Lessons Learnt from the Closure of the 2007-13 Programming Period

Martin Ferry and Stefan Kah*

This article is based on a study for the Committee on Regional Development of the European Parliament. It analyses the closure process for programmes funded under the European Regional Development Fund and the Cohesion Fund in 2007-13. Programme closure is often seen as a purely technical process. It involves shutting down the operation of a programme, finalising the reporting and recording of results, and ensuring sound financial management. However, closure also plays an important strategic role. Key decisions are taken by programme authorities at this stage: in the allocation of remaining funds; in securing and raising awareness of achievements and legacies; and, in ensuring a smooth transition to the next programming period. These decisions are taken in the context of considerable pressures: to absorb the maximum funding available; to respond to financial controls and audits that often take place around programme closure; to deal with issues arising from the implementation of specific projects; and, to ensure administrative resources are available at a time of transition between programme periods. Based on a review of academic and evaluation evidence, recent research, legislation, EC and Member State policy papers as well as evidence from EU, national and sub-national stakeholders, this article details the regulatory provisions, guidance and support provided for closure in 2007-13, and assesses the issues faced and responses made by programme authorities, summarised under three headings: absorption, types of intervention and administrative capacity.

I. Introduction

The deadline for the submission of closure documentation by Member States (MS) to the European Commission (EC) for the 2007-13 programmes fell at the end of March 2017. Thus, it is timely to assess the process in order to identify key lessons and insights and examples of good practice, particularly with a view to the progress of the 2014-20 closure arrangements.

Programme closure is often seen as a purely technical process: the fulfilment of legal, regulatory and

bureaucratic requirements at the end of a programming period. The formal obligations associated with closure are important (see Figure 1):

- Foremost is the need to *ensure that programmes are fully committed* (i.e. that all programme funds are committed by the managing authority (MA) to projects, defined in Funding Agreements) and spent (i.e. that expenditure incurred by projects is fully paid), while recognising the tension between being able to spend for as long as possible and having enough time to organise closure.
- *Settling of the final balance*, which clears all preceding expenditure to operations or the recovery of sums paid in excess by the EC, is the aspect of closure emphasised in the Financial Regulation.
- Ensuring *legality and regularity of expenditure*, as the EC is required to accept only expenditure implemented in compliance with the EU and national rules.
- The *process of terminating a programme*, consisting of the submission to the EC of a 'closure package' of documents: an application for payment of

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*   Martin Ferry is a Senior Research Fellow in the European Policies Research Centre at the University of Strathclyde. He specialises in regional economic development and policy governance in Central and Eastern Europe (particularly Poland) and the United Kingdom. Stefan Kah is a Knowledge Exchange and Research Fellow in the European Policies Research Centre at the University of Strathclyde. He is manager of the IQ-Net network of Structural Funds programme authorities and specialises in regional policy and Cohesion policy in Alpine countries, particularly in Austria, Slovenia and Switzerland. The views expressed in this article are personal.
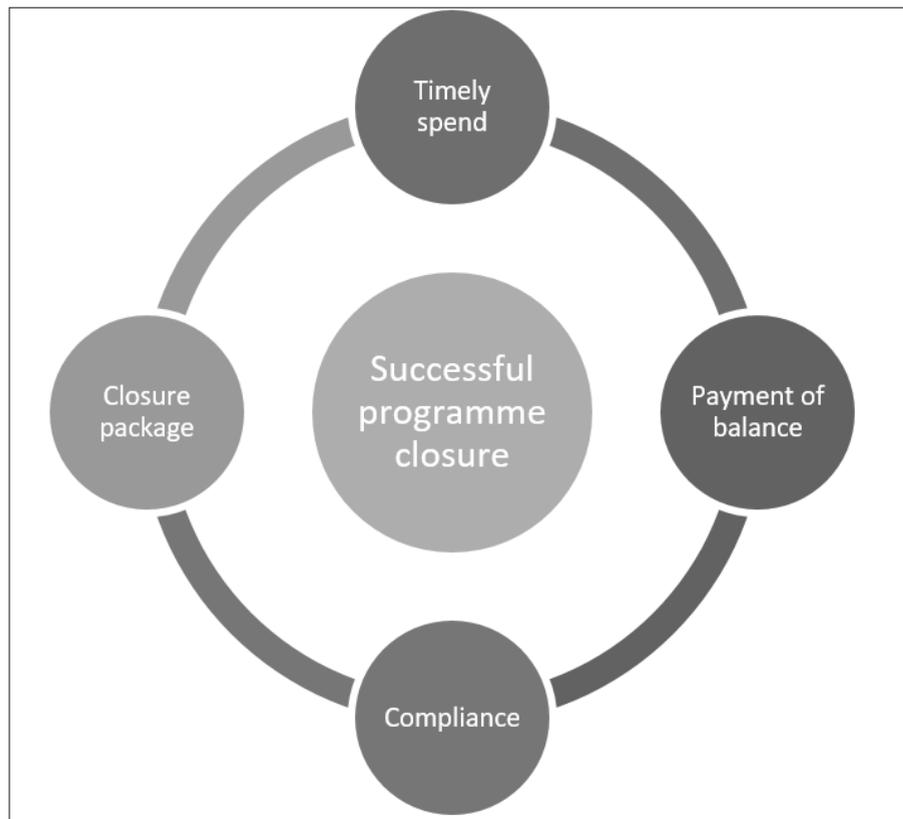
Figure 1: The Challenges of Programme Closure. Source: EPRC.

the final balance, a Final Implementation Report and a closure declaration. The preparation of the package requires contributions by three main programme management bodies in the MSs: from the MA, Audit Authority (AA) and Certifying Authority (CA).

However, there is a danger that closure is perceived as a formal appendage to the management and implementation process, or even as an after-thought. It is crucial to look beyond the formal components of closure to appreciate the integral role it plays in the successful implementation of European Regional Development Fund (ERDF) and Cohesion Fund (CF) programmes. Key strategic decisions are taken by programme authorities at this stage in the life of an OP: in the allocation of remaining funds; in securing and raising awareness of programme achievements and legacies; and, in ensuring a smooth transition to the next programming period. Moreover, these key decisions are taken in the context of considerable pressures: to absorb the maximum funding available, to respond to financial controls and audits that often

take place around programme closure, to deal with issues arising from the implementation of specific projects; and, to ensure that adequate administrative resources are available at a time of overlap between programming periods. It is important that lessons learned from the closure process are fed into planning for future programmes, alongside the results of monitoring and evaluation processes. The delayed launch of programmes in 2014-20 and the potential pressure this will place on closure processes at the end of the current period make these lessons particularly pertinent.

For these reasons, closure represents a key stage in the lifecycle of OPs. An assessment of the experiences of programme authorities in complying with the formal requirements for OP closure in 2007-13 and, beyond this, an exploration of the factors that inform the relationship between the closure process and the effective implementation of programmes provides valuable insights, particularly with a view to the progress of the 2014-20 closure arrangements. After outlining the timetable for the closure process for 2007-13 programmes, this article describes an an-

alytical framework to explore issues around closure, based on analysis of closure processes and experiences in the 2000-06 period. The analytical framework is then applied to the experience of closure in 2007-13. The paper finishes by drawing out key conclusions and insights for closure of the 2014-20 programmes. The paper is based on a 2017 study carried out for the REGI Committee in the European Parliament.[1] Focussing specifically on programmes funded under the ERDF and CF in 2007-13, research involved a combination of desk-based research and interviews with the DG REGIO officials and programme authorities from case study programmes in eight Member States.

II. The Closure Timetable

The EC set out its *closure requirements* for the 2007-13 programmes in General Regulation 1083/2006[2] and in its amendment, regulation 1297/2013.[3] In addition to these, the EC adopted closure guidelines on 20 March 2013 after a 14-month period of drafting and consultation.[4] An amended version was published on 30 April 2015.[5] The key dates in the closure process are set out in Table 1 with *31 March 2017* the final date for the submission of closure documents.

All Member States kept to the deadline of 31st March 2017 for submission of closure 'packages' to EC (Croatia's deadline is March 2018). The Commis-

sion had five months to respond to these submissions and programme authorities have now received letters from the Commission containing feedback on their closure packages. Feedback has generally involved technical questions, including:

– on the amounts reimbursed from the EC and amounts paid out to beneficiaries (e.g. related to dealing with surplus funding, calculation of VAT);
– some questions seeking further information on Financial Engineering Instruments (FEI) reporting;
– questions on indicators;
– comments on Final Implementation Reports for individual Operational Programmes (OPs) etc.

Programme authorities are currently in the process of responding to this feedback.[6]

III. Analytical Framework

A review of the challenges presented by the 2000-06 closure process in different MS contexts, and provisions made in response by EC closure guidance for 2007-13 highlights key variables that can be used to analyse the closure experiences of programme authorities. Assessments of the process in the 2000-06 period from the EC[7], the ECA[8] and research carried out as part of the IQ-Net network of programme au-

1   Ferry, M., and Kah, S., Research for REGI Committee – Lessons learnt from the Closure of the 2007-13 Programming Period (European Parliament, Policy Department for Structural and Cohesion Policies, Brussels 2017); available online at <http://www.europarl.europa.eu/RegData/etudes/STUD/2017/601984/IPOL_STU(2017)601984_EN.pdf> (last accessed 4 December 2017).

2   Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, available online at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006R1083&from=en> (last accessed 4 December 2017).

3   Regulation (EU) No 1297/2013 of the European Parliament and of the Council of 11 December 2013 amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability, to the decommitment rules for certain Member States, and to the rules on payments of the final balance, available online at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0253:0255:EN:PDF> (last accessed 4 December 2017).

4   European Commission (2013), Commission Decision of 20.3.2013 on the approval of guidelines on the closure of operational programmes adopted for assistance from the European

Regional Development Fund, the European Social Fund and the Cohesion Fund (2007-2013), C(2013) 1573 final, available online at <http://ec.europa.eu/regional_policy/sources/docoffic/official/guidelines/closure_2007_2013/guidelines_closure_20072013_en.pdf> (last accessed 4 December 2017).

5   European Commission (2015), ANNEX to the Commission Decision amending Decision C(2013) 1573 on the approval of the guidelines on the closure of operational programmes adopted for assistance from the European Regional Development Fund, the European Social Fund and the Cohesion Fund (2007-2013), C(2015) 2771 final, ANNEX 1, available online at <http://ec.europa.eu/transparency/regdoc/rep/3/2015/EN/3-2015-2771-EN-F1-1-ANNEX-1.PDF> (last accessed 4 December 2017).

6   Michie, R., and Dozhdeva, V., 'Halfway there? Taking stock of ESIF programme implementation' [2017] IQ-Net Review Paper 41(1), European Policies Research Centre.

7   Von Busch, A., Closure 2007-2013: Changes and Lessons learned from 2000-2006, Modifications to the closure guidelines (seminar, Lisbon 13 May 2014).

8   Dencső, B., 'The lessons of the financial closure of the 2000-2006 period' (Seminar on the experience gained during the winding up of the programming period 2000-2006, Budapest, 20-21 September 2012); available online at <https://www.asz.hu/en/seminar-on-the-experience-gained-2014-09-10> (last accessed 4 December 2017).

Table 1: Timetable for Closure 2007-13.

Date	Action
31 December 2015	Deadline for final eligibility for expenditure. Article 56(1) General Regulation
30 June 2016	Deadline recommended for the submission of the last interim payment to EC
31 December 2016	Deadline **recommended** for the CA to submit to the AA application for payment of final balance and final statement of expenditure
31 March 2017	Final date for the submission of closure documents State aid - final date for the body granting the aid to pay the public contribution to the State aid beneficiaries
31 March 2018	Global objective for the EC to close as many OPs as possible
31 March 2019	Deadline for the final reporting on non-functional projects
3 years after closure of programme	All supporting documents regarding expenditure and audits on the programme concerned are kept available for the EC and the ECA Article 90 General Regulation
No time limit	Report on pending recoveries and operations suspended due to legal or administrative proceedings

Source: Regulations and European Commission (2015) *Op. cit.*

thorities[9] highlighted issues faced by programme authorities during closure that can be grouped under three main headings (see Figure 2):

– *Meeting spending targets.* Programme authorities balanced the aim of ensuring optimal absorption of the available funds with the need to meet closure deadlines and allow sufficient time for the closure process to take place. In this context, it should be noted that in 2008 the EC extended the final date of eligibility for the 2000-06 OPs to ensure the maximum use of all Cohesion Policy (CP) resources from the 2000-06 period.

– *Dealing with specific types of project.* In many programmes, the main concern was that too many uncompleted projects would remain at the time of closure and there was a focus on ensuring the timely closure of individual projects. Certain types of projects were seen as potentially most problematic. Notably, there was concern that major projects (MPs) risked not being completed on time (e.g. Germany, Greece). Difficulties emerged because of unforeseen delays or weaknesses in estimating the time needed for administering large and complex projects. Moreover, if a MP could not

be completed, it was often difficult to find appropriate alternatives for relatively large amounts of funds.

– *Allocating human and organisational resources.* Previous research has assessed the administrative costs involved in CP implementation, including the calculation of staff workloads.[10] This shows that the beginning and end of each period are particularly work-intensive due to the overlapping of activities related to the new and the old programmes. The transition between programming periods can be associated with staff turnover or organisational restructuring.[11] In a number of programmes, authorities faced uncertainty in terms

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9   Davies, S., and Gross, T., 'The end of the formal programming period 2000-2006' [2007] IQ-Net Review Paper 19(1), European Policies Research Centre, Glasgow.

10   SWECO, *Regional governance in the context of globalisation – reviewing governance mechanisms & administrative costs. Administrative workload and costs for Member State public authorities of the implementation of ERDF and Cohesion Fund* (report for DG Regional Policy 2010).

11   Gross, T., and Davies, S., 'Programmes in Transition - Between Closure and Start. Review of Programme Developments: Winter-Summer 2007' [2007] IQ-Net Review Paper 20(1).
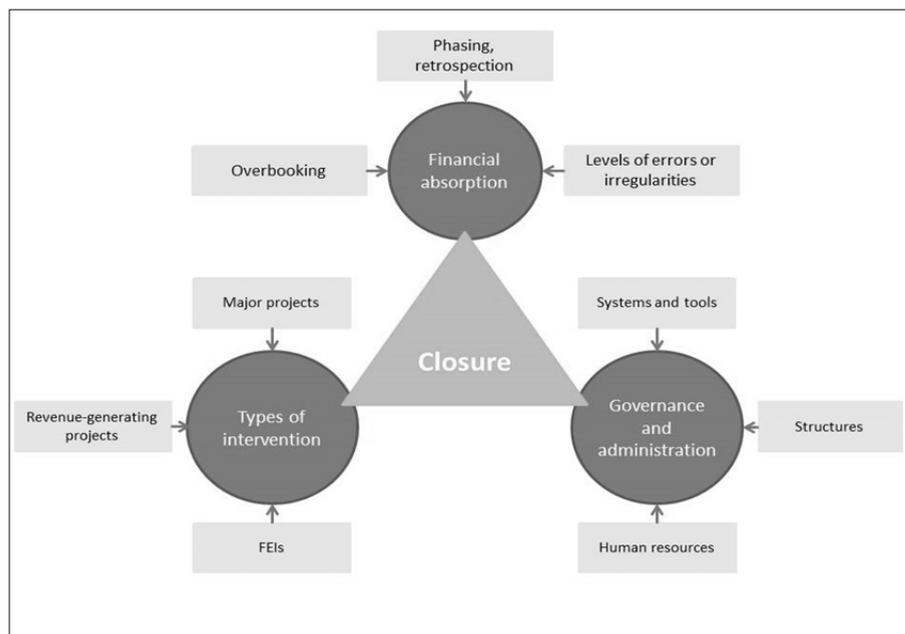
Figure 2: Framework for Analysing Closure Challenges. Source: EPRC.

of identifying and allocating the human resources or organisational roles for closure. These concerns were heightened by the broader shift of focus to the new programmes.

Specific provisions introduced by the Commission for closure of programmes in 2007-13 responded to these three sets of challenges.

Provisions to ensure *timely and regular spending* included:

– The scope for a programme to overspend 10% in a particular Priority Axis without formally amending the OP, provided this was compensated by an equivalent reduction in another Priority Axis of the same OP. This 10% flexibility option had already been in place in 2000-06, but had originally been excluded for 2007-13.

– The potential for MAs to use 'overbooking' (i.e. the development of a project pipeline that is bigger in volume than the financial scope of the programme) to promote the full absorption of funds. It should also be noted that retrospection (i.e. the award of funds to an operation which has already incurred significant expenditure or indeed is already complete) was another option for programme authorities looking to absorb funding quickly. However, this action was not encouraged by the Commission as it creates the risk of not respecting eligibility requirements.

– In response to the global financial crisis, the Commission adapted its 'decommitment' rule that funds must be spent within two years of their allocation (n+2) to allow a third year in some Member States (n+3).

– Provisions related to audit included a shift to an annual audit process to identify and deal with irregularities throughout the programme period, not just at closure. The single audit procedure was also rolled out. Where so-called Article 73 status (General Regulation) had been granted to an OP, the Commission could draw assurance from AA work rather than carrying out its own detailed checks at closure.

There were specific *provisions for certain types of operations.*

– Major projects could be split or 'phased' across two programming periods.

– Special provisions for FEIs included additional reporting requirements to be included in closure packages but also the extension of spending deadlines that meant that FEIs could continue to invest in the real economy throughout 2016, i.e. beyond the general deadline for eligible spending of 31 December 2015.

– The guidelines also included provisions for other types of operation with specific challenges, notably revenue-generating projects.

Regulatory *provisions directly related to governance and administration* were limited:

– A strengthened role of AAs had significant implications for closure, as a dedicated body in charge of OP auditing activities was institutionalised (Article 62 General Regulation).[12]

– The EC adopted a proactive approach to the closure of the 2007-13 programming period, with an increased focus on training and capacity-building. Initiatives included: a dedicated Closure Unit (Unit F.1) in DG REGIO to provide overall support for MS authorities on closure issues and internal training and guidance for staff. A series of 20 closure seminars covering 28 MSs was organised by DG REGIO in the run-up to closure in 2013, resulting in a 'questions and answers' document available online.[13] DG REGIO also organised regular technical meetings with AAs in Member States.

IV. Assessment of 2007-13 Closure Experiences

1. Closure and Financial Absorption

Spending pressures have had an impact on the efficiency of the closure process. Programme authorities have taken measures to balance the demands of effective absorption and efficient closure but, generally, a focus on the former has put pressure on the latter. For the 2007-13 period, pressure on financial performance was increased by the late agreement on the EU's Multi-Annual Financial Framework and consequent delays in the negotiations of the NSRFs (National Strategic Reference Frameworks) and the OPs. Most programmes caught up in terms of financial absorption.[14] However, the spending profile of programmes in different MSs varied considerably: some MS had absorbed the bulk of their funding relatively early in the period while others had much lower levels and had to accelerate spending in 2014 and 2015 as closure approached.

A common response to absorption pressures as closure approached was for MSs to set initial spending deadlines that were earlier than the Commission's cut-off date at the end of 2015. These internal deadlines were often accompanied by guidance from national authorities to programme bodies to facilitate full absorption at the end of the programming

period. Overbooking and use of the provision for 10% flexibility in the allocation of funds to different OP priorities was considered by programme authorities to be a valuable measure to ensure that the funds available were absorbed by the spending deadline. This flexibility allowed programmes to respond to changing circumstances (e.g. the impact of the global financial crisis, differential intervention rates on levels of demand from beneficiaries, changes in available funding due to exchange rate fluctuations, problems with non-functioning projects etc.).

The option of phasing of operations was also utilised for major projects in some programmes to ease absorption pressures. However, this option was bureaucratically complex to implement as EC guidelines set very strict procedures and discussion between MS authorities and the EC on how a project could be separated in two phases was sometimes lengthy. Some MS applied retrospection in response to implementation delays and absorption pressures, although there was awareness of the risks this brings in terms of non-compliance with the relevant EU and national rules and the consequences at closure of declarations of ineligible expenditure. Indeed, problems were identified in some cases in the initial screening of retrospective projects.[15]

The impact of the EC's 'single audit' principle in simplifying the closure process was limited. In theory, this initiative simplifies the burden of multiple audits, which are a particular issue at the end of programming periods. However, this was not the case in practice. The incentive for OPs to obtain single audit status has been limited: by the end of 2014, only 76 of the 250 OPs had obtained this status (including 57

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12 Davies, S., Gross, F. and Polverari, L., 'The Financial Management, Control and Audit of EU Cohesion Policy: Contrasting Views on Challenges, Idiosyncrasies and the Way Ahead' [2008] IQ-Net Thematic Paper 23(2), European Policies Research Centre, Glasgow.

13 European Commission, *Q&A on the 2007-2013 programmes closure* (2013), view online at <http://ec.europa.eu/regional_policy/sources/docoffic/official/guidelines/closure_2007_2013/qa_closure20072013_en.pdf> (last accessed 4 December 2017).

14 European Commission, *Ex post evaluation of the ERDF and Cohesion Fund 2007-13*, Commission Staff Working Document, SWD(2016) 318 final, 19 September 2016, view online at <http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp1_synthesis_report_en.pdf> (last accessed 4 December 2017).

15 Government of Romania (2016) Response to Parliamentary interpellation 770 on the 'State of EU funds absorption', 4 April 2016.

Box 1: Closure of Projects at Risk of Non-completion in Wales.

The Welsh European Funding Office (WEFO), managing authority for ERDF and ESF programmes in Wales, organised a 'closure week' in July 2015. This involved identifying a set of projects which were on the verge of closing, with all involved staff working in a dedicated way only on closure of those projects for that week. This concentrated approach was found to be helpful. Leading on from the closure week, three 'closure meetings' were held in July, August and September 2015. These identified approximately 60 very overdue projects and invited all relevant internal staff to a special session. A whole day was blocked out for each session with a ten minute slot allocated for each project. Relevant staff discussed problems related to closure (e.g. open issues, issues causing delay, actions to be taken). The aim was to come up with an Action Plan for each project with a realistic timescale and to identify any issues which needed to be addressed, such as lack of resources, difficulties obtaining information from project sponsors and decisions required by the MA's senior management team. This is assessed by WEFO to have worked very well and it strengthened internal communication on closure.

Source: Interview with Welsh programme managers, March 2017.

ERDF/CF OPs).[16] Moreover, audit work has become more demanding, notably through the requirement that AAs submit opinions based on a statistically representative (and thus larger) sample of checks.[17]

To optimise absorption, programme authorities took steps to target projects at risk of non-completion. For example, in North Rhine-Westphalia, the MA established a working group responsible for identifying projects at risk of not being completed and for finding ways of accelerating payments, including ensuring that payment claims are submitted. In Wales, there has been a structured approach to identifying projects at different stages of completion (see Box 1).

2. Closure and Specific Types of Operation

The implementation of certain types of operation has had implications for the quality of the closure process. This applies particularly to FEIs and MPs. EU provisions and MS actions have attempted to address the problems associated with dealing with these interventions at closure but challenges remain,

largely related to uncertainties in regulations and guidance and in some cases limitations in capacity and experience. MPs were often subject to implementation delays due to the challenging legal and technical aspects of large investments. Programme authorities have had to address the risk that these types of projects would not be finalised before the final period of eligible spending at the end of 2015. Moreover, the regulatory framework for the 2007-13 period contained no deadline for the submission of MP applications and, in practice, no final deadline for the EC to adopt the related decisions. As of 15 November 2016, 19 MP applications from seven MSs were still pending approval by DG REGIO with total associated eligible cost of EUR 1 billion. Pending MP decisions complicated the closure of OPs as programme authorities did not know how to deal with the expenditure in question when preparing the closure documents. Pending decisions also created legal uncertainty for the MS. In particular, with the closure deadline approaching, if the EC rejected a MP there was an increased risk that the MS would not be able to replace it with other eligible expenditure, which would lead to difficulties in fully using up the EU funds by the time of closure.[18] As noted above, phasing of MPs was an option for programme authorities but this was accompanied by another set of challenges. Finally, it is worth noting that in principle, some MPs approved before the end of 2012 were at risk of non-compliance with State aid rules and concerns were raised by the European Court of Auditors that issues could emerge in the course of programme closure.[19]

Increased allocations for FEIs have been cited as a solution to absorption pressures and closure issues by the EC in 2007-13. For instance, it urged the MA

16   European Court of Auditors, *Taking stock of 'single audit' and the Commission's reliance on the work of national audit authorities in cohesion* (Special Report No 16, 2013).

17   Karakatsanis, G., and Weber, M., 'The European Court of Auditors and Cohesion policy' in Piattoni, S., and Polverari, L. (eds), *Handbook on Cohesion Policy in the EU* (Edward Elgar Press 2016), pp. 170-185.

18   European Court of Auditors, *An assessment of the arrangements for closure of the 2007-2013 cohesion and rural development programmes* (Special report N° 36/2016, 2017).

19   European Court of Auditors, *More efforts needed to raise awareness of and enforce compliance with State aid rules in cohesion policy* (Special Report No 24, 2016), p. 62.

of the Integrated OP in the Czech Republic to look into the possibility to use some of its remaining allocation for FEI activities.[20] However, there are specific technical requirements and challenges related to these at the closure stage. As they give the possibility of using the same funds several times through various revolving cycles, closure applies to FEIs in a specific way. In 2016, the EC noted that as closure approached, there was an increased risk that amounts committed to FEIs would not be fully absorbed at the end of the programming period and that continued efforts would be needed to improve implementation in order to avoid losses at the end of the period.[21]

Programme authorities have experienced several challenges in incorporating FEI-specific requirements in the OP closure process. Several took advantage of the later deadline for spending under FEIs but this has had an impact on the closure procedure as programme authorities struggled to factor in sufficient time to allow the CA and AA to complete their work on time.[22] Programme authorities have found that the closure of FEIs requires more administrative effort than for more straightforward operations, especially where the experience of implementing and closing FEIs is limited. In this context, EC guidance has not always been helpful. The EC has produced a range of documents and guidelines for FEIs but there has still been some uncertainty, for instance concerning cut-off dates for reporting reflows from initial investments as part of the closure process. There have been specific pressures in the audit of FEIs at closure. The auditing of FEIs has proven to be complex, requiring specific competences, particularly in the final phase of programmes where assessments of the performance of the instruments is carried out. The ECA noted the risk that this expenditure would not be checked adequately for eligibility at the time of closure.[23]

3. Closure and Administrative Capacity/Governance

Finally, across MSs, the quality of the closure process has been determined by the administrative capacity and governance approaches of programme authorities. A fundamental area of concern for closure relates to capacity issues. The problem is acute where programme authorities were managing the closure of the 2007-13 OP(s) and the launch of the 2014-20

OP(s) simultaneously. For instance, the first full Annual Implementation Report (AIR) for 2014-20 had to be produced at the same time as the closure package for 2007-13. In some cases, this overlap meant that administrative focus turned to the launch of the new OP(s) and the attention of programme authorities, beneficiaries and other stakeholders turned to the opportunities and demands coming from the new period, leaving little capacity to execute closure processes correctly and efficiently. In other contexts, particularly where closure was difficult or delayed, focus on closure impeded the launch of new OPs. These administrative pressures were exacerbated in specific programme contexts: where MSs have not been involved in closing a programme before; where a higher level of staff turnover among MAs means that institutional memory has been lost; where staff time is limited by requirements to contribute to audits, evaluations etc.; and where management tasks are transferred between organisations.

MSs have taken different steps in response to these pressures:

– *Recruitment.* In some German *Länder*, additional staff were recruited in advance of 2015 because the MA and Intermediate Body (IB) expected the workload to increase. However, the workload was significantly higher even than had been anticipated. Moreover, it is challenging to recruit temporary staff who have the necessary experience and expertise for closure. In Wales, the AA hired agency workers as well as giving some existing staff exclusive closure duties: one new agency person who spent 95% of their time on closure work plus two permanent team members. In France, some MAs introduced new fixed-ended contracts to deal with closure issues, compensating for staff transferred to the MAs for the launch of 2014-20 OPs.

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20 European Commission, *Task Force promotes better use of EU funding* (DG REGIO Newsroom item 31 March 2016), available online at <http://ec.europa.eu/regional_policy/en/newsroom/news/2016/03/31-03-2016-task-force-promotes-better-use-of-eu-funding> (last accessed 4 December 2017).

21 DG Regional and Urban Policy, *2015 Annual Activity Report* (27 April 2016), p. 31.

22 Vironen, H., and Lehuraux, T., *First signs of growth: progress with the 2014-20 programmes* [2016] IQ-Net Review Paper 38(1), European Policies Research Centre, Glasgow, p. 28.

23 European Court of Auditors, *An assessment of the arrangements for closure of the 2007-2013 cohesion and rural development programmes* (Special report N° 36/2016, 2017).

Box 2: National Closure Guidance in France.

National guidance refers to a non-binding ministerial guideline asking the MAs (directly under the authority of the Ministry for that period) to: • Designate one person in charge of closure tasks within the Europe Unit (e.g. Haute-Normandie hired a person on a 6-month contract to manage the closure process) • Create a working group that ensures regular monitoring and programming of closure tasks • Establish a calendar for closure tasks • Follow specific advice regarding monitoring of certain projects (large projects, FIs, revenue-generating operations, 'sleeping' operations) and other procedural good practices (e.g. regular reminders to beneficiaries) • Circulate 'Operation Control Report' as they are issued during the second semester of 2015 (as opposed to transfers all at once) • Closure indicator: Rate of paid and archived operations (e.g. specific monitoring instruments created in Picardie) • Scoreboards monitored by the National Coordinating authority: • Monitoring of 'sleeping' operations • Monitoring of payment of public co-funding • Monitoring of operations without 'Operation Control Report' and/or certificate for payment • Monitoring of under-implemented operations • General progress (not implemented, not paid

Source: Interview with French programme managers, March 2017.

– *Outsourcing.* To alleviate the workload, some partners chose to externalise some closure tasks, such as certification (e.g. some MAs in France).

– *Switching the focus of work over time.* For specified periods, some programme authorities switched the focus between closure of 2007-13 OPs and launch of 2014-20 OPs. In Greece, in 2015 for instance emphasis was given and resources were committed to the launch of the 2014-20 OPs. In autumn 2016, the focus shifted to closure.

– *Review of record keeping where there has been organisational change or staff turnover.* In some cases, such as Scotland and Wales there has been discussion of the possibility of reorganising records within government, to safeguard project sponsors records when projects were wound up.

– *Appointing closure managers or 'champions'* in order to guarantee some focus on closure while staff are also engaged on the launch and implementation of the new OP. In some cases, programme authorities identified networks of closure managers or 'champions' to become the main point of communication on closure, to be responsible for disseminating information within MAs, CAs and AAs and to be the expert on the closure process within each unit. This approach was introduced to ensure that consistent messages were being delivered (e.g. Wales).

In terms of governance, effective programme closure depended on the timely input of EU, national and programme levels. The challenges of managing the programme closure process include the development of timetables and coordination arrangements across different levels. Approaches varied, depending on existing administrative arrangements, the size and scope of programmes etc. In most cases, national government bodies responsible for coordinating CP management and implementation were involved, feeding into the development of EC closure guidance, developing domestic guidance and coordinating the closure process across OPs.

– In Germany, the first steps on closure were taken at federal level, i.e. the Federal Ministry for the Economy and Innovation (which is responsible for coordinating Germany-wide issues on CP, especially the ERDF) asked the MAs of all programmes to provide them with any questions they have on OP closure, so that these can be discussed with the EC. National government bodies were also involved alongside the EC in the organisation of a series of workshops across MSs on issues relating to OP closure.

– In the United Kingdom, a UK-level Closure Pack was developed but there was scope for programme authorities to develop tailored arrangements. For instance, a Wales-specific closure pack was produced, specific to each Fund and programme.

– In France, closure guidance was developed by the Home Affairs Ministry (National Coordinating Authority for the 2007-13 period) in November 2013 (see Box 2).

At programme level, MAs often initiated coordination arrangements that drew together other key bodies involved in closure: AAs, CAs and IBs.

– A first step in this process often involved MAs interpreting the EC closure guidelines and, if necessary, preparing additional written advice for the OP implementing bodies. Some MAs collected closure questions internally and from CA and AA, and sent these to national authorities.

– To facilitate information dissemination, working groups were set up in several MSs, either at national or programme level, or existing working groups were used to discuss closure issues at regular meetings (e.g. United Kingdom, Germany, France, Romania). These working groups brought together the partners involved in closure, mainly AA, CA, MA and IBs. In Romania, a formal Inter-Institutional Working Group led by the Ministry of European Funds supervised the closure of national OPs. This working group was composed of heads of MAs, IBs, CA and AA. In Wales, the MA re-established its own Closure Group (in 2008), alongside a United Kingdom Working Group, to keep closure on the programme management agenda. By mid-2016, the MA, CA and AA in Wales were meeting monthly. This increased to fortnightly from January 2017 and from March 2017 moved to a short meeting every other day. However, it should be noted that the establishment of these groups did not automatically guarantee smooth coordination: there were still challenges in developing a common approach to different aspects of the closure process, where MA and CA interpretations of EC guidance varied.

Governance arrangements were made in some cases to deal with specific closure tasks or objectives. To avoid an excessive closure task at the end of the period, some programme authorities took a proactive approach to ensuring regularity and legality in spending. Programme authorities in Western Finland and Flanders (Belgium) aimed to close projects throughout the programming period (in effect 'phasing' closure throughout the period). In Scotland and Wales, programme authorities embarked on a campaign of quality assurance when closing individual projects, hoping that timely and complete closure at project level would translate to closure at the programme level. Finally, it is worth noting that in a limited number of cases, the closure process was viewed as an opportunity to disseminate the results and achievements of programmes.[24] For instance, Bavaria produced a 'closure brochure' on the achievements of its programme.

V. Conclusions

Overall, formal closure of ERDF and CF programmes in 2007-13 was carried out in an efficient manner. There was broad satisfaction among MSs with the guidelines provided by the EC and the additional support supplied. Generally, MSs were also satisfied with their own arrangements for the formal process of assembling and submitting closure packages. The research argues that beyond this formal process, closure should be perceived as an integral part of programme implementation: influencing the allocation of remaining resources; in securing and raising awareness of programme achievements and legacies; and, in supporting an efficient transition to the next programming period. In this respect, programme authorities face substantial challenges.

The aim to absorb the maximum available funding before the spending deadline put pressure on the closure process. For some MSs, programme closure in 2007-13 was more challenging than in 2000-06 due to the impact of the economic crisis: lack of liquidity has led to slower project implementation and this in turn put pressure on closure as programme authorities struggled to absorb funds by the deadline for eligible spending. However, this pressure has been eased by EC regulations (notably the 10% flexibility rule) and closure management strategies among MSs (including the use of 'overbooking'). The EC's special measures to facilitate absorption for those MSs experiencing the most severe impacts of the crisis (e.g. Greece) were valued in terms of efficient closure.

The implementation of FEIs and major projects has had implications for the quality of the closure process. Programme authorities have experienced several challenges in incorporating FEI-specific requirements in the OP closure process: the impact of extended deadlines on FEI spending; the complexity of FEI closure tasks, especially where knowledge,

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24 Rodríguez Sáez, V., 'Closure 2000-2006: state-of-play and lessons learnt' (*INTERACT Newsletter*, Autumn 2013).

experience and administrative capacity was limited; and specific pressures in the audit of FEIs at closure. In the opinion of some MS, the EC guidance on these issues was not provided early enough. Programme authorities have faced difficulties in dealing with delayed or withdrawn major projects as part of the closure process. These interventions are associated with significant levels of funding and implementation often involves complex legal and technical issues. Phasing has been pursued by MS as a means to alleviate pressures at closure and strengthen strategic impact by continuing the implementation of strategic projects beyond closure. On the other hand, phasing involves several complex administrative procedures that complicate the closure process. For most programme authorities covered in the research, dealing with non-functioning projects was not seen as an important issue for the closure process.

Across MSs, the quality of the closure process has depended on the administrative capacity and governance approaches of programme authorities. Generally, programme authorities were managing the closure of the 2007-13 programmes and the launch of the 2014-20 programmes simultaneously. In some cases, this overlap meant that administrative focus turned to launch of the new OPs. In other contexts, focus on closure impeded the launch of new OPs. Potentially, administrative resources can be stretched simultaneously across four programming periods: closing some residual 2000-06 OPs, closure of 2007-13 OPs, launch and implementation of 2014-20 OPs and input into post-2020 thinking and debates. The crisis also had an impact on the administrative capacity of programme authorities as public administration budgets were cut and staff numbers fell. Closure demands strong coordination, not just across programming periods but between EU, national and programme levels and between MA, IB, CA and AA at programme level. More specific challenges are related to ensuring: optimal absorption of funds at closure; regularity, legality in closure documentation; and, effective arrangements for compiling and disseminating closure packages. A key challenge was ensuring sufficient capacity for AAs. The use of annual closure reports were generally viewed as positive in simplifying the closure process, providing assurance to the EC and easing the burden on MAs and

AAs at the end of programming periods. Nevertheless, AA work is particularly intense at closure.

A range of measures have addressed these challenges at MS level: advance planning for closure early in the programming period; proactive approaches to the identification and closure of potentially difficult projects; outsourcing or recruitment of additional staff for closure tasks; and establishing dedicated posts or structures as closure 'champions' to ensure the issue is prominent across programme fora. The process was facilitated by the presence of experienced staff or external consultants that were involved in closing programmes in 2000-06, as well as by various initiatives designed to monitor the timely implementation of projects (e.g. setting early deadlines for completion, identification and monitoring of projects at risk of missing closure deadlines, monthly checks to ensure that work is going according to plan, etc.). The well-timed establishment of dedicated working groups and preparation of targeted Action Plans for OPs closure, defining tasks, responsibilities and deadlines, proved to be important for ensuring the timeliness and accuracy of the closure exercise.[25]

Looking forward, important lessons from closure process experiences can be highlighted for consideration in the post-2020 reform debate:

– *The strategic role of closure should be emphasised.* A stronger emphasis on programme outputs in the closure process would strengthen this strategic aspect, facilitate efforts to communicate CP achievements 'on the ground' and help in defining the strategic objectives of new programmes. Reporting on the achievement of targets is a required part of the closure package. However, the amount of the final payment is not directly linked to the actual achievement of outputs and results. Although programme authorities were clear on the potential financial consequences of errors or irregularities in closure documentation, the relationship between the reporting of achievements and the EC's approval of closure submissions was less clear.

– *Closure should be included in broader post-2020 simplification debates.* Despite significant progress, closure remains a complex and demanding process and incurs a substantial administrative burden for programme authorities, especially those in relatively small administrations (e.g. SI). Making the closure procedures less onerous and decreasing the administrative burden are therefore viewed as important (e.g. AT, SK).

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25   Michie, R., and Dozhdeva, V. (2017) *Op. cit.*

– *The importance of timely and consistent input from Commission services and capacity-building initiatives.* The timeliness and clarity of EU-level closure advice and guidelines and a unified coordination approach across Commission services is seen as vital by programme authorities. Capacity-building initiatives are also valued. For instance, the role of AAs in OP implementation, including closure increased significantly in 2007-13 and is likely to do so again in 2014-20 and this warrants dedicated capacity-building initiatives from the EU level.

– *The value of close coordination between MA, AA and CA* (e.g. in planning key stages and associated deadlines in the closure process, in data gathering and database interconnectivity etc.).

– *The need for more detailed discussion* of closure reports *at domestic level,* with the *involvement of* all relevant *stakeholders,* for instance through debates within monitoring committees.

– *The need for adequate capacity and early planning of the allocation* of administrative resources at MS and OP level. For instance, the relevance of designing and planning for the closure process at the beginning of the programme period, regular and timely assessment of project completion and overall timely finalisation of projects, regular reporting and adding data to the closure registry on a continuous basis, as well as provision of more detailed domestic guidance have been highlighted across MS.