

# Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 31/10/2011 - Follow-up document

The Commission presents its 22nd annual report on the implementation of the Structural Funds (2010) in accordance with Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds. It covers the activities linked to Structural Funds Budget. 2010 was the eleventh year in which Structural Funds programmes and projects for the 2000-2006 programming period were implemented. Altogether 7181 operational programmes were managed in 2010.

In 2010, the closure process began for the majority of the 2000-2006 operational programmes.

The recovery package proposed by the Commission in response to the financial crisis allowed for an extension of six (or twelve) months to be granted on a programme-by-programme basis for those Member States, which opted for it. This flexibility allowed Member States and regions to maximise the absorption of the allocated funds by addressing unexpected programme implementation challenges and, consequently, achieve the objectives of the programmes.

In addition to the implementation of 2000-2006 Structural Funds programmes and projects and preparation for their closure, the Commission was also heavily involved in the implementation of 434 programmes (317 European Regional Development Fund (ERDF), 117 European Social Fund (ESF)) of the 2007-2013 period in 2010.

In order to be able to demonstrate the added value of European cohesion policy, the Commission carried out several ex post evaluations, which are described in the report.

The report looks at budget and programme implementation, and describes control and monitoring activity.

## **Budget Implementation**

**ERDF:** in spite of the financial downturn, 2010 was an excellent year in terms of budgetary execution. The overall absorption rate reached 100.0% or EUR 1,693 million reimbursed to operational programmes.

For the entire 2000-2006 period, EUR 123,339 million have been paid to Member States as of 31 December 2010. This represents an average absorption rate for all Member States of 95.2% of the EUR 129,600 million overall allocation. Most of the remaining payments concern payments of the final balances for the closure of programmes.

At the end of 2010, commitments from previous years on which payments were still to be made (RAL) amounted to EUR 6,719 million for ERDF compared with EUR 8,400 million at end of 2009. This represents 5.2% of the total amount committed for ERDF. A further decrease of the RAL is foreseen with the payment of final balances upon closure of the programmes.

In 2010, as in the previous year, the 'n+2' rule did not apply. As a general rule, the last commitment tranche (i.e. 2006) will be used to execute final payments once the closure of the programme is agreed between the Member State and the Commission. Accordingly, the amount to be de-committed will only be calculated at the closure stage of the operational programmes.

**ESF:** for the 2000-2006 programming period, the payment credits consumption during 2010 reached EUR 319 million. This corresponds to 26.42 % of the annual payment credits allocation. This is due to the fact most of the programmes have reached the 95% threshold and the remaining balance will only be paid in the context of closure of the programmes which is currently on-going.

The total outstanding commitments (RAL) at the end of 2010 stood at EUR 3,004 million (compared to EUR 4,700 million in 2009). This represents 4.38% of total commitments for the period 2000-2006. The RAL has been consumed by interim payments, a few final payments and an automatic de-commitment of the unused RAL has been processed for an amount of EUR 1,460 million under the closure exercise.

In 2010, as in the previous year, the 'n+2' rule did not apply and the RAL has been decreased by de-commitments for the programming period 2000-2006 at the closure of the operational programmes. For the whole period, at the end of 2010 EUR 64,118 million have been paid to Member States. This represents an absorption rate for all Member States of 93.47% of the EUR 68,600 million overall allocations.

**EAGGF:** the total amount paid in 2010 was EUR 168.3 million or 30.7% of the budget available at the end of the year (an amount of EUR 13.9 million was transferred during the year to other budget lines outside the EAGGF). The execution rate as regards the initial budget for payment appropriations would be 29.9%. In absolute terms, the amount paid in 2010 is far below the amount paid in 2009 (by EUR 300 million). The report sets out the main reasons for this, noting, inter alia, that the low EAGGF-Guidance expenditure in 2010 was very largely compensated by EUR 11.12 billion of EAFRD expenditure under the rural development programming 2007-2013 (which is EUR 2.91 billion more than in the year 2009).

**FIFG:** the overall absorption rate for payments was 100%, with EUR 10 million being disbursed to Member States. Concerning the execution level of payment appropriations, EUR 10 million was paid under Objective 1. No payment was made outside Objective 1. The total RAL for the FIFG at the end of 2010 reached EUR 296.44 million (compared with EUR 306.41 million in 2009). This represents 7.5% of total commitments for the period 2000-2006.

For the whole period, as at the end of 2010, EUR 3,639 million have been paid to Member States. This represents an absorption rate for all Member States of 92.5% of the EUR 3,935 million overall allocations.

## **Programme Implementation**

**Objective 1:** programmes focused on basic infrastructure projects (40.2%), with almost half of all investment in this category spent on transport infrastructure (49.9%). More than a third (34.9%) of Objective 1 resources was invested in the productive environment where the focus continues to be on assisting SME and the craft sector (26.6%) where as human resources supported projects account for 22.5% of resources.

**Objective 2:** the main focus of programmes in Objective 2 regions continues to be on the productive investments, with over half of all financial resources devoted to this category (55.4%) mostly targeting the SME and craft sector. The second most supported field is basic infrastructure, with 29.2% of all Objective 2 resources. In the category of human resources to which 10.5% of resources were devoted, workforce flexibility and entrepreneurial activity, innovation, information and communication technologies are the main fields of investment.

**Objective 3:** ESF programme implementation in 2010 continued to be focused on the European Employment Strategy, particularly on the measures aimed at improving employability in the labour market (30.9% of certified expenditure), lifelong learning (activities developing educational and

vocational training represented 31.2 % of certified expenditure), social inclusion (13.3 % of certified expenditure), equal opportunities (5.2 % of certified expenditure) and entrepreneurial activities, workforce flexibility, innovation, information and communication technologies (19.05%).

***Fisheries outside Objective 1:*** expenditure of the FIG programmes outside Objective 1 focussed on processing, marketing and promoting of fisheries products (26.7%). The second most important measure was adjustment of the fishing effort (17.8%), followed by the renewal and modernisation of the fishing fleet (17.5%), fishing port facilities (16.9%) and actions by professionals (vocational training, small coastal fishing) (12.8%).