

ECA Examined Costs and Cost Savings in EU's Cohesion Policy Funds

News

Thomas Wahl

On 16 April 2020, the European Court of Auditors (ECA) published the results of an audit on implementation of the EU's Cohesion Policy Funds ([Special Report No 07/2020](#)). The audit aimed at finding out the following:

- Whether administrative costs are comparable to other similar schemes;
- Whether the underlying cost information is complete, coherent, and consistent;
- Whether this information is suitable for analysis and decision making with regard to legislation, e.g., simplifying the rules.

The ECA concluded that the overall cost of implementing the Cohesion policy funds presented by the Commission is relatively low compared to other EU funds and internationally funded programmes. There are, however, deficiencies in the completeness, coherence, and consistency of the collected data; for instance, the impact of simplified EU rules on implementation of the cohesion policy could not be assessed. The ECA acknowledges that the Commission introduced several simplification measures in the 2014-2020 and 2021-2027 Regulations.

The ECA believes that administrative costs will increase during the current funding period 2014-2020, which conflicts with estimates by the Commission. It anticipates that expected costs savings may not be achieved because the estimates did not take into account the complexity of the Member States' administrative practices. The ECA recommends that the Commission identify further potential savings by examining administrative practices in the Member States. The Commission should also follow up on whether the estimated costs savings have materialised.

Expenditure related to the EU's cohesion policy, which is structured around the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF), accounts for approximately one third of the overall EU budget. It amounts to €352 billion in the 2014-2020 period. The aim of the cohesion policy is to reduce development disparities between regions, restructure declining industrial areas, and encourage cross-border, transnational, and interregional cooperation in the European Union. The ECA's Special Report No 07/2020 provides input for the 2021-2027 MFF period. It is also relevant with respect to increasing the effectiveness of the management and control systems in the Member States for the 2021-2027 period. The ECA regularly carries out audits in the area of the EU's cohesion policy (e.g. [Review No 03/2019: Allocation of Cohesion policy funding to Member States for 2021-2027](#) and [Review No 08/2019: Delivering performance in Cohesion](#)).

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