



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY
Smart and Sustainable Growth and Programme Implementation IV
Director

Brussels,

TO THE MANAGING AUTHORITIES OF THE REGIONAL PROGRAMMES

CENTRAL MACEDONIA, 2014GR16M2OP002
THESSALY, 2014GR16M2OP003
EPIRUS, 2014GR16M2OP004
WESTERN GREECE, 2014GR16M2OP005
WESTERN MACEDONIA, 2014GR16M2OP006
CONTINENTAL GREECE, 2014GR16M2OP007
PELOPONNESUS, 2014GR16M2OP008
IONIAN ISLANDS, 2014GR16M2OP009
NORTH AEGEAN, 2014GR16M2OP010
CRETE, 2014GR16M2OP011
ATTIKI, 2014GR16M2OP012
SOUTH AEGEAN, 2014GR16M2OP013
EAST MACEDONIA & THRACE, 2014GR16M2OP014

Reference: Annual Implementation Reports of 2017 of the Greek regional programmes

Subject: **Observations related to the Annual Implementation Reports of 2017, Article 50 (7) and (8) of Regulation (EU) No 1303/2013**

Dear Madam, dear Sir,

The services of the European Commission received the Annual Implementation Reports (hereinafter “AIRs”) of 2017 related to the 13 regional programmes as approved by the respective Monitoring Committees. These reports have been considered as admissible on the 1, 4, 6, 7, 8 and 11 June 2018.

To: Mrs A. Oraiopoulou, Head of Managing Authority for OP Central Macedonia
Mrs M. Sarafidou, Head of the Managing Authority for OP Thessaly
Mrs E. Papanikolaou, Head of the Managing Authority for OP Epirus
Mrs A. Stathopoulou, Head of the Managing Authority for OP Western Greece
Mr C. Kiourtsidis, Head of the Managing Authority for OP Western Macedonia
Mr K. Lemas, Head of the Managing Authority for OP Continental Greece
Mr A. Psarakis, Head of the Managing Authority for OP Peloponnese
Mr P. Oikonomou, Head of the Managing Authority for OP Ionian Islands
Mr G. Plakotaris, Head of the Managing Authority for OP North Aegean
Mrs M. Kassotaki, Head of the Managing Authority for OP Crete
Mr D. Drosis, Head of the Managing Authority for OP Attica
Mr A. Voutsinos, Head of the Managing Authority for OP South Aegean
Mr V. Pitsinikos, Head of the Managing Authority for OP Eastern Macedonia-Thrace

After examination of these AIRs and, taking into account the informal exchanges with the Ministry of Development on the performance framework and the technical meetings of June 2018 with the managing authority of each programme, the Commission services would like to formulate the following observations on the basis of Article 50(8) as well as of Article 50(7) of Regulation (EU) No 1303/2013.

I. Observations under Article 50(8) of Regulation (EU) No 1303/2013:

1. Within the context of the 2019 Performance Review (Article 21 of the Common Provisions Regulation (EU) No 1303/2013), pursuant to Article 22 (4) of the same Regulation, failure to achieve the 2018 milestones for a programming priority, as defined in Article 6 (2) of Commission Implementing Regulation (EU) No 215/2014, will result in the loss of the reserve for the priority concerned and its reallocation to other priorities which have achieved their milestones. Furthermore, a serious failure to achieve the 2018 milestones as defined in Article 6 (3) and (4) of Commission Implementing Regulation (EU) No 215/2014 may lead to the suspension of interim payments within the meaning of Article 22 (6) of the Common Provisions Regulation.

We would therefore like to draw your attention to the indicators where the achieved values reported in the 2017 AIRs are low or even extremely low in comparison with the milestones set for 2018. At this stage of the programming cycle – just one year before the 2018 cut-off date – this raises concerns as to whether the programmes are on track to achieve the milestones by the end of 2018. We would also like to draw your attention to some of the identified implementation weaknesses which may be behind the reported low values of the achieved indicators and which would need to be addressed in order to avoid serious failures in achieving milestones by the end of 2018 in line with article 22(6) of the Common Provisions Regulation.

2. For the ERDF, the implementation pace varies between programmes but, as also confirmed in the recent technical meetings of June 2018, the highest risk of non-achievement of the 2018 milestones is concentrated to TO1 (for all programmes), TO2 (for all programmes except "Attica"), TO3 (for all programmes) and TO4 (for the programmes "Central Macedonia", "Western Macedonia", "Continental Greece" and "Attica") as well as to TO7 (for the programmes "Thessaly", "Continental Greece" and "Ionian Islands") and TO10 (for programme "Attica"). Measures should be taken without any further delay for the swift activation and implementation of these Thematic Objectives.
3. For the ESF, the Commission has also concerns in relation to the attainment of the 2018 milestones under the TO8. The Managing Authorities are invited to provide information on corrective actions to improve the performance for the indicators 11301, CO05, 11304. Furthermore, the Managing Authorities are requested to clarify and correct the reporting for the indicator CO01 where high values are inserted while no activation of the relevant interventions is reported.
4. As already indicated on many occasions, the slow implementation of the programmes, especially in TO1, TO2, TO3, TO4 is an issue of serious concern.
In fact, despite some measures taken for the smooth activation of these TOs which are pivotal for the regional development (e.g. simplification of the PSKE – IT tool for the management of State aids, the legislative framework – but only partly - for the designation of an intermediate body for State aids at regional level), no significant flow of funds to SMEs has been visible so far, the assistance to SMEs when launched is not

sufficiently targeted and the approved ICT projects are extremely limited due to delays in the decisional chain. In this context, the Commission services urge the competent authorities to immediately activate these TOs, in a way to allow the generation of expenditure before end of 2018. Sufficient care should be taken to create sustainable infrastructures nurturing start-ups (e.g. incubators). Furthermore, a solid pipeline of new mature projects needs to be set up in view to ensure a good performance of the programmes next years.

5. The Commission is also concerned about delays in the activation of interventions under TO8 and certain interventions under TO9 (in particular the training component of Investment Priority 9.i, the health component of Investment Priority 9.iv and social economy interventions of Investment Priority 9.v). Measures should be taken without any further delay by the responsible Greek authorities and the above mentioned interventions should be swiftly activated.
6. National authorities are also requested to complete the legal framework for "design & build" contracts (particularly, standardised tender documents are absent). This hampers the tendering of waste water and solid waste projects, with consequences for the possibility of Greece to make full use of the available funds in this sector and to achieve compliance with EU environmental legislation. In addition, a remedy has to be found for avoiding contract awarding at abnormally low prices – big discounts of more than 50 % are noticed. This should be carefully monitored and handled in a systematic way so as to limit the risks for the programmes. Otherwise, many co-financed projects risk to remain uncompleted, or to be completed only with significant irregular expenditure to be borne by the national budget.
7. Last but not least, the Commission services invite the national authorities to make efforts for the simplification of the implementation trail, which affects a broad range of projects co-financed by the ESIF. To a large extent, this is directly reflected to the progress of implementation and the performance framework.

In accordance to Article 50(8) of Regulation (EU) No1303/2013 the Managing Authorities are requested to provide through SFC2014 to the Commission, no later than three months from the receipt of this letter, all necessary information and, where appropriate, information on the measures taken to accelerate implementation and improve the performance of the lagging-behind indicators.

II. Observations under Article 50(7) of Regulation (EU) No 1303/2013:

8. Values reported by years under table 1 ("result indicators") should refer to actual values valid for the year concerned. If no measurement has been carried out, the respective cell should be left empty. If there is an important deviation from the baseline value (especially, downwards) in the reporting year, a short explanation should be provided.
9. When the reported values in table 3 ("output indicators") are lower than the respective values of the previous years, the correctness of the values should be checked and, if needed, corrected or explained.
10. As regards ESF interventions, the Managing Authorities are requested to clarify and correct the reporting for the output indicators CO01 (for all regional OPs), and CO05 and CO15 (where applicable), where high values are inserted while no activation of the relevant interventions is reported.

11. Table 7 of the AIRs should contain the same categories of intervention as the ones contained in the programme. In the AIR 2017 OP Attica, reference is made to code 87 under priority axis 4, while this code is not mentioned in the approved programme.
12. In tables 6 “Financial information” and 7 “Breakdown by category of intervention” the number of selected projects by axis should be identical.
13. Specifically for the AIR OP Attica, with respect to the inclusion of a call for the supply of new buses it should be recalled that the Partnership Agreement does not foresee such a possibility.

The priorities established in the PA under Thematic Objective 4 and 7 include investments in sustainable urban mobility through rail based modes (tram, metro, commuter rail) and comprehensive and core TEN-T infrastructures but not any interventions for the supply of buses.

In addition, please note that a similar project was proposed in the context of the application for the modification of the OP Transport Infrastructures, Environment & Sustainable Development (CCI 2014GR16M1OP001).

In light of the above and given the overbooking on axis 7 in OP Attica we would advise you to withdraw the call for the supply of buses.

As regards observations under Article 50(8) of Regulation (EU) No 1303/2013, having in mind the potential financial consequence of the performance review as outlined above, we invite you to immediately take all necessary corrective actions to address the mentioned implementation weaknesses causing low implementation performance of the priorities in question within the time frame set by the performance review and inform the Commission.

As regards observations under 50(7) of the same Regulation, we ask the Managing Authorities to provide the Commission, where needed, with explanations and a corrected version of the AIRs.

Until the information detailed above is received the present reports cannot be accepted.

Yours sincerely

Rudolf Niessler

cc.: Mr P. Korkolis, Secretary General for Public Investments - ESIF, Ministry of Economy and Development

Mr G. Logothetis, Head of Special Coordination Service for the Implementation
of Operational Programmes, Ministry of Development
Mr J. Svarc, Head of Unit A.5, DG Employment

