

# Strengthening administrative capacities for financial planning and successful absorption of EU funds, Irish experience

## Further Implementation of Environmental Approximation Strategy



# EU Structural Funds

- Structural Funds designed to have **impact on economic and social structures** in Member States
- For example developing infrastructure water, waste treatment, energy, transport

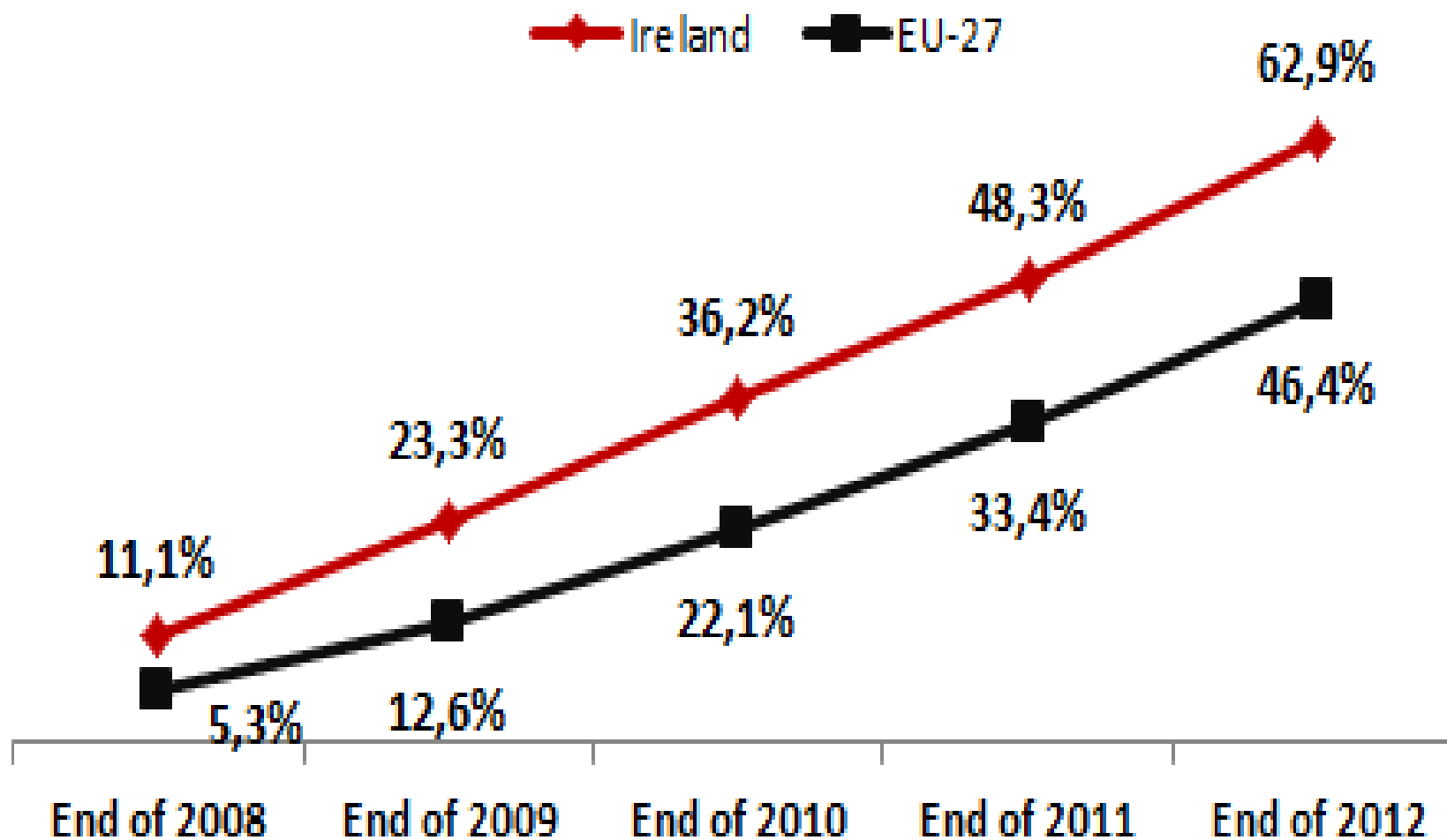
# EU Funds Absorption

- **Ireland is the overall leader**
- Ireland became well known success story on using **structural funds to kick start economic growth and the ‘Celtic tiger’**
- **Role model** for many New Member States



# STRUCTURAL FUND CONTRIBUTION TO NDPs

	1989-1993	1994-1999	2000-2006
<b>Structural Funds</b> <b>€ billion</b>	<b>4,254</b>	<b>5,978</b>	<b>3,174</b>
<b>Total National</b> <b>Development Plan</b> <b>(NDP) Spend € billion</b>	<b>11,600</b>	<b>22,200</b>	<b>59,700</b>
<b>% SF Contribution</b>	<b>37%</b>	<b>27%</b>	<b>5%</b>





# EU Benefits

- Ireland has benefited from European Union in two key ways
- Exploiting the **single market**
- Receiving substantial financial transfers both from **CAP** and from **Structural Funds**



# Result

- **Result: Rapid and impressive convergence of living standards up to EU level (from around 60% of the EEC average in terms of GDP/capita in 1980s to more than 120%, in 2008)**
- **2015 Ireland second highest level GDP per capita in EU-28, 45% above EU average**

# Key Characteristics of Structural Funds Implementation

- Key characteristic of Structural Funds is that implementation delegated to Member states
- Must address the **specific needs identified**
- Implementation is **decentralised**, primarily responsibility of national and regional authorities





# Principles

- **Concentration** of resources and measures in priority areas and objectives for development
- **Programming**, proposals do not stand alone, fit into a multiannual development programme



# Principles

- **Partnership**, closest possible cooperation between the EU Commission and appropriate authority at national, regional, or local level
- **Additionality**, EU funds complements the contributions of member states, rather than replacing them
- **Subsidiarity**, higher authority may not act if an objective can be achieved at lower level



# Co-Financing

- Selected Projects are **co-financed from both** national and Community Funds
- **Means must find “matching funds”**
- **Progressive shift to increased simplification away from Commission to the Member States**



# Funding Sources

- Commission encouraged MS to use **full range of funding available from all sources**
- Look at **loan assistance** and other techniques
- For example **European Investment Bank(EIB)** primarily for environmental infrastructure, motorways, railway lines etc



Republic of Serbia  
Ministry of Agriculture and  
Environmental Protection



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# Impacts & Lessons

The project is implemented by **eptisa** in consortium with PM Group and Umweltbundesamt

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# Early Lessons Quickly Learned

- Ireland one of the PIGS ( Portugal, Ireland, Greece and Spain) countries with lower level of development in the EU
- **Fund Absorption slow in first two years**
- Mistakes made in fund applications to the Commission
- **Systems and procedures upgraded**



# Rapidly Improved Performance

- From low start from year to year **Ireland raised its level of absorption performance**
- During the first two program periods Ireland succeeded in **absorbing investments of up to €30 billion, with the European funds contributing a total of €10 billion**
- End of 2008 Ireland received **€17 billion in Structural & Cohesion Funds support since joining the E.U. in 1973**



# EU Impact Administrative Capacity

- Institutional architecture characterised **overall by step by step adaption to EU requirements**
- Beneficial effect on public administration capacity, **particularly skills for multiannual budgets and programmes, enhanced planning and project management and evaluation**



# EU Impact on Administrative Capacity

- **Current 35,000 full-time equivalent Civil Servants, working in 17 Departments managing over €53bn of public expenditure.**  
No figures available for additional staff due to EU Funds.
- **Key Ministries: Finance and Public Expenditure and Reform**
- **EPA: 100 staff rising to over 300 currently.**



# Lessons

- **Partnership:** closest possible cooperation between the EU Commission and national authorities, to accept EU requirements
- Improved **programming, budgeting, planning, execution** of public investment projects
  - **Appraising projects & assessing value for money**
  - **Capital Works Management Framework**
- **Strong management & financial control** of EU Funds
- **Capacity building**

# EU Impact: Environmental Institutions

- Ireland **not a leader in EU environmental policy** like Germany Denmark and Netherlands
- Classified with Greece Portugal and Spain as a ‘follower’
- **Early 1990s Irish environmental administration in a ‘state of paralysis’** Dated legislation and low level of environmental investment

# Modernisation of Regulatory Structures

- EU Environmental policy regulatory requirements put pressure on Irish administration structures
- Establishment of **Environmental Protection Agency (EPA)** parallel with development of EU policy in the 1990s
- **Shift toward modernisation of the administrative and regulatory structures for environment**



# Monitoring Inspection & Enforcement

- EPA undertakes many of the **‘executive functions’** licensing, monitoring, inspection, enforcement required by EU Acquis
- **Office of Environmental Enforcement(OEE)** set up 2003 dedicated Unit within EPA

# Improved planning and execution of public investment projects

- **European fiscal rules** designed to ensure that growth in public expenditure reflects the underlying strength and output capacity of the economy
- **Capital Plan Government's new €42 billion framework for infrastructure investment in Ireland 2016 -2021**
- **Direct investment €27 billion PPP €500 million State-owned sector investment €14½ billion**

# Capital Plan

- Capital Plan sets out the **framework for investment priorities and provides Exchequer allocations to Ministries**
- Each Government Ministry must ensure individual projects and investment proposals are subject **relevant appraisal processes and value for money tests**



# Meeting Regulatory Requirements

- Ministries responsible for ensuring projects meet with **appropriate regulatory requirements including planning law and environmental impact assessments (EIA)**



# Appraising projects & assessing value for money

- Budgetary framework includes **Public Spending Code** set of standards for **appraising projects and assessing value for money**
- Capital investment projects and programmes costing more than **€100 million** subject to a further level of scrutiny, requiring specific **Government approval**

# Capital Works Management Framework

- Ministry of Public Expenditure and Reform set up **Capital Works Management Framework**
- Provides guidance for **best practice, standard contracts and template documents** covering the delivery of public works projects



# Management and control of EU Funds

- Relevant body **will be held responsible** and **may be held financially accountable** for failure of management and control procedures which lead to the suspension or cancellation of EU Funds and result in a loss to the Irish Exchequer



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# Thank you!

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