

Cohesion Fund

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This annual report (2011) from the Commission on the Cohesion Fund covers Cohesion Fund operations in the 15 beneficiary Member States, 13 of which were Member States at the end of 2006 (i.e. Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia, Slovenia and Spain), as well as ex-ISPA projects adopted in the 2000-2006 period in Bulgaria and Romania, which joined the European Union on 1 January 2007. It must be recalled that Ireland's economic growth has made it ineligible since 1 January 2004; nevertheless, ongoing Cohesion Fund projects still await closure.

It should be recalled that the Member States eligible for the Cohesion Fund support can be divided into three groups:

- a group of four Member States eligible from the beginning of the 2000-2006 programming period (**EU-4: Greece, Ireland, Portugal and Spain**),
- a second group of ten Member States that joined the European Union in May 2004 (**EU-10: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia**), and
- the two Member States (**EU-2: Romania and Bulgaria**) that joined the European Union in January 2007.

Projects: altogether, the Commission adopted **1 192 Cohesion Fund projects** in the 2000-2006 period in the 16 eligible Member States. This figure includes 52 projects which were approved or submitted in the 1994-1999 period but continued to be implemented in the 2000-2006 period. Out of 1 192 projects adopted by the Commission, 808 concern the environment, 271 transport and 109 technical assistance; 4 projects are mixed.

Payments made in 2011: the 2011 initial budget for payments for the 2000-2006 Cohesion Fund projects amounted to EUR 1 377 million (EUR 2 500 million in 2010). The transfer of appropriations resulted in a **final budget of EUR 945 million**, which was entirely paid by the end of 2011. This is a lower execution level than in 2010 (EUR 2 321 million) or in 2009 (EUR 2 777 million), illustrating the fact that the Cohesion Fund project-implementation cycle is reaching its final stage.

As far as the ex-ISPA budget lines are concerned, the budget initially foreseen for 2011 amounted to EUR 358 million. Following budget transfers, the appropriations were reduced by EUR 164 million. An amount of **EUR 188 million** was paid by the end of 2011.

The main beneficiary countries are **Spain** in the EU-4 group, **Poland** in the EU-10 group and **Romania** in the EU-2 group.

Outstanding commitments from the 2000-2006 period: at the end of 2011, the **average absorption rate** (payments vs commitments) of all current beneficiary countries for both the Cohesion Fund and ex-ISPA projects was **86.8%**. The absorption rates range from 76.4 % (Hungary) and 80.0 % (Malta) to 94.5 % (Ireland) and 100 % (Cyprus).

At the end of 2011, the outstanding commitments ('reste à liquider' or 'RAL') corresponding to the 2000-2006 period amounted to EUR 4.76 billion. During 2011, the RAL was reduced by EUR 1.3 billion.

Closure of Cohesion Fund projects: of the 1192 projects co-financed in the 2000-2006 programming period, **690 were still ongoing** in the Member States at the end of 2011. Accordingly, 502 projects had been closed, including 105 projects closed in 2011 (compared to 102 projects closed in 2010). The majority of closures concerned the following Member States: Spain (44 projects closed), Greece (13), Portugal (10) and Poland (9).

Project implementation peaked in 2010 and attention is now shifting towards the completion and submission of the closure documents. The Commission adopted concrete steps to **boost the closure process**. A Cohesion Fund closure task force was set up within DG Regional Policy in February 2011 to monitor, guide and facilitate the closure.

Audits and financial corrections: the Commission has ensured regular audit coverage of the Cohesion Fund projects in most of the Member States concerned. Cumulatively, the Commission has carried out **162 system audits and 20 closure audits** on the 2000-2006 period for Cohesion Fund projects.

In its Annual Activity Report for 2011, the Directorate-General for Regional Policy assessed the functioning of the management and control systems (2000-2006), based on the reported audit opinions expressed by the Member States' audit authorities and the Commission's own audit results.

A positive assessment was made for 15 Member States (one partly). An unqualified opinion was given for the Cohesion Fund systems in five Member States (Cyprus, Estonia, Malta, Portugal and Slovenia). **For 10 Member States, the opinion was qualified** with a moderate impact (Bulgaria, Czech Republic, Greece, Hungary/environment sector and technical assistance projects, Ireland, Latvia, Lithuania, Poland, Romania, and Slovakia).

Irregularities: 64 notifications of irregularities involving a total amount of **EUR 42 168 842** in respect of projects co-financed by the EU related to the above mentioned period have been reported to the Commission. Some EUR 20315 177 still remains to be recovered. Most of the cases were reported by Portugal, Greece and Lithuania (19, 14 and 8 respectively). However, Poland and Greece reported the highest amounts (EUR 16 million and 11 million respectively), i.e. approximately 64 % of the total.

Evaluation: the Commission and the Member States carry out appraisal and evaluation of all co-financed Cohesion Fund projects. In 2011, the Commission continued to carry out the *ex-post* evaluation of the Cohesion Fund, including ex-ISPA, for the 2000-2006 programming period. A set of 5 interlinked 'work packages' was prepared to:

- assess the contribution of the Cohesion Fund and ISPA to the development of the EU **transport** system and to achieving the EU *acquis* in the **environment** field, while also assessing the effect of ISPA as a preparation for Structural Fund and Cohesion Fund programmes;
- carry out *ex post* **cost-benefit analyses** for a sample of transport and environment projects, identifying lessons for future programming periods.

To date, the details of 238 major projects have been published in a specific searchable database on the INFOREGIO website.