

DIREZIONE GENERALE RISORSE, EUROPA,  
INNOVAZIONE E ISTITUZIONI

SERVIZIO COORDINAMENTO DELLE POLITICHE EUROPEE,  
PROGRAMMAZIONE, RIORDINO IST. E SVIL. TERRITORIALE,  
PARTECIPAZIONE, COOPERAZIONE E VALUTAZIONE  
GESTIONE PROGRAMMI DI COOPERAZIONE TERRITORIALE EUROPEA (CTE)  
E PROGRAMMA ADRION

**AP - POSIZIONE ORGANIZZATIVA**  
**LODOVICO GHERARDI**

To Mr Slawomir Tokarski  
CC:  
Nathalie Verschelde  
Gilles Kittel  
Helena Sundblad Schäfer

**Subject:** provision of information on observations related to the 2022 Annual Implementation Report, art. 50(8) of Regulation (EU) No 1303/2013.

Dear Mr Tokarski,

With reference to your requests for clarification, information is provided below.

Priority Axis 2 financial performance

Below the updated financial figures related to Priority axis 2 according to data extraction from eMS occurred on 5 October 2023. Percentages have been calculated taking into account the Cooperation Programme revision and acknowledged by the Commission on 15 January 2021; this revision included, among other, a slight reduction of the priority axis 2 financial allocation for the benefit of Priority Axis 1.

Performance based on verified expenditures	Performance based on reports sent to Joint Secretariat	Performance based on Certifying
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Viale Aldo Moro 30  
40127 Bologna

Tel 051.527.3126-8886 -8703 EMAIL: [lodovico.gherardi@regione.emilia-romagna.it](mailto:lodovico.gherardi@regione.emilia-romagna.it)  
Fax 051.4689660 PEC: [programmarea@postacert.regione.emilia-romagna.it](mailto:programmarea@postacert.regione.emilia-romagna.it)

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		<b>Authority confirmation</b>
<b>85,33%</b>	<b>75,54%</b>	<b>65,15%</b>

According to the table above, the percentage of what certified by the Managing Authority within its function of Certifying Authority is of 65,15% out of the total granted.

The capacity financial absorption in terms of percentage is higher if we consider the amount included in the project reports received at that date, i.e.: 75,54% out of the total granted.

If one also considers the amounts of expenditure verified by controllers and expected to be included in project reports still to be submitted and/or integrated in the already submitted ones, the financial performance further increases (85,33%).

Finally, the forecast performance will further improve considering that, out of the 5 granted projects under the 5<sup>th</sup> call for proposals, 3 fall under priority axis 2 with a total granted amount (ERDF + IPA II) of EUR 2.575.745 and their reports are expected within the end of the year.

Provided figures confirm that the value of the financial performance indicator is already higher than the 65% threshold set forth by the CPR.

Overall, one could be said that priority axis 2 suffered from more difficulties compared to the other thematic priority axes. Due to the topic specificities, their implementation is linked to valorisation and safeguard of territories that hardly can be done only remotely: COVID-19 pandemic made their implementation particularly challenging. Because of that, compared to the other projects granted in other priority axis, their cumulated delay is to be understood in the offer given to catch up when overall public health conditions allowed the visits in person.

Granted projects under this priority axis, like all other granted projects, benefitted from supporting measures offered by MA to encourage the financial absorption, namely:

- a) Extension of project duration;
- b) Possibility of revising the work plan by shifting funds to the best performing project partners;
- c) Possibility to use potential unspent funds for capitalization and cluster activities.

#### Priority Axis 4 financial performance

Below the updated financial figures related to Priority axis 2 according to data extraction from eMS occurred on 5 October 2023.

<b>Performance based on verified expenditures</b>	<b>Performance based on reports sent to Joint Secretariat</b>	<b>Performance based on Certifying Authority confirmation</b>
<b>73,69%</b>	<b>70,25%</b>	<b>70,25%</b>

The priority axis is characterised by only one project (EUSAIR Facility Point) whose end of activities shall take place on 31 October 2023.

One six-month report and a two-month one are expected to be received by the end of 2023, thus to further improve the financial performance.

Also in this case, data reported in eMS highlight an improvement in comparison to the picture described in the annual implementation report:

- Cumulative amount processed by MA/JS and already certified to the EC amounts to EUR 6.867.822 EU contribution (70,25%) of the total project budget.
- Cumulative amount verified by controllers (part still to be submitted to MA/JS via project report) amounts to EUR 7.207.382,85 EU contribution, i.e.: 73,69% of the total project budget.

Provided figures confirm that the value of the financial performance indicator is already higher than the 65% threshold set forth by the CPR.

Along with the project implementation MA proactively supported the projects through several measures aimed at safeguarding the full support to EUSAIR through:

- a) Avoidance of the budget revision in case of underperformance in accordance with the subsidy contract (so called *favor* principle);
- b) Granting of 2 work plan revisions (in 2020 and in 2022) aimed at indirectly supporting the financial absorption;
- c) Granting of 2 projects extension of duration, until 31 August 2023 and until 31 October 2023;
- d) Acceptance of requests for delays in the submission of the project reports aimed at encouraging the provision of full documentation of project partners and allow their reimbursement.

The table below provides an overall cumulative picture with regard to the financial absorption of priority axis 4, i.e. the financial absorption of the granted project EUSAIR Facility Point.

EU+ National contribution							
Partner	Project total budget	Fund	Confirmed by CA (a)	%	Total verified amount by FLC not included in the project progress reports (b)	Total partner financial absorption (c)= (a)+(b)	Total partner financial absorption %
LP-GODC	€ 2.009.483,00	ERDF	€ 1.445.679,25	71,94%	-	1.445.679,25	71,94%
PP2-MEFA (ALB)	€ 428.610,00	IPAI	€ 100.148,41	23,37%	-	100.148,41	23,37%
PP3-DEI (BIH)	€ 373.610,00	IPAI	€ 253.888,42	67,96%	63.403,67	317.292,09	84,93%
PP4-MT (HR)	€ 1.362.050,00	ERDF	€ 1.249.841,30	91,76%	28.251,68	1.278.092,98	93,84%
PP5-EYSSA (GR)	€ 1.505.050,00	ERDF	€ 666.261,67	44,27%	5.035,40	671.297,07	44,60%
PP6-RM (IT)	€ 3.553.099,50	ERDF	€ 2.724.628,03	76,68%	103.489,94	2.828.117,97	79,60%
PP7-EIO (MNE)	€ 428.610,00	IPAI	€ 258.467,99	60,30%	68.332,88	326.800,87	76,25%
PP8-MEI (SRB)	€ 450.607,65	IPAI	€ 273.321,63	60,66%	34.496,94	307.818,57	68,31%
PP9-OI (SI)	€ 1.390.049,85	ERDF	€ 1.107.555,35	79,68%	92.942,70	1.200.498,05	86,36%
<b>Total eligible expenditure</b>	<b>€ 11.501.170,00</b>		<b>€ 8.079.792,05</b>	<b>70,25%</b>	<b>395.953,21 €</b>	<b>8.475.745,26</b>	<b>73,69%</b>

Since the EU contribution is 85% both for ERDF and IPA partners, the table built considering total budget amounts does not change the overall analysis.

Provided figures highlight that, in terms of percentage, IPA project partners average financial performance is of 63%, whereas the ERDF ones is of 76%.

The table also shows that the financial performance of the project partners involved in the project is uneven, for example, among ERDF project partners, the financial performance stretches from 93,84% (Croatian partner) to 44,60% (Greek partner). Similar analysis can be done regarding the IPA project partners.

Projects encountered problems are:

- Lengthy public procurement procedures due, in some cases, to the cancellation of tenders and their re-launched; this caused delays in engagement of external experts and implementation of related activities;
- Insufficient staffed Lead Partner that could not adequately deal with the implementation of project activities and timely preparation and submission of project reports;
- COVID-19 pandemic and subsequent online formats of meetings and events contributed to underspending.

#### Priority Axis 5 financial performance

Technical Assistance budget supports both the programme bodies located in Bologna (Managing Authority, Audit Authority, Joint Secretariat) and the National Contact Points at national level.

As far as the former is concerned, almost all its budget shall be spent within the year. During the 6<sup>th</sup> IPA ADRION Monitoring Committee meeting, the Managing Authority informed about its impossibility in spending EUR 120.000,- ERDF and EUR 18.000,- IPA II and offered the National Contact Points to use these funds on its behalf.

Croatia and Italy expressed their willingness in spending part of the offered ERDF amount.

Apart the amount reported above, the remaining funds attributed to the programme bodies located in Bologna will be spent by the year 2023, which amounts to EUR 7.689.863 total budget.

As far as the Technical Assistance budget in charge of Partner States is concerned, an overview of current state of play is reported in the table below (data extracted from eMS on 12 October 2023):

	<b>Allocated amount</b>	<b>Total amount verified by controllers</b>	<b>%</b>	<b>Amount monitored by MA/JS</b>
	<b>A</b>	<b>B</b>	<b>C=B/A</b>	
Albania	186.495,00	4.998,13	2,68%	3.380,30
Greece	117.948,75	77.884,07	66,03%	76.074,27
BiH	187.784,80	143.568,93	76,45%	143.568,93
Croatia	112.960,75	108.234,71	95,82%	108.234,71
Italy	136.972,75	106.101,51	77,46%	106.101,51
Montenegro	183.361,20	138.641,14	75,61%	138.641,14
Serbia	192.359,00	151.920,24	78,98%	151.920,24
Slovenia	111.336,75	111.634,27	100,27%	111.634,27
<b>TOTAL (ERDF/IPAII + national contribution)</b>	<b>1.229.219,00</b>	<b>842.983,00</b>	<b>68,45%</b>	<b>839.555,37</b>

A further report is expected to be received by National Contact Points by the end of 2023, thus further improving their overall financial absorption.

National Technical Assistance encountered problems are:

- Similarly to what reported regarding projects, COVID-19 pandemic reduced activities at national level;
- Reporting to MA was in some cases delayed following national elections and changes of the officials in charge of signing the relevant documentation.

#### Activities of controllers

During the pandemic crises, several measures were set in place by the Managing Authority to ease the work of controllers and avoid the slowing down of projects payment.

Like many other programmes, the Managing Authority, in agreement with the Audit Authority, offered the controllers to perform their *on the spot checks* remotely upon conditions that programme guidance was followed. The possibility of doing remote checks was offered until the emergency health status was in force in each of the programme partner country. With the lifting of the emergency status, on the spot checks were performed in person.

ADRION Managing Authority is at disposal for any other further requirements you might have.

Kind regards,

Lodovico Gherardi  
On behalf of IPA ADRION MA  
*(digitally signed)*