

**In the final stages  
of programming –  
State of play of the 2014-20  
& 2007-13 programmes**



**IQ-Net Review Paper 35(1)**

**Heidi Vironen**



**November 2014**

European Policies Research Centre  
School of Government & Public Policy  
University of Strathclyde  
40 George Street  
Glasgow G1 1QE  
United Kingdom

Tel: +44 (0) 141 548 3672

Fax: +44 (0) 141 548 4898

Email: [eprc@strath.ac.uk](mailto:eprc@strath.ac.uk)

**The place of useful learning**

The University of Strathclyde is a charitable body, registered in Scotland, number SC015263

The research for this paper was undertaken by EPRC in preparation for the 37th IQ-Net meeting held in Chester, England on 17-19 November 2014. The paper was written by Heidi Vironen.

The paper is the product of desk research and fieldwork visits during Autumn 2014 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

- Stefan Kah (Austria, Slovenia)
- Dr Arno van der Zwet (Belgium)
- Dr Lucie Jungwiertová (Czech Republic)
- Lise Smed Olsen (Denmark)
- Heidi Vironen (Finland)
- Frederike Gross (France)
- Dr Sara Davies (Germany)
- Dr Eleftherios Antonopoulos (Greece)
- Dr Carlos Mendez (Portugal, Spain)
- Rona Michie (United Kingdom)

EPRC thanks all those respondents from national and regional authorities and other organisations who participated in the research. EPRC also gratefully acknowledges the financial support provided by participating Member States and regions, whose contributions are co-financed by technical assistance from the European Structural Funds. The author is also grateful for helpful advice and feedback on earlier drafts of this paper from the IQ-Net research team, and for support with the formatting of the paper from Alyson Ross. The report is, however, the responsibility of the author alone.

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

**Austria**

- ÖROK Secretariat

**Belgium**

- Enterprise Agency Flanders

**Czech Republic**

- Ministry of Regional Development

**Denmark**

- Danish Business Authority

**Finland**

- South and West Finland (Etelä- ja Länsi-Suomi)

**France**

- Délégation interministérielle à l'aménagement du territoire et à l'attractivité régionale (DATAR, Interministerial Delegation of Territorial Development and Regional Attractiveness) CGET

**Germany**

- Nordrhein-Westfalen (North Rhine-Westphalia), Ministry for Business, Energy, Industry, SMEs and the Craft Sector, EU Affairs Unit

**Greece**

- Management Organisation Unit of Development Programmes S.A.

### **Portugal**

- Agency for Development and Cohesion (ADC)

### **Spain**

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

### **Slovenia**

- Government Office for Development and European Cohesion Policy

### **United Kingdom**

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

For further information about IQ-Net, and access to the full series of IQ-Net Papers, please visit the IQ-Net website at: <http://www.eprc.strath.ac.uk/ignet/>








To cite this paper, please use the following: Vironen H (2014) 'In the final stages of programming – state of play of the 2014-20 and 2007-13 programmes' *IQ-Net Review Paper 35(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

### **Disclaimer**

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.

# IN THE FINAL STAGES OF PROGRAMMING - STATE OF PLAY OF THE 2014-20 AND 2007-13 PROGRAMMES

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	1
PROGRESS OF THE 2014-20 PROGRAMMES.....	2
1. THE PARTNERSHIP AGREEMENTS & OPERATIONAL PROGRAMMES .....	2
 Submission and approval of PAs.....	2
 Submission and approval of OPs .....	4
 Progress of the IQ-Net OPs.....	4
2. THE NEGOTIATION PROCESS .....	5
 Key negotiation issues.....	5
 Main areas of difficulty .....	5
3. IMPLEMENTATION OF THE 2014-20 PROGRAMMES.....	9
 Programme launch .....	9
 Next steps.....	9
PROGRESS OF THE 2007-13 PROGRAMMES.....	12
4. FINANCIAL PROGRESS IN EU28 .....	12
5. FINANCIAL PROGRESS IN IQ-NET PROGRAMMES .....	14
6. CONCERNS WITH PROGRAMME CLOSURE .....	15

## COUNTRY/ PROGRAMME ABBREVIATIONS

Country	Abbreviation
Austria	AT
Belgium	BE
Belgium (Vlaanderen)	Vla
Czech Republic	CZ
Czech Republic (Integrated Regional Operational Programme)	CZ IROP
Denmark	DK
Finland	FI
France	FR
Germany	DE
Germany (Nordrhein-Westfalen)	NRW
Greece	GR
Portugal	PT
Slovenia	SI
Spain	ES
Spain (País Vasco (Bizkaia))	PV
United Kingdom	UK
United Kingdom (England)	Eng
United Kingdom (Scotland)	Sco
United Kingdom (Wales)	Wal

## EXECUTIVE SUMMARY

- **Programming has advanced considerably.** By the start of November 2014, all but one of the 28 Partnership Agreements were agreed, although only a small number of operational programmes have been approved.
- **In the IQ-Net countries, the negotiations of the PAs have been administratively challenging.** For some negotiations have focused on descriptive issues, while for others there has been a greater emphasis on content, including:
  - ***The need to ensure greater thematic focus.*** The Commission has adopted a selective approach to supporting transport and energy infrastructure (TO7), particularly in the more developed Member States. There are also specific limitations for supporting ICT (TO2) and energy efficiency within the low carbon economy theme (TO4).
  - ***Specific issues have also been reported concerning the ex ante conditionalities.*** For instance, with respect to the conditionality on 'research and innovation', the information on smart strategies has in some instances been insufficient, the comments and changes by the Commission not necessarily viewed to be justified, and multi-annual budgets difficult to produce.
  - ***The need to improve intervention logic and results-orientation.*** In addition, specific problems have been faced with setting indicators.
  - ***Some issues have also arisen in relation to new Commission Acts and guidelines.*** One example is the Commission's proposal to introduce a new fraud prevention system.
- Amongst the IQ-Net programme authorities, **programmes have been opened for funding in Denmark, Finland and Nordrhein-Westfalen.**
- However, **the main focus is on other key arrangements to ensure a successful start for 2014-20 period**, including: programme management arrangements; monitoring and compliance with eCohesion; as well as preparations for communication activities.
- The **rate of financial absorption of 2007-13 programmes has increased** in the EU28 over the past six months, **albeit at a slower rate than in the previous periods.**
- Concerns in the IQ-Net programmes continue to relate to **payment interruptions, the level of payments and decommitment.**
- **IQ-Net programme authorities are progressing with preparations for closure**, but are somewhat concerned with the amount of work involved and the capacities needed for this process.

## PROGRESS OF THE 2014-20 PROGRAMMES

**Over the past six months, programming has advanced considerably.** All but one of the 28 Partnership Agreements (PA) has been adopted by the Commission and progress has also been made with the finalisation and negotiation of operational programmes (OP). This has taken place against a background of different developments. At the EU-level the focus has been on the formation of a new Commission, and the appointment of new Commissioners for DG Regional and Urban Policy (Corina Creţu) and DG Employment (Marianne Thyssen). In the IQ-Net countries, elections (CZ, SI) and political change (Vla), budget cuts, austerity measures, reduction in the number of civil servants (Vla) and the preparation of national legislation (GR, PT) have dominated the agendas. Furthermore, IQ-Net programme authorities have been adjusting to the realities of ongoing administrative reforms (FI, FR).

The following sections provide a review of the progress with the PAs and OPs for 2014-20.

### 1. THE PARTNERSHIP AGREEMENTS & OPERATIONAL PROGRAMMES



#### ***Submission and approval of PAs***

**The preparation of the Cohesion policy strategies for the 2014-20 period has been a long process.** It began at the end of 2012 when the Commission produced Position Papers for Member States, which paved the way for the informal dialogue between the Member States and the Commission to identify funding priorities. The deadline for PA submission was set for 22 April 2014 (i.e. within four months of the adoption of the ESIF regulations), which was met by most Member States.<sup>1</sup> Following submission, the Commission had three months to comment on the PA and an additional four months to formally adopt the PAs once all information was complete.<sup>2</sup>

At the time of writing (start of November 2014), all but one of the 28 PAs have been adopted. The remaining PA for Ireland is expected to be approved in the course of November 2014.

---

<sup>1</sup> Only Belgium and Luxembourg submitted their PAs after the deadline: a day late in the case of Belgium and a week late in the case of Luxembourg.

<sup>2</sup> CoR D.2, European Structural and Investment Funds (ESIF) 2014-2020: state of programming, 2 October 2014.



Table 1: Submission and approval of PAs

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DK			4 <sup>th</sup>	→	5 <sup>th</sup>							
DE		26 <sup>th</sup>	→		22 <sup>nd</sup>							
PL	10 <sup>th</sup>	→			23 <sup>rd</sup>							
GR				17 <sup>th</sup>	→	23 <sup>rd</sup>						
LV		15 <sup>th</sup>	→			20 <sup>th</sup>						
LT			4 <sup>th</sup>	→		20 <sup>th</sup>						
EE			28 <sup>th</sup>	→		20 <sup>th</sup>						
CY				17 <sup>th</sup>	→	20 <sup>th</sup>						
SK		14 <sup>th</sup>	→			20 <sup>th</sup>						
PT		4 <sup>th</sup>	→				30 <sup>th</sup>					
RO				1 <sup>st</sup>	→			6 <sup>th</sup>				
BG				2 <sup>nd</sup>	→			7 <sup>th</sup>				
FR	14 <sup>th</sup>	→						8 <sup>th</sup>				
NL			10 <sup>th</sup>	→				22 <sup>nd</sup>				
CZ					17 <sup>th</sup>	→		26 <sup>th</sup>				
HU			7 <sup>th</sup>	→				29 <sup>th</sup>				
FI		17 <sup>th</sup>	→							17 <sup>th</sup>		
AT				17 <sup>th</sup>	→					17 <sup>th</sup>		
SE				17 <sup>th</sup>	→					29 <sup>th</sup>		
MT				1 <sup>st</sup>	→					29 <sup>th</sup>		
UK				17 <sup>th</sup>	→					29 <sup>th</sup>		
IT				22 <sup>nd</sup>	→					29 <sup>th</sup>		
BE				23 <sup>rd</sup>	→					29 <sup>th</sup>		
LU				30 <sup>th</sup>	→					29 <sup>th</sup>		
ES				22 <sup>nd</sup>	→					30 <sup>th</sup>		
SI				10 <sup>th</sup>	→					30 <sup>th</sup>		
HR				22 <sup>nd</sup>	→					30 <sup>th</sup>		
IE				22 <sup>nd</sup>	→						18 <sup>th</sup>	

Source: Based on information on DG Regio website:

[http://ec.europa.eu/regional\\_policy/what/future/index\\_en.cfm#1](http://ec.europa.eu/regional_policy/what/future/index_en.cfm#1)

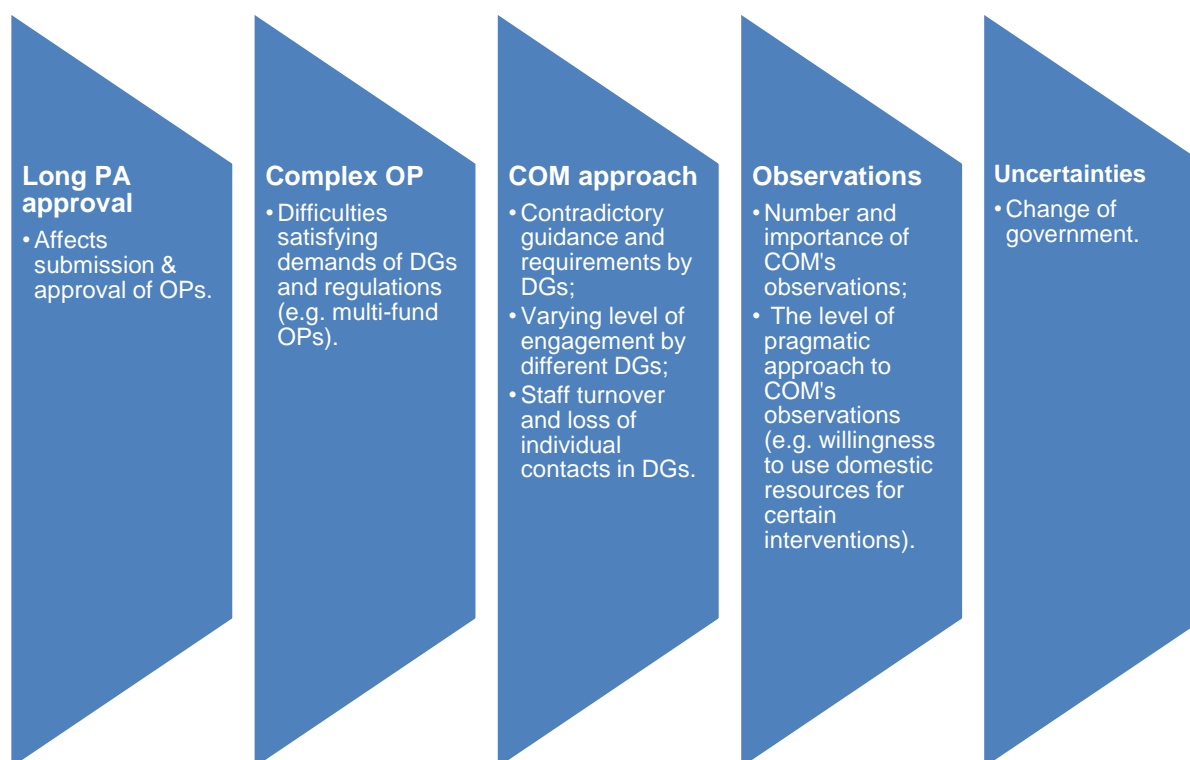
## **Submission and approval of OPs**

**Progress has also been made with the finalisation and negotiation of OPs**, which were to be submitted to the Commission within three months following submission of the PA (i.e. 22 July 2014)<sup>3</sup>. The majority of Member States have formally submitted all of their ERDF/CF OPs to the Commission (96 percent of all DG REGIO-led OPs have been submitted).<sup>4</sup> The Commission is required to provide comments on the submitted OPs within three months and to adopt them within a further three months (i.e. 22 January 2015)<sup>5</sup> provided that the Member State has adequately taken into account the Commission observations.

At the time of writing (start of November 2014), six REGIO-led OPs have been approved.<sup>6</sup> It is expected that the majority of OPs will be approved towards the end of 2014 and in 2015.

## **Progress of the IQ-Net OPs**

Amongst the IQ-Net OPs, **only the Danish OPs (ERDF and ESF) and the OP for Nordrhein-Westfalen (ERDF) have been approved by the Commission**, while the rest are waiting for Commission observations or final adoption. The speed of OP approval process has been affected by different factors, including:



<sup>3</sup> As estimated from 22 April 2014.

<sup>4</sup> [http://ec.europa.eu/regional\\_policy/newsroom/detail.cfm?LAN=en&id=1506&lang=en](http://ec.europa.eu/regional_policy/newsroom/detail.cfm?LAN=en&id=1506&lang=en) (accessed 27 October 2014).

<sup>5</sup> As estimated from 22 July 2014.

<sup>6</sup> [http://ec.europa.eu/regional\\_policy/newsroom/index.cfm?LAN=EN](http://ec.europa.eu/regional_policy/newsroom/index.cfm?LAN=EN) (accessed 4 November 2014).

## 2. THE NEGOTIATION PROCESS



### **Key negotiation issues**

The key issues emerging from the ongoing negotiations between the Commission and the Member States have been described in the **Sixth Cohesion Report**. The report notes that many draft programmes have continued the practice of including vague and general aims, as well as a large number of actions to maintain flexibility in the project selection stage. Similarly, thematic targeting has often been regarded by the Commission as insufficiently focused, although a clear shift in funding towards Europe 2020 objectives can be noted. Significant efforts have been made to comply with ex-ante conditionality requirements, although this has proved administratively challenging and in many cases has resulted in the adoption of action plans. In some countries, further efforts are also needed to address challenges relating to administrative capacity.



### **Main areas of difficulty**

As negotiations concerning most OPs are still ongoing, the feedback from IQ-Net regions and countries is preliminary and largely based on experiences with the PAs. **Most IQ-Net programme authorities report that the process of negotiating the PAs has been laborious** due to the interpretation of rules, the extensive number of observations provided by the Commission (which have varied in terms of their importance), the intense communication, but also due to the problematic template and the submission process (System for Fund Management, SFC).

While for some IQ-Net programme authorities the negotiations have focused on descriptive issues (such as ensuring that there is sufficient description of themes and funds), for others there has been a greater emphasis on specific content issues, including the following<sup>7</sup>:

#### *(i) Thematic concentration*

An important negotiation issue has concerned on how to focus funds on key areas which are in line with the Europe 2020 strategy in order to maximise the impact of EU investment. The key messages emerging from the ongoing negotiations with IQ-Net programme authorities are that:

- **A broad thematic focus is no longer possible**, although this approach has been tried by many Member States. The Commission has requested greater thematic concentration at the level of investment priorities even where ring-fencing requirements at the level of thematic objectives have been fulfilled (e.g. Spain). Activities in the programmes have been merged or cut across priorities (Vlaanderen). However, for instance in Greece, the inclusion of all 11 thematic objectives has been possible under the justification that the PA is the only development strategy in the country.

---

<sup>7</sup> Further information on IQ-Net programme manager feedback concerning issues that emerged during the informal dialogue with the Commission can be found in: Michie R (2014) 'Managing the demands of two programme periods - state of play of the 2014-20 and 2007-13 programmes' *IQ-Net Review Paper 34(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

- **The Commission has adopted a selective approach to supporting transport and energy infrastructure (TO7), particularly in the more developed Member States** (see **Error! eference source not found.**), where the share of such funding is considerably less (6 percent) compared to the less developed Member States (24 percent).<sup>8</sup>

**Figure 1: ERDF support for transport and energy infrastructure (TO7)**

<b>Yes if...</b>	transport infrastructure is small-scale & additional to improving SME competitiveness (North and East Finland).
	(some) transport activities included in low carbon TO (Wales).
	available in limited circumstances (Wales) in Transition (France) or Less Developed Regions (England, France, Wales).
<b>No</b>	funding (even limited) is made available for transport, water and waste water infrastructure under pressures that PA would not be approved otherwise (Germany). Also rail infrastructure has been excluded (France).
<b>Ongoing discussions</b>	regarding islands where infrastructure cannot be constructed by the private sector because they are not connected to Trans-European Networks (Greece).

- **Scope of support for ICT (TO2) is limited reflecting the smaller share of funding** (4.2 percent) for this theme.<sup>9</sup> In France, one of the key negotiation issues related to the funding of broadband infrastructure. An agreement was reached to allow ERDF support for broadband focusing on priority sites of economic and public interest (SMEs, hospitals, research centres, universities etc.). The Commission has also accepted the case for broadband in Scotland, and in Wales ICT support is possible if it is targeted and limited in scope and includes parts of the SME competitiveness priority on encouraging take-up. However, in Germany references to broadband support were removed from the PA following the Commission's resistance (although EAFRD can be used for this purpose in rural areas). The Commission has also been reluctant in the case of England, where the issue remains unresolved.
- **Emphasis on energy efficiency within the theme of low carbon economy (TO4) comes with specific restrictions.** The Commission has, for instance, objected to proposals in the German PA to fund the upgrading of energy efficiency in privately-owned buildings. The Scottish chapter of the PA has also needed to be clarified in terms of who is responsible for low carbon and resource efficiency measures.

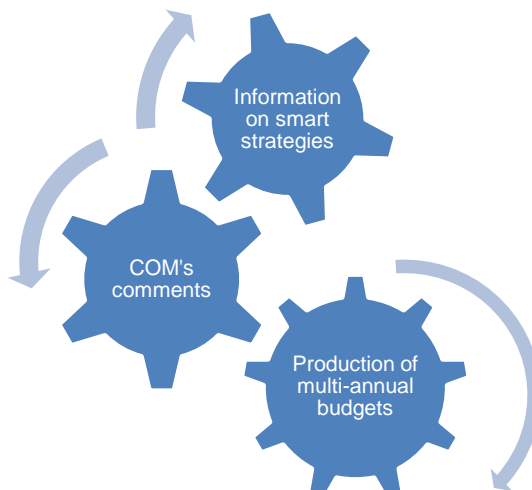
*(ii) Ex ante conditionalities*

Significant efforts have been made to adopt measures to satisfy ex ante conditionalities in IQ-Net Member States and regions. However, **the level of detail and the action plans requested by the Commission have meant that the process has been administratively challenging** in many

<sup>8</sup> European Commission (2014) *Investment for jobs and growth: promoting development and good governance in EU regions and cities, Sixth Report on economic, social and territorial cohesion*. Publications Office of the European Union, Luxembourg.

<sup>9</sup> *Ibid.*

instances. The key issue emerging from the early negotiations with IQ-Net programme authorities concerns the **ex ante conditionality on 'research and innovation'**. In accordance with the key criteria, a national or regional smart specialisation strategy and a budgetary framework need to be in place.<sup>10</sup> Three key issues have arisen as problematic:



**1. Information on smart strategies has been insufficient**

For instance, in Finland the authorities considered that smart specialisation strategies already existed in the form of regional innovation strategies, and no further information was needed. The Commission disagreed with this approach and requested summaries of the strategies to satisfy the information gap. In Austria, the Commission has expressed concerns about whether the smart specialisation requirement has been met because not all *Länder* have their own strategies (e.g. Tyrol). The negotiations are ongoing with the Commission and the authorities in Austria, where it is argued that as the OP is a national programme it is underpinned by a national smart specialisation strategy.

**2. The Commission's comments or request for changes are not necessarily justified**

In Germany the Commission is not recognised to have the right to comment on or require changes in the content of the regional innovation strategies (e.g. which themes should be prioritised by a region). The issue is under discussion between the Commission and Germany.

---

<sup>10</sup> European Commission (2014) *Guidance on Ex ante Conditionalities for the European Structural and Investment Funds* (draft), [http://ec.europa.eu/regional\\_policy/sources/docgener/informat/2014/eac\\_guidance\\_esif\\_part2\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/eac_guidance_esif_part2_en.pdf) (accessed 5 November 2014).

### **3. Production of multi-annual budgets**

Multi-annual budgets have been difficult to produce, particularly where budget laws operate on an annual basis. However, some individual *Länder* in Germany have found pragmatic solutions to this. In Nordrhein-Westfalen, the MA has provided a table with financial data for seven years, although these figures are not (and cannot be) binding (i.e. the *Land* parliament could change them at any time).

**In some IQ-Net countries, ex ante conditionalities have been left open, where activities are new or national updates are needed.** For instance, the ex ante conditionality on ‘transport’ sets a requirement for comprehensive transport plan(s) or framework(s) for transport investment.<sup>11</sup> In Wales, the conditionality has been left open in order to wait for an update to the national transport plan in 2015, after which it is expected that the conditionality will be satisfied. Similarly, the ex ante conditionality on ‘early school leaving’ has been left open until 2016, as this is a new activity and time is needed to set baselines which in turn requires collection of data and setting targets.

#### *(iii) Results-orientation*

In 2014-20 Cohesion policy envisages a stronger performance orientation involving the setting of clear objectives, intervention logics and results targets. **The Commission has requested information from IQ-Net programmes to improve the intervention logic and results-orientation. Specific difficulties have also been reported in the setting of indicators.** For instance, in Nordrhein-Westfalen, the Commission has requested targets for the impact of the OP on the *Land* as a whole, and wanted the *Land* to collect ad hoc data for this purpose. The response of the MA was that the OP is too small to have a discernible effect on *Land*-level indicators and also that *Land*-level developments are shaped by a range of non-ERDF factors. Instead, the *Land* suggested using project-level data for monitoring. The issue has been resolved, as the MA decided to replace some of the indicators in order to meet the Commission requirement. Similarly, in Vlaanderen, the Commission has commented on the choice of indicators, while in Scotland and Wales the timing has been questioned as it was noted that guidance on targets and baselines was issued only recently by DG EMPLOY.

#### *(iv) Financial management, control and audit*

Some issues have also arisen in relation to the new Commission Acts and guidelines. One example is the **Commission’s proposal to introduce a new fraud prevention system (ARACHNE)**, which will require Managing Authorities to provide more information on each project holder for external assessment on the risks of fraud/error. This approach is not viewed to be justified by the ESIF regulations and seen as contrary to a number of key principles in German law e.g. legality and proportionality, as well as Germany’s very strong data protection laws. The Commission has conceded in writing to Germany that ARACHNE is an option for Member States but that Germany does not need to adopt it because it has other fraud prevention systems in place which work well.

---

<sup>11</sup> *Ibid.*

### 3. IMPLEMENTATION OF THE 2014-20 PROGRAMMES



#### **Programme launch**

With only a handful of OPs adopted, it is not surprising that preparations for project calls are at early stages. Amongst the IQ-Net programme authorities, **programmes have been opened for funding in Denmark, Finland and Nordrhein-Westfalen**, with Finland opting to launch prior to the official programme approval. For the remaining programmes, launch is generally expected either at the end of 2014 or early 2015 (see Box 1).

#### **Box 1: Programme launch**

May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec14	2015
FI		DK (ERDF)	DK (ESF)		NRW	FR*, Wal	GR**, Sco	AT, Vla, CZ, Eng, PT, PV

**Notes:** (\*) anticipated launch date which may or may not involve funding calls; (\*\*) anticipated for some calls only.

Given the early days of implementation, information on project generation and selection is limited. Only in Finland, the programme managers have reported that demand for funding has been high, but that the projects vary in terms of their quality and that improvements are needed with respect to the results-focus. Preparations for launch are, however, ongoing in other IQ-Net programmes. For instance, in Vlaanderen, the kick-off event for the OP in September 2014 attracted a lot of interest (with 340 participants). The early launch allows all partners to prepare for the programme period and look for co-financing. At the end of 2014, a provincial tour will be organised at which point technical information on project applications will be provided. This preparation paves the way for the first call which is set to be organised in the first half of 2015.



#### **Next steps**

While the vast majority of IQ-Net programme authorities wait for Commission's observations and OP approval, the main focus is on other key arrangements to ensure a successful start to the 2014-20 period:

##### *(i) Programme management arrangements*

Programme management arrangements are still being developed, particularly where changes to the structures are being introduced (Finland, Nordrhein-Westfalen, Portugal, Wales):

- **Set-up of bodies for the delivery of specific instruments.** For instance in Wales, the MA is setting up IBs to deliver aid schemes to businesses, as otherwise all individual awards under each scheme would be classed as a separate project (and would have to be approved individually by the MA). The IBs will be primarily the Welsh Government departments which previously delivered such schemes in 2007-13.
- **Division of responsibilities between bodies, where management resources have been deconcentrated.** For instance in Finland, the creation of coordinating regional councils, particularly in South and West Finland, has created some uncertainties, at least in the project decision-making phases. While the coordinating councils have taken over the funding

decisions from the other regional councils in the South and West Finland, in practice the coordinating council still has to contact the other councils as each of them have their own financial framework. The division of responsibilities is expected to be more straightforward during the implementation of projects.

*(ii) Monitoring and compliance with eCohesion*

**Changes to the monitoring systems and procedures are ongoing in many IQ-Net programmes.**

The finalisation of indicators has required in some instances more work from the outset of the preparatory phase to ensure that indicators are more useful as management tools (Spain) and contribute to enhancing the results orientation (Portugal). To raise awareness and debate about the role of indicators in 2014-20 in Portugal, an international seminar was organised on indicators, statistical systems and monitoring and evaluation – jointly organised by the Agency for Development and Cohesion and the OECD - on 27-28 October 2014 with participation from a wide range of stakeholders and experts.

Another issue concerns the introduction of eCohesion requirement, which foresees that all exchange of information takes place solely by means of electronic data exchange systems. More specifically, the European Commission envisages that such electronic exchange systems need to be established by the end of 2015.

**Authorities have adopted a phased approach to ensure compliance with eCohesion.** In Nordrhein-Westfalen, a strategy for eCohesion has been developed, and a public call for tender for implementing eCohesion will be organised. The development of the electronic data exchange system is ongoing in many IQ-Net countries, with the first phases ensuring that beneficiaries are able to submit applications electronically. Expectations of the new systems are sometimes high, with new components being introduced to ease annual reporting (Finland), to allow budget changes to be suggested by the beneficiaries (Denmark), or data to be entered directly by the IBs (Nordrhein-Westfalen). Despite the fact that eCohesion aims to reduce the administrative workload, the new functions and demands for careful documentation have at times resulted in increased administrative workload, not least where human resources are already constrained (Finland).

*(iii) Communication activities*

Providing information and communication on the aims, funding opportunities and results of Cohesion policy programmes and projects is a key task for the Managing Authorities and beneficiaries.<sup>12</sup>

**Figure 2: Key elements in the information and communication rules for 2014-20**

Communication strategy for 2014-20	Single website	List of operations
• plus annual action plans	• or portal for all OPs	• with clear and comparable data

<sup>12</sup> European Commission (2014) *Ensuring the visibility of Cohesion Policy: Information and Communication Rules 2014-2020*, [http://ec.europa.eu/regional\\_policy/sources/docgener/informat/2014/visibilty\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/visibilty_en.pdf) (accessed 30 October 2014).



The communication strategies for the 2014-20 period need to be adopted within six months of the adoption of the relevant programme(s).<sup>13</sup> Lessons from 2007-13 will be used to inform the future communication strategies (Czech Republic, Greece, País Vasco, Portugal, Scotland), although in some countries such lessons are limited (Austria). Some initial views on the focus of future communication activities underline the need to communicate on specific themes, such as results-orientation (Finland), and on funds or the activities rather than on the programmes (Czech Republic).

**The planned strategies are focused on utilising social and other electronic media** (see Box 2) to make communication more interactive and accessible to different groups (Scotland), such as young people (País Vasco), but also due to budget limitations (Finland).

**Box 2: Future emphasis on social and other electronic media**

**Emphasis on interactive communication in Scotland:** Successes from 2007-13 period will be presented in an e-book (eventually developed into an app), which demonstrates the positive impacts achieved through Structural Funds and notes future aspirations for 2014-20. Although big launch events are seen to have their place, the future emphasis in Scotland will be more on interactive communication. The intention with the e-book is to make the results more accessible to the public and to get the message across in a more rounded way.

**Use of social media to reach out to young people in País Vasco:** The annual photography facebook competition for youngsters (14-25 years of age) in the context of the communication of the OP of the Basque Country, aims to raise awareness of the initiatives funded by the ERDF and “to bring Europe to the Basque youth” and collect their views on Europe’s contribution to development in the region. The ceremony for the third competition (May 2013) led to 800 new fans on the Facebook page (reaching a total of 2,800 fans). The first prize for the best photograph of an ERDF initiative/project chosen by the jury was a trip to Brussels.

---

<sup>13</sup> European Commission (2014) *Information & Communication Plan 2014*, [http://ec.europa.eu/regional\\_policy/sources/dgs/complan\\_2014.pdf](http://ec.europa.eu/regional_policy/sources/dgs/complan_2014.pdf) (accessed 5 November 2014).

## PROGRESS OF THE 2007-13 PROGRAMMES

Over the past six months, the focus for the 2007-13 programmes has continued to be on **accelerating payment levels** and **preparing for programme closure**.

### 4. FINANCIAL PROGRESS IN EU28

The **rate of financial absorption of Cohesion policy programmes has increased** in the EU28 over the past six months, **albeit at a slower rate than in the previous periods** (see Table 1).

**Table 2: Average payment rate and increase**

	May-Oct 2012	Nov-Apr 2013	May-Oct 2013	Nov-May 2014	May-Oct 2014
EU28 average (%)	44.1	51.4	59.4	68.2 (EU28)	73.2 (EU28)
Increase (%)	6.7	7.3	7.8	8.8	5.0

**Source:** EPRC calculations from Commission data. Note that data from 2014 includes Croatia.

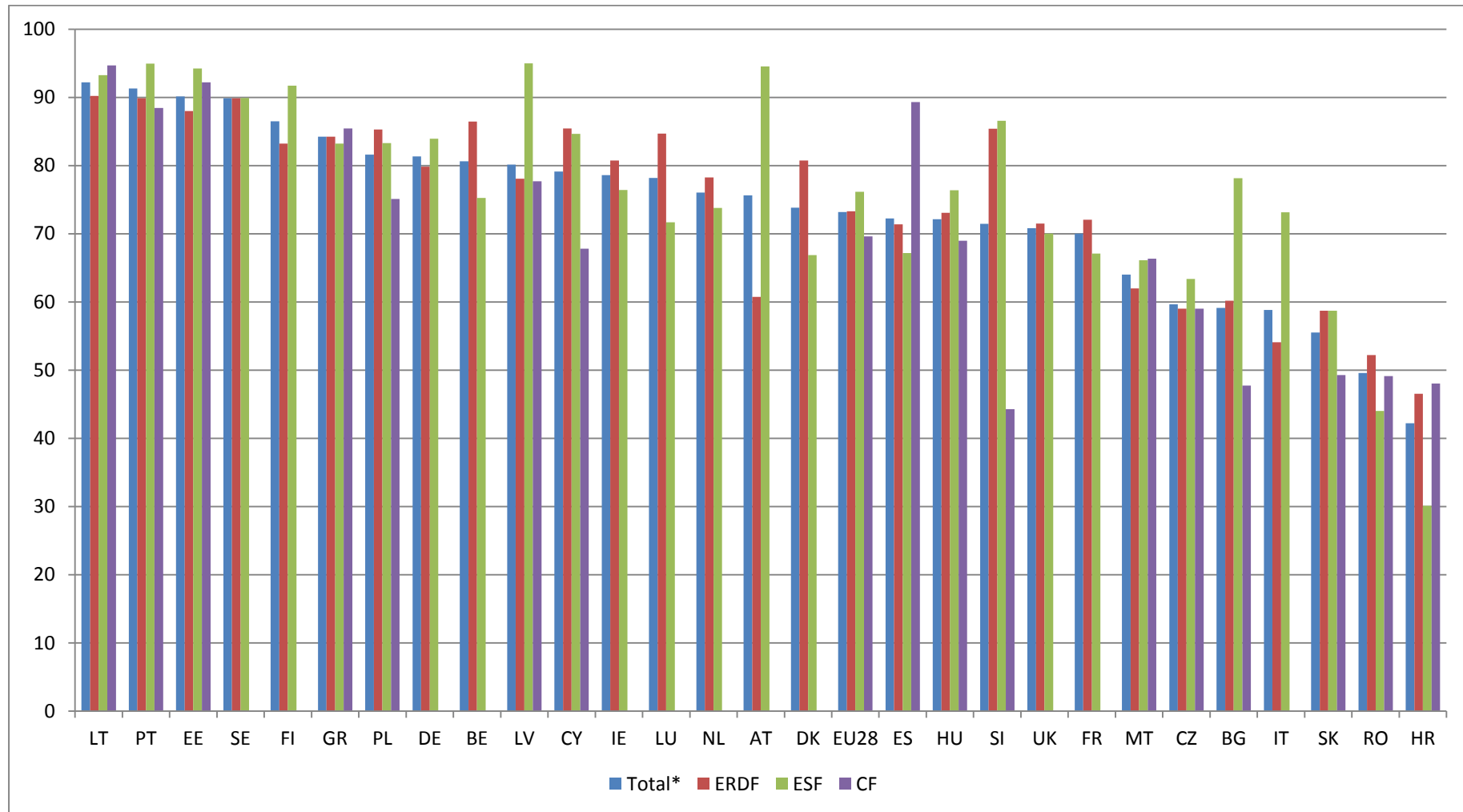
Figure 3 shows that there continue to be marked differences in the rate of absorption between Member States and Funds:

- **The highest overall payment** rates of over 90 percent are found in Lithuania (92.2 percent), followed by Portugal (91.3 percent) and Estonia (90.1 percent), which have continued to lead in terms of payments in the six month period.
- **The lowest overall payment** rates were reported for Croatia (42.2 percent), Romania (49.6 percent) and Slovakia (55.5 percent) (positions unchanged from previous six-month period).
- At EU28 level, the average payment rate for the **ESF remains higher than for ERDF and the Cohesion Fund** (at 76.2, 73.3 and 69.6 percent respectively).

Notable developments in the past six months include:

- A higher than average increase in the overall payment rate (above an increase of 5 percent) can be seen in 15 countries (PT, AT, IE, CY, EE, NL, BG, IT, SK, LT, FI, UK, RO, HR and LV).
- In three of these countries, the increase in overall payment rates has been very high, between 11-14 percent (PT, AT, IE).
- Very high levels of payments for ESF of over 90 percent can be seen in Latvia (95 percent), Portugal (95 percent), Austria (94.5 percent), Estonia (94.2 percent) and Lithuania (93.2 percent), Finland (91.7 percent).

**Figure 3: Structural Funds payments in 2007-13 (29 October 2014)**



**Source:** Commission data from 29 October 2014 on Commission disbursements to Member States.

## 5. FINANCIAL PROGRESS IN IQ-NET PROGRAMMES

Payment rates in IQ-Net countries and programmes have increased over the last six month period. Almost in all instances, the increase has been above the average rate reported for EU28 (5 percent).

Partner	Programme	Payments (%)*	6 months ago
Austria	ERDF OPs, national average	60.0	54.5
Belgium: Vlaanderen	ERDF OP	76.0	69.4
Czech Republic	National average	60.7	57.1
	Integrated OP	51.6	48.6
Denmark	ERDF OP	73.0	66.9
	ESF OP	60.0	57.4
Finland: Länsi-Suomi and Etelä-Suomi	ERDF OPs, national average	82.8	74.5
	Länsi-Suomi ERDF OP	79.3	71.0
	Etelä-Suomi ERDF OP	83.9	73.2
France	National average	57.0	51.3
Germany: Nordrhein-Westfalen	ERDF OP	N/A	61.0
Greece	National average	77.1	74.0
Portugal	National average	84.0	75.5
	National thematic OPs	85.0	77.0
	Regional OPs (mainland)	80.0	70.0
	Regional OPs (islands)	93.0	86.0
Slovenia	National average	74.4	66.0
	ERDF OP	87.0	80.1
	ESF OP	83.3	76.4
	Cohesion Fund OP	55.8	44.1
Spain: Bizkaia	ERDF	85.0	76.0
Spain: País Vasco	ERDF	N/A	76.0
UK: England	National average ERDF	N/A	62.5
UK: Scotland	National average	N/A	71.5
UK: Wales	National average	72.0	60.0

**Source:** ERPC fieldwork. **Notes:** (\*) Dates for payment figures range from August to October 2014.

Concerns in IQ-Net programmes continue to relate to **payment interruptions**, the **level of payments** and **decommitment**:

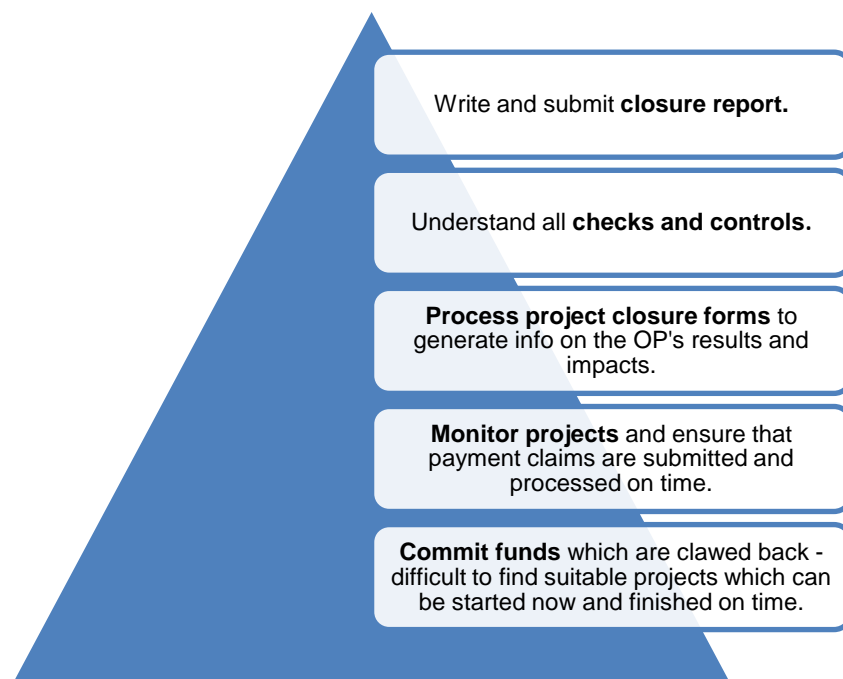
- The **payment interruptions** previously reported<sup>14</sup> in Austria and Slovenia are continuing, although funds are expected to be released in the course of the autumn 2014 following positive audit results. In England, payment interruptions were lifted in early March 2014. A Commission audit visit is expected at the end of 2014 to check the arrangements put in place to have the payment interruptions lifted.

<sup>14</sup> Michie R (2014) 'Managing the demands of two programme periods - state of play of the 2014-20 and 2007-13 programmes' *IQ-Net Review Paper 34(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.

- **Concerns over the level of payments** continue in Nordrhein-Westfalen due to slow submission of payment claims. The project holders have been slow to submit payment claims and the MA continues to monitor and encourage the project holders to submit claims.
- **Decommitment** is threatening two of the English ERDF programmes, with a total shortfall of €4.7 million. In the Czech Republic, where decommitment is a concern for all OPs in 2014, the anticipated loss is estimated to be CZK 20 billion (c. €730 million) and for the IOP CZK 2.3 billion (c. €84 million).

## 6. CONCERNS WITH PROGRAMME CLOSURE

**IQ-Net programme authorities are progressing with preparations for closure.** In line with the Commission's closure guidelines<sup>15</sup>, the final date for the eligibility of expenditure is 31 December 2015. In principle, this means that public contributions should be paid or due to be paid by the end of 2015, with a few exceptions (major projects, FEIs). The closure process itself is relatively straightforward, but programme managers are concerned with the amount of work involved and the capacities needed for this process:



---

15

[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/guidelines/closure\\_2007\\_2013/guidelines\\_closure\\_20072013\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/guidelines/closure_2007_2013/guidelines_closure_20072013_en.pdf)

To mitigate some of these challenges, IQ-Net programme authorities have adopted different responses:<sup>16</sup>

- **Plans for full commitment and spend during a limited timeframe:** Although commitment levels are generally high, some funds are being clawed back and need to be recommitted. It can be difficult to find good projects which can be started immediately and finished by the end of 2015. However, for instance the MA in Nordrhein-Westfalen has identified a number of instruments (a financial instrument and a start-up scheme) which should be able to absorb funds in 2015. The opposite has taken place in Greece, where a significant overbooking of projects has resulted in a clean-up of problematic projects.
- **Proactive approach:** To avoid excessive closure tasks at the end of the period, some programme managers have taken a proactive approach to closure by closing projects throughout the programme period (Vlaanderen, Finland, Bizkaia). Internal deadlines have been set up (often well ahead of the Commission's deadline) to allow some flexibility and leave enough time for audits.
- **Thorough and planned approach:** Closure guidance are being developed at an early stage, projects have been requested to submit closure plans (Wales), authorities use specific closure checklists to allow ongoing checks, and internal closure working groups have been set up. Information is also being disseminated on regulations and good practice so that authorities can comply with the timetable and the requirements imposed by the Commission. Some frequent questions that have arisen for instance in France concern the monitoring of invoices during closure as well as the closure of financial instruments.
- **Addressing capacity issues:** The most common area of concern relates to capacity issues. The problem is particularly acute where the same team is managing both 2007-13 and 2014-20 programmes simultaneously (Denmark), and where management tasks are being transferred (Greece). To alleviate the workload, some programme managers have chosen to externalise tasks (some MAs in France).

---

<sup>16</sup> More information on the specific approaches and strategies adopted by IQ-Net programme authorities can be read in previous IQ-Net papers: Michie R (2014) 'Managing the demands of two programme periods - state of play of the 2014-20 and 2007-13 programmes' *IQ-Net Review Paper 34(1)*, European Policies Research Centre, University of Strathclyde, Glasgow; Vironen H, Michie R, Granqvist K (2013); Michie R and Granqvist K (2013) 'Managing the 2007-13 programmes towards full absorption and closure. Review of programme implementation, Winter 2012-Spring 2013'. *IQ-Net Review Paper 32(1)*, European Policies Research Centre, University of Strathclyde, Glasgow.