



ON TRACK AGAIN AFTER THE CRISIS?  
REVIEW OF PROGRAMME IMPLEMENTATION  
WINTER 2009 - SPRING 2010

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Structural Funds Programme Management  
Through Exchange of Experience*

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## PREFACE

The research for this paper was undertaken by EPRC in preparation for the 28th IQ-Net meeting to be held in Brussels, Belgium, on 6-7 May 2010. The paper has been written by Stefan Kah. It should be noted that the paper is currently in draft form; it will be revised following the feedback from IQ-Net partners.

This paper is the product of desk research and fieldwork visits during Spring 2010 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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### Austria

- State Government of Niederösterreich, Economic and Tourism Department
- State Government of Steiermark, Economic Policy Department

### Belgium

- Enterprise Flanders

### Czech Republic

- Ministry for Regional Development

### Denmark

- Danish Enterprise and Construction Authority

**Finland**

- Alliance of Länsi-Suomi
- Ministry of Employment and the Economy

**France**

- Délégation interministérielle à l'aménagement du territoire et à l'attractivité régionale (DATAR)

**Germany**

- Nordrhein-Westfalen, Ministry of Economy, SMEs and Energy, EU Affairs Unit
- Sachsen-Anhalt, Ministry of Finance

**Greece**

- Management Organisation Unit of Development Programmes S.A.

**Hungary**

- Hungarian Enterprise Development Centre (MAG), in association with the National Development Agency (NDA)

**Italy**

- Lombardia Region, DG Industry, SMEs, Cooperation and Tourism
- Ministry of Economic Development
- Institute for Industrial Promotion (IPI)

**Poland**

- Śląskie Voivodeship (Marshal's Office)

**Portugal**

- Financial Institute for Regional Development (IFDR)

**Spain**

- País Vasco, Provincial Council of Bizkaia, Department of Economy and Finance

**Slovenia**

- Government Office for Local Self-Government and Regional Policy, EU Cohesion Policy Department

**Sweden**

- Tillväxtverket, Swedish Agency for Economic and Regional Growth

**United Kingdom**

- Department of Communities and Local Government
- ONE NorthEast
- Scottish Government
- Welsh European Funding Office

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



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## **ON TRACK AGAIN AFTER THE CRISIS? REVIEW OF PROGRAMME IMPLEMENTATION WINTER 2009 - SPRING 2010**

### **1. INTRODUCTION**

After the first major review of the Member States' progress in achieving their Cohesion policy goals through the 2009 strategic reports, the programmes are moving rapidly towards the mid-way point of the programme period. The economic crisis continues to affect programme implementation to some extent, with financial absorption frequently failing to meet expectations. In most cases, programme authorities are focussed on operational challenges rather than the crisis, with a number of persistent difficulties (e.g. indicator systems) and emerging problems demanding attention (e.g. recent developments in the field of simplified cost options).

The objective of this paper is to review recent developments in the implementation of the 2007-13 programmes in IQ-Net partner countries and regions. It draws on a mix of desk research and interviews with staff working on the implementation of Structural Funds programmes. The desk-based research has focused on EU-level and programme documents, including financial performance and monitoring data. Interviews were conducted with a range of Managing Authorities, programme secretariats and national coordination bodies in 16 Member States.

The paper is structured as follows. Section 2 begins with a review of the state-of-play of the 2007-13 programmes, looking at both the EU27 as a whole and the individual IQ-Net programmes. This is followed by a discussion of challenges with regard to the decommitment rule, the role of the economic crisis in IQ-Net programmes, and the lessons drawn. Section 3 examines operational developments, covering general management arrangements, developments with regard to project selection systems, monitoring, and evaluation. It also discusses the Strategic Reports and the related summary of the Commission. Financial management issues are considered, focusing on the newly introduced simplified cost options, before mentioning briefly the progress with closure of the 2000-06 programmes. Section 4 concludes the paper.



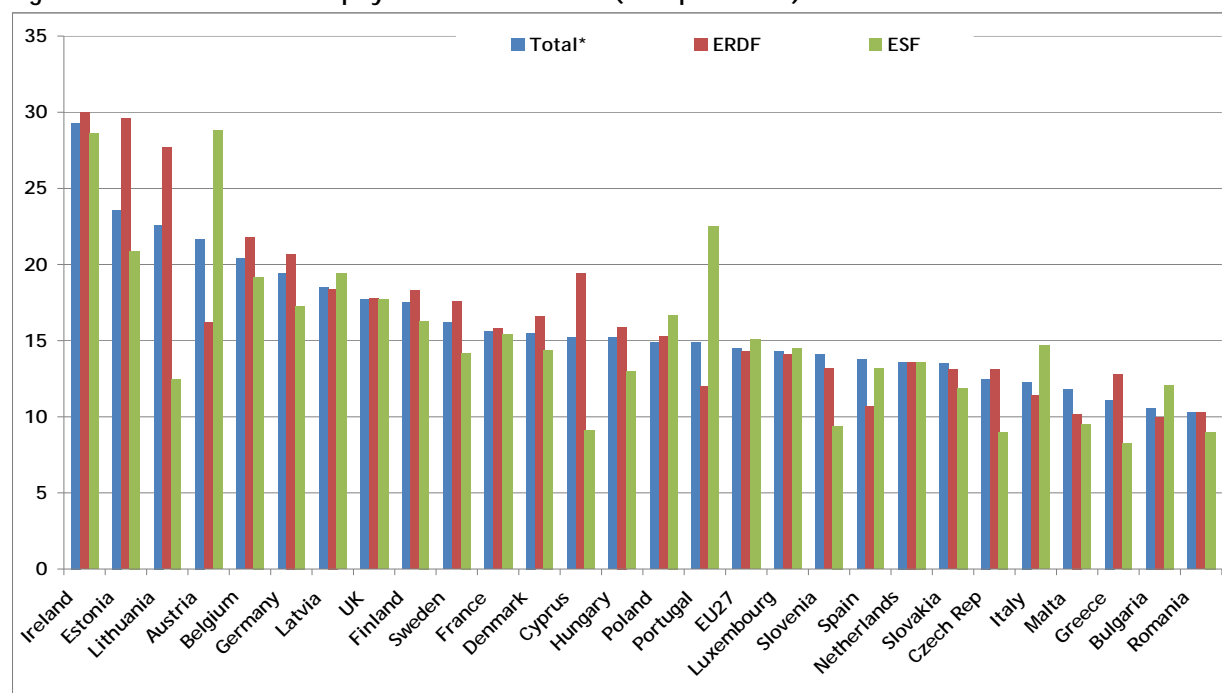
## 2. FINANCIAL PROGRESS AND THE CRISIS

Progress in terms of payment remains limited in some cases and financial absorption remains one of the main concerns of IQ-Net programme authorities.

### 2.1 Financial implementation in the EU27

By April 2010, the Structural Funds payments effected by the Commission stood at 14.5 percent, an increase of four percentage points on the 10.5 percent figure recorded in November 2009<sup>1</sup>. Financial progress has varied significantly between Member States. The Structural Funds payment rates in the EU27 covering ERDF and ESF are shown in Figure 1.

Figure 1: Structural Funds payments in 2007-13 (12 April 2010)



Source: Commission data from 12 April 2010, EPRC calculations

\* Includes ERDF, ESF and Cohesion Fund

The biggest increases in payments have been in Ireland (+15.7 percentage points), Austria (+11.9) and Belgium (+9.8). Conversely, progress on absorption has been more limited in countries such as Romania (+0.3 percentage points) and Bulgaria (+1.1). In April 2010 the highest total payment rates were in Ireland (29.3 percent), followed closely by Estonia, Lithuania, Austria and Belgium, all of which recorded rates of above 20 percent. By contrast, in Romania and Bulgaria, payments remained only slightly above 10 percent. Looking at specific Funds, the levels of ESF payments still do not exceed the level of advance payments in some countries (7.5 percent for the EU12 and nine percent for the EU15); this is the case in Cyprus, the Czech Republic and Romania. Overall, absorption

<sup>1</sup> Kah S (2009) Accelerating Structural Funds Programmes: Review of Programme Implementation Summer 2009 - Autumn 2010, *IQ-Net Review Paper 25(1)*, European Policies Research Centre, Glasgow.

continues to be slightly higher in ESF than in ERDF, although in most countries ERDF payments are higher.

## 2.2 Financial implementation in the IQ-Net partner programmes

Notwithstanding the effects of the economic crisis (see section 2.4), the IQ-Net programmes have recorded significant progress in Structural Funds commitments, and almost all programmes have now made first payments to beneficiaries.

- **Austria.** Financial progress is considered to be satisfactory. In both Niederösterreich and Steiermark, around one third of funds has been committed (25 February 2010) and more than 10 percent has been paid out. In Niederösterreich, Priority 1, focussing on businesses, is performing well with 38 percent commitment and 14 percent payment, while Priority 2, focusing on the strengthening of sub-regions, is lagging slightly behind with 24 percent commitment and 10 percent payment. Conversely in Steiermark, Priority 2, focussed on regional potential has committed 45 percent, compared to only 32 percent for the more business oriented Priority 1. However, payments are at 10 percent for both Priorities. Commitment differences are significant at activity field level, with environmental investments able to commit 83 percent of funds compared to only 8 percent for R&D in companies.
- **Belgium (Vlaanderen).** In general terms, the programme secretariat is satisfied with financial progress. ERDF commitments are at 58 percent (22 February 2010) and payments at 11 percent, with only a slight increase in recent months. Priority 2 (entrepreneurship) stands at 24 percent commitment, Priority 4 (urban development) at 50 percent and Priority 1 (knowledge economy and innovation) at 55 percent. At over 94 percent, Priority 3 (economic restructuring/spatial planning) has nearly used up available funding. Absorption concerns only relate to Priority 2, where there is competition in Vlaanderen from other funding sources offering support for entrepreneurship and start-ups. A recent evaluation of the NSRF suggested shifting funding between Priorities; this is currently being considered by the Monitoring Committee.
- **Czech Republic.** Financial absorption is deemed satisfactory, with some significant steps forward having been made in the last six months. Across all Czech programmes, the number of approved projects increased by 70 percent, ensuring that by the end of 2009 around 31 percent of funds had been committed. Payments more than doubled and stand now at nine percent. The performance of single OPs varies, and commitments range from four percent in the OP 'Research and Development for Innovation' to 58 percent in the OP 'Human Resources and Employment'. Despite over 17 percent having been paid out in the OP 'Transport', other figures usually remain below five percent. However, it is important to take into account the different nature of projects in different OPs. Slow absorption does not necessarily indicate problems in terms of the achievement of programme objectives. The performance of the Czech Integrated OP remains below expectations. Although commitments are at 24 percent, payments are still below

two percent. Spending challenges in the case of the Integrated OP are often due to a lack of experience amongst some of the Intermediate Bodies.

- **Denmark.** Progress with implementation is generally satisfactory. ERDF commitments are broadly in line with allocations, and 45 percent of funding has been committed. ESF commitments are slightly behind schedule, especially in relation to Priority 1 (training and qualification for employees) but not in Priority 2 (training for the unemployed). However, while the overall level of ERDF commitment is on target, the distribution of projects between the various areas of expenditure is biased towards innovation, with project demand for new technology lagging behind. The Commission is monitoring the situation, and it may be necessary to either reallocate funding, partly inspired by a recent thematic evaluation, or to combine the two areas of expenditure into one.
- **Finland.** Financial progress overall is deemed to be satisfactory. The national commitment rate is between 31 and 36 percent. In Länsi-Suomi, commitment is at 31 percent and payment at 11 percent (March 2010). Highest commitment and payment rates are recorded for Priority 1 (business aid measures) partly due to the early start of these activities in 2007. On the other hand, Priority 4 (development of major urban areas - Tampere and Vaasa regions) is still showing a commitment level below 20 percent. High-quality projects in accordance with the programme strategy have proven challenging in this particular Priority. The situation is comparable in the Etelä-Suomi OP, where the urban areas of Helsinki and Turku are covered by a similar Priority. Priorities 2 (promotion of innovation activity and networking and strengthening of skill structures) and 3 (improvement of the accessibility of regions and of the operating environment) are proceeding well.
- **France.** After a slow programme start, commitments increased at the end of 2009. In Regional Competitiveness & Employment (RC&E) programmes, with an average commitment rate of 37 percent and payment rate of 11 percent (1 March 2010). There is considerable variation at the regional level, with commitments lying between 16 percent (Provence-Alpes-Côtes d'Azur) and 64 percent (Auvergne) and payments between five percent (Provence-Alpes-Côtes d'Azur) and 19 percent (Basse-Normandie). Figures are slightly higher for regional ESF programmes: the average commitment rate is 43 percent and the payment rate is 13 percent. Regional disparities in absorption are caused by a number of factors, e.g. different weight of Priorities, the importance of major projects and the effectiveness of regional partnerships. Looking at thematic differences, innovation measures have improved, while progress has been slower in measures related to sustainable development and the environment.
- **Germany.** The Managing Authority in Nordrhein-Westfalen is satisfied with the state of financial implementation. At the mid-way stage of the programme, more than 50 percent of funds had been committed, indicating progress in line with the financial plan. Although lower, the level of payments remains adequate for this point in the programme. In Sachsen-Anhalt, the level of commitments, 44 percent, and payments, 25 percent, under the ERDF OP has been very positive, (at 31 December

2009). Also under the ESF OP, absorption has been good with commitments reaching 33 percent and payments 11 percent.

- Greece. Financial progress overall is deemed to be unsatisfactory. At NSRF level, commitments are at nine percent, while payments are still below four percent (January 2010). However, financial performance differs widely between programmes. In general, regional OPs perform better than sectoral OPs, with the Thessalía-Stereá Elláda-Epeiros OP demonstrating a high commitment rate of 18 percent compared to both commitment and payment rates of below one percent for both the OP 'Environment and Sustainable Development' and the OP 'Digital Convergence'. European Territorial Cooperation programmes, in turn, have not yet been launched and consequently neither commitments nor payments have been recorded. The main reason for low absorption is the priority given to the closure of the 2000-06 programmes. Despite this, the Ministry of Economy, Competitiveness and Shipping has set a target of 15 percent of payments by the end of 2010.
- Hungary. Financial progress overall is deemed to be satisfactory. For the Economic Development OP, where the MAG is the Intermediate Body, the commitment rate is almost at 50 percent and the payment rate is 14.5 percent (28 February 2010). Particularly high commitments are recorded for infrastructure measures in the Transport OP, where the commitment rate is almost 70 percent. By contrast, support for the improvement of the existing water infrastructures and water purification in the Environment and Energy OP has the lowest commitment and payment rate.
- Italy. In Lombardia, the situation is similar to the last review period: commitments are at 19 percent and payments at 17 percent (28 February 2010). So far, formal commitments and expenditure have only been registered in Priorities 1 (innovation and knowledge economy) and Technical Assistance. Nevertheless, the Managing Authority considers the OP on track in terms of expenditure because of the considerable number of projects in the process of being officially approved, including around 270 in Priority 2 alone. The relatively low commitment figure is partly due to technical difficulties and 'teething problems' experienced with the ambitious new monitoring system which has been applied to all regional development funds (both domestic and EU). The system functions as a management tool which allows for the online submission and appraisal of project applications.
- Poland. In the Śląskie OP, commitment is at 25 percent and payment at 5 percent. Projects under Priority 8 (educational Infrastructure) and Priority 9 (health and recreation) are performing well due to their relatively straightforward implementation. Progress on measures aimed at the revitalisation of some areas under Priority 6 (sustainable urban development) has been delayed due to legislative issues concerning State aid. In the Human Capital OP, commitments at the national level stand at 35 percent and payments at 15 percent. Although, the programme is generally progressing well, contracting under Priority 9 (development of education and skills in the region) is going slower than expected, with only 7 percent of total funding paid out. Reasons are the lack of experience and

awareness amongst some beneficiaries and competition with other funding streams, e.g. ERDF. Thus, programme managers see a need for a more balanced, integrated approach to implementing ESF and ERDF funds in the region.

- **Portugal.** The last quarter of 2009 witnessed the fastest increase in payments since the launch of the Portuguese programmes, especially in the regional OPs and the ERDF NOP 'Territorial Development'. Commitments represented more than 45 percent of total funding while payments stood at 11 percent (31 January 2010). Expenditure is most advanced in the Açores and Madeira ERDF ROPs and the NOPs 'Human Capital' (ESF) and 'Competitiveness' (ERDF).
- **Slovenia.** Payments have moved forward significantly in the last six months and now stand at 16 percent in total (31 December 2009). The rise in commitments has been slightly lower, standing at 43 percent in total. Looking across the three programmes, the ERDF OP has the highest absorption rates and reported 58 percent of committed funds, with payments also comparatively high at 27 percent. The ESF OP committed 46 percent of its funds and paid out around 10 percent. Absorption is lowest in the Cohesion Fund OP, where 26 percent of funds have been committed and eight percent paid out. However, the commitment process is expected to gain momentum in the first half of 2010, as was the case in the first half of 2009.
- **Spain.** At national level, certified expenditure at the end of 2009 was reported to account for more than ten percent of resources in ERDF, and around 25 percent of funding under the Cohesion Fund. Expenditure under the ESF is lower and stands at five percent of its allocation. At the level of the Diputación Foral de Bizkaia, ESF and ERDF expenditure is now being certified with the approval of the management and control system having occurred at the end of November 2009. All but one of the 30 projects being co-funded in this period could already certify expenditure. Overall, progress continues as planned.
- **Sweden.** In Norra Mellansverige, financial progress is deemed to be good. The commitment rate is 76 percent, and the payment rate is 24 percent (mid-February 2010). Particularly high commitments have been recorded for Measure 2.1 (accessibility), with 79 percent; Measure 1.1 (innovation environment), with 77 percent, and Measure 1.2 (entrepreneurship) with 72 percent. Payment levels vary between 16 percent (Measure 2.1) and 31 percent (Measure 1.1). Performance is also strong in Mellersta Norrland where the overall commitment rate is 69 percent (31 December 2009) and payments are at 21 percent. Furthermore, Measure 1.5 (capital and financial interest rates) has already committed 100 percent of its total allocation and Measure 2.2 (information technology) has a commitment rate of 92 percent. Conversely, Measure 1.6 (energy and environment) is lagging behind with only 33 percent of funds committed.
- **United Kingdom.** In England, financial performance across the programmes is satisfactory. Commitment and spending is considered to be strong in North East England, with 52 percent of total ERDF funds committed, and 24 percent paid out (February 2010). In Wales, 58 percent of the total budget (West Wales and the Valleys and East Wales programmes, ERDF and ESF) has been committed and nine

percent has been paid out (March 2010). In Scotland, 62 percent of the total budget (Highlands and Islands and Lowlands and Uplands Scotland programmes, ERDF and ESF) has been committed and ten percent paid out.<sup>2</sup>

## 2.3 Absorption challenges and responses

For the first time in the 2007-13 programme period, the decommitment rule (Article 93 of Regulation 1083/2006) becomes relevant for all IQ-Net programmes. By the end of 2010 those funds allocated in 2007 (in the case of the IQ-Net partner countries Czech Republic, Greece, Hungary, Poland, Portugal and Slovenia) and 2008 (all other IQ-Net partner countries) must be spent.

Generally, most IQ-Net programme authorities do not foresee any major problems with decommitment in 2010 (Hungary, Länsi-Suomi, Mellersta Norrland, Nordrhein-Westfalen, Norra Mellansverige, North East England, Polish Human Capital OP, Portugal, Sachsen-Anhalt, Slovenia, Śląskie, Vlaanderen).

- In Norra Mellansverige, the annual n+2 targets had already been fulfilled by January and the Mellersta Norrland programme will reach the n+2 limit during the remainder of the period. In the latter OP, the challenge is to keep up with the high demand for funding and to assure quick payments to the projects.
- In addition to a number of other English regions, North East England has already met its targets for 2010. The use JEREMIE or JESSICA financial engineering schemes has proven crucial to these achievements.
- In Sachsen-Anhalt, the 2008 allocation in the ERDF programme had already been fully paid out by the end of 2009. In the ESF programme, there are still funds to be paid out. However, the Managing Authority believes that it is unlikely that funds will be lost.
- In Portugal, the IFDR forecasts suggest that there will be no difficulties in complying with the n+3 rule. Some Portuguese programmes have already achieved their targets and low spending programmes are expected to accelerate their rates of financial implementation in the coming months.

For some authorities, particularly those in Lombardia and Niederösterreich, it is still difficult at this early stage to predict financial outcomes for the 2010 year end. However, problems are not expected. In Lombardia, the Managing Authority is optimistic about spending the missing €14.8 million by the end of the year.

A number of IQ-Net authorities pointed out that specific regulatory facilities have been very useful in helping to achieve targets. The authorities for the regional OP in Śląskie mentioned the opportunity for programmes in EU12 Member States to deduct a nine percent advance payment for ERDF from the first decommitment target amount as being

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<sup>2</sup> The UK programme budgets are set in Euro, so their £Sterling value fluctuates. Expenditure data is typically available in £Sterling. An exchange rate of €1.1: £1 has been used for the Scottish data.

very helpful. In the Czech Republic and Nordrhein-Westfalen, Managing Authorities have considered the allocation of the additional advance payment in the context of the anti-crisis package to be useful.

In a minority of cases however, performance remains low. Nevertheless, programme authorities remain optimistic as major payment procedures are now under way.

- In Vlaanderen, project commitments and spending are below target. However, the outlook remains positive due to the high number of claims still to be processed. There are a number of reasons to explain good performance with respect to n+2. Most important was that initial calls for proposals led to a very big response, with a number of large projects ready to commence. This is part of a more general change of approach under the current programme whereby attention is now actively being paid at the approval stage to whether a project is genuinely ready to start. This change in approach reflects learning from previous programmes.
- Despite around 74 percent of allocated funds still needing to be certified at the national level in the Czech Republic, the National Coordination Authority (NCA) is optimistic about fulfilling the n+3 rule. The process of certification has been accelerated and major payment applications will be processed soon. The situation is also eased by additional advance payments by the Commission. In order to identify those programmes at risk, a report was being developed in March and the reallocation of funds between programmes is not realistic at the moment. As emphasised by the Strategic Report 2009, reallocation should only be used as a last resort. Instead, priority should be given to measures which stimulate project applications and simplify the implementation processes. The situation is more challenging in the Czech Integrated OP, where only 10 percent of funds have been certified. Regardless, the Managing Authority is optimistic about avoiding decommitments. By May 2010, payments amounting to almost €300 million are expected to be certified, and, consequently n+3 is expected to be met.

For a number of IQ-Net programme authorities (Denmark, France, Greece), the achievement of the n+2 (n+3) rule in 2010 is considered more challenging.

- In France, progress regarding n+2 differs greatly by region, with, for example, Bretagne having already certified over 81 percent and Provence-Alpes-Côtes d'Azur only 22 percent of the 2008 allocations. In the latter OP, there are problems especially with urban projects where the administrative framework was approved only at the end of 2009, and with a major project that needs to be modified.
- In Greece, the strong emphasis on the closure of the 2000-06 programmes led to delays with the implementation of the 2007-13 funds. N+3 is also potentially threatened by the reduction of funding from the Public Investment Programme, through which the national co-financing is channelled. Additionally, the lack of mature projects could lead to serious delays in the implementation of the current programmes.

- In Spain, programme authorities at national level consider that 2010 could be a challenging year for the fulfilment of the n+2 rule. The additional advance payments by the Commission will no longer help to avoid possible decommitments in 2010 and a worsening of the situation with respect to public finances has further created co-financing challenges.

Although absorption concerns focus on this year's targets, some IQ-Net programme authorities have already begun to look to the future. In the coming years, n+2 challenges might arise in a number of programmes (e.g. Highlands and Islands of Scotland, North East England, Slovenia, Śląskie, Vlaanderen).

- In Slovenia, as in the IQ-Net countries of the Czech Republic, Greece, Hungary, Poland and Portugal, the n+3 rule will be changed to n+2 from 2011 onwards. The Slovenian Managing Authority is especially concerned about the Cohesion Fund OP, which might then be placed in jeopardy. Projects under this OP often include major infrastructural measures and usually more time to reach realisation.
- For the Śląskie regional OP, the above-mentioned provisions to avoid decommitment will not apply from 2011 on. A possible solution is the use of a JESSICA scheme; this should clearly allow for the overcoming of many absorption obstacles. Another challenge relates to administrative delays in contracting, with the Śląskie ERDF unit determined to streamline the process.
- In North East England, concerns for the n+2 rule in 2011 and 2012 are caused by uncertainties over future budgets.
- In the Scottish Highlands and Islands ERDF OP, there has been a refocusing of activities to try and increase the rate of implementation and expenditure. The focus will be on supporting, where possible, fewer but larger strategic projects in ICT, tourism infrastructure and a limited number of key transport and renewable energy investments.

The appropriateness of the n+2 (n+3) rule was questioned by several IQ-Net programme authorities. It was made clear, for example by Denmark, Niederösterreich and Spain, that a change of the n+2 rule would be appreciated. Dangers of decommitment could be avoided, at least for 2010, if proposed regulatory modifications to ease the rule are approved by the European Parliament; these are expected by June 2010. However, it is considered important to present the challenges faced by the implementation bodies in order to make a good case for amendment of the automatic decommitment rule.

Not least as a response to n+2 (n+3) pressures, financial engineering instruments are used, or are being considered, by a number of IQ-Net programme authorities (e.g. Greece, North East England, Poland). In North East England, JEREMIE was launched in January 2010, the first English region to do so. In addition, a JESSICA feasibility study has recently been funded in order to obtain an evidence base to assess if it would be suitable for the programme. Greece introduced schemes under JEREMIE as well as under JESSICA. Also, the Śląskie regional OP is considering the use of a JESSICA scheme, following the examples set by two other Polish regional OPs, Wielkopolskie and Zachodniopomorskie. However, there

are State aid issues to be resolved in Poland. The Polish government still has to introduce legislation on State aid and urban revitalisation and the Ministry of Regional Development is still preparing a project of regulations for JESSICA. Both of these reforms must be harmonised. Priority 6 of the regional OP Sustainable Urban Development is still blocked as a result of these issues and there have been no calls for projects under this priority.

Finland is also about to start using a capital investment fund to ensure absorption (expected launch in summer 2010). This is supposed to improve the scope for ERDF funding for more strategic activities and potentially involves a higher risk and targeting start-up and early growth businesses. These activities are expected to be launched in June-August 2010 and coordinated between the Ministry of Employment and the Economy, the state-owned Finnvera and Veraventure. Veraventure has been specifically set up and serves as the hub for public early-stage venture capital investments. It also manages a business angel network known as InvestorExtra. Possible profit is to be used in the same region over a period of 10 years. The maximum investment share is €500,000 and the estimated funding allocated to Länsi-Suomi is €6.5 million out of a total of €19.5 million.

## 2.4 Economic crisis

While economic indicators suggest that the financial and economic crisis is starting to be overcome, the downturn will continue to effect Structural Funds implementation in the next couple of years. Some elements of the Commission's anti-crisis package are only in place for a limited time; simplified State aid rules, for instance, were only in place until the end of 2009. Hence, some challenges have not been resolved but only suspended for some time. Also the  $n+2$  ( $n+3$ ) rule only postpones some of the issues resulting from spending challenges to later stages of the programme period. This means that the economic challenges of 2008 will affect decommitment rules only from this year on or, in case of  $n+3$ , from 2011.

### 2.4.1 Crisis effects

For some IQ-Net programme authorities, the worst of the crisis might be over, as there is evidence of growing commitment (e.g. Austria, France, North East England). For instance, both Austrian IQ-Net Managing authorities are experiencing an upward trend. Steiermark found some evidence for recovery in rising export figures. Also in Niederösterreich commitment figures are growing, albeit slowly. In North East England, the situation has improved, although the negative effects are still noticeable. There is uncertainty over the 'bigger picture' and budget allocations in particular, due to the May General Election whose outcome could result in the loss of political support for Regional Development Agencies.

Nevertheless, the crisis continues to affect the IQ-Net countries. In Spain, this is especially the case for unemployment, which has increased more rapidly than in any other EU Member State. This has obviously had a negative impact on ESF employment objectives. Nevertheless, the Spanish Strategic Report 2009 states that the NSRF objectives continue to be appropriate for addressing needs in the current context. Yet, at the level of the Diputación Foral de Bizkaia, the crisis is not reported to have affected the delivery of the projects, even though smaller municipalities are reported to be facing significant liquidity challenges.

In many programmes, crisis-related difficulties continue to be similar to those of 2009.<sup>3</sup> For example, the Czech authorities continue to report difficulties with a lack of bank-lending. In Sachsen-Anhalt, there are issues concerning major projects. The *ex ante* financial plan was based on the assumption that the programmes would fund a number of major projects, usually in medium-large firms, yet numbers of applications for major projects have so far been lower than expected.

Still, the most important challenge appears to be the lack of (public) co-financing (e.g. in England, France, Länsi-Suomi, Niederösterreich, Nordrhein-Westfalen, Portugal, Sachsen-Anhalt, Spain).

- In France, the lack of co-funding is particularly problematic for projects in the field of sustainable development. Difficulties also persist in the field of innovation, e.g. regarding isolated projects, where firms fail to look for partners beyond their territories or national borders, and funding problems.
- In England, the budgets of Regional Development Agencies, local authorities and universities are all constrained. This has clear implications for the Competitiveness OPs which operates on a 50 percent match funding rate. Generally, the negative impact of the crisis on the OPs has remained consistent over the past six months.
- Also in Niederösterreich, the need for domestic co-financing is challenging. There are at least two examples, where the lack of co-financing meant that projects could not be launched. One area is flood protection, where associated projects have been postponed to 2013. The other is urban regeneration, where there are problems with co-financing from municipalities which have been especially hit by budget constraints.
- In Nordrhein-Westfalen, the crisis is still having a strong effect on the public sector. The entities which are worst affected are the local authorities (*Kommunen*) who are facing severe funding constraints. The consequence is that the local authorities are unable to co-finance ERDF projects. This is hindering OP implementation, particularly under the urban component of Priority 3, which focuses on urban and regional development. Although the Managing Authority is concerned that the participation of the local authorities could reduce further, they also note that it is possible that their participation could increase in 2011 because most of the federal crisis programmes come to an end at the end of 2010. At present, local authorities (and other actors) are prioritising the spending of federal crisis programme funding, not least because beneficiaries do not have to co-finance these programmes immediately.

Although the economic crisis affected all economies in some form, it appears that it did not have much effect on the implementation of the Structural Funds programmes in some countries. In cases where the economy is less export-oriented the situation was frequently more stable. This applies for instance, to Sachsen-Anhalt, which has suffered less during

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<sup>3</sup> Kah (2009), *op. cit.*, pp. 9-17.

the crisis than Germany's southern and western *Länder*. In a number of other IQ-Net programmes and countries the crisis had only minor effects.

- In Denmark, demand in terms of submitted project proposals continues to be strong, especially in the ERDF programme where the share of private co-funding is large.
- In Vlaanderen, the impact of the crisis was relatively small, and project partners did not experience any significant difficulties. The crisis may have, on occasion, made it more difficult to attract companies, but generally performance was good. Interestingly, in Vlaanderen, the relatively unchanged progress of programme implementation can be attributed to the importance of public bodies as beneficiaries, while in other Member States the problem has been with the public aspect of co-financing (see below).
- In Poland, the influence of the crisis on Structural Funds programmes remains limited, although the general impact on the regions is becoming apparent, notably in terms of unemployment rates. Still, there are some issues with co-financing among municipalities. In the context of the Polish Human Capital OP there has been a noticeable drop in demand from SMEs to launch training projects due to changes in their priorities. In the Śląskie regional OP, the crisis has not had a significant impact on the OP and there is still substantial demand for projects. Still, there are some minor co-financing issues. For example, under Priority 9 'Health and Recreation', a co-financing rate of 50 percent is needed for some interventions. Under the Sub-Regional Programmes, integrated project platforms with ring-fenced funding based around the region's four main sub-regions, some municipalities are having financial difficulties and are struggling to meet co-financing obligations.
- In the Czech Integrated OP, there is no evidence of a severe decline in the number of project applications or a dropping out amongst already committed projects. A lack of interest can only be noted in Measure 3.1 'Social Economy', i.e. support of employment for socially disadvantaged groups. The main reasons for unsatisfactory performance are a lack of experience amongst relevant bodies, very strict criteria for project proposals and unclear definitions of what exactly social economy includes.

#### *2.4.2 Current crisis responses*

Whether the bottom of the economic development has been reached or not, some programme authorities are still engaged in crisis-related measures.

Several programme authorities carried out programme revisions (Czech Republic, Hungary) or plan to do so (Portugal, Spain). The revisions of several Czech OPs included, for instance, moving funding allocations between Priorities in the OP 'Enterprise and Innovation', which is targeted particularly at SMEs. Also, with the support of the National Coordination Authority, around half of the regional OPs modified their payment systems in order to lower the requirements for Final Beneficiaries. In Hungary, funds have been reallocated between OPs. For example, the budget of the Economic Development OP was increased by c. HUF110

billion (approx. €420,000). The aim of the Spanish authorities is to react to the main crisis effects: shrinking public finances; absorption challenges in the Priority 'Knowledge Society', which is heavily dependent on private sector demand; and labour market and human capital demands which may require short-term actions.

Although there have been no formal modifications of the programmes in Greece, more resources than originally foreseen were allocated to the support of SMEs and to competitiveness-related measures. As a result, Lisbon-related thematic priorities show a higher absorption level than others. One of the most successful initiatives is support for SMEs through the regional OPs. The response of SMEs in the first call for proposals was significantly higher than expected, and about 43,000 applications have been submitted. The total amount of distributed funds was €500 million. Another successful measure has been support for freelance and self-employed individuals through regional OPs, for which around €70 million has been committed.

Several programmes are active in making funds available for beneficiaries. Niederösterreich responded to this by creating a fund, which pre-finances up to 25 percent of the beneficiaries' project costs. Hungary introduced an automatic advance payment of 40 percent for beneficiaries. An action plan for municipality projects is being implemented in Portugal, which includes further advance payments, increased aid rates, new project bonuses and the introduction of a loan instrument. In Länsi-Suomi, the required share of local co-financing has been lowered temporarily for 2010 both in ERDF and ESF. The Managing Authority of the Czech OP Southeast organised a round table with representatives of financial institutions in order to facilitate the lending process. The Welsh ProAct scheme, an all-Wales European funded project designed to help companies through the economic downturn by providing financial support to increase the skills levels of the workforce, is considered to have been highly successful and has been extended. Figures show that ProAct has supported 203 companies, and helped to protect 9,000 jobs, with £23.2 million (approx. €26 million) of funding for training.

Regarding the Commission's anti-crisis package, several IQ-Net authorities mentioned the usefulness of some options, namely the possibility to amend programmes without evaluation (Czech Republic), the changes to funding rules for major projects (France) and, as already mentioned above, additional advance payments (Nordrhein-Westfalen, Śląskie).

### *2.4.3 Lessons from the crisis*

Drawing some lessons from the economic downturn, the following favourable conditions for successful programme implementation in times of economic crisis can be identified.

- Established funding structures. Niederösterreich noted that the kinds of projects which already existed in similar form in 2000-06 continued to perform well. New kinds of projects or new intervention areas, such as flood prevention projects in the Niederösterreich case, were the first to be abandoned in uncertain times. The main reason for this was a lack of knowledge about the complexity of Structural Funds amongst the national project partners.

- **Strategic orientation.** The crisis provided assurance for Denmark that a strategy-oriented programme, which is tackling areas important to the Lisbon strategy, can be much more robust in the face of changing economic conditions than other programmes structured on the basis of many different groups of beneficiaries. The need to increase efforts in relation to particular target groups led to reprogramming in many other Member States.
- **Type of beneficiaries.** As mentioned above, in Vlaanderen, the programme emphasis on public bodies meant that the impact of the crisis had been quite low. Those actors involved in developing and submitting project proposals are not entrepreneurs/private sector actors but rather public (intermediary) bodies. However, this contrasts with the experiences of many other IQ-Net programme authorities (e.g. England, France, Nordrhein-Westfalen) which found a lack of public co-financing to be especially challenging.

To conclude, it can be said the effects of the crisis on programme implementation have been diverse amongst IQ-Net programme authorities. They range from almost unaffected programmes (e.g. Bizkaia, Denmark, Vlaanderen) to those experiencing more serious difficulties in achieving the set targets (e.g. France, Nordrhein-Westfalen). In most cases, though, programme authorities were able to cope with the challenges, not least due to help from a variety of domestic and EU-level initiatives.<sup>4</sup> It is also worth mentioning that the crisis had some positive effects. In Slovenia, the project costs are now much lower than before; savings can be quantified at around 30 percent. In France, the crisis has had a positive effect on the intensity and rhythm of commitments, since it stimulated strong mobilisation of programme managers, and it is expected that programme implementation will continue to perform well in the future.

Looking at the role that Structural Funds can play as part of a broader policy response to counter the crisis, or to mitigate its effects, IQ-Net authorities found some evidence that Cohesion policy does contribute to such efforts at national or regional level. The importance of Structural Funds support for tackling the crisis has been emphasised by a number of IQ-Net programme authorities. In France, the Strategic Report 2009 states that Structural Funds have helped support firms facing liquidity problems in the fields of innovation and competitiveness, notably in a situation where support from banks is scarce. In Slovenia, the ESF OP played a major role in cushioning the crisis effects (see Box 1).

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<sup>4</sup> For further information on crisis responses see Mendez C and Kah S (2009), Programme Implementation in Times of Economic Crisis: Review of Programme Implementation Winter 2008 - Spring 2009, *IQ-Net Review Paper* 24(1), European Policies Research Centre, Glasgow and Kah S (2009) *op. cit.*

**Box 1: Slovenia - The role of the ESF in the crisis**

A wide range of anti-crisis and recovery measures in Slovenia have been co-financed by the ESF OP 'Human Resources Development'. Amongst these were new measures as well as additional financing for existing measures:

- Act on Partial Subsidising of Full-Time Jobs;
- Subsidies for workers on 'forced leave';
- Reemployment to workplaces with perspective and promoting self-employment;
- Support of development projects, i.e. social entrepreneurship;
- Education and on-the-job training for the unemployed;
- Skills matching;
- 'Green jobs' and 'green scholarships';
- Qualitative employment through employment consultants;
- Active labour market policies;
- Consultation, lifelong career guidance and job search assistance;
- Promotion of part-time employment;
- Employment subsidies for vulnerable groups and the long-term unemployed;
- Mobility of staff and interdisciplinary groups;
- Social inclusion of the most vulnerable groups; and
- Contact point at the Employment Service of Slovenia (EES).

### 3. PROGRAMME MANAGEMENT

The review of IQ-Net programme activity conducted for this paper indicates that programme management is broadly working satisfactorily. However, IQ-Net programmes continue to face challenges from both a series of pre-existing issues and new issues which have arisen in the last six months. The following section reviews management institutions and procedures, project animation and selection, monitoring and evaluation, focusing on those programme authorities where changes have taken place, followed by a brief review of programme closure activity.

#### 3.1 Management institutions and procedures

Although the Managing Authority of the Italian OP Research and Competitiveness is still waiting for approval, most issues with regard to the formal management and control systems seem to have been resolved among IQ-Net programme authorities. For example, the last Czech open management and control systems were approved at the end of 2009; the last Portuguese system (for the Algarve OP) in early March 2010, and in Spain all but one system has been approved in the last six months.

In a number of cases, revisions of the system descriptions are being undertaken or are planned (Greece, Portugal, Slovenia). In Greece, the new government decided to revise the NSRF management and control system after the parliamentary elections in October 2009. The aim was to simplify and decentralise the management processes, thus increasing their effectiveness (see Box 2). These changes are major modifications of the implementation system and were designed to accelerate spending. They include an acceleration of project selection procedures - including a system of 'first-in first-out' whenever possible - and better coordination between national and local authorities. In Portugal, updates of the management and control systems related to the inclusion of further Intermediate Bodies.

##### Box 2: Revision of the Greek Management and Control System

A number of new implementation procedures have been introduced to support the target of a payment rate at NSRF level of 15 percent by the end of 2010.

- **Simplification of processes.** The simplification consists of abolishing a number of bodies involved in Structural Funds implementation: the Regional Development Organisations (AOP), the NOMOS S.A. and the Experts Committee of the Ministry of Economy, Competitiveness and Shipping. The new framework involves also simplifying the eligibility of beneficiaries.

- **Decentralisation.** The regions and the Ministries involved in the implementation of the NSRF OPs will be asked to sign an Operational Programme Agreement with the Ministry of Economy Competitiveness and Shipping. Financial resources will only be released after the signature of this agreement. The regions will be obliged to submit bi-monthly reports on project implementation, and available resources can be re-allocated in case of significant delays.

- Effectiveness. Priority is given to the allocation of financial resources to projects co-financed through the Public Investment Programme. The beneficiaries can assume wider responsibility, which leads to accelerated assignment of public contracts and the restrictions regarding the assignment of low budget projects are removed.

Also, in the Czech Republic and Slovenia, a number of measures to improve the implementation of Structural Funds have been introduced. For the Czech Integrated OP, the lack of administrative capacity and experience at the Ministry of Interior, as one of the programme's Intermediate Bodies, has been substantially improved by the participation of the experienced Centre for Regional Development (CRD) in October 2009. This is especially visible in the administration of the so-called 'Czech Points' (see Box 3). Additionally, thanks to the regional branches of the CRD implementation structure, the system has been brought closer to potential project applicants and final beneficiaries, resulting in more effective implementation of the Integrated OP.

**Box 3: 'Czech points'**

Czech Points are contact points of selected central or regional institutions in municipalities. Their aim is to bring public administration closer to the people and to entrepreneurs. For instance, at a Czech Point it is possible to obtain records of the different public registers (e.g. Register of Companies, Trades Register).<sup>5</sup>

Although these information points are considered useful, the implementation procedures are administratively intensive. The political decision to realise Czech Points in the form of individual projects rather than (for instance), in the form of a grant scheme, was intended to enable 'each mayor to touch EU money'. The projects are submitted individually by municipalities, even though their nature is very similar. Consequently, the Intermediate Body has had to deal with some 5,600 individual project proposals, creating substantial administrative workload. After the first call for project proposals, the implementation system was overloaded by a very high number of project applications from individual municipalities.

In Slovenia, administrative changes include: the acceleration of payments; the execution of advance payments; value added tax has been made an eligible cost category; a simplified guidance for beneficiaries on eligible costs has been produced; and measures to assure faster financial settlement have been implemented. Finally, in Portugal, a training programme is being undertaken to support institutional capacity in regional Managing Authorities and Intermediate Bodies. The training covers particular issues such as compliance with public procurement rules, public-private partnerships and revenue

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<sup>5</sup> For more information see <http://www.czechpoint.cz/web/index.php?q=node/22> (in Czech, accessed 26.04.2010).

generating projects - these topics being the main difficulties that Intermediate Bodies and Managing Authorities have faced.

In the Czech Republic, there has been a proposal to bring the domestic legal framework in line with EU legislation, especially with regard to financial aspects. A working group at the National Coordinating Authority (NCA) has submitted a proposal to the Czech government. The working group consists of representatives of the NSRF Managing Authority (i.e. NCA), the Ministry of Finance and selected Managing Authorities.

At the national level in Spain, thematic networks have been set up to discuss Cohesion policy management and implementation issues and to provide a forum for the exchange of experiences. The three networks cover the environment, equal opportunities and urban issues/housing. Another network, on R&D and innovation, will be set up in September 2010 at a conference in País Vasco.

In France, the Regional Innovation Strategies (SIR, *Stratégie régionale d'innovation*), developed at the request of the Commission, were only approved at the end of 2009 with considerable delay. These strategies had to be prepared as a priority due to the weakness of approaches in the field of innovation noted by the Commission during the programming process. This has affected project development and selection in the field of innovation. An approach which is based on firms' needs and genuine commitment from local authorities is crucial to the success of these strategies.

In Poland, an important challenge for programme delivery is the mixed national-regional approach to administering the Polish Human Capital OP. There are risks of inefficiency and duplication in a system where implementation responsibilities are shared between national and regional levels. The experience of the ESF unit is that even minor changes introduced by the Managing Authority at national level can create huge administration challenges for the region, as they adapt to new regulations on a project by project basis. There is scope for rationalisation but the importance attached to quick spending at the national level, as illustrated by the use of a national performance reserve, leaves no space for reflection and reform.

### 3.2 Project animation and selection

Reflecting the difficulties with financial absorption and the pressure to avoid decommitment, considerable efforts are being made in some programmes to improve or intensify project animation and selection. Over the past six months, the Managing Authority and Intermediate Bodies of the Czech Integrated OP organised specific seminars and trainings targeted at project applicants and potential beneficiaries, which have demonstrated substantial interest among relevant stakeholders. The authorities also provided consultancy services to support with application procedures. Additionally, a range of communication measures has been undertaken to promote the programme's funding opportunities, including: press releases, advertisements in professional journals, television spots, conferences, web information, etc.

In Denmark, a major cause for concern has been the time between the submission of a project application and the final approval by Danish Enterprise & Construction Authority.

Although the process generally appears to have improved, progress has differed between regions. The first years involved a learning process not only at national and regional levels but also with regard to the interaction between the two. The underlying reasons for this are seen as a combination of bigger and more complex projects (one of the aims of the current programmes) which are more difficult to fit into existing procedures.

Some amendments of appraisal and selection procedures have taken place in the last six months. In Portugal, project eligibility conditions have been harmonised and deadlines for expenditure certification by the Managing Authorities have been introduced to speed up payments. Although no modifications have yet been made in Sachsen-Anhalt, there are ongoing discussions in the Monitoring Committee about introducing independent project selection committees. Open issues still relate to the project selection criteria.

### 3.3 Monitoring

Generally, most monitoring systems are said to be working reasonably well (as in Bizkaia, Nordrhein-Westfalen, North East England, Slovenia, Sweden, Wales). Also in Finland, the monitoring systems 'EURA2007' and 'TUKI' have gradually become operational after some initial delays<sup>6</sup>. There are, however, persistent difficulties - characteristic of previous programme periods also - with regard to indicators, technical problems and the input of data.

The main monitoring issue in several IQ-Net programmes is the challenging indicator system. In a number of cases this has required simplification efforts, especially with regard to the number of indicators (e.g. Austria). In Vlaanderen, experiences made during the 2000-06 programme period led to efforts to reduce the complexity of the indicator system for 2007-13. However, this was not achieved, at least in part because the Commission's core indicators were not originally included; instead, they were added at a later stage following Commission pressure. The outcome is a complicated indicator system which is expected to present considerable challenges in future.

In several programmes, indicators systems have been renewed (Czech Republic, Sweden) or are planned (Austria, France).

- In the Czech Republic, the national code list of indicators was updated. Additionally, indicators from OP-level monitoring reports are automatically aggregated to provide up-to-date information on spending at the national level. Currently, this facility is in place with regard to most OPs and by mid-March, information on all OPs should be accessible.
- In France, planned changes relate to data quality and reliability due to problems with indicator use in the regions. A working group was therefore set up within the National Evaluation Body (INE) to work on issues relating to indicators. Work is also ongoing on the indicator grid and on a quality analysis of the information system. There appear to be some general challenges with the system in certain regions,

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<sup>6</sup> Kah S (2009) *op. cit.*, p.30.

which is mainly due to procedures, staff turnover and human capacities. The parallel management of programmes in the first half of 2009 also led to delays in the monitoring of 2007-13 programmes.

- In Austria, the national ATMOS system is deemed to be good; this is also shown by the fact that not only *Land*-level ERDF programmes, but also the national ESF programme, are using it. The programme managers would like to reduce the number of indicators, as a significant part of the collected data is not being further utilised by national or EU-level bodies.
- In Portugal, the core indicators have been recently consolidated in terms of concepts, methodology and data collection approaches. At the moment, the quarterly indicators and annual core indicators are collected at the national level for the annual report on the NSRF (see Section 3.5).

Other challenges with respect to indicators relate to the following:

- Overestimation of targets. In Slovenia, although the indicators have been overestimated, the Managing Authority has decided not to change them. This issue will be discussed in the Annual Report.
- Definition and operationalisation. In Sachsen-Anhalt, a number of problems have arisen in relation to the definition and measurement of indicators. Particular difficulties have been seen in defining and operationalising the ESF indicators set out in Annex XXIII of Regulation 1828/2006.
- Incorporation of horizontal indicators. In Śląskie, an evaluation recommended the stronger integration of horizontal indicators. This resulted in some minor changes to the monitoring system.

Technical issues are another major concern of IQ-Net programme authorities and are delaying programme implementation in some cases (Denmark, France, Lombardia, Sachsen-Anhalt, Slovenia).

- Digitalisation. As part of the digitalisation of the whole Danish programme administration, monitoring procedures are being digitalised. The final reporting modules will be in place within the next couple of months. Although this constitutes a delay compared to original timescales, the fact that projects have only recently started to be finalised means that there have no major negative effects on programme management.
- Multi-fund system. The slow performance of the Lombardia OP is in part because of open issues with the monitoring system. The system links all funds for regional development (ERDF, ESF, EAFRD and the domestic Fund for underutilised areas), which has made data processing and entry more time-consuming. Some modules, such as project appraisal, were supposed to be carried out fully electronically, but in a recent tender, projects had still to be scored manually.

- **Data output.** While the input of data into the Slovenian monitoring system is working well, the output facility poses problems. This means that reports are still produced by hand, using Excel-sheets and not the monitoring system's reporting facility.
- **Difficult amendments during operation.** In Sachsen-Anhalt, technical difficulties arise from the changing requirements, presenting adaptation problems for an electronic database which was established with different requirements.. In addition, some of the regulatory changes introduced in 2007-13 can be interpreted in different ways by the many different bodies involved. The Managing Authority is trying to ensure that all relevant bodies interpret changes in the same way in order to ensure consistency across the programmes.
- **Transfer between old and new system.** In France, a number of technical problems arose due to the fact that the monitoring system PRESAGE was transferred from an intranet to an internet portal. These concerned access to PRESAGE, compatibility issues and problems with the format of documents. In addition, an 'Info-centre', based on the merging of all regional PRESAGE systems and providing a link between regional software and PRESAGE, was launched in 2009 and is still being finalised. It will provide processed monitoring information on the basis of PRESAGE and can be used for targeted data searches.

Finally, monitoring difficulties relate to data or input issues (Bizkaia, Greece, Slovenia, Śląskie).

- **Time effort for data input.** The exhaustiveness of data input requirements, particularly on audit and control, means that the Diputación Foral de Bizkaia requires more time than in previous periods. Also, Slovenia has experienced similar problems, and the ongoing input of indicators is lagging behind. The same is the case in Finland, where, due to initial delays, the overload of the monitoring system 'EURA2007' forced the Managing Authority to close the system temporarily in early 2010.
- **Data gaps.** Although the Greek monitoring system has been adapted to the new management and control system, there are some data gaps regarding the monitoring of the programmes' progress, due principally to the many priority themes and axes having been shared among several Intermediate Bodies and Intermediate Managing Authorities.
- **Comparability of data.** In Śląskie, some problems have arisen concerning the relationship between the national monitoring system (SIMIK) and the region's own monitoring system (SIWIZ). At the moment, the comparability of data at national level, and even more so at EU-level, is very limited. The challenge is to develop a system that allows regions to develop their own monitoring tools for in-depth programme analysis and management while simultaneously ensuring a standardised, comparable system at the national level. Each region has its own system, measuring ROP progress in its own way and taking individual approaches in adapting its database to SIMIK requirements.

### 3.4 Evaluation

On 19 April 2010, DG Regio presented a synthesis report on the main results of the evaluations of the 2000-06 ERDF programmes. According to the report, the €123 billion invested in seven years had a significant impact on the regions. Key achievements include: 1.4 million new jobs; 2,000 km of new motorway; 4,000 km of new railway; 14 million people gaining access to cleaner water and 38,000 research projects having been supported.<sup>7</sup>

On the Member State side, numerous evaluation activities have been undertaken on a wide range of topics,<sup>8</sup> not least due to the extensive room for manoeuvre afforded to Managing Authorities by the current regulatory framework. While some programme authorities have followed an approach similar to the 2000-06 programme period, i.e. the use a mid-term review of the programme (e.g. Denmark, France, Steiermark), others have opted for the creation of a new evaluation framework. The Slovenian Managing Authority GOSP selected four consultancies for the different packages of the national evaluation framework. The framework for extends over the next four years and amounts to a total budget of over €1 million.

In terms of evaluation tools, evaluation plans are already in place in many IQ-Net programmes (e.g. Italian Research & Competitiveness OP, Wales). In the last six months, the Czech national evaluation plan has been prepared and was awaiting approval by the Monitoring Committee in March. The Austrian IQ-Net partners have introduced specific instruments to allow efficient ongoing evaluation - in Styria, an 'effect monitoring' (*Wirkungsmonitoring*)<sup>9</sup> is being introduced, while Niederösterreich is adopting an approach based on the Balanced Scorecard<sup>10</sup> system.

In other IQ-Net countries/regions, evaluation has been a less pressing concern. Although the Nordrhein-Westfalen Managing Authority is involved in some evaluations, it is waiting for the Nordrhein-Westfalen *Land* election in May 2010 before deciding on further themes for evaluation. Several calls for evaluations in Poland have been conducted, but there has been limited actual evaluation activity in recent months, mainly because of capacity limitations on both the demand and supply sides. In Śląskie, questions also persist about the quality and utility of evaluation reports. Much of this is due to the limited availability of quality data. A greater focus on internal evaluation could ultimately improve quality and utility (although there are some evaluations that must have external inputs, notably those with accountability functions). This conviction could partly be explained by the limited external evaluation market in Poland. However there is also an argument that suggests that

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<sup>7</sup> European Commission (2010) Ex Post Evaluation of Cohesion Policy Programmes 2000-2006 financed by the European Regional Development Fund in Objective 1 and 2 Regions, Synthesis Report. Available at: [http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/synthesis\\_eval2000\\_2006.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/synthesis_eval2000_2006.pdf) (accessed 26.04.2010).

<sup>8</sup> See overview in Kah S (2009) *op. cit.*, pp. 44-45.

<sup>9</sup> Kah S (2009) *op. cit.*, pp. 42-43.

<sup>10</sup> The Balanced Scorecard (BSC) is a strategic performance management tool that can be used to keep track of the execution of activities and monitor the consequences arising from these actions.

Managing Authorities are able to identify the most important information gaps and already possess the knowledge of the programming environment required to decide how to conduct the evaluation. The main impediment to this shift towards internal evaluation is institutional capacity. Currently, the ERDF unit has two to three people dedicated to evaluation of the regional OP. A potential solution would be to work with other evaluation units in the regional government (including the regional-government's strategy unit and the ESF unit's evaluation team) to develop more critical mass.

The following sections look at recently concluded, ongoing and planned evaluations in the IQ-Net partner programmes.

### *3.4.1 Concluded evaluations*

In the last six months, several evaluations have been carried out by IQ-Net programme authorities. Some looked at general implementation issues of whole programmes (e.g. Czech Integrated OP, Denmark, Vlaanderen), others at specific themes (e.g. France, Sachsen-Anhalt).

A major issue has been the general performance of programmes, especially related to coherence and integration of programmes. In Denmark, domestic integration was the focus of an evaluation published in autumn 2009. It focused on the strategic coherence between the 2005 Business Development Law, the business development strategies of the Regional Growth Fora (RGFs) and Structural Funds programming, and projects in which the RGFs play a crucial role in implementation. The evaluation concluded that coherence between the three strategic tiers has clearly materialised, and that regional policy-makers see the growth-driver-based strategic approach as sufficiently flexible to accommodate a great diversity of development priorities and projects. Coherence was also the subject of evaluation in France, although focusing on the coherence of OPs and NSRF with the European level, i.e. the Community Strategic Guidelines.

In some cases, entire programmes have been evaluated. External consultants looked at the Vlaanderen programme as part of a series of evaluations of the NSRF and individual OPs. They concluded that: some of the Priority axes are performing very well; that other Priorities are under-committed; and that, as a result, it may be necessary to consider a shift of funding between axes. The Monitoring Committee is still considering this suggestion. Overall, the programme was considered to be progressing relatively well. Similarly, the Managing Authority of the Czech Integrated OP has recently produced a study looking at programme implementation (see Box 2 above), focusing on absorption capacity and at the fulfilment of the n+3 rule. The Managing Authority wanted an expert assessment of the programme to avoid reallocation of funds in the programme, which is being discussed at political level in the light of the (hitherto) unsatisfactory performance of the OP. The study recommended, for example: to resolve issues with tasks and responsibilities among the Intermediate Bodies in charge of different Measures; to improve project management skills at the various implementation levels; to improve consulting services delivered by Intermediate Bodies to project applicants and beneficiaries; and to promote the subdivision of projects into modules in order to speed up financial implementation.

In Spain, the national authorities are critical of the Commission's approach to compulsory evaluation in the case of programme modifications. They maintain that in 2000-06 there were two different processes, one for minor modifications and one for major changes. Now, the Commission has argued that all minor changes should go through the 'major changes process'.

Some IQ-Net programme authorities have carried out thematic evaluations. In France, national-level evaluation activities were carried out on the themes of innovation and sustainable development. This was done by linking each programme with five horizontal pillars (i.e. not based on Priorities) and by analysing funding amounts and implementation arrangements. In Sachsen-Anhalt, three thematic evaluations were either completed in 2009 or are now close to completion. One study looked at five urban case studies which will be used as a baseline for comparative studies in following years. Another evaluation focused on investment support for individual firms (Joint Task for Regional Economic Development and loan instruments), concluding that these instruments meet existing need and are well taken up. It showed that funding is mainly allocated to innovative and competitive firms, comparing the data with a domestic business survey. Finally, an evaluation of the introduction of a 'demographic' assessment during the project selection process has been concluded. This assessment looks at the potential implications of demographic change for the viability and usefulness of specific projects. The evaluation aimed to evaluate whether this approach was being implemented effectively. It showed that most project selection procedures now include an assessment of demographic change, except in the case of a limited number of fields with long planning phases where this assessment does not yet meet the current requirements.

An evaluation of the past programme period has been conducted in Hungary, where the development of business infrastructure Measure of the 2004-06 Economic Competitiveness OP has been assessed. The study ran between June and December 2009 and looked at the relevance, effectiveness, efficiency and impact of the Measure, involving interviews with all relevant actors and an extensive analysis of economic databases. The results showed that the Measure had positive effects, although to varying degrees. For example, unemployment rate increases were lower and employment rate increased more in supported regions than in other regions.

### *3.4.2 Current evaluations*

In March 2010, some major process-related studies were underway in Portugal and Wales. In Portugal, evaluation of the domestic regulations governing the Portuguese programmes was at draft final report stage. The study is mainly examining the relationship between the regulations and objectives of programmes and consistency across regulations applied to several programmes or in terms of project selection criteria. The evaluation is expected to provide practical recommendations for altering these regulations so that they are in line with the specifics of different programmes. Programme-level operational evaluations are also being progressed, while the overall evaluation of the NSRF is close to finalisation with some preliminary results having already fed into the Strategic Report 2009. Also in Wales, the Managing Authority WEFO has launched a process evaluation.

Evaluations take place at different strategic levels. In Hungary, several evaluations are carried out in parallel, some of which are at the level of measure, others at the level of OP. The evaluation work is carried out by the Coordination Managing Authority of the National Development Agency in cooperation with the relevant OP Managing Authorities and Intermediate Bodies. In England, no national-level evaluations are done at this stage. Instead, the RDAs carry out their own evaluations at OP-level. For example, in North East England, an external evaluation of outputs progress is currently being carried out.

In terms of the timing of evaluations, several IQ-Net programme authorities have opted for on-going evaluations,

- Lombardia has contracted a single evaluator for the entire duration of the programme. The evaluator is expected to deliver annual reports, interim reports in 2010 and 2013 and a final report for 2016. For 2010, the evaluation team will submit the outline of the interim report at the end of April, a draft interim report on 30 September and the final version on 22 October.
- Sachsen-Anhalt is undertaking a multi-annual, on-going evaluation, which is linked to the monitoring of financial and physical indicators.
- In Sweden, both IQ-Net programme authorities received a report from the on-going evaluation for their Monitoring Committee meetings. For Norra Mellansverige it concluded that the programme is doing well but that there should be better information activities about projects and some clarification for project owners regarding State aid rules. The Mellersta Norrland programme report showed that most of the goals set by the programme are being achieved. However, the report also pointed out certain discrepancies between the aims and outcomes of the programme. One example relates to measures aimed at young women, although there seems to be no request for such measures due to there being very few young women in the region.
- Also in Finland the on-going evaluation of the four thematic emphases of the programmes are under way. The evaluators (one for each theme) are expected to coordinate their actions both in terms of data-gathering (e.g. surveys, case studies etc.) and reporting (to the Ministry of the Employment and the Economy as the commissioner of the evaluations, as well as the Monitoring Committee and regional stakeholders). Among the findings thus far is the conclusion that the current programme structure has improved flexibility and the regional strategic focus of the programmes. There have been some hypotheses formed on the selection criteria and the perception that they may be too general to provide much steering or support to the projects. The economic situation has also influenced absorption and the availability of private and public funding.

Other current evaluations are examining the following issues.

- Benefits of beneficiaries. Wales is carrying out a customer insight survey and a so-called 'leavers survey' which will look at the beneficiaries from the ESF OP and how they benefited from the support in 2009.

- Business aid schemes. The evaluation of the three incentives schemes in Portugal has recently been commissioned.
- Role of ERDF in rural areas. In France, an evaluation on the contribution of the ERDF to the development of rural areas was launched in February 2010.
- Social integration of the Roma ethnic minority. In Slovenia, there is currently an evaluation of a specific objective of the ESF OP dedicated to the integration of Roma, which will go on for the remaining programme period. There are indications that the assessed initiatives are having a positive effect, with a project dedicated to the integration of Roma children into mainstream education having been nominated for the Commission's Regio Star 2010 competition.

### 3.4.3 Planned evaluations

With the mid-way stage of the 2007-13 programme period approaching, several IQ-Net programme authorities are planning to carry out mid-term evaluations (Denmark, France, Hungary, North East England, Portugal, Steiermark). In Denmark and Steiermark, evaluations will be similar to those conducted in the 2000-06 programme period. Denmark and North East England are in the process of contracting the study through a public tender, and France is in the process of committing major funding to extensive evaluation studies in the second half of 2010 (see Box 4). In terms of content, Steiermark's evaluation will not only cover the ERDF OP, but will specifically also look at synergies with other policies. North East England will focus on checking the suitability of the programme to achieve its aims.

Greece instead will commission on-going evaluations. The National Coordinating Authority, which is also the Managing Authority for the five regional OPs, is currently finalising the calls for tender for on-going evaluations of the regional OPs. Delays were caused by the Greek elections in October 2009 and the National Coordinating Authority expects to have all evaluation consultants in place by autumn 2010. The on-going evaluation of the ESF OP 'Reinforcement of Public Administration Efficiency' has also been formally launched. However, processes for contracting-out the evaluation are still in progress.

Additionally, some thematic evaluations are planned. Climate and environmental protection is an issue in Nordrhein-Westfalen and Spain. In Nordrhein-Westfalen, the main new evaluation to be launched in 2010 will focus on assessing the programme's contribution to climate and environmental protection. This evaluation is a consequence of an agreement between Nordrhein-Westfalen and the Commission during the *ex ante* negotiations. A call for tender will be published and the evaluation will be undertaken by an external evaluator. Other thematic evaluations include higher education and research (France), Equal opportunities (Spain), R&D and innovation (Spain) and clusters (Nordrhein-Westfalen).

Finally, for the Śląskie regional OP, terms of reference for two evaluation studies were published. The first is on the quality and efficiency of those aspects of the ROP not implemented on the basis of competitive calls, i.e. the key projects and the Sub-Regional Programmes. The second study should assess the complementarity of the ROP with development strategies involving different sectors at local, regional, national and EU levels

(e.g. transport, rural development). The latter is currently a prominent theme in the Ministry of Regional Development as it pursues a ‘place based’ model that requires coordinating different sectoral policies through a territorial framework.

Some IQ-Net authorities are still planning to carry out evaluations on past programmes. The Polish authorities will look at the impact of the Integrated Regional OP 2004-06, while further evaluations of the 2004-06 programmes are planned in the Czech Republic. These are based on a study that made indicators comparable across the various OPs.

#### Box 4: Mid-term evaluations in France

In view of the mid-term evaluations, the National Evaluation Body (INE, *Instance Nationale d’Evaluation*) discussed the usefulness of programme adaptations to take account of contextual developments (e.g. the economic crisis, transport, higher education, domestic sustainable development targets), and the potential role of evaluation activities. For the mid-term evaluations (which can be general or with a thematic focus, e.g. innovation, environment, sustainable development), €600,000 will be delegated and divided up between interested regions that decide to include the added value of the programme as a horizontal theme. This may be appreciated by comparing the appropriateness of implementing a project using Structural Funds with other ways of implementation, and analysis is expected to focus on themes like partnership and governance. Evaluations were selected looking at the usefulness of the timing at mid-term and the coverage of elements which are of national interest. Seven or eight evaluations are being funded by DATAR (some of them have already been launched), while other regions decided to carry out the evaluations without DATAR’s assistance. INE is planning to provide further orientations on evaluation themes of national interest in June/July 2010 in order to provide strategic support during the mid-term revision of the OPs. Generally, there is an interest in gaining information at the national level in order to provide a strategic national framework and to report on added value for the post-2013 period. Themes will concern the rationale and coherence of programmes in a context of crisis and other political trends. At a later stage, more work will be carried out on programme effectiveness.

### 3.5 Strategic Reporting

In a number of Member States, one of the main evaluation exercises of the last six months has been for the drafting of the Strategic Report 2009. For instance, in Austria, the Czech Republic and Portugal, the basis of the Strategic Report was formed by an evaluation of the NSRF. The reports looked at the achievement of the goals set out in the Member States’ strategic frameworks. The added value of this exercise was recognised by many Member States, in particular Italy. There, the Strategic Report 2009 has provided the opportunity to take stock of the situation regarding the performance reserve established for the Mezzogiorno programmes, the so-called service target goals. The report provides a summary of the performance of the Southern Italy programmes for each one of the four goals - education, services for the elderly and the children, management of urban waste and water resources - and an assessment of the first year or so of implementation, including the presentation of projects highlighted as good practices. Some criticism

remains, especially with regard to guidance from the Commission. For example, the Czech authorities would have appreciated better coordination. The Czech National Coordinating Authority in particular missed timely and sufficiently detailed information. The regulations also remain relatively vague on the actual requirements.<sup>11</sup>

However, after the submission of the reports by the end of 2009, DG Regio started working on the Strategic Report 2010 on the implementation of the programmes 2007-2013, presented on 31 March 2010.<sup>12</sup> According to the summary report, €93 billion, corresponding to 27 percent of available funds, had been committed by the end of 2009. The report assessed the Member States' progress in the delivery of EU objectives, especially with respect to the goals for jobs and growth for which around €230 billion had been earmarked. The study also contains 40 project examples, covering a variety of project types from different investment priorities. From DG Regio's point of view, the strategic reporting exercise constitutes a significant element in improving accountability in policy delivery. It is an important step towards a stronger role for peer review and a policy oriented at results. It also forms a basis for the discussion on Europe 2020 and the future of Cohesion policy.

On the one hand, the report sees progress in areas such as R&D, innovation, lifelong learning and active labour market policies. On the other hand, the report asks Member States to improve programme implementation and to optimise the use of the funds in areas such as the rail sector, energy and environment projects, digital economy and social inclusion. Although the report acknowledges the impact that the financial and economic crisis had on programme implementation, it did not change the strong commitment of the Member States to the objectives set out during the programming phase.

Looking at reporting more generally, some interesting approaches have been taken in France, the Czech Republic and Portugal, where links between monitoring and reporting tasks are extended.

- Qualitative progress reports. In France, the national system PRESAGE will feed into the production of qualitative progress reports on themes such as beneficiaries and the territorial targeting of ERDF. These will complement the quantitative progress reports. It is expected that these new reports provide insights on issues such as the targeting of policies and the role of rural areas. Information will be linked to the type of project and project promoter. Results are expected to contribute to thinking on Territorial Cohesion.
- Thematic analysis. Since September 2009, the regular monthly monitoring reports on developments at the Czech OP-level have included an additional in-depth analysis of a specific topic. So far there has been, for example, an evaluation of

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<sup>11</sup> For more information of organisational set-up of the drafting process and the associated challenges see Kah (2009), *op. cit.*, pp. 31-35.

<sup>12</sup> European Commission (2010) Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013, COM(2010)110 final. Available at: [http://ec.europa.eu/regional\\_policy/policy/reporting/cs\\_reports\\_en.htm](http://ec.europa.eu/regional_policy/policy/reporting/cs_reports_en.htm) (accessed 26.04.2010).

integrated urban development plans and a report on financial absorption divided by specific groups of beneficiaries (regions, SMEs, NGOs, etc.). This has been introduced with a view to provide some data with added value. However, the level of detail of these reports is now being considered as its preparation puts too great a strain on the workload of NCA employees.

- Public reporting. In Portugal, the next public bulletin report will be expanded with additional quarterly indicators for the first time.

### 3.6 Financial management, control and audit

The current process at Commission level on the simplification of costs has been an important issue for some IQ-Net programme authorities. Among others, Austria, Belgium, Denmark, Hungary and Slovenia are currently engaged in a consultation process with the Commission in order to simplify their cost system.

On 28 January 2010, the Commission published a working document on simplified cost options.<sup>13</sup> It provides guidance on three kinds of costs: (a) indirect costs declared on a flat rate basis; (b) flat rate costs calculated by application of standard scales of unit costs; and (c) lump sums. Positive experiences resulting from the introduction of an option to declare indirect costs on a flat rate basis in 2006, in the context of ESF implementation, led the European Court of Auditors to suggest greater use of lump sum and flat rate payments. In late 2008, in the context of the European Economic Recovery Plan, provisions have been made to add options (b) and (c) to the ESF regulatory framework. In addition, all three simplified cost options should also be introduced in the ERDF context. Finally, in May 2009, both the ESF and ERDF Regulations have been amended by Regulation 396/2009 and Regulation 397/2009 respectively. The guidance document from January 2010 aims to reduce legal uncertainties with regard to the application of simplified cost options.

In procedural terms, the Member States first agree internally on a system of simplified cost options. In a second step, they submit their proposal to the Commission, which has to approve it. In DG Regio, an expert team has been set up to deal with the topic.

So far, the experiences reported from the IQ-Net countries are as follows.

- In Vlaanderen, a flat-rate overhead charge has already been introduced. This has been important for some projects where previously it had been time-consuming to calculate overheads.
- The Austrian Managing Authorities presented their proposal on how to deal with simplified costs to the national Audit Authority on 23 February 2010. In order to receive domestic approval and to be able to forward the proposal to the Commission, a meeting between Audit Authority and Managing Authorities was held in April.

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<sup>13</sup> European Commission (2010) Working document prepared by the Coordination Committee of the Funds (COCOF), COCOF 09/0025/04-EN, available for instance at: [http://www.esfondi.lv/upload/00-vadlinijas/WD\\_Simplified\\_costs\\_options\\_COCOF\\_09\\_0025\\_04-EN\\_FINAL.pdf](http://www.esfondi.lv/upload/00-vadlinijas/WD_Simplified_costs_options_COCOF_09_0025_04-EN_FINAL.pdf) (accessed 26.04.2010).

- In Slovenia, the introduction of indirect costs declared on a flat rate basis has already been approved by the Commission for the ESF. For ERDF, the use of lump-sums is still being negotiated. Both measures would represent a significant simplification for project applicants.

Although the system has not yet been approved in Austria, the process has already been time-consuming exercise for the Managing Authorities involved. In total, it took one year to develop a draft proposal. Niederösterreich would be interested in a comparison between different approaches in different Member States. This would be especially helpful in ERDF case, where the application of simplified costs is even more complex. Additionally, an assessment by Commission of the different Member States' approaches could be useful. However, according to the Niederösterreich partners, the Commission should ensure that the new rules are introduced consistently throughout the EU27. One central study on the topic could help, and might be preferable to each Member State conducting its own research.

Notwithstanding discussions on simplified costs, other issues in the last six months, in the context of financial management, relate to the following.

- Revenue-generating projects. In France, issues persist with respect to Article 55 of Regulation 1083/2006 on revenue-generating projects. The main difficulties relate to the duration of monitoring of the generated income, which is challenging considering the high staff turnover. However, the French authorities are looking forward to possible regulatory changes expected in April 2010.
- Eligibility of expenditure. In the United Kingdom, there are potential issues with the proposed change to the regulations under Article 56 on eligibility of expenditure. According to the English authorities, these may make it difficult to introduce changes to OP spending, e.g. to increase the focus on SME support or energy efficiency, as these may be considered ineligible. The Regional Development Agency for North East England (One North East) was also concerned about the proposed changes to earmarking categories. In Wales, concerns exist that the changes might be applied retrospectively.
- Payment flows. Polish OPs are adapting to a new payment system.<sup>14</sup> Money is now transferred from the Ministry of Finance to an account set up in the state-owned bank BGK and from there directly to beneficiaries. Despite initial concerns, both the IQ-Net programme authorities think that the system is working reasonably well. However, there could be potential issues in following up specific funding issues where it will be challenging for a national-level organisation to keep track of the detailed accounts of all beneficiaries in the regions.

The regulatory requirements for financial control and audit are deemed to be too demanding by some IQ-Net programme authorities (England, Nordrhein-Westfalen, Sachsen-Anhalt). Their concerns focus on the following points.

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<sup>14</sup> See Box 4 in Kah S (2009) *op. cit.*, p. 29.

- **Usefulness of Structural Funds Audit Authority.** The Nordrhein-Westfalen Managing Authority would like to see changes in the Structural Funds approach to financial control and audit. It argues that the work of the Structural Funds Audit Authority could instead be undertaken by existing national or regional audit authorities.
- **Number of audits.** The Sachsen-Anhalt Managing Authority notes that the Commission is conducting more financial control and audit checks than in the past. This is despite the fact that their management and control system was approved very quickly and even though the Audit Authority sends annual reports to the Commission. In 2009, the Sachsen-Anhalt programmes saw two ERDF audits, one ESF audit and two audits by the European Court of Auditors. In 2010, they will face at least two further audits.
- **Workload associated with controls.** In England, Managing Authorities have experienced significant problems with the level of scrutiny being carried out by the national Certifying Authority - reflected in considerably increased demands for paperwork.

The Polish Human Capital OP has been subject to a Commission audit (at the national level), which has reported issues with the system for public procurement. This led to the suspension of payments under Priority 1 'Employment and Social Integration', managed at the national level.

### 3.7 Closure of the 2000-06 programme period

Closure of the 2000-06 programmes is coming to an end for most IQ-Net authorities. However, tasks associated with the past programme period remain an area of management work, notably the submission of Final Programme Reports (and the need to have these approved by the Commission) and also because some authorities are carrying out evaluations of old programmes (e.g. the Czech Republic).

It is hoped by some partners, namely Steiermark, that the final Commission payment can be executed still before the end of the year. This would mean that an additional year added to the need to store all information could be avoided. In Niederösterreich, the last payment has already been received in 2009 and the 2000-06 programme can be considered as officially closed.

In some cases, as in Slovenia, Śląskie or for the Austrian federal ESF OP, reports had not yet been sent to the Commission (at the time of the fieldwork - March 2010), as some issues needed to be resolved. Also in Vlaanderen, although the work of the programme secretariat is complete, the winding up body is still undertaking some project audits. Delays in closure have been caused, amongst other factors, by the following challenges.

- **Parallel programme management.** In France, delays are mainly due to the parallel implementation of two programmes and the possibility for the 2000-06 OPs to commit funding until 30 June 2009. By mid-February, the Ministry of the Interior in charge of coordinating programme closure had only received two reports out of 22.

- **Complexity of closure procedure.** In England, the process has proved to be complex as declarations must be tied up and irregularities addressed. Closure has taken up the majority of staff time for the ERDF unit in the Department of Communities and Local Government (CLG). The complexity of closure procedures in England led the North East England RDA to prepare itself in advance for the closure of their 2007-13 programme. They are working in partnership with the Government Office, which is responsible for the current 2000-06 closure, to identify formal lessons learned.



## 4. CONCLUSION

In most IQ-Net programmes, programme implementation has been progressing well over the past six months. Financial absorption figures are often below expectations, but this is often distorted by delays with the monitoring system or by a quite significant tailback in project proposals.

The crisis continues to have an impact, but for some IQ-Net programme authorities the worst of the crisis (in terms of impacts on Structural Funds programme management) might be over, as they are registering growing commitment figures. Generally, IQ-Net programme authorities are looking with confidence into the future.

Programme management is mostly working satisfactorily, but various issues continue to prove challenging, such as difficulties with monitoring systems and regulatory uncertainties. One of the main issues that could occupy programme authorities in the coming months is the new simplified cost options introduced by the Commission. However, operational management is not posing major difficulties in most IQ-Net partner programmes.



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

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

### IQ-Net Meetings

27 partners' meetings and a special 10<sup>th</sup> anniversary conference have been held in twelve European countries during 14 years of operation of the Network. Meetings are held at approximately six-month intervals and are open to IQ-Net partners and to observers interested in joining the Network. The meetings are designed to facilitate direct exchange of experience on selected issues, through the presentation of briefing papers, plenary discussions, workshop sessions and study visits in the hosting regions.



### IQ-Net Website

The IQ-Net Website is the Network's main vehicle of communication for partners and the public ([www.eprc.strath.ac.uk/iqnet](http://www.eprc.strath.ac.uk/iqnet)). The launch of Phase IV has been accompanied by an extensive redesign of the site which comprises two sections:



*Partner Intranet Pages* available exclusively to IQ-Net members.

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

The Partners' section of the website provides exclusive services to members of the Network, including access to all materials prepared for the IQ-Net meetings, a list of EU27 links (programmes, institutions, economics and statistics etc.), partners' contact details, a partners' blog and other items of interest.

### IQ-Net Reports

The IQ-Net Reports form the basis for the discussions at each IQ-Net meeting. They present applied and practical information in a style accessible to policy-makers, programme executives and administrators. The reports can be downloaded, at no charge, from the IQ-Net website. To date, around 26 thematic papers have been produced on both 'functional issues' (e.g. management arrangements, partnership, information and communication, monitoring systems) and 'thematic issues' (e.g. innovation, enterprise development,

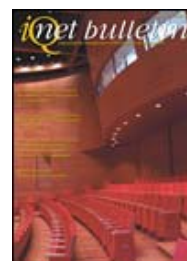
tourism). A similar number of papers have also been produced to review developments in the implementation of the Network's partner programmes.

#### IQ-Net Thematic Papers

- Horizontal Partnership Dynamics in the 2007-2013 period
- Pandora's Box and the Delphic Oracle: EU Cohesion Policy and State Aid Compliance
- The Financial Management, Control and Audit of EU Cohesion Policy
- From Environmental Sustainability to Sustainable Development? Making Concepts Tangible in Structural Funds Programmes
- Making sense of European Cohesion Policy: 2007-13 on-going evaluation and monitoring
- Turning ideas into action: the implementation of 2007-13 programmes
- The New Generation of Operational Programmes, 2007-2013
- National Strategic Reference Frameworks and OPs, 2007-2013
- Preparations for the Programme Period 2007-13
- Territorial Cohesion and Structural Funds
- Cohesion Policy Funding for Innovation and the Knowledge Economy
- The Added Value of Structural Funds
- Information, Publicity and Communication
- Mid-term Evaluation of the 2000-06 Programmes
- Mainstreaming Horizontal Themes into Structural Fund Programming
- The Structural Funds: Facilitating the Information Society
- Information into Intelligence: Monitoring for Effective Structural Fund Programming
- At the Starting Block: Review of the New Programmes
- Tourism and Structural Funds
- Preparations for the New Programmes
- The New Regulations and Programming
- Strategic Approaches to Regional Innovation
- Effective Responses to Job Creation
- The Evolution of Programmes and Future Prospects
- Equal Opportunities in Structural Fund Programmes
- The Contribution of Meso-Partnerships to Structural Fund Implementation
- Regional Environmental Integration: Changing Perceptions and Practice
- Structural Fund Synergies: ERDF and ESF
- The Interim Evaluation of Programmes
- Monitoring and Evaluation: Principles and Practice
- Generating Good Projects
- RTD and Innovation in Programmes
- Managing the Structural Funds - Institutionalising Good Practice
- Synthesis of Strategies 1994-96

#### IQ-Net Bulletin

The IQ-Net Bulletin promotes the dissemination of the Network's activities and results. Fourteen issues have been published to date, over the period from 1996 to 2009. Bulletins are published using a standard format, with each providing summaries of the research undertaken and reports on the discussions which take place at IQ-Net meetings. The Bulletins can be downloaded from the IQ-Net website (public pages). A printed version is also sent out to the IQ-Net mailing list.



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