establish indicators that effectively captured the results of implementation.<sup>205</sup>

Finally, representatives from Intermediate Bodies and members of Monitoring Committees were often only interested in the progress of specific priorities or even measures or projects. Intermediate Bodies often criticised common or standardised indicators, arguing that these were not suitable for the monitoring and evaluation of their particular measures and projects.<sup>206</sup>

Overall, monitoring was a more substantial challenge in the implementation of the **ETC programmes**. Representatives from the European Commission highlighted that an assessment of the achievements was especially challenging in the case of the ETC. This was due to the broad variety of measures implemented through these programmes. Therefore, indicators were often not suited for tracking the progress of implementation at the project level.<sup>207</sup> Furthermore, there was little information on the achievements of the programmes as a whole, firstly because cooperation as an objective is difficult to measure, and, secondly, because there were no suitable core indicators that covered the broad variety of measures and interventions being supported. This impeded the aggregation of results.<sup>208</sup>

The figure below summarises the findings on monitoring and reporting.

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<sup>205</sup> Several factors were identified as being relevant for challenges to the definition of indicators. Especially in Member States with little experience in Cohesion Policy implementation and a low capacity for designing monitoring systems (mostly Central and Eastern European, South-east and Southern European countries), authorities had sometimes difficulties to define appropriate result indicators. Without any previous experience with planning the implementation of Cohesion Policy, Member States lacked a reference for the establishment of effective indicators. The tendency to define overly broad objectives in the Operational Programmes also made it difficult to specify appropriate indicators.

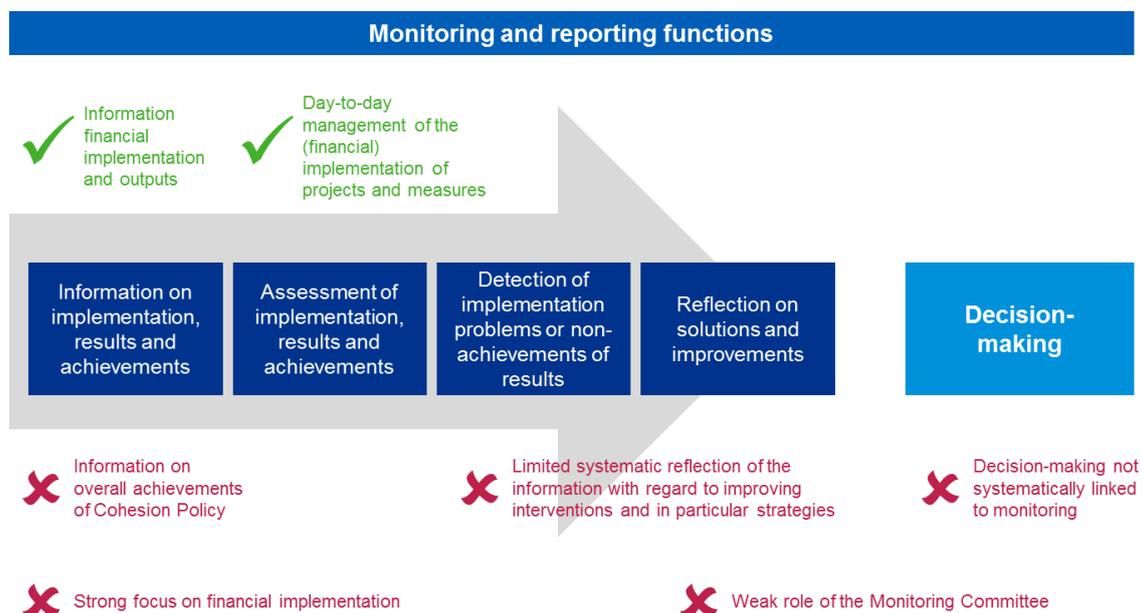
<sup>206</sup> This arose, for example, in the group discussion in the German case study, where representatives from an ESF-funded measure that was aimed at creating structures and cooperation struggled to deliver data on participants or integration into the labour market. See the case study report Germany (Task 3) of this work package.

<sup>207</sup> Representatives from ETC programmes mentioned this criticism in the open answers of the semi-structured interviews.

<sup>208</sup> The specific set-up and its consequences for monitoring were discussed in the structured discussion with representatives from the ETC.

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Figure 44: Overview of findings regarding the performance of monitoring and reporting.



Source: KPMG/Prognos (2016).

## 6.4 Summary

### Meeting expectations: strengths and weaknesses

Based on the findings of Section 6.3, the following table summarises the strengths, weaknesses, conceptual and practical problems of the element 'Monitoring and reporting' and reflects on the main expectations of stakeholders identified in Section 6.2.

Table 7: Meeting expectations: strengths and weaknesses regarding monitoring and reporting

Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
<b>Accountability</b>	<p><b>All stakeholders: yes</b> Monitoring systems sufficiently collected data on implementation (financial data, outputs)</p> <p><b>EC: partially</b> Limited possibility of aggregating monitoring data at EU level Limited discussion of results among stakeholders</p>	Implementation of more advanced IT-systems which covered the whole project implementation cycle enabled tracking of project implementation = increased the potential for accountability	<p>limited or unstandardised use of core indicators impeded aggregation of data at Member State or EU-level</p> <p>Limited public interest in and debate on the achievements of Cohesion Policy</p> <p>Targets of OPs were often under-ambiguous, impeding the assessment of progress and achievements of implementation</p>
<b>Delivery of results</b>	<p><b>MAs/IBs, national and regional stakeholders: yes</b> Information on the</p>	improvements in IT-systems (see above) also facilitated better delivery of results, providing the	strong focus on financial indicators and absorption by national & regional stakeholders

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Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
	<p>achievements related to meeting national and regional needs</p> <p><b>EC: partially</b></p> <p>Limited information on achievements related to EU goals</p> <p>Limited reflection on and strategic follow-up of monitoring results in Monitoring Committees</p>	necessary information for managing the implementation of measures and projects	<p>Sanctions were only related to financial performance; no positive incentives given for achievement of results</p> <p>Quality of indicators and data sometimes low, inconsistencies (primarily regarding indicator definitions) and limited comparability</p>
<b>Responsiveness</b>	<p><b>All stakeholders: yes</b></p> <p>Detection of deviations from the financial plans and the indicator targets.</p> <p>Contributing to / facilitating successful strategic adjustments of OPs, especially at times of crisis</p> <p>Willingness of actors to implement necessary activities for improvement</p>	<p>The monitoring system allowed for a systematic performance assessment of both financial and output indicators</p> <p>The monitoring system and reporting responded to the changes in the socio-economic environment in the areas where deviations from the plans have been identified</p>	<p>Limited understanding among MAs and even members of Monitoring Committees regarding their function of reflection, learning and driving decision-making</p>

Source: KPMG/Prognos (2016).

### Success factors

The main success factors identified related to the 'Monitoring and reporting' function in the Member States are as follows:

- Establishment and technical improvements of advanced IT systems improved national and regional monitoring systems in various types of Member States (from new Member States such as Bulgaria, to non-Cohesion countries such as Germany).
- Experienced, professional intermediaries translating the requirements of Managing Authorities for monitoring to beneficiaries and also handling data collection from beneficiaries.
- Embedding the reflections on Cohesion Policy implementation into discussion of wider national or regional policies, especially when Cohesion Policy programmes are relatively small compared to national funding (e.g., ESF Operational Programmes in North Rhine-Westphalia, Germany).

### Missing or superfluous features in the 2007-2013 period

There is no finding regarding any superfluous features at EU-level. It was found that, for some Operational Programmes, beneficiaries had to report data to different authorities via different channels – clearly indicating a need for streamlining in monitoring and reporting at programme level.

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An important finding of this evaluation was that monitoring and reporting should have better supported in-depth strategic reflection on Cohesion Policy in the Member States. A key reason for this was that there was no compulsory requirements and little guidance from the Commission on how to define indicators and targets (particularly at the beginning of the programming period).

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*Box 8: Findings of Work Package 0 on ERDF / CF on the quality of "core indicators"*

As has been outlined above, in the case of the ERDF and Cohesion Fund, it was only after the adoption of programmes in 2007-2008 that the Commission proposed retro fitting core indicators to enable the aggregation of data across Operational Programmes and Member States.

As part of the ERDF/ Cohesion Fund Ex Post a separate work package has gathered and quality assessed data on physical progress (indicator values for achievements) reported by Managing Authorities in their 2012 and 2013 Annual Implementation Reports. In particular, it has evaluated a selection of 21 "core indicators" and other programme specific indicators relevant for other the ex-post work packages.

It was found that the monitoring efforts made by Managing Authorities have resulted in a generally high quality of core indicator data reported (other indicators, over 8,000 across all Operational Programmes, where not analysed). Despite not being compulsory, Member States use to varying degrees all 21 of the core indicators for productive investment and infrastructure. The most frequently used core indicator was 'Jobs created', used in 178 programmes across 25 MS and in 12 ETC programmes. The quality of the core indicator data reported was found to have increased through the years and 93% of over 1700 indicators values checked by the consultant WPO for 21 core selected indicators were consistent with EC recommendations.

The work package nonetheless detected and corrected mistakes in encoding of cumulative values for 2012 and 2013 where possible. These mistakes were mainly due to incorrect measurement units and inconsistencies between the indicator definitions used in the MS and the definitions suggested by the EC. Some inconsistencies were also found between figures reported in the narrative of the annual reports and data encoded and transmitted in structured form through the shared IT platform (this mainly led to under reporting of physical outputs).

The programmes and the Commission have continued the effort to collect and aggregate data on core indicator achievements and the Commission has recently finalised its assessment of the reported achievements for ERDF and ESF up to end-2014.

The introduction of the 2007-2013 "core indicators" was a major test of the concept of common output indicators. It has directly led to the EU aggregation of (progressive) achievements across a number of key investment areas and informed the significant improvements that have been introduced to the common ERDF/ Cohesion Fund indicators for 2014-2020.

*Source: KPMG/Prognos (2016) based on Work Package 0.*

Finally, the mandate of Monitoring Committees was not adequately defined. Although this was to some extent a problem on the implementation level (i.e. Managing Authorities and even members of the Monitoring Committee were not always clear about the existing mandate), the role and competencies of Monitoring Committees should be further improved to stimulate a more thorough and more strategic reflection on programme implementation.

*Application of the findings to different funds*

Fund-specific patterns were found with regard to the ERDF, especially in long-term projects that took considerable time to materialise. If data were collected too early, no full picture of the results was available. If the data were not collected until the end of project implementation, it was too late to detect implementation problems and early warning signs for the non-delivery of results. Therefore, data were often of limited use, while direct exchange and communication were of major importance.

## 7 EVALUATION

Evaluation aims at improving the effectiveness and efficiency of Operational Programmes and providing information about the impacts of Cohesion Policy. Evaluations are relevant throughout the whole policy cycle by supporting programme planning at the outset of the programming period, adjusting the interventions and Operational Programmes during the course of the programming period and assessing results and impacts, which can be channelled into the planning and preparatory phase of the upcoming programming period.

The following sections outline the relevant legal provisions, the rationale and the main expectations of the key stakeholders<sup>209</sup>, the performance of evaluation in the 2007-2013 period, and a summary of strengths, weaknesses, conceptual and practical problems, success factors, missing and superfluous features and the fund-specific findings related to this element of the delivery system.

### 7.1 Legal provisions

Chapter I in Title IV of the Council Regulation (EC) No 1083/2006 (47) defined the main terms and key features of the evaluations to be conducted regarding the 2007-2013 programming period, including the principles (i.e. partnership and proportionality), the main roles and responsibilities, types of evaluations and their goals, as well as the timing and financing of evaluations.

As a significant change compared to the 2000-2006 programming period, conducting mid-term evaluations was not compulsory during the 2007-2013 programming period and Member States and the Commission were free to decide on the scope and timing of evaluations, except for the ex-ante and ex post evaluations, which were explicitly required by the Council Regulation. The legislation categorised evaluations according to their timing in relation to the policy cycle, i.e. before, during and after the programming period, and their nature, i.e. being of strategic nature or operational nature.<sup>210</sup>

In the preliminary phase of programming, ex ante (prospective) programme evaluations had to be conducted by Member State authorities responsible for programming, designed both to improve the quality of Operational Programmes and to strengthen their ties to EU strategies and national policies.<sup>211</sup> As a general requirement, during the programming period, evaluations linked to the monitoring of Operational Programmes had to be conducted under the management of either a Member State or the Commission. As indicated above, this was contrary to the concept of obligatory 'mid-term' evaluations in the 2000-2006 programming period, which had to be designed in a manner that would appraise the impact of Community structural assistance.<sup>212</sup> To assess the overall achievements of the assistance from the Structural Funds and the Cohesion Fund during the 2007-2013 programming period, the Commission carried out the ex post (retrospective) evaluations of the supported Operational Programmes.<sup>213</sup>

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<sup>209</sup> The evaluation units of the European Commission (unit B.2 at DG REGIO, unit A.3 in DG EMPL), the country desks in DG REGIO and DG EMPL; the Managing Authorities in the Member States and regions; other national or regional governments, ministries and authorities involved in the implementation of Cohesion Policy.

<sup>210</sup> Council Regulation (EC) No 1083/2006 (47)

<sup>211</sup> Council Regulation (EC) No 1083/2006 (37), (48).

<sup>212</sup> Council Regulation (EC) No 1260/1999 (40).

<sup>213</sup> Council Regulation (EC) No 1083/2006 (49), (68).

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The legislation did not lay down any specific requirements regarding the types of evaluations for the 2007-2013 programming period. Furthermore, Member States were not obliged to draw up evaluation plans outlining their indicative evaluation activities during the period. Nevertheless, to promote EU-level consistency and foster quality evaluations, guidelines were provided to the Member States by the European Commission.<sup>214</sup>

The legislation required the evaluation capacities to be functionally independent<sup>215</sup> in order to ensure the objectivity of the assessment. Evaluation could be carried out either by independent units within the Managing Authorities or by organisations outside the Managing Authorities of the Operational Programmes.

Following the provisions laid down in the Council Regulation, evaluation reports were to be published by the Managing Authorities in the Member States and regions, as well as by the Commission.<sup>216</sup> The discussion of outcomes of evaluations in the Member States and regions was an important function of Monitoring Committees, as defined by the General Provisions Regulation.<sup>217</sup>

## **7.2 Rationale and stakeholder expectations**

The main function of evaluation was to obtain knowledge on the implementation and effectiveness of the Operational Programmes, and on the actual results and impacts of their interventions in order to learn about the outcomes of Cohesion Policy (*accountability*), meet the changing needs over the duration of the programming period (*responsiveness*) and to improve the performance of the Operational Programmes (*delivery of results*).

### *Accountability*

The Commission's evaluation units (DG REGIO B.2, DG EMPL A.3) needed to respond to information requests from various stakeholders related to the achievements of Cohesion Policy related to European goals, including the Lisbon objectives. These stakeholders included, inter alia, the Director-Generals of DG REGIO and DG EMPL, the Cabinets, the Parliament and other units of Directorate-Generals that were involved in implementing Cohesion Policy within the EU. Evaluation was expected to play a decisive role in assessing the effects of Cohesion Policy.

Managing Authorities were accountable for the national co-financing of the funding and the implementation of Operational Programmes. Therefore, they expected that evaluations would assess whether national and regional needs were met as a result of the interventions. This expectation was shared by national and regional stakeholders such as Managing Authorities, Intermediate Bodies, national and regional governments, ministries and other public authorities.

### *Delivery of results*

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<sup>214</sup> Council Regulation (EC) No 1083/2006 (47), e.g. EVALSED ("the resource for the Evaluation of Socio-Economic Development") by DG REGIO.

<sup>215</sup> Council Regulation (EC) No 1083/2006 (47).

<sup>216</sup> DG REGIO evaluations: [http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/);

DG EMPL evaluations: <http://ec.europa.eu/social/main.jsp?catId=701&langId=en>

<sup>217</sup> Council Regulation (EC) No 1083/2006 (65), (67).

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Firstly, evaluations were expected to assess the 'impacts' of Cohesion Policy, identify the reasons behind its performance, and improve the Operational Programmes in order to deliver the expected results. In relation to this, the European Commission expected that evaluations would be conducive to achieving European goals through assessing the results and impacts of the interventions. The Member States, in turn, expected that evaluations would primarily help them assess the extent to which the Operational Programmes contributed to meeting national and regional needs, on the basis of which the performance of the Operational Programmes could be improved.

Secondly, both the Commission and stakeholders in the Member States expected that evaluation reports would contribute to the smooth implementation of Operational Programmes, i.e. to identify implementation problems and inefficiencies, detect any potential risks of not achieving the targets set, and improve the implementation of the Operational Programmes.

Thirdly, feedback and in-depth analyses of the effects were expected to support policy learning by all stakeholders. Obtaining robust evidence for the reasons behind the performance of the interventions was considered a pre-requisite for enhancing the design of future policies and Operational Programmes.

### *Responsiveness*

The Commission, the Managing Authorities and other national and regional stakeholders expected that evaluations would support the adaptation of the Operational Programmes to the changing socio-economic context and needs throughout the programming period. This expectation was particularly relevant in relation to revision of the Operational Programmes as a result of the financial and economic crisis. In addition, stakeholders expected responsiveness from the evaluations themselves, e.g. whether interim evaluations were used to assess emerging needs.

### **7.3 Performance of evaluation in the 2007-2013 period**

While Article 47 of Council Regulation (EC) No 1083/2006 outlined the two main types of evaluation (i.e. strategic or operational), the applied evaluation models were the results of the debate and the practice, under the Commission's leading role, on how to apply evaluations. The following evaluation models were applied during the 2007-2013 programming period: 'impact evaluations' (assessing the impacts of Cohesion Policy interventions), 'implementation' or 'process evaluations' (assessing the efficiency and effectiveness of programme delivery) and 'thematic evaluations' (assessing selected themes or policy areas). All these categories were important features of evaluation during the 2007-2013 programming period and their application reflects the expectations of the main stakeholders as detailed above regarding this element of the delivery system.

The main findings related to evaluation touch upon the two distinctive functions of evaluations, i.e. the measurement of impacts of Cohesion Policy (i.e. assessing the net contribution of the Operational Programmes to the objectives set), and the assessment and improvement of the implementation of the Operational Programmes in the Member States and regions.

The performance of evaluation was assessed using information collected from all 28 Member States through semi-structured interviews with national stakeholders (mainly Managing Authority and Intermediate Body representatives) and a web-based survey filled in by beneficiaries, applicants, institutional stakeholders and other interested

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parties across Europe. In addition, findings related to evaluation were the topic of focus group discussions and were specifically covered by case study reports conducted in Germany, Poland, Sweden and Italy.

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**Finding 22: The use of evaluations was suboptimal regarding the measurement of 'impacts'<sup>218</sup> of Cohesion Policy due to various reasons (quality problems, weak methodological designs, capacity gaps, lack of comparison data, etc.).**

The evaluation of the 2007-2013 period is ongoing in Member States at the time of this ex post evaluation. According to the records of the Expert Evaluation Network and DG REGIO, around 830 evaluations were conducted for interventions supported by the ERDF and Cohesion Fund between 2007 and 2013,<sup>219</sup> and 721 evaluations were completed for those supported by the ESF until December 2013.<sup>220</sup>

In DG REGIO's own assessment, this interim data has already indicated significant diversity in the practice and quality of the evaluations, and a **limited (but growing) number of evaluations dealing with effects and impacts of Cohesion Policy interventions**. The next figure illustrates the predominance of process evaluations and monitoring-focused evaluations in the Member States concerning interventions financed through the Cohesion Fund or the ERDF.

*Figure 45: Focus of the ERDF and Cohesion Fund evaluations, 2007-2013 programming period.*

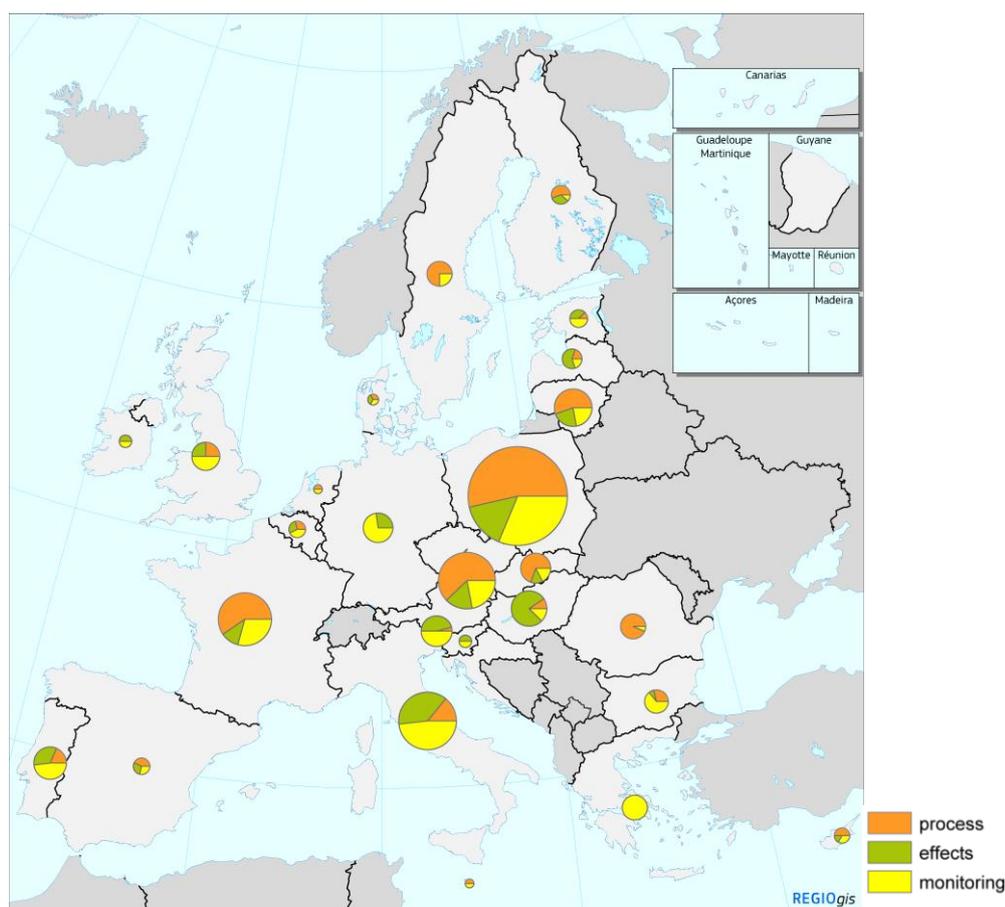
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<sup>218</sup> The term 'impact' used here refers to the new definition for 2014-2020 period, i.e. referring to the change that can be credibly attributed to an intervention.

<sup>219</sup> Ciffolilli, A. et al. (2014) Expert Evaluation Network on the performance of Cohesion Policy 2007-2013 Synthesis of National Reports 2013, p. 82., available at: [http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/eval2007/2013\\_ee\\_n\\_task2\\_synthesis\\_final.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/2013_ee_n_task2_synthesis_final.pdf)

<sup>220</sup> DG REGIO (2015): How are evaluations used in the EU? How to make them more usable? Presentation by Stryczynski, K. in Stockholm, 8 October 2015.

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The number of impact evaluations was lower (22%) than process evaluations (44%); however, their share increased near the end of the programming period (see Finding 24: regarding the latter aspect).<sup>221</sup> Outcomes from the semi-structured interviews with EC officials (both EMPL and REGIO) underlined this point, e.g. expressing that “evaluations were generally unable to convey reliable information on impacts, i.e. whether the programmes had made a difference. Several hundreds of evaluations have been produced (for DG EMPL), but most of them struggle with judging effectiveness. Most evaluations have primarily addressed programme implementation (process evaluations).”

The conclusion of the Commission regarding the insufficient number of impact evaluations applying rigorous evaluation methodologies was in line with the outcome of the expert workshop (participating experts were from Poland, Greece, Bulgaria, Romania and Italy) and the relevant literature<sup>222</sup>. The limited number of evaluations was particularly criticised in Southern European Member States (mainly in Southern Italy and Spain), especially when compared to the significant investments financed by the Structural Funds in these regions. In Italy, for instance, the Task 3 case study found that “only 31% of the 103 evaluations regarding the ERDF completed by 2013 (and identified by the Expert Evaluation network) focused on convergence programmes. In light of the fact that 80% of the ERDF funding was allocated to the Convergence Objective, there was an insufficient focus on evaluations regarding this objective.”

The main **reasons behind the low number of impact evaluations** are as follows.

<sup>221</sup> Ciffolilli, A. et al. (2014) Expert Evaluation Network on the performance of Cohesion Policy 2007-2013 Synthesis of National Reports 2013, p. 84.

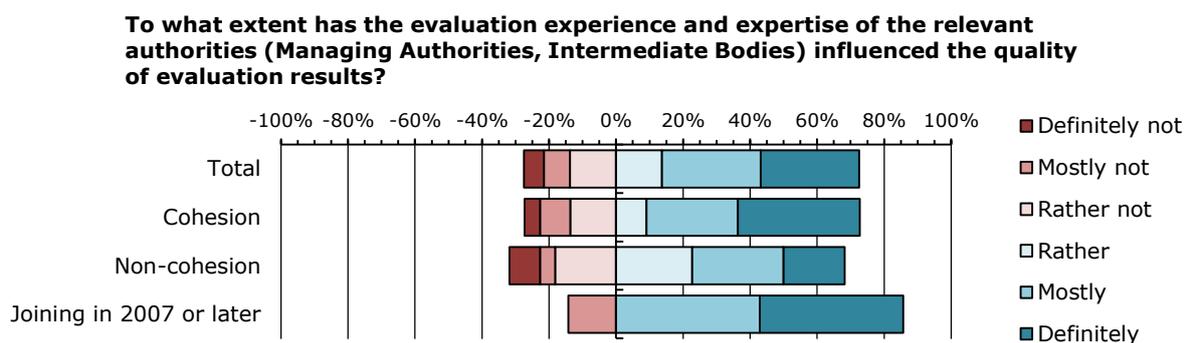
<sup>222</sup> E.g. Faina et al (2013), Expert Evaluation Network, p.40

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- Firstly, the issue of quality was frequently mentioned in the sources referred to in the paragraphs above, concluding that weak methodological designs, a lack of good quality data or poorly specified terms of reference<sup>223</sup> often prevented the generation of useful evaluation results.
- Secondly, Member States, especially non-cohesion countries where the Structural Funds represented a yearly average amounting to less than 0.3% of total public spending, were greatly interested in using evaluations to support the implementation and monitoring of their Operational Programmes in order to ensure the efficient and complete use of the available funds, leaving the measurement of impacts as a secondary priority.
- Thirdly, there were no specific legal obligations to conduct evaluations that measure results and impacts during the course of the programming period. Therefore, Managing Authorities often rather focused on ensuring the smooth implementation of the Operational Programmes and having evaluations that supported the absorption of the available funding.
- Fourthly, the notion of 'result orientation' emerged as a priority only over the course of the 2007-2013 programming period, requiring a period of time for the Member States to integrate the concept of impact evaluations (notably, 'counterfactual' and 'theory-based' impact evaluations) into their evaluation practice (an important milestone of which was the Barca report referred to above).
- Fifthly, the advanced stage of programme implementation is a pre-requisite for the measurement of results and impacts, thus more impact evaluations were carried out near the end of the programming period.<sup>224</sup>

As an explanation for the first point, the quality of impact evaluations was influenced by **occasional capacity gaps regarding specific evaluation expertise** within the national implementing authorities. There was a wide agreement (72%) among institutional stakeholders that the experience and expertise of the relevant authorities have greatly influenced the quality of evaluations results (as shown below).

Figure 46: Influence of the capacity of authorities on the quality of evaluations



Source: KPMG/Prognos (2015), semi-structured interviews in Member States, N=51.

<sup>223</sup> Overly prescriptive terms of reference and the dominance of price among the tender assessment criteria for evaluation contracts (over methodological content) were often observed.

<sup>224</sup> Ismeri Europa, Applica (2014), p. 84.; interviews with the Officials of the Commission (DG REGIO, DG EMPL)

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Occasional capacity gaps, especially in the newest Member States (joining in 2007 or later), therefore, had an adverse impact on the usefulness of evaluations. For instance, in Romania and Bulgaria (joining the EU in 2007) general weaknesses in administrative capacities and a lack of established evaluation practice prior to the 2007-2013 programming period was identified as an important factor influencing the quality of evaluations. Meanwhile, in Italy (a non-cohesion country) there was a sophisticated system for planning evaluation activities.<sup>225</sup> From the perspective of the evaluation market, the Task 3 case study in Sweden (where the EUR 1.6 billion budget of Cohesion Policy represented only 0.1% of the total public spending in the period) found that the small evaluation market for the ESF was driven by the high demand related compulsory project-level evaluations, thus focused on implementation-type evaluations. As a consequence, the use of advanced methodological tools (i.e. counterfactual impact evaluation or sophisticated econometric methods) was limited. Nonetheless, in most countries the **written guidance provided by DG REGIO and DG EMPL was deemed important** in shaping the content, quality and timing of the evaluations, which helped mitigate capacity related issues within the institutional system.<sup>226</sup>

Another factor that often influenced the quality of impact evaluations was the **limited availability of good quality monitoring data and data on comparison groups** for the special purpose of evaluation. This was often the main reason behind the underutilisation of evaluation for policy learning, as was frequently pointed out by interviewees from national and regional Managing Authorities. Evaluations required a broader set of data than monitoring and reporting, especially regarding the measurement of impacts. Due to the unavailability of this specific data, collecting the necessary evidence for evaluations was often both time- and resource-consuming. As a good example, significant progress was achieved in terms of increasing the quality and use of impact evaluations in Poland. The decision to grant the Central Statistical Office access to technical assistance support enabled the development of a database that could be used for the purpose of counterfactual impact evaluations. Consequently, counterfactual impact evaluations have been successfully conducted to assess, for example, the effectiveness of SME support measures. Still, despite the fact that evaluators had access to central statistics, only a fragment of the necessary data could be collected in the absence of access to data from other national authorities (e.g. employment data).

Even when good quality evaluations were available, institutional stakeholders (particularly the Managing Authorities and Intermediate Bodies) often experienced an **underutilisation of evaluation results** in the course of the 2007-2013 programming period. Various sources of information, including the literature,<sup>227</sup> the semi-structured interviews in Member States, the web-based survey (see below) and the Commission's own assessment ("*lack of public discussion of findings*")<sup>228</sup> point to this issue, with no definite geographical patterns. This ex post evaluation identified a number of influencing

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<sup>225</sup> The Task 3 case study Italy found that the National Evaluation Unit (UVAL) coordinated the evaluation activities of the relevant national and regional public authorities, including the evaluation of interventions not financed by the EU funds. The aim was to facilitate an integrated approach to the evaluation of regional development interventions. Based on the guidelines issued by UVAL, each regional and national public authority was required to draft its own evaluation plan (including a list of planned evaluations), the allocated resources and the dissemination of evaluation results. (It must be noted, however, that these evaluation plans were not strictly followed in all cases.)

<sup>226</sup> Semi-structured interviews in the Member States (respondents being mostly the Managing Authorities)

<sup>227</sup> E.g. Iseri Europa, Applica (2014), p. 88.

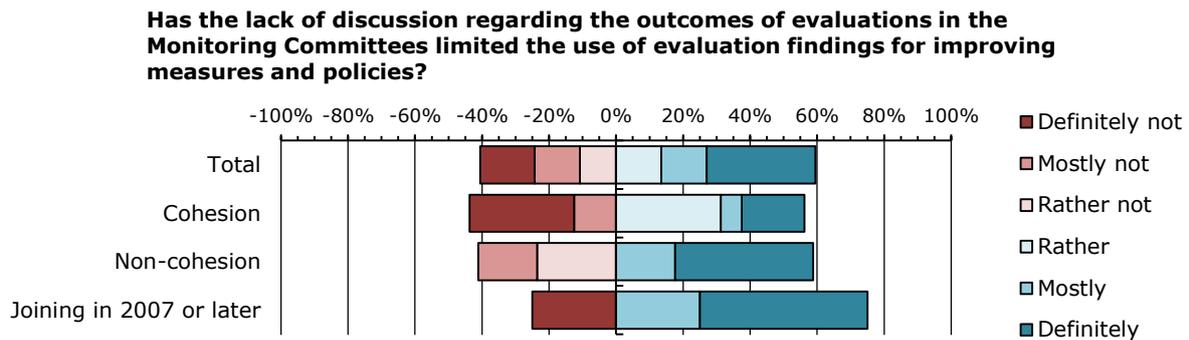
<sup>228</sup> Elg, M., Ellström, P., Klofsten, M.; Tillmar, M. (2015): Sustainable Development in Organizations: Studies on Innovative Practices, Section 17 (authored by Gaffey, V.; Riché, M.), Edward Elgar Publishing Ltd.

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factors that affected the discussion and use of the evaluation results to various degrees. These were, inter alia, as follows:

- Monitoring Committees' reflection on the evaluation reports could be overly formal, lacking substantive discussion among the stakeholders. Almost 60% of the institutional stakeholders agreed with this conclusion, particularly in the newest Member States (joining in 2007 or later), where this ratio was more than 70%.

Figure 47: Influence of the discussions in the Monitoring Committees on the quality of evaluations



Source: KPMG/Prognos (2015), semi-structured interviews in Member States. N=37.

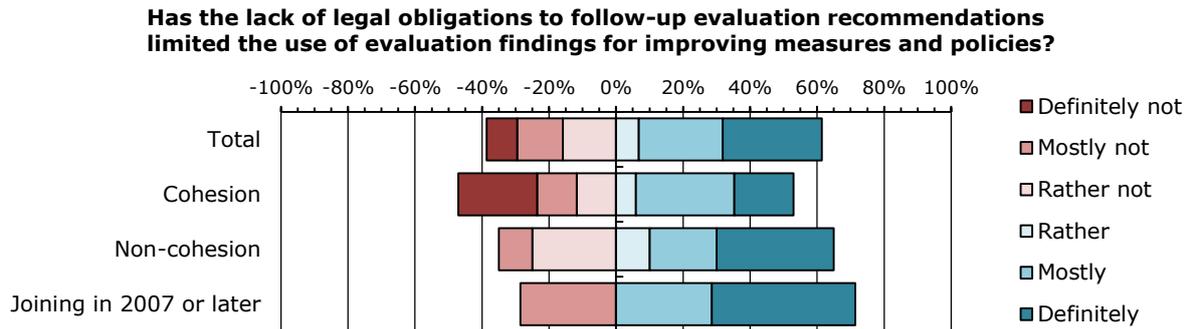
- The weaker embeddedness of seeking and accepting external feedback within the organisational culture of national and regional public administrations could hamper the implementing authorities' critical reflection on their own activities.<sup>229</sup>
- While Managing Authorities were mainly responsible for the follow-up and implementation of evaluation recommendations, these recommendations were often addressed to policy-makers instead of the Managing Authorities, and so could not reach their target group.
- Neither the Council Regulation nor the fund-specific regulations laid down provisions (or safeguards) regarding the use of evaluation results, apart from the requirement to 'examine' the results of evaluations.<sup>230</sup> More than 60% of the interviewed institutional stakeholders (over 70% in the newest Member States, joining in 2007 or later) agreed that this had limited the use of evaluation findings for improving measures and policies.

Figure 48: Influence of the lack of legal obligations to follow-up evaluations

<sup>229</sup> It occurred more frequently in cohesion countries according to interviews with Officials of the Commission and the expert workshop; however, the occurrence of both positive and negative examples among cohesion countries implies that it also depended much on the management approach of individual institutions in the delivery system.

<sup>230</sup> Article 65 (c).

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Source: KPMG/Prognos (2015), semi-structured interviews in Member States. N=44.

**Finding 23: Implementation (or process) evaluations provided useful inputs for Managing Authorities to improve their Operational Programmes and prepare the new programmes in the 2014-2020 period, and contributed to a high level of responsiveness of the delivery system, especially at times of financial and economic crisis.**

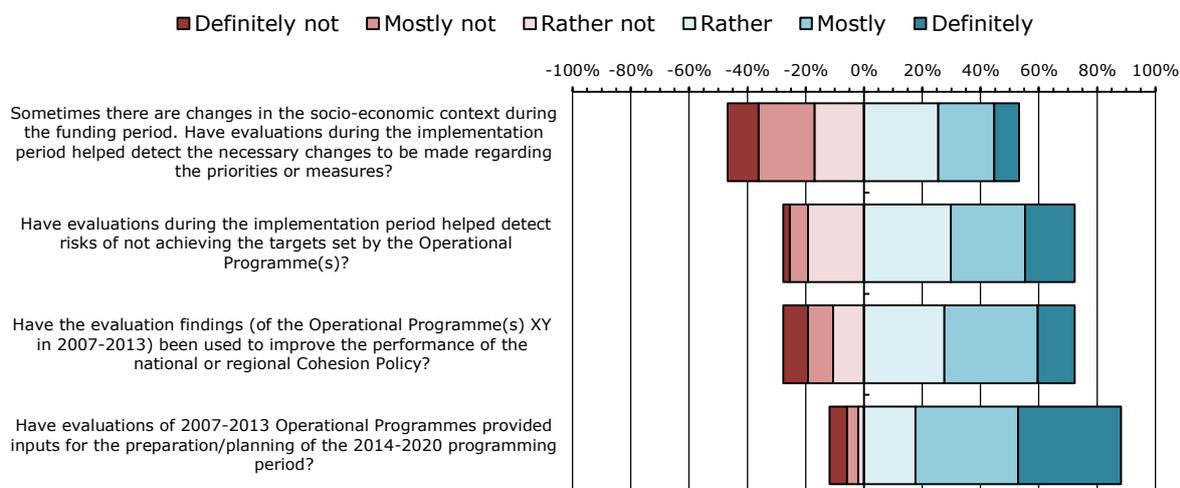
Evaluations contributed to the implementation of Operational Programmes from the perspective of Member States and regions. The semi-structured interviews in the Member States (most respondents being Managing Authorities and Intermediate Bodies) indicated that in the national authorities' perception (see the figure below) evaluations helped

- **detect the necessary changes** to be made in the priorities and measures of the Operational Programmes (53% of the respondents agreed);
- **detect the risks** of not achieving the targets set by the Operational Programmes (72% of the respondents agreed);
- **improve the performance** of national and regional Operational Programmes (72% of the respondents agreed); and
- provided inputs for the **preparation and planning of the 2014-2020** programming period (86% of the respondents agreed).

Figure 49: Contribution of implementation/process evaluations

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Various questions on implementation/process evaluations



Source: KPMG/Prognos (2016), Semi-structured interviews in Member States, N=47, 47, 47 and 51, respectively.

The seeming contradiction between Finding 22: (suboptimal use of evaluations regarding the measurement of 'impacts') and Finding 23 (provision of useful inputs for Member States and regions to improve the performance of their Operational Programmes) was due to the stakeholders' slightly different expectations of evaluations (see Section 7.2). While **Member States and regions were more interested in assessing the immediate outcomes**<sup>231</sup> of their interventions, allowing for the timely adjustment of their Operational Programmes, the Commission expected more evidence on longer-term impacts attributed to Community support, in line with the objectives stated in Article (3) of the Council Regulation. For Member States and regional authorities, **process evaluations generally provided direct added value** during the programming period; that is, they fostered re-programming in response to changing needs and enhanced absorption capacity. Data of DG REGIO shows that 44% of the evaluations in Member States were classified as process evaluations (aimed at improving the implementation of the Operational Programmes), while 34% of them were evaluations with a primary function of supporting the monitoring of the Operational Programmes<sup>232</sup>.

There were considerable geographical differences in terms of the perceived role of the evaluation of Operational Programmes in policy-making. In non-cohesion countries, where the Operational Programmes typically played a less decisive role in national policies and represented a lower financial value (a yearly average amounting to less than 0.3% of the total public spending),<sup>233</sup> Cohesion Policy was expected to have a smaller impact. As discussed earlier, **in non-cohesion countries policy-makers were typically less prone to invest in impact evaluations** of EU funds, since the cost of carrying out evaluations would have been relatively large compared to the size of the Operational Programmes.

<sup>231</sup> 'Output' and 'result' level in the terminology used during the period 2007-2013.

<sup>232</sup> Ciffolilli, A. et al. (2014) Expert Evaluation Network on the performance of Cohesion Policy 2007-2013 Synthesis of National Reports 2013, p. 84.

<sup>233</sup> Typically falling between 0.1-0.3%, in contrast to cohesion countries, especially Member States that joined the EU in 2004 or thereafter (where this proportion fell between 5-8%).

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For instance, the Task 3 case study in Germany found that although evaluations mainly were not focused on measuring impacts, they did provide useful recommendations to the Managing Authorities by analysing practical problems in implementation. The higher relative weight placed on evaluations focusing on implementation of the measures was in line with the expectations of stakeholders regarding the function of evaluation. Participants argued that the practice of conducting mostly implementation-oriented evaluations had a good cost-benefit ratio (compared to carrying out impact evaluations).

Similarly, according to the Task 3 case study, the National Strategic Reference Framework for Sweden clearly stated that evaluation was seen as the main tool for policy learning and improving of the implementation of Cohesion Policy. For all eight Operational Programmes, on-going evaluation was commissioned shortly after the start of their implementation, and the Swedish Agency for Economic and Regional Growth developed useful guidance documents for the different on-going evaluation activities. The Managing Authorities generally preferred evaluations that were based on the available monitoring data and provided readily implementable recommendations. In addition, the results of the project-level evaluations were useful for identifying potential bottlenecks and enhancing the implementation of the projects.

In Member States where the Structural Funds and the Cohesion Fund played a decisive role in funding national and regional development, **e.g. in Central and Eastern Europe** (all cohesion countries), **evaluations were considered to be more useful, thus more resources were invested in them.** The Polish Task 3 case study found, for instance, that Poland applied a comprehensive approach to evaluation, including a systematic approach to the strategic planning, conducting and follow-up of evaluations. The follow-up of evaluation recommendations was also standardised, enabling policy-makers to adapt existing strategies and develop future ones based on sound evidence (see the box below).

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*Box 9: Strategic approach towards evaluation (Poland).*

In absolute terms, Poland was the largest beneficiary of the Structural Funds and Cohesion Fund during the 2007-2013 period. Consequently, evaluating the achievements of Polish Operational Programmes was particularly important for both decision-makers and the public. The evaluation system was considered successful during the 2007-2013 programming period.<sup>234</sup> An indicator of this assessment is the high number of evaluations – 990 – that were completed between 2007 and 2014,<sup>235</sup> with nearly three-fourths concerning the 29 Operational Programmes of the 2007-2013 programming period. Almost half of the evaluations were conducted with a focus on regional and territorial development and human resource development.

The National Evaluation Unit, located within the Department of Structural Policy Coordination in the Ministry of Regional Development, was responsible for co-ordinating the evaluation activities of the regional Managing Authorities and evaluation units. To promote policy learning and improve the implementation of the Structural and Cohesion Funds, multiple unique tools were introduced for knowledge management (i.e. tracking evaluation results and following-up on recommendations). The decentralisation of evaluation activities ensured that the planning of evaluations remained close to the recipients of information and recommendations.

Evaluation plans were used as a means to comprehensively plan evaluation activities. Strategic evaluation plans were drafted for the 2007-2013 programming period, indicating the general areas of the evaluations planned, while operational evaluation plans indicated the schedule of evaluation activities for each year. To facilitate equal standards amongst evaluation commissioners, guidelines for evaluation and the drafting of Terms of Reference were issued by the National Evaluation Unit. Knowledge management was ensured through multiple tools, including the Evaluation Reports Database<sup>236</sup> and the Integrated System for Managing Conclusions and Recommendations.<sup>237</sup>

*Source: KPMG/Prognos (2016).*

As a further piece of evidence for the role of evaluations in the high responsiveness of Cohesion Policy, Faina et al. (2013, p. 40) pointed out that, despite the few evaluations regarding ERDF programmes, *"an important operational evaluation was carried out [in Spain] in 2011 to address the adverse impact of the current economic and financial crisis on the implementation of ERDF programmes (Operational Evaluation for reprogramming the ERDF ROPs and the TF NOP)."*

The congruent evidence from various sources at the Member State and regional levels implies that evaluations generally provided useful inputs for Managing Authorities to improve the implementation of their Operational Programmes and facilitate the use of available funds. For Managing Authorities, evaluations were also useful in shaping the preparation of Operational Programmes for the 2014-2020 programming period. The flexible approach towards evaluation in the 2007-2013 programming period enabled Member States to use evaluations to support the implementation and the strategic adjustment of their Operational Programmes.

<sup>234</sup> High performance of the Polish evaluation system was noted by both European Commission and the Expert Evaluation Network.

<sup>235</sup> According to the Evaluation Reports database. Data accessible in Polish at: [https://www.ewaluacja.gov.pl/Wyniki/Documents/17122014\\_baza.xls](https://www.ewaluacja.gov.pl/Wyniki/Documents/17122014_baza.xls).

<sup>236</sup> Data accessible in Polish at: [https://www.ewaluacja.gov.pl/Wyniki/Documents/17122014\\_baza.xls](https://www.ewaluacja.gov.pl/Wyniki/Documents/17122014_baza.xls).

<sup>237</sup> Integrated System of Recommendations and Conclusion Management - Zintegrowany system zarządzania rekomendacjami i wnioskami.

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**Finding 24: Member States and regions have demonstrated moderate result-orientation in the 2007-2013 period, but gradually improved in being aware of and measuring the progress towards the planned strategic objectives.**

As described in Chapter 4, the goals of the Lisbon strategy and priorities of the Community Strategic Guidelines were appropriately integrated into the National Strategic Reference Frameworks and Operational Programmes, however, earmarking has not stimulated a more strategic orientation and thematic concentration of Operational Programmes. The often intentionally broad objectives of Operational Programmes, "control culture" (explained in Section 5.3) and "absorption focus" in project selection resulted in varying strategic qualities of the selected projects, which had implications on the whole strategic delivery of Operational Programmes. The types of interventions that could be supported were often too many, clear target setting and precise objectives often missing. These were **obstacles for a strong focus on delivering results and tracking progress of strategic plans.**

The need for more attention on measuring the 'impacts' of Cohesion Policy was identified early on in the programming period. The Barca report<sup>238</sup> from 2009 argued that a **move towards impact evaluations** should be one of the ten pillars of the reformed Cohesion Policy governance (Pillar 7: *"Encouraging the design and implementation of counterfactual methods for assessing the impact of policy interventions, to improve understanding of what works, especially in a prospective sense, so that evaluation is designed together with the intervention and can have a disciplinary effect by focusing attention on objectives and on the criteria for the selection of beneficiaries."*).

As the notion of result orientation emerged during the course of the programming period (see Finding I) and the results of the interventions started to materialise, a **positive trend was identified regarding the number and analytical rigour of evaluations focusing on the 'impacts'** of the Operational Programmes and specific impact assessments.

Towards the end of the programming period, Ciffolilli et al (2014) found that *"over the past year, the focus of evaluations shifted from procedures and more to the results of interventions and their effects in relation to policy objectives (36% of the total) as well as to assessing progress in the implementation of programmes or measures (38%) with only 25% being concerned with processes and procedures as such (25%). [...] Such a switch in focus is understandable given an initial concern to ensure that programmes are being properly and effectively managed coupled with the limited evidence of results in the early stages of the implementation of programmes."*

Outcomes from the semi-structured interviews with European Commission Officials (DG EMPL, DG REGIO) also highlighted **progress towards a stronger results-orientation** and shed light on the reasons behind this improvement. For example, *"in the second half of the programming period, a Helpdesk was set up. It had helped countries operationalise the regulation on evaluation, advised them, and provided backstopping. It helped Member States identify the risks of the monitoring system, or to select representative samples of supported units (to measure impacts later on). Member States had taken it up a bit slow, but in 2014 it was getting some speed."*

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<sup>238</sup> Barca, F. (2009). An agenda for a reformed Cohesion Policy: a place based approach to meeting European Union challenges and expectations. Independent report at the request of Danuta Hübner, Commissioner for Regional Policy, available at: [http://ec.europa.eu/regional\\_policy/archive/policy/future/barca\\_en.htm](http://ec.europa.eu/regional_policy/archive/policy/future/barca_en.htm)

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Similarly, to the geographical trends mentioned in Finding II, Member States where Cohesion Policy support played a less decisive role in national policies and represented a lower financial value (mainly in Northern and Western European Member States) were less likely to invest in comprehensive impact evaluations, as opposed to countries where Cohesion Policy was a major source of total public spending.

In Poland (Cohesion Policy representing 5.8% of the total public spending) the Task 3 case study found that evaluations and results-orientation have improved near the end of the programming period (see details under Finding II). The evaluation potential has developed and progress was achieved in terms of increasing the quality and use of impact evaluations and the spread of evaluation culture in the Polish public administration. The decision to grant the Central Statistical Office (CSO) access to technical assistance support enabled the development of a database that could be used for the purpose of counterfactual impact evaluations.

The following example from Lithuania (Cohesion Policy representing 8.0% of the total public spending) is another good practice through taking steps towards measuring the impacts of Cohesion Policy interventions and developing capacities accordingly.

*Box 10: Advanced evaluation practice and targeted capacity building (Lithuania)*

Lithuania, has made efforts to improve and strengthen its evaluation capacities. During the 2007-2013 programming period, 34 result and impact evaluations were carried out, including micro-level (evaluation of the impact of EU structural assistance on small and medium business), macro-level (impact of EU structural assistance on quality of life, social exclusion and poverty reduction) and sectoral (effectiveness of planning and use of EU resources designated for the implementation of road sector projects) evaluations. The main success factors for these results were the high standards designed for evaluations (relating to their process, quality and use) and targeted capacity-building activities, including the training of civil servants, the preparation of methodological guidelines and the organisation of evaluation publicity events for interested stakeholders.

*Source: KPMG/Prognos (2016) based on Dilba (2014).<sup>239</sup>*

The Task 3 case studies also showed that in non-cohesion countries, such as Sweden or Germany (Cohesion Policy representing 0.1%, 0.3% of the total public spending, accordingly), less improvement could be observed in terms of measuring 'impacts' through evaluations in the course of the 2007-2013 period.

## 7.4 Summary

### *Meeting expectations: strengths and weaknesses*

Based on the findings of Section 7.3, the following table summarises the strengths, weaknesses, conceptual and practical problems of the element 'Evaluation' and reflects on the main expectations of stakeholders identified in Section 7.2.

*Table 8: Meeting expectations: strengths and weaknesses regarding evaluation*

Relevant performance criteria	Expectations met?	Main strengths	Main weaknesses, conceptual or practical problems
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<sup>239</sup> Dilba, R. (2014): Evaluation Challenges in 2014-2020. Presentation on the 5th International Conference on Monitoring and Evaluation 16 to 17 October 2014, Budapest.

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<b>Accountability</b>	<p><b>MAs/IBs: yes</b> Evaluations assessed if national and regional needs were met</p> <p><b>EC: partially</b> Limited reliable information on the 'impacts' of Cohesion Policy and its contribution to EU goals</p>	<p>Growing number and analytical rigour of evaluations towards the end of the 2007-2013 period</p> <p>More use of advanced evaluation techniques, e.g. counterfactual and theory-based impact evaluations</p> <p>Useful written guidance provided by DG REGIO and DG EMPL</p>	<p>Still, low number of 'impact' evaluations</p> <p>Generally weak methodological designs of impact evaluations</p> <p>Limited amount of good quality monitoring data and comparison group data</p> <p>Poorly specified terms of reference</p> <p>No legal obligations to carry out impact evaluations</p>
<b>Delivery of results</b>	<p><b>MAs/IBs: yes</b> Evaluation helped improve the performance of Operational Programmes</p> <p>Policy learning</p> <p><b>EC: partially</b> Limited information on 'impacts' of interventions</p> <p>Underutilisation of evaluation results in Member States</p>	<p>Identification of implementation risks, including the risks of not achieving targets</p> <p>Contribution to improved performance of Operational Programmes</p> <p>Contribution to the preparation and planning of the 2014-2020 Operational Programmes</p>	<p>Overly formal discussion of evaluations in Monitoring Committees</p> <p>Limited substantive discussion of evaluation among stakeholders</p> <p>Evaluations did not reach policy makers</p> <p>Occasional capacity gaps (mainly at the national authorities)</p>
<b>Responsiveness</b>	<p><b>All stakeholders: yes</b> Successful detection of implementation problems</p> <p>Successful strategic adjustments of OPs, especially at times of crisis</p>	<p>Purposeful use of interim evaluations to identify emerging needs</p> <p>Timely identification of the necessary changes to be made in the Operational Programmes in the light of the changing context and needs identified by the evaluations</p>	

Source: KPMG/Prognos (2016).

### Success factors

Main success factors identified related to 'Evaluation' function in the studied member States are as follows:

- Development of capacities regarding evaluation (good practice: Lithuania);
- Use of evaluations for the strategic revisions of Operational Programmes (several good practices identified in response to the financial and economic crisis);
- Carrying out rigorous impact evaluations to facilitate policy learning (several good practices identified towards the end of the programming period)
- Using evaluation guidance documents from the Commission to produce relevant, high-quality evaluations (widely reported among the Member States);

### Missing or superfluous features in the 2007-2013 period

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The evaluation identified no redundant features related to the element 'Evaluation'. The legislative framework provided flexibility for the Member States and regions to tailor evaluations to their needs.

The empirical work concluded that the main missing features of 'Evaluation' in the 2007-2013 programming period were the lack of differentiation of evaluations according to their primary function (i.e. 'impact' or 'implementation'/'process' evaluations), the lack of legal obligation to prepare and follow-up evaluation plans, the lack of legal obligation to carry out evaluations that specifically measure the 'impacts' of Cohesion Policy (especially the contribution to the European goals), and the lack of legal obligation to follow-up the results of evaluations.

*Application of the findings to different funds*

The evaluation identified no major fund-specific differences regarding 'Evaluation'. Roughly the same number of evaluations were carried out for ERDF/CF and ESF (830, 721, respectively, at the end of 2013), and the responses of the web-based survey and the semi-structured interviews in the Member States have not surfaced substantially different perceptions according to the different funds.

## **8 THE PERFORMANCE OF ADMINISTRATIVE CAPACITY-BUILDING FINANCED BY TECHNICAL ASSISTANCE**

### **8.1 Administrative capacity-building financed by technical assistance**

#### *Definition of administrative capacity-building financed by technical assistance*

The focus of this chapter is the assessment of capacity-building financed by technical assistance as a means of improving the delivery system in selected Member States (Bulgaria, Romania, Greece, Poland, Italy, the Czech Republic and Slovakia).

Technical assistance (TA) is the financial support available to Member States and it is designed to help stakeholders implement, on the one hand, various activities in support of Operational Programmes, such as the preparatory, management, monitoring, evaluation, information and control activities. On the other hand, it also supports activities aimed at reinforcing the administrative capacity of institutions for implementing the Funds.<sup>240</sup> Technical assistance is made available through the Funds and is used at the initiative of Member States within the limits defined under the General Provisions Regulation Article 46.<sup>241</sup> Technical assistance actions are undertaken within the TA priority axes of the Operational Programmes. On a complementary basis, within the limits defined above, TA actions can also be undertaken in the form of a standalone Operational Programme (i.e. national TA Operational Programme) designed to support and facilitate the management of all Operational Programmes within the given Member State through actions that are relevant to some or all Operational Programmes (e.g. the establishment of a common database and information system, common training for the staff involved in management and implementation of the programmes, etc.). These national TA Operational Programmes are complementary to the activities carried out under the TA priority axes of the Operational Programmes and do not replace or supersede these.

Technical assistance at the initiative of the Member States, as described above, is not to be confused with general administrative capacity-building in public administrations (delivered via other national or European instruments, inter alia the ESF, or the structural reforms undertaken within the European Semester context), nor with technical assistance at the initiative of the Commission (Art 45). Technical assistance for improving capacity for the delivery of the Funds is not reform oriented (as is, in contrast, general administrative capacity-building or structural reform). It is an additional form of operational support, directed toward improving the management of the Funds which are delivered under shared management and guided by the principle of subsidiarity. As such, technical assistance support is not aimed at organisational change. The TA Operational Programmes examined (as well as the TA priority axes of the national and regional programmes) have therefore been designed to support the delivery system itself, not to increase institutional capacities per se, and, ultimately, to be a vehicle for structural reform. Finally, this support was made available to public administrations that lacked capacities across the policy board (albeit to various degrees), which were operating in difficult governance environments.

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<sup>240</sup> Article 46, Council Regulation (EC) No 1083/2006

<sup>241</sup> Article 46, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/49). "Technical assistance can be financed within the following limits: (a) 4% of the total amount allocated under the Convergence and Regional competitiveness and employment objectives; (b) 6% of the total amount allocated under the European territorial cooperation objective".

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The main emphasis of the analysis is on the national Technical Assistance Operational Programmes, though the TA priority axes of other Operational Programmes are included in the analysis as well.

The use of technical assistance aimed at capacity-building for the management of the Funds is defined as those activities directly contributing to developing the structure, human resources and systems and tools of the delivery system. This evaluation uses the definition of Boeckhout et al. (2002) regarding the distinction among these three dimensions of administrative capacity. In line with the requirements of the Tender Specifications, the following definitions were applied:<sup>242</sup>

- **"Structure** relates to the clear assignment of responsibilities and tasks to institutions, or better at the level of departments or units within these institutions. This assignment refers to a range of Structural Funds tasks, including management, programming, implementation, evaluation & monitoring and financial management & control. Structure also relates to supervisory and ancillary bodies, such as Monitoring Committees, auditing tasks, partnership, and etcetera."

For instance, financing the establishment of new authorities, re-organising responsibilities among implementing authorities and supporting the centralisation or de-centralisation of implementing entities can all be considered activities directly aimed at the development of structure.

- **"Human resources** relates to the ability to detail tasks and responsibilities at the level of job descriptions, to estimate the number and qualifications of staff, and to fulfil the recruitment needs. Securing the timely availability of experienced, skilled and motivated staff is a key success factor in managing Structural Funds. [...]"

Following this definition, the provision of training and the development of human resource policies and internal motivational systems in implementing authorities were considered to be activities specifically related to human resource development.

- **"Systems and tools** relate to the availability of instruments, methods, guidelines, manuals, systems, procedures, forms, etc. In brief, these are all job-aids that can enhance the effectiveness of the functioning of the system. Systems and tools enable organisations to transform tacit and implicit knowledge (within the heads of individual people) into explicit knowledge that can be shared across organisations. Systems and tools therefore make organisations less vulnerable (e.g. when key staff is leaving), reduce the risk of malfunctioning and enhance overall effectiveness.<sup>243</sup>

The above definition lists the main types of activities that can be considered as the development of systems and tools, i.e. methodological and operational guidelines, manuals, forms, description of procedures and IT systems for monitoring and management purposes.

### *Objectives of the case studies*

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<sup>242</sup> Ibid.p.4.

<sup>243</sup> It should be noted in the present context that this typology as originally designed relates to the overall management and implementation system and not specifically to technical assistance. Our approach to its use in this specific context will therefore be to classify the potential aspects of the wider system benefiting from technical assistance into these three categories.

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Following the main definitions outlined above, the objectives of the 'assessment of capacity-building financed by technical assistance' (Task 5) are to (1) identify relevant issues concerning the use of technical assistance as a means of improving the delivery system, and (2) to assess the performance of administrative capacity-building financed by technical assistance. More specifically, the objectives of the case studies are:

- to take stock of technical assistance financed capacity-building activities relevant for the delivery system in the seven Member States,
- to analyse specific technical assistance project examples,
- to identify the reasons behind their performance (successes and failures),
- and, finally, to assess whether these activities are aligned to the needs for improvement in the capacities to deliver Cohesion Policy.

In the following sections the results of the analysis conducted, based on the seven case studies, are presented.

## ***8.2 Taking stock of the capacity-building activities relevant to the delivery system***

A multitude of capacity-building activities were implemented in the seven case study countries in response to the various needs related to the delivery system. These include the need for enhancements and customisation of monitoring systems and increasing the knowledge of the personnel involved regarding their use, increased digitalisation of records in administrations, expertise transfer to regions, strengthening coordination between the various entities involved in the implementation of the Operational Programmes as well as improving communication between the implementing authorities and the public. As a special challenge, in Bulgaria and Romania these systems and procedures, which supported the implementation of the Operational Programmes, had to be constructed without a prior framework, as the 2007-2013 programming period was the first of its kind for these two Member States.

National TA Operational Programmes were primarily aimed at addressing the horizontal aspects of implementation, such as ensuring appropriate coordination between regional and central authorities, harmonisation of control procedures and the coordination of monitoring and evaluation activities at the national level. Based on the analysis of the project lists of these programmes, the following table was derived. It lists those capacity-building dimensions that were funded. The first three columns, i.e. development of structure, human resources and systems and tools, represent the projects that were directly aimed at developing these dimensions. The remaining two categories, i.e. other expenditure and remuneration and operating costs, reflect the share of expenditure in the day-to-day operation of the delivery system and procurement of external expertise not directly related to capacity-building, but which, as will be depicted later, have had an indirect positive effect on the functioning of the system. The table divides total spending into these five categories.

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Table 9: Breakdown of the budget of the Technical Assistance Operational Programmes in the seven case study countries

Member State	TA activities <u>directly</u> aimed at...			Other expenditure (procuring evaluations, studies and external expertise)	Remuneration and operating costs
	developing structure	developing human resources	developing systems and tools		
<b>Bulgaria</b>	0%	24%	16%	22%	38%
<b>Romania</b>	0%	12%	15%	21%	52%
<b>Greece</b>	0%	0.1%	1%	15%	84%
<b>Poland</b>	0%	3%	4%	26%	67%
<b>Italy</b>	0%	12%	69%	16%	3%
<b>The Czech Republic</b>	0%	3%	15%	41%	41%
<b>The Slovak Republic</b>	0%	5%	31%	18%	46%

Source: KPMG/Prognos (2016). Project-level data provided by the Managing Authorities of the Technical Assistance Operational Programmes.<sup>244</sup>

The share of capacity-building activities financed by the Technical Assistance Operational Programmes varied significantly among the case study countries. While several of the needs listed above were related to the **structure** of the delivery system, i.e. to the clear assignment of responsibilities and tasks within the implementation system, the case studies identified no projects directly aimed at the development of structure, based on the review of the detailed project lists. However, projects financing the development of human resource capacities, systems and tools as well as other expenditure (mainly evaluations and other studies) did indirectly contribute to the development of the structure of the national and regional implementation systems. For instance, in the case of Bulgaria, actions financed by the TA Operational Programme, even those that were not directed towards structural changes, resulted in the improved institutional set-up and allocation of tasks, mainly as a result of training activities provided to the employees of these institutions. Similarly, in the Czech Republic, financing staff participating in the development of the overall strategy of the National Coordination Authority or the relocation of Delegated Audit Bodies into a single Audit Authority contributed to the gradual development of the implementation structure.

In Romania, the government redesigned the institutional setup of the delivery system towards the end of the programming period to increase the authority of the coordinating and management bodies, with the aim of ensuring more effective coordination and cooperation inside the system, enabling the consistency of approaches and procedures as well as simplification while avoiding duplication and an overlap of responsibilities. In this

<sup>244</sup> Please note that the table may include rounding errors. The figures displayed in the table were calculated based on the review of the detailed lists consisting of projects financed by national TA Operational Programmes and were discussed in consultation with Managing Authorities responsible for these programmes.

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case, technical assistance support provided evidence for decision-makers through studies and evaluations supporting these structural changes. Similar technical assistance contribution to the development of the structure of the implementation system was also identified in the cases of Greece and Poland. In Italy, the development of new processes, mainly regarding financial management and control, contributed to the better allocation of tasks and responsibilities, i.e. through the development of the systems and tools dimension (e.g. guidelines, action plans regarding management and control systems, manuals, tools and transfer of best practices).

Reinforcing **human resources** was an important dimension financed by technical assistance in all case study countries, as authorities responsible for the implementation of the Operational Programmes were characterised by high staff turnover rates (e.g. 20% in the Czech Republic and 15% in Romania). In addition to directly financing the development of human resources (e.g. through training for employees), non-capacity development related costs (i.e. remuneration and operating costs) often dominated the spending structure of the Technical Assistance Operational Programmes in the seven case study countries, ranging from 38% in Bulgaria to 84% in Greece. In Italy, an outlier in this respect, remuneration and operating costs accounted only for 3% of the TA Operational Programme itself, which focused on improving coordination between the various entities involved in the complex national delivery system, characterised by concurrent competencies at the various levels. However, the TA priority axes of the other Operational Programmes in Italy financed personnel costs. Financing remuneration cannot be considered as capacity-building per se, but the higher remuneration (e.g. in the form of salary top-ups) allowed the retention of trained staff and contributed to a reduction of the adverse impact on the implementation of the Funds' stemming from continuing staff turnover or staff reductions. In Greece, as indicated above, the vast majority of the resources available under the TA Operational Programme was spent on the reimbursement of employment costs and additional operational costs, resulting in the smallest proportion (approximately 1%) being spent on capacity-building activities among the case study countries. This share was not part of the initial design, but followed a decision related to the mitigation of the devastating effects of the financial and economic crisis on the Greek public administration.

As shown in the table above, the development of **systems and tools**, mainly in management and monitoring and reporting capacities, was a key priority of capacity-building activities in almost all case study countries. This strong focus on the development of systems and tools can be explained by the need for appropriate IT systems as an important precondition for implementing the Operational Programmes and, subsequently, accounting for this implementation.

Generally, the implemented projects in the case study countries aimed at setting up and upgrading those IT systems (management information and monitoring systems, accounting systems, etc.) supporting the implementation of the NSRF. The focus of such activities was on:

- the integration of and data sharing between different IT systems;
- accommodating new users, often including beneficiaries;
- automating processes; and
- making the systems more user-friendly.

The importance of this capacity development dimension is also highlighted by the fact that the TA Operational Programmes in all case study countries had dedicated objectives

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for the development of IT systems for implementation management and monitoring. A notable example regarding the development of systems and tools is Italy, with the highest share of capacity-building activities financed by a TA Operational Programme among the seven countries.

*Box 11: Capacity-building financed by the Operational Programme dedicated to technical assistance in Italy: a special case*

Capacity-building activities financed by technical assistance in Italy were unique among the case study countries. Operational Programme Governance and Technical Assistance mainly financed interventions aimed at enhancing the implementation of regional Operational Programmes and the coordination between the regional and national institutions involved in the implementation of the National Strategic Reference Framework in convergence regions. High value projects (EUR 4.14 million per project on average) were implemented in the regions to facilitate the dissemination of national standards and good practices. Task forces consisting of high-level institutional experts were deployed to the convergence regions, helping the regional authorities to find solutions to the complex difficulties that emerged during the implementation of the regional Operational Programmes. Operational Programme Governance and Technical Assistance also helped regional public authorities with capacity-building through the provision of guidance and methodologies related to their specific fields of policy.

*Source: KPMG/Prognos (2016).*

### **8.3 Assessment of the performance and effectiveness of capacity-building activities financed by technical assistance**

**In all case study countries, technical assistance directly financed the development and reinforcement of human resource capacities and systems as well as tools for the implementation of the programmes.** The development of human resources was related to recruitment, the timely availability of skilled professionals and the retention of trained and motivated staff (inter alia via appropriate remuneration scales and reward systems). High turnover of employees was the most important identified issue, having an adverse impact on the timeliness of implementation and resulting in the loss of valuable experience. Furthermore, this issue hindered the accumulation of institutional knowledge, especially in the realm of public procurement, where an understanding of complex rules and practices and the ability to apply them with success is crucial. An important mitigation of the adverse effect of low wages in public institutions (as opposed to the private sector, which trained staff often enter after leaving the public sector) has been the financing of salaries, bonuses and salary top-ups. The retention of trained staff and its impact on furthering institutional memory in implementing authorities has been significant in a number of Member States, including Greece, the Czech Republic and Bulgaria. An additional area of successful intervention enabled by technical assistance funds was the provision of training for employees in the implementation system. An example of good practice is Poland, where technical assistance played a significant role in delivering a wide range of training to the employees in the implementation system. Indicators show that the number of training activities financed by the TA Operational Programme reached 8,408 (92% of the target value) in 2014. Around 74% of all employees from the beneficiary institutions of the TA Operational Programme participated in at least one form of training.

In addition to the direct positive effects of training, non-capacity-building activities also had significant spill-over effects. Several projects categorised under 'other expenses' should be interpreted as indirectly contributing to human resources development, alongside the salary top-ups outlined above. This type of expenditure primarily included HR management plans, the organisation of meetings at the local level, attending

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workshops nationally or internationally and exchanges of experience in order to improve and simplify the implementation framework. The most vivid examples are Romania<sup>245</sup>, Poland and Greece. In the latter two countries significant budgets were allocated for conducting studies, evaluations, the exchange of good practices and participation in national and international management meetings and workshops (especially in Greece, with 10% of the TA programme resources spent on these activities). According to interviewees in both countries, the exchange of experience was, in fact, among the most important instruments for enhancing human capacities in the delivery system, triggering learning mechanisms and helping to identify and share good practices among the participants.

**The achievements of technical assistance in retaining and reinforcing human capacities within the implementation system were in some cases, however, hindered by contextual factors.** These were, for instance, the enduring economic crisis in Greece, the strong influence of political cycles on the implementation system and staffing in Slovakia and the lack of a civil service act in the Czech Republic until 2014.

**Regarding the development of systems and tools, at the beginning of the programming period IT systems were not fully set up and improvements were needed in terms of reliability and user friendliness,** with multiple cases supporting this finding, e.g. Romania, Bulgaria, the Czech Republic, Poland, Slovakia and Greece. In Romania, the IT systems for monitoring fulfilled only the minimum requirements in terms of data reliability, security and user friendliness with room for further improvement. Actions deployed under the national TA Operational Programme have been beneficial in ensuring the functioning of the Single Management Information System, including its capacity for the increased accessibility of data at the project level and the availability of aggregated data. An additional functionality of that system – timely data release to beneficiaries – was introduced at a later stage in the programming period, with training and skills enhancement for the staff involved.

In Slovakia, the deficiencies of the ITMS<sup>246</sup> and ISUF<sup>247</sup> systems were successfully mitigated by Operational Programme Technical Assistance. A new management information system was introduced and the accounting system was upgraded with new functionalities. As a result of the upgrades, the system became more user-friendly and the processing of documentation became more efficient. Furthermore, the upgraded ITMS had new functionalities, including the possibility of selecting sub-datasets, and also allowed for the creation of customised reports and exports from the system. The implementation of the new system was a challenging task, yet it was also highly beneficial. At the beginning of the programming period, when the public component of the system was not yet operational, employees of the Managing Authorities had to manually enter all paper documentation into the system in order to make the documents available to beneficiaries. Consequently, the excessive administrative burden falling on the employees of the implementing authorities was reduced significantly.

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<sup>245</sup> One study on adequate resourcing was prepared by the Operational Programme Technical Assistance-funded project 'Development of the performance appraisal system of the personnel involved in the management of the EU funds'. This project aimed to link rewards with performance at the individual level, contributing to a more efficient use of financial resources while boosting individual and Operational Programme performance.

<sup>246</sup> ITMS is a centralised information system for evidence, processing, export and monitoring of data related to programming, project and financial management, control and audit.

<sup>247</sup> Accounting System of Structural Funds and Cohesion Funds used by the Certification Authority.

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Another identified good practice was the set-up of the Unified Management Information System in Bulgaria.

*Box 12: Capacity-building to upgrade the management information system – the Bulgarian experience.*

The aim of the Unified Management Information System was to ensure the effective management and review of the Structural Funds. Its electronic form was designed to facilitate reporting, including reporting to the Commission. The main activities envisaged by Priority Axis 2 of Operational Programme Technical Assistance were the development and maintenance of the system, a designated help desk and regular training sessions for civil servants using the system. Given that the 2007-2013 period was Bulgaria's first programming period, the Unified Management Information System was developed in a flexible manner, allowing it to adapt to legislative changes throughout the period.

The creation of the new information system concerned two objectives, the '*Development, implementation and maintenance of basic and extended configuration of the Unified Management Information System*'; and '*Elaboration of information system for effective management of activities and business processes in the units responsible for the management and control of EU Funds*'.

An information system that complied fully with both European standards and the technical requirements set out in the project document was developed and implemented. The updated information system has contributed indirectly to strengthening the capacity for the management, monitoring and control of all institutions involved in the process of EU Funds absorption in Bulgaria. Currently, the Unified Management Information System is an integral part of the day-to-day functioning of the structures involved in the management of EU Funds in Bulgaria, and is used for the needs of daily management and monitoring processes not only by Managing Authorities and Intermediate Bodies, but also by the Central Coordination Unit, the Certifying Authority and the Audit Authority.

The development and set-up of the Unified Management Information System, encompassing all stages of implementation from project application to reporting and monitoring, was one of the most significant achievements of technical assistance in the 2007-2013 programming period in Bulgaria.

However, there is still room for improvement. While the Unified Management Information System monitors the financial implementation of projects, it does not include any other indicators about their impacts. Different Managing Authorities also use internal systems for monitoring project implementation, but again, these tend to focus on the financial aspect of project management. The Unified Management Information System is rarely, if ever, used to analyse the impact of the projects on the local economy. Also, despite the availability of projects dedicated to training civil servants to use the system, a varying degree of proficiency exists in the use of the features offered by the Unified Management Information System, especially those allowing more complex functions.

*Source: KPMG/Prognos (2016).*

**As indicated by the examples above, technical assistance was effective in supporting the set-up and development of IT-systems**, with developments resulting in improved user-friendliness and enhanced digitalisation of records and project applications identified in six out of the seven case study countries.

**Another contribution of technical assistance regarding systems and tools was a mitigation of the effects of the complexity of public procurement rules.** In most cases, technical assistance was aimed at financing training, creating procurement guidelines and other materials as well as involving external expertise to address this issue. A successful example was the Czech Republic, where external expertise was

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employed in matters concerning public procurement,<sup>248</sup> which had an indirect positive impact through the informal learning that took place. In Poland, technical assistance financed guidelines and manuals issued to both beneficiaries and implementing authorities that successfully supported ensuring compliance with public procurement rules.

**In the majority of the case study countries, technical assistance contributed to the development of much-needed evaluation capacities within the implementation system.** From this perspective, Poland is an example of good practice among the case study countries. In Poland, the largest beneficiary of Cohesion Policy, evaluation is one of the most significant examples of the transfer of European know-how into a national implementation system and also into the wider public administration. Thanks to the implementation of Cohesion Policy programmes, Polish evaluation potential has developed significantly and serves as a source of evidence for both strategic planning and operational management for decision-makers on both national and regional levels. The success of the 2007-2013 period was mainly the result of the de-centralised evaluation system and the spread of evaluation culture in the Polish public administration. In addition to the gradual de-centralisation of evaluation activities, a number of other tools supported this development. These tools include the Evaluation Report Database<sup>249</sup> and the Integrated System of Recommendations and Conclusion Management (ISR)<sup>250</sup>, financed by technical assistance. The former gathers all evaluations prepared by the institutions involved and stores them online, while the latter collects recommendations from evaluation studies and allows the monitoring of their implementation by the relevant authorities. Significant progress was also achieved in terms of increasing the quality and use of impact evaluations. The decision to grant the Central Statistical Office access to technical assistance support enabled the development of a data management system which could be used for counterfactual impact evaluations.

In Romania, the TA Operational Programme had a dedicated Key Area of Intervention (1.2. 'Evaluation') to enhance evaluation capacities and establish a culture of evaluation. The Evaluation Central Unit within the Ministry of European Funds designed a mechanism for the regular assessment of evaluation culture diffusion in the Cohesion Policy implementation system, financed by technical assistance. Both a customised assessment methodology and a measurement tool were created, covering multiple aspects of evaluation, i.e. evaluation culture and evaluation capacity. Through a set of dimensions, indicators, criteria and sub-criteria, the measurement tool enabled the quantification of the Evaluation Culture Measurement Index (ECI). The assessments supported the identification and shared both an understanding of the strengths and weaknesses of the evaluation function among stakeholders and decisions regarding the technical assistance interventions. The regular measurements were accompanied by dissemination events contributing to raising awareness and the development of the competences of relevant stakeholders, e.g. implementing authorities, policy-makers (line ministries), academics and evaluators. For further details regarding good practices in evaluation, please refer to the Annex of this report (good practice examples).

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<sup>248</sup> A project financed by TA - 'Expert assistance in carrying out controls of selected projects financed by the Structural Funds and the Cohesion Fund pursuant to Art. 13 of Commission Regulation (EC) No 1828/2006'

<sup>249</sup> Due to technical assistance during the 2008-2015 period, almost one thousand evaluations were prepared. See: [https://www.ewaluacja.gov.pl/Wyniki/Strony/Wyniki\\_badan.aspx](https://www.ewaluacja.gov.pl/Wyniki/Strony/Wyniki_badan.aspx).

<sup>250</sup> Further information on the Integrated System of Recommendations and Conclusion Management (ISR) can be found in the Annex of this report.

Primarily due to the multi-faceted nature of the identified development needs under the structure dimension (i.e. the assignment of responsibilities at the level of departments or units within the different institutions involved in the delivery system) and their being closely intertwined with those falling under human resources and systems and tools, **no projects directly aimed at addressing the development needs of structure were identified. However, there were spill-over effects from the development of human resources, systems and tools into this dimension.**

As another example, in Italy the complex structure of the delivery system was identified as an important issue as it hindered coordination across policy fields. Italy has a regional public administration system characterised by 'concurrent' competencies of national and regional governments in a wide range of policy areas, most notably since the constitutional reform of 2001. In this context, the Governance and Technical Assistance Operational Programme effectively fostered coordination and promoted the role of central public administrations in providing support to the regions and facilitating the dissemination of national standards and good practices through the development of systems and tools. Furthermore, the establishment of the association 'Tecnostruttura'<sup>251</sup> helped to promote coordination among regions and central public administrations.

**In Poland and Italy, another important spill-over effect was identified from 'fund administration' to 'non-fund administration', mainly related to strategic planning, monitoring and evaluation.** In Poland, as a result of projects financed by technical assistance, EU Cohesion Policy was integrated with Polish development policy. This integration had a positive impact on the dissemination of good practices stemming from the delivery system. In the area of strategic planning, it concerned, for example, the setting of measurable objectives, the creation of a database to collect key strategic indicators and an improvement of the quality of strategic and operational documents. The initiatives undertaken in the field of evaluation, such as the Evaluation Academy, resulted in a wider use of evaluations by the Polish administration and the professionalisation of public staff. It contributed strongly to the development of evaluation culture in the Polish public administration. The de-centralisation of the management function triggered learning and spill-over processes in regional self-governmental offices and allowed the development of strategic functions and evaluation capacities at the regional level.

#### **8.4 Conclusions on the use of technical assistance for improving capacities to deliver Cohesion Policy**

As technical assistance is not reform oriented and is not meant to build the general capacity of public administration, the main expectations of the European Commission and the Managing Authorities regarding TA support related to the maintenance and reinforcement of the capacities in the delivery system. This was especially true for the seven countries studied, as these Member States faced significant challenges and needs for development in terms of administrative capacities for delivering Cohesion Policy programmes during the 2007-2013 period, regarding all three dimensions of capacity (structure, human resources and systems and tools).

In view of these expectations, technical assistance support was vital for keeping the delivery system running in these Member States. Technical assistance had both direct

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<sup>251</sup> Tecnostruttura is a coordination and technical assistance association in which all regional governments (i.e. its constituency) participate. Tecnostruttura is financed through a yearly membership fee paid by each region or autonomous province, and by technical assistance resources granted for its activities. For further information, see: <http://www.tecnostruttura.it/>

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and indirect positive effects on reinforcing administrative capacity of the delivery system. Activities financed by TA Operational Programmes and priority axes directly and successfully contributed to retaining human capacities as well as maintaining and developing systems and tools. The most important developments have been a reduction in the initially high staff turnover rates, the set-up of management and monitoring information systems, the elaboration of guidelines and procedures for effective knowledge transfer within the implementation system, mitigating the adverse effects of the complex public procurement rules and the contribution to the development of evaluation culture. Furthermore, activities financed by technical assistance indirectly contributed to the clearer assignment of responsibilities and tasks to institutions within the implementation system through the financing of evaluations and studies, spill-overs from training activities and the exchange of good practices among stakeholders.

## 9 CONCLUSIONS

This section summarises the conclusions of the evaluation along the two main challenges of the delivery system (implementing the Operational Programmes; delivering results), assesses the contribution of the different elements to the six performance criteria, and describes the possible directions for improving the delivery system

### 9.1 Implementing the Operational Programmes

#### Headline finding:

In most Member States and regions, the delivery system worked effectively in supporting projects and reaching the agreed output targets – despite the challenges of the financial and economic crisis starting in 2008. Over 90% of the total EUR 347 billion at EU level was paid out to projects by the end of 2015.

However, in surveys 54% of the beneficiaries perceived the administrative and compliance requirements of programme participation to be disproportionately high. This perception was shared by an even greater number of respondents (72%, including beneficiaries and other respondents), in non-Cohesion countries.

#### Main achievements in the delivery/implementation chain are as follows:

- 317 approved Operational Programmes (EU-27)
- 98% of funds committed<sup>252</sup> (at the end of 2013, EU-27)
- 90% of funds verified and paid<sup>253</sup> (at the end of 2015, EU-28)
- The error rate fell in the 4.5%-7.7% range between 2009 and 2013, according to estimates of the European Court of Auditors.<sup>254</sup>

<sup>252</sup> i.e., the funds that have been committed to projects by the Managing Authorities.

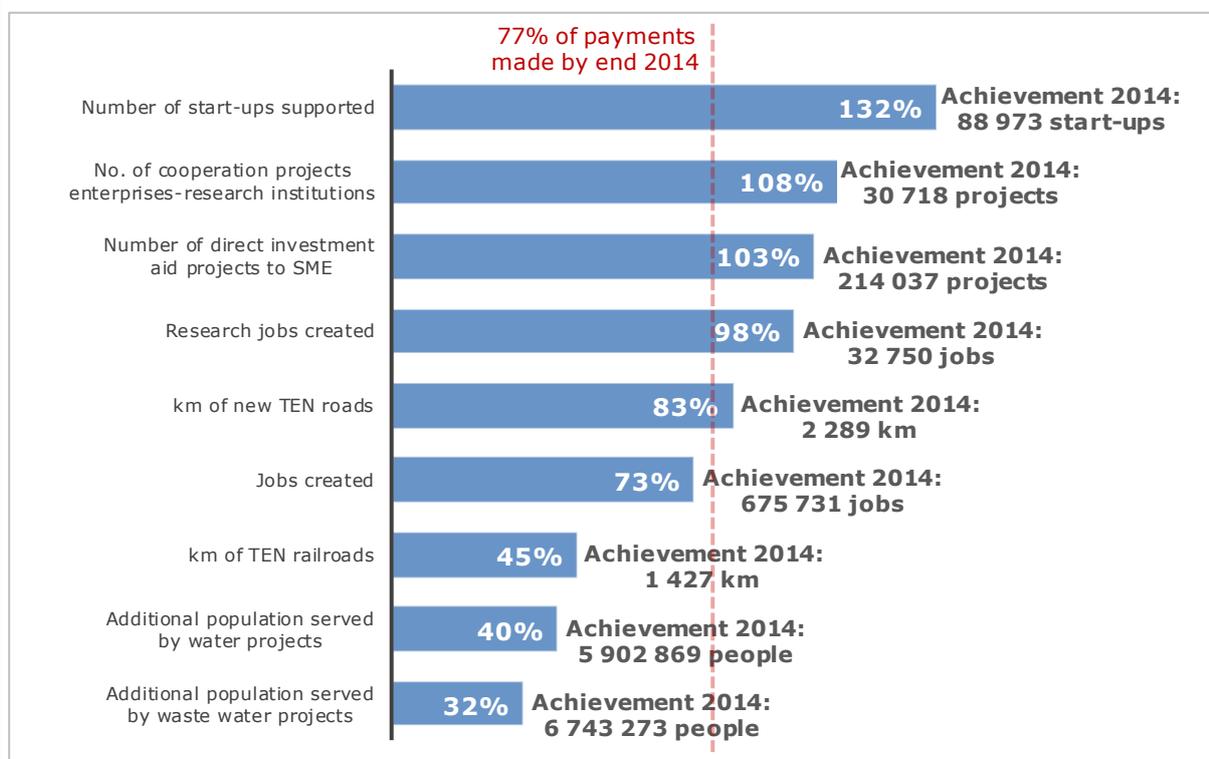
<sup>253</sup> i.e., the funds have been transferred by the Managing Authorities to the beneficiaries.

<sup>254</sup> European Court of Auditors (2015): Annual Report 2014, Observation 6.18. These rates refer to both ERDF/CF and ESF expenditure.

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**Selected key output indicators**

Figure 50: Achievement of selected common (core) indicator targets across all Member States by the end 2014 (blue bars) and % of payments made by end 2014 (red line)



Source: KPMG/Prognos (2016) based on Open Data Platform of DG REGIO (latest available data until the end of 2014). This data should be interpreted with caution and cannot solely be used to judge performance. Notably, the achievement of targets depends largely on how realistically the targets were set. Moreover, many of these indicators were strongly affected by the financial and economic crisis, either directly (e.g. job creation) or indirectly by shifting priorities and needs (e.g., benefiting support to start-ups, cooperation projects; suffering: infrastructure projects with longer planning horizons such as TEN roads and railroads, etc.).

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**The following chart summarises the key findings regarding the implementation/delivery chain:**



\*<sup>1</sup> with regard to the level of perceived administrative burden a large heterogeneity among Member States was found (beneficiaries from non-cohesion countries more critical compared to cohesion countries)

Source: KPMG/Prognos (2016).

**The National Strategic Reference Frameworks and the majority of the Operational Programmes (97%) were approved by the end of 2007, allowing for a relatively timely start of programme implementation.**

- The Community Regulations were approved in mid-2006, followed by the Community Strategic Guidelines. The majority of Operational Programmes were approved in 2007, which indicates a slight delay in programming in some Member States and regions.
- Bubbico & DeMichelis (2011, p. 5)<sup>255</sup> point out that *"the new regulatory requirements have certainly caused a delayed start to the programmes on the ground and consequently delayed financial execution. [...] In 2007, 307 of the 317 operational programmes were decided."*

**Managing Authorities and Intermediate Bodies were able generate a sufficient amount of project applications for the calls for proposal, which resulted in high commitment rates (averaging 98% in the EU-27, going beyond 100% in several countries).**

- Despite the delayed start of the programmes, by the end of 2009, 23% of the funding available was allocated to projects (EU-27). There were high variations in

<sup>255</sup> Bubbico & DeMichelis (2011) The financial execution of Structural Funds, Regional Focus n° 03/2011.

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the take-up among Member States, with Belgium at 79% and Italy at 6%<sup>256</sup> (see Figure 18 in Section 3).

- By the end of 2013, 98% of the funding available was allocated to projects in the EU-27, with eleven countries over-committing funding to ensure absorption, most notably Greece (152%), Cyprus (118%) and Hungary (115%).
- At the end of 2013, only six countries fell below the 90% absorption rate (the Netherlands – 53%, Spain – 75%, Czech Republic – 80%, France – 82%, Sweden – 83% and Austria – 85%).
- As found by Ciffolilli et al. (2014, p. 58): "*the figures for funding allocated to projects selected can exceed 100% as Member States make allowances for some of the projects selected not being undertaken in practice and to guard against the risk of de-commitment (i.e. of infringing the n+2 rule).*"<sup>257</sup>

**Cohesion Policy managed to support projects accounting for 90% of verified expenditure (out of the available EUR 347 billion) by the end of 2015 (with Greece at the top of the list, reaching almost 100%, and only Croatia and Romania falling below 80% due to the difficulty of setting up new systems for the 2007-2013 period).**

- Despite the challenges of the financial and economic crisis starting in 2008, Cohesion Policy programmes managed to deliver projects accounting for over EUR 312 billion by the end of 2015, i.e. 90% of the total expenditure was verified by the end of 2015 in the EU-28, with a minor variation across the three funds (ERDF – 91%, ESF – 90%, Cohesion Fund 90%).
- Nine countries (out of the EU-28) fell below the EU average (90%), with Croatia standing at 65.2%, Romania at 74.8%, and Italy at 81%. For Croatia and Romania these low values are in large part due to the new systems that the countries had to set up for the 2007-2013 period, resulting in e.g. long appraisal processes with large gaps between application rates and approval/contracting rates, a constantly high delta between contracted amounts and payments to beneficiaries alongside of high staff turnover often encountered in the New Member States.
- By the end of 2015, aiming to use all EU funds, Greece had the highest absorption rate with 99.5% (see the commitment rate of 152% at the end of 2013). This was the result of a focused effort to use all EU funds under the difficult circumstances resulting from the financial crisis (e.g. heavy budgetary constraints, challenges in mobilising co-financing, changing needs and priorities regarding areas of investment in the regions, etc. Poland's success in the 2007-2013 period was closely related to a high level of fund absorption (95%) and to their effective use. This was partly the result of the capacities and experiences built up in the pre-

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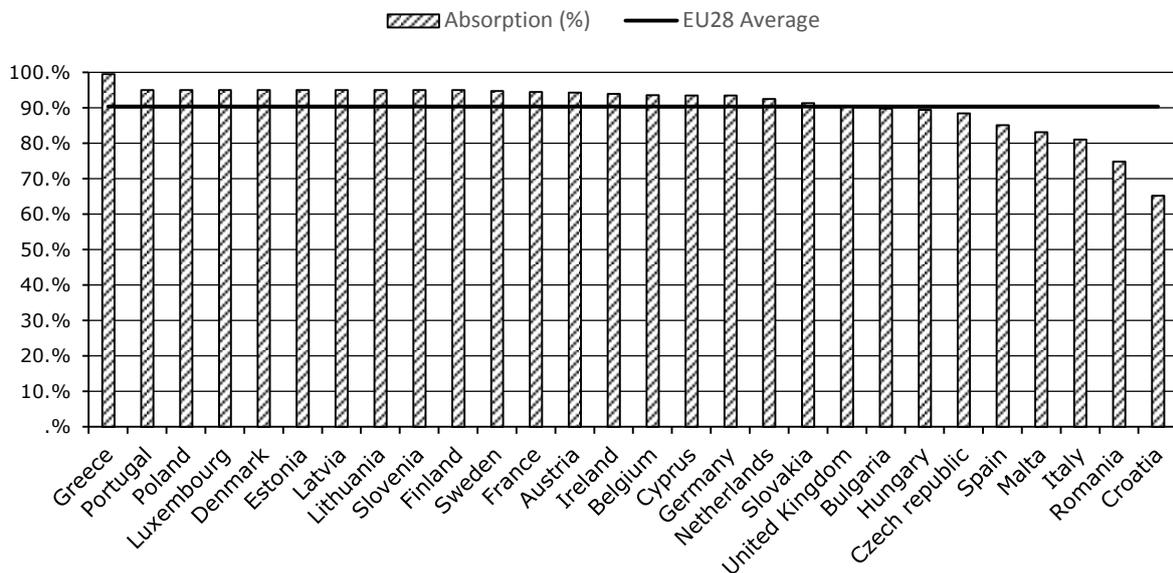
<sup>256</sup> The Expert Evaluation Network of DG REGIO had a critical reflection on the uptake of funds at the end of the funding period, given that many countries, including Romania, Southern Regions of Italy, Bulgaria, Malta and the Czech Republic showed very low levels of absorption (Ciffolilli et al., 2014, p. 96). See: Ciffolilli, A., Greunz, L, Naldini, A. et al. (2014). Expert Evaluation Network on the Performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013. European Commission, Directorate General for Regional and Urban Policy.

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accession period (PHARE, SAPARD, and ISPA funds), of the establishment of a central ministry with full responsibility for programming and implementing a substantial share of the funds (alongside of increasingly self-governing provinces) and of the improved qualification of staff (which was to some extent financed by technical assistance).

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Figure 51: Total percentage of available funds paid out by the Commission in the 2007-2013 period (by the end of 2015)



Source: KPMG/Prognos (2016) based on DG REGIO Cohesion Policy data, retrieved on 10/05/16 at <https://cohesiondata.ec.europa.eu/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun#column-menu>.

- Generally, this highlights the role of the maturity and capability of the institutional system responsible for the implementation of the Operational Programmes which played a decisive role in accelerating fund absorption, reducing the time and cost (particularly administrative cost) required to access the funds and supporting beneficiaries in developing and implementing their projects.

**For a number of reasons, including the financial and economic crisis and also a limited result orientation, the achievement of output targets – based on selected common (“core”) indicators – was only partially successful.**

- More than 54,700 projects co-financed by the Cohesion Policy were completed by the end of 2013 (ERDF and CF only). These were achieved under difficult macroeconomic conditions in many Member States and regions. This crisis affected both the uptake of funding (despite decreased co-financing requirements) and the conditions for project implementation for many beneficiaries.
- Overall, a mixed performance level can be reported on the common indicators. Some indicators exceeded or were close to target, e.g. regarding the supported start-ups (> 100%), research jobs created (>100%), number of direct investment aid projects to SMEs (>100%) or jobs created (>70%). Others, however, fell significantly behind targets, e.g. km of TEN railroads (<50%) or the additional population served by water (40%) and waste water projects (30%). (See Figure 20 in Section 3).
- The data for the achievement of targets, however, depends heavily on how accurately targets were set, i.e. they may be over or under ambitious. In particular, the data on job creation needs to be interpreted carefully, as the Expert Evaluation Network (2014b) highlights: “[Job creation] is, in any case, only a very partial measure of the employment effects of support [...] there are major

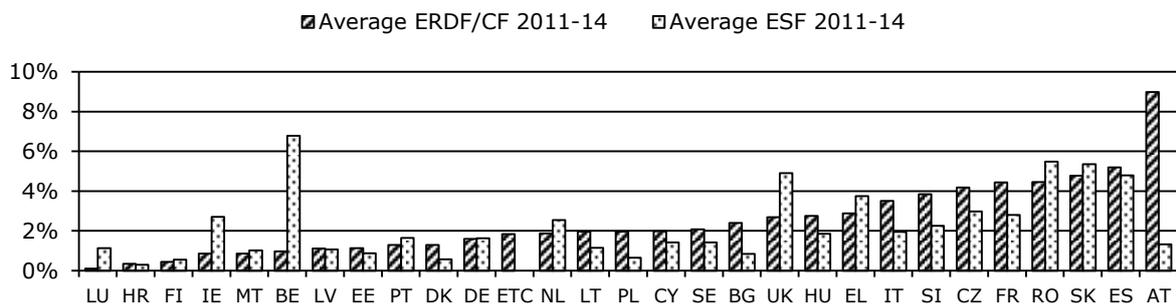
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*difficulties of data inconsistency and of interpreting the figures reported, raising a serious question-mark over their meaningfulness.” (p. V).<sup>258</sup>*

**Assurance has increased compared to the 2000-2006 period: error rates decreased, falling in the 4.5% and 7.7% interval between 2010<sup>259</sup> and 2014 (European Court of Auditors)<sup>260</sup>. 66% of the survey respondents stated that controls and audit were helpful in reducing errors and irregularities in the 2007-2013 period.**

- The design of the control system was appropriate, especially considering the single audit principle and the role of national audit authorities. The enhanced focus on controls, notably the introduction of audit authorities played a pivotal role in providing the European Commission with detailed information on the legality and regularity of expenditure. The 2014 Annual Report of the Court of Auditors observed that “for several years we have detected a high incidence of irregularities in the area of cohesion. Since 2009, when most of the expenditure related to the 2007-2013 programming period, the estimated level of error has ranged between 4.5 % and 7.7 %. This rate is significantly lower than in previous years, when expenditure was linked to the 2000-2006 programming period.” (Observation 6.18, referring to both ERDF and ESF). The Annual Activity Reports of DG REGIO and DG EMPL indicate high variation in the error rate across Member States and across funds.

Figure 52: Average level of risk for European Member States, simple average 2011–2014.



Source: KPMG/Prognos (2016), based on data from DG REGIO and EMPL Annual Activity Reports 2011–14.<sup>261</sup>

- 66% of the respondents of the online survey stated that controls and audit were helpful in reducing errors and irregularities in the 2007-2013 period:

<sup>258</sup> Ciffolilli, A. et al. (2014). Expert Evaluation Network on the Performance of Cohesion Policy 2007-2013. Synthesis of National Reports 2013. European Commission, Directorate General for Regional and Urban Policy.

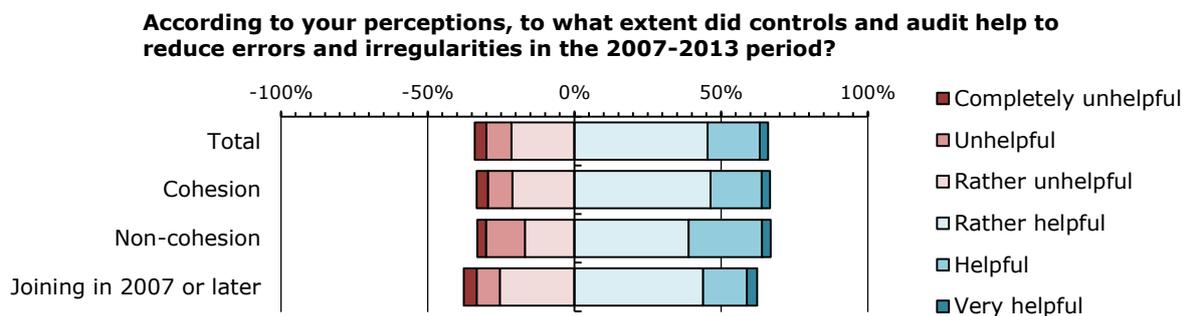
<sup>259</sup> From 2009 onwards the majority of expenditure referred to projects funded with the 2007-2013 period budget. Previous to that, most projects were linked to the 2000-2006 period. It would therefore be erroneous to compare those rates with the ones calculated for the years 2010-2014.

<sup>260</sup> European Court of Auditors (2015): Annual Report 2014, Observation 6.18. These rates refer to both ERDF/CF and ESF expenditure.

<sup>261</sup> DG REGIO Annual Activity Reports do not include information on risk rates for all Member States for 2010

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Figure 53: Contribution of controls and audits to reducing errors and irregularities



Source: KPMG/Prognos (2015), web-based survey, N=1,803.

- The semi-structured interviews with EC officials corroborated this finding ("*2007-2013 represented an improvement over the previous period in terms of control and assurance*" -quote from a respondent, DG REGIO).

**There is agreement among all stakeholders that a certain level of complexity regarding controls and administration is inherent in multi-level system of shared management...**

- The discussions of the expert workshop with the participation of external experts from Greece, Romania, Italy, Poland, Bulgaria and Ireland concluded that the need for accountability, legality and regularity of the spending, in a complex system delivered under shared management, inherently calls for a certain level of complexity regarding financial management and controls and the administration of the funds.

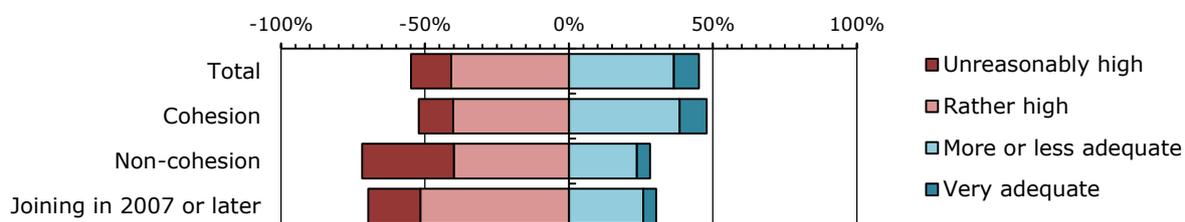
**... but 54% of the beneficiaries of the Operational Programmes perceive that the administrative burden of programme participation was disproportionately high (compared to national programmes). This perception was shared by an even greater number of respondents (72%) in non-cohesion countries.**

- 55% of respondents (and 54% of beneficiary respondents) in the web-based survey reported that the overall administrative burden related to project application and implementation was high in proportion to the overall benefits. In non-Cohesion countries, where programmes tend to be smaller, this number was higher: 72% when looking at all respondents.

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Figure 54: Proportionality of administrative requirements<sup>262</sup>

**Compared to the amount of money provided and overall benefits, the proportionality of the overall administrative burden related to project application and implementation under the ESF/ERDF or Cohesion Funds in 2007-2013 was...**



Source: KPMG/Prognos (2015), Online Survey<sup>263</sup>, N=2,472 (all respondents) and 1,412 (beneficiaries - not displayed).

- A SWECO report (2010)<sup>264</sup> found that “overall, an average of 75-80% of the administrative workload comprised financial reporting and progress reports, while 20-25% is taken up with reporting, monitoring and evaluation tasks” (p. 41).

### The perceived burdens were primarily related to...

#### (a) first and second level controls in Member States and regions

- Although the design of the control system included the single audit principle, in practice multiple controls took place at various levels. As regards the implementation of the system: low reliance on e-cohesion solutions, contradictory interpretations of rules, low uptake of available simplification measures and lack of preventive solutions all hindered the efficient use of the financial control system.
- Case studies have found several examples of high burden related to first and second level controls. For instance, in Germany beneficiaries emphasised that receiving European funding was associated with administrative costs often disproportionate to the amount of funding received. Stakeholders criticised highly demanding rules, particularly in the area of documentation of expenditures, which required highly organised project management and extensive technical knowledge. The focus group respondents corroborated the findings on the burden related to first and second level controls (e.g. in Denmark).
- Regarding contradictory interpretations of rules, the European Court of Auditors report (2015, Observation 29, p. 24) confirms the relationship between inconsistent interpretation of rules and errors. Also, the 16/2013 Special Report of the European Court of Auditors acknowledges that there were inconsistencies in how the regulation set methodological requirements for audits (and moreover,

<sup>262</sup> The categories used to analyse Member States in this and in all the charts that follow in this chapter are:

- Cohesion: EU-25 countries eligible for the Cohesion Fund in the 2007-2013 period;
- Non-cohesion: EU-25 countries ineligible for the Cohesion Fund in the 2007-2013 period;
- Joining in 2007 or later: Romania, Bulgaria and Croatia.

<sup>263</sup> Beneficiaries’ response to the survey question, comparison refers to other, mostly national programmes

<sup>264</sup> SWECO (2010). Regional governance in the context of globalisation: reviewing governance mechanisms & administrative costs. Revised Final Report to the European Commission.

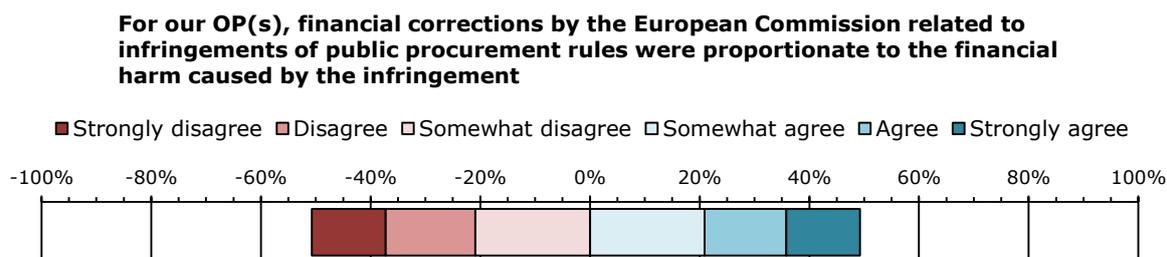
that it did not formally require compliance with international standards, such as the ISA), and recommended more harmonisation.

- Similar conclusions were made in focus group discussions. For instance, the Spanish focus group found that criteria applied to audits was different between the Audit Authority and first level verifications. Different criteria of first level auditors and the Audit Authority induced high administrative workload.

#### **(b) difficulties in complying with complex public procurement rules, ...**

- Focus group respondents agreed widely on this subject. For instance, in the Netherlands, they argued that *"public procurement is a huge burden for the beneficiaries, especially to the ones with little knowledge and experience with managing procurements and EU funds."* Similar judgement was made in the Danish focus group discussion, and the Bulgarian and the German Task 3 case studies.
- The judgment of national authorities presents a more balanced picture compared to that of the beneficiaries:

Figure 55: Proportionality of financial corrections related to infringements of public procurement rules



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=67.

- Nevertheless, the literature corroborated the difficulties related to complying with the complex public procurement rules, e.g. the study of PwC (2011, p. 89) *"businesses sustained about 75% of all costs related to procurement in Europe"* or the previously referred SWECO study (2010).<sup>265</sup>

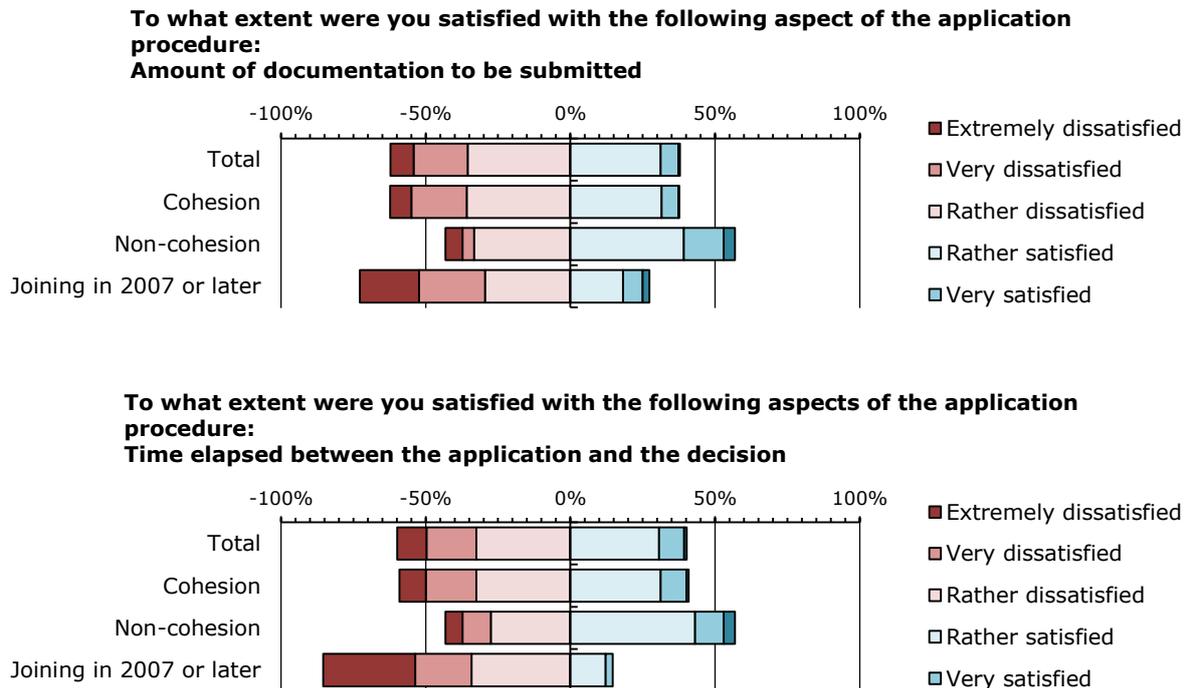
#### **... and the (c) resource-intensive application process from the perspective of the beneficiaries (i.e. demanding documentation requirements, complex procedures designed by national and regional authorities, resulting in long project application/selection cycles).**

- The charts below show the results of the web-based survey. Respondents expressed their views on two different aspects of the application procedure. In comparison to the burden related to controls and public procurement, the burden related to application was perceived to be higher in cohesion countries, especially in countries that joined the EU since 2007.

<sup>265</sup> Ibid.

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Figure 56: Satisfaction with project application procedure



Source: KPMG/Prognos (2015), web-based survey in Member States. N=1158 and 1160.

- Task 3 case studies in cohesion countries made similar conclusions. E.g. in Poland *"despite numerous declarations of intentions to simplify the rules for applying for funding, multiple areas still required simplification by the end of the 2007-2013 programming period."*
- Focus group discussions in non-cohesion countries such as Germany, Denmark, Sweden, the Netherlands and Belgium still pointed out problems related to application, however, the overall discussion was more focused on the burden related to controls (e.g. in Denmark).

**The perceived disproportionately high burden, however, was often caused by capacity gaps, both at beneficiary and Managing Authority level.**

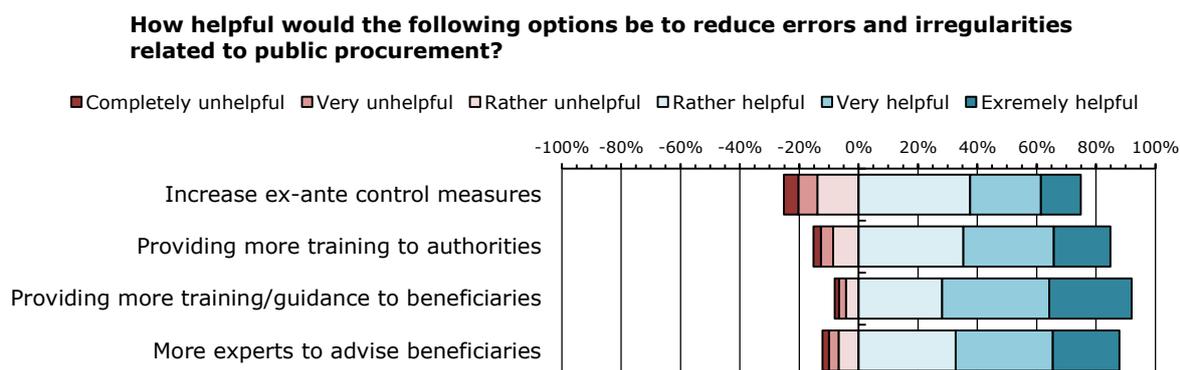
- Multiple case studies support the findings related to the weaknesses in beneficiaries' capacities and regarding application for funding and sound financial management. In the Task 3 case study of Bulgaria, *"the low quality of project applications, insufficient time for the preparation of project proposals and the inexperience of applicants in preparing project applications were the key drivers of the length of the selection process"*. In Poland, *"capacity shortages were especially pressing in [...] public procurement and public aid, coupled with weak financial planning and management, and frequent staff changes at the beneficiaries' side"*.
- Regarding capacity gaps at the level of Managing Authorities, Intermediate Bodies and Audit Authorities, the Task 5 case studies indicate that the newly accessing Member States (Bulgaria, Romania, Slovakia, the Czech Republic, with the exception of Poland), and the southern Member States (Italy and Greece) faced significant challenges in terms of staff turnover and retention of institutional knowledge and memory, which negatively affected the performance of the delivery system. For instance, the Greek Task 5 case study identified the lack of

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adequately trained personnel in Managing Authorities and Intermediate Bodies as the main reason behind weak management verification.

- When asked about options to reduce errors and irregularities, survey respondents agreed that the provision of more training for Managing Authorities and Intermediate Bodies regarding public procurement would be useful. The interviewees from the implementation system also shared this view. The involvement of public procurement experts to advise beneficiaries was overwhelmingly supported by both interviewees and survey respondents.

Figure 57: Options for reducing errors and irregularities in public procurement



Source: KPMG/Prognos (2015), web-based survey in Member States. N=1786.

**The above factors eventually resulted in a general sense of insecurity and the strictest possible interpretation of rules ("control culture") by both Managing Authorities and beneficiaries.**

- Hints to the general sense of insecurity of beneficiaries and Managing Authorities and the dominance of "control culture" were made in several focus group discussions. For instance, in Sweden all participants agreed that there are too many audit instances and that because of the many audit levels, a lot of unnecessary energy and efforts are spent on non-significant errors which significantly affect the projects. They all argued that they found it highly inefficient to have that many different reviews and that the auditors have an attitude that one should find errors, thus there is a general fear of auditors among stakeholders.
- Task 3 case studies from Bulgaria, Latvia, Sweden and Germany make similar conclusions, e.g. in Germany there was a tendency among verification officers to adhere to the strictest possible interpretation of rules, and multiple verifications and audits for a single operation, namely first-level, second-level and third-level control (Commission audits).

**Across the whole implementation chain, the majority (80%) of the institutional stakeholders agreed that the monitoring systems performed adequately in collecting information on implementation (in large part due to the improved IT systems for monitoring and the growing experience of the actors involved), ...**

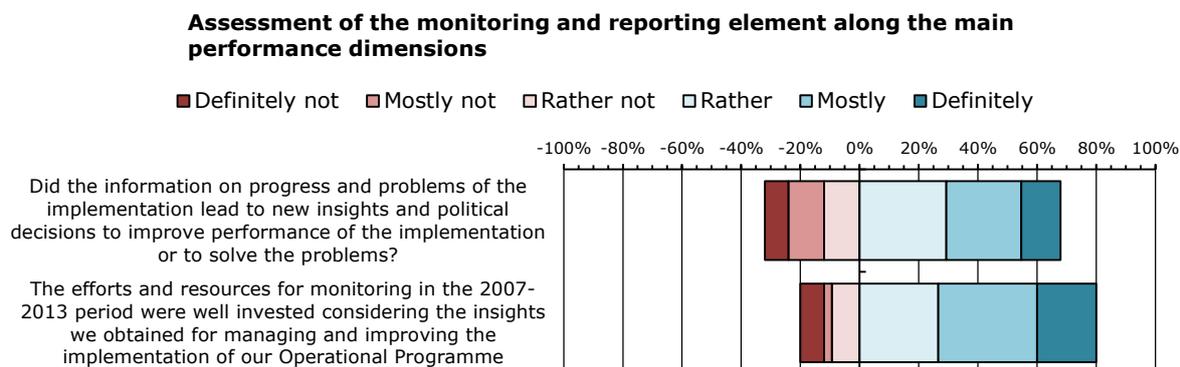
- The semi-structured interviews in Member States showed the satisfaction of stakeholders (primarily Managing Authorities, Intermediate Bodies and Monitoring Committee members) regarding the information on absorption and the assessment of achievements against targets

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- Moreover, around 80% of the interviewees find that efforts and resources for monitoring were well invested.

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Figure 58: Assessment of monitoring and reporting



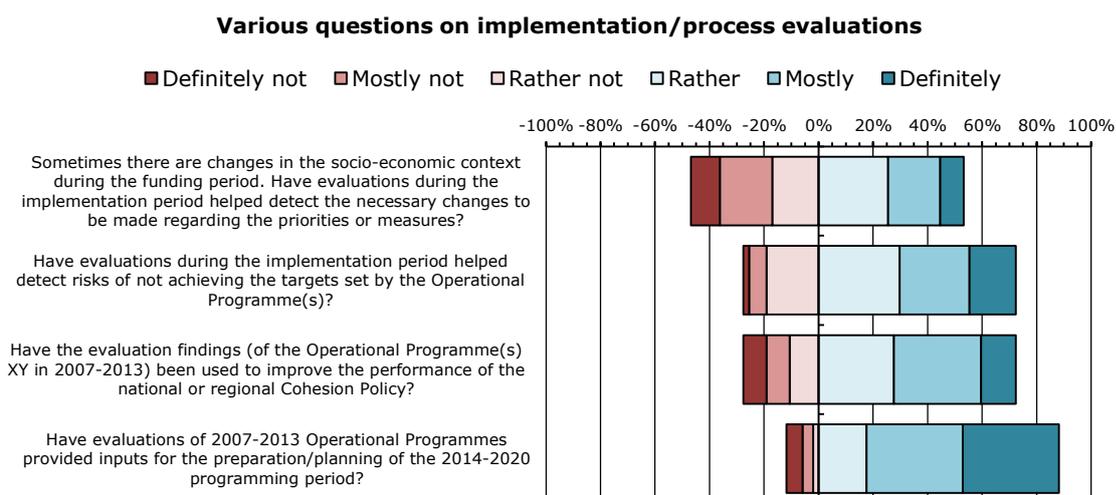
Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=75.

- One of the main reasons for this is the significant improvements made in the IT systems during the period 2007-2013. For instance, the Task 5 case study in Bulgaria reported on the development and the set-up of the Unified Management Information System "encompassing all stages of the implementation from project application to reporting and monitoring, which was the most significant achievement of technical assistance in the 2007-2013 programming period". Similar developments in the IT systems were identified in the Greek and Italian Task 5 case studies.

**... and implementation (or process) evaluations provided useful inputs for Managing Authorities to improve their Operational Programmes and prepare the new programmes in the 2014-2020 period (according to 72%, 86% of the institutional stakeholders, respectively), ...**

- Below important findings on evaluation from the semi-structured interviews are shown.

Figure 59: Contribution of implementation/process evaluations



Source: KPMG/Prognos (2016), Semi-structured interviews in Member States, N=47, 47, 47 and 51, respectively.

- The Task 3 case studies in Germany and Sweden produced similar findings regarding evaluation. E.g. in Germany, although evaluations did not focus on measuring impacts, they did provide useful recommendations to the Managing

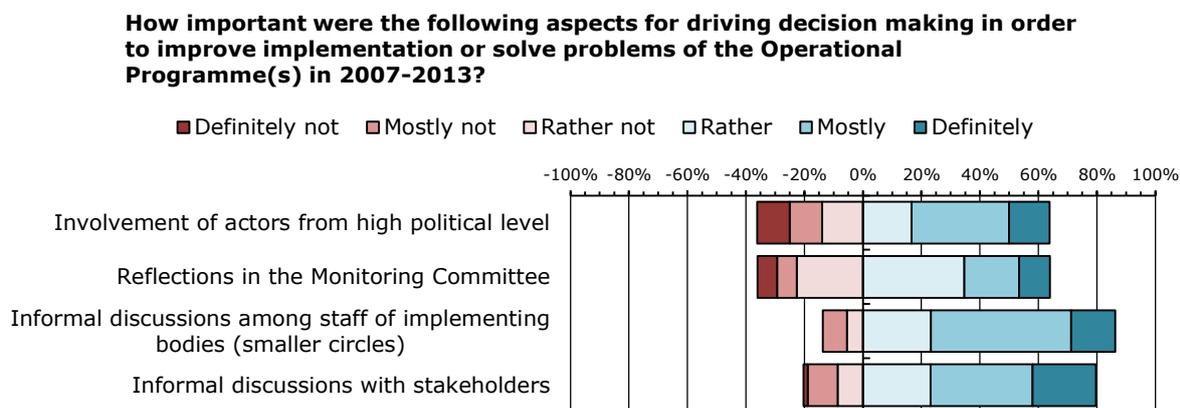
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Authorities by analysing practical problems in implementation. The higher relative weight on evaluations that focused on implementation was in line with the expectations of stakeholders regarding the function of evaluation. Participants argued that the practice of conducting mostly implementation-oriented evaluations had a good cost-benefit ratio (compared to carrying out impact evaluations).

**... however, the delivery systems succeeded only partially in aggregating monitoring data at EU level, and did not stimulate adequate reflection and strategic follow-up on outputs and results of the Operational Programmes in the Monitoring Committees and through monitoring and reporting (AIR, Strategic Reports).**

- The semi-structured interview with national and regional stakeholders on the "Relevance of different drivers for decision making" showed that "reflections in the Monitoring Committee" ranked visibly lower compared to "informal discussions".

Figure 60: Factors driving decision making regarding Operational Programmes



Source: KPMG/Prognos (2016), *Semi-structured interviews in Member States*, N=72, 75, 73 and 69, respectively (respondents: IBs and MC-members; less: MAs).

- The analysis of the semi-structured interviews in Member States regarding "Assessment of the monitoring and reporting element along the main performance dimensions" showed the lowest value for "Creation of new insights, driving of decision making".
- Regarding the role of Monitoring Committees, Cartwright & Batory (2012)<sup>266</sup> concludes that Monitoring Committees are suffering from time and capacity constraints of their members, that Monitoring Committees in new Member States are characterised by a lack of information and substantive discussions as well as by an over-bureaucratisation which impedes the Monitoring Committee's contribution to effective Structural Funds management (p. 13), and that discussions in Monitoring Committees are focusing on technical details rather than

<sup>266</sup> Cartwright, A., & Batory, A. (2012). Monitoring Committees in Cohesion Policy: Overseeing the Distribution of Structural Funds in Hungary and Slovakia. *Journal of European Integration*, 34(4), pp. 323-340.

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on the progress in implementation (p. 7). Similar conclusions are reached by EPRC & Metis (2014)<sup>267</sup>.

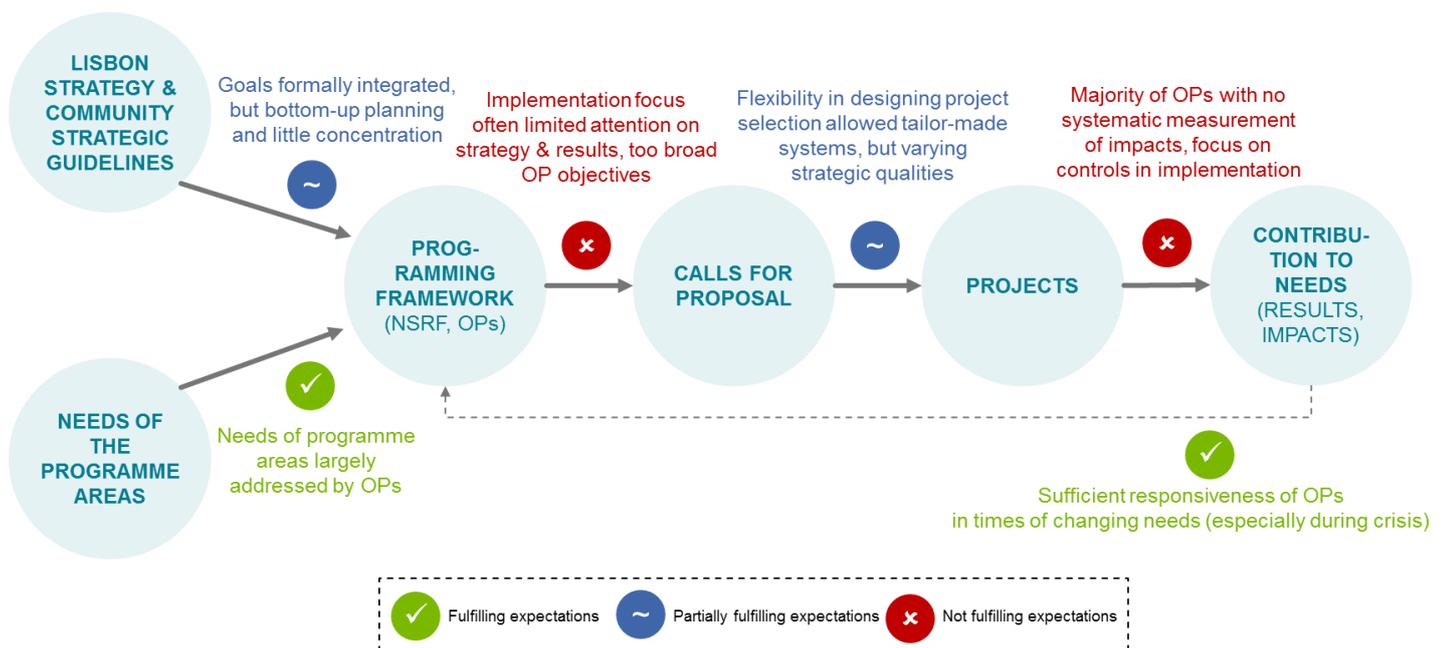
- Aggregation of monitoring data at European level presented a general challenge. Work Package 0 of this ex post evaluation aimed at improving the comparability of indicator values reported at national level.
- Regarding the limited role reporting, Bachtler (2013, p. 18)<sup>268</sup>, for instance, states that *the first round of strategic reporting "was largely treated as a compliance exercise by most Member States with limited perceived benefits in terms of strategic learning or added value"*.

## 9.2 Role of the delivery system in achieving results

### Headline finding:

The strong focus on implementation, leaving less room for the strategic focus of programmes than desired, hampered the effective delivery and systematic measurement of policy outcomes ('impacts'). However, an improving trend towards a stronger results-orientation was observed in the course of the 2007-2013 programming period.

### The following chart summarises the key findings in the strategy/results chain:



Source: KPMG/Prognos (2016).

<sup>267</sup> Metis (2014). Co-financing salaries, bonuses, top-ups from structural funds during the 2007-2013 period, Final Report to the European Commission, DG Regional and Urban Policy.

<sup>268</sup> Bachtler (2013) EU Cohesion Policy 2007-2013: Are the Goals of the 2006 Reform Being Achieved?, ESTIF 1|2013.

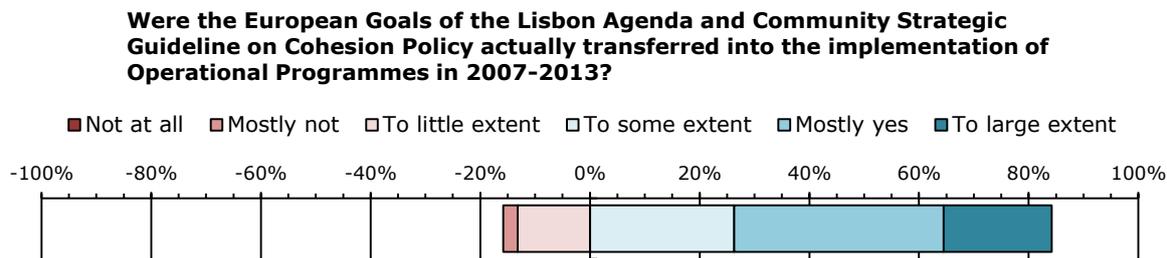
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**The goals of the Lisbon strategy and priorities of the Community Strategic Guidelines were appropriately integrated into the National Strategic Reference Frameworks and Operational Programmes, ...**

- Evidence from the semi-structured interviews shows that the “transfer of European goals into implementation of Cohesion Policy” was successful (more than 80% of the institutional stakeholders agreed with this statement).

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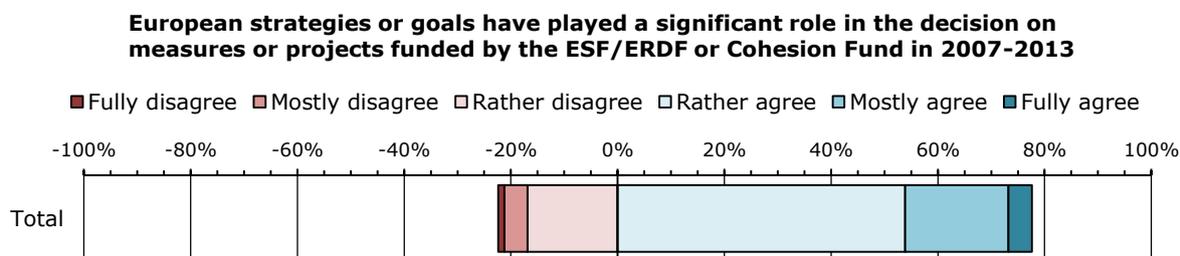
Figure 61: Transfer of European Goals into implementation



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=76.

- The web-based survey also confirmed that “European strategies played a significant role”, including the Lisbon strategy but also EU strategies, in programming.

Figure 62: Role of European strategies in project selection



Source: KPMG/Prognos (2015), Online Survey, N=2,282.

- This finding was confirmed by the interviewed EC officials from DG REGIO and DG EMPL and by the literature. For instance CSIL (2010) found that the “programmes are coherent with the Lisbon Strategy, contributing to the achievement of the main EU objectives” (p. 6).<sup>269</sup>

**... and ‘earmarking’ was, in technical terms, applied successfully (i.e. formally creating a link between EU objectives and the Operational Programmes in both EU-15 and EU-12), ...**

- Where required, the earmarking targets were largely achieved by the regional competitiveness and employment Operational Programmes of the EU 15 Member States (target: 75 percent of expenditure) with slightly lower values only in convergence regions (target: 60 percent of expenditure). This enabled a transparent check if Operational Programmes were coherent with the Lisbon strategy.
- Findings from the semi-structured interviews in the Member States have shown that representatives in Managing Authorities found earmarking to be a “tool” easy to handle and to understand.<sup>270</sup>

<sup>269</sup> Centre for Industrial Studies (2010), "Lessons from shared management in cohesion, rural development and fisheries policies", reference no 2009.CE.16.0AT.102&2009.CE.16.C.AT.054, Final Report.

<sup>270</sup> This finding is confirmed by the literature, e.g. CSIL (2010).

**... however, the earmarking procedure still left scope for Member States and regions to choose their priorities and due to its input focus, earmarking has not stimulated a more strategic orientation and thematic concentration of Operational Programmes.**

- The semi-structured interviews with Managing Authorities found that the requirements for concentration through the Lisbon objectives did not significantly influence the choice of thematic priorities of Operational Programmes, i.e., the earmarking process did not lead to a more rigorous “thematic concentration”. For instance, as shown by the Task 3 case study, Managing Authorities in Poland showed a tendency for adopting broad and general objectives in Operational Programmes motivated mostly to increase in absorption and enhance responsiveness. However, there was a significant trade-off in terms of delivery of results, as the focus on absorption and addressing changing needs shifted the focus from relevant structural changes in the economy. In the case of Germany, it was found that programmes were primarily influenced by national and even stronger regional priorities, and less so by European strategies and goals. Group discussion participants explained that the strategic framework for Cohesion Policy was seen as broad enough to cover both regional priorities and European strategies and goals.
- An important explanation for this general observation about the limited impulse on thematic concentration was that the Lisbon strategy itself was too broad and the types of interventions that could be supported were too many (compare CSIL 2010, p. 20)<sup>271</sup> to foster more thematic concentration. This limited impulse for thematic concentration had implications on the whole design of Operational Programmes, in particular on the priorities and objectives of Operational Programmes which were often broad.
- Additionally, as pointed out by Mendez (2011, p. 57)<sup>272</sup>, although Lisbon earmarking codes formed an integral part of the monitoring, reporting and financial planning activities, the core dynamics underpinning programme management remained largely unchanged with a focus on financial absorption. As a consequence, very often the main management tool used to inform decision making remained “the financial plan and the extent to which different priorities, measures and actions [were] showing progress towards meeting financial targets.”

**Priority needs of the regions have largely been addressed by the Operational Programmes, oftentimes driven by bottom-up processes to programming ...**

- The analysis of web-based survey found a high agreement with the statement that “funds addressed most pressing problems”, shared by different stakeholder groups.

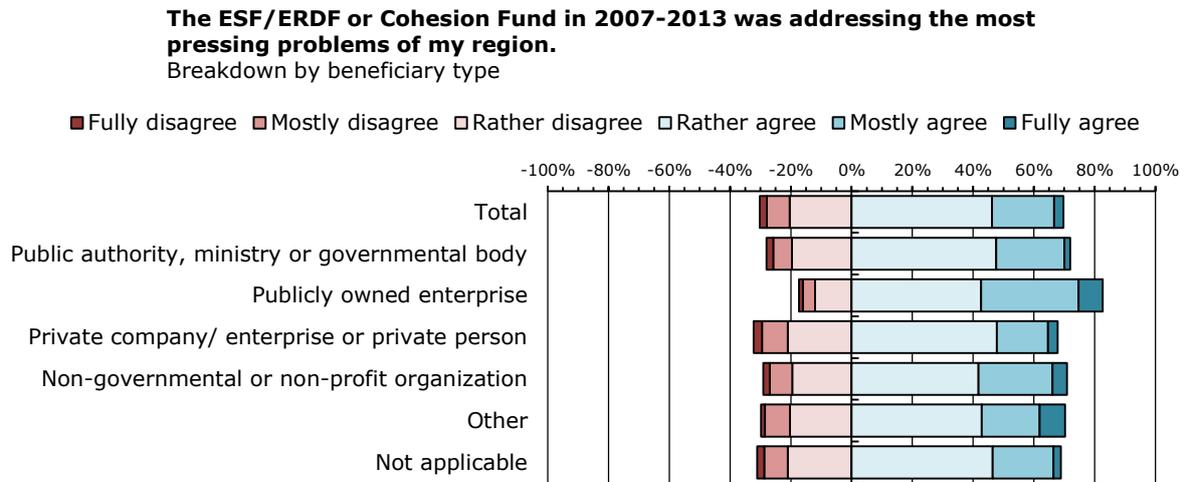
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<sup>271</sup> Centre for Industrial Studies (2010), “Lessons from shared management in cohesion, rural development and fisheries policies”, reference no 2009.CE.16.0AT.102&2009.CE.16.C.AT.054, Final Report.

<sup>272</sup> Mendez, C. et al. (2011). Taking stock of programme progress: Implementation of Lisbon Agenda and lessons for Europe 2020, IQ-Net Thematic Paper No. 27(2).

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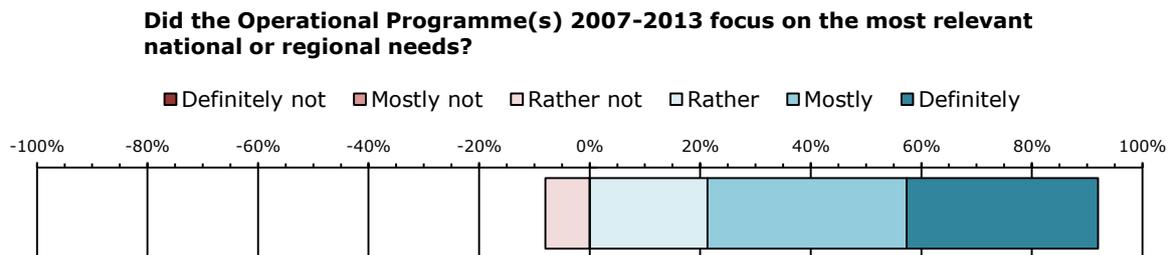
Figure 63: Needs-orientation of the Funds (part I)



Source: KPMG/Prognos (2015), Online Survey, N=2,347.

- This finding is underlined by the semi-structured interviews which show a perceived high performance of programming with regard to the “focus of Cohesion Policy on the relevant national and regional needs”.

Figure 64: Needs-orientation of the Funds (part II)



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=75.

- Supportive findings were identified in the case studies, e.g. from Sweden: *“Although the decentralised implementation system partly hampered the complementarity of national and regional policies and Cohesion Policy, Sweden is a good example of how the project-selection process can involve local stakeholders through regional autonomy within transparent structures which are an important facilitator for a needs-oriented funding.”*
- Programming was often a bottom-up process, primarily responding to national and regional needs and making use of successful building blocks of past programmes ('path dependency'), as confirmed by an expert workshop with representatives from Bulgaria, Germany, Greece, Italy, Poland and Romania.
- Task 3 case study findings for Germany further illustrate this bottom-up process. In Germany, the programming process was primarily influenced by national and regional priorities. According to participants in the focus group discussion, the Lisbon agenda, the Europe 2020 strategy and the European objectives had only a minor influence on three of the four Operational Programmes analysed in the

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German case study.<sup>273</sup> Furthermore, regional stakeholders agreed that regional needs were the major point of reference for developing strategies for the Operational Programmes studied in that case study. Strong continuity, stability and experience were identified as major strengths in the programming process, indicating the tendency to extrapolate successful measures from prior periods to the new programmes.

**... but were varying degrees of partnership and a varying influence of regional actors in programming in the EU-28 Member States.**

- As a good example from Italy, the case study found that the programming process for the NSRF in the 2007-2013 programming period followed a consultative approach. Each region and autonomous province had to prepare a preliminary strategy paper based on the evaluation of the 2000-2006 programming period by the end of 2005, following a defined process of the Council of Ministers<sup>274</sup>. These preliminary strategies formed the basis of discussions<sup>275</sup> organised among the regions to reflect on regional strategies.<sup>276</sup> The regions and the representatives of the central public administration jointly drafted the National Strategic Reference Framework<sup>277</sup> in order to define targets and indicators for the 2007-2013 programming period.
- At the other end of the spectrum, the Task 3 case study of Bulgaria found that while regional stakeholders participated in the planning of the Operational Programmes, national stakeholders were much more involved in the programming process than those representing the regions. As a consequence, policy interventions did not take regional needs into account to a satisfactory degree.
- In this line, Dąbrowski, M. (2014)<sup>278</sup> finds for the CEE countries Poland, Hungary and Romania that the objectives of the Operational Programmes were not specified enough to regional needs, even though these countries are characterised by high regional disparities. Dąbrowski argues that this is due to central governments often giving limited scope for the regional authorities to set their own investment priorities.
- Findings from the web-based survey show a similar picture, i.e. the “beneficiaries’ assessment of regional actors’ ability to influence decisions” was quite moderate. Outcomes from the semi-structured interviews of the Member States institutional stakeholders shows a more positive assessment of the “possibility of national and

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<sup>273</sup> At the same time, as there was no fundamental criticism of the European Commission’s selected priorities in the programming process, one can conclude that regional priorities were closely aligned with European strategies and goals.

<sup>274</sup> Available at:

[http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche\\_e\\_attivita/QSN/INT\\_13\\_E.pdf](http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche_e_attivita/QSN/INT_13_E.pdf).

<sup>275</sup> For additional details regarding the discussion, please refer to:

[http://www.dps.mef.gov.it/QSN/qsn\\_seminari.asp](http://www.dps.mef.gov.it/QSN/qsn_seminari.asp).

<sup>276</sup> The strategy papers are accessible at: [http://www.dps.mef.gov.it/QSN/qsn\\_doc\\_strategici\\_regionali.asp](http://www.dps.mef.gov.it/QSN/qsn_doc_strategici_regionali.asp).

<sup>277</sup> Draft and accompanying documents available at:

[http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche\\_e\\_attivita/QSN/documento\\_conf\\_erenza\\_unificata\\_22.12.06.zip](http://www.dps.gov.it/opencms/export/sites/dps/it/documentazione/politiche_e_attivita/QSN/documento_conf_erenza_unificata_22.12.06.zip).

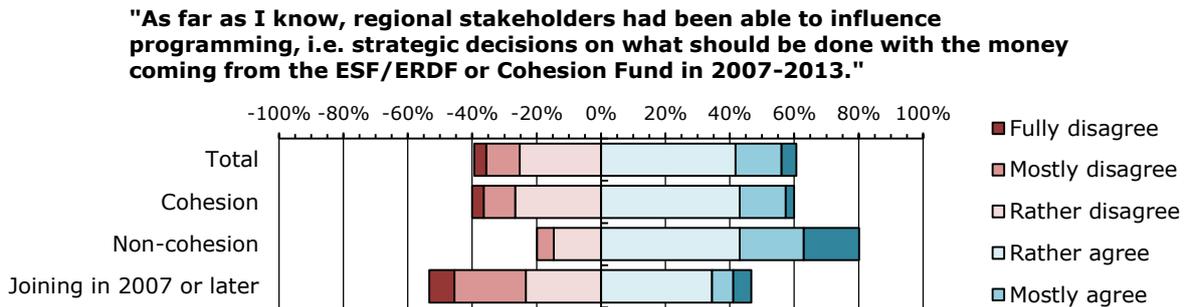
<sup>278</sup> Dąbrowski, M. (2014). Towards Place-based Regional and Local Development Strategies in Central and Eastern Europe: EU Cohesion Policy and Strategic Planning Capacity at the Sub-national Level. *Local Economy*, 29(4–5).

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regional stakeholders to promote their needs” which might be caused by the  
natural bias of the respondent group in this question.

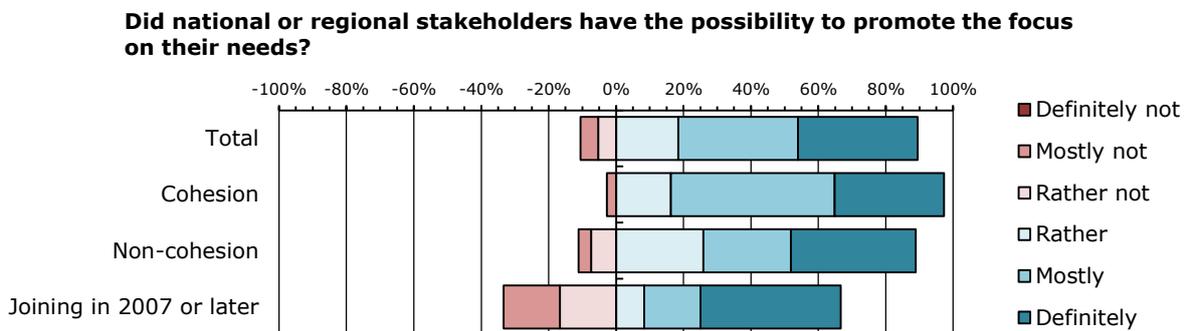
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Figure 65: Involvement of regional stakeholders in decision making (part I)



Source: KPMG/Prognos (2015), Online Survey, N= 938.

Figure 66: Involvement of regional stakeholders in decision making (part II)

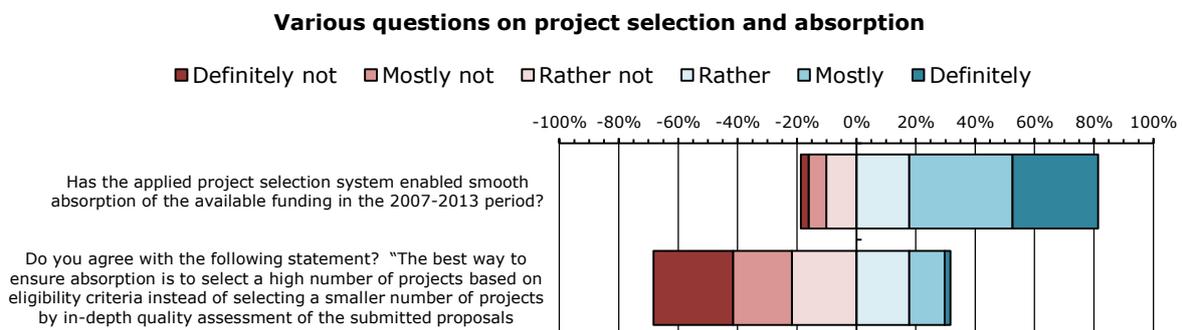


Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=76.

**In large part, due to the risk aversion and the focus on absorption of funds (see the findings on the implementation chain) ...**

- This finding is supported by evidence for risk aversion and "control culture" described under finding IX in the Delivery/Implementation chain. Additionally, findings from the semi-structured interviews in the Member States show that ensuring absorption was highly important in project selection.

Figure 67: Assessment of different aspects of project selection



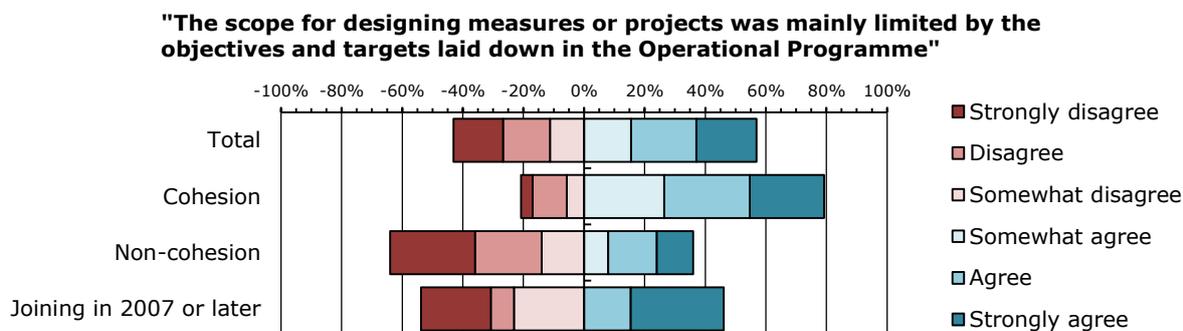
Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=118 and 101.

**... projects were often selected as much for their capacity to absorb money as for their contribution to the objectives of the programme (commonly referred to as "absorption focus" in project selection by various stakeholders).**

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- In addition to the findings presented in the figure above, insights from the semi-structured interviews in Member States show that the objectives and the targets of the Operational programmes often did not limit the scope for designing measures, i.e. their guiding function was rather seen to be limited and other factors dominated.

Figure 68: Influence of programme objectives on project selection



Source: KPMG/Prognos (2015), Semi-structured interviews in Member States, N=116.

- This statement found wide agreement in the semi-structured interviews with Commission officials (DG REGIO and EMPL).
- Several studies also support this finding. For instance, for the CEE countries, Ferry finds (2015, p. 16)<sup>279</sup> the following: "Overall, the quality of Cohesion Policy project preparation and selection has improved in terms of accountability and transparency. [...] However, it is particularly noticeable in CEECs where institutional weakness has prompted an excessive preoccupation with compliance at the expense of strategic performance. This in turn has led to increased bureaucracy and administrative burdens for programme authorities and beneficiaries and a tendency to avoid risky or innovative projects."<sup>280</sup>

**Nevertheless, the general set-up of shared management, leaving the responsibility of project selection in the hand of Member States and regions, and the often intentionally broad objectives of Operational Programmes ...**

- As defined by Art. 60 of the General Provisions Regulation on the responsibilities of the Member States and regions and the European Commission, "the Managing Authority shall be responsible for managing and implementing the Operational Programme in accordance with the principle of sound financial management and in particular for: a) ensuring that operations are selected for funding in accordance with the criteria applicable to the Operational Programme and that they comply with applicable Community and national rules for the whole of their implementation period".

<sup>279</sup> Ferry, M. (2015) Synthesis Report: WP8. Cohesion Policy and its Components: Past, Present and Future. FP7 project "Growth- Innovation - Competitiveness: Fostering Cohesion in Central and Eastern Europe (GRINCOH)".

<sup>280</sup> The Expert Evaluation Network of DG REGIO also came to this conclusion, stating that 'there is a need for better coordination and integration between policies and funding as well as for more precise definitions of policy goals and of what they are intended to achieve from the financial resources made available.' Furthermore, the ex post evaluation of energy efficiency in public and residential buildings (WP 8) concluded that project selection criteria were often only loosely defined and did not reflect the main objectives of the priorities.

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- The existence of intentionally broad objectives in many Operational Programmes was confirmed on many level.
- Both the semi-structured interviews with EC officials (DG REGIO, DG EMPL) as well as the expert workshop with participants from Poland, Greece, Bulgaria, Romania, Italy and Germany confirmed the following finding: *"overly broad objectives of the Operational Programmes"*.
- The Task 3 case study in Poland found that the objectives of the Operational Programmes were frequently written using general wording to provide sufficient flexibility to allow the implementation of projects by a wide range of potential beneficiaries which had the potential to increase absorption.<sup>281</sup> This finding also applied to the Operational Programme European Territorial Cooperation 2007–2013 Poland (Lubuskie Voivodeship) – Germany (Brandenburg) where objectives were rather vague in their formulation allowing for funding a broad scope of interventions and projects. The broad objectives contributed to an increase in absorption and enhanced responsiveness, as they allowed for the adjustment of priorities to changing needs over the course of the programming period. The case study for Bulgaria made similar findings.
- The literature, both from ex post and interim perspectives, support this finding, e.g. Polverari et al. (2006, p. viii)<sup>282</sup> (*"NSRFs are not as strategic as the Draft General Regulation might imply as early versions tended to be relatively general and sometimes vague"*), CSIL (2010, p. 28) (the identified broad strategic objectives could even dilute efforts to focus on EU objectives and that there were too many types of intervention already in the Lisbon framework, making earmarking and strategic orientation less effective) or Bachtler (2013, p. 16) (*"Operational Programme priorities were often broad, encompassing a wide array of eligible expenditure categories, and often lacking clearly specified objectives or a justification of how planned interventions should achieve them"*).

**... gave high flexibility to Member States and regions to tailor their project selection procedures ...**

- Despite the outlined disadvantages, the results of the expert workshop also corroborated the view that with these broad objectives and the set-up of project selection, Member States gained some flexibility.
- For instance, the Task 3 case study in Germany concludes related to the analysed ETC programme (see previous finding) that on the one hand, the broad objectives contributed to an increase in absorption and enhanced responsiveness, as they allowed for the adjustment of priorities to changing needs over the course of the programming period. There was a significant trade-off in terms of delivery of results, as the focus on absorption and addressing changing needs shifted the focus from the necessary structural changes in the economy.

**... which resulted in high commitment rates (see the finding related to the implementation chain), but also resulted in varying strategic qualities of the**

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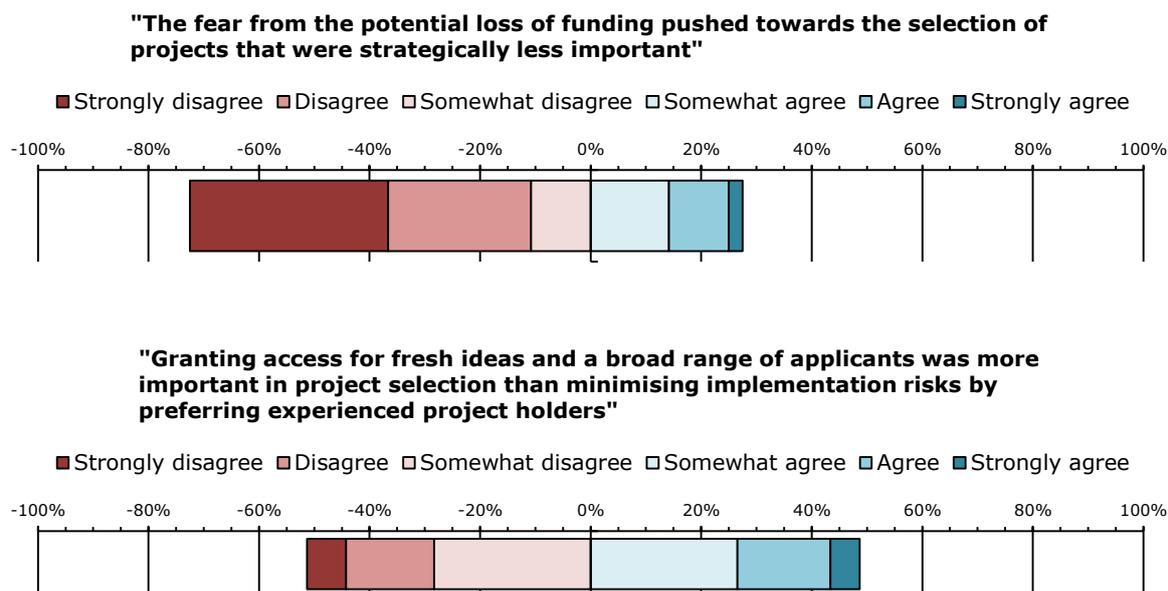
<sup>281</sup> EGO s.c. (2013), *Ocena systemu realizacji polityki spójności w Polsce w ramach perspektywy 2007-2013*, p. 136.

<sup>282</sup> Polverari, L., McMaster, I., Gross, F., Bachtler, J., Ferry, M., & Yuill, D. (2006). Strategic Planning for Structural Funds in 2007-2013. A Review of Strategies and Programmes. In 20th IQ-Net Conference.

**selected projects (mostly in terms of innovative content of the projects and their potential contribution to the desired policy impact).**

- Findings from the semi-structured interviews in Member States show that although the statement "Selecting strategically less important project to ensure absorption" was to a large extent not supported, some respondents did support it. Furthermore, the statement "Granting access to fresh ideas was more important than minimising risks by preferred experienced project holders" showed a relatively high level of endorsement, indicating that minimising risks was frequently an important driver.

Figure 69: Factors determining project selection



Source: KPMG/Prognos (2015), *Semi-structured interviews in Member States*, N=120 and 113.

- The case studies underline this finding about varying strategic qualities of the selected projects. As found for the Task 3 case study in Bulgaria, the problems and implementation delays experienced in the beginning of the 2007-2013 cycle contributed to a narrowed focus of the Managing Authorities on absorption, often at the expense of project selection and quality. For example, the interviews revealed that despite an explicit focus on fostering research and development, criteria for the innovative potential of the Operational Programme Competitiveness projects were not always adequately defined and assessed. To increase absorption, the Managing Authority had to adopt a wider and more incremental definition of innovation, acknowledging as such not only technological innovations with a global impact, but also, for instance, organisational innovations. As a result, projects not implementing technological innovations could be classified as innovative, thereby increasing absorption. Consequently, the contribution of the selected projects to the achievement of the objectives of the Operational Programme was limited.
- In turn, as a positive example, the Task 3 case study in Sweden has shown how Structural Fund Partnerships can result in a well-functioning project selection system, responding to the needs of the regions, in line with the European objectives.

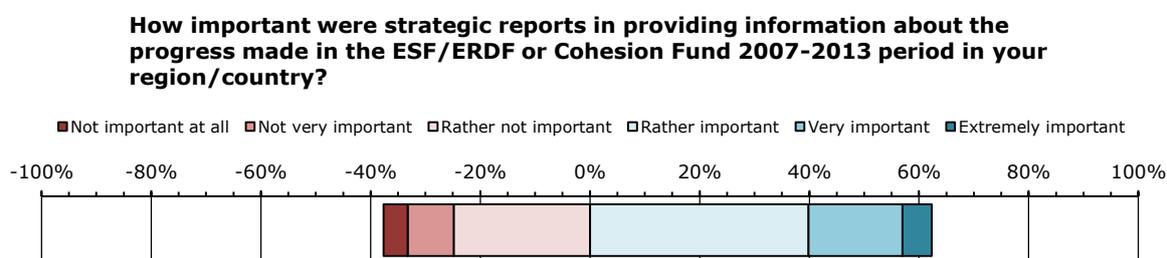
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- The literature also supports this, as Ferry (2015; p. 25, see also finding of project selection above) finds that despite the fact that experts "are involved in the project selection process [...] there is insufficient weight given to strategic, innovative aspects. There is very limited tolerance of risk and there has to be a stronger emphasis on risk assessment in innovative projects."

**The monitoring systems and the strategic reports did not provide the desired information on the achievements of Cohesion Policy related to EU goals ('results'),**

- The analysis of the web-based survey on the "importance of information and information sources" showed that "Strategic Reports" ranked low and that reports were seen as "too technical and just focus on financial data and the directly produced outcomes" for 43% of the respondents.

Figure 70: Relevance of strategic reports



Question/Variable	ALL (N=1267)	
	N	%
'I know where to find the Annual Implementation reports.'	700	55,2%
'Information in the Annual Implementation Report is too general to be of interest for me.'	309	24,4%
'Reports are too technical and just focus on financial data and the directly produced outcomes'	538	42,5%
'Reports are not the right format for informing me about the achievements of the ESF/ERDF or Cohesion Fund 2007-2013.'	317	25,0%

Source: KPMG/Prognos (2015), Web Survey in Member States, N=632 and 1,267.

- The literature also largely supports this finding. Ciffolilli et al (2014, p. 97) find that due to the "lack of relevant content and generally poor quality of a lot of AIRs seriously limits the possibility of making a meaningful assessment of what has been achieved with the funding spent and of the progress made towards attaining the objectives initially set". Mendez et al. (2011a) support this view in stating that the first strategic reports produced in 2009 varied in content length and language (vi), the reporting on outputs and results was patchy with many reports not providing any quantitative information or qualitative assessment (p.23) and many reports did not outline any recommendations for improving performance in the years ahead. Finally, also Work Package 0 of this ex post evaluation found that "cleaning the data for strategic reporting highlighted weaknesses in the quality and reliability of some data reported by Managing Authorities (MAs)." (p. ii).

**... and the use of evaluations was suboptimal regarding the measurement of 'impacts'<sup>283</sup> of Cohesion Policy due to various reasons (quality problems, weak methodological designs, capacity gaps, lack of comparison data, etc.), ...**

- Outcomes from the semi-structured interviews with EC officials (both EMPL and REGIO) underline this point, e.g. expressing that *"Evaluations were generally unable to convey reliable information on impacts, i.e. whether the programmes had made a difference. ~900 evaluations have been produced until end 2012 (for DG EMPL), but most of them struggle with judging effectiveness. Most evaluations have primarily addressed programme implementation (process evaluations)."*
- This assessment was supported by many Task 3 case studies. In Italy, for instance, it was found that only 31% of the 103 evaluations regarding the ERDF completed by 2013 (and identified by the Expert Evaluation network) focused on convergence programmes. In light of the fact that 80% of the ERDF funding<sup>284</sup> was allocated to the Convergence Objective, there was an insufficient focus on evaluations regarding this objective. Similar findings were observed in Sweden and Germany. In Germany, focus group discussion participants explained that only a few evaluations (including one for ESF Operational Programme North Rhine-Westphalia) employed rigorous impact evaluation methods, such as counterfactual impact evaluation.
- Findings from the Task 3 case study in Poland show a more differentiated picture, where significant progress was achieved in terms of increasing the quality and use of impact evaluations. The decision to grant the Central Statistical Office (CSO) access to technical assistance support enabled the development of a database that could be used for the purpose of counterfactual impact evaluations. Consequently, counterfactual impact evaluations have been successfully conducted to assess, for example, the effectiveness of SME support measures. But despite the fact that evaluators had access to central statistics, only a fragment of the necessary data could be collected in the absence of access to data from other national authorities (e.g. employment data).

**...notwithstanding, monitoring activities and implementation or process evaluations contributed to a high level of responsiveness of the delivery system (strategic adjustments and revisions of OPs), especially at a time of financial and economic crisis.**

- The outcome of the semi-structured interviews in Member States for the statement "Assessment of monitoring and reporting along the main performance dimensions" found a relatively low score for "Systematic assessment of the achievements against the envisaged targets – outputs and results" compared to information about absorption.

*Figure 71: Degree of systematic performance assessment*

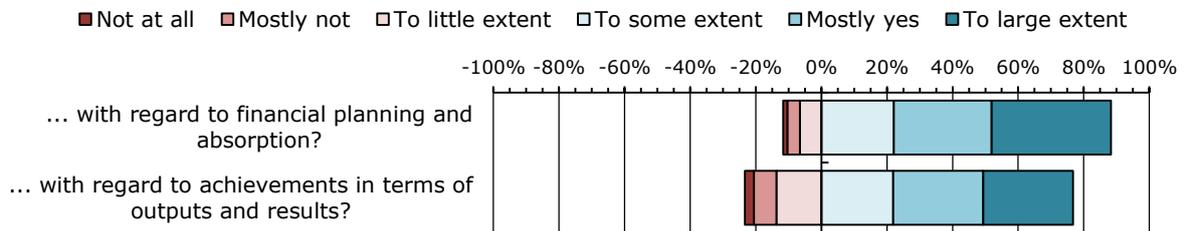
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<sup>283</sup> The term 'impact' used here refers to the new definition for 2014-2020 period, i.e. referring to the change that can be credibly attributed to an intervention.

<sup>284</sup> For a detailed breakdown of the budget allocated to Italy in the 2007-2013 programming period, please refer to table 1.

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**To what extent were the achievements systematically assessed against the  
 targets envisaged with the implementation of the Operational Programme(s)  
 in 2007-2013...**

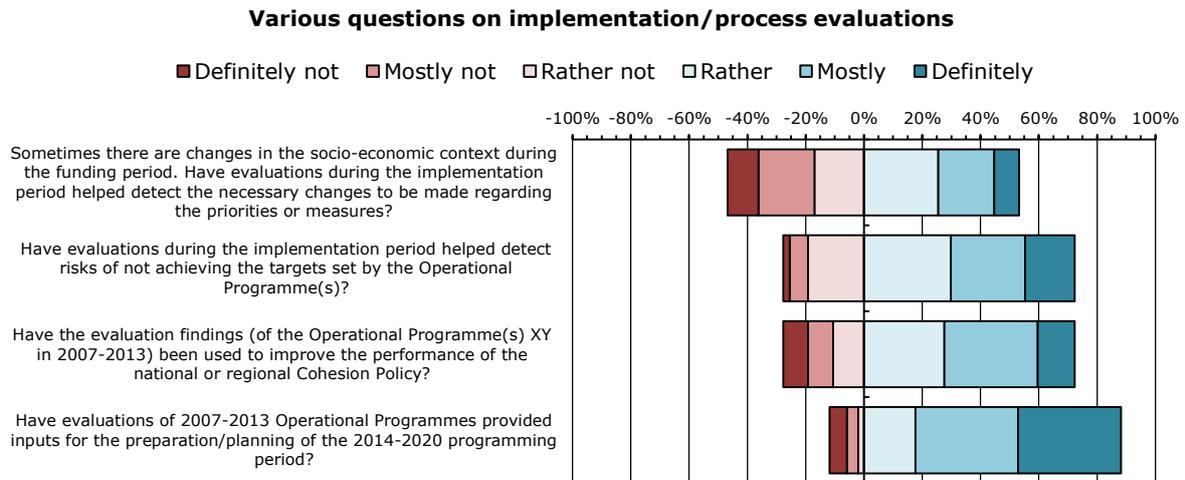


Source: KPMG/Prognos (2015), *Semi-structured interviews in Member States*, N=77, 73.

- Additionally, respondents of semi-structured interviews in Member States gave a positive assessment regarding the statement "Sometimes there are changes in the socio-economic context during the funding period. Have evaluations during the implementation period helped detect the necessary changes to be made regarding the priorities or measures?"

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Figure 72: Utilisation of implementation/process evaluations



Source: KPMG/Prognos (2015), *Semi-structured interviews in Member States*, N=47, 47, 47 and 51.

- Findings from the Task 3 case study in Germany showed that although evaluations were mainly not focused on measuring impacts, they did provide useful recommendations to the Managing Authorities by analysing practical problems in implementation. The higher relative weight placed on evaluations focusing on implementation of the measures was in line with the expectations of stakeholders regarding the function of evaluation.
- Similarly, in the case of Sweden, the National Strategic Reference Framework already clearly stated that evaluation was seen as the main tool for enhancing learning and improvement of the implementation of Cohesion Policy.
- From the literature, Faina et al. (2013, p. 40) finds that in the case of Spain “[...] an important operational evaluation was carried out in 2011 to address the adverse impact of the current economic and financial crisis on the implementation of ERDF programmes (Operational Evaluation for reprogramming the ERDF ROPs and the TF NOP).”

**Looking at the whole results chain, however, Member States and regions have demonstrated moderate result-orientation but gradually improvement in awareness of, and measurement of, progress towards planned strategic objectives.**

- The limited impetus for thematic concentration of Operational Programmes and broad objectives had implications on the whole strategic delivery of Operational Programmes. The types of interventions that could be supported were too many, clear target setting and precise objectives often missing – clear obstacles for a stronger focus on delivering results and tracking progress of strategic plans.
- The use of evaluations was suboptimal regarding the measurement of ‘impacts’ of Cohesion Policy, as shown by the predominance of process evaluations (44%) and monitoring-type evaluations (44%) over impact evaluations (22%).<sup>285</sup>

<sup>285</sup> DG REGIO (2015): How are evaluations used in the EU? How to make them more usable? Presentation by Stryczynski, Kai in Stockholm, 8 October 2015.

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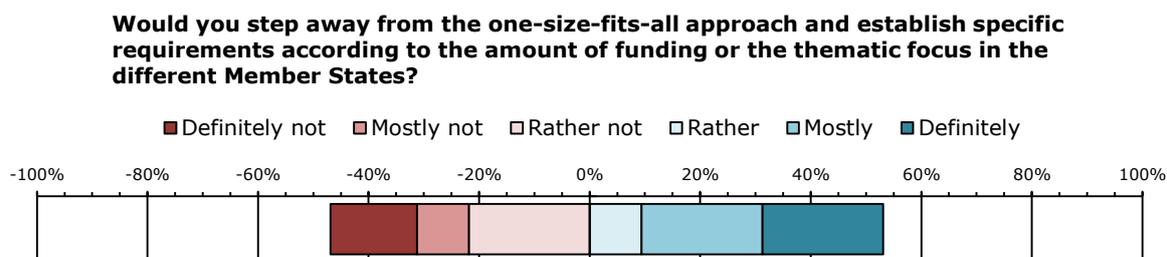
- As argued in the semi-structured interviews with EC officials (both EMPL and REGIO) "evaluations were generally unable to convey reliable information on impacts, i.e. whether the programmes had made a difference. ~900 evaluations have been produced until end 2012 (for DG EMPL), but most of them struggle with judging effectiveness. Most evaluations have primarily addressed programme implementation (process evaluations)."
- This assessment was supported by many case studies, adding further information on the often suboptimal focus of evaluations. In the Task 3 case study for Italy, for instance, it was found that only 31% of the 103 evaluations regarding the ERDF completed by 2013 (and identified by the Expert Evaluation network) focused on convergence programmes. In light of the fact that 80% of the ERDF funding was allocated to the Convergence Objective, there was an insufficient focus on evaluations regarding this objective.
- Nonetheless, a promising trend regarding the awareness and measurement of the progress of Operational Programmes could be observed. As highlighted in the interviews with EC officials (DG EMPL, DG REGIO), throughout the 2007-2013 funding period which was accompanied by the economic and financial crisis, progress towards a stronger result-orientation could be observed: "In the second half of the programming period, a Helpdesk was set up. It helped countries operationalise the regulation on evaluation, advised them, provided backstopping. For instance, it helped Member States identifying the risks of the monitoring system, or to select representative samples of supported units (to measure impacts later on). Member States have taken it up a little bit slow, but in 2014 it was getting some speed."
- The improving trend was also confirmed by the literature. For instance, Ciffolilli et al (2014, p.84) argue that "over the past year, the focus of evaluations shifted from procedures and more to the results of interventions and their effects in relation to policy objectives (36% of the total) as well as to assessing progress in the implementation of programmes or measures (38%) with only 25% being concerned with processes and procedures as such (25%). [...] Such a switch in focus is understandable given an initial concern to ensure that programmes are being properly and effectively managed coupled with the limited evidence of results in the early stages of the implementation of programmes."
- These findings are supported from the case studies, particularly in Poland where evaluation and results-orientation has significantly improved. In Poland, the largest beneficiary of the Cohesion Policy, evaluation is one of the most significant examples of the transfer of European know-how into the national implementation system and wider public administration. Thanks to the Cohesion Policy, the Polish evaluation potential has developed significantly and serves as a source of evidence for both strategic planning and operational management for decision makers on both national and regional levels. The success of the 2007-2013 period was the development of the decentralised evaluation system and the spread of evaluation culture in the Polish public administration. Significant progress was also achieved in terms of increasing the quality and use of impact evaluations.

**... yet, acknowledging the great variation of Member States with regard their level of administrative capacities in managing the funds and the scale of spending, more differentiation in EU management involvement might be more appropriate in the future.**

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- Interviewees from semi-structured interviews in Member States argued for a stronger variation with regard to administrative requirements.

Figure 73: Perceptions on the "one-size-fits-all" approach



Source: KPMG/Prognos (2015), *Semi-structured interviews in Member States*, N=32.

- In Sweden, many representatives have criticised the 'one-size-fits-all' approach. The Task 3 case study confirmed that with regard to the requirements for financial management and control and partly as well with regard to monitoring, the Swedish system was fully equipped to manage much larger amounts of funding.
- The Task 3 case study for the Netherlands found that despite the limited financial role of the Structural Funds in the 2007-2013 period (approximately 0.08% of the total government expenditure), the Structural Funds played an important role in financing targeted interventions (e.g. tackling youth unemployment and financing educational projects). Nevertheless, the low amount of the total budget resulted in a wide-ranging application of simplified project selection ('first come, first served' procedure) and the limited use of dedicated evaluations to measure the outcomes of the Operational Programmes. These findings, together with the disproportionate burden of controls and audits for beneficiaries, suggest that the 'one-size-fits-all' approach to Cohesion Policy may not be appropriate in the case of the Netherlands.
- Focus group participants in Luxemburg similarly argued that requirements in general did not take account of the conditions in countries implementing programmes with small budgets. The 'one-size-fits-all' approach was mainly criticised with regard to the financial management and control issues.

### 9.3 Summary of the contribution of the elements to the performance criteria

The following chart provides a summary of the conclusions above in the analytical framework of the evaluation (see section 2.3), demonstrating the contribution of the elements to the relevant performance criteria.

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Figure 74: Contribution of the elements to the performance criteria

Element \ Criterion	Accountability	Legality and regularity	Delivery of results	Timeliness	Responsiveness	Reasonable administrative cost
Programming and project selection	Yellow	Grey	Yellow	Yellow	Green	Red
Compliance, financial management and control	Green	Green	Red	Grey	Grey	Red
Monitoring and reporting	Yellow	Grey	Yellow	Grey	Green	Grey
Evaluation	Yellow	Grey	Yellow	Grey	Green	Grey

green	=	Element met stakeholders' expectations
yellow	=	Element partially met stakeholders' expectations
red	=	Element did not meet stakeholders' expectations
grey	=	Stakeholders did not expect the element would significantly contribute to the performance criterion

Source: KPMG/Prognos (2016).

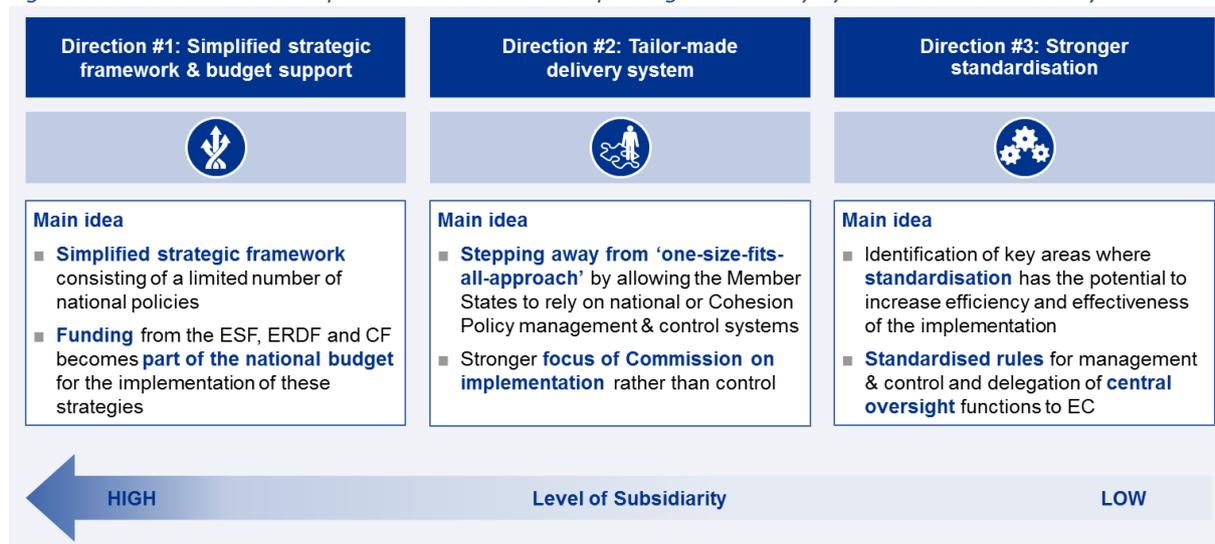
#### 9.4 Outlook: possible directions for improving the delivery system

Three general directions for improving the overall delivery system were identified as part of this ex post evaluation (see figure below). They are based on the explanations given for the main weaknesses of the delivery system and the identified needs for improvement, and build on the set of options developed in Task 4 of this evaluation ('identifying improvements to enhance effectiveness and efficiency'). Due to the strong interdependencies of elements within the delivery system, we applied a system-based perspective to develop the possible directions for improving the delivery system.

It is important to note that the directions presented below do not provide fully-fledged alternative system designs and do not discuss implications for individual elements of the delivery system, but rather are meant to stimulate future thinking about alternative system configurations to strengthen the delivery of Cohesion Policy.

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Figure 75: Overview of three possible directions for improving the delivery system of Cohesion Policy



Source: KPMG/Prognos (2016).

**Possible Direction #1: Simplified strategic framework and budget support.** This alternative design of the delivery system envisions a simplified strategic framework:

- an investment agreement on key policy areas for Cohesion Policy funding between the Commission and Member States; and
- a set of regional or policy strategies developed by the Member States.

Funding could take the form of direct budget support for these strategies (similar to the model used by the Commission under EU Development Aid), which would be implemented entirely within the national systems of Member States, in accordance with their own financial management rules and systems.

In the simplified strategic framework, administrative complexity would be reduced by abandoning all Cohesion Policy-specific elements of the delivery system in the Member States (e.g. NSRF or Partnership Agreements, Operational Programmes). Instead, Cohesion Policy would be implemented through national policies managed by the Member States while still operating under defined funding periods. To ensure their contribution to Cohesion Policy objectives, these strategies, as well as their performance frameworks, would have to be aligned with the thematic priorities of Cohesion Policy, as required by the Commission. This could be accomplished by, for example, fulfilling thematic or general ex ante conditionalities (like ex ante conditionality 1.1 of the 2014–2020 regulation), or by a performance framework, including indicators that would steer the strategies towards EU objectives. Cohesion Policy in this system design could be governed by an 'open method of coordination', including

- the definition of joint objectives at the EU level;
- regular monitoring and benchlearning<sup>286</sup> among Member States for improving the design and implementation of their national policies;

<sup>286</sup> Benchlearning is process that involves the identification of good practices, evidence-based comparison of performance, and systematic learning and development from the results.

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- and the development of joint initiatives for transnational interests.<sup>287</sup>

Mandatory ex ante evaluations could ensure that policies are of adequate quality and promise sufficient contributions to EU goals.

The investment agreement between Member States and the European Commission would define the strategies that could be funded by EU Cohesion Policy. Based on that, the Commission would provide funds as direct support for national or regional budgets, earmarked for the specific policy or region, in order to finance the implementation of the strategies. A mid-term review could further ensure the responsiveness of these policies and stimulate refocusing of individual strategies, if necessary.

Controls for the proper and legal use of the funds would be performed via ex ante checks of the structures, processes and capacities of the Member State, complemented by safeguards against irregularities in the use of funds. Assessment of the implementation would focus on progress in the implementation of the regional or national policies and strategies. Incentives would be tied to the progress made in terms of reaching milestones and achieving predefined targets.<sup>288</sup> Audits by the Commission would focus on ensuring that the conditions had been met and the resources transferred, helping to reduce administrative complexity.

Overall, this system design could address the two main needs for improvement of the 2007–2013 delivery system. Firstly, it would foster a more strategic approach to Cohesion Policy in many Member States, particularly in the design of programmes and interventions, because the embeddedness of strategies within the national or regional policy framework would be increased (stimulation of ownership). Secondly, the excessive focus of national and regional actors on regulatory compliance and financial management would be reduced due to the freedom to use national implementation structures. At the same time, by utilising an investment agreement between Member States and the Commission (which would define the strategies that could receive EU support) coupled with ex ante checks and safeguards, the contribution to the overarching Cohesion Policy objectives would be assured.

**Possible direction #2: Tailor-made delivery system.** The basic idea of this alternative system design is greater flexibility for Member States to set up their own management and control systems for implementing EU Cohesion Policy, while following, in general, the shared management delivery mode. Member States could either rely on national systems (e.g. using the management and control system of regional labour agencies for implementing the ESF) or continue to use the structures already constructed for implementing EU Cohesion Policy (e.g. Managing Authority, Certifying Authority).<sup>289</sup> A

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<sup>287</sup> See also: Bachtler, J. et al. (2015). Permanent revolution in Cohesion Policy: Restarting the reform debate. EoRPA Paper 15/4, p. 34.

<sup>288</sup> Important pre-conditions for such a system design are the availability of high-quality national strategies and sound strategic management practices. In addition, sufficient national capacities to manage and control the projects in line with national law, complemented by effective anti-fraud systems, are prerequisites of legality and represent a sufficient safeguard of the EU's financial interests at the national level. Finally, the Member States and the European Commission would be required to formally agree upon the new roles and responsibilities, as well as the rights and duties, of both parties.

<sup>289</sup> Efforts to introduce more flexibility, proportional approaches and more subsidiarity have already been made in the 2007–2013 period, through, for example, the setting of eligibility rules at the national level. However, as evidence from this ex post evaluation demonstrates that these efforts have been counteracted by, among other factors, 'gold-plating' and restrictive rule interpretation induced by the fear that auditors along the control

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rating process could be developed in order to certify that Member States fulfil the necessary administrative capacities to rely on domestic systems. Where applicable, this would lead to a reduction of duplicate administrative structures (e.g. in the EU-15).

While giving more flexibility to the Member States, the Commission should focus more strongly on implementation (rather than control), e.g. by taking a decision-making role in Monitoring Committees (instead of an advisory role). Moreover, there should be a safeguard, such as the possibility of suspension of payments, for cases where the Member State is facing severe (technical) problems in the implementation.<sup>290</sup> In addition, in case of severe irregularities or problems in the implementation, a process would be needed to allow the Commission to control critical functions, such as the right to approve or disapprove prepared calls for proposals even without the Member State specifically requesting such assistance. As this is a sensitive issue, the process should entail a constructive dialogue procedure and an action plan that defines what must be achieved by the Member State in order to regain these competences.

In this alternative system design, it would be possible to step away from the 'one-size-fits-all' approach and allow for greater differentiation among Member States based on some defined key features (overall financial allocations, size of the EU budget compared to national funding, institutional arrangements, level of administrative capabilities and professional standards).<sup>291</sup> However, the safeguard enabling the Commission to take control of some critical functions in defined cases would call for significant capacities (in terms of both human and financial resources), which would require fundamental changes to the current framework conditions.

Overall, this alternative system design has the potential to reduce the complexity of the multi-level governance system stemming from parallel structures in the delivery of Cohesion Policy, i.e. the co-existence of European and national or regional implementation structures. In such a system design, greater differentiation in management and control could be realised to reflect different national and regional institutional arrangements. In fact, this system would address the frequent calls for greater proportionality involving more reliance on national systems when they are trusted to work and when funding volumes are relatively low.<sup>292</sup>

**Possible direction #3: Stronger standardisation.** In this alternative system design, the Commission would take over responsibility for directly or indirectly (through its agencies) managing Cohesion Policy funding. Such a system, based on stronger standardisation, directly addresses another key issue in the 2007–2013 delivery system: the perception of unclear and ambiguous requirements for the implementation of Cohesion Policy, which resulted in fundamental uncertainty among national and regional actors, and often resulted in gold-plating.

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cascade will overrule earlier decisions. This approach will build on the measures already in place, and will especially stress the success conditions for flexibility.

<sup>290</sup> Specifically, Member States that implement a high amount of funding and/or are facing challenges in their technical capacity should be able to give managerial competencies to the Commission (e.g. to dedicated bodies with the Commission). Delegation could, for example, take the form of a global grant to specific European Agencies established in certain policy fields (e.g. youth unemployment or innovation policy). These bodies could then take charge of the implementation, and their tasks would be defined jointly by the Managing Authority and the Commission body.

<sup>291</sup> See also Samecki, P. (2009). Orientation Paper on Future Cohesion Policy, p. 11.

<sup>292</sup> See also Bachtler, J. et al. (2015). Permanent revolution in Cohesion Policy: Restarting the reform debate. EoRPA Paper 15/4, p. 32.

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In this alternative system design, key areas where standardisation has the potential to increase the efficiency and effectiveness of the implementation of EU Cohesion Policy would need to be identified. This could be fostered by setting more standardised rules for the management and control of the implementation (e.g. by standardising eligibility and procurement rules) and by relying on central oversight and expertise when designing interventions (e.g. by using pre-defined sets of main types of interventions, approval of project selection criteria by the Commission, standardised common indicators etc.). Nevertheless, it must be taken into account that the Commission would not have the capacity to directly manage large sums of funding at the project level (a key reason the project-based approach used for the ERDF until the late 1980s was replaced with a programme-based approach<sup>293</sup>).

The main advantages of this alternative system design would be that the rules and requirements for eligibility, procurement and control would become clearer (due to the reduced interdependency of European and national regulations), as in programmes directly managed by the Commission, where strict control procedures function with fewer administrative requirements and with less drawbacks in the quality of implementation. These advantages could lead to efficiency gains and, potentially, to the reduction of the perceived administrative costs of the implementation at all levels.

In an important trade-off, the principle of subsidiarity and shared management in such a system would be limited, depending on the degree of standardisation. Less subsidiarity might accompany the risk of imposing standards that do not fit the contexts in the Member States. In fact, due to the widely differing contexts of the 28 Member States, setting standards that apply to all conditions would be a challenging task. Hence, a standardised approach would best fit Member States where Cohesion Policy support is significant, and national public administrations face challenges in establishing sound requirements and systems on their own. Finally, acceptance of further standardisation can be expected to be low at both the European and Member State levels, making this the least feasible direction for further developing the delivery system for Cohesion Policy.

The three possible directions are summarised below, indicating the level of subsidiarity, the scale of spending to Member States and regions, and the required level of their administrative capacities to deliver Cohesion Policy effectively and efficiently.

*Table 10: Spectrum of possible EU management involvement in Cohesion Policy.*

Possible direction	Level of subsidiarity	Scale of spending	Required level of Member States' and regions' administrative capacities
1. Simplified strategic framework and budget support	High	Small transfers	Strong administrative capacities
2. Tailor-made delivery system	Medium	Large transfers	Varying capacity levels by Member States and regions
3. Stronger standardisation	Low	Large transfers	Moderate administrative capacities

<sup>293</sup> See: Bachtler, J. et al. (2013) EU Cohesion Policy and European Integration: The Dynamics of EU Budget and Regional Policy Reform. Ashgate Publishing, Ltd.

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Source: KPMG/Prognos (2016).

The feasibility of these possible directions requires further assessment, coupled with elaborated descriptions of the technical specifications of these alternative system designs.

## 10 ANNEX

### 10.1 Annex I: Glossary

All definitions refer to 2007-2013 legislative sources (and to that programming period in general), except for terms newly introduced for the 2014-2020 period.

Terms	Definitions	Reference
<b>Accountability</b>	The European Commission, Member States and Managing Authorities can account for their spending and for the results they achieve (e.g. in front of the European Court of Auditors, the European Parliament, or taxpayers in general).	Work Package 12 Inception Report based on Terms of Reference
<b>Additionality</b>	Contributions from the Structural Funds shall not replace public or equivalent structural expenditure by a Member State.	Article 15, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/40)
<b>Annual Implementation Report (AIR) and Final Report</b>	For the first time in 2008 and by 30 June each year, the managing authority shall send the Commission an annual report and by 31 March 2017 a final report on the implementation of the operational programme. The report shall include, among others, information on the progress made in implementing the operational programme and priority axes, financial implementation of the operational programme, detailed for each priority axis, the indicative breakdown of the allocation of Funds by categories, the steps taken by the managing authority or the monitoring committee to ensure the quality and effectiveness of implementation.	Article 67, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/56)
<b>Audit Authority</b>	A national, regional or local public authority or body, functionally independent of the managing authority and the certifying authority, designated by the Member State for each operational programme and responsible for verifying the effective functioning of the management and control system. The same authority may be designated for more than one operational programme. Its functions are listed under Article 62, Regulation 1083/2006.	Article 57.1(c) and 62, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/54 and L 210/55)
<b>Beneficiary</b>	An operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual project and receiving public aid.	Article 1, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/36)
<b>Certifying Authority</b>	A national, regional or local public authority or body designated by the Member State to certify statement of expenditure and applications for payment before they are sent to the Commission. The same authority may be designated for more than one operational programme. Its functions are listed under Article 61, Regulation 1083/2006.	Articles 57.1(b) and 61, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/54 and L 210/55)

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Terms	Definitions	Reference
<b>Cohesion Fund (CF)</b>	Aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90% of the EU average, the Cohesion Fund (CF) is established for the purpose of strengthening the economic and social cohesion of the Community in the interests of promoting sustainable development. In particular, assistance from the Fund is given to actions in the areas of trans-European transport networks, energy and the environment.	Council Regulation (EC) No 1084/2006 of 11 July 2006 (L 210/1) and <a href="#">info regio</a>
<b>Cohesion Policy</b>	Policy covering all programmes supported by the ESF, the ERDF, and the CF. Often referred to as Regional Policy, although the latter covers only ERDF supported programmes.	Lexicon of the 6 <sup>th</sup> Report on Economic, Social, and Territorial Cohesion
<b>Common Strategic Framework (CSF)</b>	A document establishing strategic guiding principles to facilitate the programming process and the sectoral and territorial coordination of Union intervention under the ESI Funds and with other relevant Union policies and instruments, in line with the targets and objectives of the Union strategy for smart, sustainable and inclusive growth, taking into account the key territorial challenges of the various types of territories. The CSF shall facilitate the preparation of the Partnership Agreement and programmes in accordance with the principles of proportionality and subsidiarity and taking into account national and regional competences.	Articles 10-12, Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (L 347/343-44)
<b>Community Strategic Guidelines on Cohesion</b>	The Council shall establish at Community level concise strategic guidelines on economic, social and territorial cohesion defining an indicative framework for the intervention of the Funds, taking account of other relevant Community policies. For each of the objectives of the Funds, those guidelines shall in particular give effect to the priorities of the Community with a view to promoting the harmonious, balanced and sustainable development of the Community.	Articles 25-26, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/42)
<b>Compliance</b>	Operations financed by the Funds shall comply with the provisions of the Treaty and of acts adopted under it.	Article 9.5, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/39)
<b>Convergence Objective (COV)</b>	Aimed at speeding up the convergence of the least-developed Member States and regions by improving conditions for growth and employment through the increasing and improvement of the quality of investment in physical and human capital, the development of innovation and of the knowledge society, adaptability to economic and social changes, the protection and improvement of the environment, and administrative efficiency. This objective shall constitute the priority of the Funds (ERDF, ESF, and CF contributions).	Article 3.2(a), Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/37)
<b>Composition of Country-Clusters</b>	<ul style="list-style-type: none"> <li>• Cluster 1: Denmark, Finland, Sweden</li> <li>• Cluster 2: Austria, Belgium, France, Germany, Ireland, Luxembourg, The Netherlands, United Kingdom</li> <li>• Cluster 3: Bulgaria, Croatia, Greece, Italy, Romania</li> <li>• Cluster 4: Cyprus, Malta, Slovenia</li> <li>• Cluster 5: Czech Republic, Estonia, Hungary, Latvia, Poland, Portugal, Slovakia, Spain</li> </ul>	Work Package 12 Inception Report
<b>Delivery of Results</b>	Delivery of results expresses the requirement to achievement of	Work Package 12

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Terms	Definitions	Reference
	targets identified in Operational Programmes, as prescribed by Article 2(7) of the General Regulation. Nevertheless, targets are often not fully representative of the objectives of programme priorities, nor are the latter always formulated explicitly. As a consequence, assessing the delivery of results is a challenging task and requires careful consideration of a number of different variables.	Inception Report based on Terms of Reference
<b>Delivery System</b>	The ensemble of requirements governing Structural and Cohesion Funds, defined by its constituting elements for the 2007-2013 period: programming, project selection, compliance with EU and national law (with a focus on public procurement), financial management and control, monitoring, evaluation and reporting.	Work Package 12 Terms of Reference
<b>European Grouping for Territorial Cooperation (EGTC)</b>	The EGTC is a new European legal instrument designed to facilitate and promote cross-border, transnational and interregional cooperation between its members. An EGTC is a legal entity made up of Member States, regional authorities, local authorities and/or bodies governed by public law, entrusted with implementing programmes co-financed by the Community or any other cross-border cooperation project with or without Community funding. It must have members in at least two Member States.	<a href="#">inforegio</a>
<b>European Regional Development Fund (ERDF)</b>	Article 160 of the Treaty provides that the European Regional Development Fund (ERDF) is intended to promote public and private investments helping to redress the main regional imbalances in the Community. The ERDF therefore contributes to reducing the gap between the levels of development of the various regions and the extent to which the least favoured regions, including rural and urban areas, declining industrial regions, areas with a geographical or natural handicap, such as islands, mountainous areas, sparsely populated areas and border regions, are lagging behind. Funding priorities include research, innovation, environmental protection and risk prevention, while infrastructure investment retains an important role, especially in the least-developed regions.	Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 (L 210/1) and <a href="#">inforegio</a>
<b>European Social Fund (ESF)</b>	The ESF should strengthen economic and social cohesion by improving employment opportunities within the framework of the tasks entrusted to the ESF by Article 146 of the Treaty and of the tasks entrusted to the Structural Funds by Article 159 of the Treaty, in accordance with the provisions of Regulation (EC) No 1083/2006. It focuses on following key areas: increasing adaptability of workers and enterprises, enhancing access to employment and participation in the labour market, reinforcing social inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people, and promoting partnership for reform in the fields of employment and inclusion.	Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 (L 210/1) and <a href="#">inforegio</a>
<b>European Structural and Investment Funds (ESIF)</b>	For the 2014-2020 programming period, funds providing support under Cohesion Policy, namely the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund, with the Fund for rural development, namely the European Agricultural Fund for Rural Development (EAFRD), and for the maritime and fisheries sector, namely measures financed under shared management in the European Maritime and Fisheries Fund (EMFF). Not to be confused with Structural Funds (ESF and ERDF only, see definition below).	Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (L 347/320)

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Terms	Definitions	Reference
<b>European Territorial Cooperation Objective (ETC)</b>	Aimed at strengthening cross-border cooperation through joint local and regional initiatives, strengthening transnational cooperation by means of actions conducive to integrated territorial development linked to the Community priorities, and strengthening interregional cooperation and exchange of experience at the appropriate territorial level (ERDF contributions only).	Article 3.2(a), Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/37)
<b>Evaluation</b>	Evaluation is the systematic collection and analysis of information about programmes and projects, their purpose and delivery; it derives knowledge on their impact as a basis for judgments. Evaluations are used to improve effectiveness and inform decisions about current and future programming.	Guidance Document on Monitoring and Evaluation 2014-2020: Concepts and Recommendations. EC, DG REGIO. Articles 47-49, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/50)
<b>Ex-ante Conditionality</b>	A concrete and precisely pre-defined critical factor, which is a prerequisite for and has a direct and genuine link to, and direct impact on, the effective and efficient achievement of a specific objective for an investment priority or a Union priority.	Article 2.33, Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (L 347/339)
<b>Financial management and control</b>	Financial management normally refers to the financial planning, the flow of finances in programmes and the accounting of all expenditure within operational programmes. This accounting is an essential element of a good audit trail, leading to certified statements of expenditure being submitted to the Commission - containing only eligible expenditure. This expenditure can then be traced back to the initial invoices or other supporting documents, through the various levels of aggregation (or: institutions or agencies involved in the financial management). Financial control usually refers to the management verifications (sometimes referred to as first level control). It comprises administrative verification and on-the-spot checks at beneficiaries' sites. Some elements of project selection can be seen as management verification work. It is the basis of certification. Audit can be seen as second level financial control, consisting of system audits and audits of operations.	Evaluators
<b>Impact</b>	The change that can be credibly attributed to an intervention. Same as "effect" of intervention or "contribution to change".	Guidance Document on Monitoring and Evaluation 2014-2020: Concepts and Recommendations. EC, DG REGIO
<b>Instrument for Pre-Accession Assistance (IPA)</b>	One of the general instruments directly supporting European External Aid policies, the Instrument for Pre-Accession Assistance (IPA) offers assistance to countries engaged in the accession	Council Regulation (EC) No 1085/2006 of 17 July 2006, <a href="#">EU</a>

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Terms	Definitions	Reference
	process to the European Union (EU) for the period 2007-2013. From January 2007 onwards, IPA replaces a series of European Union programmes and financial instruments for candidate countries or potential candidate countries, namely PHARE, PHARE CBC, ISPA, SAPARD, CARDS and the financial instrument for Turkey. The aim of the IPA is to enhance the efficiency and coherence of aid by means of a single framework in order to strengthen institutional capacity, cross-border cooperation, economic and social development and rural development.	<a href="#">legislation summaries</a> , and <a href="#">info regio</a> .
<b>Intermediate body</b>	Any public or private body or service which acts under the responsibility of a managing or certifying authority, or which carries out duties on behalf of such an authority vis-à-vis beneficiaries implementing operations.	Article 1, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/36)
<b>Irregularity</b>	Any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.	Article 1, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/36)
<b>JASPERS</b>	Joint Assistance to Support Projects in European Regions, is a technical assistance facility for the twelve EU countries which joined the EU in 2004 and 2007. It provides the Member States concerned with the support they need to prepare high quality major projects, which will be co-financed by EU funds.	<a href="#">info regio</a>
<b>JEREMIE</b>	Joint European Resources for Micro to Medium Enterprises, is an initiative of the European Commission developed together with the European Investment Fund. It promotes the use of financial engineering instruments to improve access to finance for SMEs via Structural Funds interventions.	<a href="#">info regio</a>
<b>JESSICA</b>	Joint European Support for Sustainable Investment in City Areas, is an initiative of the European Commission developed in co-operation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). It supports sustainable urban development and regeneration through financial engineering mechanisms.	<a href="#">info regio</a>
<b>JASMINE</b>	Joint Action to Support Micro-finance Institutions in Europe, aims at providing both technical assistance and financial support to non-bank micro-credit providers and to help them to improve the quality of their operations, to expand and to become sustainable. JASMINE seeks also to promote good practices in the field of microcredit and to draft a code of good conduct for micro-credit institutions.	<a href="#">info regio</a>
<b>Legality and regularity</b>	Articles 310-325 of the TFEU rule require that payments and transactions by the Cohesion Fund are devoid of irregularities, defined in the General Regulation as "any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget".	Work Package 12 Inception Report based on Terms of Reference
<b>Macro-regional Strategy</b>	An integrated framework endorsed by the European Council, which may be supported by the ESI Funds among others, to address common challenges faced by a defined geographical area relating to Member States and third countries located in the same	Article 2.31, Regulation (EU) No 1303/2013 of the European

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Terms	Definitions	Reference
	geographical area which thereby benefit from strengthened cooperation contributing to achievement of economic, social and territorial cohesion.	Parliament and of the Council of 17 December 2013 (L 347/339)
<b>Major Project</b>	An operation comprising a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature, which has clearly identified goals and whose total cost exceeds EUR 25 million in the case of the environment and EUR 50 million in other fields.	Article 39, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/47)
<b>Managing Authority</b>	A national, regional or local public authority or a public or private body designated by the Member State to manage the operational programme. The same authority may be designated for more than one operational programme. Its functions are listed under Article 60, Regulation 1083/2006.	Articles 57.1(a) and 60, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/54)
<b>Monitoring</b>	Monitoring procedures check on the progress and performance of OPs primarily by making use of financial, output and result indicators.	Evaluators
<b>Monitoring Committee</b>	The Member State shall set up a monitoring committee for each operational programme, in agreement with the managing authority. A single monitoring committee may be set up for several operational programmes. The monitoring committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme. Amongst others, it shall: consider and approve the criteria for selecting the operations financed and approve any revision of those criteria in accordance with programming needs; periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the managing authority; examine the results of implementation, particularly the achievement of the targets set for each priority axis; consider and approve the annual and final reports on implementation.	Articles 63-65, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/56)
<b>National performance reserve</b>	At its own initiative, a Member State may decide to establish a national performance reserve for the Convergence objective and/or the Regional competitiveness and employment objective, consisting of 3% of its total allocation for each one. Not later than 31 December 2011, on the basis of proposals from and in close consultation with each Member State concerned, the Commission shall allocate the national performance reserve (Member States shall assess under each of the objectives not later than 30 June 2011 the performance of their operational programmes).	Article 50, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/51)
<b>National Strategic Reference Framework</b>	The Member State shall present a national strategic reference framework which ensures that assistance from the Funds is consistent with the Community strategic guidelines on cohesion, and which identifies the link between Community priorities, on the one hand, and its national reform programme, on the other. Each national strategic reference framework shall constitute a reference instrument for preparing the programming of the Funds. The national strategic reference framework shall apply to the Convergence objective and the Regional competitiveness and employment objective. It may also, if a Member State so decides, apply to the European territorial cooperation objective, without prejudice to the future choices of other Member States concerned.	Articles 27-28, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/43)

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<b>Operation</b>	A project or group of projects selected by the managing authority of the operational programme concerned or under its responsibility according to criteria laid down by the monitoring committee and implemented by one or more beneficiaries allowing achievement of the goals of the priority axis to which it relates.	Article 1, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/36)
<b>Operational Programme (OP)</b>	Document submitted by a Member State and adopted by the Commission setting out a development strategy with a coherent set of priorities to be carried out with the aid of a Fund, or, in the case of the Convergence objective, with the aid of the Cohesion Fund and the ERDF.	Articles 1 and 32-46, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/36 and L 210/45)
<b>Partnership</b>	The objectives of the Funds shall be pursued in the framework of close cooperation between the Commission and each Member State. Each Member State shall organise, where appropriate and in accordance with current national rules and practices, a partnership with authorities and bodies such as the competent regional, local, urban and other public authorities, the economic and social partners, any other appropriate body representing civil society. [...] The partnership shall cover the preparation, implementation, monitoring and evaluation of operational programmes. Member States shall involve, where appropriate, each of the relevant partners, and particularly the regions, in the different stages of programming within the time limit set for each stage.	Article 11, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/39)
<b>Partnership Agreement</b>	A document prepared by a Member State with the involvement of partners in line with the multi-level governance approach, which sets out that Member State's strategy, priorities and arrangements for using the ESI Funds in an effective and efficient way so as to pursue the Union strategy for smart, sustainable and inclusive growth, and which is approved by the Commission following assessment and dialogue with the Member State concerned.	Articles 2.20 and 14-17, Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (L 347/339 and L 347/344-46)
<b>Priority Axis</b>	One of the priorities of the strategy in an operational programme comprising a group of operations which are related and have specific measurable goals.	Article 1, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/36)
<b>Programming</b>	The objectives of the Funds shall be pursued in the framework of a multiannual programming system organised in several stages comprising the identification of the priorities, the financing, and a system of management and control.	Article 10, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/39), and Title III (L 210/45)
<b>Project Selection</b>	Project selection is the procedure of defining funding criteria, publishing calls, and assessing incoming applications against selection criteria to identify operations worthy of funding.	Evaluators
<b>Regional Competitiveness and Employment Objective (RCE)</b>	Aimed outside the least-developed regions at strengthening regions' competitiveness and attractiveness as well as employment by anticipating economic and social changes, including those linked to the opening of trade, through the increasing and improvement of the quality of investment in human capital, innovation and the promotion of the knowledge society, entrepreneurship, the protection and improvement of the environment, and the improvement of accessibility, adaptability of workers and businesses as well as the development of inclusive job markets (ERDF and ESF contributions).	Article 3.2(a), Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/37)
<b>Reasonable</b>	Proportionality of financial and administrative resources allocated	Work Package 12 Inception Report

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Terms	Definitions	Reference
<b>administrative cost</b>	to cover implementation of the programmes to the total amount of funding disbursed.	based on Terms of Reference
<b>Reporting</b>	Reporting, in the context of the Cohesion Policy implementation, can be considered as the provision of structured information, presented in specified forms and prepared at specific time intervals, in order to provide feedback on the implementation of actions, operations and programmes with regards to the objectives set and results to be achieved.	Evaluators
<b>Responsiveness</b>	Ability of the actors responsible for programme implementation to respond swiftly and adapt to changes in the programme implementation schedule.	Work Package 12 Inception Report based on Terms of Reference
<b>Result</b>	The specific dimension of the well-being of people that motivates policy action, i.e. that is expected to be modified by the interventions designed and implemented by a policy. Examples are: the mobility in an area; the competence in a given sector of activity.	Guidance Document on Monitoring and Evaluation 2014-2020: Concepts and Recommendations. EC, DG REGIO
<b>Structural Funds</b>	The European Social Fund (ESF) and the European Regional Development Fund (ERDF). Not to be confused with ESI Funds (see definition above).	Lexicon of the 6 <sup>th</sup> Report on Economic, Social, and Territorial Cohesion
<b>Technical Assistance (TA)</b>	At the initiative of and/or on behalf of the Commission, subject to a ceiling of 0.25% of their respective annual allocation, the Funds may finance the preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures necessary for implementing Regulation 1083/2006. At the initiative of the Member State, the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds within the limits of 4% of the total amount allocated under the Convergence and Regional competitiveness and employment objectives, and 6% of the total amount allocated under the European territorial cooperation objective.	Article 46, Council Regulation (EC) No 1083/2006 of 11 July 2006 (L 210/49)
<b>Timeliness</b>	The timely implementation of the agreed programme schedule and implies the achievement of high absorption rates of funds, as well as closure of the programmes within deadlines.	Work Package 12 Inception Report based on Terms of Reference

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***10.2 Annex II: Mini-case studies on good practice examples***

Please see separate annex document.

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