



ESF Committee ad'hoc group on the future of the ESF



Debriefing from the focus group on proportionality (simplification)

Brussels, 2 February 2010



Objective of the presentation



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- Debrief the main ideas of the focus group on proportionality (The slides present ideas, not official positions. Some of the ideas were not shared by everybody.)
- Stimulate the discussion in the ad'hoc group



Mandate



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- ESF Committee opinion: “The Committee calls on a wider application of the proportionality principle and suggests that its ad hoc group continue the discussion on different options to apply this principle”
- Focus group to prepare the discussions of the ad’hoc group on proportionality. Potential simplifications were also discussed.



Proportionality principle



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- Treaty: “any action by the Community shall not go beyond what is necessary to achieve the objectives of this Treaty”
- Rule of “common sense”: an administrative authority may only act to exactly the extent that is needed to achieve its objectives
- Efficiency principle: costs to ensure compliance or implementation of a rule should be proportionate to the objectives. It is a question of finding the right balance.
- Maintain the same quality standards for all (no discrimination) but take account of the specific situations (differentiation)
- An incentive to perform better



Implementation of proportionality (1)



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Way forward is to combine elements from two approaches :

- a general legal framework (flexibility): for non “sensitive” issues or issues secured by a decision...
- a detailed legal framework enabling for differentiation (predictability, certainty): for issues related to audit and control ...

👉 Legal transparency in advance (FAQ, fact sheets, etc)



Implementation of proportionality (2)



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- Criteria to apply proportionality:
 - Financial
 - Nature of activity
 - Past performance / past compliance with rules
- More appropriate level:
 - OP
 - Operation (beneficiary)

=> Assessment step by step of potential ideas

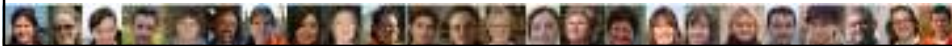


Strategy setting



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- against multiplication of documents: NRPs vs national contract
- against conditionality and targets in the strategy: would imply that the strategic documents are audited
- conditionality agreeable if based on concrete and well-defined in advance targets
- variations in the scope of development contracts depending on the size of national ESF programmes.



Content of the OP (1)



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General principles:

- Give managing authorities more flexibility in the amount of information that is included in the OP, and to allow managing authorities to rely on shorter OPs
- reducing the number of information required on smaller ESF programmes
- Give the structure of an application form to the OP
- Revision of the OP: carry out minor modifications without going through a formal decision.

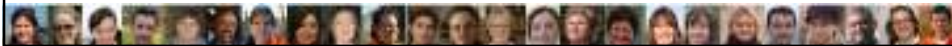


Content of the OP (2)



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- reduce overlaps between the OP and other required documents
 - management and control systems out of the OP
 - socio-economic analysis out of the OP (adds value only to regional OPs)
 - Communication requirements in the OP but no separate communication plan
- reduce number of priorities for small programmes (single financial priority even if several political priorities)
- fewer but smarter indicators
- define intermediate targets for certain policy areas, instead of targets at the end of the programming period



Eligibility rules



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- Simplified cost options:
 - fixed rate without justification vs current system: keep flexibility of the current system
 - Define standard costs in the Regulation (daily rate for staff?)
- Potential problem if alignment of rules
- Threshold under which revenues not taken into account
- Eligibility of equipment
- Clarify geographical eligibility (esp. for mobility)
- Technical Assistance: current rate insufficient if AGRI system is used, inversely proportional to the size of the OP.



Management and control



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- Mixed views on compliance assessment. Possibility to “transfer” compliance assessment between 2 periods
- Move towards single audit approach. Current legal provisions (art 73 GR) are correct but implementation not satisfactory.
- Extend the scope of art 74 (proportional control arrangement): non cumulative criteria? Different thresholds?
- Support for a higher tolerable rate of error
- Greater flexibility in the timing of ex ante check (art 13.1 IR): before first payment rather than grant agreement
- Greater use of sampling for article 13.2 checks
- Proportionality in recoveries (threshold)



Financial management



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- Not convinced by the idea of clearing houses
- Possibility of partial closure of the Programmes in relation to the annual clearance of accounts.



Monitoring and Reporting



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- More standardised AIR (to facilitate reporting and comparisons)
- Simpler AIR focused on indicators and structured data. Every [three] years it would be more strategic
- Suppress annual examination of programmes (no need to regulate it)
- Suppress Communication plan (included in the OP), but keep reporting on communication activities
- The Commission as a « full » member of the Monitoring Committee



Evaluation



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- Ex ante evaluation only for big OPs
- Timing of evaluations: How to trigger them
 - no need for an evaluation plan
 - no support to evaluation triggered by amounts spent / committed
 - current system satisfactory
 - decision of the monitoring Committee
 - decision of the Geographic Unit
- Sectoral evaluations rather than full fledged OP evaluation



Proportionality at operation level (1)



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- Key issue is single audit principle, for all operations
- Introduce risk (size, type of operations, type of management, past problems from the beneficiary) as a criteria to target article 13 checks.
- Increase facilities of payments for small projects:
 - increase the amount for lump sums
 - Forbid real costs for small projects and clarify / simplify how lump sums / standard scales could be calculated for these small projects (budget)



Proportionality at operation level (1)



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- Retention of documents:
 - duration calculated on the basis of closure of the operation rather than the closure of the programme;
 - intermediary closures (but partial closure never used by MSs);
 - use of simplified cost options (less documents to archive).
- Possibility to declare advances: applicable to all operations.
- Monitoring: limit the number of indicators by project to the minimum necessary.
- Durability of operations: already alignment with state aid rules. Introduce an additional criteria for operations > [100.000] Euros
- Keep the system as it is:
 - Modulation of the contribution rate (contribution rate not measured at operation level)..
 - Separate accounting system (systems already not strictly applied for this period)





Thank you for your attention
... and your patience

