



PROGRAMMES UNDER CONTINUED PRESSURE
REVIEW OF PROGRAMME IMPLEMENTATION
WINTER 2010 - SPRING 2011

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PREFACE

The research for this paper was undertaken by EPRC in preparation for the 30th IQ-Net meeting held in Swansea, Wales on 20-22 June 2011. The paper was written by Rona Michie.

The paper is the product of desk research and fieldwork visits during Spring 2011 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 (Lower Austria), Economic and Tourism Department
- State Government of Steiermark (Styria), Economic Policy Department

Belgium

- Enterprise Flanders Agency

Czech Republic

- Ministry for Regional Development

Denmark

- Danish Enterprise and Construction Authority

Finland

- Alliance of Länsi-Suomi (Western Finland) and the Ministry of Employment and the Economy

France

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

Germany

- Nordrhein-Westfalen (North Rhine Westphalia), Ministry of Economy, SMEs and Energy, EU Affairs Unit
- Sachsen-Anhalt (Saxony 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

- Ministry of Economic Development and Promuovi Italia SpA

Latvia

- Ministry of Environmental Protection & Regional Development, in association with the State Regional Development Agency

Poland

- Śląskie Voivodeship (Marshal's Office of Silesia)

Portugal

- Financial Institute for Regional Development (IFDR)

Spain

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

Slovenia

- 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
- Scottish Government
- Welsh European Funding Office

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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.

PROGRAMMES UNDER CONTINUED PRESSURE REVIEW OF PROGRAMME IMPLEMENTATION WINTER 2010 - SPRING 2011

TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	FINANCIAL PROGRESS	2
2.1	Financial implementation in the EU27	2
2.2	Financial implementation in the IQ-Net partner programmes	4
2.3	Measuring progress against Lisbon earmarking targets.....	9
2.4	Avoiding decommitment	11
2.5	Responding to spending challenges and the economic crisis	11
3.	PROGRAMME DELIVERY	15
3.1	Expediting programme delivery: the factors influencing the rate of programme spend	15
3.2	Positive influences on programme spend.....	16
3.2.1	<i>Targeted project animation activity</i>	16
3.2.2	<i>Use of financial engineering instruments</i>	17
3.2.3	<i>Use of major projects</i>	17
3.2.4	<i>Monitoring procedures & IT systems</i>	17
3.2.5	<i>Publicity & communication activity</i>	17
3.2.6	<i>Payment procedures</i>	18
3.3	Factors inhibiting programme spend	18
3.3.1	<i>Impact of financial crisis/lack of co-finance</i>	18
3.3.2	<i>Extended closure of 2000-06 programmes</i>	19
3.3.3	<i>Late adoption of 2007-13 programmes</i>	19
3.3.4	<i>Regulatory complexity</i>	19
3.3.5	<i>Organisational change</i>	20
3.3.6	<i>Human resources issues</i>	20
3.4	The need for further change	20
4.	SPOTLIGHT ON PROGRAMME IMPLEMENTATION ISSUES	22
4.1	Programme communications and project animation	22
4.1.1	<i>Broad communications activity</i>	24
4.1.2	<i>Targeted communications activity</i>	26
4.2	Financial engineering instruments.....	27
4.3	Audit.....	32
4.4	Evaluation	35
4.5	Other issues	37
5.	CONCLUSION	39
	ANNEX	40

PROGRAMMES UNDER CONTINUED PRESSURE REVIEW OF PROGRAMME IMPLEMENTATION WINTER 2010 - SPRING 2011

MAIN FINDINGS

- The rate of financial implementation has improved across the EU27, with the average payments rate now at 25.2 percent (May 2011). There is no major difference in the average absorption rate between ERDF (26 percent) and ESF (25.9 percent). The payments rate for the Cohesion Fund is 22.1 percent. These figures mask wide variations between countries.
- IQ-Net partner programmes report high levels of satisfaction with financial implementation and absorption, although actual levels of commitment and spend vary considerably. The Swedish region of Norra Mellansverige (ERDF), the Belgian region of Vlaanderen (ERDF) and Wales (aggregate across all four programmes) report particularly high commitment levels, and payment levels are high in Norra Mellansverige (ERDF), Latvia (ESF), Vlaanderen (ERDF) and the German *Land Sachsen-Anhalt* (ERDF). The most satisfactory levels of absorption are reported under priorities related to business competitiveness, innovation, entrepreneurship, the knowledge economy and business/technology infrastructure, while priorities supporting urban development and environmental protection are most frequently mentioned as performing comparatively worse.
- Progress is improving in terms of the performance of the 'Lisbon' spending categories.
- Most IQ-Net partner programmes found the n+2/n+3 targets for 2010 (and some already even for 2011) achievable and do not anticipate problems this year.
- Programme changes have been mostly minor in response to the strategic reports, mid-term evaluations and analyses of spending patterns, as well as adjusting to changing circumstances and a restructuring of governance arrangements.
- When reflecting on the factors that have the most impact on the rate of programme absorption, IQ-Net programmes identified targeted project animation activity and the use of financial engineering instruments as having the strongest positive impact. The use of major projects, efficient payment procedures and monitoring procedures/IT systems were also rated as having a positive impact, while regulatory complexity and the impact of the financial crisis/lack of co-finance were identified as having had the most adverse impacts. Human resources issues, often tied up with organisational change, also featured as highly negative.

- In terms of experience with programme communications activity, partners provided many examples of broad and targeted communications activity, and reported mixed results from interaction with the media, as well as mixed results from evaluation of broad communications activity.
- Although the use of Financial Engineering Instruments (FEIs) is now an established policy option in many IQ-Net partner programmes, others are using FEIs for the first time during this programme period. Reported benefits include their effectiveness at accelerating programme spend, the access they provide to additional sources of funding, the legacy effect they can create through recycling of funding, and their perceived flexibility. Difficulties reported include take-up issues, the potential clash between private and public sector in terms of objectives and control, how they fit into the portfolio of products already available and the specialist knowledge needed.
- The lighter audit burden envisaged during the intensive compliance assessment period has not yet materialised for most IQ-Net partners. The higher level of responsibility accorded to domestic audit authorities during this period is perceived to have had benefits and drawbacks, and much of the heavier burden imposed on programme managers has been attributed to activity by the domestic audit authorities. The burden of audit at project level is also perceived to be higher during this period.
- A considerable amount of evaluation activity is being undertaken, including through the ongoing evaluation process or mid-term evaluations. Annex I contains a table of evaluations carried out by partners during 2007-13, with links to the online document where available.
- There is a desire for balance between the further simplification and stability, with any future changes being incremental and ‘at the margins’, rather than radical, particularly given the fact that many programmes are working with fewer human resources and face continued pressure from operating in a difficult economic environment.
- While continuing to monitor levels of commitment and spend closely and managing the day-to-day running of the programmes, attention is now also turning to the period beyond 2013, with partners preparing for the 2014-20 period.

PROGRAMMES UNDER CONTINUED PRESSURE REVIEW OF PROGRAMME IMPLEMENTATION WINTER 2010 - SPRING 2011

1. INTRODUCTION

Four years into the 2007-13 programme period, the ERDF, ESF and Cohesion Fund programmes are getting into their stride in terms of programme absorption, project animation and delivery, monitoring and evaluation. Managing authorities continue to work under difficult circumstances, with the ongoing impact of the economic crisis, as well as changes in government; this is reflected in constrained public spending and ongoing organisational change, with resultant uncertainty regarding staff resources and the potential loss of expertise. The remainder of the programme period is likely to present continued and additional difficulties. Despite these issues, most programmes are rising to the challenge, achieving their spending targets and actively doing all they can to expedite programme implementation.

The objective of this paper is to review recent developments in the implementation of the 2007-13 programmes. It draws on a mix of desk research and interviews with staff working on the implementation of Structural Funds programmes in the 17 Member States where managing authorities and programme secretariats are partners in IQ-Net. The surveyed programmes collectively account for over a third of Cohesion policy spending and encompass a mix of Convergence, Regional Competitiveness & Employment, and Phasing-In/Out regions. The desk-based research has focused on EU-level and programme documents, including financial performance and monitoring data. Interviews were conducted with managing authorities, programme secretariats and national coordination bodies.

The paper is structured as follows. Section 2 begins with a review of the state-of-play of the 2007-13 programmes, looking at progress with absorption in the EU27 and across the IQ-Net partner programmes. This is followed by a discussion of progress made against 'Lisbon' targets, and a review of recent and planned programme changes among the partner programmes. Section 3 turns to partner's experience with programme delivery, and the factors which expedite and constrain programme implementation. Section 4 focuses on recent experience among programmes in a number of thematic areas: programme communications; the use of financial engineering instruments; audit; and evaluation. Section 5 concludes the paper.

2. FINANCIAL PROGRESS

For much of the 2007-13 period, the implementation of Structural Funds programmes has been characterised by slow overall progress in committing and spending resources with major variation between countries and types of programme. The Commission's synthesis of the first strategic reports in March 2010, reported that the financial volume of 'projects selected' was €93.4 billion, representing some 27 percent of available EU resources in the period.¹ The differences between Member States were considerable, ranging from 12-15 percent in Greece and Romania to 55-60 percent in the Netherlands and Belgium. At the Fifth Cohesion Forum, the Commissioner Johannes Hahn felt compelled to warn of the longer term implications of slow absorption:²

"It is hard to negotiate a higher or even the same budget if the resources allocated for this period are not fully used or not used in meaningful ways reflecting European added value.....I hope each of you will leave this Forum with a renewed determination to speed up the absorption rate and show doubters that Cohesion funds work hard for the taxpayer, with not a centime wasted....This is how you can help me to help you to reform the policy and ensure the necessary budget for it."

The difficulties with absorption have been a recurring theme of recent IQ-Net Programme Reviews³. For both the EU27 as a whole, and for the programmes managed by IQ-Net partner authorities, it is clear that a combination of the economic crisis and several other important impediments to spending have made this a particularly difficult programme period for ensuring that Structural Funds resources are spent.

2.1 Financial implementation in the EU27

Since the last stock-take of programme progress in November 2010, when average payment rates⁴ stood at 19.8 percent (up from 14.5 percent in April 2010), financial implementation has improved across the EU27. According to data from May 2011, the average payments rate now stands at 25.2 percent, including ERDF, ESF and Cohesion Funds. The Structural Funds absorption rates with regard to payments covering ERDF, ESF and the Cohesion Fund for each Member State are shown in Figure 1.

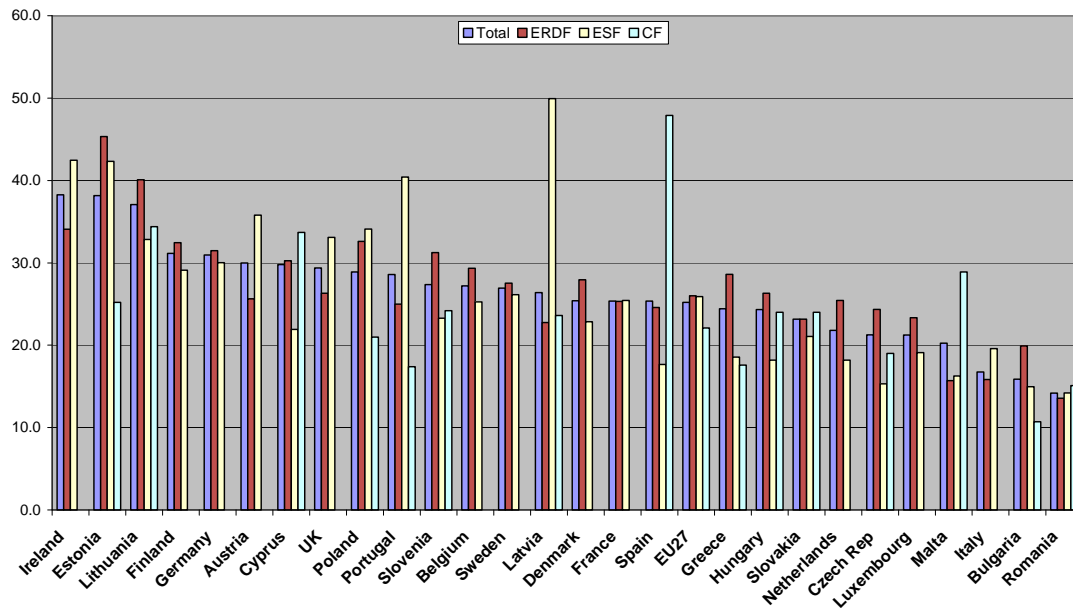
¹ *Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Commission of the European Communities, Brussels, 31.3.2010 COM(2010)110 final.

² Europe 2020 - New challenges for economic, social and territorial cohesion, Speech to the 5th Cohesion Forum by Johannes Hahn, Commissioner for Regional Policy, Brussels, 1 February 2011.

³ Vironen H (2010) Delivering Structural Funds in Difficult Times. Review of Programme Implementation Summer-Autumn 2010, *IQ-Net Review Paper 27(1)*, European Policies Research Centre, Glasgow; Kah S (2010) On track again after the crisis? Review of programme implementation. Winter 2009-Spring 2010. *IQ-Net Review Paper 26(1)*, European Policies Research Centre, Glasgow; http://www.eprc.strath.ac.uk/ignet/downloads/IQ-Net_Reports%28Public%29/ReviewPaper26%281%29final.pdf

⁴ In this data, 'payments' refers to payments from the EC to Member States, including advance payments, rather than payments to beneficiaries.

Figure 1: Structural Funds payments in 2007-13 (10 May 2011)



Source: Commission data from 10 May 2011

Note: EU27 excludes EU cross-border cooperation and Interregional cooperation programmes.

The figure makes clear that differences remain between the Member States and between Funds.

- In May 2011, the highest payment rates were reported in Ireland (38.3 percent), Estonia (38.2 percent), followed closely by Lithuania (37.1 percent), Finland (31.2 percent), Germany (31 percent) and Austria (30 percent) - despite their limited increase in payment rates, reported below.
- The lowest rates were found in Italy, Bulgaria and Romania, where payments remain below 20 percent.
- In terms of the rate of change, the biggest increases in payment rates (since the last figures of November 2010) have been seen in Sweden (10.7 percentage points), Denmark (9.9 percentage points), the UK (9.1 percentage points), Ireland and Greece (both 9 percentage points).
- By contrast, progress has been more limited in Bulgaria, Latvia, Romania, Austria and Italy (all under 3 percent increase).

Looking at the performance of the individual funds, there is no major difference in the average absorption rate between ERDF and ESF, with the average payment rate under ERDF being slightly higher at 26 percent, in comparison to ESF, which stands at 25.9. The payments rate for the Cohesion Fund is 22.1 percent. These figures mask wide variations between countries:

- particularly high rates of ERDF absorption can be seen in Estonia (45.3 percent) and Lithuania (40 percent);
- while very high rates of ESF payments are recorded in Latvia (49.9 percent), Ireland (42.4 percent), Estonia (42.3 percent) and Portugal (40.4 percent).

Finally, the rate of payments under the Cohesion Fund in Spain stands at 47.9 percent, while Lithuania and Cyprus stand at 34.4 and 33.7 percent respectively.

2.2 Financial implementation in the IQ-Net partner programmes

The level of satisfaction with financial implementation and absorption reported by partner programmes is generally high, although actual levels of commitment and spend vary considerably between countries, OPs and priorities. The Swedish region of Norra Mellansverige (ERDF), the Belgian region of Vlaanderen (ERDF) and Wales (aggregate across all four programmes) all report particularly high commitment levels, at 98 percent, 90 percent and 81 percent respectively, while Norra Mellansverige (ERDF), Latvia (ESF), Vlaanderen (ERDF) and the German *Land Sachsen-Anhalt* (ERDF) have reported high levels of payments,⁵ at 47 percent, 42.7 percent, 42 percent and 37 percent respectively.

Where absorption problems continue, these are explained by the persistence of problems reported in previous IQ-Net Review Papers,⁶ including the knock-on effect of cuts in government spending limiting the scope for domestic co-funding (England, Poland Śląskie ESF), post-election human resources problems in the Czech Republic Integrated OP, or a delayed programme start (Greece).

- **Austria.** Financial progress in both Austrian programmes is considered to be satisfactory. In Niederösterreich, commitments stand at 52 percent (31 March 2011). At measure-level, performance varies between 24 percent (Innovative and sustainable regional development) and 82 percent (Business- and technology-related infrastructure). In spite of financial control and audit issues, payments have increased to more than 19 percent. In Steiermark, commitments are at 53 percent (30 March 2011). In terms of measures, R&D interventions are lagging behind at only 38 percent. However, the introduction of simplified cost procedures is expected to lead to a significant increase in commitment. The payment rate increased significantly over the last six months and stands at 22 percent (from 16 percent in October 2010).
- **Belgium (Vlaanderen).** Financial progress was deemed very satisfactory in Vlaanderen. ERDF commitments are currently at 89.6 percent, an increase of 26.1 percent from September 2010 (figures 10 May 2011). Payments were at 42.0 percent with a 15.3 percent increase in recent months. The largest increase in commitments has occurred in Priority 2 (Entrepreneurship), from 35.0 percent to

⁵ In this section, 'payments' refers to payments to beneficiaries, unless otherwise specified.

⁶ Kah S (2010) *op cit*; Vironen H (2010) *op cit*.

84.9 percent. This increase can largely be explained by a shift in funding from Priority 2 to 3 (Spatial-economic environment). Priority 1 (Knowledge economy and innovation) has also seen a substantial increase in commitments from 65.0 percent to 96.8 percent. Priority 3 currently stands at 104 percent and Priority 4 (Urban development) at 64 percent has the lowest commitment rate.

- **Czech Republic.** Financial progress among programmes has continued to be inconsistent, hampered by major staff changes in the wake of the 2010 election, and complicated by the continued impact of the economic crisis. The figures vary significantly amongst the programmes, with the OP Transport, the ROP Southeast, the ROP Northeast and the OP Prague-Adaptability being the strongest performers, and the OP Research and Development for Innovation experiencing the most difficulty. The Czech Integrated OP remains one of the relatively weaker Czech OPs in terms of payments and certification. Commitments stand at 57.5 percent and payments at 11.6 percent (6 March 2011), compared to 45 percent and 7.5 percent for the last review period). The worst situation is still recorded for Measure 3.1 Services in the sphere of social integration (commitment rate 1.7 percent, payment rate 0.3 percent) and Measure 3.3 Services in the sphere of employment (commitment rate 4.2 percent, payment rate zero). By contrast, high commitment rates are recorded for Priority 1 Public administration modernisation (95.1 percent) and for Measures 5.3 Modernisation and development of systems for the preparation of territorial politics (90.8 percent), 5.1 National support for exploitation of cultural heritage potential (88.9 percent) and 3.2 Services in the sphere of public health (76.5).
- **Denmark.** Progress with implementation is generally satisfactory, with ERDF commitments somewhat above the expected and ESF commitments, on the other hand, slightly behind schedule.
- **Finland.** Financial progress overall is deemed to be satisfactory in the Länsi-Suomi regional OP. ERDF commitments are at 51.9 percent (figures for 2 March 2011) and payments at 24.1 percent. Overall, commitments are progressing well across the Finnish ERDF programmes, but payments are lagging behind, particularly in comparison to figures from the last programme period when the average rate of commitments in the programmes stood at 37 percent at this stage. There is some concern with regard to the financial situation in the programmes, given that there is no knowledge of whether the commitments are over-estimated, whether the projects will be implemented on time, and whether the commitments will actually lead to payments. In the Länsi-Suomi OP, commitments are highest for Priority 2 (Promotion of innovation activity and networking, and reinforcing knowledge structures) at just above 50 percent, followed by Priority 1 (Promotion of business activity) at 50 percent. Priority 4 (Development of larger urban areas) remains more problematic, with commitments at approximately 45 percent. However, this is not a major concern, and commitments are expected to catch up in the remainder of the programme period.

- France. Over the past year, average commitment rates have been slightly lower compared to the same period in 2000-06. Whereas the 2000-06 programmes reached and subsequently exceeded the target rate from the mid-point onwards, the 2007-13 OPs are still struggling to fulfil this ambition. For the French ERDF programmes under the C&E objective, the average commitment rate is 64.1 percent and the payment rate is 24.1 percent (figures for 1 April 2011). There is considerable variation at the regional level, with commitments lying between 38.1 percent (Corse) and 112.2 percent (Poitou-Charentes) and payments between 13.6 percent (Corse) and 39.2 percent (Auvergne). Commitments and payments in the Convergence regions are lagging further behind. Progress is also patchy across priorities. Commitments are usually highest for the largest priorities with almost 50 percent of ERDF committed on RDT, innovation and entrepreneurship in June 2010.
- Germany. In general, financial absorption in the Nordrhein-Westfalen ERDF OP is good. Around 70 percent of funds have been committed (at 11 May 2011), with commitments standing at 34 percent under Priority 1 (Strengthening the business base); 87 percent under Priority 2 (Innovation and the knowledge-based economy); and 65 percent under Priority 3 (Sustainable urban and regional development). However, while commitments are well above target (118 percent of the target), payment remain somewhat below target (75 percent of the target). In Sachsen-Anhalt, financial absorption is very good for the ERDF OP and is also good for the ESF OP. For the ERDF, commitments stand at 63 percent (at 31 January 2011) and payments at 37 percent, so that the n+2 rule requirements for 2011 have already been met. For the ESF, commitments stand at 48 percent (also at 31 January 2011) and payments at 24 percent, so the n+2 rule requirements for 2011 have almost been met already. These data assume that the advance payment is included. In the ERDF OP, commitments and payments are both particularly strong under Priority 2 (Increasing business competitiveness) and Priority 3 (Improving economic infrastructure) but weaker under Priority 4 (Sustainable urban development including education infrastructure) and Priority 5 (Environmental protection and risk prevention). In the ESF OP, commitments and payments are both particularly strong under Priority C (Improving the labour market opportunities and integration of disadvantaged people) but weaker under Priority A (Increasing the adaptability and competitiveness of businesses and workers).
- Greece. Significant financial progress has been made in the last six months, albeit from a low base. The target of 15 percent of payments by the end of 2010 was exceeded (18 percent). At NSRF level, commitments stand at 43 percent, while payments are at 20 percent (figures for May 2011). The low level of absorption is due to the fact that most programmes are at proposal submission and project selection stage. However, financial performance differs widely between programmes. Regional OPs have performed generally better, with the Thessalía-Stereia Ellada-Epeiros OP having the highest commitment and absorption rate (at 61 percent and 32 percent respectively). In contrast, sectoral OPs lag behind; the Environment and Sustainable Development OP and the Reinforcement of Public Administration Efficiency OP have both reported payment rates of below 10

percent. Amongst the sectoral programmes, progress has been comparatively better under the Competitiveness and Entrepreneurship OP which includes the State aid actions for support to SMEs, R&D and energy saving measures. The commitment rate of this OP stands at 55 percent and the payment rate at 37 percent respectively.

- **Hungary.** Financial progress is deemed to be good. Under the thematic OPs, commitments are highest under the Transport OP at 87.1 percent, the Social Infrastructure OP at 78.1 percent and the Economic Development OP at 72.7 percent, while the others are somewhat behind: 53.1 percent under the Environment and Energy OP, 51.1 percent under the Electronic Public Administration OP; 44.6 percent under the Social Renewal OP; and 40.6 percent under the State Reform OP. In the case of the regional OPs, commitments are highest under the Közép-Magyarország OP (83.6 percent), followed by the Dél-Dunántúl OP (70.4 percent), the Nyugat-Dunántúl OP and the Közép-Dunántúl OP (all around 68 percent), the Dél-Alföld OP at 65.6 percent and the Észak-Magyarország OP and the Észak-Alföld OP (both around 61 percent). In the last six months, the biggest improvement has been made by the Environment and Energy OP (increase in commitments by 13.7 percent), the Central Hungary OP (11.3 percent increase) and the Economic Development OP (10.9 percent increase).
- **Latvia.** Financial progress overall is deemed to be satisfactory in Latvia. The performance levels for the separate funds aggregate to an average commitment rate of 74.5 percent and payment rate of 31.6 percent. ERDF commitments stand at 69.5 percent and payments at 29.7 percent (figures for 30 April 2011). A similar absorption rate can be observed for the Cohesion Fund, with commitments at 76.3 percent and payments at 30.7 percent. Progress has been most notable for the ESF, where commitments stand at 92 percent and payments at 42.7 percent. At OP level, the ESF Human Resources and Employment OP stands out with expenditure levels of 36.9 percent from all available funds being declared to the European Commission and 49.9 percent (including also the advance payment) having been received by the Member State. Due mainly to the long implementation period of its investment activities, the Infrastructure and Services OP has been the slowest so far in terms of implementation.
- **Poland.** The Śląskie ERDF ROP is considered to be performing efficiently in terms of financial progress, with commitments standing at 64.5 percent, and payments at nearly 25 percent. However, progress under several priorities (Sustainable urban development, Information society, Environment) has been delayed by regulatory issues. With regard to the regional priorities of the (ESF) Human Capital OP, the commitment rate was 54.9 percent (31 March 2011). Cuts in government spending have had a negative impact on the progress of Priority 6 (Labour Market), previously one of the best performing priorities in terms of spending, and there is concern that this could also have a 'knock-on' effect on other priorities. The financial performance of Priority 7 (Social Integration) continues to be good. Progress is described as 'smooth and stable' with an initial gradual increase in spending now reaching a plateau. Under Priority 8 (Human resources for the economy), there are

some delays in the project approval process. Spending under Priority 9 (Education and skills) has been slow but is expected to accelerate in the near future.

- Portugal. Financial progress is generally deemed to be satisfactory, and, overall, the implementation of the NSRF has performed above expectations. This is reflected in the 2010 spending objective of 20 percent being exceeded by 3 percentage points. Over two thirds (67 percent) of funding had been committed by the end of March 2011, while payments amounted to just over a quarter of the total NSRF allocation (27 percent). However, there are marked variations across programmes. In line with previous review periods, the highest spending rates can be seen in the Madeira ESF OP (41 percent), the Azores ERDF OP (39 percent) and the national ESF OP for Human Potential (37 percent). By contrast, spending in the mainland ERDF ROPs is significantly lower: 20 percent in the Centro, Lisboa and Norte regions; and around 15 percent in the Algarve and Alentejo regions. The spending performance of the NOP Competitiveness Factors (ERDF) and the NOP Territorial Development (ERDF and Cohesion Fund) is higher at 25 percent and 22 percent respectively. In terms of the NSRF's three strategic priorities, the so-called human potential 'agenda' (or 'strategic priority') has the highest rate of spending - reflecting the domestic priority given to the (ESF-funded) New Opportunities Initiative and support for the building and modernisation of school infrastructures (ERDF) - followed by the Competitiveness agenda, particularly the business incentives schemes.

There is also significant variation in spending across priorities within OPs. In ERDF programmes, the largest variations can be seen in the NOP Territorial Development, where there is a difference of 63.4 percentage points between Priority 9 (Development of the National Urban System) and Priority 7 (Infrastructures for the Connection of Territories), and in the Azores ROP, where the difference between Priority 3 (Improve regional infrastructure networks linked to accessibility) and Priority 1 (Encourage the creation of wealth and jobs) is of the order of 45 percentage points.

- Slovenia. Financial performance in Slovenia continues to be in line with expectations. Over the last six months, overall absorption figures increased to 57 percent (commitment) and 28 percent (payment) (31 March 2011). The ESF OP performs best in terms of commitments, which stand at 66 percent, while payments are at 29 percent. The highest payment rates are reported from the ERDF OP with 40 percent; similarly, commitments are high at 59 percent. Finally, the OP supporting infrastructure, which is co-financed by both ERDF and Cohesion Fund, reports commitments at 50 percent and payments at 15 percent.
- Spain. Within the País Vasco ERDF OP, the expenditure rate at the level of the *Diputacion foral de Bizkaia* (DFB) remains low. This is mainly because a high share of the funding is concentrated in just one project (the construction of an automotive technology centre) for which expenditure has not yet been certified. There has also been some delay in certifying expenditure for a waste treatment infrastructure project due to environmental planning issues. Despite these initial

certification delays, imminent implementation of all the DFB projects is expected to lead to two-thirds of the allocation being certified in the near future.

- Sweden. Financial progress is deemed to be very good in the Norra Mellansverige OP. ERDF commitments are at 98 percent (figures for 6 April 2011) and payments at 47 percent. Commitments in the OP are the highest of the Swedish ERDF programmes, and they are expected to reach 105 percent by June 2011. Measure 1.1 (Innovative environments) stands at 99 percent commitment, Measure 1.2 (Entrepreneurship) at 95 percent, and Measure 2.1 (Accessibility) at 101 percent. Despite the fact that payments are lagging somewhat behind, the situation is not causing any concern. Indeed, during the past year, payments have progressed very well, particularly under Measure 2.1 which has increased payments from around 16 percent to 39 percent in a year. The other measures are evidencing payment rates above this, at 54 percent for Measure 1.1 and 47 percent for Measure 1.2.
- United Kingdom. Financial implementation in Scotland and Wales is progressing very well. In Scotland, commitment across the four programmes stands at 78 percent, while payments stand at 17 percent (figures for 15 March 2011). In Wales, commitments for the four programmes as a whole stands at 81 percent, with payments at 21 percent (figures for 31 March 2011). In England, programme progress has slowed somewhat during the last six months, as a result of cuts in domestic match-funding resources, public sector cuts and ongoing uncertainty. Commitment stands at 49 percent for the nine English ERDF programmes as a whole (figures for 18 April 2011).

In very general terms, the most satisfactory levels of absorption have been reported under priorities related to business competitiveness, innovation, entrepreneurship, the knowledge economy and business/technology infrastructure (while it should be noted that 'good progress' is subjective and covers a range of commitment rates from 50-97 percent). In contrast, priorities supporting urban development and environmental protection are most frequently mentioned as performing comparatively worse.

2.3 Measuring progress against Lisbon earmarking targets

Previous IQ-Net research has reported that IQ-Net partner programmes were experiencing significant differences between programmes in terms of progress of commitments to earmarked 'Lisbon' categories of expenditure. The overall picture, however, showed that most programmes were more or less in line with their expectations. *"Although twelve out of 18 programmes remain behind their targets, the majority of them are still very close to their goals. Where there are slight differences[they] are not usually an issue of concern and financial implementation is progressing as planned."*⁷

⁷ Mendez C, Kah S and Bachtler J (2010) Taking Stock of Programme Progress: Implementation of the Lisbon Agenda and Lessons for Europe 2020 *IQ-Net Thematic Paper 27(2)*, European Policies Research Centre, Glasgow, p.36. [http://www.eprc.strath.ac.uk/ignet/downloads/IQ-Net_Reports\(Public\)/IQ_Net_Paper_27\(2\).pdf](http://www.eprc.strath.ac.uk/ignet/downloads/IQ-Net_Reports(Public)/IQ_Net_Paper_27(2).pdf)

At that time (December 2010), programmes with earmarked categories performing better than the average included Aquitaine (France), Czech Enterprises and Innovations OP, Lombardia (Italy), Niederösterreich and Steiermark (Austria), País Vasco (Spain), Portuguese OPs, Sachsen-Anhalt (Germany), and the Scottish Lowlands and Uplands OP. Programmes where earmarked categories had been under-performing were Alsace (France), Hungary, Länsi-Suomi (Finland), Nordrhein-Westfalen (Germany), Śląskie (Poland) and Vlaanderen (Belgium).

Six months later, IQ-Net authorities are predominantly reporting more satisfactory progress in terms of the performance of the 'Lisbon' spending categories, and that they are confident of reaching their targets. Implementation is said to have speeded up significantly over the last year: for example, in Poland, the acceleration of the Śląskie ERDF ROP in 2010 has increased the allocation of funds to 'Lisbon'-related projects to 40 percent at the end of 2010, compared to only 4.7 percent at the end of 2009.

There are several qualifications to the reports of good progress, as the performance in meeting Lisbon earmarking targets varies greatly between Fund, types of Operational Programme and areas of intervention. Some categories of intervention are proceeding more slowly than others. In the Czech Republic Integrated OP, for example, projects categorised under 'Lisbon' measures are more innovative and complex, so take longer to implement. The programmes for the overseas regions of France have a much lower rate of progress towards Lisbon targets than the mainland related to difficulties in developing projects that fall under earmarking categories, since they mainly implement large infrastructure projects. Similarly, in Portugal, progress of the Cohesion Fund towards targets is considerably slower, as it funds large non-Lisbon projects under the environment and transport priorities.

In Finland, in contrast, *non*-Lisbon categories of expenditure are the only problematic issue, with infrastructure investments due to be discussed with the Commission during the annual meeting in April 2011. The Commission has set a limit of 2.5 percent for infrastructure investments and a list of infrastructure activities which are eligible in the current programme period. Due to the fact that this list was provided at such a late stage, the limit has been well exceeded at least in the Länsi-Suomi OP, but also in the Itä-Suomi (East Finland) and Pohjois-Suomi OP (North Finland).

While the programmes continue to categorise expenditure for the Annual Reports, there is a degree of scepticism over the usefulness of the exercise. Concerned that the earmarking nomenclature cannot assess the real contribution of programmes to the Lisbon objectives, DATAR in France has commissioned a study on the contribution of OPs to the strategic NSRF priorities based on a more nuanced approach. At the level of each OP, projects were linked to measures and sub-measures and then to the relevant NSRF priority. This allowed commitments to be categorised by NSRF priority, which is more in line with the national and regional context. The study revealed a tendency at the regional level to overestimate expenditure on innovation when linking projects to EU categories (estimates of 45-50 percent of expenditure). The new grid allows a more realistic and accurate picture to be established, and it highlights the importance of sustainable development and ICT in regional OPs.

The concern with the usefulness of the ‘earmarking’ exercise is echoed by several Swedish programmes, where indicators are considered by programme managers to be inappropriate for capturing Lisbon-related objectives, or excessive in number, with data being unreliable as a consequence.

2.4 Avoiding decommitment

As discussed in the most recent IQ-Net Review Paper,⁸ programme managers took a variety of actions during 2010 to ensure that there were no problems with n+2/n+3. These included financial measures such as front-loading the programmes and focusing on faster spending measures, accelerated project implementation, use of financial engineering instruments, legislative changes and regular monitoring and analysis to ensure that the programmes were on track to avoid the risk of decommitment. Most IQ-Net partner programmes found the targets for 2010 (and some already even for 2011) achievable and do not anticipate problems this year.

The reduced emphasis on investment in infrastructure in the highly Lisbon-oriented Competitiveness OPs has assisted them in spending more quickly than in the 2000-06 period, according to several programme managers. The Commission’s easing of the decommitment rule as part of the simplification package has continued to have a positive impact over the last six months, although there is some concern about the potential for a deferred impact on the years beyond 2011, making future years more difficult. Many programmes have also processed and spent on their main financial engineering instruments - this eased concerns with meeting n+2/n+3 for some programmes, but may not be repeatable in future years.

Notwithstanding the positive feedback about the programmes’ ability to avoid decommitment, programme managers emphasised the need for continued surveillance to keep on top of the situation and maintain focus. For this reason, the Ministry for Regional Development, Managing Authority for the Czech Republic Integrated OP, prepared a risk analysis for the government summarising experiences and risks associated with implementation, along with key measures carried out to help.⁹

2.5 Responding to spending challenges and the economic crisis

As Structural Funds programmes passed the mid-point of the programme period, and completed four years of implementation, managing authorities in several countries have undertaken a stock-take of progress through strategic reports, mid-term evaluations or analyses of spending patterns, leading to a reorganisation of programme structures or new approaches to funding in some cases. Elections and changes of government are also factors behind the changes that have been made.

⁸ Vironen H (2010) *op cit*.

⁹ Ministry for Regional Development, Department of Managing Authority of the IOP (2011) *Information on risks identified during the IOP realization*, January 2011, internal document, in Czech (6 p.).

These changes have included (mostly minor) redistribution of resources between programme priorities and measures, programme adjustments to take account of additional funds, small modifications to programme content to adjust to changing circumstances, and restructuring of governance arrangements.

As programme managers assessed how best to commit funding for the remaining years of the period, there have been some reallocation or virement of resources between programme priorities.

- In the ERDF OP of the Belgian region of Vlaanderen, funds have been reallocated from Priority 2 (Entrepreneurship) to Priority 3 (Spatial-economic environment), based on the conclusions of the strategic report. The budget had initially been split evenly between the four OP priorities, but the Managing Authority (the Enterprise Flanders Agency) anticipated that there would not be enough absorption capacity for the funds initially allocated to Priority 2, as considerable domestic funding is already available for this type of support. The large infrastructure projects under Priority 3 require much more funding than smaller training and consultancy projects under Priority 2.
- In Denmark, a survey of expenditure by the regional programme administrations revealed a need for a minor redistribution between the two priorities in the ESF programme, shifting funds away from the priority focusing on training of the existing workforce, towards the priority focusing on extending the workforce by making more people fit for the labour market (awaiting Commission approval).
- In France also, there have been some funding transfers between priorities in the regional ERDF programmes following mid-term evaluations.
- Discussions have been ongoing in Slovenia in connection with amending the ERDF and Infrastructure OPs (Cohesion Fund and ERDF), including a transfer of €58 million from the Infrastructure OP to the Regional Development OP, which is financed purely by ERDF.
- Some virement between priorities is also being planned in the Scottish Highlands and Islands programmes, to reflect demand and to accommodate major energy projects, and in the Austrian *Land* Niederösterreich (envisaged for 2012). In the German *Land* Nordrhein-Westfalen, the Managing Authority is considering shifting funds from the ERDF OP Priority 1 (Strengthening the business base) to Priority 2 (Innovation and the knowledge-based economy) for financial absorption reasons, and in Wales, a number of programme priorities are to be closed where no more spend is expected, and where priorities/themes are close to or at full commitment levels.

In other programmes, managing authorities have made adjustments to funding levels or introduced new instruments. In Poland, the ERDF ROP in Śląskie was adjusted to take account of additional funding from the national performance reserve. A process of technical adjustment also took place, where additional funding was allocated to the ROPs as a result

of an underestimation of economic growth in some EU countries (Poland, Czech Republic, Slovakia) as well as through EU support for flood repairs in certain regions. In the German *Land* Sachsen-Anhalt, as well as various changes introduced below the priority level, with funds being shifted between actions, a Guarantee Fund has been introduced, with €9 million of ESF funding. In the Czech Republic, modifications to the Integrated OP are expected to accommodate additional financial resources from the Commission, along with some funding transfers at sub-priority level, resulting in changes to indicators and financial tables. In Portugal, a key initiative to stimulate spending in municipalities is the ‘Second Memorandum to promote the implementation of municipal investment initiative in the NSRF’. Agreed between the government and the national association of municipalities on 10 February 2011, the memorandum has three main objectives: to ensure appropriate conditions for municipalities to implement projects through the NSRF, including financial conditions and access to available funding; to encourage and facilitate the implementation of projects of municipal initiative throughout the territory, namely through the establishment of a ‘Performance Bonus’ and the elimination of commitments without or with low probability of implementation; and to improve the overall management of OPs, promoting better access for municipalities, particularly by strengthening the implementation safeguards in the management of applications.

Another type of change has seen the introduction of new activities/adjustment to existing activities. Several English programmes have been modified to introduce new activities - broadband-related activity in East of England, and activity related to energy efficiency and renewable energy in housing in Yorkshire and Humberside. In the Scottish Highlands and Islands, there has been some tweaking of ESF Priorities 1 and 2 to broaden the scope of eligible activities e.g. if the main focus of a training event is employed people, it will be acceptable for some unemployed people to attend. As training tends to take place along sectoral lines, and is often delivered by colleges, the enforced split between the employed and unemployed was considered to be somewhat artificial. The Wales ERDF Programmes have been adjusted as the Welsh Assembly Government’s new domestic Economic Renewal Programme impacts on the areas that can be co-funded. In the German *Land* Nordrhein-Westfalen, post-election changes may result in amendments to the ERDF OP to further highlight the goal of environmental sustainability. This would however only apply to a very limited amount of funding, as 70 percent of funds have already been committed and some of the remaining funding has already been earmarked for specific purposes. Similarly, in Wales, post-election changes may result in changes to the ESF Programmes, so that they do not duplicate activity supported by the UK Government’s new domestic Work Programme initiative. In Greece, the process for revision of the NSRF and OPs is expected to begin this year, in parallel with OP evaluation activity, and measures relating to the competitiveness and entrepreneurship axes are likely to be enhanced. Similarly, in Hungary, programme changes may result from the recent completion of the mid-term reviews.

Some restructuring of governance arrangements has been underway in France and the United Kingdom. In France, the development of the Regional Innovation Strategies has meant that some managing authorities have had to change their OPs in order to restructure programme governance arrangements. The implementation chapters of the English ERDF OPs will also have to be amended to reflect post-election changes in ERDF management and

implementation arrangements, stemming from the abolition of the Regional Development Agencies which acted as Intermediate Bodies with delegated managing authority powers, and the transfer of core ERDF Secretariat staff to the central government Managing Authority, the Department of Communities and Local Government (CLG).

Lastly, technical changes involving modifications to grant rates and indicators were required in the Scottish Highlands and Islands ESF programme, where the grant rate has been increased to 60 percent, to help applicants who are not able to put together sufficient match-funding. Under the ERDF OP of the Polish Śląskie region, indicators and targets have been modified as part of the review process, along with some changes to beneficiary target groups under some priorities, and some technical changes.

3. PROGRAMME DELIVERY

3.1 Expediting programme delivery: the factors influencing the rate of programme spend

As noted in the previous section, Commissioner Hahn has urged programme managers to speed up programme absorption while still ensuring high quality projects. As part of the research for this paper, IQ-Net partners were asked to reflect on the programme implementation processes and influences which they consider to have (had) the most potential and actual impact (positive or negative) on the rate of programme absorption - either on the level of commitments or payments being achieved. This builds on previous research in this area, such as recent a report published by the European Parliament which assesses the impact on managing authorities of the simplification measures introduced during this programme period, and a DG Regio report on the administrative costs associated with Structural Fund implementation, including changes to the administrative workload from 2000-06 to 2007-13.¹⁰

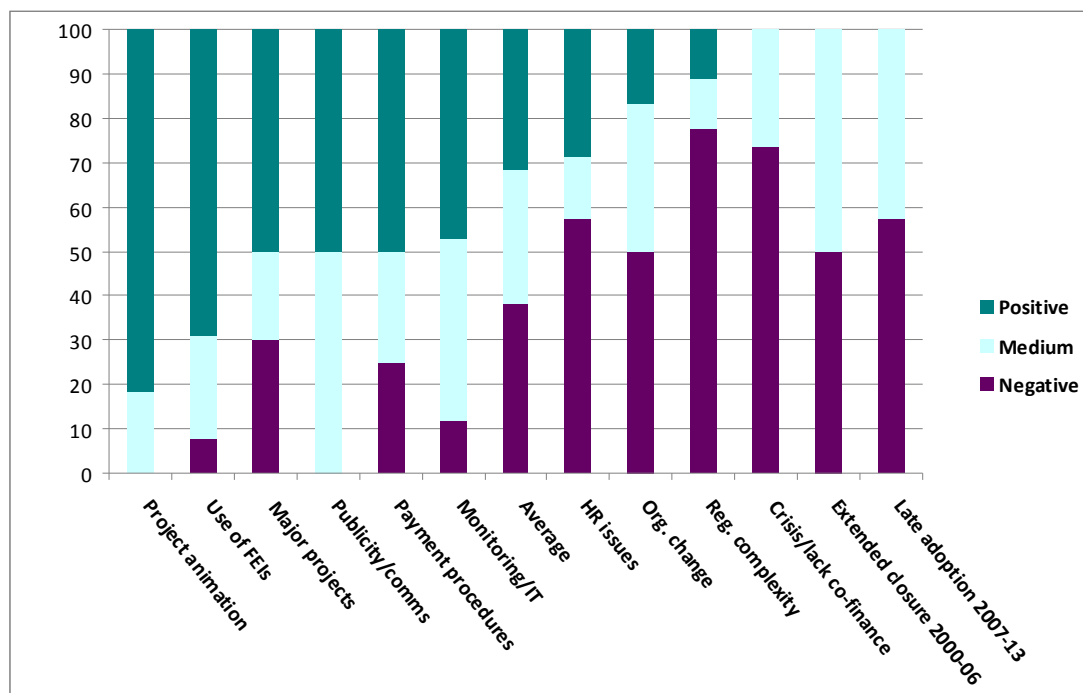
The various factors which were 'scored' in the questionnaires can be seen in Figure 2 below. The initial results are fairly uncontroversial - reading from left to right, the factors which programme managers consider to have the greatest potential impact on programme absorption are targeted project animation activity and the use of financial engineering instruments. Alongside the use of major projects, payment procedures and monitoring procedures/IT systems were also rated as having a positive impact on programme implementation. In terms of negative impacts, regulatory complexity and the impact of the financial crisis/lack of co-finance were identified as having had the most adverse impacts. Human resources issues, often tied up with organisational change, also featured as highly negative. It was interesting to note that the most negative factors lie mostly outside the control of programme managers.

It should be noted that Figure 2 and the following text only provide a broad and very general overview of the issues, and examples used are only illustrative. Scoring in the questionnaire was often accompanied by written comments which added conditions or caveats to the scores awarded, leading to a discrepancy in some cases between how a factor was 'scored' and how it was assessed by programme managers.

¹⁰ Bachtler J and Mendez C (2010) Review and Assessment of Simplification Measures in Cohesion Policy 2007-2013, Directorate-General for Internal Policies, European Parliament, Brussels. <http://www.europarl.europa.eu/activities/committees/studies/download.do?language=en&file=32275>; SWECO (2010) Regional governance in the context of globalisation: reviewing governance mechanisms and administrative costs, Final Report to the European Commission (DG Regio), SWECO International, Stockholm.

http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/2010_governance.pdf

Figure 2: Factors impacting on programme implementation



Source: EPRC research.

3.2 Positive influences on programme spend

According to the IQ-Net programme partners, the most important tools to expedite programme spend are identified as being: targeted project animation activity; use of financial engineering instruments; use of major projects; publicity and communications activity, payment procedures and monitoring and IT procedures.

3.2.1 Targeted project animation activity

For those programmes which use targeted project animation activity, this is considered to play a very important role in increasing programme spend, though this will vary at different stages of programme implementation (Norra Mellansverige OP (Sweden), Czech Republic Integrated OP, Vlaanderen (Belgium)). Some partners have taken a more targeted approach to project animation in recent years, stimulating project applications from particular beneficiaries/sectors (Scotland Highlands and Islands, Nordrhein-Westfalen (Germany)) or types of area (rural areas in France, disadvantaged areas in Hungary). In Vlaanderen, lessons have been learned from previous periods, and various techniques are used to ensuring timely project expenditure, including: restricting the length of projects; phasing larger projects; ensuring that permits and paperwork are in place; and ensuring that applicants produce good quality applications that set out clear spending plans (these tasks are primarily supported/ carried out by the provincial contact points). As the programmes were previously managed at the provincial level this means provincial contact points have extensive ‘in house’ experience and are therefore able to share best practice and identify ‘realistic’ project applications.

3.2.2 Use of financial engineering instruments

Where used, financial engineering instruments (FEIs) can absorb a relatively high proportion of resources, particularly in small programmes (Norra Mellansverige OP (Sweden)). In France, the use of such instruments is seen to definitely help speed up programme progress. However, where managing authorities have no previous experience of FEIs, there is concern that the lengthy learning curve/regulatory barriers could lead to delays in commitments and spending (Greece, Hungary). For some programmes (e.g. smaller programmes, or those located in sparsely populated areas such as the Highlands and Islands of Scotland, there is not the critical mass to use FEIs to any major extent. (Partner experiences with FEIs are discussed further in Section 4.2).

3.2.3 Use of major projects

Where major projects are used, they are found to be generally useful, by their nature absorbing significant amounts in a single project (Latvia). They are especially important in programmes using the Cohesion Fund - for example, the Slovenia ERDF/Cohesion Fund OP has had eight major projects approved so far, with another eight in the application phase. Conversely, slow implementation of major projects which will form an important part of an OP can be a crucial factor in a low rate of programme spend (Attiki OP in Greece), and validation from the Commission can take a long time (France, Hungary). There were mixed views about the Commission allowing projects to be launched and expenditure certified before the negotiation process has been completed - as the negotiations are very long, it can become increasingly problematic to turn a project down.

3.2.4 Monitoring procedures & IT systems

Monitoring procedures and IT systems can expedite spend where they are working well, allowing close monitoring of progress and the timely introduction of corrective measures, such as reallocation of funds to activities that are spending well (Latvia). Systems which are working smoothly can facilitate development activities, although there are disadvantages if the systems are not fully finalised at programme start - leading to questions about whether it is sensible to develop new systems for every programme period (Finland). However, the potential negative impact is also recognised by partners, in that frequent change to monitoring systems could present a barrier to the rate of spend (Czech Republic Integrated OP, Śląskie ESF (Poland), Finland). In addition, weaknesses in the monitoring systems have led to concern under the Śląskie ESF OP that the progress of projects, notably those involving innovation, is not properly registered.

3.2.5 Publicity & communication activity

By attracting potential project applicants, communications activity has a positive role to play in increasing commitments (Latvia, Finland, Vlaanderen (Belgium)), although for some programmes at managing authority level, much communications work is aimed at the general public rather than potential applicants/beneficiaries (Niederösterreich and Steiermark in Austria). In France, DATAR has identified a need to improve the link between communications and programme progress, and they are organising a seminar in Autumn

2011 on improved communications and evaluation results. (Partner experiences with communications activities is discussed further in Section 4.1).

3.2.6 Payment procedures

Where payment procedures are executed in a timely fashion, and where certification is considered to be working well, this is a key factor for expediting programme spend (Latvia, Steiermark (Austria)). In Scotland Highlands and Islands, beneficiaries are submitting timely claims as a result of the economic crisis - as their need for funds is more urgent. However, where there are problems, as in the Austrian *Land* Niederösterreich where the Certifying Authority has blocked some projects so that no payment requests are received, this has a strongly negative effect. A speedy payment process can give a very positive image of the programme and its institutions to beneficiaries (Hungary); conversely, disproportionately long payment procedures can discourage applicants and damage the reputation of the programmes (Czech Republic Integrated OP). The transition period to a new payments system in Greece led to significant delays in payments; similarly in the regional OP of the Polish Śląskie region, a change in paying institution has led to slight delay in payments. Advance payments to beneficiaries have improved the situation in the Slovenia ESF OP. In Finland, the adoption of the flat-rate (and later also lump sum model) is expected to simplify both application and payment procedures. Following audit findings from the previous programme period in Vlaanderen (Belgium), risk at payment stage is mitigated by actively communicating correct procedures to beneficiaries via personal contact between beneficiaries and provincial contact points (see case study in Section 4.1). Conversely, this factor is the most important one for Nordrhein-Westfalen (Germany) in terms of hindering programme spend - as there are so many forms involved and so much work, it can take between 6-12 months for payments to be processed.

3.3 Factors inhibiting programme spend

The factors identified as the biggest threats to timely programme implementation and spend are currently: regulatory complexity; the impact of the economic crisis/lack of co-finance; extended closure of the 2000-06 programmes, late adoption of the 2007-13 programmes and issues related to human resources and organisational change.

3.3.1 Impact of financial crisis/lack of co-finance

The lack of co-finance as a result of decreased public sector budgets had a negative effect on programme implementation (Greece, Niederösterreich (Austria), Scotland Highlands and Islands, Finland, Czech Republic Integrated OP). As a result of the crisis, beneficiaries (SMEs) have been less interested in carrying out training activity and therefore have not sought ESF funding (Śląskie ESF (Poland)). In Slovenia, bankruptcy of participating companies is threatening the future of infrastructure projects which had been procured for under the Cohesion Fund/ERDF OP. In France, regional evaluations found that as ERDF OPs were developed with a longer-term view, businesses in the most affected regions are more likely to receive support from ESF and domestic sources. The main negative impact has been the prolongation or discontinuation of projects, but there have also been positive effects, e.g. a rising awareness of the importance of innovation. Several partners

considered that the worst of the crisis is now over (Latvia, Finland), and in others (Vlaanderen (Belgium)), the economic crisis has had little direct impact. This can partly be explained by the department in which the Managing Authority sits having ring-fenced co-financing funding.

3.3.2 Extended closure of 2000-06 programmes

Partners who took advantage of the opportunity to extend closure of the 2000-06 programmes welcomed the prolonged opportunity to maximise programme spend, although recognising that this also prolonged the workload on the 2000-06 programmes. This had a knock-on effect on co-funding, due to the need to fund 2000-06 projects in 2008 and 2009, and also on the ability of the managing authority to devote their attention to the 2007-13 programmes (Niederösterreich (Austria), Scotland, Greece, Slovenia ESF OP and Cohesion Fund ERDF OP, Vlaanderen (Belgium)).

3.3.3 Late adoption of 2007-13 programmes

Late adoption of the 2007-13 programmes was considered to be an important factor in delaying spend for some programmes (Scotland Highlands and Islands, Slovenia ESF OP) while others were happy that the adoption of programmes in 2007-13 was quite timely compared to 2004-06 (Latvia). The late adoption of the management and control system, rather than the programmes themselves, was considered to be as much or more of a problem by the Austrian *Land* Steiermark, as were delays in issuing national rules (Scotland Highlands and Islands).

3.3.4 Regulatory complexity

Although for some partners the current regulatory burden is perceived to be lighter than in 2004-06 (Latvia), and recent Commission simplification activity has been considered to be very helpful, regulatory complexity (both domestic and EU-level) is still a major issue for many partners (Scotland Highlands and Islands, Śląskie ESF OP (Poland), Nordrhein-Westfalen and Sachsen-Anhalt (Germany)), particularly around state aids and revenue generation issues. The re-drafting of EU-level regulations for each period causes difficulties for programme managers, who must apply two sets of rules and manage two separate data systems during overlap periods. Sachsen-Anhalt suggests that, to minimise this problem, the two core Structural Funds regulations be restructured and divided into political components and administrative components. The political components could be revised from one period to the next, while the administrative components would be retained over time and only revised minimally where there were genuine problems. Similarly, the same article numbers could be retained in relation to blocks of text because more confusion arises as the article numbers are changed from one period to the next. This approach would mean that part of the preparatory work for each new period would be simplified because this core would be well-known and only limited changes would have to be re-learned by staff responsible for implementation.

3.3.5 Organisational change

Where there has been considerable domestic organisational change (Greece, England) this has had or has the potential to have a negative impact on programme implementation. In other cases, the situation has been somewhat ambiguous. In Denmark, the extensive 2007 reform of sub-national government had a double-edged impact on programme implementation. On the one hand, the organisational and political changes involved and the turnover of personnel complicated the early stages of programme implementation. At the same time, political reform closely aligned national and European activities in regional development, both operating through the Regional Growth Fora and their secretariats, and thereby speeding up activities. Similarly, in Finland, creation of the new Ministry of Employment and the Economy in 2008 unified activities (e.g. the Ministry became the Managing Authority for both ERDF and ESF), although at the same time it slowed down programme implementation (due to internal issues within the Ministry and delays with the IT system). In addition, the Finnish regional reform project at the beginning of 2010 slowed down programme implementation somewhat, although the problems have now largely been overcome. Indeed, the reforms have also strengthened regions and their will for cooperation. Some partners are now experiencing a period of (relative) organisational stability (Latvia).

3.3.6 Human resources issues

For all the Slovenian OPs and the French regional Managing Authorities, staff fluctuation is still high. For others, capacity is an ongoing issue (Steiermark (Austria), Norra Mellansverige (Sweden)), with some struggling to cope with a growing workload as programme implementation speeds up and work intensifies (Śląskie ESF (Poland)), particularly with the workload entailed by the system of financial control (Niederösterreich (Austria)). While staff cuts may cause understaffing and result in lack of experience and institutional memory, some positive effects have been identified e.g. in Latvia. The circulation of staff in the Managing Authority has now significantly reduced.

3.4 The need for further change

An issue warranting further discussion is the need for further change to expedite effective programme implementation, not just for the current period but also looking to the post-2013 regulatory and administrative context.

Further simplification and harmonisation of domestic and Commission guidelines would be welcomed by some partners (Slovenia ESF OP, Finland, Czech Republic Integrated OP), as would additional training (Finland). Following an evaluation carried out in 2010, the 67 domestic regulations covering the use of the Funds in Portugal are being simplified and harmonised. A further study is being launched to examine the possibility of reducing potential areas of duplication in the project application process.

The Managing Authority of the Polish Śląskie ROP has a number of additional specific suggestions which they would find helpful to improve programme spending in future, including simplification of their own regulations and procedures; slowing down the high turnover of experienced staff within the Managing Authority; abolition of intermediary

institutions; establishing a minimum value of project size; creating clearer definitions of ROP indicators, and reducing their number to horizontal indicators only; reducing the number of application forms to one copy; and last, obliging local self-government units to use electronic signatures for payment applications.

However, many partners stress that a period of relative stability in terms of Commission regulations would be appreciated, as further simplification can bring additional complexity.

4. SPOTLIGHT ON PROGRAMME IMPLEMENTATION ISSUES

Taking a broader view of how programme implementation is evolving, this section examines in more detail the experiences of managing authorities with four aspects of programme implementation: programme communications and financial engineering instruments (both instruments which were identified as having a strong potential to impact positively on programme absorption rates); audit and evaluation. The following sub-sections report on the experience of partners so far during the 2007-13 period.

4.1 Programme communications and project animation

Targeted programme communications activity can help expedite programme implementation by generating interest and applications, and maintaining ongoing information flows to beneficiaries about programme procedures. Broader communication activity helps disseminate information on programme activity to the wider public.

The Commission is active in supporting programme communication activity, through the publication of guidance and reports (see the study on programme websites and beneficiary lists below, for example), and by promoting networks of communications officers to exchange experience and best practice, both at EU level (by animating the INFORM network¹¹) and by encouraging the creation of national networks.

The EU-level INFORM network builds on the informal Structural Funds Information Team network which operated during the 2000-06 period. Its main objective is to share experience and identify ways of improving the quality of communication activities, raise awareness of the benefits of Community interventions among potential beneficiaries and the general public, and improve the visibility of EU-funded projects. A dedicated INFORM network group has been created on RegioNetwork2020, open only to INFORM network members.

National networks can link into the INFORM network. In Spain, for example, a Publicity and Information Network (GERIP) aims to define and implement a strategy for collective communication and coordination, the exchange of ideas and the creation of a platform for discussion and decision-making and provide a link with the Commission's INFORM network. It is made up of managing authorities for the ERDF, ESF and Cohesion Fund, and communication managers from the regions.

¹¹ http://ec.europa.eu/regional_policy/country/commu/index_en.cfm

DG Regio Study: Programme website and beneficiary lists

The Structural Funds Regulations specify that managing authorities are responsible for the publication, electronically or otherwise, of the lists of beneficiaries, the names of the operations and the amount of public funding allocated. At the end of 2010, DG Regio published a study analysing the quality of programme websites containing these beneficiary lists.¹²

According to the report, both the Commission's Internal Audit Service and the European Parliament's REGI Committee have called on the Commission to ask Member States for improvements in terms of both content and presentation of beneficiary data. Proposals potentially under consideration for the 2013+ period include asking managing authorities to provide additional information (e.g. project location, contact details, project summaries, types of support), and that the Commission provide a format for how information should be presented in future.

The study evaluated how managing authorities currently present the lists of beneficiaries, and analysed comparability of the data and the potential additional burden imposed by requiring the provision of additional information, as well as the feasibility of linking this to monitoring systems.

The report concluded that while almost all managing authorities comply with the requirement to provide data on beneficiaries, there are variations in presentation, and that data is a long way from being comparable or compatible across managing authorities. The report advised that there are no easy low cost solutions to ensure that Member States' beneficiary databases can be fully searchable and compatible, and it is not feasible to require managing authorities to link all of their data requirements to their monitoring systems. While the burden of additional information provision was not considered excessive for managing authorities, data protection was raised as an issue.

The report recommended that the Commission provide a more detailed and prescriptive format for data provision in future, with common field descriptors for each compulsory field, and strict guidelines on the presentation of data. It recommended that managing authorities be required to update data more frequently than the current annual minimum. The report did not recommend that financial corrections be imposed in the case of non-compliance. A central EU database was recommended as the best solution to enable searching across the data set, if data becomes more comparable in future.

At programme level, two main types of communication activity can be identified: broad communication activity carried out by the managing authority's communications team which publicises the programme to the general public and promotes programme successes (4.1.1), and more focused activity which targets particular sectors, types of potential and existing applicant or particular geographic areas. This targeted communications activity is often the responsibility of those working close to projects, e.g. Intermediate Bodies or project development officers (4.1.2).

¹² Technopolis (2010) *Study on the quality of websites containing lists of beneficiaries of EU Structural Funds*, Report to DG Regio.
http://ec.europa.eu/regional_policy/country/commu/pdf/final_report_erdf_en.pdf

4.1.1 Broad communications activity

‘Broad’ programme communications includes the major annual publicity events and other events such as regional tours. Examples of how IQ-Net programmes are using broad communications activity include:

- Daily NSRF radio programmes on a high profile station, showcasing NSRF success stories in Portugal.
- Plans in Steiermark (Austria) to produce a video on funding opportunities, which will be available on the programme website as well as on Youtube, as well as a competition for the design of the Styrian OP (see box below).
- A national initiative in Denmark aimed at raising general awareness about the work of the Structural Funds. This involved a one-month tour through all the Danish regions, revolving around an extensive series of meetings at secondary schools and other educational establishments. The meetings involved local project holders and administrators and achieved a high level of press coverage.
- A discussion forum launched by the Slovenian Managing Authority in early 2011. The “EUskladi” forum¹³ offers a platform for the exchange of information on Structural Funds. After registration, users can discuss Cohesion policy issues, and post questions and comments on rural development and other European programmes.
- National television adverts in Vlaanderen (Belgium) in a bid to increase the programme’s visibility. A major media campaign was organised to coincide with the Week of Europe 2011 (with a budget of c. €170,000), with spots screened just before the evening news. The campaign showed some examples of projects financed by the ERDF OP. The impact of such a one-off media campaign is considered difficult to assess. Although Vlaanderen is relatively small and the general public is able to relate to projects even when they are in other parts of the country, the programme budget is considered to be too small to have a lasting impact on the wider public in terms of programme recognition.
- In Latvia, the Structural Funds website includes a page with a collection of video clips developed to promote the contribution of the Structural Funds in Latvia, including links to documentaries produced by the Ministry of Welfare to inform the general public about best practice in implementation of ESF projects and their contribution to the social sphere.¹⁴
- In France, a national communication strategy and plan have been developed for ERDF, ESF and EAFRD, complementing regional Managing Authorities’ communication activities. Funded by the national Technical Assistance programme, three main initiatives are carried out: large-scale campaigns for the general public

¹³ <http://www.euskladi.si/forum/>

¹⁴ <http://esfondi.lv/page.php?id=1072>

(e.g. press releases, media campaigns); support provided to regional managing authorities on communication issues (e.g. training, networking, exchange of good practices); and information for beneficiaries, journalists and other stakeholders (publicity kit for ERDF and ESF OPs, beneficiary and project map, website based on inputs from the regional managing authorities).

- In Hungary, one of the most successful communication activities was a multimedia campaign to promote EU regional policy funding opportunities and results in 2009 and 2010. The publicity (e.g. billboards, TV and radio broadcasts) about EU funding was carried out at a local level, informing the general public about EU projects in their own area (city, region).

Corporate design of the Styrian OP

When the Steiermark Managing Authority introduced a refreshed corporate design for its RCE OP, they ran a competition in collaboration with the Department of Industrial Design at the FH Joanneum, Graz' University of Applied Sciences. The winning student group developed the new corporate design and its application to information folders, notepads, pens, etc. As an incentive, several prizes could be won by the participating design teams. The competition had a good turnout and it proved to be a relatively cost-efficient way to redesign the public image of Structural Funds support in Steiermark.

Evaluation of broad communications activity has yielded mixed results. In France, an evaluation of the media campaign carried out in 2008 and 2010 showed that only a limited number of people actually remembered having seen or heard it, although they were positive about the overall approach taken. Under the Czech Republic Integrated OP, awareness among the general public remains weak, although targeted communication activities have been assessed as fairly successful, in that targeted groups and beneficiaries are in principle satisfied with the information they have received. For the general public, the most important communication instruments were judged to be internet and TV; for the professional public (potential or actual beneficiaries), direct communications were most important. Evaluation revealed that beneficiaries' preferred communications instrument was consultation. Earlier information on calls was requested, with more seminars and higher involvement of Managing Authority and Intermediate Body employees in consultations. In Hungary, a survey was conducted at the end of 2009 regarding the public opinion of the tendering system. The survey found that around half of the respondents were aware of the NSRF, that their city or region received EU funding and know of concrete EU-funded projects. Ninety percent of the respondents who knew about the EU support thought that the support was beneficial, and believed that these projects help Hungary catch up with other EU countries.

Experience of interacting with the media varies, ranging from positive (in Portugal, the 2009 Annual Implementation Report reported that, based on content analysis of 376 news items specifically linked to the OP in a range of media sources and on a scale of 1 to 5, the OP scored 3.4 points, and 77 percent of all news in 2009 was positive towards the programme) to more difficult. In France, the relationship with local media has not always been easy, and Champagne-Ardenne is one of the few regions to have a partnership with a local TV channel. Efforts to improve communications with the press are quite frequent: the

Slovenian Managing Authority plans in future to target journalists directly and give them basic briefing on Cohesion policy, as there have been occasions where journalists misunderstood facts or misinterpreted data, leading to negative publicity. Similarly, under the ERDF ROP of the Polish Śląskie region, a 2010 evaluation of promotion and information activities recommended creating a newsletter directed at journalists, and in Wales, WEFO's communications team aims to provide useful ready-to-use material for journalists by ensuring that press releases for project announcements include a quote from a Government Minister, as well as a quote from the beneficiary.

4.1.2 Targeted communications activity

Targeted communications activity can involve raising awareness on specific themes (e.g. energy efficiency in households, as in Greece), be aimed at particular beneficiaries such as SMEs (many programmes), or focus on particular parts of the Member State/region (e.g. rural areas, as in some regions in France or disadvantaged regions, as in Hungary).

Examples of targeted/innovative activities carried out by partners include:

- In Austria, both Steiermark and Niederösterreich Managing Authorities target magazines aimed at the business sector, for example, both have used the journal of the Austrian Chamber of Commerce (*Wirtschaftskammer*) to promote funding opportunities, with an article (Steiermark) and a special insert (Niederösterreich). As an example of even more targeted promotion, the Steiermark Managing Authority plans to send postcards to all 55,000 enterprises in Steiermark.
- In North East England, an ERDF Practitioner Network consisting of c. 420 practitioners from a range of partner organisations received information and training on ERDF technical issues from ONE North East, the Intermediate Body. Activities included workshops on state aids, tendering and procurement and ERDF claims. Over 870 practitioners from local authorities, universities, innovation connectors and other organisations attended advisory sessions. There was also a programme of workshops on ERDF publicity requirements, and an ERDF Claims Masterclass to help address issues in relation to the submission of ERDF claims.
- At the beginning of the programming period, the Śląskie (Poland) ESF unit organised a 'road show' where the opportunities offered by the ESF programme were presented to local communities. This was seen as particularly important in more peripheral areas where awareness of the OP and ESF in general was low, but where the type of support ESF provides in terms of education, skills and training can be crucial for the development of local communities. The ERDF ROP Managing Authority has carried out several specific, ad hoc actions, responding to particular needs and issues. For example, in order to increase awareness of the ROP among younger people, an educational project called "Go after the euro" was launched. This included the development of a game, in electronic and board versions, which was used in a series of lessons in senior/high schools.

- In Aquitaine, a communications agency used a combination of a wide and narrow approach, by targeting SMEs by placing adverts in locations they use (train stations, airports), while on the other hand, potential stakeholders of sustainable development measures have been targeted via local initiatives (e.g. magazine adverts).
- In Vlaanderen (Belgium), the Managing Authority has been using targeted, interactive information sessions to increase capacity among beneficiaries (see box below).

Programme communications with a personal touch in Vlaanderen

In Vlaanderen, the Managing Authority has organised several 'Tours of Flanders' where managing authority experts visit each province to give a practical seminar together with the Provincial Contact Points on certain procedural aspects of the ERDF programme, including information on the paper work required for financial management and controls. The main focus of these seminars is to translate EU rules into practical applicable procedures. This also provides an opportunity for networking and mutual learning.

In general, the seminars attract around 30 - 50 people. The first seminar was organised at the start of the programme period, and was considered very successful in terms of raising awareness, with very positive feedback from participants. It was therefore decided to organise seminars focusing on specific issues such as payment procedures, audit responsibilities, communication responsibilities and project closure procedures. The aim is to run these seminars before projects start in order to avoid issues during the project life cycle. The intention is to also hold seminars in the provinces just before the finalisation of projects in order to disseminate information on project closure procedures and stress the continuing responsibilities of beneficiaries. These seminars will involve practical issues such as how beneficiaries should report on indicators and how they can maximise their funding. The next seminar will be held in the run-up to a call for proposals on energy efficiency in social housing.

Overall, approaches promoting personal contact are considered most successful in Vlaanderen, and to add most value, making use of targeted, interactive information sessions, bringing together the right audience.

For partners where much of the OP funding has already been allocated to specified projects (for example, in País Vasco, or the Czech Integrated OP), there is no particular need to target beneficiaries with specific activities during implementation. In these programmes, communications activity focuses on publicising the projects funded and disseminating information on the positive impact of the programme as a whole.

4.2 Financial engineering instruments

The use of financial engineering instruments (FEIs) was rated as one of the most effective methods used by many IQ-Net partners to accelerate programme expenditure. The use of FEIs has risen in prominence in the 2007-13 period and looks to continue to play an important role in programme implementation in future periods.

To qualify as a financial engineering instrument under the Structural Funds Regulations, OP contributions must take the form of repayable investments, namely equity, loans and/or guarantees for such repayable investments, and they must target the final recipients or type of investments specified in Article 44 of the General Regulation,¹⁵ such as enterprises, public private partnerships, urban projects or legal or natural persons implementing actions for energy efficiency and use of renewable energy.¹⁶

According to Article 44, “as part of an operational programme, the Structural Funds may finance expenditure in respect of an operation comprising contributions to support any of the following:

- a) financial engineering instruments for enterprises, primarily small and medium-sized ones, such as venture capital funds, guarantee funds and loan funds;
- b) urban development funds, that is, funds investing in public-private partnerships and other projects included in an integrated plan for sustainable urban development;
- c) funds or other incentive schemes providing loans, guarantees for repayable investments, or equivalent instruments, for energy efficiency and use of renewable energy in buildings, including in existing housing.”

Many programmes are experimenting with the use of FEIs for the first time during this programme period, certainly on a large scale. However, quite a few have used FEIs in one form or another during previous periods, and using ERDF to co-fund FEIs is now an established policy option in the programmes of many IQ-Net partners (Nordrhein-Westfalen and Sachsen-Anhalt (Germany), Slovenia, Śląskie (Poland), Denmark, Spain - although not in País Vasco-, France, Scotland, England and Wales). The introduction of an ERDF co-funded FEI is also planned in Länsi-Suomi (Finland), as are further initiatives in Sachsen-Anhalt and Nordrhein-Westfalen. Sachsen-Anhalt also operates an ESF co-funded financial engineering initiative, the ‘Sachsen-Anhalt guarantee fund’, which has been allocated €9 million from the ESF to provide firms with guarantees against bank loans, to cover the costs of training.

Among the IQ-Net partners, Jeremie is being implemented in Hungary, Latvia, Spain, France (Languedoc-Roussillon and Auvergne) and Wales. Jessica is being implemented in Lowlands and Uplands Scotland, a number of regional ERDF OPs in England, Wales, and in the Śląskie ERDF ROP in Poland. Two partners are actively planning Jessica or Jeremie initiatives (Greece - regional OPs, Czech Republic Integrated OP), and two more are at the stage of considering their use (Hungary, Slovenia). One partner, the Finnish programme of Länsi-Suomi, has decided against implementing Jessica after commissioning a feasibility study with a negative result (see box below).

¹⁵Council Regulation 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

¹⁶ European Commission (2011) Guidance Note on Financial Engineering Instruments under Article 44 of Council Regulation (EC) No 1083/2006. COCOF_10-0014-04-EN, final version 21/02/2011.

Feasibility study - Jessica in Länsi-Suomi (Western Finland)

An assessment of the feasibility of implementing Jessica in the context of the Länsi-Suomi OP was carried out in 2009 by Ernst and Young. The assessment was based on a pilot evaluation study in the city region of Jyväskylä. The study found that while there is a need for new forms of financing for urban development, and several potential projects that could benefit from the instrument, any grant allocations from the Structural Funds for the Jessica Urban Development Fund would be significantly smaller than needed to obtain an efficient fund structure. While the size of the potential projects ranged from €10 - €50 million, the total Structural Fund allocations and public match funding available for urban development in the city region of Jyväskylä would be approximately €2 - €6 million. Additional public funding or private funding was seen to be unlikely.

The study emphasised that it would be beneficial for the city region as well for the OP as a whole if new forms of funding could be mobilised to accelerate the development of premises and other types of infrastructure to support the creation of new businesses. However, the Structural Funds available for Jessica were too small to have a real impact on development in Jyväskylä. The study did not recommend the implementation of Jessica in Jyväskylä during the current programme period, nor did it recommend it for other city regions in the programme area for similar reasons. The study recommends exploring whether Jessica could be utilised in the future programme period, as well as looking into other possibilities of realising urban development, most notably through various forms of public-private partnerships.

As discussed in Section 3 above, many programmes had high hopes that the use of FEIs would facilitate programme expenditure. The fieldwork for this review paper gave partners the opportunity to report back on their experiences with the use of FEIs so far. Many of the FEI initiatives have only been agreed and become operational relatively recently, so much of programme managers' experience has been at the setting-up and negotiation stages. A wide range of benefits to their use were reported by partners, as well as a number of concerns.

Reported benefits of the use of FEIs within Structural Fund programmes included their effectiveness at accelerating programme spend, the access they provide to additional sources of funding, the legacy effect they can create through recycling of funding, and their perceived flexibility:

- Their use can *accelerate programme spend effectively* (Slovenia, Śląskie ROP (Poland)), sometimes requiring approval of only a few large applications (England).
- FEIs provide a valuable *source of public support where there is no tradition* of seed capital/equity based investment (Nordrhein-Westfalen (Germany)), or where there is a lack of credit due to the economic crisis. They provide an additional source of support for innovative business start-ups (Finland) and can be an effective way of mobilising funds on Lisbon priorities (France).
- FEIs provide *access to extra sources of funding*, for example from the EIB/EIF and by mobilising other sources of public sector funds (e.g. the regional councils in France). Their use also levers in private sector investment stretching public sector

resources to the greatest extent (Wales), and facilitates partnerships with public and private stakeholders (Śląskie ROP). They are therefore viewed as providing potentially better value for public funding (Nordrhein-Westfalen and Sachsen-Anhalt (Germany), Wales). Indeed, recipients are reported as being more careful with reimbursable than non-reimbursable grants (Hungary, Sachsen-Anhalt).

- Providing more good value, their use can allow funding to be recycled (Slovenia, Śląskie ROP), *creating an ongoing legacy* of significant funding instruments that can recycle money indefinitely (Sachsen-Anhalt), thus having an effect beyond the lifetime of the OP (Slovenia).
- The *flexibility* of FEIs was praised, in that programmes can use financial leverage at various stages of implementation, and they broaden the scope of financial instruments available to programmes (Śląskie ROP), usefully supplementing other forms of intervention (Denmark). In addition, FEIs can be tailored closely to particular sectors, and various types of beneficiary (Śląskie ROP).
- The use of FEIs was reported to have a number of additional *technical advantages*, including: the extension of ERDF eligibility criteria to cover revenue generating projects (Śląskie ROP); allowing the use of unused assets owned by cities which aren't currently commercially attractive (Śląskie ROP); the fact that match funding is established up front (Wales), and the way that experts in the field are brought in to run them (England). The comment was also made that processes (e.g. controls) are already in place and working when Funds are used mainly to top up existing instruments (France).

In terms of difficulties, a number of issues were highlighted that relate to the take-up of FEIs, the potential clash between private and public sector in terms of objectives and control, how they fit into the portfolio of products already available and the specialist knowledge needed:

- *Timing or context impacting on take-up.* The economic crisis has been affecting demand for some products, meaning that financial absorption can be a challenge, for example, where start-ups are not taking place in the right sectors. If an FEI is launched from scratch, the programme period may be too short to get the instrument operational i.e. where there is a need for a period of market cultivation until firms actually apply. FEIs may be less useful for smaller programmes that lack the critical mass/adequate budget (Finland, France, Niederösterreich and Steiermark (Austria), Scotland Highlands and Islands). Although the use of FEIs can speed up commitment, the contribution is irreversible during the programme period. There must be an equivalent level of payments made by the financial intermediaries by the end of 2015, or there may be decommitment. There may also be a risk of over reliance on FEIs to accelerate programme spending, as their use may not be repeatable in future years (Wales).
- *Culture clash?* There may be a clash between the EIB approach which has been described as 'careful', the private sector's commercial agenda and the ERDF 'belt

and braces' approach to monitoring and control, and also between the wider objectives of the various funding sources. FEIs are not necessarily a good fit for all areas/themes e.g. grants, or a mixed approach, may be more appropriate to 'buy' the promotion of broader objectives, such as mitigating against climate change (see examples of mixed funding approaches in Wales and Hungary in the box below). There may be high failure rates - this might not necessarily be an issue for programmes which expect this as being a characteristic of start-up finance, but could be an issue for auditors (Nordrhein-Westfalen (Germany)).

- *'Fit' with existing offer.* FEI portfolios must be designed and coordinated well to fit with the existing portfolio of financial products, or they could be seen as competing with grant schemes (Hungary), or as less useful than grants. There is also a risk of competing with private sector lenders or other sources of funding perceived to have a lower audit burden.
- *Capacity and knowledge issues.* Where there is a lack of implementation experience (e.g. in the domestic banking system in Greece) or a lack of human resources skilled in the field (France, Nordrhein-Westfalen (Germany), Czech Republic, Greece) programmes may be unprepared for what is involved. The Commission's experience is also relatively limited and they too are 'learning by doing' to a certain extent. The steep learning curve required on introduction was mentioned frequently, due to the complexity and high administration/time requirements (Portugal). Setting up FEIs can be a long, slow process, especially when the EIB is involved. There is confusion and anxiety about many technical issues surrounding FEIs, including state aids, monitoring and financial control e.g. who is the final beneficiary - the fund itself or the firms that it funds? How far will financial control go i.e. to the fund level or the individual firms funded? There are questions about the life of the fund after the end of the period, how to discontinue investments, the use of interest and other yields, the use of contributions in kind, the procurement process and complexities surrounding advertising and retention of evidence.

Partners are concerned that the issues they identify be addressed in the formulation of future Structural Funds regulations concerning FEIs. In France, there has been a strong interest at national level to identify potential difficulties with the implementation of FEIs and to determine their contribution to strategic objectives. A work group has been set up by DATAR and the *Caisse des Dépôts* group, a long-term public investor. The main purpose of the work group is to prepare the negotiations on the future regulatory framework, to identify the needs of the managing authorities and to discuss the challenges and the good use of financial instruments (e.g. advantages compared to grants, support for small businesses, projects without immediate return). To that effect, a survey was carried out among regional Managing Authorities to identify technical and legal difficulties as well as needs for the post-2013 period.

A mixed funding approach to FEIs in Wales and Hungary

The Communities Investment Fund (CIF) run by the WCVA (an umbrella voluntary organisation) in Wales is an investment funding package that can provide flexible loans backed by grant assistance, to social enterprises and community and voluntary organisations seeking to develop their income generating capacity. The CIF was awarded £3 million under the Convergence ERDF programme, with public and private match funding. The Loan Fund has been approved under the remit of Article 44 and been structured in a way that is compliant with it, however, it did not go through the lengthy application process required by Jeremie and Jessica.

The CIF is interesting because it represents a mixed approach, as a small amount of grants is involved in the form of development grants to enable social enterprises/ community organisations to build a business case and have the ability to go on and apply for a loan. WEFO considers that this mixed/ flexible approach could be key in future if FEIs are to be used much more extensively/ broadly. The shift in culture required to move grant-dependent organisations to a position where they have to repay funds is also important, and requires 'patient capital'/ soft loans, rather than FEIs which operate on a commercial basis, such as Jeremie. WEFO views the strength of the CIF in being that it is innovative, while still relatively small and willing to give support.

In Hungary, the New Szechenyi Combined Micro Loan programme combines reimbursable and non-reimbursable EU assistance, plus the applicant's own contribution. First the applicant must apply for the reimbursable loan. The holding fund, working closely with the managing authority, evaluates, selects and approves the application for the reimbursable fund. Without being approved by the holding fund for the reimbursable assistance, the applicant cannot apply for the non-reimbursable ERDF funding. The application for the reimbursable EU assistance therefore acts as a filter, and it is expected that combining reimbursable and non-reimbursable EU assistance will give rise to a significant leverage effect.

4.3 Audit

For the 2007-13 period, the Commission is emphasising audit as a 'learning tool', which can help find ways of doing things better and prevent minor mistakes, rather than mainly being a means of uncovering fraud or major mistakes. If timed appropriately, this could lead into improved programme implementation during the period. Other new requirements introduced for the 2007-13 period included strengthened descriptions of management and control systems (compliance assessment), a significantly strengthened role for domestic Audit Authorities and the preparation of an audit strategy.

The Commission's 'Contracts of Confidence' approach has been continued in 2007-13, whereby DG Regio and/or DG Emploi sign a contract with an individual Member State or regional authority, acting as a guarantee of the quality of domestic authorities' audit work. Once a contract has been signed, the relevant Commission staff no longer undertake audit

visits to the Member State or programme concerned, although they continue to monitor domestic audit reports.¹⁷

Programme managers interviewed in mid-2008 for the IQ-Net Thematic Paper on financial management and control were broadly positive about the Commission's emphasis on enhancing internal, preventative audit processes, and on audit as a learning process.¹⁸ There was some concern expressed about how the domestic audit authority would be more closely linked with the Commission (and other EU institutions), potentially leading to tensions with domestic programme authorities and the audit authority being seen to act on behalf of the Commission. There was also scepticism about the potential of audit to become a genuine learning process, especially when audit visits are carried out at the end of a programme period. A number of potential obstacles were identified that might prevent the effective implementation of the desired internal audit approach, including a need for a cultural change amongst those concerned, away from the perception that the main role of audit is to detect irregularities and fraud. Many perceived the compliance assessment process exercise as challenging and time-consuming, but it was hoped that this significant time investment would ultimately result in a lighter audit burden.

Current feedback from partners reveals mixed views, with the majority of partners reporting that the lighter burden has not (or not yet) materialised. Of those IQ-Net partners who commented on their experience of audit in the current programme period, the majority described their experience so far as more onerous than experienced during the previous programme period.

Echoing the words of one partner who stated that their programme is under 'permanent ongoing audit', audit visits in the Swedish Norra Mellansverige OP are considered to have been particularly burdensome during this programme period. Following the high payment levels in the programme, the Audit Authority (*Ekonomistyrningsverket*, ESV) has done vigorous checking of payment applications. In 2010, the programme was subject to 12 audits, while in 2011 a total of 19 audits are expected to be carried out. To put this figure into a context, the audit visits to the programme represent 35 percent of the total audits carried out in the Swedish Structural Fund programmes. The frequency of the audit visits has put a strain on the small programme by taking a lot of time from the limited number of staff that work in the office.

The higher level of responsibility accorded to domestic audit authorities during this period is perceived to have had benefits and drawbacks, and much of the heavier burden imposed on programme managers has been attributed to activity by the domestic audit authorities (Sachsen-Anhalt and Nordrhein-Westfalen (Germany), UK, Niederösterreich and Steiermark (Austria), Vlaanderen (Belgium), Hungary).

¹⁷ S Davies, F Gross and L Polverari (2008) The Financial Management, Control and Audit of EU Cohesion Policy: Contrasting Views on Challenges, Idiosyncrasies and the Way Ahead, *IQ-Net Thematic Paper 23(2)*, European Policies Research Centre, Glasgow.
[http://www.eprc.strath.ac.uk/ignet/downloads/IQ-Net_Reports\(Public\)/ThematicPaper23\(2\)Final.pdf](http://www.eprc.strath.ac.uk/ignet/downloads/IQ-Net_Reports(Public)/ThematicPaper23(2)Final.pdf)

¹⁸ *Ibid* p57.

The burden of audit at project level is also perceived to be higher during this period, with Article 13 on-the-spot and desk checks, and Article 16 audits. For example, in the German *Land* Sachsen-Anhalt during 2000-06, the Audit Authority's Article 16 audits included a sample of 30-40 projects each year on the basis of a risk analysis (in the ERDF/ESF/EAGGF OP), but in 2007-13 this has tripled to reach 120 project audits each year in the ERDF OP and 120 audits each year in the ESF OP. Programmes have taken different approaches to the scope of checking to be carried out, as well as different approaches to who carries out these checks. Where the domestic audit authority is involved in on-the-spot project checks, the level of checking is considered to be very high, with a lack of apparent coordination - for example, in Vlaanderen (Belgium), where on-the-spot checks are carried out by the domestic audit authority, some projects have been visited in successive years, even when no problems have been identified. This places a considerable burden on projects.

While the higher internal/domestic audit burden was widely remarked upon, partners found it more difficult to comment at this stage on the external audit burden, e.g. from the Commission, as there is an awareness that Commission audits tend to come towards the end of the programme period. Therefore, partners are not sure whether the external audit burden is lighter, or has just not taken place yet. Others report that there have been many more audit visits by EU authorities in 2007-13 than in 2000-06, and that the audit visits have also been longer and more in-depth.

In summary, partner feedback reports that:

- The overall burden relating to financial control and audit procedures is perceived as very heavy, as having increased in this period, and having grown ever more complex, under pressure from the European Parliament and the European Court of Auditors, without resulting in a proportionate increase in the quality of audit.
- The system of checks and balances embodied by the regulatory requirement to have three separate authorities - the managing authority, the certifying authority and the audit authority - and the relationship between them as stipulated in the regulations is too heavy and inflexible, with little opportunity for pragmatism.
- The compliance assessment of the management and control systems at the beginning of the period was so time-consuming, some argue that this should result in fewer Commission audits during 2007-13. The management and control system claims to eliminate doubts and to set out procedures for all eventualities, but this has not been found to be the case. Keeping the management and control system up-to-date requires a lot of resources. The Commission should not check the audits of the audit authority but instead should just check its working methods.
- Beneficiaries cannot cope with the current burden of work associated with audit, and this is potentially damaging their willingness to participate in EU programmes.

On a positive note, several partners considered that their experience with audit so far in 2007-13 was better, or at least equivalent to, previous experience. In all three positive

reports, the partners commented on the high level of confidence in their systems held by the Commission - expressed through a letter of understanding (Slovenia), good working relationship, successive good annual control reports and a Regions of Excellence Award (Wales) and a comparatively very low error rate in the Commission's audit checks (Latvia).

4.4 Evaluation

The most recent IQ-Net Review Paper reported that evaluation work was well under way in the IQ-Net partner programmes, and that the perception of the new ongoing evaluation approach was generally positive.¹⁹ Some programmes prefer to continue to evaluate at set points throughout the programme period, either instead of, or alongside, ongoing evaluations. Many partners are choosing to concentrate on particular themes. A number of problematic issues were identified at that time, particularly regarding evaluation capacities and the quality of data used.

Six months later, partners continue to be very busy with evaluation work, through the ongoing evaluation process or having launched or completed a mid-term review (e.g. Hungary, England ERDF programmes, France). The Annex contains a table of evaluations carried out by partners during 2007-13, broken down into categories (programme and priority-level evaluations, process-oriented evaluations, and themes such as environment and sustainable development, innovation, business, equality etc.) with links to the online document where available. This table will be updated in subsequent Review Papers, to provide a rolling resource for partners on evaluation activity.

In addition to the evaluation work listed in the table, the following activity has been reported by partners:

- DATAR organised a seminar for managing authorities on monitoring and evaluation in November 2010, following up on the development of a monitoring and evaluation action plan. Guidance was provided to the regions to help develop monitoring and evaluation networks. Questions concerned, among other things, the physical localisation of operations at the level of municipalities/ cantons (notably with respect to the newly introduced territorial cohesion objective), the use of monitoring data, and the expected changes for the post-2013 period. In May 2011, a seminar was held to present the preliminary results of a meta-evaluation on evaluation activity to date (see box below).

¹⁹ Vironen *op cit.*

French Meta-Evaluation

A large-scale exercise has been implemented in France, bringing together evaluation evidence from 59 regional evaluations on ERDF OPs and domestic project contracts (CPER) carried out at mid-term. Most of them covered a range of programme aspects, while a number had a more thematic focus (e.g. environment/ energy, research/ innovation/ entrepreneurship/ financial engineering, implementation). Among other things, the meta-evaluation looked at findings regarding the impact of the crisis on programme rationales, coherence between EU and domestic programmes and policies, innovation, the environment, as well as implementation issues (obstacles and success factors). It also highlighted the added value identified in the evaluations and noted the main recommendations made. Lastly, it emphasised a number of good practices used by evaluators, such as a better consideration of the programme environment than in the past (at regional and interregional levels and with respect to EU2020), but also pointed out some limits, e.g. regarding the limited exploitation of indicators and little consideration of territorial aspects or project size.

Source: *PO CPER 2007-2013, Premiers éléments de la synthèse en cours sur les évaluations à mi-parcours*, Séminaire évaluation du 19 mai 2011.

- In Vorarlberg (Austria), a new form of ongoing evaluation is being carried out. The ‘Project-Check’ is split into four thematic areas: economy and labour market; society and social affairs; environment and spatial development; and gender mainstreaming. It is similar to the impact monitoring (*Wirkungsmonitoring*) implemented in Steiermark and Kärnten. This effect monitoring is based on an effect chain starting from inputs and leading to outputs, to results and finally to effects. It looks at the final effects and at the processes that are behind these. The system is intended to allow timely information in order to support programme management.
- In addition to ongoing evaluation activity in Wales, WEFO’s Research, Monitoring and Evaluation team produce monthly Research Briefings (see box below).

WEFO’s Research Briefings

In addition to the regular evaluation work that is carried out by the Research, Monitoring and Evaluation Team in Wales, monthly Research Briefings are produced, which collate information on research relevant to the programmes. It is hoped that these will feed into both current and future programme implementation. The summaries can inform WEFO’s Project Development Officers working in specific Priority areas of lessons learnt from other interventions, thus supporting them in their negotiations with project sponsors. In addition, the summaries can support future programme development as policy colleagues can use the evidence to inform the development of post-2013 programmes. The Research Summaries include publicly available research, such as relevant government reports from departments such as DWP, BIS, and the Department for Communities and Local Government (CLG), as well as evaluation reports from the Scottish Government, statistics produced by the Statistics Directorate in the Welsh Assembly Government, and academic articles in peer-reviewed journals. WEFO quality-checks the reports that are included, to ensure that they are based on robust evidence. The research summaries are circulated to Senior Management, Priority Controllers and Policy colleagues within WEFO, and may be made available on WEFO’s website.

4.5 Other issues

Other issues which are currently important to programme partners include: tackling the continued problem of inexperienced beneficiaries (Śląskie ESF (Poland)); a new forum for strategic thinking in France and launch of new thematic networks in País Vasco (Spain); governance changes for ERDF programmes in England; and launch of preparatory work for programming in the 2013+ period (Wales, Steiermark (Austria)):

- The *lack of capacity or experience among potential beneficiaries* in the region is a continuing issue for the Śląskie ESF programme. To attempt to address this, the ESF unit operates ‘systemic projects’, where the ESF unit plays a leading role in developing applications and provides a substantial share of co-funding, but draws other beneficiaries into the process as much as possible. The idea is to gradually build capacity and experience while at the same time guaranteeing quality projects. However, this has created some problems. On the one hand, it means that the ESF unit plays a dual role of Intermediary Body and substantial beneficiary in the OP. In practice, the unit is split into two sections: one that puts applications together for systemic projects and one that appraises and approves them. This inevitably leads to some tensions. On the other hand, the definition of systemic projects has become increasingly loose. Initially, these projects were supposed to concern activities that involved fundamental changes to legislative, strategic or institutional frameworks. Over time, a wide range of projects have been organised under this heading, including those that are arguably crucial for specific beneficiaries (e.g. universities) but are clearly not part of larger, systemic issues. There is currently debate on the potential use of these systemic projects after 2013, with the European Commission taking an interest. According to the ESF unit, it would be best to return to the narrow definition of systemic projects and organise all others under competitive calls.
- *New forum for strategic thinking* in France. A new European Study and Research Network on Cohesion and Territories (*Coesionet*) has been launched in partnership of DATAR and the Centre for International Studies and Research of SciencesPo Paris (CERI) (<http://www.sciencespo.fr/coesionet/>). The most recent seminar was held in May 2011, including discussions on thematic concentration and the use of indicators in Cohesion policy. In addition, thematic networks have been set up in País Vasco on equal opportunities and R&D&I.
- The abolition of the RDAs in England (which had delegated managing authority responsibility for delivering the English ERDF programmes) represents a *major change in the management of the programmes*. The Managing Authority, the Department for Communities and Local Government (CLG), has proposed that responsibility for day-to-day administration of the programmes be transferred to the department from 1 July 2011. A number of options were considered, including transferring administration to lead local authorities in each region. However, feedback revealed reluctance among the local authorities, not least because of the potential audit risk. Similar issues would have arisen if responsibility had been transferred to the newly created Local Enterprise Partnerships, whose coverage of

the country is partial. In addition, the Commission had indicated concern about regional-level programmes being managed by bodies with boundaries that were not co-terminous with the ERDF programmes. Existing ERDF teams will remain in the regions, possibly co-locating with other government agencies. Capacity will be limited to core secretariat functions, and will not include the full range of support services currently delivered by the RDAs, e.g. project development, development of business cases, project management, procurement, legal support etc. It is therefore suggested that partners must develop their own in-house capacity. For the remainder of the 2007-13 period, Programme Management Committees for the English ERDF programmes are to be renamed Local Management Committees.

- *Early preparations are being made for the post-2013 period* in Wales and Steiermark (Austria). In Wales, a webpage disseminating information on post-2013 programme development has been added to WEFO's website and a dedicated email address has been set up, to encourage partners to suggest ideas on how best to share information, learn lessons and begin developing ideas for future priorities and programmes in partnership. Welsh Assembly Government Ministers have agreed to the setting up of a post-2013 Partnership Forum, with non-political membership primarily drawn from members of the Programme Management Committee. The Forum will act as a sounding board to test and consider emerging ideas and to consult with sectors, partners and other interested parties. The first meeting is planned for June 2011. Consideration is also being given to the creation of a number of workstreams to feed into the Forum's work. Similarly, strategy development for the 2014+ programme period is already underway in Steiermark, with the evaluation team reviewing Commission documentation on the future of Cohesion policy. The final result will be a strategy paper for the preparation of the new programme period.

5. CONCLUSION

Programme implementation is considered by IQ-Net partners to have been progressing well among their programmes over the past six months, although specific absorption challenges remain. Most partners report that they are on course to meet their decommitment targets, and are satisfied with progress against Lisbon targets.

Some programme changes have been made in response to the strategic reports, mid-term evaluations or analyses of spending patterns, as well as elections and changes of government. These changes have included (mostly minor) redistribution of resources between programme priorities and measures, programme adjustments to take account of additional funds, small modifications to programme content to adjust to changing circumstances, and restructuring of governance arrangements.

The increased speed of programme absorption witnessed during the last six months notwithstanding, programme managers are under continued pressure to maintain and increase rates of commitment and spend. When researching this paper, programme managers were asked to 'score' various programme implementation processes to reflect their influence on the rate of programme absorption. Those factors with the most adverse impact were often those outside the programme managers' control, notably regulatory complexity and the impact of the financial crisis/lack of co-finance. The factors identified as having the greatest potential impact on programme absorption are targeted project animation activity and the use of financial engineering instruments.

Programme managers also reflected on their experiences during 2007-13 with several specific aspects of programme delivery: project animation and communications, financial engineering instruments, audit and evaluation, highlighting examples of the activity they are undertaking in each of these fields, and describing their experience so far.

One of the strongest messages to emerge from the discussions with IQ-Net partners was the difficult balance that must be achieved between the desire for further simplification, and the deep need for stability. Many programmes have recently undergone periods of intense change, and would like, above all, a period allowing these changes to be bedded-in. In this regard, programme managers stress that any future changes should be incremental and 'at the margins', rather than radical, particularly given the fact that many programmes are working with fewer human resources and will face continued pressure from operating in a difficult economic environment.

While continuing to manage the day-to-day running of the programmes and monitor levels of commitment and spend closely, attention is now also turning to the period beyond 2013, with partners preparing for the 2014-20 programme period.

ANNEX

Table 1: Topics selected for evaluation in IQ-Net programmes 2007-13*

IQ-Net country / Managing Authority	Topic	Status
<i>Programmes, Priorities and synergies</i>		
Austria		
Steiermark	Mid-term evaluation	Ongoing
Vorarlberg	Mid-term evaluation	Ongoing
Belgium		
Flanders	Mid-term evaluation	Starting May 2011
Czech Republic		
Czech Republic NCA	Ex-post evaluation of the 2004-2006 Programming Period	2011
Czech Republic NCA	Mid-Term Evaluation of the 2007-2013 Programming Period, including: 1) Evaluation of the impacts of interventions on the Environment 2) Evaluation of the impacts of interventions on Equal opportunities	2011
Czech Republic IOP - MC (IB of the IOP)	Evaluation of exploitation of additional financial sources within the 5.1 intervention	2011
Czech Republic IOP	Evaluation of possibilities and feasibility of financial sources transfer within the IOP	2011
Czech Republic IOP	Evaluation of the IOP priority axis 4 (National tourism support) realization progress with respect to the programme objective achievement	2011
Czech Republic IOP - MI (IB of the IOP)	Evaluation of the IOP changes impacts	2011
Czech Republic NCA	Links of Czech National Policy and Relevant Strategic documents of CZ and EU focusing on Cohesion policy	2010
Czech Republic NCA	Proposals for possible revision of the operational programmes. Including: 1) Assessment of absorb capacity of selected OP 2) Proposal for revision of the interventions from EU funds and the formulation of concrete recommendations according to the economic crisis.	April 2010 (Material for government).
Czech Republic NCA	Methodological recommendations for ensuring synergies between interventions	2010
Czech Republic NCA	Synergies between interventions	2009
Czech Republic IOP	Ex-ante evaluation	2007
Czech Republic NCA	Ex-ante evaluation of NSRF 2007-2013	2006
Denmark		
Denmark	Strategic evaluation of the Danish programmes	Completed 2011

France		
France	Appropriateness of OPs in the time of crisis	Planned/Completed
Champagne-Ardenne	Analysis of future development and investment priorities in a macro-regional perspective	From June 2011
Haute-Normandie	Appropriateness of programme objectives and efficiency of evaluation system	From March 2011
Franche-Comté, Picardie	Position of the region with respect to Europe 2020; transition towards Europe 2020 objectives	From 2 nd half 2011
Germany		
Nordrhein-Westfalen	The future of SF in NRW	Completed
Sachsen-Anhalt	Strategic evaluation of ERDF, ESF and EAFRD	Completed
Greece		
Greece	Sectoral OPs	Planned
Hungary		
Hungary SROP	Review of the indicators of the Social Renewal Operational Program	Completed
Hungary SIOP	Review of the indicators of the Social Infrastructure Operation Program	Completed
Latvia		
Latvia	Ex-ante evaluation of NSRF 2007-2013	2007
Latvia	Ex-ante evaluation of OP “Human resources and employment”	2007
Latvia	Ex-ante evaluation of OP “Entrepreneurship and Innovation”	2007
Latvia	Ex-ante evaluation of OP “Infrastructure and services”	2007
Latvia	Midterm evaluation NSRF implementation effectiveness	Scheduled (max until Dec 2011)
Poland		
Śląskie HC OP	The impact of the OP in rural areas of the region	Planned
Śląskie ROP	Clarity and accessibility of the OP	March 2009 - running
Śląskie ROP	Complementarity of ROP activities	Completed 2010
Portugal		
Portugal	Overall Evaluation of the Implementation of the NSRF (2007-08)	2007-08, Completed
Portugal	NSRF Macroeconomic Impact	2007-09, Completed
Portugal	Operationalisation of the Territorial Enhancement OP in the context of the NSRF	2010, Completed
Portugal	Operationalisation of the Human Potential OP in the context of the NSRF	Completed
Portugal	Operationalisation of the Human Potential OP in the context of the NSRF	Completed
Portugal	Operationalisation of the Regional OPs in the context of the NSRF (8 separate evaluations)	Completed
Portugal	Mid-term evaluation of the OPs	Ongoing/planned
Slovenia		
Slovenia	Regional development Priority	Completed

Slovenia	Employment policy	Call for tender
Slovenia	Effective public administration and healthcare and the information age	Planned 2012
Sweden		
Sweden	Programme evaluations for eight regional ERDF programmes	Completed 2010
UK		
North East England	Mid-term evaluation	Completed
Scotland	Socio-economic and policy spot-check report (Lowlands and Uplands Scotland) 2009	2009
Scotland	Socio-economic and policy spot-check report (Highlands and Islands) 2009	2009
Wales	Thematic evaluation: ERDF (R&D, enterprise support, strategic infrastructure, climate change, regeneration)	Planned
Wales	Thematic evaluation: ESF (support for young people, increasing skills, modernising public services)	Planned
Wales	Synthesis Report of the 2000-06 programmes	Completed
<i>Environment and sustainable development</i>		
Czech Republic		
Czech Republic NCA	Analysis of the needs of cities after 2013 in terms of future cohesion policy	2010
Czech Republic NCA	Environment	Planned as a part of Mid-term evaluation 2011, the following turns realized separately as individual evaluations
Finland		
Finland	Environmental effects and sustainable development	Sept 2009 - running
France		
Franche-Comté	Social dimension of sustainable development	From September 2011
Lorraine	Policies to tackle climate change	From November 2010
Martinique	Sustainable development strategy	From 2 nd half 2011
Midi-Pyrénées	Sustainable development implementation strategy	From May 2011
France	Sustainable development	Planned
Germany		
Nordrhein-Westfalen	Impact on climate change	Planned
Slovenia		
Slovenia	Evaluation of the Cohesion Fund/ERDF OP for Environmental and Transport infrastructure	Completed
Slovenia	Linking natural and cultural development potential	Planned 2012
Slovenia	Sustainable development and the NSRF	Planned 2012
Slovenia	Macroeconomic effects of the NSRF	Planned 2013
Spain		
Spain	Environment	2010
Sweden		
Sweden	Environment and sustainable development	Completed (2008-10)

Sweden	Environmentally-driven economic development	Planned
UK		
Scotland	Strategic Environmental Assessment Screening Report (following programme modification) 2009	Completed
<i>Business promotion</i>		
Czech Republic		
Czech Republic NCA	Strategic report of the Czech Republic 2009	Completed 2009
Czech Republic NCA	Analysis of substantive progress of operational programmes during the programming period 2007-2013	September 2010 (Material for government). January 2011
Czech Republic NCA	Quantitative assessment of the estimated impact of the NDP/NSRF using a macroeconomic model for the Czech Republic	2006
Finland		
Finland	Promotion of businesses	Sept 2009 - running
France		
Aquitaine	Cluster support (<i>pôles de compétitivité</i>)	Completed
Bourgogne, Franche-Comté	Financial engineering	From autumn 2011
Haute-Normandie	Strategic policy support in disadvantaged areas	
Germany		
Nordrhein-Westfalen	Micro enterprise loan fund	Completed
Nordrhein-Westfalen	Support for female entrepreneurs	Completed
Nordrhein-Westfalen	Clusters	Running
Sachsen-Anhalt	Investment-oriented business support	Completed
Sachsen-Anhalt	ESF support for start-ups	Completed
Italy		
Italian OP Research & Competitiveness	Growth factors for firms in the Mezzogiorno	Planned / call for tender
Latvia		
Latvia	Ex-post evaluation of 2004 -6 SFs business support results and impacts.	Completed
Poland		
Śląskie ROP	Evaluation of financial support directed to enterprises within the ROP	Planned 2011
Portugal		
Portugal	Enterprise investment incentives	Ongoing
Slovenia		
Slovenia	Evaluation of Priorities 'Encouraging competitive potential of enterprises and research excellence', 'Promotion of entrepreneurship' and 'Educational-research infrastructure' under the ERDF OP for Strengthening Regional Development Potentials	Call for tender
Sweden		
Sweden	Clusters	Completed
Sweden	Incubators	Completed (2008-10)

UK		
Wales	ERDF Business Survey	Planned
<i>Innovation</i>		
Austria		
Niederösterreich	Evaluation of Technopole	Planned
Czech Republic		
Czech Republic NCA	Assessment of Absorption Capacity in the Area of Innovations and Knowledge Economy and Proposals for its Support from 2007-2013	2006
Denmark		
Denmark	Promotion of innovation	Late 2009/early 2010
Finland		
Finland	Innovation, networks and knowledge structure	Sept 2009 - running
Finland	Regional accessibility and improvements in the business environment	Sept 2009 - running
France		
Corse	Innovation capacities	From end 2011
Haute-Normandie, Pays-de-la-Loire, Picardie, Limousin	Regional systems for innovation and research (agencies, strategies)	Running/ on-going/ planned
France	Innovation/competitiveness	Planned
Italy		
Italian OP Research & Competitiveness	PIA innovation scheme	Running
Poland		
Śląskie ROP	The innovativeness of projects realized within ROP	Planned 2011
Śląskie ROP	Ensuring better access to e-services as a result of ROP projects	Planned 2011
Slovenia		
Slovenia	Evaluation of Priorities 'Encouraging competitive potential of enterprises and research excellence', 'Promotion of entrepreneurship' and 'Educational-research infrastructure' under the ERDF OP for Strengthening Regional Development Potentials	Call for tender
Spain		
País Vasco	R&D&I Thematic Evaluation	Planned 2011
<i>Equality, integration and demography</i>		
Czech Republic		
Czech Republic NCA	Equal opportunities	Planned as a part of Mid-term evaluation 2011, the following turns realized separately as individual evaluations
France		
Basse Normandie, PACA	Gender equality	From 1 st half 2011
Germany		
Sachsen-Anhalt	Demographic change impact assessment	Completed

Portugal		
Portugal	Gender mainstreaming	Ongoing
Portugal	Social and professional integration of immigrants	2010/2011
Slovenia		
Slovenia	Equal opportunities and social inclusion	Planned 2011
Slovenia	Social inclusion of the Roma community, http://www.eu-skladi.si/ostalo/vrednotenja/evalvacijsko-porocilo-mk-za-objavo.pdf	Completed end of 2009
Slovenia	Assuring the supply of regional good and services	Planned 2012
Slovenia	Equal opportunities and antidiscrimination as horizontal priorities	Planned 2012
Slovenia	NGOs and Social Partners	Planned
Spain		
Spain	Equal opportunities	2011
Spain	Immigration	2010
Sweden		
Sweden	Horizontal criteria of integration and diversity	Completed 2008
Sweden	Integration	Completed (2008-10)
Sweden	Equality	Completed
UK		
Wales	Equality Impact Assessments for cross-cutting themes	Completed
<i>Knowledge, learning and R&D</i>		
Austria		
Burgenland	Thematic evaluation of R&D	Completed
France		
Basse Normandie	Effectiveness of transmission of research results to businesses (notably SME)	From May 2011
Midi-Pyrénées	Knowledge exchange	From September 2011
France	R&D and education	Planned
Germany		
Sachsen-Anhalt	ESF school-training transition	Completed
Sachsen-Anhalt	ESF professional training	Ongoing
Sachsen-Anhalt	ERDF support for R&D	Ongoing
Latvia		
Latvia	Ex-post evaluation of 2004 -6 SFs investments in education and science - results and impacts.	Completed.
Portugal		
Portugal	Basic and secondary education reforms	2009-2010
Portugal	Qualification and employability	2010/2011
Slovenia		
Slovenia	Training, education systems and lifelong learning	Running
Spain		
Spain	Knowledge society (R&D&I, information society)	2010

Sweden		
Sweden	Learning and the participation of businesses	Completed (2008-10)
UK		
Wales	Evaluation of ESF Priority 2 (Convergence Programme)	Completed
Wales	Evaluation of ESF Priority 1 (young people)	Planned
<i>Other themes</i>		
Austria		
Austria	Fifteen years of territorial cooperation	Completed 2011
Czech Republic		
Czech Republic NCA	Impact of the Cohesion Policy on the Level and Quality of Employment in the Czech Republic ²⁰	2010
Czech Republic NCA	Recommendations to facilitate bank financing of projects funded from EU	2010
Czech Republic NCA	Ongoing evaluation of the realization of the Integrated urban plans development and assessment of the functionality of their implementation system's setting	2010
France		
France	Major projects looking at post-2013	Planned
France	Contribution of ERDF to rural development	Completed
Bourgogne	Public policies in rural areas	From May 2011
Aquitaine, Midi-Pyrénées, PACA	Integrated urban projects	Running/ planned
Basse Normandie, Languedoc-Roussillon, Midi-Pyrénées, Rhône-Alpes	Employment effects	From mid-2011
Poitou-Charentes	ICT	From September 2011
France	ICT	Planned
France	Businesses	Planned
France	Transport	Planned
France	Territorial issues	Planned
France	Agriculture	Planned
France	Employment	Planned
Germany		
Sachsen-Anhalt	Urban dimension	Running
Latvia		
Latvia	An assessment of effectiveness of EU funds financial management and control system	2009
Latvia	Evaluation "Preliminary study on the possibilities of EU funds management system simplification"	2009
Latvia	Ex-post evaluation of 2004 -06 SFs	Completed

²⁰ HOPE-E-S, division EUServis.cz (July 2010): Evaluation and optimization of the project appraisal system set-up of OPs in the period 2007 - 2013. Final report of evaluation conducted for the National Coordination Authority, Ministry for Regional Development. Prague, 44 p. (in Czech, English summary available at <http://www.strukturalni-fondy.cz/Narodni-organ-pro-koordinaci/Dokumenty/Dokumenty-k-evaluaci/FileList/Evaluace-a-optimalizace-nastaveni-systemu-hodnoceni/Executive-summary>)

	investments in employment - results and impacts.	
Poland		
Śląskie ROP	Culture and tourist infrastructure projects and their influence on social-economic development of particular communes in Silesia Region	Completed 2010
Portugal		
Portugal	Urban policy instruments	Ongoing
Slovenia		
Slovenia	Tourism infrastructure	Scheduled for 2009/2010
Slovenia	Crisis-related ESF projects	Scheduled for 2009/2010
Sweden		
Sweden	Links between entrepreneurship and culture	Running - Jul 2010
UK		
Wales	Increasing employment and tackling economic inactivity	Ongoing
Wales	Customer insight survey 2009	Completed
Wales	ESF Leavers Survey 2009	Completed
Wales	ESF Leavers Survey 2010	Planned
<i>Process-oriented evaluations</i>		
Austria		
Austria	Implementation system of Austrian Structural Funds ('Governance check')	Completed
Austria	Evaluation of the IB Kommunalkredit Public Consulting (KPC)	Completed 2011
Czech Republic		
Czech Republic NCA	Mid-term Evaluation of information and communication activities of NSRF	2011
Czech Republic IOP	Evaluation of communication and publicity activities of the IOP (2008 - 2010)	2011 Executive summary in English
Czech Republic IOP	Analysis of the IOP absorption capacity	2010 (elaborated to the end of 2010, 2009, 2008)
Czech Republic NCA	Evaluation and optimisation of the project assessment system set up for the programming period 2007 - 2013	2010
Czech Republic NCA	Evaluation of the implementation capacity of the administrative structure of the NSRF	2010
Czech Republic IOP	Evaluation of Integrated Operational Programme implementation system	2009
Czech Republic IOP - MI (IB of the IOP)	Identification of barriers of financial resources exploitation from the IOP and from the OP HRE	2009
Czech Republic IOP - MI (IB of the IOP)	Analysis of effectiveness of the absorption capacity under Ministry of Interior	2009
Czech Republic IOP - MI (IB of the IOP)	Analysis of the indicator system of the IOP and of the OP HRE at the level of the MI as the IB	2009
Czech Republic IOP - MI (IB of the IOP)	Analysis of communication needs of the MI in the area of structural funds	2009
France		

Champagne-Ardenne	Future governance of programme development and implementation	From June 2011
Languedoc-Roussillon	Implementation conditions	Completed
Picardie	Governance efficiency and effectiveness	n/a
Germany		
Nordrhein-Westfalen	Competitive calls for tender	Completed
Hungary		
Hungary	Review of service level agreements between MA and IBs	Completed
Hungary	Evaluation of efficiency of selection procedures of the New Hungary Development Plan	Completed
Poland		
Śląskie HC OP unit	Capacity of regional institutions to implement the OP	Being finalised
Śląskie HC OP unit	Regional monitoring system	Running
Śląskie HC OP	The impact of complementarity rules on projects	Planned
Śląskie ROP	Indicator system	Completed
Śląskie ROP	Utility of project selection criteria	Completed
Śląskie ROP	Quality of applications	Planned
Śląskie ROP	Non-competitive project selection procedures: Individual projects (Key projects) and Subregional Development Programmes	Completed 2010
Śląskie ROP	Evaluation of promotion and information activities of ROP	Completed 2010
Portugal		
Portugal	Suitability of national regulations to ESF challenges	Ongoing
Portugal	Physical and financial data quality	Planned
Portugal	ERDF /Cohesion Fund information systems	Planned
Portugal	Evaluation of national regulations governing the ERDF and Cohesion Fund	Completed
Portugal	Administrative simplification under the ERDF/CF	Ongoing
Portugal	Evaluation of EFF, EAFRD and ERDF coordination	Ongoing
Slovenia		
Slovenia	Public calls	Planned
Slovenia	Venture capital funds	Planned
Spain		
Spain	Publicity and communication plans	Planned
Sweden		
Sweden	Implementing organisations for the ERDF and ESF programmes	Completed (2008-10)

UK		
Scotland	Community Planning Partnerships	Completed
Scotland	Strategic Delivery Body arrangements	Running
Scotland	Publicity event evaluation 2008	Completed
Scotland	Publicity event evaluation 2009	Completed
Wales	Communication plan	Running
Wales	Evaluation of Spatial European Teams	Completed
Wales	Methods for evaluating Structural Funds programmes	Completed
Wales	Effectiveness of implementation process	Completed

Source: EPRC, based on IQ-Net fieldwork interviews

*This list is not exhaustive.



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

IQ-Net is a network of Convergence and Regional Competitiveness programmes actively exchanging experience on practical programming issues. It involves a programme of research and debate on topical themes relating to Structural Funds programme design, management and delivery, culminating in twice-yearly meetings of members. IQ-Net was established in 1996 and has successfully completed four periods of operation: 1996-99, 1999-2002, 2002-07 and 2007-10. The fifth phase was launched on 1 January 2011 (Phase V, 20011-13).

IQ-Net Meetings

29 partners' meetings and a special 10th anniversary conference have been held in thirteen European countries during 15 years of operation of the network. Meetings are held at approximately six-month intervals and are open to IQ-Net partners and to observers interested in joining the network. The meetings are designed to facilitate direct exchange of experience on selected issues, through the presentation of briefing papers, plenary discussions, workshop sessions and study visits in the hosting regions.



IQ-Net Website

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



Partner Intranet Pages available exclusively to IQ-Net members.

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

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

IQ-Net Reports

The IQ-Net Reports form the basis for the discussions at each IQ-Net meeting. They present applied and practical information in a style accessible to policy-makers, programme executives and administrators. The reports can be downloaded, at no charge, from the IQ-Net website. To date, around 27 thematic papers have been produced on both 'functional issues' (e.g. management arrangements, partnership, information and communication,

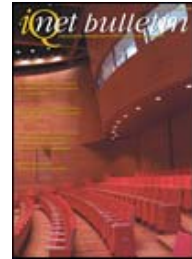
monitoring systems) and ‘thematic issues’ (e.g. innovation, enterprise development, tourism). A similar number of papers have also been produced to review developments in the implementation of the Network’s partner programmes.

IQ-Net Thematic Papers

- Taking stock of programme progress: implementation of the Lisbon Agenda and lessons for Europe 2020
- The Reform of Cohesion Policy after 2013: More Concentration, Greater Performance and Better Governance?
- New Partnership Dynamics in a Changing Cohesion Policy Context
- Pandora’s Box and the Delphic Oracle: EU Cohesion Policy and State Aid Compliance
- The Financial Management, Control and Audit of EU Cohesion Policy: Contrasting Views on Challenges, Idiosyncrasies and the Way Ahead
- 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, 2007-13
- National Strategic Reference Frameworks and OPs, 2007-13
- 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.



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) or Dr Laura Polverari (laura.polverari@strath.ac.uk).