



# 5th Cohesion Report and ETC perspectives

Current challenges for Audit Authorities and Groups of Auditors  
in ETC and IPA programmes and perspectives for the future

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Espace Seforex, Levallois (Paris), France

Tomasz Petrykowski  
Coordinantor of IP Viborg





## Timeline

- 19 October 2010: Budget Review (COM(2010)700)
- 9 November 2010: Fifth Cohesion Report
- 11 November 2010 – 31 January 2011: public consultation
- 31 January/1 February 2011: Cohesion Forum
  
- *Spring 2011: Proposal on future financial perspectives*
- *Summer 2011: Legislative proposals*
- *End 2012: Adoption of new legislative package and expected agreement on new budget post 2013*
  
- 2013: Finalisation of new programming documents
- 2014: Entry into force



## Strategic Framework: EUROPE 2020

Europe 2020 Strategy – a new strategy for Europe

- *Smart growth*
- *Inclusive growth*
- *Sustainable growth*



Future Cohesion Policy  
must be aligned with  
Europe 2020



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# The future Cohesion Policy

- Enhancing European added value
- Strengthening governance
- Streamlining delivery
- Architecture of Cohesion Policy



## Enhancing European added value

- Reinforcing strategic programming – *translate EU 2020 objectives into investment priorities*
- Focus resources on limited number of key priorities
- Introduce stronger incentives and conditionality
- Improving evaluation, performance and results
- Stronger emphasis on new financial instruments



## Strengthening governance

- Reinforcing partnership (improve involvement of local and regional stakeholders, social partners, civil society)
- Introducing a new dimension: territorial cohesion
  - Reinforcing territorial co-operation (more cooperation between regions within a country, macro-regional strategies...)
  - Developing an ambitious urban agenda
  - Addressing areas with specific geographical or demographic features



# Streamlining Delivery

...based on lessons learnt

- Improving financial management
- Reducing the administrative burden
- Simplifying financial discipline
- Reviewing financial control



## Architecture of the policy

- Full geographical coverage distinguishing between:
  - Less developed regions
  - More developed regions
  - Transition regions replaces current phasing-out and phasing-in
  - Territorial cooperation with its 3 strands



## Thinking of future – involving the practitioners: what has INTERACT done so far?

- Took the role of coordinator in consultation process
- Extensive consultation process with Programmes during 2010 resulting in a common Position Paper
- The Discussion Paper – the proposal for ETC practitioners' response to the questions posed by the Commission
- ETC Position Paper – to be sent to the Commission **28th January 2010**



## What does ETC community have to say?

- ETC is an inexpensive road to EU integration
- It works!

*But...*

- The administrative requirements are undermining the essence



## What do practitioners think? - strategic framework

- We need clarity on what Territorial Cooperation Objective aims to achieve
- Better coordination within ETC and with other policies and instruments
- Focus is a key to success!

*But also needed...*

- Flexibility – geographical, thematic
- Real place-based approach – programme maturity, size, geography, specific territorial features ... all need to be respected, appreciated and considered



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## What do practitioners think? - operational framework

- Clarify
- Harmonise
- Simplify



## Streamlined and simplified delivery system

- Financial management
- Reducing the administrative burden
- Financial discipline
- Financial control



## Financial management

**COM Proposal:** Annual management declarations, annual accounts and annual audit opinions. Linked to these is the partial closure on an annual basis and delaying payment to programmes until grants have been paid to end beneficiaries.

The Commission asks: How can the audit process be simplified and how can audits by member states and the commission be better integrated, whilst maintaining a high level of assurance on expenditure co-financed?

**COM Proposal:** Introduction of output- or result- based elements for disbursement of EU funds. Promotion of further use of simplified cost options (standard scale of unit costs, lump-sum payments) as another way of moving towards a more results-based approach.



## Reducing the administrative burden I

**COM Proposal:** Eligibility rules continue to be set at national level. Common rules should be adopted on key points such as overheads. Alignment of rules on eligibility of expenditures across policy areas, financial instruments and funds

The Commission asks: How can the right balance be struck between common rules for all the Funds and acknowledgement of Funds' specificities when defining eligibility rules?



## Reducing the administrative burden II

**COM Proposal:** In line with the proportionality principle, it would also be useful to examine how control measures could be made more cost-effective and risk-based to improve their effectiveness and efficiency, while ensuring adequate coverage of the inherent risks at a reasonable cost, in accordance with the principle of sound financial management.

The Commission asks: How could application of proportionality principle alleviate the administrative burden in terms of management and control? Should there be specific simplification measures for territorial cooperation programmes?



## Financial discipline

**COM Proposal:** The consultation paper suggests to apply N+2 with the exception of the first year to all programmes and remove exemptions and derogations.

The Commission asks: How can financial discipline be ensured, while providing enough flexibility to design and implement complex programmes and projects?



## Financial control

**COM Proposal:** Achieve greater commitment, on the part of Member States, to quality control. This would allow to focus more on the results and impact of the policy.

**COM Proposal:** The procedure for ex-ante assessment of the systems should be streamlined whilst retaining its benefits. The assessment should target the main management body responsible by means of an accreditation process. An accredited body would assume sole responsibility for proper management and control of the operational programme.



## ETC contribution to the consultation process I

- Establish min and max requirements for programme management
- Clarify and concentrate responsibilities
- Emphasise the role of the joint bodies (JTS, MC, GoA) and ensure their impartiality
- Remove the CA, transfer the function to MA
- Apply N+3 for the first years of the programme
  - Ideally, establish regulative framework in good time
- Establish some common eligibility rules and ensure consistency of interpretation across EU
- Ensure ETC perspective in guidance documents, COCOF, etc.



## ETC contribution to the consultation process II

- Keep the designation of controller and stress the responsibility for the quality of the whole FLC system by MS
- Make the scope of the First Level Control realistic
- Insist on proportionality in approach to control, focus on high risk transactions, systems which do not work, etc.
- Objective of control: improve not reject claims
- Accept higher error rate (5%?)
- Clarify State Aid once and for all for ETC
- Standardise implementation tools (INTERACT)
- Allow simplified costs options and flat rates
- AA and GoA specific (next session)

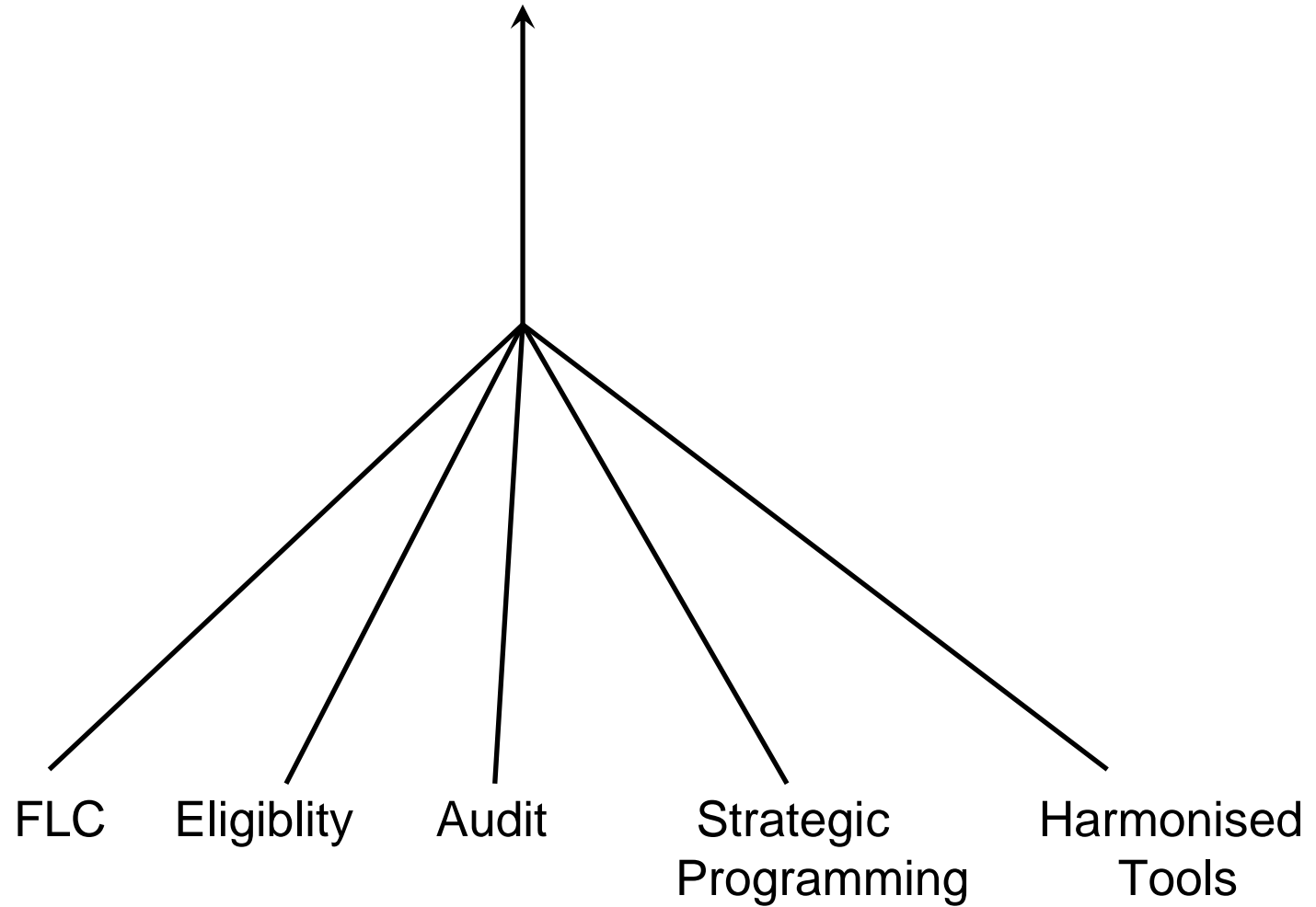


# INTERACT work from now on

2013

2012

2011





## More information

- [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/reports/cohesion5/index\\_en.cfm](http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion5/index_en.cfm)
- [http://www.interact-eu.net/news/consultation\\_on\\_the\\_conclusions\\_of\\_the\\_5th\\_cohesion\\_report\\_input\\_from\\_european\\_territorial\\_cooperation\\_programmes/7/7151](http://www.interact-eu.net/news/consultation_on_the_conclusions_of_the_5th_cohesion_report_input_from_european_territorial_cooperation_programmes/7/7151)
- [www.interact-eu.net](http://www.interact-eu.net)

Thank you