European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

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In accordance with Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, this Commission report **closes the verification of additionality** for the convergence objective for the 2007-2013 programming period, after the ex-ante and mid-term verifications carried out in 2007 and 2011-2012 respectively.

As a reminder, additionality is a principle of the European Union's cohesion policy which aims to ensure that the Structural Funds **complement**, **but not replace**, equivalent public expenditure of a Member State.

This report summarises the results of the ex-post verification carried out in 2016 for the whole programming period 2007-2013 which was characterised by a deterioration in the economic context and social conditions, making it particularly difficult to respect additionality.

Respecting additionality: the report noted that **all Member States except Greece** complied with their additionality baselines for 2007-2013, either those originally set at the ex-ante verification in the respective National Strategic Reference Frameworks (NSRF) or those revised at the mid-term verification.

Six Member States are below the baseline set at the ex-ante verification but above the final baseline (Czech Republic, Germany, Italy, Lithuania, Hungary and Portugal), as a result of the downward revision decided at the mid-term verification in 2010.

Structural spending in convergence regions (2007-2013): the report showed that the average annual structural spending (**EUR 94.4 billion**) was on average about 1% lower than the initial estimate (EUR 95.6 billion), but some 16% higher than the aggregate sum of the baselines as revised at the mid-term verification (EUR 81.4 billion).

The Commission explained that this positive difference is mostly due to structural spending by Member States, whose baseline was not revised at the mid-term verification, suggesting that the reduction of the baselines in ten Member States was both balanced and realistic.

The case of Greece: according to the report, non-compliance with additionality in Greece is due to the strong and unexpected deterioration of the economic context, with real GDP falling by more than 25% between 2007 and 2013, and not to deliberate economic policy decisions of the Greek governments. Greece has been under external financial assistance since 2010 and subject to three successive economic adjustment programmes. The quarterly reviews of the economic adjustment programmes have been considered positive by the Commission. In these circumstances, imposing a financial correction is not appropriate as provided for in the legal framework for non-compliance with additionality.

Revised methodology for the period 2014-2020: the ex-post verification process of additionality for the period 2007-2013 was confronted with **deficiencies** which led to a substantial reform of the methodology for the period 2014-2020.

Several shortcomings have been identified:

- the **volume of the information** to be submitted is a significant burden for Member States and presents verification difficulties for the Commission;
- another problem encountered in some Member States (e.g. Poland) was the changes by the Member State in the methodology used to identify the expenditure relevant for additionality. The improvements introduced in the systems to better capture the relevant spending do not enable the full comparability of the relevant spending across various programming periods;
- the **differences in methodologies for calculating structural expenditure** across Member States make their comparability difficult and may introduce some significant bias in the assessment by the Commission.

Additionality, albeit revised, remains a **key element of the architecture of cohesion policy for the 2014-2020** period to encourage growth-enhancing investment.