

EUROPEAN COMMISSION  
DIRECTORATE-GENERAL BUDGET

# **Analysis of the budgetary implementation of the Structural and Cohesion Funds in 2008**

**May 2009**

Expenditure

**Cohesion for Growth and Employment**

NOTE: THE INFORMATION CONTAINED IN THIS COMMISSION STAFF WORKING PAPER (DG BUDGET) IS WITHOUT PREJUDICE TO THE CONTENT OF THE OFFICIAL COMMISSION REPORTS ON THE CLOSURE OF THE ACCOUNTS AND ON THE STRUCTURAL AND COHESION FUNDS. READERS SHOULD REFER IN PARTICULAR TO THE REVENUE AND EXPENDITURE ACCOUNT FOR THE OFFICIAL FIGURES ON THE 2008 BUDGET OUTTURN.

## LIST OF ABBREVIATIONS

<b>AB</b>	Amending Budget
<b>CA</b>	Commitment appropriations
<b>CI</b>	Community initiative
<b>CF</b>	Cohesion Fund
<b>EAGGF-G</b>	European Agricultural Guidance and Guarantee Fund, Guidance section
<b>ENPI</b>	European Neighbourhood and Partnership Instrument
<b>EU-15</b>	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, United Kingdom
<b>EU-10</b>	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia,
<b>EU-2</b>	Bulgaria and Romania
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>FIFG</b>	Financial Instrument for Fisheries Guidance
<b>IIA</b>	Inter Institutional Agreement
<b>IM &amp; TA</b>	Innovation measures and technical assistance
<b>IPA</b>	Instrument for Pre-Accession
<b>MCS</b>	Management and Control System
<b>MS</b>	Member State
<b>NSRF</b>	National Strategic Reference Framework
<b>OP</b>	Operational programme
<b>PA</b>	Payment appropriations
<b>RAL</b>	"Reste à Liquider" – Outstanding Commitments

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## GENERAL SYNTHESIS

### *Overall implementation*

- The year 2008 was marked by high commitments (€47.2 billion) but relatively low payments (€35.4 billion, €3 billion less than 2007).
- High payments for the previous programming period (€23.8 billion) could not entirely compensate the very low level of payments (€11.5 billion) for the 2007-2013 programming period.
- Due to this evolution of commitments and payments the overall level of outstanding commitments has reached €5.3 billion. This still corresponds to a level of two years of commitments which is a normal pattern for the Structural Funds.

### *Implementation of the 2007-2013 programming period*

- Almost all available commitment appropriations were executed in line with the Financial Framework for 2007-2013.
- The execution of payment appropriations, however, was almost exclusively limited to advance payments (98.8% of the total). In addition to other operational delays, including slow presentation of major projects, the new regulatory requirement of approval of Management and Control Systems has contributed to this lack of interim payments in 2008.
- As a result, the overall cumulative payments for the 2007-2013 envelope have not gone beyond 5.3% and the outstanding commitments for the new period have reached €73.8 billion.
- In their payment forecasts most Member States did not foresee the absence of 2007-2013 interim payments, which resulted in a total overestimation of 27%.

### *Implementation of the 2000-2006 programming period*

- The high execution of payments for the 2000-2006 period required a reinforcement of payment appropriations of almost 46%.
- As a result, by the end of 2008 the overall cumulative payments for EU-15 have reached 90.6% of their 2000-2006 envelope while the EU-10 rate stands at 93.1% of their 2004-2006 allocation.
- Total n+2 decommitments in 2008, at €267 million or 0.72% of the corresponding commitment instalment of 2005, were close to the level of 2007. Thus, decommitments remain quite small in comparison with the average annual commitment instalment (around €37 billion).
- Due to the high execution of payments, the outstanding commitments for the 2000-2006 period have decreased by more than 50% from €45.3 billion to €21.2 billion.
- Regarding the Member State payment forecasts for the 2000-2006 period, the relatively low total error of 16% is largely due to significant underestimation by some countries partly counterbalancing the high overestimation of payments by others.

## Clearance of pre-2000 outstanding commitments

- The RAL of the pre-2000 programming periods has been further reduced from €620.5 million to €347.6 million mainly due to decommitments at closure.

# 1 BUDGET IMPLEMENTATION IN 2008

## 1.1 IMPLEMENTATION OF COMMITMENTS AND PAYMENTS IN 2008

As mentioned in last year's report, the implementation report deals with all the funds of the 2007-2013 programming period assigned to Heading 1b "Cohesion policy" of the financial framework: ERDF and ESF and the Cohesion Fund. It will also continue to cover the EAGGF-G and the FIFG until the closure of the respective programmes, as they are Structural Funds of the period 2000-2006.

However, the report does not cover the European Agriculture Fund for Rural Development and the European Fisheries Fund of Heading 2 "Natural Resources" of the financial framework 2007-2013, which are no longer Structural Funds. As the Cohesion Fund was not subject to the Structural Funds regulatory framework in pre-2007 programming periods, this report, as in previous years, does not cover the pre-2007 Cohesion Fund, either.

As can be expected from the legal framework, the execution of commitments in 2008 for the Structural and Cohesion Funds was again high, amounting to €47.2 billion. Save for technical assistance (where a marginal amount of commitment appropriations was not used and lapsed at the end of the year), all the available commitment appropriations for programmes were either committed or carried over to 2009 (€ 15.9 million). The adjustments of the appropriations were the result of the carry forward, the rebalancing between the ERDF and the ESF and the application of point 48 IIA for programmes not adopted in 2007 (see section 2.1.2 below).

**Table 1: Outturn of Commitment Appropriations for the 2007-2013 period in 2008 by Fund (in million €)**

FUND	VOTED BUDGET	TRANSFERS, AMENDING BUDGETS, ADDITIONAL APPROPRIATIONS	TOTAL COMMITMENT APPROPRIATIONS	OUTTURN	%
ERDF	27 468	989	28 456	28 432	99.9%
ESF	11 124	-485	10 639	10 637	100.0%
CF	8 154	1	8 155	8 147	99.9%
<b>TOTAL 2007-2013</b>	<b>46 746</b>	<b>505</b>	<b>47 251</b>	<b>47 216</b>	<b>99.9%</b>

Payments totalled €35.4 billion, 3 billion less than the payments in 2007. The bulk of the payments, €23.8 billion, were made for 2000-2006 programmes. Payments (mainly advances) for the new 2007-2013 programmes amounted to €1.5 billion. Final payments for pre-2000 programmes were €8 million. The overall execution rate for payments was 99%.

**Table 2: Outturn of Payment Appropriations in 2008 by Fund (in million €)**

FUND	VOTED BUDGET	TRANSFERS, AMENDING BUDGETS, ADDITIONAL APPROPRIATIONS	TOTAL PAYMENT APPROPRIATIONS	OUTTURN	%
ERDF	26	9	35	32	91.1%
ESF	7	0	7	7	99.9%
EAGGF	0	7	7	0	0.0%
FIFG	0	0	0	0	94.1%
<b>TOTAL PRE-2000</b>	<b>33</b>	<b>16</b>	<b>49</b>	<b>38</b>	<b>78.9%</b>
ERDF	9 169	5 945	15 114	15 109	100.0%
ESF	5 216	1 333	6 548	6 412	97.9%
EAGGF	1 850	189	2 039	1 982	97.2%
FIFG	269	58	327	320	97.8%
<b>TOTAL 2000-2006</b>	<b>16 504</b>	<b>7 524</b>	<b>24 029</b>	<b>23 823</b>	<b>99.1%</b>
ERDF	13 751	-7 415	6 336	6 322	99.8%
ESF	5 579	-3 073	2 506	2 383	95.1%
CF	4 791	-1 985	2 806	2 801	99.8%
<b>TOTAL 2007-2013</b>	<b>24 121</b>	<b>-12 473</b>	<b>11 648</b>	<b>11 506</b>	<b>98.8%</b>
	<b>40 659</b>	<b>-4 934</b>	<b>35 725</b>	<b>35 368</b>	<b>99.0%</b>

As shown in Table 2, 2008 has been an unusual year for payments: contrary to expectations, hardly any interim payments were executed for the 2007-2013 period while the foreseen appropriations for the 2000-2006 period needed considerable reinforcement. The final available appropriations in 2008 (€35.7 billion) were €2.7 billion lower than in 2007. Almost all available appropriations at year end were executed, save for €356 million. Adjustments were made during the year by means of amending budgets (AB) n°7, 9 & 10 and several transfers. AB N°9 reduced payment appropriations for heading 1b by €4.5 billion (to be compared with a reduction of €60 million in 2007) towards the end of the year, taking into account the most recent information on payment claims available at the time. The other ABs concerned minor amounts (€20 million) needed to finance urgent actions of the Solidarity Fund.

## 1.2 OUTSTANDING COMMITMENTS IN 2008

Given the increasing level of commitments over the years, outstanding commitments are expected to increase accordingly but to remain around the amount of two years of commitments because of the regulatory framework (especially the n+2 decommitments provisions). The actual evolution of the outstanding commitments (also known as RAL from the French acronym “reste à liquider”) has been in line with these expectations: although overall payments have decreased in 2008 due to the slow start of interim payments for the new programming period, this rule was still valid.

Thus, at the end of 2008, the RAL stood at €5.3 billion (see [Table 3](#) below) which corresponds to a ratio of outstanding commitments to yearly commitments of 2.02 (to be compared to a ratio of 1.87 at the end of 2007). In absolute terms the RAL increased by €1.3 billion in 2008, an increase of 13.5% compared to 2007.

**Table 3: Outstanding commitments at the end of 2008\* (in €million)**

	RAL pre-2000	RAL 2000-2006	RAL 2007-2013
<b>Outstanding commitments at the end of 2007</b>	621	45 300	38 035
De-commitments in 2008** on RAL at the end of 2007	-237	-264	0
Payments in 2008 on outstanding commitments at the end of 2007	- 36	- 23 823	- 10 930
<b>(1) TOTAL outstanding commitments from before 2008</b>	<b>348</b>	<b>21 213</b>	<b>27 105</b>
New commitments made in 2008	0	0	47 136
Payments on 2008 commitments	0	0	- 509
<b>(2) TOTAL outstanding commitments from 2008</b>	<b>0</b>	<b>0</b>	<b>46 627</b>
<b>(1)+(2) TOTAL outstanding commitments at the end of 2008</b>	<b>348</b>	<b>21 213</b>	<b>73 732</b>

\* only operational lines

\*\* see Section 3.3 on n+2 de-commitments and Chapter 4 on the clearance of pre-2000 RAL

For the new 2007-2013 programming period, the RAL corresponds roughly to the new commitments less advance payments, as virtually no interim payments were made in 2008. As a result, the share of the 2007-2013 period in the overall RAL has increased to 77%.

For the 2000-2006 programming period, the RAL has been reduced by more than 50% and represents only 22% of the overall RAL at the end of 2008. About 40% of the programmes have already reached the 95% ceiling for payments before closure.

The RAL for the pre-2000 programmes, that had already represented a relatively insignificant amount (€20.5 million) compared to the overall RAL at the end of 2007, has been further reduced to €348 million. Thus, it now corresponds to only 0.36% of the overall RAL.

Chart 1 gives the evolution since 1993 of the RAL broken down by programming period. It clearly shows that the RAL of the pre-2000 period has become irrelevant and that the RAL for the 2000-2006 period has decreased significantly.

**Chart 1: Outstanding commitments by period of origin (in €million)**

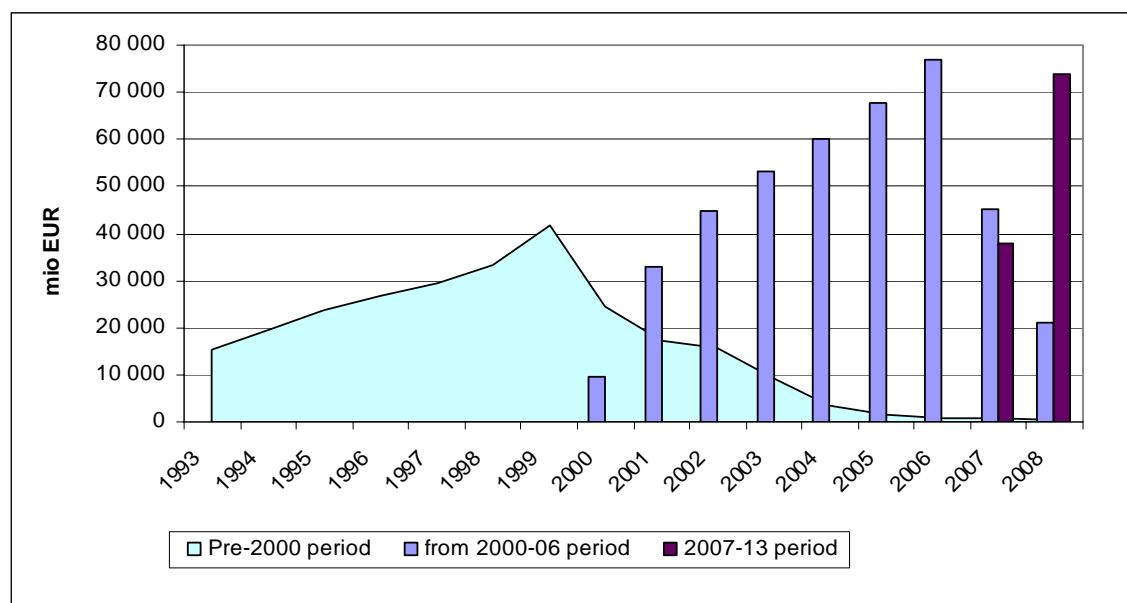
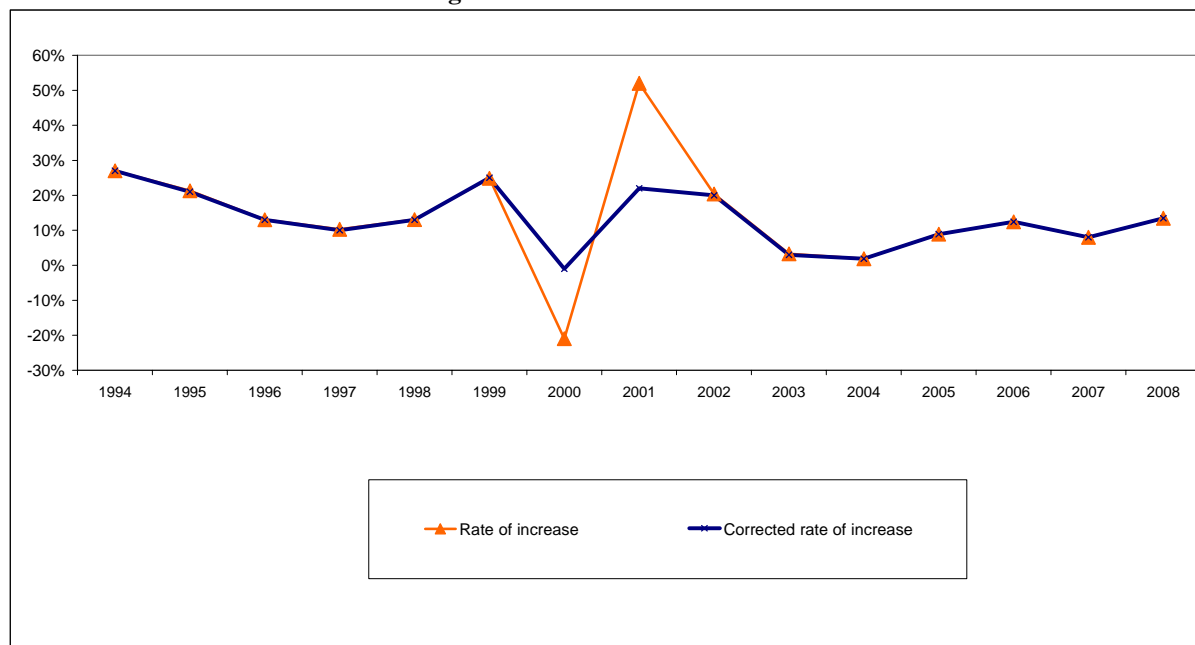


Chart 2 below shows the rate of increase of outstanding commitments over time. After a small decrease in 2007 the rate of increase has slightly gone up in 2008 but remains much lower than at the beginning of the 2000-2006 programming period.



**Chart 2: Rate of increase of outstanding commitments**



### **1.3 TRANSFERS MADE IN 2008**

The volume of the transfers made during the year was higher than previous years as regards payments appropriations. A large number of transfers were made, as usual, by the Commission itself under its own prerogatives established in the Financial Regulation (a detailed list of these transfers is attached in [Annex 2](#)):

- Transfers of commitment appropriations were made in order to adapt the budget to programming (e.g. the breakdown between ERDF and ESF which was only known once programming was completed) and to return non programmed appropriations (€15.95 million) from the ENPI and IPA lines to European Territorial Cooperation. The latter operation concerned the implementation of article 21§5 of the basic Regulation No 1083/2006. By the end of 2008, the corresponding Territorial Cooperation operational programmes to which the appropriations had been reassigned had not yet been adopted so that the amount of €5.95 million had to be carried over to 2009.
- Significant transfers of payment appropriations were required to adapt the budget to actual execution. Due to the lack of interim payments for 2007-2013 programmes and higher than expected execution for the 2000-2006 period, they consisted mainly of transfers from the 2007-2013 period lines to the budget lines relating to the previous programming period. Thus, in total about € 7.5 billion were transferred from the current period to the old period for the Structural Funds and another €0.5 billion for the Cohesion Fund.

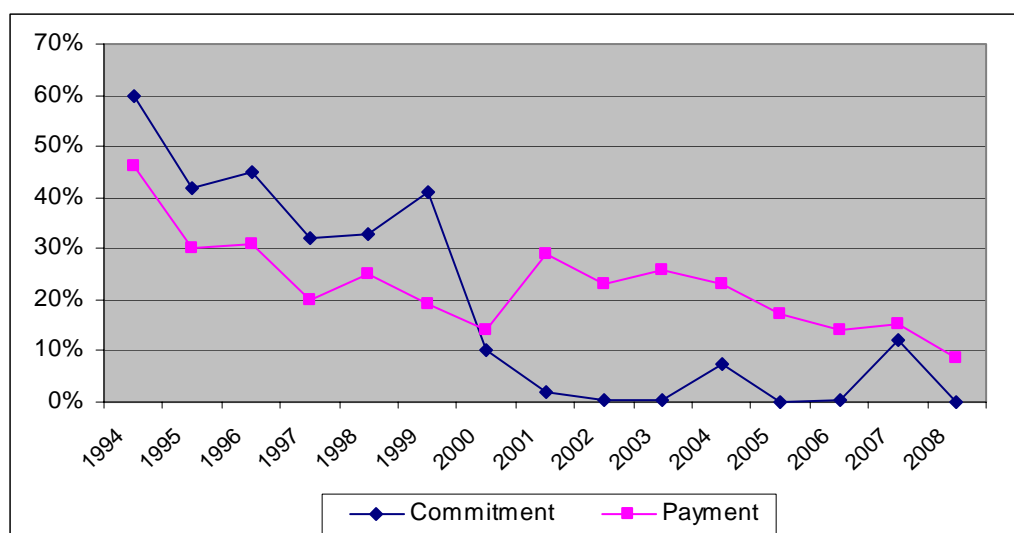
In addition, three transfers of payment appropriations from ESF to European Globalisation Adjustment Fund (EGF), totalling €49 million were submitted to the Budgetary Authority in 2008.

## 1.4 EVOLUTION OF THE END-OF-YEAR CONCENTRATION

In the Structural Funds (and now also the Cohesion Fund for the 2007-2013 envelope) most of the commitments are typically made at the beginning of the year. To a large extent, this is just the accounting reflection of the regulatory framework. However, if normal patterns were understandably disrupted in 2007, as that was the first year of the new programming period, the pattern returned to normal in 2008 (see Chart 4 in Chapter 2.1).

As to payments, while advance payments are concentrated in the first quarter of the year, interim payments are executed on a regular basis thus increasing month after month. Chart 3 depicts the concentration of commitments and payments in December since 1994. The evolution of the Graph shows clearly that the year-end concentration has been less of a problem for several years already.

**Chart 3: Concentration of commitment and payment appropriations in December (percentage executed in December) since 1994**



## **2 IMPLEMENTATION OF THE 2007-2013 PERIOD**

### **2.1 COMMITMENTS FOR THE 2007-2013 PERIOD**

#### **2.1.1 The 2007-13 allocation for cohesion policy**

The envelope for cohesion policy (Heading 1b of the financial framework) for the 2007-2013 period was first decided at the Brussels European Council of December 2005, where it was fixed at €307 619 million in 2004 prices.

This envelope was then slightly adjusted in the first months of 2006 to arrive at its final value of €308 041 million in 2004 prices as laid down in the Inter-institutional Agreement (IIA) of May 2006 (cf. OJ n° C 139 of 14/06/2006). In current prices, the envelope amounts to €347 410 million. 2004 prices were transformed into current prices with a fixed deflator of 2% per annum (as foreseen by point 16 of the IIA). Thus, the overall amount in current prices is reached by adding up the current prices for the different years.

The original annual breakdown was slightly revised in 2008 in order to transfer the commitment appropriations that could not be used in 2007 due to delays in programming to later years of the programming period, as foreseen in point 48 of the IIA.

99.75% of the total envelope, i.e. €346 542 million, was made available for the financing of multi-annual operational programmes whereas the remaining 0.25%, i.e. €68 million, was reserved for technical assistance, which is decided annually.

In the 2007-2013 programming period the financial envelope for cohesion policy is broken down by three objectives: Convergence, Regional Competitiveness and Employment and European Territorial Cooperation. Of the overall amount of €346.5 billion (i.e. excluding technical assistance), €282.9 billion (81.6%) is dedicated to Convergence, €55.0 billion (15.9%) to Regional Competitiveness and Employment and €8.7 billion (2.5%) to European Territorial Cooperation.

An annual breakdown of the 2007-2013 Heading 1B envelopes by Member State can be found in [Annex 6](#).

#### **2.1.2 Implementation of commitments in 2008**

The commitment appropriations available for the Structural and Cohesion Funds in 2008 totalled €47 251 million (including €109 million of appropriations carried over from 2007), i.e. 34% of the overall EU budget which is slightly below their share of the 2007 budget (36%). This amount corresponds to the evolution foreseen by the Financial Framework. Its implementation reached €47 216 million (see [Table 4](#) below). The unused commitment appropriations concerned Technical Assistance activities and the carry-over to 2009 for the European Territorial Cooperation objective (see below).

The carry-over from 2007 based on Article 9 of the Financial Regulation amounted to €108.7 million. €374.8 million were made available again in 2008 following the provisions of Point 48 of the Inter-Institutional Agreement. Both actions were related to the tight timeframe for the adoption of the new Operational Programmes.

Also at the beginning of the year, the overall 2008 breakdown of the envelopes between the ERDF and the ESF had to be adapted by means of transfers to follow the final programming. From 2009 onwards, the adopted budgets will already correspond to the programming so that this type of transfers of commitment appropriations between funds should no longer be necessary.

In the second half of the year, Territorial Cooperation managed within the ERDF has benefited from an extra increase of its budget (+€15.95 million): as foreseen by the basic Regulation, the annual contribution from the ERDF to cross-border programmes of the European Neighbourhood and Partnership Instrument (ENPI) and of the Instrument for Pre-Accession Assistance (IPA) for which no operational programmes had been submitted by 30 of June 2008 were transferred back again to the cross-border component of European Territorial Cooperation managed within the ERDF. Given the tight timeframe, the amendments to existing programmes and the new programmes to include these additional appropriations for supplementary actions could not be adopted before the end of the year. The appropriations have therefore been carried-over to 2009.

**Table 4 : Commitments: available appropriations and their implementation in 2008 (in €million)<sup>1</sup>**  
**2007-2013**

Budget item	Title	Initial Budget	Carry-over	Point 48 II and/or Amending Budgets	Other additional appropriations*	Transfers	Total available	Total execution
04 01 04 01	ESF - Non operational TA	15.35			0.00	2.71	18.06	15.93
04 02 17	ESF - Convergence	7 614.78	13.16			-620.66	7 007.28	7 007.28
04 02 18	ESF - PEACE					0.00	0.00	0.00
04 02 19	ESF - Regional competitiveness and employment	3 483.76				120.08	3 603.84	3 603.84
04 02 20	ESF - Operational TA	10.00					10.00	9.64
	<b>Total ESF</b>	<b>11 123.89</b>	<b>13.16</b>	<b>0.00</b>	<b>0.00</b>	<b>-497.87</b>	<b>10 639.18</b>	<b>10 636.69</b>
13 01 04 01	ERDF - Non operational TA	11.14				1.97	13.10	10.15
13 03 16	ERDF - Convergence	21 267.27		326.27		620.66	22 214.20	22 214.20
13 03 17	ERDF - PEACE	30.85					30.85	30.85
13 03 18	ERDF - Regional competitiveness and employment	5 108.69				-120.08	4 988.61	4 988.61
13 03 19	ERDF - European territorial co-operation	1 004.70	95.53	48.53		15.95	1 164.71	1 148.76
13 03 20	ERDF - Operational TA	45.00					45.00	39.11
	<b>Total ERDF</b>	<b>27 467.65</b>	<b>95.53</b>	<b>374.79</b>	<b>0.00</b>	<b>518.49</b>	<b>28 456.47</b>	<b>28 431.69</b>
13 01 04 03	CF-Expenditure on adm management	4.21				0.74	4.95	4.28
13 04 02	Cohesion Fund 2007-2013	8 150.10					8 150.10	8 142.93
	<b>Total CF</b>	<b>8 154.31</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.74</b>	<b>8 155.05</b>	<b>8 147.22</b>
40 01 40	Administrative Reserve (partly H1B)	5.42				-5.42	0.00	
<b>TOTAL</b>		<b>46 745.85</b>	<b>108.70</b>	<b>374.79</b>	<b>0.00</b>	<b>15.95</b>	<b>47 250.70</b>	<b>47 215.59</b>

\* Appropriations made available again and earmarked revenue

<sup>1</sup> It should be noted that the total of €15.95 million for the "Transfers" column corresponds to transfers within Heading 1B (from the lines 13 05 03 01 and 19 08 02 02 (H1B contributions to IPA and ENPI) to line 13 03 19 ERDF- European Territorial Cooperation, as explained above).

## **2.2 PAYMENTS FOR THE 2007-2013 PERIOD**

### **2.2.1 Implementation of payments in 2008**

As already mentioned above, 2008 was a very particular year regarding the implementation of payment appropriations. The year-end execution was very high in relative terms because it reached 99% of the available appropriations but this percentage could only be achieved after several reductions of the initial budget.

The initial budget of payment appropriations for the 2007-2013 period amounted to €24 billion (see Table 6 below). Due to the slow start of the implementation of the new period, most of the appropriations foreseen for interim payments could not be executed. The available payment appropriations were therefore reduced to about €1.6 billion (or 50% of the initial budget) by very substantial transfers to the 2000-2006 period lines, a large downward adjustment via amending budget N° 9 and minor reallocations to other policies (Solidarity Fund) via other amending budgets.

Almost all advances were paid before May (see [Chart 4](#)) but hardly any interim payments were executed during the rest of the year. In addition to other operational delays in starting the programmes for the new period (e.g. related to the slow submission of major projects<sup>2</sup>), this absence of interim payments is also due to the new requirement of approval of Management and Control Systems (MCS). The new basic regulation for Structural Funds for the 2007-2013 period foresees a compliance assessment of the Management and Control Systems set up by the Member States. The submission of those systems descriptions and their acceptance by the Commission are a condition to be fulfilled before the first interim payment can be made.

Following the lack of interim payments until May 2008, a continued monitoring of the progression of the number of submitted and accepted MCS was set up from June onwards. However, the pace at which the MCS were submitted by the MS was rather slow and at the end of the year results were still unsatisfactory<sup>3</sup>: out of the 281 submitted MCS almost 2/3 (178) had only been received in the last quarter and only 88 (31%) had been accepted by the Commission (50 of them during the month of December). Consequently, not more than 10 programmes of the 2007-2013 period received interim payments in 2008. Thus, the processed interim payments represented, in 2008, only 1.2% of all payments for the 2007-2013 period.

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<sup>2</sup> Out of an estimated total of 949 major projects for the 2007-2013 programming period only 62 had been submitted for approval as at 31/12/2008 out of which only 13 had been adopted.

<sup>3</sup> According to §71 of the General Regulation 1083/2006 MS have 12 months after OP adoption to submit the description of the corresponding MCS.

**Table 5: Validation of Management and Control Systems and number of Interim Payments executed as of 31/12/2008.**

Member State	Management and Control Systems (MCS)			
	Total number of OPs	N° of OPs for which MS have sent the description of MCS + Assessment Report (Art 71 R.1083)	N° of OPs whose MCSs have been <i>accepted</i> and for which intermediate payments can be made	N° of OPs where at least one intermediate payment request has been received and executed by the Commission
AT	11	6	5	
BE	10	4		
BG	7	7		
CY	2	2		
CZ	17	16		
DE	36	23	9	3
DK	2			
EE	3	3		
ES	45			
FI	7	2		
FR	36	29	22	
GR	14	14		
HU	15	15	14	5
IE	3	3	1	1
IT	52	40	2	
LT	4			
LU	2	1		
LV	3	3		
MT	2	2	2	
NL	5	5		
PL	21	21	17	
PT	14	14	2	1
RO	7	7	1	
SE	9	9	8	
SI	3	3	3	
SK	11	11		
UK	22	17		
Terr Coop	70	24	2	
<b>Total</b>	<b>433</b>	<b>281</b>	<b>88</b>	<b>10</b>

**Table 6 : Payments: available appropriations and their implementation in 2008 for the 2007-13 period (in €million)**  
**2007-2013**

Budget item	Title	Initial Budget	Carry-over*	Amending Budgets	Other additional appropriations**	Transfers	Total available	Total execution	RAL 1/01/2008	Committed in 2008	Changes of RAL***	RAL 31/12/2008
04 01 04 01	ESF - Non operational TA	15.35	4.92		0.00	2.71	22.98	12.54	5.22	15.93	-2.08	6.53
04 02 17	ESF - Convergence	3 823.20		-649.70		-1 465.30	1 708.20	1 604.06	5 724.47	7 007.28		11 127.69
04 02 18	ESF - PEACE	pm					0.00	0.00		0.00		0.00
04 02 19	ESF - Regional competitiveness and employment	1 732.67		-965.00		-1.26	766.41	764.10	3 247.91	3 603.84		6 087.66
04 02 20	ESF - Operational TA	8.17					8.17	2.08	7.94	9.64	-4.00	11.49
	Total ESF	5 579.39	4.92	-1 614.70	0.00	-1 463.85	2 505.76	2 382.78	8 985.54	10 636.69	-6.08	17 233.37
13 01 04 01	ERDF - Non operational TA	11.14	5.62			1.97	18.72	7.75	6.13	10.15	-3.55	4.98
13 03 16	ERDF - Convergence	10 606.64		-1 127.00		-4 437.57	5 042.07	5 042.07	18 017.52	22 214.20		35 189.65
13 03 17	ERDF - PEACE	13.44				-6.69	6.75	6.75	25.75	30.85		49.85
13 03 18	ERDF - Regional competitiveness and employment	2 540.83		-200.00		-1 364.86	975.97	975.97	4 732.55	4 988.61		8 745.19
13 03 19	ERDF - European territorial co-operation	559.01		-158.00		-152.18	248.83	248.83	754.65	1 148.76		1 654.58
13 03 20	ERDF - Operational TA	20.09				23.00	43.09	41.10	27.33	39.11	-1.22	24.11
	Total ERDF	13 751.14	5.62	-1 485.00	0.00	-5 936.34	6 335.42	6 322.46	23 563.93	28 431.69	-4.78	45 668.38
13 01 04 03	CF-Expenditure on adm management	4.21	2.30			0.74	7.25	3.25	2.55	4.28	-1.49	2.09
13 04 02	Cohesion Fund 2007-2013	4 786.63		-1 435.39		-552.78	2 798.47	2 797.80	5 532.53	8 142.93	-0.08	10 877.58
	Total CF	4 790.84	2.30	-1 435.39	0.00	-552.04	2 805.72	2 801.05	5 535.08	8 147.22	-1.57	10 879.67
<b>TOTAL</b>		<b>24 121.37</b>	<b>12.84</b>	<b>-4 535.09</b>	<b>0.00</b>	<b>-7 952.23</b>	<b>11 646.90</b>	<b>11 506.30</b>	<b>38 084.55</b>	<b>47 215.59</b>	<b>-12.44</b>	<b>73 781.42</b>

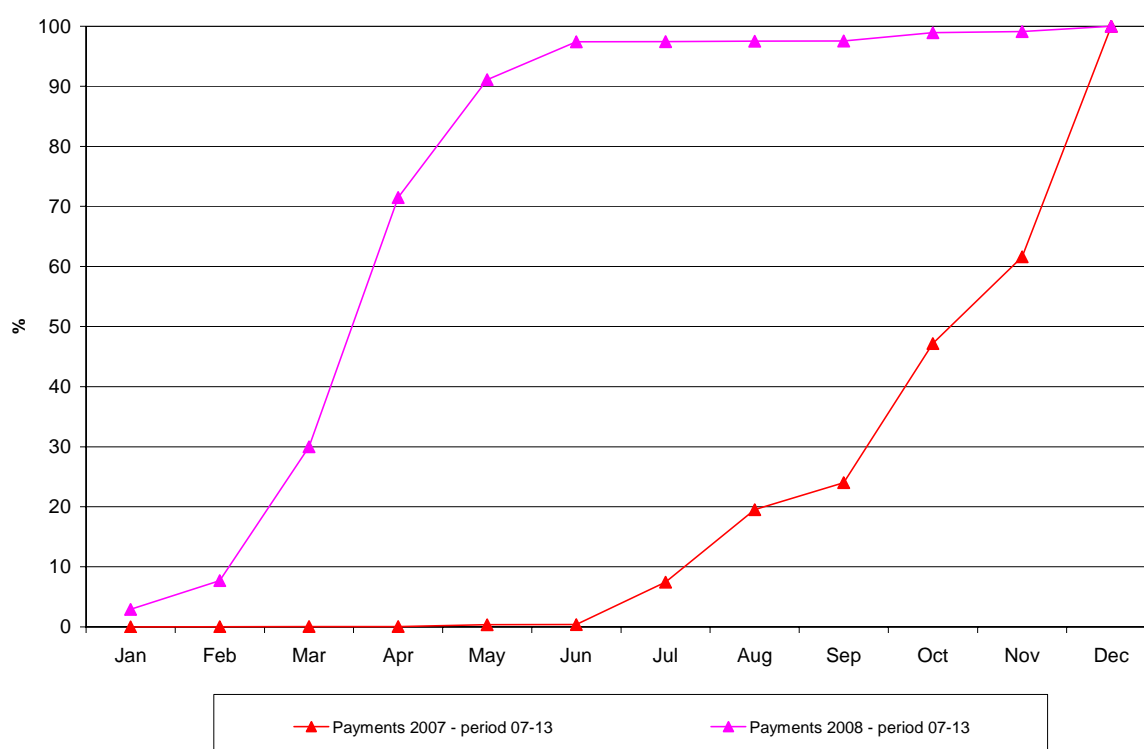
\* For Non differentiated appropriations : automatic carry-over after corrections and adjustments

\*\* Appropriations made available again and earmarked revenue

\*\*\* Recommitted & Decommited & Cancelled

Chart 4 clearly shows the abnormal behaviour of payments in 2008: due to the lack of interim payments they were concentrated at the beginning of the year. Based on previous years and as shown in Chart 8, payments are usually expected to be spread all over the year and to be gradually increasing to reach 50% of their execution in the middle of the budgetary year.

**Chart 4: Monthly implementation patterns of payments in 2004-2008 (%) for the 2007-13 period**



### 2.2.2 Implementation of the 2007-2013 allocation

The cumulative execution of the 2007-13 allocation by Member State by the end of 2008 shown in Chart 5 below clearly reflects the absence of interim payments for most Member States:

- Thus, for all EU-15 Member States for which no interim payments have been executed yet, the implementation of the 2007-13 allocation has been limited to the 5% of pre-financing payments they were entitled to (2% in 2007 plus 3% in 2008).
- The implementation for EU-12 Member States not having received any interim payments has only been slightly higher (around 5,5%) because they were entitled to pre-financing payments of 6.5% for the Cohesion Fund (while ERDF and ESF pre-financing payments were also limited to 5% of the EU-12 allocation ).
- The execution rates for Germany and Hungary that are slightly above the advance payments level for EU-15 and EU-12 respectively are due to the first interim payments they have received at the end of 2008.
- Ireland's execution rate of 11.1% reflects a first significant interim payment for the ESF received at the end of the year.

**Chart 5: Cumulative payments at the end of 2008 by EU-27 Member States (compared to the initial national allocation available for the period 2007-13 including reserves)**

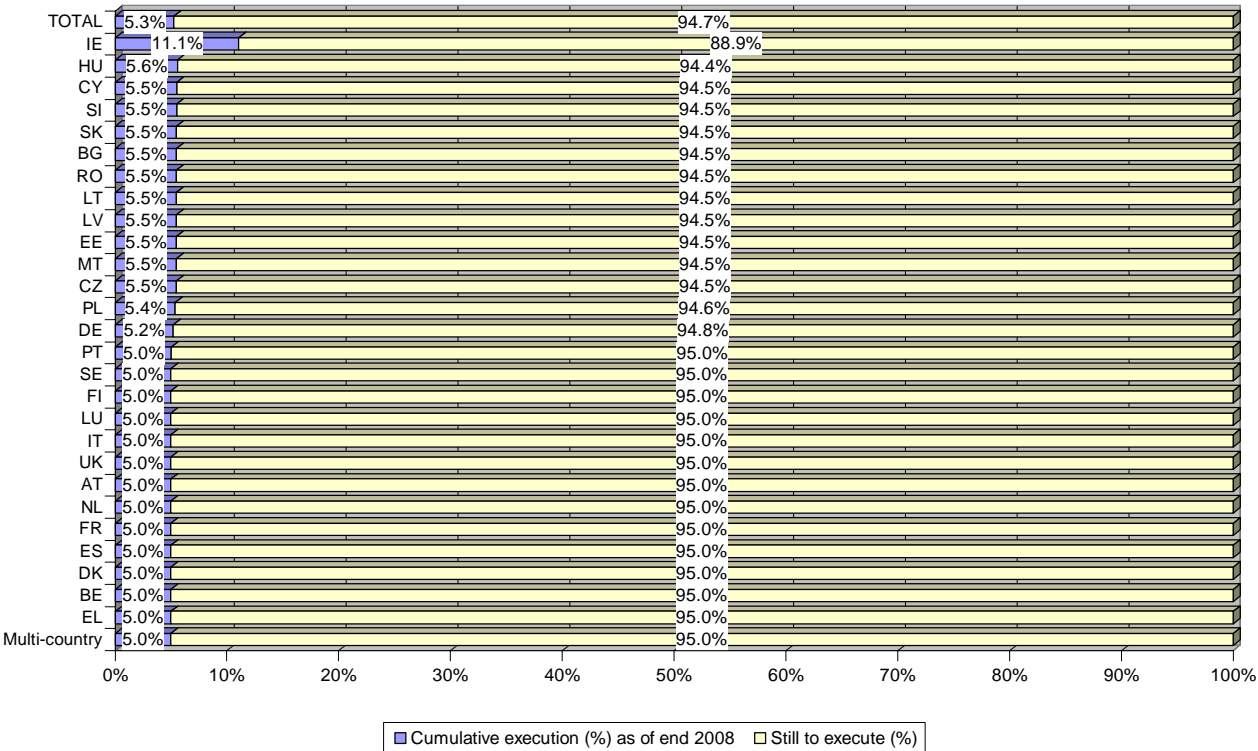


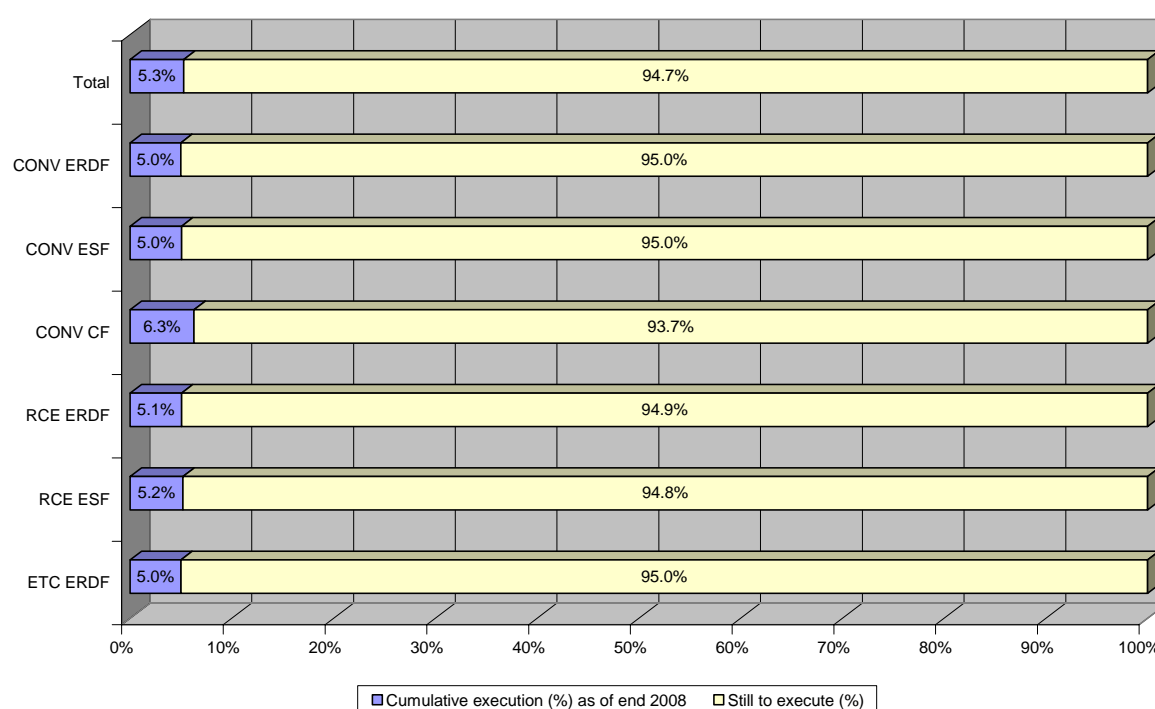
Chart 6 below giving the breakdown of the 2007-13 implementation by objective once again illustrates the almost complete lack of interim payments so far:

- Thus, the cumulative execution rates as at 31/12/2008 basically correspond to the level of advance payments.



- The slightly higher rates for Regional Competitiveness and Employment ESF and ERDF are due to the first interim payments in Ireland and Germany.
- The cumulative execution rate of 6.3% for the Cohesion Fund reflects the fact that the EU-12 have received cumulative advance payments of 6.5% while Greece and Portugal have only been entitled to 5% of advance payments.

**Chart 6: Cumulative EU-27 payments at the end of 2007 and new payments in 2008 by objective, compared to the overall allocation available for the period 2007-13 (including reserves)**



### 2.3 OUTSTANDING COMMITMENTS FROM THE PROGRAMMING PERIOD 2007-2013

As a result of nearly inexistent interim payments, the outstanding commitments for the 2007-2013 period have almost doubled to about €73.7 billion in 2008 (compared to €38 billion in 2007).

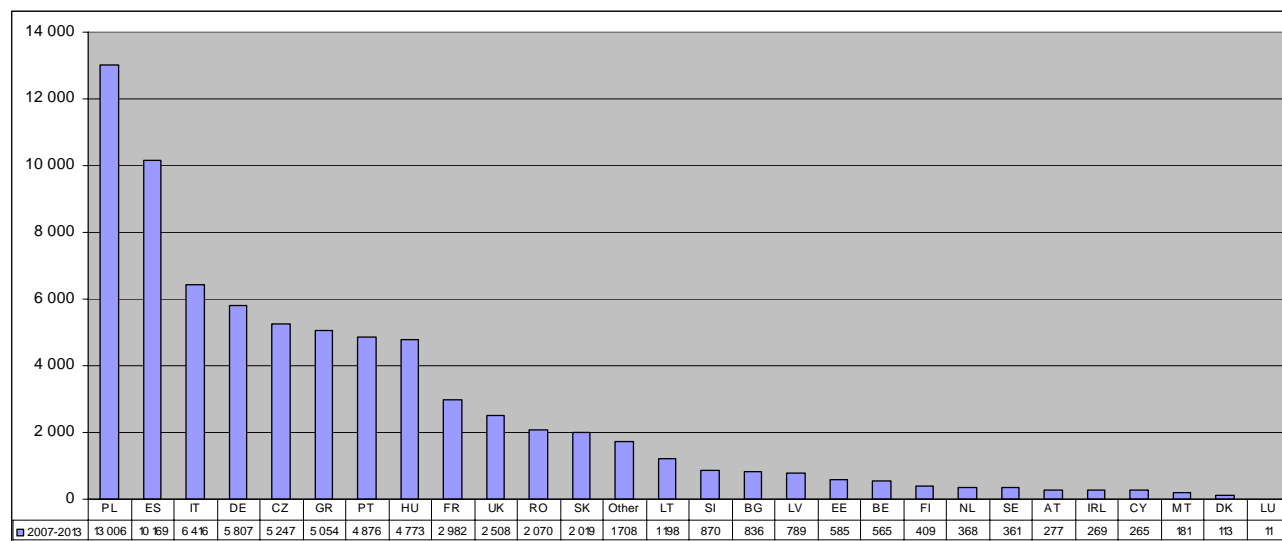
**Table 7: Outstanding commitments 2007-2013 at the end of 2008\* (in €million)**

<b>Outstanding commitments at the end of 2007</b>	<b>38 035</b>
De-commitments in 2008 on RAL at the end of 2007	0
Payments in 2008 on outstanding commitments at the end of 2007	- 10 930
<b>(1) TOTAL outstanding commitments from before 2008</b>	<b>27 105</b>
New commitments made in 2008	47 136
Payments on 2008 commitments	- 509
<b>(2) TOTAL outstanding commitments from 2008</b>	<b>46 627</b>
<b>(1)+(2) TOTAL outstanding commitments at the end of 2008</b>	<b>73 732</b>

\* only operational lines

As almost all of the RAL at the end of 2008 merely consists of the difference between commitments and advances, the relative weight of each country is hardly at all influenced by the relative speed of implementation but corresponds very closely to the relative weight of the country's initial allocation.

**Chart 7 : Outstanding commitments by Member State at the end of 2008 (million €) for 2007-13 period**



## **2.4 MEMBER STATES' PAYMENT FORECASTS FOR THE 2007-13 PERIOD**

Every year, in accordance with the regulations on Structural Funds, national authorities shall submit by 30 April their forecasts of requests for payments for the current and following year, per Programme and per Fund. For the programming period 2007-2013 this requirement is made under article 76(3) of Council Regulation 1083/2006.

Last year's report did not contain any analysis of Member States' forecasts for the 2007-2013 period because 2007 was the first year of the programming period and also only the year of the adoption of the majority of the programmes so that only advance payments were going to be made. Thus, 2008 is the first year for which the MS payment forecasts for 2007-2013 programmes are analysed in this report.

Table 8 presents the forecasting errors by Member State for the 2007-2013 programmes for EU-27. Relative forecast errors are used, i.e. the forecasting error by a Member State measured in percentage of the payments made to that Member State.

The overall forecasting error was 27% of overestimation, but the situation varies widely from country to country. High levels of underestimation by some countries counterbalanced the overestimation by most other countries to a large extent.

Many Member States estimated that in addition to the advances there would also be interim payments in 2008 because the programmes would start running, but this was not the case. Thus, by 31/12/2008 for most countries, only advance payments had been made for the

programming period 2007-2013 except for only 4 countries (Germany, Hungary, Portugal and Ireland) for which some first interim payments had been executed.

Some Member States seem to have focussed their forecasts entirely on interim payments without taking into account the advance payments. This would also explain the negative forecast errors found for some of them.

**Table 8: Forecasting errors by EU-27 in 2008 for 2007-2013 programmes (mln euro)**

<b>2008</b>	<b>Forecast</b>	<b>Payments</b>	<b>Difference</b>	<b>%</b>
AT	129	36	93	258%
BG	168	223	-55	-25%
CY	68	21	48	232%
CZ	1 733	1 079	654	61%
BE	82	68	14	21%
DE	2 106	822	1 284	156%
DK	9	15	-7	-44%
EE	131	114	17	15%
ES	1 314	1 040	275	26%
FI	60	48	13	26%
FR	676	461	215	47%
GR	256	602	-346	-58%
HU	1 208	847	360	43%
IE	147	68	79	116%
IT	1 136	927	209	23%
LT	310	226	84	37%
LV	201	151	50	33%
LU	1	2	-1	-26%
MT	29	28	1	4%
NL	37	50	-13	-26%
PL	870	2 193	-1 323	-60%
PT	1 213	648	565	87%
RO	1 340	642	698	109%
SI	293	137	156	114%
SK	380	380	0	0%
SE	53	49	5	9%
UK	349	297	53	18%
Teritorial Cooperation	158	256	-98	-38%
<b>TOTAL</b>	<b>14 459</b>	<b>11 430</b>	<b>3 030</b>	<b>27%</b>

### 3 IMPLEMENTATION OF THE 2000-2006 PERIOD

The financial framework for the Structural Funds for the programming period 2000-2006 (Heading 2a) consisted of the 2000-2006 envelope for the EU-15 MS decided in 1999 and the 2004-2006 envelope for the EU-10 MS decided in 2002.

At the end of 2008, 90% of the 2000-2006 allocation had already been paid to the EU-15 Member States while payments made to EU-10 MS in 2004-2008 had reached 93.1% of the EU-10 envelope.

#### 3.1 PAYMENTS AND RECONSTITUTIONS FOR 2000-2006 PROGRAMMES IN 2008

The clearance of the 2000-2006 programmes progressed in a substantial manner as shown in Table 9. The initial budget could not cover all the accepted payment claims so that it had to be massively reinforced, especially for the ESF and the ERDF. The overall reinforcement needed reached nearly 46%. For the ERDF alone, the reinforcement represented 65%.

Due to the high execution, 39% of the programmes (corresponding to 44% of the total net 2000-2006 allocation after decommitments) had already reached the 95% ceiling in 2008. The overall total absorption rate already exceeds 90%.

**Table 9 : Payments: available appropriations and their implementation for 2000-2006 programmes and evolution of the RAL**

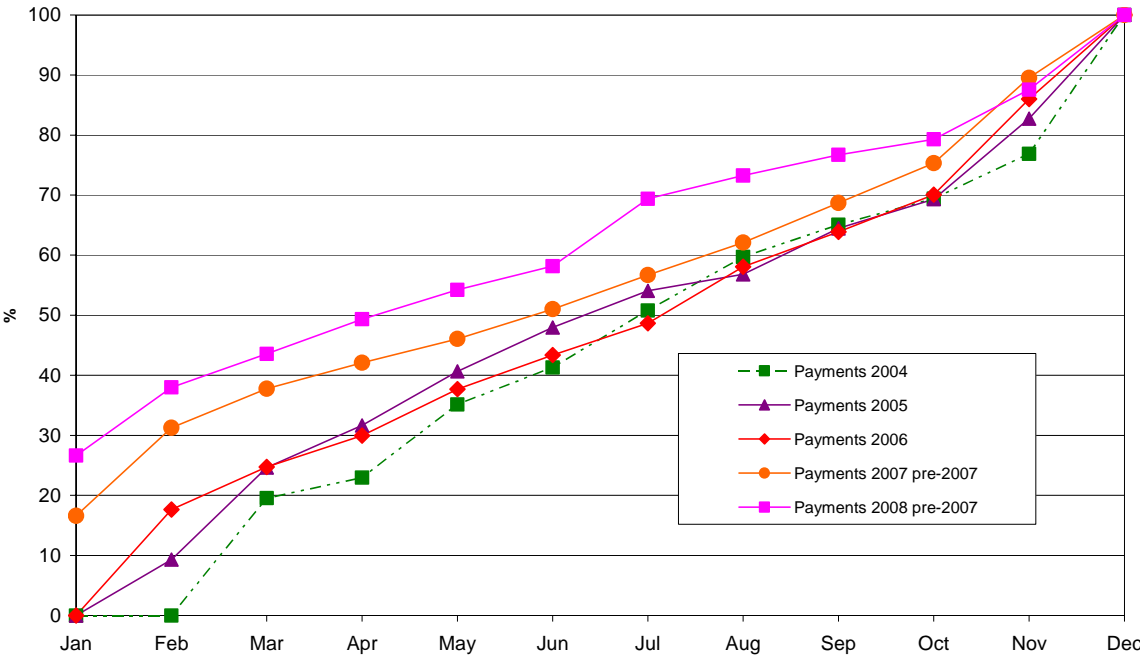
2000-2006									
Budget item	Title	Initial Budget	Other additional appropriations	Transfers	Total available	Total execution	RAL 1/01/2008	Changes of RAL**	RAL 31/12/2008
04 02 01	ESF Objective 1	2 740.51		431.96	3 172.46	3 172.46	6 499.88	-16.06	3 311.35
04 02 02	ESF - PEACE	8.97		-0.16	8.82	8.82	18.50		9.68
04 02 04	ESF Objective 2	175.61		44.07	219.68	199.43	545.32		345.89
04 02 06	ESF - Objective 3	1 972.60		747.28	2 719.88	2 628.42	4 945.39	-10.46	2 306.51
04 02 08	EQUAL	300.00		109.52	409.52	387.45	849.92	-75.84	386.63
04 02 10	ESF - Operational TA and IA	18.00	0.08		18.08	15.14	29.26	-2.85	11.27
	<b>Total ESF</b>	<b>5 215.69</b>	<b>0.08</b>	<b>1 332.67</b>	<b>6 548.45</b>	<b>6 411.73</b>	<b>12 888.27</b>	<b>-105.21</b>	<b>6 371.33</b>
13 03 01	ERDF Objective 1	6 920.10		4 605.15	11 525.25	11 524.07	21 086.62	-5.00	9 557.55
13 03 02	ERDF - PEACE	32.90		-6.88	26.02	26.02	44.42		18.40
13 03 04	ERDF Objective 2	1 380.68		1 055.00	2 435.68	2 433.27	4 452.39	-16.86	2 002.25
13 03 06	URBAN	50.66		45.00	95.66	95.30	195.40	-1.52	98.58
13 03 08	ERDF - TA & Innovative Measures	35.00		-5.62	29.38	28.89	107.47	-14.79	63.79
13 03 13	Interreg III	750.00		252.00	1 002.00	1 001.38	1 837.15	-7.08	828.68
	<b>Total ERDF</b>	<b>9 169.34</b>	<b>0.00</b>	<b>5 944.66</b>	<b>15 113.99</b>	<b>15 108.93</b>	<b>27 723.45</b>	<b>-45.26</b>	<b>12 569.26</b>
	<b>Total Heading 1B</b>	<b>14 385.03</b>	<b>0.08</b>	<b>7 277.33</b>	<b>21 662.44</b>	<b>21 520.66</b>	<b>40 611.72</b>	<b>-150.47</b>	<b>18 940.59</b>
05 04 02 01	EAGGF Objective 1	1 550.00		127.02	1 677.02	1 621.38	3 329.68	-64.44	1 643.86
05 04 02 02	EAGGF - PEACE	pm			0.00	0.00	2.19		2.19
05 04 02 06	Leader	300.00		61.88	361.88	361.09	543.66	-5.88	176.70
05 04 02 09	EAGGF - Operational TA	pm			0.00	0.00	0.00		0.00
	<b>Total EAGGF</b>	<b>1 850.00</b>	<b>0.00</b>	<b>188.90</b>	<b>2 038.90</b>	<b>1 982.46</b>	<b>3 875.53</b>	<b>-70.32</b>	<b>1 822.75</b>
11 06 01	FIFG Objective 1	197.00		-1.12	195.88	195.63	526.15	-12.83	317.69
11 06 02	FISH - PEACE	pm			0.00	0.00	0.17		0.17
11 06 04	FIFG outside Obj 1	72.00		59.00	131.00	124.27	285.05	-29.39	131.38
11 06 07	FIFG - Operational TA and IA	0.30			0.30	0.13	1.09	-0.70	0.26
	<b>Total FIFG</b>	<b>269.30</b>	<b>0.00</b>	<b>57.88</b>	<b>327.18</b>	<b>320.04</b>	<b>812.46</b>	<b>-42.92</b>	<b>449.50</b>
	<b>Total Heading 2</b>	<b>2 119.30</b>	<b>0.00</b>	<b>246.78</b>	<b>2 366.08</b>	<b>2 302.50</b>	<b>4 687.99</b>	<b>-113.24</b>	<b>2 272.25</b>
	<b>Total</b>	<b>16 504.33</b>	<b>0.08</b>	<b>7 524.11</b>	<b>24 028.52</b>	<b>23 823.16</b>	<b>45 299.71</b>	<b>-263.71</b>	<b>21 212.84</b>

\* Appropriations made available again and earmarked revenue

\*\* Recommitted & Decommited & Cancelled

Chart 8 depicts the cumulative monthly payment execution since 2004. The graph confirms the high payment rate observed in 2008 already starting from the first quarter. In fact, contrary to past years in which 50% of the final payments were only reached in the middle of the year (i.e. June or July), in 2008 this 50% threshold was already reached about two months earlier (i.e. in early May). This was the result of the advances for the new period and interim payment requests for the old period submitted in late 2007 that were paid in early 2008. Thus, for the first time since 2003, the payment execution pattern did not completely match the typical pattern used by the Commission services to monitor execution during the year.

**Chart 8 – Monthly implementation patterns of payments in 2004-2008 (%) for the 2000-2006 period**

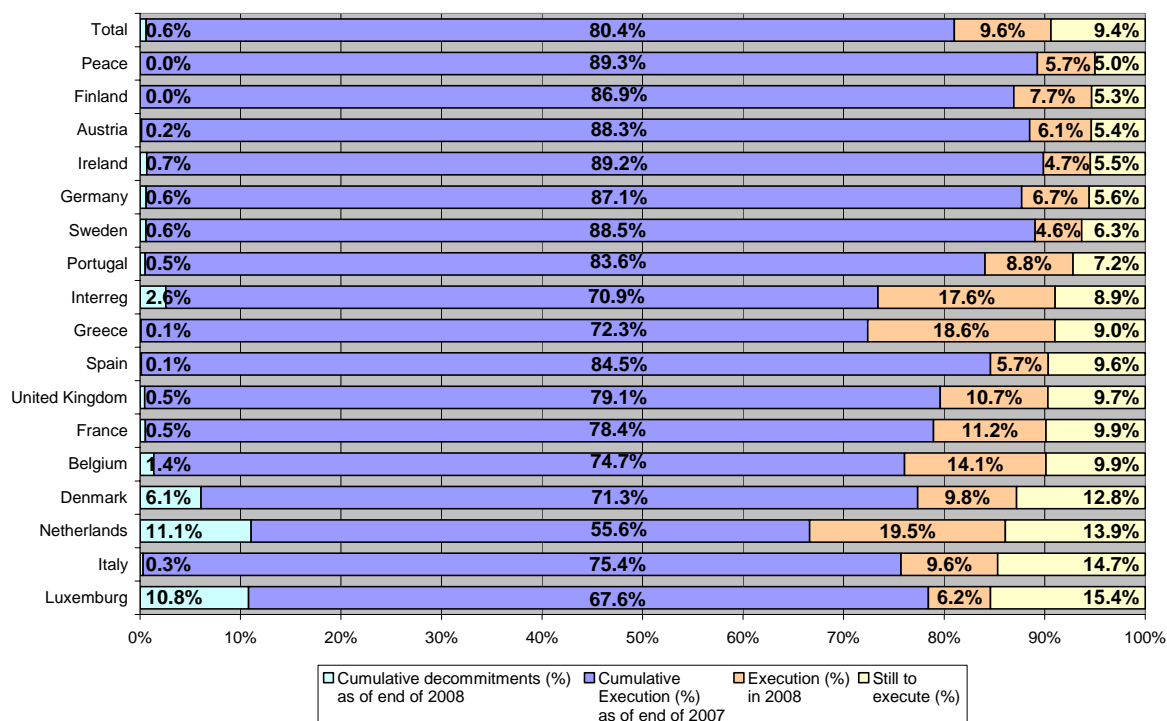


**3.2 FINANCIAL FRAMEWORK FOR 2000-2006: CUMULATIVE IMPLEMENTATION BY THE END OF 2008**

**3.2.1 Implementation of the 2000-2006 allocation by the EU-15 Member States**

Member States’ efficiency in implementing the 2000-2006 allocation can be assessed by looking at total payments made so far as a share of the total envelope. Chart 9 below compares, for each EU-15 Member State, the cumulative payments at the end of 2007, plus the new payments made in 2008, with the respective allocations (including all reserves) for the full period 2000-2006. As for some Member States n+2 decommitments have considerably reduced the envelope still to be executed, they have also been included in the chart below.

**Chart 9: Cumulative payments at the end of 2007 and new payments in 2008 by EU-15 Member States (mainstream programmes and Community Initiatives) compared to the initial national allocation available for the period 2000-06 (including reserves)**



*The financial allocation and all payments for the INTERREG and Peace programmes have been singled out in Chart 13 to allow for comparisons by country. Those payments are often allocated in the accounts to the country that manages the specific initiative independently of the ultimate beneficiary, which does not allow for a meaningful analysis of the execution of the amounts made available to each country.*

The following conclusions can be drawn:

- At the end of 2008, 9.4% of the overall 2000-2006 allocation is still to be executed.
- The overall annual execution in 2008 has slightly slowed down (9.6% compared to 12.5% in 2007) due to the fact that many programmes have come close to or reached the threshold of 95% for payments before closure.
- On country level the annual execution in 2008 varied fourfold from a mere 4.6% in Sweden to 19.5% in the Netherlands.
- Since the annual execution tended to be higher in countries with low cumulative execution at the end of 2007, the variation from country to country in cumulative execution has been reduced considerably. Thus, also taking into account cumulative decummitments, the envelope still to be executed now only varies in a 10% interval between 15 and 5%.
- Within this range three groups of countries can be identified:
  - For a first group of six countries including Finland, Austria, Ireland, Germany, Sweden and Portugal the outstanding execution varies between 5.3% and 7.2% and has thereby almost reached the 95% threshold for payments before closure.

- For a second group of five countries comprising Greece, Spain, the UK, France and Belgium, the remaining envelope ranges from 9.0 to 9.9% and is thus very close to the EU-15 average of 9.4%.
- For a third group of four countries to which belong Denmark, the Netherlands, Italy and Luxemburg, the remaining execution varies between 12.8 and 15.4% thereby requiring close to another 10% of interim payments in order to reach the 95% threshold. With the exception of Italy, the countries of this group with the highest remaining execution have also suffered high cumulative n+2 decommitments.
- While the payments for the PEACE II programme have already reached the 95% threshold, the average remaining execution for INTERREG programmes of 8.9% lies close to the overall EU-15 average.

A similar comparison of overall execution with original allocations, this time broken down by objective, is shown in the following chart:

**Chart 10: Cumulative EU-15 payments at the end of 2007 and new payments in 2008 by objective, compared to the overall allocation available for the period 2000-06 (including reserves)**

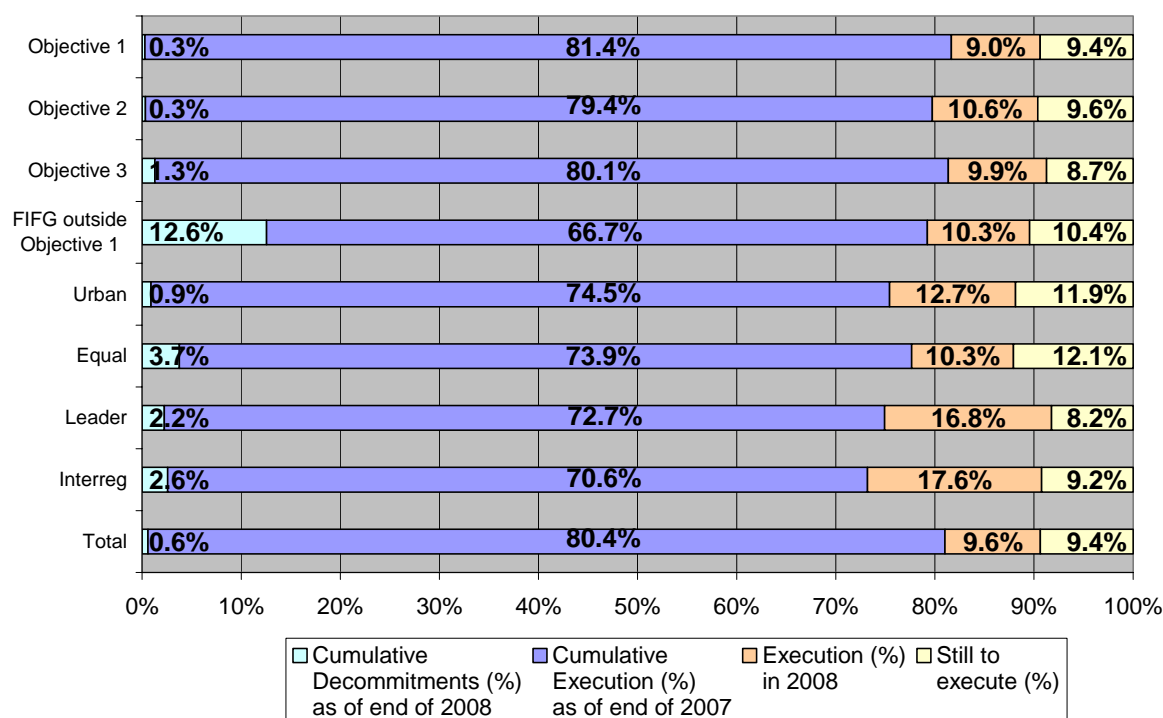


Chart 10 illustrates the following main points:

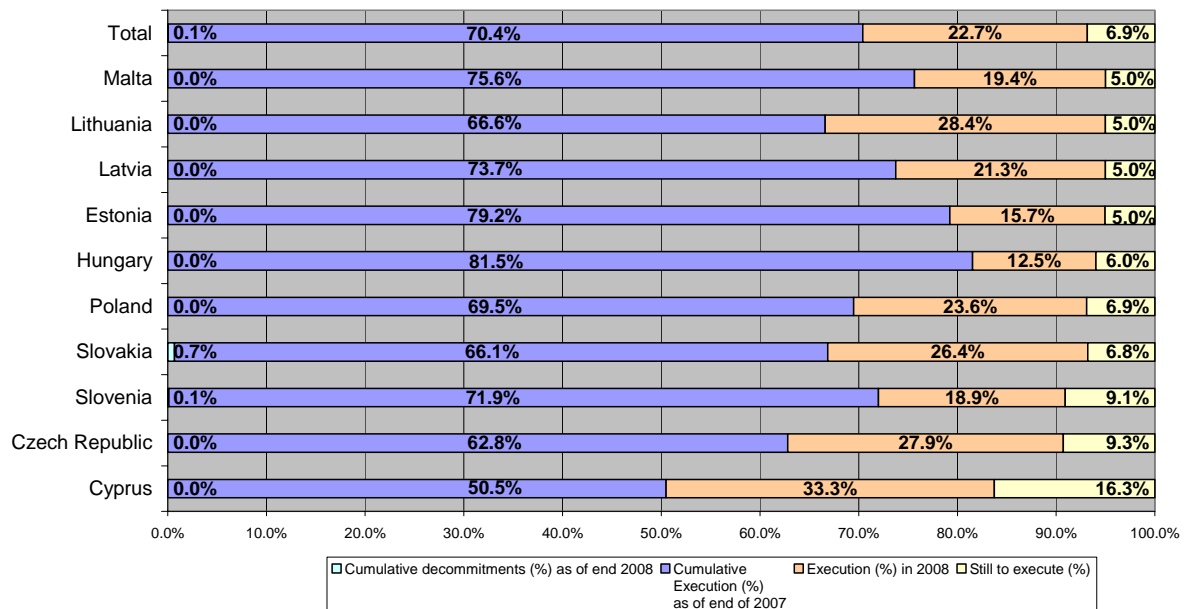
- The variation in cumulative execution rates between objectives has been reduced considerably to an interval of only 3.5 percentage points around the average of 90.6%.
- This is due to the substantially higher annual execution rates in 2008 for those objectives / initiatives that had lower cumulative execution rates at the end of 2007. By achieving the highest annual execution rates of around 17% in 2008, INTERREG and LEADER+ have even managed to reach cumulative execution rates slightly above the average.
- The cumulative execution for the main three objectives is very close to the average that is largely determined by their weight in the overall allocation.

- The Community Initiatives URBAN and EQUAL are slightly lagging behind with around 12% of the allocation (i.e. about 2.5 points above the average) still to be executed.
- The cumulative execution for the FIFG outside Objective 1 is close to the average but cumulative decommitments have reached the very high level of 12.6% (see section 3.3.3).

### 3.2.2 Implementation of the 2004-2006 allocation by the EU-10 Member States

Chart 11 below shows the breakdown of total execution by the EU-10 Member States of their 2004-2006 allocations.

**Chart 11: Total payments at the end of 2007 and new payments in 2008 by EU-10 Member States (mainstream programmes and Community Initiative EQUAL) compared to the national allocation available for the period 2004-06**



- By the end of the fifth year of implementation of their 2004-2006 envelopes, the EU-10 have reached an average cumulative execution rate of 93.1% thereby exceeding the EU-15 2000-2006 cumulative execution rate by about 2.5 percentage points.
- Four Member States, namely Malta, Lithuania, Latvia and Estonia have already reached the 95% threshold for payments before closure.
- Hungary, Poland and Slovakia have achieved cumulative execution rates close to the EU-10 average of 93.1%, which is largely determined by Poland's weight in the overall EU-10 allocation.
- While the cumulative execution rates for Slovenia and the Czech Republic are only about 2 percentage points below the average, the execution for Cyprus is still more than 9 percentage points below the average reaching only 83.7% of the country's envelope.



- With 33.3% of its total envelope paid in 2008, Cyprus however reached the highest annual execution rate for 2008 among EU-10 MS more than 10 percentage points above the average 2008 execution rate of 22.7%.
- As for Cyprus, the other countries with relatively lower cumulative execution rates by the end of 2007 (the Czech Republic, Slovakia, Lithuania and Poland) also had higher than average annual execution rates in 2008. As a result of this the variation in cumulative execution between EU-10 MS was reduced from more than 30% at the end of 2007 to less than 10% at the end of 2008.

Chart 12 shows once again the implementation of the 2004-2006 envelope by EU-10 MS, this time broken down by Objective / Community Initiative:

**Chart 12: Total EU-10 payments at the end of 2006 and new payments in 2007 by objective, compared to the overall allocation available for the period 2004-06**

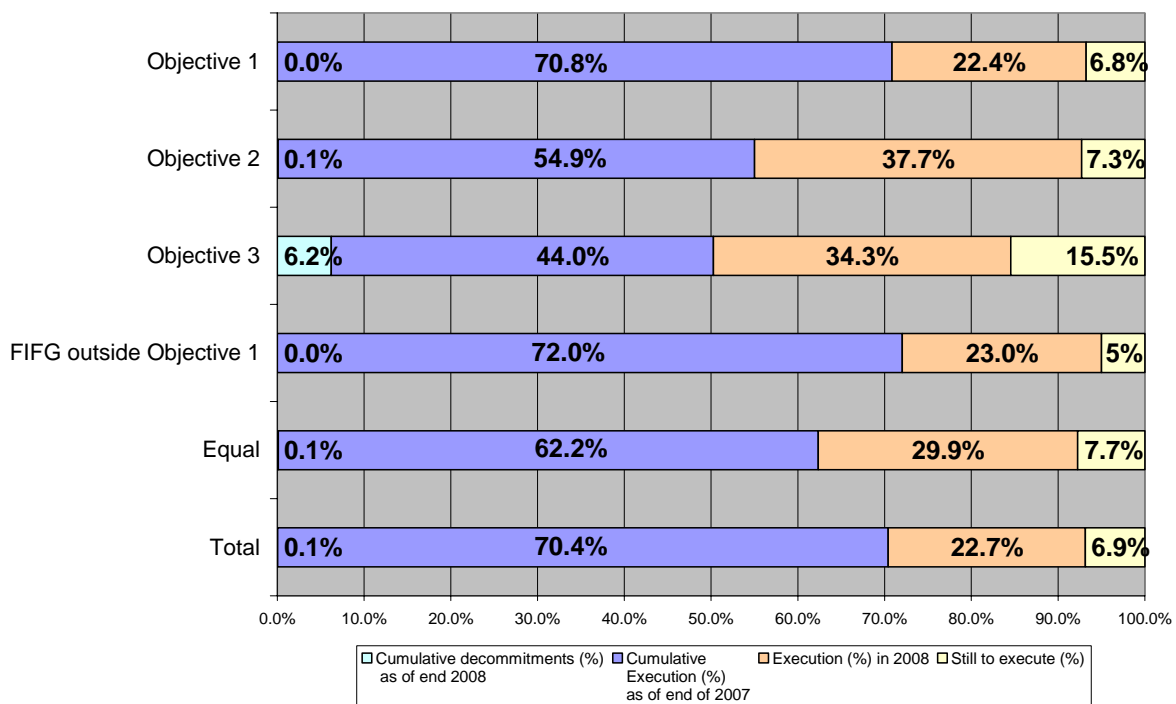


Chart 12 illustrates the following main points:

- Unsurprisingly, the cumulative execution for Objective 1 of 93.2% is very close to the overall average of 93.1% due to the dominant weight of Objective 1 in the overall EU-10 envelope.
- While the cumulative execution rates for Objective 2 and EQUAL (92.7% and 92.3% respectively) have almost caught up with the Objective 1 execution rate, Objective 3 execution is lagging behind at a mere 84.5%.
- The cumulative execution of the FIFG outside Objective 1 has already reached the 95% threshold for payments before closure.
- While n+2 decommitments have been insignificant in relative terms for EU-10 execution as a whole (less than 0.1% of the overall envelope) they have reached as much as 6.2% of the envelope for Objective 3 because of high de-commitments for the Slovak Objective 3 programme.

### **3.3 N+2 DECOMMITMENTS (FOR 2000-2006)**

#### **3.3.1 Legal Framework**

For the programming period 2000-2006 N+2 de-commitments are regulated by article 31.2 of Council Regulation (EC) N° 1260/1999, known as the N+2 rule. The implementing rules are set in Commission Communication C(2002)1942, as amended by Commission Communication C(2003)2982.

The following analysis of the N+2 de-commitments is only based on the programming period 2000-2006. For the programming period 2007-2013 the first de-commitment can only occur after the end of 2009 (cf. Council Regulation N° 1083/2006 for the rules concerning de-commitments for the 2007-2013 programming period).

#### **3.3.2 N+2 de-commitments made in 2008**

2008 was the sixth year of N+2 de-commitments for the programming period 2000-2006. At the end of 2008 there will be no N+2 de-commitments corresponding to the 2006 commitments as the last de-commitments will only be done at the closure of the 2000-2006 programmes.

The total amount de-committed under the N+2 rule in 2008 was €267 million (a detailed list of the de-commitments made in 2008, by programme and fund, is included in **Annex 3**), or 0.72% of the 2005 commitment tranche. This compares with €227 million de-committed in 2007 (0.65% of the 2004 commitment tranche). Thus, de-commitments remain quite small in comparison with the average annual commitment instalment (around €37 billion for the years 2004-2006).

In 2008, 15 out of 25 countries registered N+2 de-commitments but only one of them was an EU-10 country. Thus, although 2008 was already the second year when the N+2 rule was applied for the EU-10, only Slovakia was faced with N+2 de-commitments. This may partly be due to the fact that the payments on account of 16% of the total 2004-2006 envelope of each EU-10 programme provided a relatively long term protection against N+2 de-commitments as advance payments reduce the level of reimbursements needed to avoid automatic de-commitments.

Chart 13 below shows the relative importance of the N+2 de-commitments made in 2008 in terms of the corresponding 2005 commitment tranche for each Member State. This is a better indicator of each Member State's performance than the absolute amount of the de-commitments.

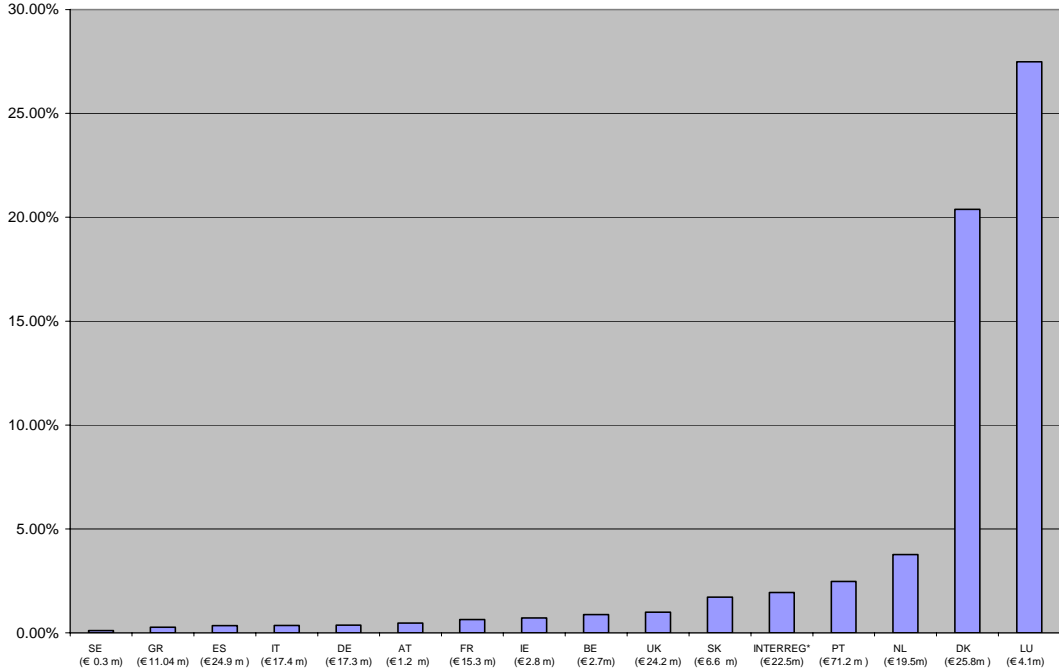
Luxemburg is the country that lost the largest part of its 2005 allocation (€4.1 million, i.e. 27.5 % of the corresponding commitments made in 2005, still higher than the 2007 de-commitments – 23.2 % of the corresponding commitments made in 2004).

Contrary to 2007, when Denmark had had very low de-commitments (0.1% of the corresponding commitments made in 2004), in 2008 Denmark had the second highest de-commitments (20.4% of the corresponding commitments made in 2005, i.e. €25.8 million).

The Netherlands were also affected by high de-commitments (3.8% of the 2005 commitments) followed on the fourth place by Portugal (2.5% of the 2005 commitments, i.e. €71 million which represents more than a quarter of overall de-commitments in 2008). The de-commitments for INTERREG (1.9%) and the UK (1 %) are also noteworthy. De-commitments were made for nine other EU-15 Member States, but in each case they accounted for less than 1% of the respective commitment tranches.

In the case of Slovakia actually only one Obj. 3 programme was affected by an N+2 de-commitment of €6.6 million (1.7% of the overall commitments for Slovakia made in 2005) an important increase in comparison with 2007 de-commitments of €1.4 million (0.5% of the overall commitments for Slovakia made in 2004).

**Chart 13: N+2 de-commitments per Member State in 2008 and in relation to 2005 commitments**



\*INTERREG is multi-country

Chart 14 and Chart 15 show 2008 de-commitments by Fund and Objective, respectively, in % of the corresponding 2005 commitment tranche.

Chart 14 illustrates very clearly that de-commitments for the FIG were proportionally much higher than for the other funds (7.22% of the 2005 commitment tranche against less than 1.8% for all the other funds). Moreover, the FIG performance has worsened considerably in comparison to 2007 when de-commitments for FIG had represented 3.57 % of 2004 commitments.

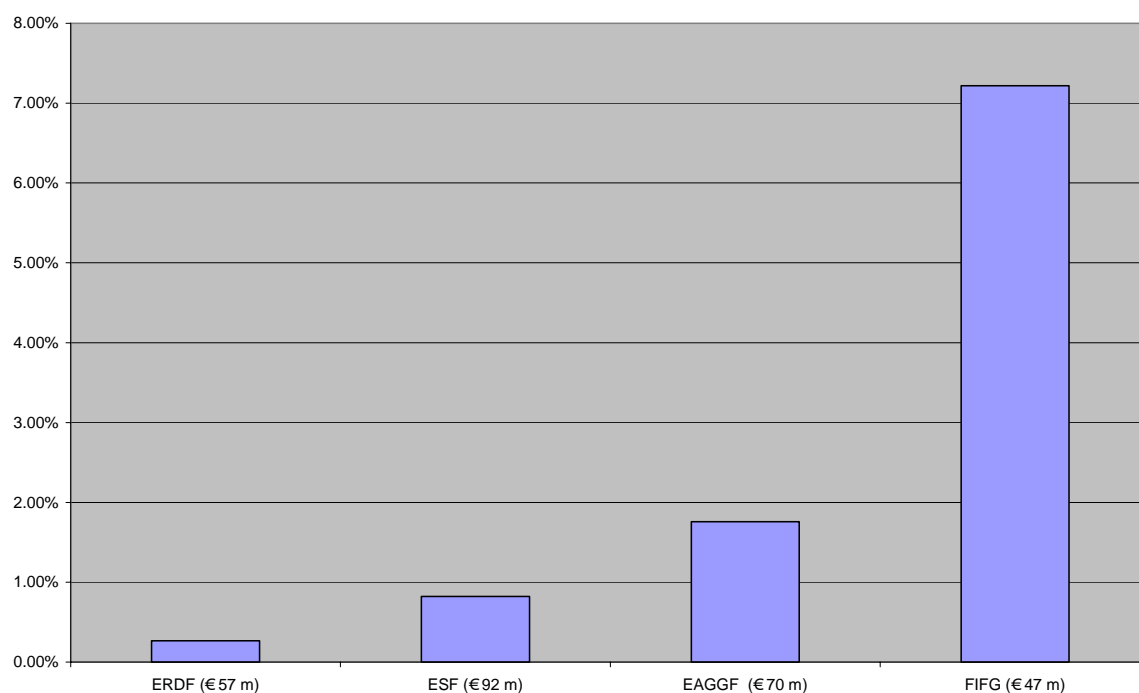
As to the overall breakdown by objective given in Chart 19, FIG outside Objective 1 was the objective most affected by de-commitments in 2008 (over 14% of the 2005 commitment tranche). The Community Initiatives Equal (5.3%), Urban (2.96%), Interreg (2.03%) and

Leader+ (1.49 %) were also significantly affected. De-commitments for all of the other objectives were below 1% of the respective commitment tranches.

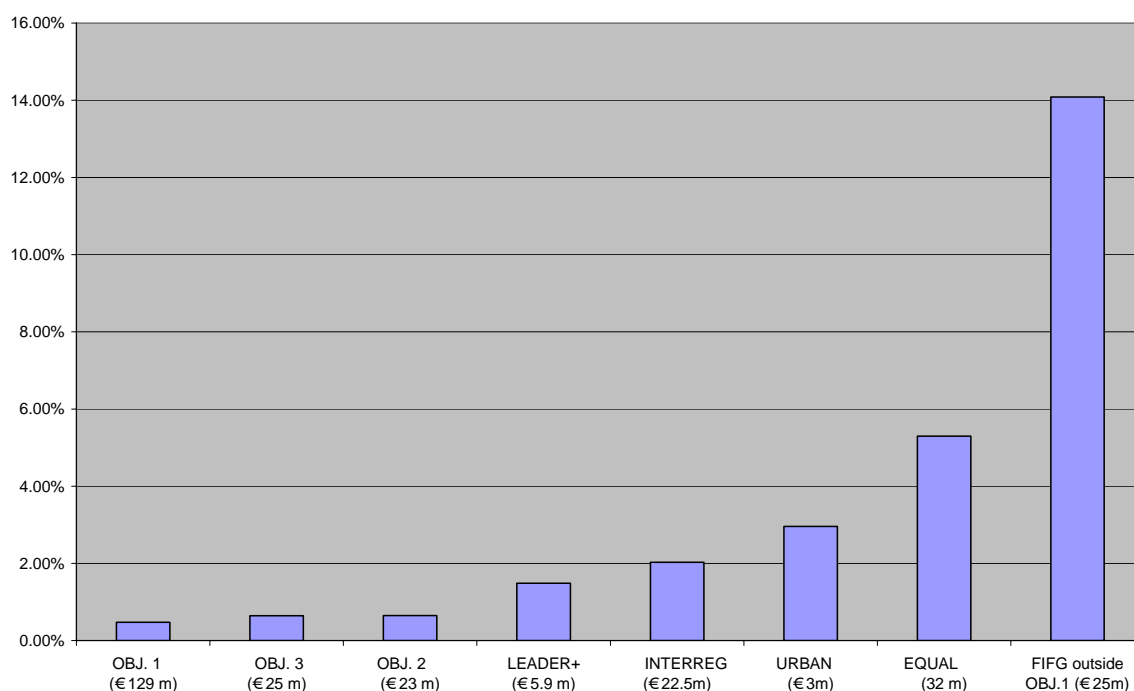
Within the EAGGF, the highest de-commitments relate to Objective 1 programmes (€64.5 million, of which €3.8 million affected Portuguese programmes corresponding to 90% of the high de-commitments for Portugal mentioned above).

Regarding the de-commitments within the FIGG there is an almost equal split in terms of absolute amounts between outside Objective 1 and Objective 1 de-commitments (€25.0 million versus €22.6 million, respectively).

**Chart 14: N+2 de-commitments in 2008 in percentage of 2005 commitments per fund**



**Chart 15: N+2 de-commitments in 2008 in percentage of 2005 commitments per objective**



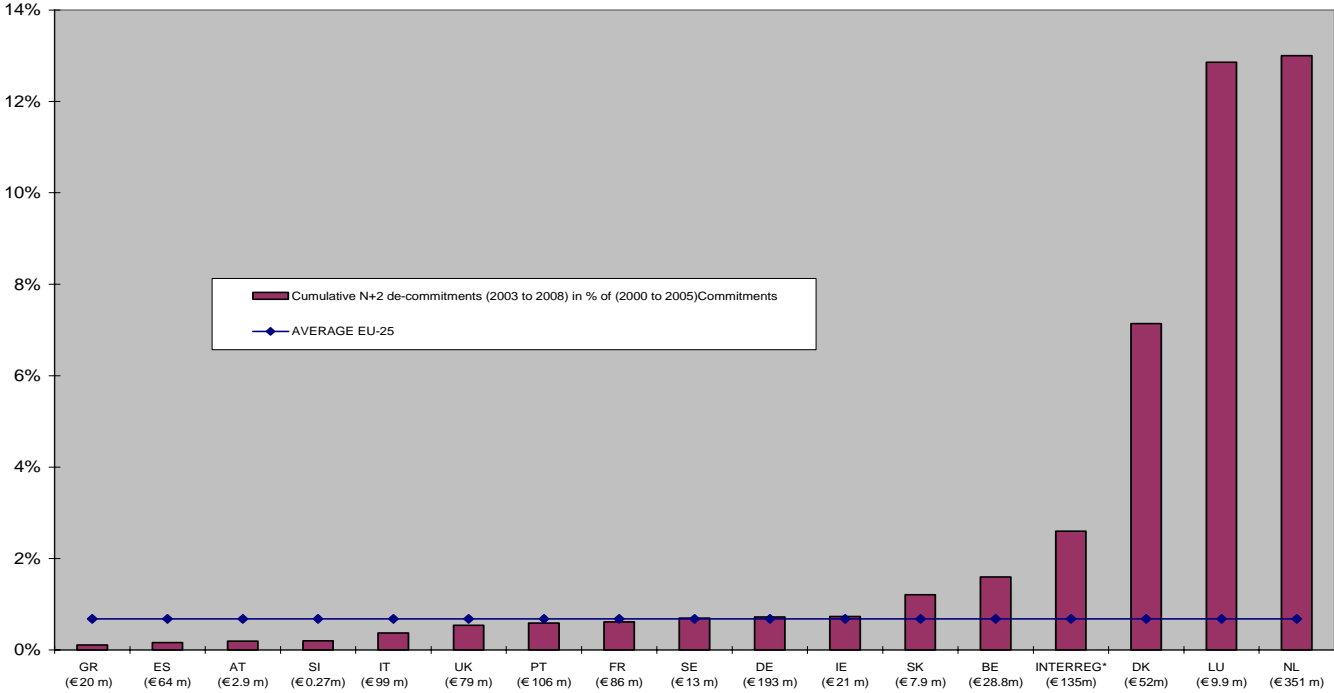
### 3.3.3 Cumulative N+2 de-commitments as at the end of 2008

Clearly, the lower the part of the commitments that is lost over time, the more successful is a Member State/Fund/Objective in actually making use of the respective financial allocation of the period 2000-2006. The corresponding performance indicator is the share of total accumulated de-commitments (from 2003 to 2008) in the value of all the commitment tranches (from 2000 up to 2005) that have so far been subject to n+2 de-commitments.

Using this indicator, the following 3 charts give the (cumulative) situation by Member State, Fund and Objective, respectively.

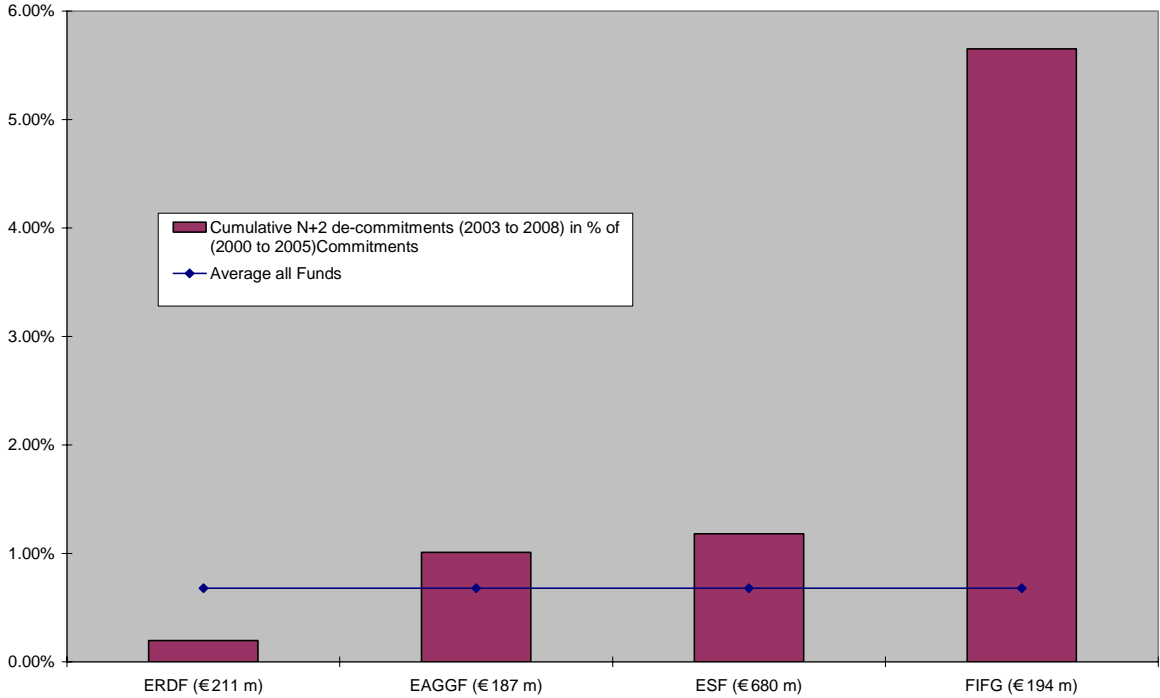
By Member State, the Netherlands, Luxembourg and Denmark, and to a lesser extent Interreg (multi-country), Belgium, Slovakia, Ireland, Sweden and Germany all have de-commitments higher than the average EU-25, which is 0.68 %.

**Chart 16: Relative significance of the cumulative de-commitments up to the end of 2008, by Member State**



By Fund, with a rate of 0.20%, the ERDF is the only fund which has decommitments which are lower than the average (0.68% of 2000 to 2005 commitments). In 2008, the FIGF is still in the top position regarding cumulative de-commitments with 5.65% of 2000 to 2005 commitments. In absolute terms, the highest amount de-committed by 2008 is €680 million for the ESF, but this represents only 1.18% of the 2000 to 2005 commitments.

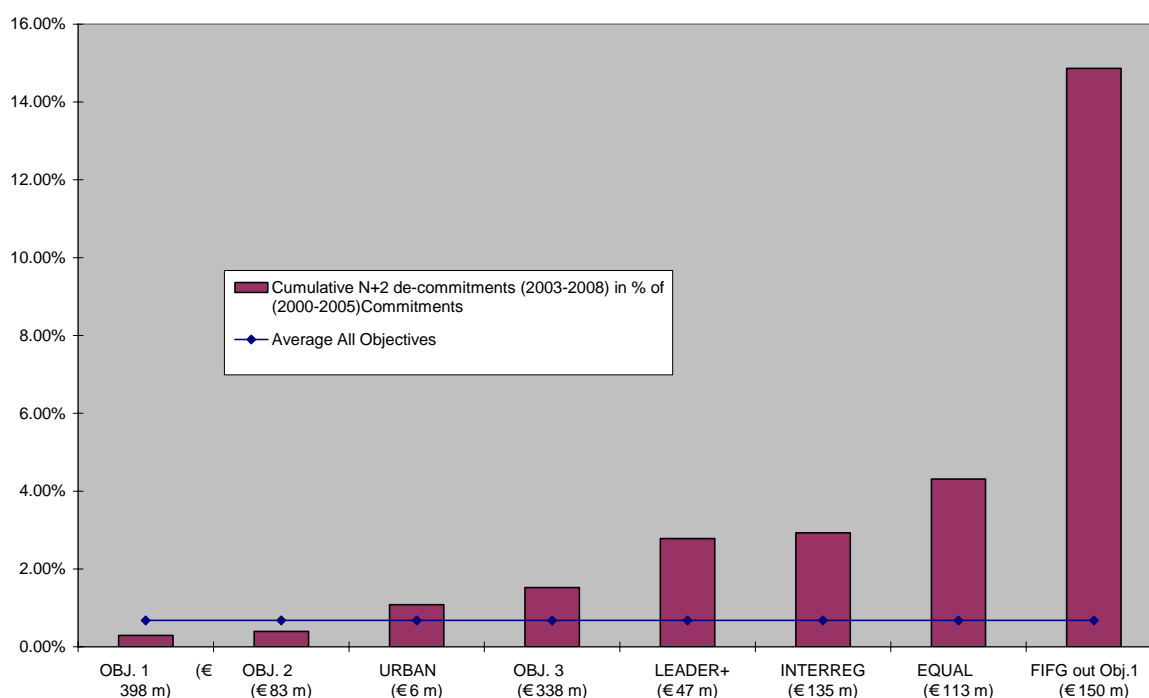
**Chart 17: Relative significance of the cumulative de-commitments up to the end of 2008, by Fund**



By objective, de-commitments are only below the average of 0.68% for Objective 1 and Objective 2 whereas for all of the other objectives/initiatives the de-commitments are above average.

Unsurprisingly, as €150 million out of the €194 million of de-commitments for the FIFG affected programmes outside Objective 1, the FIFG outside Objective 1 stands out in the chart below with a cumulative rate of de-commitments of 14.86%.

**Chart 18: Relative significance of the cumulative de-commitments up to the end of 2008 by objective**



### **3.4 OUTSTANDING COMMITMENTS FROM THE PROGRAMMING PERIOD 2000-2006**

#### **3.4.1 Evolution of 2000-06 outstanding commitments in 2008**

During the 2000-2006 period, after the adoption of the programmes, commitments were made automatically at the beginning of each year. However, after the initial payments on account, interim payments are only made to reimburse expenditure actually disbursed on the ground. According to the N+2 rule, the commitments not covered by acceptable payment claims by the end of the second year after the year of commitment are de-committed. This has been an important element for judging the evolution of the outstanding commitments for the 2000-2006 period. The last year for which commitments were concerned by the N+2 rule was 2005 as 2006 commitments are not subject to the n+2 rule because unused funds are going to be decommitted during the closure procedure. Thus, Member States were not required to cover 2006 commitments by acceptable payment claims by the end of 2008. The favourable evolution of the RAL in 2008 is therefore to be seen as independent of the n+2 rule.

In 2008, the RAL from the 2000-2006 programming period decreased by more than 50%, from €45.3 billion to €1.2 billion (see [Table 10](#) below). This reduction was the consequence of the massive interim payments described above.



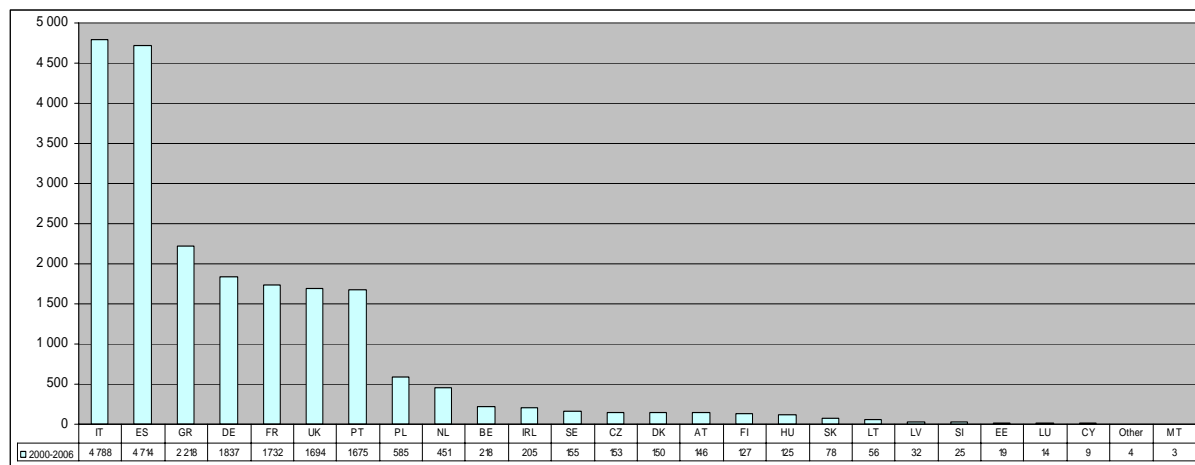
**Table 10: Outstanding commitments from 2000-2006 at the end of 2008\* (in €million)**

<b>Outstanding commitments at the end of 2007</b>	<b>45 300</b>
De-commitments in 2008 on RAL at the end of 2007	-264
Payments in 2008 on outstanding commitments at the end of 2007	- 23 823
<b>(1) TOTAL outstanding commitments from before 2008</b>	<b>21 213</b>
New commitments made in 2008	0
Payments on 2008 commitments	0
<b>(2) TOTAL outstanding commitments from 2008</b>	<b>0</b>
<b>(1)+(2) TOTAL outstanding commitments at the end of 2008</b>	<b>21 213</b>

### 3.4.2 Breakdown of 2000-06 outstanding commitments by Member State

Chart 19 presents total outstanding commitments at the end of 2008 by Member State. Italy and Spain were the Member States with by far the highest RAL, followed at quite some distance by Greece. The EU-10 countries are not lagging behind anymore in overall execution and on average are even ahead of the EU-15 so that their share in the 2000-2006 RAL has been reduced to 5%. The shares of Italy and Spain, however, have increased from 16% in 2007 to 23% and 22%, respectively, while Greece reduced its part from 15% to almost 10%. The relatively poor performance of Italy and Spain is to some extent due to partial suspension of payments for audit reasons. The non-application of the N+2 rule to 2006 commitments may also have had a certain impact.

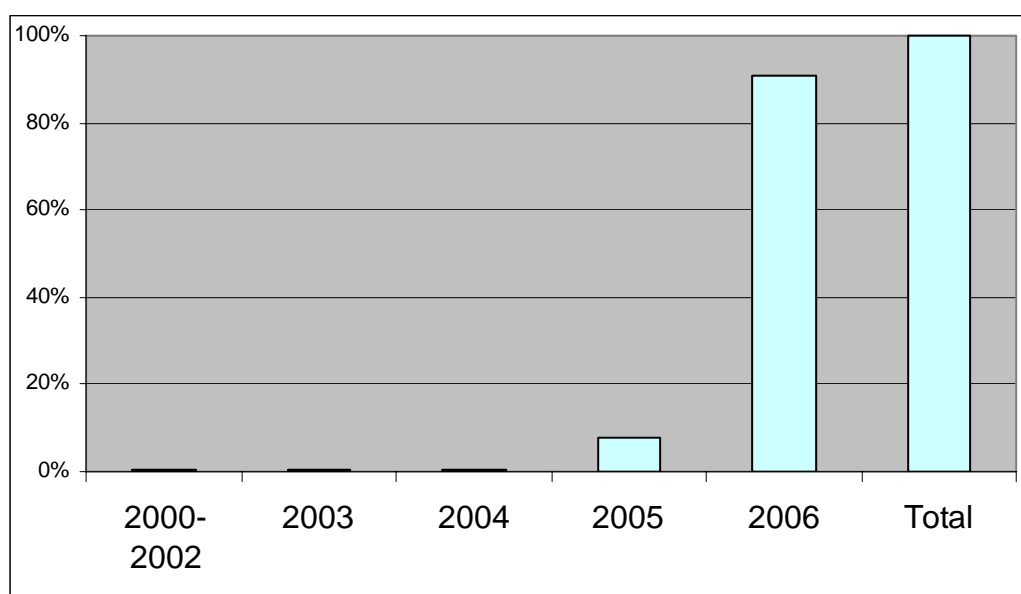
**Chart 19: Outstanding commitments by Member State at the end of 2008 (million €) (2000-2006 period)**



### 3.4.3 Breakdown of 2000-06 outstanding commitments by year of origin

Chart 20 shows that the RAL represents almost entirely commitments made in the last two years of the 2000-2006 period. This is in line with normal expectations, given the n+2 rule. More than 90% of all RAL is linked to commitments made in 2006, which are not subject to the N+2 rule.

**Chart 20 : Outstanding commitments at the end of 2007 by year of origin (2000-2006 period)**



### **3.5 MEMBER STATES' PAYMENT FORECASTS (FOR 2000-2006)**

#### **3.5.1 Aggregate 2008 forecasts for 2000-2006**

Traditionally, there has been a substantial overestimation in the payment forecasts of the Member States but some efforts to provide a more realistic forecast had been observed in 2007. The underlying situation by Member State however worsened a little in 2008: although for 2008, the discrepancy between the total forecast and the payments made was around 16%, i.e. a small improvement from 2007 when the discrepancy had been of 18%, this improvement of the total forecast was only due to an important underestimation of payment claims by some countries compensating high overestimation by the others.

For 2008, the amounts foreseen by the EU-25 Member States for the Structural Funds for the programming period 2000-2006 were altogether €27.5 billion. Overall, the forecast amounts were once again above the level of the outturn of the payments in 2008 which was €23.8 billion, exceeding them by €3.7 billion. This total absolute error of €3.7 billion for 2008 has slightly decreased compared to the forecast error of €5.5 billion in 2007.

**Table 11: Overall forecasting errors for 2000-2006 programmes from 2004 to 2008 (bln euro)**

	Year	Forecast	Paid	Error	%
<b>Structural Funds</b>					
All 2000-2006 programmes EU-25	2004	34.4	27.9	6.5	23%
	2005	37.9	29.5	8.4	28%
	2006	38.7	29.0	9.6	33%
	2007	36.7	31.3	5.5	18%
	<b>2008</b>	<b>27.5</b>	<b>23.8</b>	<b>3.7</b>	<b>16%</b>

2008 forecasts for 2000-2006 by Member State

Table 12 and Table 13 present the forecasting errors by Member State for the 2000-2006 programmes for EU-15 and EU-10 respectively (as multi-country programmes such as INTERREG and PEACE are excluded from this analysis, overall amounts differ marginally from those in Section 3.5.1 above). Relative forecast errors are used, i.e. the forecasting error by a Member State measured in percentage of the payments made to that Member State.

For EU-15, the overall forecasting error was 14%, a small decrease in comparison with 2007, but the situation varies widely from country to country with considerable underestimation by some MS partly compensating high overestimation by others.

The overall forecast error is largely explained by the forecast errors of the 7 major beneficiary countries which together account for over 92% of the received payments.

**Table 12 – Forecasting errors by EU-15 in 2008 for 2000-2006 programmes (mln euro)**

<b>2008</b>	<b>Forecast</b>	<b>Payments</b>	<b>Difference</b>	<b>%</b>
AT	112	110	2	2%
BE	357	294	63	22%
DE	2 200	2 108	92	4%
DK	99	84	14	17%
ES	4 817	2 739	2 078	76%
FI	199	164	35	21%
FR	1 058	1 851	-793	-43%
GR	4 039	4 291	-252	-6%
IE	83	153	-70	-46%
IT	5 124	3 042	2 082	68%
LU	10	6	5	79%
NL	726	618	107	17%
PT	1 864	1 825	39	2%
SE	45	101	-56	-56%
UK	1 260	1 833	-573	-31%
<b>TOTAL*</b>	<b>21 993</b>	<b>19 219</b>	<b>2 773</b>	<b>14%</b>

\*Interreg and Peace are excluded

**Table 13: – Forecasting errors by EU-10 in 2008 for 2004-2006 programmes (mln euro)**

<b>2008</b>	<b>Forecast</b>	<b>Payments</b>	<b>Difference</b>	<b>%</b>
CY	22	<b>18</b>	4	22%
CZ	296	<b>451</b>	-155	-34%
EE	59	<b>59</b>	0	0%
HU	271	<b>253</b>	17	7%
LT	258	<b>258</b>	0	0%
LV	135	<b>135</b>	0	0%
MT	13	<b>12</b>	0	2%
PL	3 193	<b>1 985</b>	1 208	61%
SI	56	<b>46</b>	10	22%
SK	332	<b>302</b>	30	10%
<b>TOTAL*</b>	<b>4 635</b>	<b>3 520</b>	<b>1 115</b>	<b>32%</b>

\*Interreg is excluded

For the **EU-10**, 2008 was the fifth forecasting exercise. Here, the overall forecasting error was higher than for the EU-15, namely 32%. The overall forecasting error for EU-10 is largely explained by the errors of two main beneficiaries in 2008 that account for 69% of the received payments. The best forecasters among **EU-10** with 0% forecast error were Estonia, Lithuania and Latvia, but their overall share in payments was only 13%.

Overall, for EU-25, there is still a dominant tendency towards over-estimation by the Member States, but in 2008 six countries out of 25 i.e. almost 1/4 of them underestimated their payments. Their underestimation partly counterbalanced the high overestimation of payments by other Member States. Nine countries provided forecasts with less than 10% error.

## 4 PRE-2000 PROGRAMMES

### 4.1 Implementation in 2008 of pre-2000 programmes

In 2008, the RAL from the pre-2000 programming period decreased by 44%, from €20.5 million to €47.6 million. Thus it now represents only 0.36% of the total RAL for the Structural Funds. The reduction of the pre-2000 RAL results mainly from de-commitments (€234.5 million) and also a minor amount from payments (€38.4 million). A large number of pre-2000 programmes have been closed. It is important to note that most closures resulted in de-commitments (often linked to financial corrections) and not in final payments. The amounts still outstanding concern commitments whose payment is suspended due to ongoing legal proceedings. The final closure for the corresponding programmes is therefore progressing very slowly and it is expected to result in more de-commitments and recoveries than payments. The monitoring of these programmes is going to be continued in 2009.

Table 14 shows the evolution of the RAL amount for the pre-2000 programmes in 2008.

**Table 14 : Payments: available appropriations and their implementation for pre-2000 programmes and evolution of the RAL (in €million)**

<i>Pre-2000</i>									
Budget item	Title	Initial Budget	Other additional appropriations*	Transfers	Total available	Total execution	RAL 1/01/2008	Changes of RAL**	RAL 31/12/2008
04 02 03	ESF	2.00		-2.00	0.00	0.00	63.05	-0.32	62.73
04 02 05	ESF - Old Obj2 and 5b	1.00		-0.57	0.43	0.43	11.41	-1.26	9.71
04 02 07	ESF - Old Obj 3 and 4	2.00		-0.15	1.85	1.85	56.78	-12.54	42.39
04 02 09	ESF 94_99	2.00		2.27	4.27	4.28	58.20	-8.33	45.59
04 02 11	ESF	pm	0.01		0.01	0.00	0.12		0.12
	Total ESF	7.00	0.01	-0.45	6.56	6.55	189.56	-22.45	160.55
13 03 03	ERDF	20.00		5.36	25.36	22.82	178.34	-95.67	59.85
13 03 05	ERDF Obj 2 and 5b	5.00		-5.00	0.00	0.00	9.36	-3.61	5.75
13 03 07	ERDF 94_99	1.00		8.29	9.29	8.74	45.54	-2.68	34.12
13 03 09	ERDF	pm			0.00	0.00	4.51	-0.56	3.95
	Total ERDF	26.00	0.00	8.65	34.65	31.56	237.75	-102.52	103.67
	Total Heading 1B	33.00	0.01	8.20	41.21	38.12	427.31	-124.97	264.23
05 04 02 03	EAGGF Old 1 & 6	pm	6.99		6.99	0.00	134.38	-94.65	39.73
05 04 02 04	EAGGF Old 5b	pm			0.18	0.00	3.58		3.58
05 04 02 05	EAGGF old Obj 5a	pm			0.00	0.00	4.43		4.43
05 04 02 07	EAGGF 94_99	pm			0.00	0.00	9.77	-6.24	3.53
05 04 02 08	EAGGF innovative measures old	pm			0.00	0.00	0.00		0.00
	Total EAGGF	0.00	6.99	0.00	7.17	0.00	152.16	-100.89	51.27
11 06 03	FIFG Old 1 & 6	pm		0.30	0.30	0.28	23.00	-3.77	18.95
11 06 05	FIFG old Obj 5a	pm			0.00	0.00	16.41	-4.37	12.04
11 06 06	FIFG 94_99	pm			0.00	0.00	1.63	-0.51	1.12
	Total FIFG	0.00	0.00	0.30	0.30	0.28	41.04	-8.65	32.11
	Total Heading 2	0.00	6.99	0.30	7.47	0.28	193.20	-109.54	83.38
	<b>Total</b>	<b>33.00</b>	<b>7.00</b>	<b>8.50</b>	<b>48.68</b>	<b>38.40</b>	<b>620.51</b>	<b>-234.50</b>	<b>347.61</b>

\* Appropriations made available again and earmarked revenue

\*\* Recommended & Decommited & Cancelled

## 4.2 Clearance of outstanding commitments from pre-2000 programmes

Chart 21 shows the breakdown of outstanding commitments for pre-2000 programmes by Member State. Compared to 2007, due to the closure efforts mentioned above, there are no longer any outstanding anymore for Greece and the pre-2000 RAL for Germany, France, Italy and Portugal has been reduced by more than 30%. By contrast, no progress could be made in 2008 regarding the reduction of the remaining pre-2000 RAL for Austria, Belgium, Luxemburg and Sweden.

**Chart 21 : Reduction in 2008 and remaining outstanding commitments from pre-2000 programmes at the end of 2008 by Member State (in €million)**

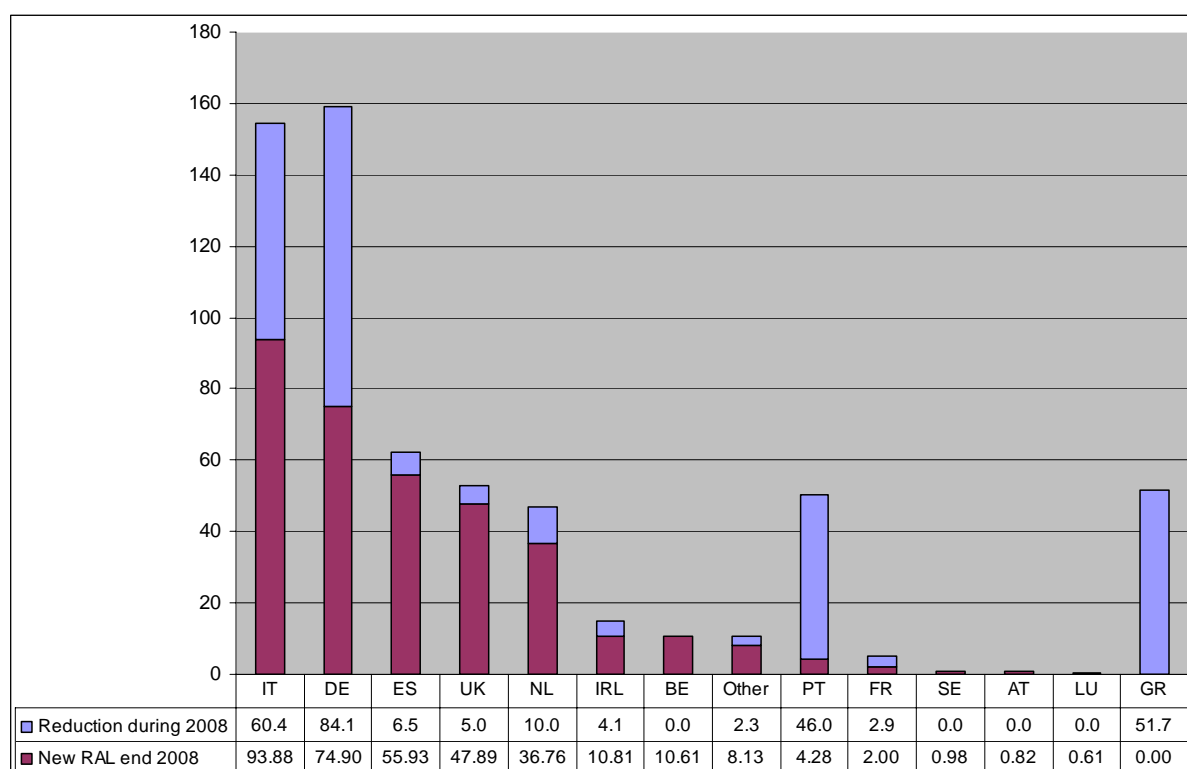
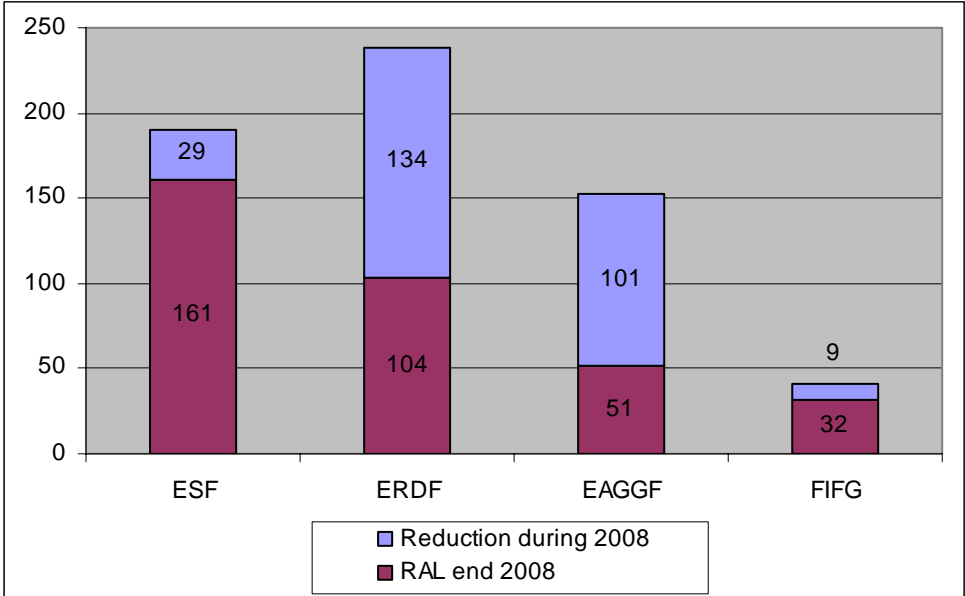


Chart 22 gives the breakdown of pre-2000 RAL by Fund. Almost half of the total outstanding commitments originate from ESF programmes.

**Chart 22: Reduction in 2008 and remaining outstanding commitments from pre-2000 programmes at the end of 2008 by Fund (in €million)**



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## ANNEX 1 : IMPLEMENTATION BY BUDGET LINES IN 2008 - STRUCTURAL FUNDS

Financial year 2008: Outturn of Commitment Appropriations on 31.12.2008 by budget item

Source C2 outturn reports at date of 10/03/2009

in Euros

ITEM	HEADING	BUDGET					ADDITIONAL APPROPR.		TOTAL		
		VOTED BUDGET	TRANSFERS & AMENDING BUDGET	TOTAL	OUTTURN	%	CARRY OVER, INCOME, RECONSTITUTIONS	OUTTURN	TOTAL BUDGET	OUTTURN	%
		1	2	3 = 1+2	4	5 = 4/3	6	7	8 = 3+6	9 = 4+7	10 = 9/8
<b>PRE-2000</b>	<b>programming periods</b>										
04 02 07	ESF - Old Obj 3 and 4			0			1 836 665	1 836 665	1 836 665	1 836 665	100.00%
04 02 11	ESF - Operational TA and IA (prior to 2000)			0			8 100		8 100	0	0.00%
05 04 02 03	EAGGF Objectives 1 & 6 (prior to 2000)			0			28 663 279		28 663 279	0	0.00%
05 04 02 04	EAGGF Objective 5b (prior to 2000)			0			181 781		181 781	0	0.00%
05 04 02 05	EAGGF outside Obj 1 (prior to 2000)			0			324 564		324 564	0	0.00%
05 04 02 07	EAGGF 94_99			0			4 850 847		4 850 847	0	0.00%
11 06 03	FIFG Obj 1 & 6 (prior to 2000)			0			185 000	185 000	185 000	185 000	100.00%
<b>TOTAL PRE-2000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>36 050 236</b>	<b>2 021 665</b>	<b>36 050 236</b>	<b>2 021 665</b>	<b>5.61%</b>
<b>2000-2006</b>	<b>Programming period</b>										
04 02 10	ESF - Operational TA and IA			0			84 682		84 682	0	0.00%
05 04 02 01	EAGGF Objective 1			0			137 562	137 562	137 562	137 562	100.00%
05 04 02 06	Leader			0					0	0	0.00%
13 03 06	URBAN			0			28 191	28 191	28 191	28 191	100.00%
13 03 08	ERDF - TA & Innovative Measures			0			844		844		0.00%
<b>TOTAL 2000-2006</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>251 279</b>	<b>165 752</b>	<b>251 279</b>	<b>165 752</b>	<b>65.96%</b>
<b>2007-2013</b>	<b>Ongoing Programming period</b>										
04 01 04 01	ESF - Non operational TA	15 346 086	2 708 133	18 054 219	15 930 146	88.24%	4 899		18 059 118	15 930 146	88.21%
04 02 17	ESF - Convergence	7 614 779 048	-620 662 524	6 994 116 524	6 994 116 524	100.00%	13 163 237	13 163 237	7 007 279 761	7 007 279 761	100.00%
04 02 18	ESF - PEACE			0					0	0	0.00%
04 02 19	ESF - Regional competitiveness and employment	3 483 764 883	120 079 869	3 603 844 752	3 603 844 752	100.00%			3 603 844 752	3 603 844 752	100.00%
04 02 20	ESF - Operational TA	10 000 000		10 000 000	9 635 899	96.36%			10 000 000	9 635 899	96.36%
13 01 04 01	ERDF - Non operational TA	11 135 000	1 965 000	13 100 000	10 152 222	77.50%			13 100 000	10 152 222	77.50%
13 01 04 03	CF-Expenditure on adm management	4 207 500	742 500	4 950 000	4 283 620	86.54%			4 950 000	4 283 620	86.54%
13 03 16	ERDF - Convergence	21 267 270 155	946 929 566	22 214 199 721	22 214 199 721	100.00%			22 214 199 721	22 214 199 721	100.00%
13 03 17	ERDF - PEACE	30 849 316		30 849 316	30 849 316	100.00%			30 849 316	30 849 316	100.00%
13 03 18	ERDF - Regional competitiveness and employment	5 108 692 167	-120 079 869	4 988 612 298	4 988 612 298	100.00%			4 988 612 298	4 988 612 298	100.00%
13 03 19	ERDF - European territorial co-operation	1 004 703 240	64 470 447	1 069 173 687	1 053 228 332	98.51%	95 533 659	95 533 659	1 164 707 346	1 148 761 991	98.63%
13 03 20	ERDF - Operational TA	45 000 000		45 000 000	39 109 490	86.91%			45 000 000	39 109 490	86.91%
13 04 02	Cohesion Fund 2007-2013	8 150 101 978		8 150 101 978	8 142 934 367	99.91%			8 150 101 978	8 142 934 367	99.91%
<b>TOTAL 2007-2013</b>		<b>46 745 849 373</b>	<b>396 153 122</b>	<b>47 142 002 495</b>	<b>47 106 896 688</b>	<b>99.93%</b>	<b>108 701 795</b>	<b>108 696 896</b>	<b>47 250 704 290</b>	<b>47 215 593 584</b>	<b>99.93%</b>
	<b>Total</b>	<b>46 745 849 373</b>	<b>396 153 122</b>	<b>47 142 002 495</b>	<b>47 106 896 688</b>	<b>99.93%</b>	<b>145 003 310</b>	<b>110 884 313</b>	<b>47 287 005 805</b>	<b>47 217 781 001</b>	<b>99.85%</b>

**ANNEX 1 : IMPLEMENTATION BY BUDGET LINES IN 2008 - STRUCTURAL FUNDS**

Financial year 2008: Outturn of Payment Appropriations on 31.12.2008 by budget item

Source C2 outturn reports at date of 10/03/2009

in Euros

ITEM	HEADING	BUDGET					ADDITIONAL APPROPR.		TOTAL		
		VOTED BUDGET	TRANSFERS & AMENDING BUDGET	TOTAL	OUTTURN	%	CARRY OVER & INCOME	OUTTURN	TOTAL BUDGET	OUTTURN	%
		1	2	3 = 1+2	4	5 = 4/3	6	7	8 = 3+6	9 = 4+7	10 = 9/8
<b>Pre-2000</b>	<b>programming periods</b>										
04 02 03	ESF Objective 1 (prior to 2000)	2 000 000	-2 000 000	0					0	0	
04 02 05	ESF - Old Obj2 and 5b	1 000 000	-566 345	433 655	433 655	100.00%			433 655	433 655	100.00%
04 02 07	ESF - Old Obj 3 and 4	2 000 000	-153 959	1 846 041	1 846 041	100.00%			1 846 041	1 846 041	100.00%
04 02 09	ESF 94_99	2 000 000	2 275 192	4 275 192	4 275 192	100.00%			4 275 192	4 275 192	100.00%
04 02 11	ESF - Operational TA and IA (prior to 2000)			0			8 100		8 100	0	0.00%
05 04 02 03	EAGGF Old 1 & 6 (prior to 2000)			0			6 989 834		6 989 834	0	0.00%
05 04 02 04	EAGGF Objective 5b (prior to 2000)			0			181 781		181 781	0	0.00%
05 04 02 05	EAGGF outside Obj 1 (prior to 2000)			0					0	0	
05 04 02 07	EAGGF 94_99			0					0	0	
11 06 03	FIFG Obj 1 & 6 (prior to 2000)		300 000	300 000	282 240	94.08%			300 000	282 240	94.08%
13 03 03	ERDF Obj. 1 (prior to 2000)	20 000 000	5 356 748	25 356 748	22 818 163	89.99%			25 356 748	22 818 163	89.99%
13 03 05	ERDF Obj 2 (prior to 2000)	5 000 000	-5 000 000	0					0	0	
13 03 07	ERDF 94_99	1 000 000	8 291 361	9 291 361	8 744 391	94.11%			9 291 361	8 744 391	94.11%
13 03 09	ERDF - TA & Innovative Measures (prior to 2000)			0					0	0	
<b>TOTAL PRE-2000</b>		<b>33 000 000</b>	<b>8 502 997</b>	<b>41 502 997</b>	<b>38 399 683</b>	<b>92.52%</b>	<b>7 179 715</b>	<b>0</b>	<b>48 682 712</b>	<b>38 399 683</b>	<b>78.88%</b>
<b>2000-2006</b>	<b>Previous programming period</b>										
04 02 01	ESF Objective 1	2 740 506 197	431 958 338	3 172 464 535	3 172 464 535	100.00%			3 172 464 535	3 172 464 535	100.00%
04 02 02	ESF - PEACE	8 973 140	-155 673	8 817 467	8 817 467	100.00%			8 817 467	8 817 467	100.00%
04 02 04	ESF Objective 2	175 612 318	44 069 095	219 681 413	199 432 503	90.78%			219 681 413	199 432 503	90.78%
04 02 06	ESF - Objectives 3	1 972 600 079	747 279 438	2 719 879 517	2 628 420 194	96.64%			2 719 879 517	2 628 420 194	96.64%
04 02 08	EQUAL	300 000 000	109 519 558	409 519 558	387 452 942	94.61%			409 519 558	387 452 942	94.61%
04 02 10	ESF - Operational TA and IA	18 000 000		18 000 000	15 141 927	84.12%	84 682		18 084 682	15 141 927	83.73%
05 04 02 01	EAGGF Objective 1	1 550 000 000	127 019 000	1 677 019 000	1 621 375 728	96.68%			1 677 019 000	1 621 375 728	96.68%
05 04 02 02	EAGGF - PEACE			0					0	0	
05 04 02 06	Leader	300 000 000	61 880 921	361 880 921	361 087 805	99.78%			361 880 921	361 087 805	99.78%
05 04 02 09	EAGGF - Operational TA			0					0	0	
11 06 01	FIFG Objective 1	197 000 000	-1 120 214	195 879 786	195 630 981	99.87%			195 879 786	195 630 981	99.87%
11 06 02	FISH - PEACE			0					0	0	
11 06 04	FIFG outside Obj 1	72 000 000	59 000 000	131 000 000	124 274 543	94.87%			131 000 000	124 274 543	94.87%
11 06 07	FIFG - Operational TA and IA	300 000		300 000	131 900	43.97%			300 000	131 900	43.97%
13 03 01	ERDF Objective 1	6 920 101 302	4 605 152 862	11 525 254 164	11 524 070 870	99.99%			11 525 254 164	11 524 070 870	99.99%
13 03 02	ERDF - PEACE	32 900 225	-6 881 039	26 019 186	26 019 186	100.00%			26 019 186	26 019 186	100.00%
13 03 04	ERDF Objective 2	1 380 677 865	1 055 000 000	2 435 677 865	2 433 273 231	99.90%			2 435 677 865	2 433 273 231	99.90%
13 03 06	URBAN	50 659 160	45 000 000	95 659 160	95 295 618	99.62%			95 659 160	95 295 618	99.62%
13 03 08	ERDF - TA & Innovative Measures	35 000 000	-5 616 336	29 383 664	28 888 516	98.31%	844		29 384 508	28 888 516	98.31%
13 03 10	Completion of regional measures			0					0	0	
13 03 13	Interreg III	750 000 000	252 000 000	1 002 000 000	1 001 382 542	99.94%			1 002 000 000	1 001 382 542	99.94%
<b>TOTAL PRE-2007</b>		<b>16 504 330 286</b>	<b>7 524 105 950</b>	<b>24 028 436 236</b>	<b>23 823 160 487</b>	<b>99.15%</b>	<b>85 526</b>	<b>0</b>	<b>24 028 521 762</b>	<b>23 823 160 487</b>	<b>99.15%</b>
<b>2007-2013</b>	<b>Ongoing Programming period</b>										
04 01 04 01	ESF - Non operational TA	15 346 086	2 708 133	18 054 219	9 967 082	49.67%	5 228 126	3 571 848	23 282 345	12 538 930	53.86%
04 02 17	ESF - Convergence	3 823 198 181	-2 115 000 000	1 708 198 181	1 604 058 625	93.90%			1 708 198 181	1 604 058 625	93.90%
04 02 19	ESF - Regional competitiveness and employment	1 732 666 849	-966 261 373	766 405 476	764 099 609	99.70%			766 405 476	764 099 609	99.70%
04 02 20	ESF - Operational TA	8 174 192		8 174 192	2 084 758	25.50%			8 174 192	2 084 758	25.50%
13 01 04 01	ERDF - Non operational TA	11 135 000	1 965 000	13 100 000	3 797 962	28.99%	6 133 270	3 950 184	19 233 270	7 748 147	40.29%
13 01 04 03	CF-Expenditure on adm management	4 207 500	742 500	4 950 000	1 658 817	33.51%	2 551 023	1 592 922	7 501 023	3 251 739	43.35%
13 03 16	ERDF - Convergence	10 606 637 496	-5 564 570 625	5 042 066 871	5 042 066 871	100.00%			5 042 066 871	5 042 066 871	100.00%
13 03 17	ERDF - PEACE	13 437 020	-6 691 651	6 745 369	6 745 369	100.00%			6 745 369	6 745 369	100.00%
13 03 18	ERDF - Regional competitiveness and employment	2 540 832 078	-1 564 862 231	975 969 847	975 969 847	100.00%			975 969 847	975 969 847	100.00%
13 03 19	ERDF - European territorial co-operation	559 011 239	-310 179 089	248 832 150	248 832 150	100.00%			248 832 150	248 832 150	100.00%
13 03 20	ERDF - Operational TA	20 091 462	23 000 000	43 091 462	41 100 334	95.38%			43 091 462	41 100 334	95.38%
13 04 02	Cohesion Fund 2007-2013	4 786 634 804	-1 988 164 863	2 798 469 941	2 797 798 864	99.98%			2 798 469 941	2 797 798 864	99.98%
<b>TOTAL 2007-2013</b>		<b>24 121 371 907</b>	<b>-12 487 314 199</b>	<b>11 634 057 708</b>	<b>11 497 180 288</b>	<b>98.82%</b>	<b>13 912 419</b>	<b>9 114 955</b>	<b>11 647 970 127</b>	<b>11 506 295 243</b>	<b>98.78%</b>
	<b>Total</b>	<b>40 658 702 193</b>	<b>-4 954 705 252</b>	<b>35 703 996 941</b>	<b>35 358 740 458</b>	<b>99.03%</b>	<b>21 177 660</b>	<b>9 114 955</b>	<b>35 725 174 601</b>	<b>35 367 855 413</b>	<b>99.00%</b>

ANNEX 2  
LIST OF COMMISSION TRANSFERS EXECUTED BY THE SF TEAM OF DG BUDG/A2 IN 2008

Payments								
Origin	Description of budget line	Amount Withdrawn	Destination	Description of budget line	Amount Reinforced	Request	SI2 code	Reason
13.0318	ERDF - Regional competitiveness and employment	-325 000 000	13.0304	ERDF - Objective 2	285 000 000	6/02/08	467002	Additional credits needed to cover two pmt claims
11.0601	FIFG - Objective 1	-820 214	11.0609	URBAN Reconversion fisheries dependant on the fisheries agreement with Morocco	40 000 000 820 214	6/03/08	469353	Credits needed to close PT projects
04.0201	ESF - Objective 1	-100 000 000	04.0208	Equal	100 000 000	20/05/08	476213	Additional credits needed to cover payment requests
13.0302	ERDF - PEACE	-8 881 039	13.0301	ERDF - Objective 1	1 000 000 000	23/05/08	476298	Additional credits needed to cover payment requests
13.0316	ERDF - Convergence	-1 006 118 961	13.0304	ERDF - Objective 2	200 000 000			
13.0318	ERDF - Regional competitiveness and employment	-200 000 000	13.0320	ERDF - Operational TA	13 000 000			
04.0201	ESF - Objective 1	-10 000 000	04.0209	ESF - 94_99	10 000 000	27/05/08	477469	Additional credits needed to cover payment requests
11.0601	FIFG - Objective 1	-300 000	11.0603	FIFG	300 000	4/06/08	478266	closure of outstanding Programmes - pm in budget
13.0316	ERDF - Convergence	-1 200 000 000	13.0301	ERDF Objective 1	1 200 000 000	7/07/08	483879	Additional credits needed to cover payment requests
13.0318	ERDF - Regional competitiveness and employment	-200 000 000	13.0304	ERDF Objective 2	200 000 000			
04.0217	ESF - Convergence	-500 000 000	04.0206	ESF - Objective 3	500 000 000	11/07/08	484841	Additional credits needed to cover payment requests
13.0316	ERDF - Convergence	-600 000 000	13.0301	ERDF - Objective 1	600 000 000	5/08/08	488459	Additional credits needed to cover payment requests
13.0318	ERDF - Regional competitiveness and employment	-100 000 000	13.0304	ERDF Objective 2	100 000 000	5/08/08	488461	Additional credits needed to cover payment requests
13.031900.14	ERDF - European territorial co-operation	-100 000 000	13.0313	Interreg III	100 000 000	5/08/08	488464	Additional credits needed to cover payment requests
13.0402	Cohesion Fund	-250 000 000	13.0401	Cohesion Fund pre-2007	250 000 000	5/08/08	488470	Additional credits needed to cover payment requests
11.0612	EFF - Convergence	-13 000 000	11.0604	FIFG - outside Obj 1	13 000 000	14/08/08	489177	Additional credits needed to cover payment requests
13.0316	ERDF - Convergence	-14 000 000	13.0320	ERDF - Operational TA	14 000 000	18/08/08	489306	Additional credits needed to cover payment requests
13.031900.14	ERDF - European territorial co-operation	-50 000 000	13.0313	Interreg III	50 000 000	5/09/08	492799	Additional credits needed to cover payment requests
13.0316	ERDF - Convergence	-1 348 000 000	13.0301	ERDF Objective 1	1 348 000 000	15/09/08	494265	Additional credits needed to cover payment requests
13.0318	ERDF - Regional competitiveness and employment	-300 000 000	13.0304	ERDF Objective 2	300 000 000			
13.0402	Cohesion Fund	-300 000 000	13.0401	Cohesion Fund pre-2007	300 000 000			
04.0217	ESF - Convergence	-880 000 000	04.0201	ESF Objective 1	180 000 000	15/09/08	494251	Additional credits needed to cover payment requests
			04.0206	ESF - Objective 3	700 000 000			
04.0217	ESF - Convergence	-85 297 478	11.0612	EFF - Convergence	85 297 478	16/09/08	494258	Additional credits needed to cover payment requests
04.0206	ESF - Objective 3	-150 000 000	04.0204	ESF - Objective 2	150 000 000	10/10/08	497804	Additional credits needed to cover payment requests
13.0316	ERDF - Convergence	-23 000 000	13.0303	Completion of ERDF Obj1	18 000 000	10/10/08	497827	Additional credits needed to cover closure of 2 programmes pre-2000
			13.0306	URBAN	5 000 000			
13.0316	ERDF - Convergence	-33 308 349	13.031300.10	Interreg III	40 000 000	27/10/08	500764	Additional credits needed to cover payment claims
13.0317	ERDF - Peace	-6 691 651						
13.0318	ERDF - RC&E	-40 000 000	13.031300.10	Interreg III	40 000 000	11/11/08	503019	Additional credits needed to cover payment claims
06.040400	Completion of rural development - New MS 2004-2006	-105 904 921	05.040201.10	EAGGF Objective 1	127 019 000	20/11/08	505992	Additional credits needed to cover payment claims
06.040501	EAFRD - Rural development programmes	-63 795 000	05.040206.10	Leader	42 680 921			
13.0318	ERDF - RC&E	-22 000 000	13.031300.10	Interreg III	22 000 000	26/11/08	507075	Additional credits needed to cover payment claims
13.0316	ERDF - Convergence	-192 714 667	13.0301	ERDF - Objective 1	372 756 716	26/11/08	507067	Additional credits needed to cover payment claims
13.0318	ERDF - RC&E	-177 862 960						
13.031900.14	ERDF - European territorial co-operation	-460 328						
13.031900.15	ERDF - European territorial co-operation	-1 718 761						
11.0612	EFF - Convergence	-7 000 000	11.0613	EFF - outside Convergence	7 000 000	27/11/08	507327	Additional credits needed to cover payment claims
13.0305	ERDF Obj 2 and 5b	-4 447 926	13.0307	ERDF 94_99	7 739 287	10/12/08	508642	Additional credits needed to cover payment claims
13.0303	ERDF	-3 291 361						
13.040200.10	Cohesion Fund	-1 979 418	13.0401	Cohesion Fund pre-2007	2 779 418	10/12/08	508641	Additional credits needed to cover payment claims
13.040200.11	Cohesion Fund	-800 000						
13.0320	ERDF - Operational TA	-4 000 000	13.0301	ERDF - Objective 1	54 427 919	10/12/08	508638	Additional credits needed to cover payment claims
13.0304	ERDF - Objective 2	-30 000 000	13.0318	ERDF - RC&E	729			
13.0316	ERDF - Convergence	-20 428 648						
13.0312	Fund for Ireland	-15 000 000	13.0301	ERDF - Objective 1	15 000 000	11/12/08	509422	Executed by BUDG A3-Additional credits needed to cover payment claims
04.0202	Fund for reconcil & peace N Ireland	-155 673	04.0201	ESF - Objective 1	210 282 508	10/12/08	509962	Additional credits needed to cover payment claims
04.0203	ESF	-2 000 000	04.0208	Equal	9 519 558			
04.0204	ESF - Objective 2	-105 930 905						
04.0205	ESF - Old Obj2 and 5b	-566 345						
04.0206	ESF - Objectives 3	-102 009 003						
04.0207	ESF - Old Obj 3 and 4	-153 959						
04.0209	ESF - 94_99	-7 724 808						
04.0219	ESF - RC&E	-1 261 373						
13.0303	ERDF	-9 351 891	13.0301	ERDF - Objective 1	14 968 227	18/12/08	512097	Additional credits needed to cover payment claims
13.0305	ERDF - Obj 2 and 5b	-552 074	13.0307	ERDF - 94_99	552 074			
13.030800.11	ERDF - TA & Innovative Measures	-273 876						
13.030800.13	ERDF - TA & Innovative Measures	-5 342 460						
05.040501	EAFRD - Rural development programmes	-19 200 000	05.040206	Leader	19 200 000	17/12/08	512156	Additional credits needed to cover payment claims
04.0206	ESF - Objective 3	-59 804 340	04.0201	ESF - Objective 1	59 804 400	Mail 19/12/08 + letter 10/12/09	513287	Additional credits needed to cover payment claims
04.0206	ESF - Objective 3	-137 800 277	04.0201	ESF - Objective 1	137 800 277	Mail 23/12/08 + letter 10/12/09	514438	Additional credits needed to cover payment claims

Commitments								
Origin	Description of budget line	Amount Withdrawn	Destination	Description of budget line	Amount Reinforced	Request	SI2 code	Reason
04.0217	ESF Convergence	-620 662 524	13.031601	ERDF convergence	620 662 524	16/01/08	460070	adjustment 2008 CE split ERDF & ESF on basis of NSRF's
13.0318	ERDF - RC & E	-120 079 869	04.0220	ESF RC & E	120 079 869	16/01/08	460070	adjustment 2008 CE split ERDF & ESF on basis of NSRF's
19.080202	Crossborder coop-ENPI-CBC -contr.R1b	-12 984 722	13.031900	ERDF Terr cooperation	12 984 722	13/08/08	489178	Return of non programmed amounts
13.050301	CBC IPA - contr R1b	-2 960 633	13.031900	ERDF Terr cooperation	2 960 633	11/07/08	494407	Return of non programmed amounts
05.040203	EAGGF	-137 562	05.040201.10	EAGGF Objective 1	137 562	12/12/08	510154	Decommitment by error - to be recommitted
Fund source C5			Fund Source C5					

**ANNEX 3:  
N+2 DECOMMITMENTS IN 2008**

FUND	PROGRAMME (CCI code)	TITLE	OBJECTIVE	Country code	AMOUNT
ERDF	2001GR160PC001	Perama	Urban	GR	1 022 483
ERDF	2001GR160PC003	Iraklion	Urban	GR	305 071
ERDF	2000CB160PC001	Austria - Czech Republic	Interreg	RG	218 544
ERDF	2000CB160PC021	Nord (ex-Kolarctic/North Calotte)	Interreg	RG	366 901
ERDF	2000RG160PC001	Skårgarden	Interreg	RG	565 212
ERDF	2001CB160PC009	Caribbean	Interreg	RG	911 168
ERDF	2001CB160PC010	Gibraltar - Morocco	Interreg	RG	69 513
ERDF	2000GB162DO006	North West England	Obj. 2	UK	4 765 157
ERDF	1999PT161PO004	Soc. da info	Obj. 1	PT	4 244 857
ERDF	2000AT162DO008	Wien	Obj. 2	AT	1 242 210
ERDF	2000DE162DO001	Rheinland-Pfalz	Obj. 2	DE	5 797 637
ERDF	2000DE162DO002	Berlin-W	Obj. 2	DE	1 381 898
ERDF	2000DE162DO003	Saarland	Obj. 2	DE	3 676 001
ERDF	2000ES161PO015 *	Investigation y desarrollo	Obj. 1	ES	7 360 234
ERDF	2000FR162DO022 *	Presage	Obj. 2	FR	1 412 428
ERDF	2000FR162DO023 *	TA	Obj. 2	FR	74 748
ERDF	1999PT061PO007 *	Agricultura	Obj. 1	PT	919 096
ERDF	2001ES160PC003 *	Orense	Urban	ES	102 231
ERDF	2001IT160PC006 *	Misterbianco	Urban	IT	57 580
ERDF	2001IT160PC009 *	Taranto	Urban	IT	2 412 372
ERDF	2000CB160PC011 *	Finland-stonia	Interreg	RG	200 409
ERDF	2000RG160PC018 *	Mediterranee Occidentale	Interreg	RG	3 969 868
ERDF	2000RG160PC008 *	Sönderjyllands Amt-Region	Interreg	RG	1 834 617
ERDF	2001RG160PC006 *	Espace Atlantique	Interreg	RG	2 673 210
ERDF	2003CB160PC001 *	Slovenia-Hungary-Croatia	Interreg	RG	747 387
ERDF	2003CB160PC003 *	Greece-Turkey	Interreg	RG	11 000 000
<b>ERDF Total</b>					<b>57 330 831</b>
ESF	2000FR050PC001	French EQUAL	Equal	FR	12 951 577
ESF	2000BE050PC002	Equal flamand	Equal	BE	510 007
ESF	2000NL050PC001	Dutch EQUAL	Equal	NL	17 923 202
ESF	1999LU053DO001	Luxemburgish Obj.3 programme	Obj. 3	LU	3 893 969
ESF	2003SK053DO001	Slovak Obj.3 national programme	Obj. 3	SK	6 567 019
ESF	2000LU050PC001	Luxemburgish EQUAL	Equal	LU	305 720
ESF	1999GB161DO002	Merseyside	Obj. 1	UK	14 813 393
ESF	2000DK050PC001	Danish EQUAL	Equal	DK	414 064
ESF	1999DK053DO001 *	SPD 2000-2006 Denmark	Obj. 3	DK	14 947 448
ESF	2000ES161PO015 *	I+D+I	Obj. 1	ES	15 121 832
ESF	2000DK162DO001 *	SPD	Obj. 2	DK	3 872 448
ESF	2000FR162PO020 *	Rhône-Alpes	Obj. 2	FR	919 799
<b>ESF Total</b>					<b>92 240 477</b>
EAGGF	1999PT161PO013	Alentejo	Obj. 1	PT	10 251 334
EAGGF	1999PT161PO012	Algarve	Obj. 1	PT	1 822 739
EAGGF	1999PT061PO007	Agriculture	Obj. 1	PT	35 646 019
EAGGF	1999GB161DO005	Highlands	Obj. 1	UK	394 699
EAGGF	1999PT161PO014	Centro	Obj. 1	PT	10 611 623
EAGGF	1999PT161PO017	Norte	Obj. 1	PT	5 489 704
EAGGF	2000ES161PO017	Asist.techn	Obj. 1	ES	223 563
EAGGF	2000ES060PC005	Canarias	Leader	ES	834 630
EAGGF	2000ES060PC001	Spanish LEADER+ network	Leader	ES	648 136
EAGGF	2001DE060PC013	Nordrhein-Westfalen	Leader	DE	51 433
EAGGF	2000ES060PC017	Pais Vasco	Leader	ES	56 050
EAGGF	2000ES060PC014	Madrid	Leader	ES	51 773
EAGGF	2001IE060PC001	Irish LEADER+	Leader	IE	2 817 881
EAGGF	2000ES060PC010	Extremadura	Leader	ES	87 643
EAGGF	2000ES060PC007	Castilla La Mancha	Leader	ES	3 991
EAGGF	2000ES060PC006	Cantabria	Leader	ES	33 041
EAGGF	2001NL060PC004	LEADER+ Zuid-Nederland	Leader	NL	801 425
EAGGF	2001IT060PC006	Abruzzo	Leader	IT	104 563
EAGGF	2000ES060PC011	Galicia	Leader	ES	384 506
<b>EAGGF Total</b>					<b>70 314 753</b>
FIFG	2000GR141PO001	Pêche	Obj. 1	GR	9 718 535
FIFG	1999PT141PO018	Pêche	Obj. 1	PT	2 184 365
FIFG	2000NL14FDO001	Dutch Fishery progr.	FIFG (Out of obj 1)	NL	745 268
FIFG	2000SE14FDO001	Swedish Fishery progr.	FIFG (Out of obj 1)	SE	333 920
FIFG	2000DK14FDO001	Danish Fishery progr.	FIFG (Out of obj 1)	DK	6 595 266
FIFG	1999DE14FDO001	German Fishery progr.	FIFG (Out of obj 1)	DE	6 434 197
FIFG	1999IT141PO014 *	PON	Obj. 1	IT	10 367 437
FIFG	1999IT161PO008 *	Molise	Obj. 1	IT	279 450
FIFG	2000IT14FDO001 *	Italian Fishery progr	FIFG (Out of obj 1)	IT	4 265 969
FIFG	2000BE14FDO001 *	Belgian Fishery progr.	FIFG (Out of obj 1)	BE	2 265 151
FIFG	2000GB14FDO001 *	British Fishery progr.	FIFG (Out of obj 1)	UK	4 303 468
<b>FIFG Total</b>					<b>47 493 026</b>
<b>Grand Total</b>					<b>267 379 088</b>

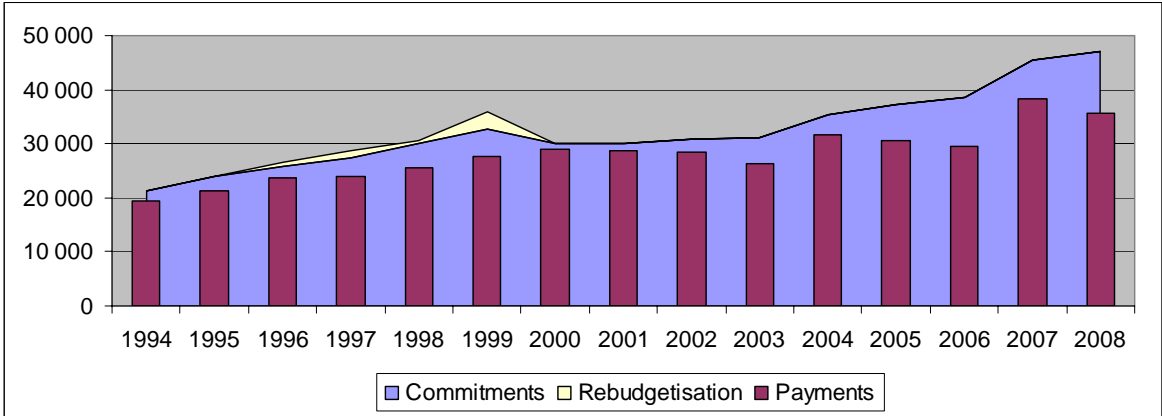
\* Due to late decisions, these de-commitments will take place in 2009

**ANNEX 4: HISTORICAL TREND IN COMMITMENTS AND PAYMENTS**

Charts 1 and 2 illustrate the evolution of the budget and its execution from 1994 to 2008. As mentioned above, the EAGGF-G and the FIFG are included in the data, while from 2007 onwards their successors, the European Agricultural Fund for Rural Development and the European Fisheries Fund, are not. On the other hand, the data now include the Cohesion Fund programmes of the 2007-2013 period, as its regulatory framework and financial management have become the same as for the Structural Funds. As before, the pre-2007 projects funded by the Cohesion Fund are excluded. Comparisons between pre-2007 years and the years from 2007 onwards should therefore be treated with caution.

Since the accession of ten new Member States (EU-10) in 2004, followed by Bulgaria and Romania in 2007 (EU-2), the commitments budget for the Structural Funds has increased considerably. Although the medium-term trend for payments also points upwards, the short term evolution is more irregular due to variations in payment execution especially during the start-up phase of new programmes.

**Chart 1: Commitment and payment appropriations entered in the budget from 1994 to 2008 (€million, including all transfers during the year but excluding amounts carried over.)**



**Chart 2: Execution of commitments and payments (outturn, including of appropriations carried forward) from 1994 to 2008 (€million)**

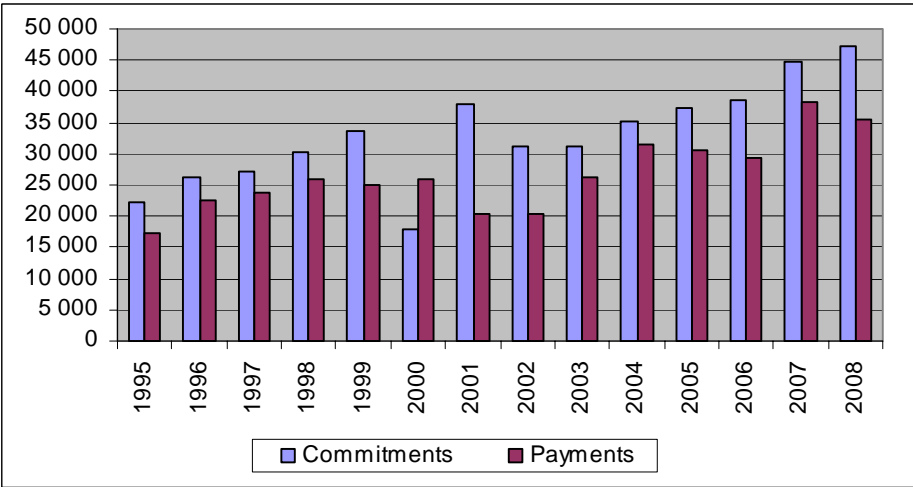
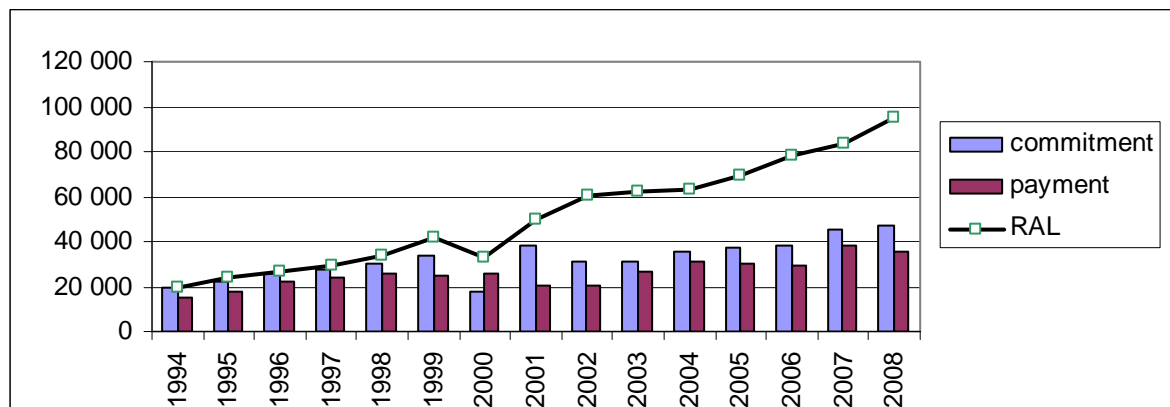


Chart 3 shows the evolution of the overall RAL for the Structural Funds (all periods combined) since 1994 resulting from the evolution of commitments and payments over the years.

**Chart 3: Implementation of commitments and payments and outstanding commitments at the end of each year (€million)**



## ANNEX 5: HISTORIC ANALYSIS OF MEMBER STATES PAYMENT FORECASTS

Table 1 gives an overview of the aggregate results of the forecasting exercise since 1998 thus showing the evolution of the forecasting performance over time for the EU-15 and EU-10 Member States.

In 2008, for the **EU-15**, the total relative forecast error (forecast error expressed as a percentage of execution) for the 2000-2006 programmes has improved with an error of 13% as compared to 19% in 2007. This means that for every €100 of payments actually made in 2008, the Member States had forecasted they would claim €113 in payments. In absolute terms, the error was €2.7 billion (as compared to €5.0 billion in 2007). This reduction of the total forecast error for EU-15 is however only due to the large underestimation of payment claims by some countries (see below).

The **EU-10** submitted their fifth forecast in 2008. The total relative forecast error was higher than that of the EU-15, at about 28%. Thus, the situation worsened in comparison with 2007 when the forecast error for EU-10 had only been of 10%. In absolute terms, it represented € 1.0 billion in 2008, i.e. twice the amount of 2007 when it had represented €0.5 billion.

For the **CF** the forecast error in relative terms was 51% in 2008. One of the reasons for such a high overestimation may be the fact that the EU-10 include in their forecasts the payments for commitments of the pre-accession fund ISPA. There should be made a clear distinction between the two funds (ISPA and CF) in order for the forecasts to be more accurate.



**Table 1: Overall forecasting errors from 1998 to 2008 (bln euro)**

	Year	Forecast	Paid	Error	%
<b>Structural Funds</b>					
Pre-2000 programmes	1998	25.8	22.8	3.0	13%
	1999	29.1	21.6	7.5	35%
	2000	22.2	19.8	2.4	12%
	2001	10.2	5.7	4.5	79%
	2002	7.0	1.1	5.9	534%
	2003	5.0	3.5	1.5	43%
2000-2006 programmes(*) EU15	2001	18.0	14.7	3.3	22%
	2002	27.8	19.0	8.8	46%
	2003	34.2	22.7	11.5	51%
	2004	33.1	26.3	6.8	26%
	2005	33.9	27.9	6.0	22%
	2006	34.5	26.0	8.5	33%
	2007	31.4	26.4	5.0	19%
	<b>2008</b>	<b>22.9</b>	<b>20.2</b>	<b>2.7</b>	<b>13%</b>
2000-2006 programmes(*) EU10	2004	1.3	1.5	-0.3	-19%
	2005	4.0	1.6	2.4	152%
	2006	4.2	3.0	1.2	39%
	2007	5.4	4.9	0.5	10%
	<b>2008</b>	<b>4.6</b>	<b>3.6</b>	<b>1.0</b>	<b>28%</b>
All programmes **	2001	28.2	20.4	7.8	38%
	2002	34.8	20.1	14.7	73%
	2003	41.2	23.8	17.4	73%
	2004	34.4	27.9	6.5	23%
	2005	37.9	29.5	8.4	28%
	2006	38.7	29.0	9.6	33%
	2007	36.7	31.3	5.5	18%
	<b>2008</b>	<b>27.5</b>	<b>23.8</b>	<b>3.7</b>	<b>16%</b>
<b>Cohesion Fund</b>					
	2001	3.8	2.0	1.8	90%
	2002	2.8	3.1	-0.3	-10%
	2003	2.4	2.2	0.2	9%
	2004	3.1	2.6	0.5	18%
	2005	4.1	2.2	1.9	86%
	2006 ***	4.0	3.0	1.0	32%
	2007	4.2	2.7	1.5	54%
	<b>2008</b>	<b>3.8</b>	<b>2.49</b>	<b>1.3</b>	<b>51%</b>

\* payments including payments on account

\*\* as from 2004, forecasts and execution are for EU-25, but exclude pre-2000 programmes

\*\*\* as no forecasts from Latvia were received, payments made to LV have also been deducted

## Member States' forecasting performance for 2000-2006 over time

The basic indicator used was the average annual relative forecasting error (the difference between the forecast and actual payments, in % of actual payments) by Member State. Given that ultimately the usefulness of the forecasts for budgeting depends on their consistency, one additional indicator was calculated: the dispersion of the forecasts around the country average.<sup>4</sup> **The higher the dispersion, the more variable and less reliable are a country's forecasts for budgeting purposes.** Looked at another way, low variation implies that while the forecasts may be high or low, the fact that they are consistently high or low could mean that they can be adjusted and hence used with care.

EU-15 Member States also provided forecasts for the 1994-1999 programmes over the period 1998-2003. A comprehensive analysis of those forecasts, made in the 2003 version of this report, concluded that the accuracy of the forecasts was poor. The conclusions were not reassuring. Very few countries had average forecasting errors lower than 100%. In other words, the great majority of Member States had been making, on average, forecasts that deviated by more than 100% from actual payments. Even more worryingly, practically all Member States (including those with "relatively" low average forecasting errors) had a highly variable forecasting performance. In other words, Member States' forecasting errors were not only very sizeable; they were also quite unpredictable from year to year.

We now have 8 years of forecasts for the EU-15 2000-2006 programmes, covering the years 2001 to 2008. This allows, for EU-15 (for EU-10, forecasts are only available for five years) for a similar analysis to the one above for the earlier programmes. The results are given in Table 2:

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<sup>4</sup> The coefficient of variation (= standard deviation / mean) was used to measure dispersion. This has two advantages. First, the sign of the errors does not matter. This is important given that for budgeting purposes a negative error is as important as a positive error. Second, the indicator is not biased by the absolute size of the errors, rather measuring the "relative" dispersion around the mean.

**Table 2: Average and dispersion of the forecasting error in EU-15 forecasts (2001-2008) for the 2000-2006 programmes**

Old Member States Forecasts 2000-2006 programmes: Forecasting errors

MS	% FORECASTING ERROR <sup>(1)</sup>								AVERAGE <sup>(2)</sup>	DISPERSION <sup>(3)</sup>
	2001	2002	2003	2004	2005	2006	2007	2008	2001-2008	2001-2008
AT	-41	28	19	15	-3	6	-6	2	15	86%
BE	13	72	256	83	61	71	87	22	83	85%
DE	5	43	49	20	13	15	13	4	20	77%
DK	76	41	40	-2	88	69	32	17	46	61%
ES	2	18	18	19	23	74	31	76	33	78%
FI	126	28	12	23	20	6	-1	21	30	127%
FR	17	62	16	10	12	16	2	-43	22	84%
GR	-1	87	121	17	37	4	3	-6	34	124%
IE	66	45	34	5	12	20	10	-46	30	67%
IT	156	126	63	47	50	42	28	68	73	57%
LU	-	63	267	11	67	81	95	79	95	79%
NL	158	758	151	109	52	23	40	17	164	141%
PT	62	26	20	10	27	38	54	2	30	65%
SE	-49	32	18	35	14	11	18	-56	29	54%
UK	160	77	196	52	-16	20	6	-31	70	95%
<b>TOTAL</b>	<b>24</b>	<b>46</b>	<b>47</b>	<b>25</b>	<b>22</b>	<b>32</b>	<b>19</b>	<b>14</b>	<b>29</b>	<b>40%</b>

(1) Forecast error (forecasts less execution) as a % of execution

(2) Calculated according to the absolute level of forecasting error

(3) Measured by the coefficient of variation of the forecasting errors

The forecasts are better than those for the pre-2000 programmes. The annual average of the forecasting error for the 2000-2006 programmes was 29 (against 125% for the pre-2000 programmes); the variability of the error was also reduced, from 152% for the pre-2000 programmes, to 40% for the 2000-2006 programmes.

However, the forecasts are still not good enough for budgeting. If the Commission budgets had reflected Member States' forecasts, we would have had average budgeted payments for the EU-15 2000-2006 programmes, from 2001 to 2008, 29% higher than the executed payments. With average payments of €23 billion per year over this period, this would have translated into under-implementation of some € 6.7 billion on average. This is clearly unacceptable. Moreover, the variability of the forecasting errors from year to year is still much too high. This explains why the Commission has not, so far, been able to use the forecasts extensively in the budgeting procedure, as it would have been, and still is, desirable.

As mentioned above, for the EU-10 member states the analysis of forecast performance over time can only be done for the four years from 2004 to 2008. The results are given in [Table 3](#):

**Table 3: Average and dispersion of the forecasting error in EU-10 forecasts (2001-2008) for the 2000-2006 programmes**

New Member States Forecasts 2000-2006 programmes: Forecasting errors

MS	% FORECASTING ERROR <sup>(1)</sup>					AVERAGE <sup>(2)</sup>	DISPERSION	DISPERSION <sup>(3)</sup>
	2004	2005	2006	2007	2008	2004-2008	2004-2008	2004-2008
CY	20	-45	-28	61	22	35	16	44%
CZ	34	183	12	7	-34	54	65	121%
EE	82	83	26	-16	0	41	34	83%
HU	22	76	36	1	7	28	27	95%
LT	24	46	31	-2	0	21	18	86%
LV	2	140	116	-18	0	55	60	109%
MT	-50	89	9	-23	2	35	32	91%
PL	-50	182	41	16	61	70	58	83%
SI	38	39	53	101	22	51	27	54%
SK	-28	281	44	37	10	80	101	126%
<b>TOTAL</b>	-19	152	39	12	32	50	51	102%

(1) Forecast error (forecasts less execution) as a % of execution

(2) Calculated according to the absolute level of forecasting error

(3) Measured by the coefficient of variation of the forecasting errors

Because of the somehow erratic start of the forecast performance of the EU-10 with substantial underestimation in 2004 and very high overestimation in 2005, the average error for the 5-year series of 50% as well as the average dispersion of 102% are still much higher than for EU-15. Please note once again that the overall EU-10 forecast performance is largely determined by the Polish figures.

**ANNEX 6: Heading 1B allocation 2007-2013 by Member State**  
**Current prices**

<b>MEMBER STATE</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total</b>
BE	364 782 423	355 082 490	338 863 166	324 002 185	308 411 217	291 967 309	274 742 281	2 257 851 071
BG	514 156 102	737 395 668	991 807 428	1 044 073 825	1 116 219 641	1 188 568 684	1 260 634 073	6 852 855 421
CZ	3 062 673 977	3 736 726 397	3 640 861 285	3 809 477 285	3 978 225 539	4 146 329 123	4 317 361 985	26 691 655 591
DK	82 161 566	83 852 733	85 627 577	87 489 747	89 392 151	91 283 768	93 215 294	613 022 836
DE	3 664 753 567	3 696 945 314	3 729 709 000	3 763 069 632	3 796 272 804	3 828 502 786	3 860 503 462	26 339 756 565
EE	375 773 750	409 974 515	446 440 649	486 201 728	530 407 148	578 211 678	628 833 031	3 455 842 499
IE	211 627 916	180 726 400	148 539 883	115 030 041	80 120 385	81 798 584	83 511 860	901 355 069
EL	3 081 795 081	3 030 352 207	2 965 710 146	2 900 527 687	2 831 871 687	2 814 512 973	2 795 007 243	20 419 777 024
ES	6 286 221 788	5 754 627 341	5 190 294 720	4 713 797 783	4 449 810 861	4 426 415 514	4 395 823 007	35 216 991 014
FR	1 903 733 647	1 979 629 804	2 002 022 276	2 043 766 980	2 086 874 054	2 129 783 741	2 173 081 869	14 318 892 371
IT	3 926 520 792	4 107 196 762	4 066 774 676	4 098 643 256	4 132 637 630	4 204 627 884	4 275 367 920	28 811 768 920
CY	167 249 650	139 394 063	109 772 622	79 106 741	47 184 756	48 141 963	49 104 156	639 953 951
LV	506 300 760	554 225 773	603 897 967	655 705 281	710 375 167	766 371 106	823 567 165	4 620 443 219
LT	765 428 028	833 413 967	902 450 439	975 204 912	1 053 325 430	1 136 152 559	1 219 008 746	6 884 984 081
LU	8 756 085	8 935 186	9 122 005	9 316 863	9 515 866	9 714 797	9 917 880	65 278 682
HU	3 034 075 077	3 229 332 901	3 437 663 559	3 625 536 814	3 785 205 955	3 991 504 202	4 204 078 399	25 307 396 907
MT	112 921 080	118 650 128	119 794 709	122 608 369	125 103 657	127 189 558	129 091 993	855 359 494
NL	254 143 957	262 353 171	266 388 003	272 165 145	278 066 817	283 939 844	289 936 565	1 906 993 502
AT	201 773 292	203 999 556	206 307 685	208 701 529	211 108 607	213 450 462	215 801 550	1 461 142 681
PL	8 115 637 219	8 664 528 631	9 213 686 770	9 441 366 926	10 030 332 812	10 612 003 181	11 206 694 227	67 284 249 766
PT	2 971 529 895	3 005 027 735	3 038 715 640	3 072 645 240	3 106 743 224	3 140 848 240	3 175 048 081	21 510 558 055
RO	1 328 853 181	1 915 639 995	2 576 314 547	3 092 046 613	3 333 557 963	3 583 355 862	3 837 878 891	19 667 647 052
SI	554 581 636	569 325 544	584 455 520	599 981 475	615 894 683	632 185 174	648 880 924	4 205 304 956
SK	1 299 120 357	1 407 175 683	1 526 146 266	1 662 255 913	1 785 460 098	1 907 159 862	2 000 586 316	11 587 904 495
FI	259 817 867	257 565 813	251 850 073	245 850 925	241 105 162	234 363 175	225 661 616	1 716 214 631
SE	253 179 976	259 066 457	264 410 131	269 946 722	275 963 376	281 647 637	287 084 668	1 891 298 967
UK	1 593 604 027	1 598 716 728	1 533 475 408	1 489 332 118	1 442 809 705	1 465 894 632	1 489 325 826	10 613 158 444
Technical Assistance	113 408 759	117 459 544	121 200 980	122 888 158	126 925 914	130 992 625	134 822 683	<b>867 698 663</b>
Interregional	46 390 403	49 483 076	54 889 060	62 743 816	70 890 806	76 995 260	83 315 535	<b>444 707 956</b>
<b>Total</b>	<b>45 060 971 858</b>	<b>47 266 803 582</b>	<b>48 427 192 190</b>	<b>49 393 483 709</b>	<b>50 649 813 115</b>	<b>52 423 912 183</b>	<b>54 187 887 246</b>	<b>347 410 063 883</b>

## **ANNEX 7: REFERENCES**

More information about the Structural and Cohesion Funds in general as well as their recent implementation may be found on the EUROPA site at the following addresses:

### **GENERAL INFORMATION**

- ERDF and CF:  
Regional Policy DG – Inforegio:  
[http://ec.europa.eu/regional\\_policy/index\\_en.htm](http://ec.europa.eu/regional_policy/index_en.htm)
- ESF:  
Employment and Social Affairs DG – ESF:  
[http://ec.europa.eu/employment\\_social/esf/index\\_en.htm](http://ec.europa.eu/employment_social/esf/index_en.htm)
- Rural development 2000-2006:  
Agriculture DG: [http://ec.europa.eu/agriculture/rur/index\\_en.htm](http://ec.europa.eu/agriculture/rur/index_en.htm)
- FIFG 2000-2006:  
Maritime Affairs and Fisheries DG:  
[http://ec.europa.eu/fisheries/cfp/structural\\_measures/archives\\_en.htm](http://ec.europa.eu/fisheries/cfp/structural_measures/archives_en.htm)

### **LEGAL BASES**

- Overview of Regulations for 2007-2013:  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/newregl0713\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm)
- Overview of Regulations for 2000-2006:  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/reglem\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/reglem_en.htm)
- Overview of Regulations for 1994-1999:  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/regshome.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/regshome.htm)

### **ANNUAL REPORTS**

- The annual Reports on the Structural Funds and on the Cohesion Fund edited by the operational DGs are published at the following address:  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/repor\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/repor_en.htm)