



Press Release

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Further changes needed to make Cohesion spending more results-oriented, say EU Auditors

Changes intended to improve the way Cohesion spending is managed are innovative but not yet effective, according to a new report from the European Court of Auditors. The ways in which minimum requirements are laid down and performance reviews are conducted need to be reinforced, say the auditors.

Cohesion spending has a significant impact on the economies of many EU Member States. Spending from the European Regional Development Fund, the Cohesion Fund and the European Social Fund between them will amount to almost €350 billion in the period between 2014 and 2020. In nine Member States, regional development and Cohesion spending accounts for more than 30% of all government capital expenditure, and in four countries - Hungary, Lithuania, Slovakia and Latvia - it represents over half of all public investment.

The auditors examined two new requirements introduced for the period 2014-2020 to make Cohesion spending more results-oriented: pre-conditions and the performance reserve. Pre-conditions (known as “ex ante conditionalities”) set requirements that must be met before a programme is launched; the performance reserve requires most programmes to make 6% of funding for Member States subject to a performance review by 2019.

*“Making the best use of Cohesion funds is very important for many EU Member States,” said **Ladislav Balko, the Member of the European Court of Auditors responsible for the report.** “But to have their desired impact these new requirements will need changes as well as commitment and ownership by the Member States”.*

Overall, the auditors found that pre-conditions provided a consistent framework for assessing Member States’ readiness to use EU funds at the start of the programme period. However, it was unclear how much this led to changes on the ground. In addition the Commission had not used the opportunity to suspend payments where pre-conditions were not met.

The auditors also consider that the performance reserve is unlikely to bring about a significant reallocation of spending to better performing programmes. The reserve’s design provides little

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu.

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incentive for a greater focus on results since it is mostly based on spending and outputs. Furthermore, additional funding is allocated even if milestones are not met in full. The auditors regard the new suspensions and financial corrections for underperformance as a step in the right direction, but they are subject to restrictive conditions and so unlikely to be applied in practice.

The auditors say they do not believe that changes during the current 2014-2020 period will be cost-efficient. However, they encourage the Member States and the Commission to make use of the two requirements to avoid money being wasted.

The auditors make a number of recommendations for more effective spending of Cohesion funds. As part of its preparations for the period after 2020, the Commission should:

- re-assess the pre-conditions applicable in 2014-2020, ensure consistency with the European Semester, set clear assessment criteria with measurable targets and require pre-conditions to be met throughout the programming period;
- make the performance reserve more results-oriented so that it allocates funds to programmes that achieve good results, and further develop it to reward good performance;
- use tools which better demonstrate the actual performance of long-term infrastructure programmes;
- review the conditions for payment suspensions and financial corrections so that underperformance can be more easily addressed at an earlier stage.

Special Report No 15/2017: “Ex ante conditionalities and performance reserve in Cohesion: innovative but not yet effective instruments” is available on the ECA website (eca.europa.eu) in 23 EU languages.