

“Lessons from shared management in cohesion,
rural development and fisheries policies”

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Acronyms

AA	Audit Authority
AIR	Annual Implementation Report
CA	Certifying Authority
CAP	Common Agricultural Policy
CF	Cohesion Fund
CMEF	Common monitoring and evaluation framework
CSG	Community Strategic Guidelines
DG	Directorate-General of the European Commission
DG Agri	European Commission Directorate-General for Agriculture and Rural Development
DG Empl	European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities
DG Mare	European Commission Directorate-General for Maritime Affairs and Fisheries
DG Regio	European Commission Directorate-General for Regional Policy
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
EFF	European Fisheries Fund
EIB	European Investment Bank
EIF	European Investment Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FIFG	Financial Instrument for fisheries Guidance
GDP	Gross Domestic Product
GROCO	Operational Programme Coordination Group
ICT	Information and Communication Technology
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Assistance
ISAR	Internal Synthesis and Assessment Report
MA	Managing Authority
MC	Monitoring Committee
MS	Member State of the European Union
NSM	New Member State (accession to the EU in 2004 or later)
NRN	National Rural Network
NSP	National Strategy Plan

NSRF	National Strategic Reference Framework
OP	Operational Programme
PA	Paying Agency
PPP	Public-Private Partnership
RDC	Rural Development Committee
RDP	Rural Development Programme
RDIS	Rural Development Information System
SFs	Structural Funds
SMEs	Small and Medium-sized Enterprises
TEC	Treaty establishing the European Community
VAT	Value Added Tax
WFS	Workflow system

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Executive Summary

The aim of this study is to offer a comparative perspective of the views of officials of the Commission Services concerning the systems and practices specific to the shared management system applied to structural policies, i.e., cohesion policy, rural development policy and fisheries policy. To achieve this objective, the study maps existing arrangements in the three policy areas concerned and explores how well the systems function on the basis of interviews with EC officials.

In a first part, the report explores the arrangements specific to the shared management systems along four dimensions (programming, implementation, reporting, monitoring and evaluation and financial management). This is done on the basis of two sources of evidence: regulatory provisions and the guidance documents used by the Commission staff. The emphasis was on the identification of differences and commonalities across policy fields. The second part presents the results of the interviews with EC officials in the DGs concerned, i.e., a total of 43 interviews carried out at DG Agri, DG Budg, DG Empl, DG Mare and DG Regio. In order to ensure a comparative perspective as exhaustive as possible, a series of follow up interviews were realised to address issues not covered in the first place. The report synthesises the results of the analysis of documents and interviews, and does not contain policy recommendations. It should also be noted that the study reports the views of the officials interviewed at the Commission without claiming that these are representative of any official position adopted by the DG to which the officials are affiliated.

The main results of the study are as follows. In 2007-2013, many changes were introduced in the three policy fields compared to the period 2000-2006. This is particularly true for some aspects of the financial management of each policy. In this respect, major differences characterise the cohesion and fisheries policies on the one hand, and the rural development policy on the other hand in 2007-2013; these include the following aspects:

- There are three authorities performing controls in the cohesion/fisheries frameworks (managing authorities, certification authorities and audit authorities) and two main control bodies in the rural development policy framework (paying agencies and certification bodies – managing authorities being more involved in management than control activities);
- The recourse to a national accreditation procedure of the paying agencies in the rural development policy framework is different from the compliance assessment of the cohesion/fisheries policy frameworks as the compliance assessment process is subject to review by the Commission;
- An annual clearance of accounts takes place in the rural development policy framework instead of the process of continuous certification of expenditure adopted by the cohesion/fisheries frameworks;

- The two frameworks have a similar independent audit body - which is an important source of assurance, but there are a number of differences in the audit procedures:
 - Differences in the way in which project audits take place (on the basis of a statistical sample and on the spot in the cohesion/fisheries frameworks, and on the basis of a comprehensive review of management and control systems in the rural development policy framework);
 - Existence of an annual financial clearance of accounts procedure in the rural development policy framework which is not present in the cohesion/fisheries frameworks;
 - Existence of a specific closure of programmes at the end of the period in the cohesion/fisheries policies frameworks.

Programming arrangements are comparable across the three policy fields as far as the three-tier architecture of strategic/programming documents is concerned (Community Strategic Guidelines – except in the fisheries policy; national strategic documents and programmes). However, the regulatory requirements concerning the content of the documents differ: both rural development and fisheries policies define programme axes at the level of EU regulations (for rural development programmes, also at measure level), whereas the cohesion policy framework does not prescribe the number nor the content of priority axes.

Concerning reporting, monitoring and evaluation, the institutional set up is broadly similar in the three policy fields reviewed. However, the level of detail and the content of the information to be monitored and reported are different depending on the respective policy field. For example, rural development and fisheries policies have a codified system for axes and measures, whereas in the cohesion policy framework standardisation of data has another basis (categories of intervention). Most importantly, requirements concerning the indicator system under the three policies differ significantly. In the rural development framework a list of mandatory common indicators to be used across all Member States was identified (as in the fisheries policy). In addition, the identification of impact indicators by Member State is a regulatory requirement, and the quantification of indicators is mandatory. A recommended list of key core indicators was provided in the area of cohesion policy (their use was strongly encouraged). Concerning evaluation, all three policy fields were subject to three main “moments” of evaluation (ex ante, ongoing/mid-term and ex post). The main differences were between the more flexible, ‘on demand’ approach to ongoing evaluation activities adopted by cohesion policy and the more continuous and systematic approach of the rural development policy framework.

Finally, the numerous arrangements in place during the implementation of the programmes differ to varying extents (one exception is the decommitment rule that applies to all three policy fields). For example, compliance with one or another area of EU legislation or eligibility rules is always required, but which areas of the legislation are relevant depends on the content of the policies concerned and therefore vary from one policy field to another. Furthermore, the transition between programming periods is an area of marked differences between structural

policies with, for example, the rural development policy featuring a special regulation providing a framework for long term contracts with beneficiaries extending beyond the programming period. Interestingly, the practical implementation of an important principle underlying the development of structural policies, that of proportionality, is also different depending on whether it is considered in the rural development policy framework (where the principle applies mainly to financial corrections that are proportional to the gravity of the infraction) or in the cohesion/fisheries policies framework (where the objective is to differentiate arrangements according to the financial scale of the programmes to render them "proportionate").

Some general considerations emerge from a comparative analysis of the collected views of EC officials on the arrangements of the shared management system. In many cases, respondents from DG Agri and respondents from DG Regio provided diverging assessments of their respective arrangements. In very general and simplified terms, respondents from DG Regio tended to see more room for further improvement compared to respondents from DG Agri who seemed to be more confident about the advantages of rural development arrangements across the four dimensions reviewed. For at least one dimension - financial management - the positive views of DG Agri respondents in regard to rural development arrangements were at times shared by respondents from the other DGs.

Within cohesion policy, some broad converging assessments were recorded for example about the enhanced strategic dimension of programming or about the need for more focus on the achievements of the policy. Respondents from DG Empl and DG Regio were also unanimous in their concern about the error rate and the resulting necessity to keep improving financial arrangements. At the same time, there were often mixed opinions within the concerned DGs concerning specific issues. For example, there seemed to be different perceptions within DG Regio itself; the views of respondents on issues like the strategic dimension of programming, evaluation or eligibility differed depending on whether respondents belonged to geographical (country desks) or horizontal units.

Respondents from DG Mare often shared the views expressed on the subject of cohesion policy, but always stressed the specificity of the EFF, i.e., its limited size compared to the other funds.

More specifically, as far as programming arrangements are concerned, there was general satisfaction among respondents from DG Agri concerning simplification and enhanced strategic dimension in 2007-2013. The detailed definition of measures and axes is considered to be very positive as it enables proper monitoring and evaluation (through aggregation and comparison of indicators) as well as a more effective functioning of the management and control system. Some concern about the excessive rigidity of the framework was dismissed on the grounds that Member States enjoy significant flexibility in the implementation stage. Respondents from DG Regio and DG Empl tended to be satisfied with the reinforced strategic dimension in the process of programming, but they underlined two limitations: broad strategic objectives may dilute efforts to focus on EU objectives, and capacities at Member State level are what eventually determine the effectiveness of the approach adopted. There was also converging

feedback across DGs in the specific area of “mainstreaming” (i.e., the integration of specific innovative approaches in mainstream policy) with a shared view among respondents from the different DGs that efforts in this area have not yielded the expected outcomes in terms of innovation diffusion.

Greater consensus was recorded concerning the implementation arrangements of the different policies. Respondents showed moderate levels of satisfaction in their general assessment of their respective delivery systems, and highlighted some specific problems. For example, several respondents in DG Regio explained that ensuring compliance with EU legislation is a very demanding task that may contribute to making the delivery system of cohesion policy complex despite the effort towards simplification. Respondents from DG Regio and especially DG Mare agreed on the need to respect and further enhance the application of the proportionality principle for small programmes. Eligibility rules were generally seen as satisfactory by the different respondents, although some improvements could be introduced. There was also general satisfaction with financial engineering instruments which were seen as a tool with great promise.

As far as arrangements dealing with reporting, monitoring and evaluation are concerned, respondents from DG Agri tended to be somewhat more positive than their counterparts from the other DGs. The Common Monitoring and Evaluation Framework, in particular was viewed positively and is expected to deliver the necessary information on the effectiveness of the policy. However, most respondents across DGs stressed that it was necessary to wait for the first evaluation results in order to assess the effectiveness of the monitoring and evaluation system, and in particular of the indicator system. Respondents from DG Regio and DG Empl welcomed the progress made in 2007-2013, such as the definition of core indicators or the requirement of strategic reporting, but to some extent regretted the lack of mandatory ongoing evaluation and referred to a need to improve the usefulness of annual implementation reports. In general, DG Regio respondents expressed the view (also shared by respondents from DG Mare) that the current monitoring and evaluation system would still need to be improved to demonstrate the added value of the policy with enough confidence and detail.

Finally, interviews in the area of financial management arrangements showed that DG AGRI respondents are satisfied with the financial management processes applying to rural development. A substantial proportion of respondents from the other DGs (including DG Budg) concurred that the financial management and control system in place for rural development appears to be solid and has sparked interest from other services managing funds under shared management.

Respondents from DG Regio and DG Mare stressed that important progress was made in 2007-2013 in comparison to the period 2000-2006, e.g. with the establishment of the compliance assessment and by reinforcing the role of audit authorities (and annual audit opinions) but also pointed out that these new arrangements had been somewhat more difficult to implement than anticipated. Some questions were raised among respondents from DG Regio, DG Empl and DG Mare in relation to the organisation of the present certification process. It was also indicated

that clearance and closure at the end of the programming period could be organised in a more efficient manner.

Several respondents from DG Empl and DG Regio believed that the application of some the elements and principles of the current financial management system of the rural development policy could be considered for cohesion policy. However, respondents from DG Regio also indicated that a direct adoption of systems developed by DG Agri in the cohesion policy framework, without review or adjustment, would not be advisable.

Overall, respondents from both DG Regio and DG Empl suggested that more administrative effort and attention should be directed towards achievement of objectives rather than simply ensuring compliance with rules.

1. Introduction: objective and general approach

The objective of this study is to carry out a survey collecting the views of the Commission Services about the systems and practices specific to the shared management system applied to structural policies, i.e., cohesion policy, rural development policy and fisheries policy.

This study focuses on arrangements specific to shared management categorised into the four following dimensions (for the full list of issues addressed, see Annex 1):

- programming,
- implementation,
- reporting, monitoring and evaluation,
- financial management.

The arrangements in each dimension have been explored in a series of self-standing “fiches” presented in Annex 5. The analysis was carried out in comparative terms with the intent of identifying differences and commonalities across policy fields. Two sources of evidence were utilised: regulatory provisions and guidance documents (internal notes, desk officer manuals, activity reports, working documents, etc). The latter in particular were in general selected and provided by the members of the steering group. On some occasions, additional documents have been considered (see the List of References at the end of this volume and Annex 2).

On this basis, a series of interviews has been realised with EC officials in the concerned DGs. A total of 43 face to face interviews have been carried out at DG Agri, DG Budg, DG Empl, DG Mare and DG Regio. A series of follow up interviews were realised by phone to address a limited number of issues which could not be covered in the first stage (see Annex 3 for an account of the interview strategy and questionnaire, and Annex 4 for the dimensions covered in each interview).¹

Section 2 provides a comparative overview of the arrangements making up the shared management system as applied in the policy fields covered in the study. Section 3 accounts for the views expressed by the officials interviewed at the European Commission concerning the arrangements presented in the precedent section.

¹ The interview reports are transmitted to the Commission separately after having been made anonymous.

2. Dimensions and arrangements of shared management

In the following chapter, the first sub-section proposes some considerations in general comparative terms about the differences and commonalities characterising the arrangements specific to shared management at work in the three policy fields considered. The second sub-section provides an overview of synthetic features characterising the arrangements reviewed, as inferred from the “fiches” presented in full in Annex 5.

2.1 Comparative overview of the arrangements in place

In general, cohesion and rural development policies have different arrangements to ensure effective programming and the achievement of policy objectives. Delivery arrangements of the two policies display both differences and commonalities. As for fisheries' policy's arrangements, they resemble their cohesion policy counterparts in the area of policy delivery, whereas they are more akin to the arrangements under rural development policy in how they define the content of interventions and steer the programming process.

The arrangements for the financial management of the policies are characterised by notable differences distinguishing cohesion and fisheries policies on the one hand, and rural development policy, on the other hand. The main differences in the 2007-2013 programming period include:

- there are three authorities performing controls in the cohesion/fisheries frameworks (managing authorities, certification authorities and audit authorities) and two main control bodies in the rural development policy framework (paying agencies and certification bodies – managing authorities being more involved in management than control activities);
- recourse to a national accreditation procedure of the paying agencies in the rural development policy framework is different from the compliance assessment of the cohesion/fisheries policy frameworks as the compliance assessment process is subject to review by the Commission;
- An annual clearance of accounts takes place in the rural development policy framework instead of a process of continuous certification of expenditure in the cohesion / fisheries frameworks (whereby statements of expenditure are sent to the Commission throughout the financial year);
- A series of differences characterise audit procedures despite the two frameworks having a similar independent auditbody, which is (in both cases) an important source of assurance:
 - there are differences in the way in which project audits take place: on the basis of a statistical sample and on the spot in the cohesion / fisheries frameworks, and on the

basis of a comprehensive review (and testing) of management and control systems in the rural development policy framework

- an annual financial clearance procedure is carried out in the rural development policy framework but not in the cohesion / fisheries frameworks,
- existence of a specific closure of programmes at the end of the period characterising the cohesion / fisheries policies frameworks.

Programming arrangements are comparable across the three policy fields - there is a three tier architecture of strategic / programming documents (Community Strategic Guidelines – except in the fisheries policy; national strategic documents and programmes), a similar process of adoption of the strategic documents / programmes (with extensive negotiations between the Commission and Member States preceding formal approval), as well as comparable rules for programme modifications (with more detailed guidelines provided in the rural development policy framework). However, the regulatory requirements concerning the content of the documents differ: both rural development and fisheries policies define programmes' Axes at regulatory level (and for rural development programmes, also at measure level) whereas the cohesion policy framework does not prescribe or limit the number and content of priority axes.

Concerning reporting, monitoring and evaluation, the institutional set up is broadly similar in the three policy fields reviewed. However, the level of detail and the content of the information to be monitored and reported are different depending on the respective policy field, as well as (to a lesser extent) the evaluation modalities. For example, rural development and fisheries policies have a codified system for axes and measures whereas in the cohesion policy framework, standardisation of data has another basis (categories of intervention). Most importantly, requirements concerning the indicators systems under the three policies differ significantly. Rural development and fisheries policies identify a list of compulsory common indicators to be used across all Member States whereas cohesion policy provides a list of voluntary key core indicators. In the rural development policy framework, the identification of impact indicators by Member State is a regulatory requirement (the quantification of indicators is also mandatory), while the use of impact indicators is strongly encouraged in the cohesion policy framework. Concerning evaluation, all three policy fields are characterised by three main "moments" of evaluation (ex-ante, on-going/mid-term and ex-post). The main differences concern the on-going evaluation activities: a more flexible, 'on demand', approach is adopted by cohesion policy while a more continuous and systematic approach is in place in the rural development policy framework (with special reporting on evaluation work).

Finally, the numerous arrangements at work during the implementation of the programmes are rarely similar across policy fields (one exception is the implementation of the decommitment rule). More often, they differ albeit to varying extent. For example, compliance with one or another area of the EU legislation is always required but the areas of legislation which are particularly relevant depend on the content of the concerned policies and therefore vary from one policy field to another. The transition between programming periods is also an area of marked differences between structural policies (a special regulation in rural development policy

provides a framework for long term contracts with beneficiaries extending beyond the programming period that are specific to this policy field). Interestingly, the implementation of an important principle underlying the delivery of structural policies - that of proportionality - is also different depending on whether it is considered in the rural development policy framework (where the principle applies mainly to financial corrections that are proportional to the gravity of the infraction) or in the cohesion / fisheries policies framework (where the objective is to differentiate arrangements according to the financial scale of programmes).

2.2 Arrangements of the shared management system

In what follows, the key features extracted from the individual “fiches” prepared for each issue / arrangement (Annex 5) are presented per “dimensions” of the shared management system.

Programming – Key features

<p>P1 - Different layers of strategic and programming documents – Role of the Commission in the negotiation of programmes</p>	<ul style="list-style-type: none"> - Strategic and programming documents in the three policy fields are organised in a three-tier structure, with documents at Community, national and programme level: <ul style="list-style-type: none"> • Community Strategic Guidelines for cohesion and rural development policy; • National Strategic Reference Framework for cohesion policy, National Strategy Plan for rural development policy and National Strategic Plan for fisheries policy; • Operational programmes for cohesion and fisheries policies, rural development programmes for rural development policy; • In the case of the fisheries policy there is no specific document at Community level, reflecting the importance of the Common Fisheries Policy as a reference. - The objective is to enhance the strategic dimension of programming by ensuring greater consistency between EU priorities and regional/national needs, and with other EU and non-EU policies. - The procedures for the adoption of these programmes are very similar across policy fields. In general, the role of the Commission is to ensure coherence with higher level strategic documents. - The main differences and commonalities are as follows: <ul style="list-style-type: none"> • An extensive dialogue takes place between the Commission and the MS before the formal submission of NSRF/NSP by the MS to the Commission to ensure that the latter is compliant with requirements. In the case of cohesion policy details of the different steps of interaction between the MS and the Commission are given in the main regulation. • In the cohesion policy framework the Commission takes formal decisions on some elements of the NSRF - this is not the case for the rural development or fisheries policy NSPs. • Although the procedures leading to the adoption of programmes are similar across the three policy fields and consist of checking admissibility and assessing the quality of programmes before entering a phase of negotiation with the MS, the guidance of the rural development and fisheries policies is much more detailed. The timetable allowed for approval of a formally submitted RDP is longer (six months instead of four for cohesion policy OPs).
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<p>P2 – Content/Level of detail in programming – measures or priorities, degree of specification, flexibility of definition of priorities</p>	<ul style="list-style-type: none"> - The structure of strategic/programming documents is generally comparable across policy fields. Among the main differences is the reference to specific Axes and measures in the rural development and fisheries policy frameworks. More specifically, the differences between the policies are as follows: <ul style="list-style-type: none"> • Axes are specified in the national-level documents in the rural development and fisheries policy frameworks. The structure of the cohesion policy's NSRF is defined in broader terms, but more guidance is provided for specific cases (depending on objectives, funds, etc.) and themes; • As far as programmes are concerned, cohesion policy OPs contain no reference to measures (contrary to the 2000-2006 programmes), only to axes identified and developed at MS level. Conversely, RDP and fisheries policy OPs contain references to both axes and measures. For RDP both Axes and measures are defined at regulatory level; measures are pre-determined in less detail than for fisheries policy OPs. - Cohesion policy provides a more broadly defined framework to accommodate the complexity and diversity of the policy. The strategic objectives are set at a more general level leaving Member States more room for manoeuvre in the planning of individual interventions. - The framework for programming in rural development and fisheries policies is more detailed than that of cohesion policy and provides greater standardisation of the content of the programmes. The rural development policy framework helps the Commission to target expenditure on EU priorities and enables easier comparison between programmes.
<p>P3 - Programme balance and mechanisms to ensure delivery of EU priorities – earmarking, minimum per axis, at programme level</p>	<ul style="list-style-type: none"> - Imposing minimum financial allocations per axis, earmarking and qualitative assessment of coherence and complementarity are the three main mechanisms adopted to ensure that programmes effectively contribute to achieving EU priorities. - Rural development policy has fixed minimum thresholds of Community funding for each axis as a percentage of the total EAFRD contribution to a programme: 10% of total EAFRD contribution for Axes 1 and 3, 25% for Axis 2 and 5% for Axis 4. On the contrary, in cohesion and fisheries policies there is no minimum amount of Community funding fixed per priority axis. - Earmarking was introduced in cohesion policy in the 2007-2013 programming period and consists of targeting SF expenditure towards the EU priorities of promoting competitiveness and creating jobs: 60% of the expenditure for the Convergence objective and 75% for the Regional competitiveness and employment objective must contribute to the achievement of objectives in these EU priority areas. These targets apply as an average over the entire programming period. - Coherence and complementarity with wider Community priorities and other EU policy objectives are ensured qualitatively in all policies through different admissibility and quality assessment procedures carried out on the adoption of national level strategies and programming documents.

<p>P4 - Programme modifications rules</p>	<ul style="list-style-type: none"> - There are many commonalities between policies in the set up of the procedures to adopt a programme modification. These include: the causes triggering the need for revision; the central role played by monitoring committees in proposing and approving the requests for modification to be sent to the Commission; the fact that requests for revision have to take into account the outcome of the evaluations, the annual implementation reports and the Commission's reports, and must be submitted to the Commission by electronic means; and the date of eligibility of the new expenditure added with the revision. - The major difference is that only in the rural development policy are there some types of modifications for which a decision of the Commission is not mandatory. In particular, Member States are authorised to make non-financial revisions regarding the introduction of new measures or revisions of the financial breakdown by measure within a given axis. - Another difference is that in the rural development framework it is not possible to propose programme changes before the second year of the implementation of a programme. Also, requests for programme revisions should not be submitted more than once per calendar year. - Two different approaches can be identified vis-à-vis the level of detail in the systems in place for adopting programme modifications: on the one hand, the approach followed by the cohesion and fisheries policies, which consists of a low degree of detail, provision of generic guidelines and a focus on evaluation; on the other, the more structured approach of DG Agri, which provides articulated guidance on how to effectively deal with the requirements for programme revisions according to the type of amendment requested by the Member State.
<p>P5 - Innovative approaches – mainstreaming vs. specific implementation arrangements</p>	<ul style="list-style-type: none"> - Different Community Initiatives implemented in the past programming period (e.g. Interreg, Urban, Equal and Leader) were mainstreamed in the 2007-2013 programming period. This took two forms: they were either mainstreamed into ordinary programming (URBAN and EQUAL) or specific arrangements were made to take over the initiatives (INTERREG and LEADER): <ul style="list-style-type: none"> • URBAN and EQUAL were fully mainstreamed into mainstream operational programmes; • INTERREG and LEADER were subject to specific arrangements (a specific objective in the cohesion policy framework for the former, and specific axes in rural development and fisheries policies).

Implementation – Key features

<p>I1 - Compliance with EU legislation</p>	<ul style="list-style-type: none"> - Compliance with EU legislation is compulsory for operations co-financed by structural policies. This is envisaged in all the regulations concerned, which clearly and explicitly state in their preambles that the use of the funds must be consistent and compatible with other Community policies and comply with all Community legislation. Public procurement, State aid and EU environmental acquis are the three main areas in which compliance with EU legislation is required; however, the requirements extend further to areas such as ensuring equal opportunities and non-discrimination. Compliance with public procurement rules, State aid and environmental acquis are in fact required for all three structural policies and are a precondition to financing. - Compliance with EU legislation is equally important for all the Structural Policies but specific areas of legislation may be particularly relevant to certain types of projects, which may be more common in some types of programme than in others. In the case of rural development and fisheries policies most beneficiaries are private, while in the case of the cohesion policy, beneficiaries are mainly public. As a result: <ul style="list-style-type: none"> • Projects supported through the cohesion policy are more likely to be subject to public procurement rules; • State aid rules are relevant in all three policy areas, as much of the support is granted to private entities; • Ex-ante control of compliance with EU environmental acquis is relevant to the cohesion policy since, to a great extent, it finances large infrastructural investments. As for the fisheries policy, the environmental acquis is an integral part of its implementation, as the objective of environmental protection is fully integrated into the Common Fisheries Policy.
<p>I2 - Use of technical assistance</p>	<ul style="list-style-type: none"> - Technical assistance activities are common to the three policies and involve the preparation, management, monitoring, evaluation, information and control of the operational and rural development programmes. Reinforcement of administrative capacity for the implementation of the funds, in particular, is envisaged as a matter deserving technical assistance. - Technical assistance actions are undertaken within the framework of each operational or rural development programme and are subject to thresholds of maximum expenditure (between 4% and 6% of the total programme amount). - In some cases envisaged by the cohesion and rural development policies technical assistance actions may take the form of specific “complementary” programmes. - Cohesion policy insists on the possibility of establishing specific technical assistance programmes with objectives cross-cutting more than one operational programme of a given country. These programmes can, for example, be used to establish a common database and an information system or to provide joint training for the staff of the managing authority. - Rural development policy envisages specific technical assistance to establish National rural networks that group together the organisations and administrations involved in implementing the rural development policy in a given country. - Given that only one operational programme per Member State is adopted in the fisheries policy, the technical assistance framework in this context is less complex and does not foresee the adoption of specific technical assistance programmes.

<p>I3 - Fostering technological and non-technological innovation</p>	<ul style="list-style-type: none"> - Fostering innovation is recognised as a key priority in all the policies concerned. The objective of supporting innovation has been significantly strengthened in the current programming period compared to the previous one. - In all policies fostering innovation is a cross-cutting issue applicable horizontally to the different fields of intervention of the funds. - In cohesion policy the regulatory framework supports innovation by providing a long list of illustrative activities that can contribute to this priority. The list may be seen by the Member States as a non-restrictive set of examples of actions that can be adopted throughout the entire operational programme. - Rural development and fisheries policies envisage support for innovation through specific and circumstanced provisions, which are spread across the different fields of intervention of the funds. Innovative actions (i.e. not just support for technological innovation) can be conducted in any axis/measure of the rural development policy, according to the wishes of the Member State.
<p>I4 – Economic conditionality – conditions linked to outputs and results</p>	<ul style="list-style-type: none"> - The “performance reserve” is the main tool establishing a link between financial allocations and results in the cohesion policy framework. There is no corresponding arrangement in rural development and fisheries policies. - Although the principle of the performance reserve was reaffirmed in the cohesion policy framework for 2007-2013, the conditions of its implementation changed drastically compared to the previous programming period. The major differences are summarised as follows: <ul style="list-style-type: none"> · Member States have more flexibility: they are no longer obliged to establish such a reserve, and can decide for themselves whether or not to set one up. In the current period, two countries have established such a reserve; · The amount that is to be directed to the performance reserve has been lowered; · There are no legal provisions detailing the assessment of the performance of a programme in view of the allocation of the performance reserve. - Other arrangements (such as strategic reporting) contribute to the implementation of a performance-oriented approach in structural policies.
<p>I5 – Financial conditionality – conditions linked to expenditure</p>	<ul style="list-style-type: none"> - Expenditure co-financed by the Structural Funds, as well as by the EAFRD and EFF, is subject to the same system of financial conditionality: the automatic decommitment (or “N+2/N+3”) rule. - The principles governing this rule do not differ significantly across the three policies concerned. The only differences concern cohesion policy, and in particular the calculation of the decommitment amount in the case of major projects and aid schemes, as well as the flexibility period for the application of this rule in the New Member States and two old Member States. - The procedure for the application of the decommitment rule is the same for all the funds concerned. It is up to the Commission to inform, in due time, the Member State and the authorities concerned of the risk of application of the automatic decommitment rule. - Even if the principle underlying the application of the decommitment rule has not changed, some differences from the previous programming period are identified in the area of cohesion policy: <ul style="list-style-type: none"> · a more detailed description of the decommitment rule has been introduced; · the decommitment rule applies also to Cohesion Fund projects. - N+3 rule is applied instead of the standard N+2 rule at the beginning of the programming period in the case of New Member States and two Old Member States (Greece and Portugal).

<p>16 – The role/impact of eligibility rules</p>	<ul style="list-style-type: none"> - In 2007-2013 a more decentralised approach was introduced with regard to the eligibility rules within all the three policies concerned. Eligibility rules are largely defined by the Member States themselves, except when they have been laid down at Community level. Member States have a limited room to manoeuvre in respect to the rules on eligibility under the EAFRD and EFF, where more detailed provisions are provided at EU level. - The eligibility rules are addressed through detailed and dedicated articles in the legislative framework for rural development and fisheries policies, while for the cohesion policy the eligibility requirements are included in different thematic articles throughout applicable regulations. - Criteria for geographical eligibility are laid down at EU level for all policies. - The range of possible activities eligible for co-financing differs for each Fund. Possibilities of cross-financing are foreseen for ERDF and ESF (up to 10% per priority axis); while a demarcation line is required for other funds. - Some minor differences among the funds were noted in relation to the eligibility of expenditure. For example, Value Added Tax (VAT) is, in the case of Structural Funds, eligible unless it is recoverable (by other means) by the beneficiary regardless of the public or private status of the beneficiary. However, in rural development and fisheries policies policy VAT is not eligible for an EAFRD/EFF contribution, except for non-recoverable VAT when it is borne by a beneficiary other than a non-taxable person. - The clarity of the eligibility rules is a key requirement in the three structural policies. For all the funds, it is up to the managing authorities to provide potential beneficiaries with adequate information on their rights and obligations. As far as fisheries and cohesion policies are concerned, specific requirements for the managing authority are also envisaged to ensure that the general public is kept informed about the Community action.
<p>17 – Proportionality</p>	<ul style="list-style-type: none"> - The proportionality principle aims to relate means to ends, by promoting actions that are considered appropriate, necessary and reasonable. - Cohesion and fisheries policies apply the principle of proportionality by establishing different arrangements according to the financial dimension of the operational programme (“differentiation approach”). For programmes where the Community contribution is small and aid intensity is low, simplified requirements apply for both audit and control procedures. The amount of financial resources allocated to a programme also determines the methodology to be applied to evaluation, monitoring and annual reporting. - Independently of the financial size of the programmes, proportional provisions exist also for small-sized operations. They are mainly related to the possibility of reimbursing eligible costs as lump sums and to exemptions from the rules governing revenue generation. - Elements of proportionality that are clearly risk-based are less prominent but exist. The Commission (DG Regio, DG Empl and DG Mare) can rely on the results of the compliance assessment and the work of national authorities, if these are satisfactory, without performing direct controls itself. This helps to ensure that the Commission intervention is proportional to the risks of mismanagement. - In rural development policy there is no differentiation on the basis of the financial size of the programmes. The proportionality principle mostly applies to the procedures of financial corrections. These corrections are progressive and commensurate with the gravity and the dimension of the infraction. Proportionality of financial corrections is an overarching principle that also extends to other policies (and in particular flat-rate corrections, which should be proportional to the gravity of the violation), but it is more “standardized” in the area of rural development insofar as it does not foresee many different specific cases.

18 - Financial engineering	<ul style="list-style-type: none"> - In the current programming period the role of financial engineering under the structural policies has been increased and incentives have been offered to Member States to use financial engineering instruments in implementing the policies. - The arrangements adopted for the implementation of financial engineering are common to all the structural policies. - Minor differences concern the possibility of organising financial engineering instruments through holding funds, which is not explicitly foreseen by rural development policy, and the ceilings that have been set for management costs. - In general, the cohesion policy offers a more detailed regulatory framework for financial engineering and envisages special arrangements involving financial engineering, such as urban development funds and public-private partnerships, as well as specific initiatives such as the four “Js” launched with the participation of the EIB group and other international financial institutions– JEREMIE, JESSICA; JASMINE (financial engineering instruments to support entrepreneurship, urban development and micro credit) and JASPERS (technical assistance facility for project preparation).
19 - Transition between programming periods	<ul style="list-style-type: none"> - Rural development policy adopted a special regulation for transition. This is because some operations can extend beyond one programming period. In particular, agro-environmental payments entail long-term contracts and can have a financial impact on several programming periods, so detailed rules were required for the transition from the 2000-2006 to the 2007-2013 periods. In particular, DG Agri has set a deadline for the last 2000-2006 legal commitments. - Operations financed under the cohesion and fisheries policies should be finalised by the end of the programming period. Thus, there is less need for a specific regulation. However, the end of the programming period extends two years beyond 2006 the last year of the programming period (in the case of the period 2007- 2013 up to 2015) because of the application of the N+2 rule. Thus, the OPs financed within the framework of two separate programming periods are implemented in parallel for two years. - For all policies technical assistance expenditure linked to the previous programming period but incurred after the start date of eligibility of expenditure for the 2007-2013 period becomes eligible under the corresponding technical assistance component of the new operational/rural development programme (subject to conditions).

Reporting, Monitoring and Evaluation – Key features

R1 – Reporting	<ul style="list-style-type: none"> - For the cohesion and fisheries policies information on the operations implemented should be stored and submitted to the Commission on request. This data includes administrative details as well as financial information. Information on location must be provided (with an indication of the NUTSIII region for fisheries policy and 'relevant' NUTS for cohesion policy). While DG Regio is more demanding in terms of financial details, DG Mare is more concerned with aspects of physical implementation. - In the cohesion and fisheries policy frameworks declarations of expenditure are detailed by priority axis of the OP, while in rural development policy financial expenditure is detailed by measure and codified according to the nomenclature of the EU budget. Information on forecasts and actual expenditures and revenues are provided monthly; explanations about possible differences between the actual expenditure and previous forecasts are also requested. - In the rural development and fisheries policy frameworks there is a codified system for axes and measures, which enables direct correspondence between the OP and category of expenditure. In the cohesion policy framework the standardization of data on expenditure by category of operation is less straightforward. Information on major projects is codified for the first time in 2007-2013, while there is also a system in place to aggregate expenditure across 5 different dimensions of categories. - The pre-condition for interim payments in the three policy fields is the submission and acceptance of an annual report containing output and results indicators as well as data on financial execution, complemented by a qualitative analysis. Cohesion policy requires the report to describe the progress made towards the achievement of EU objectives and to demonstrate complementarity with other instruments (EAFRD, EFF, EIB, EIF). For cohesion policy, information on progress made is requested at the axis level, while for rural development and fisheries policies, progress is checked also at measure level. In rural development policy standard tables for output and results indicators are mandatory. A final report on the implementation of the programme is due in 2017 for cohesion and fisheries policies. - The evaluation activities of rural development programmes are subject to separate reporting requirements. Rural development policy supports a system of ongoing evaluation that involves annual reporting to the Monitoring Committee on evaluations performed (a summary of evaluations must also be included in the Annual Progress Report and submitted to the monitoring committee). In the years 2010 and 2015 such annual reports become separate mid-term and ex-post evaluation reports, respectively. In cohesion policy reporting on evaluation activities is carried out in the context of the Annual Implementation Reports. - At the strategic level a reporting requirement is in place for rural and cohesion policies, while a public debate is envisaged for the fisheries policy. While strategic reporting for DG Empl/DG Regio is delivered twice per programming period, it is prepared three times for DG Agri.
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R2 – Monitoring	<ul style="list-style-type: none"> - The essential set-up of the current monitoring systems in the three policy fields comprises monitoring committees, an indicator system, annual reporting and examination. While the general arrangements related to the monitoring system are broadly similar in the three policy fields, significant differences exist as regards the indicator systems: <ul style="list-style-type: none"> • The cohesion policy framework only provides a list of key recommendations to Member States; the latter are free to identify the most appropriate indicators. A notable exception is the list of common indicators concerning participants in ESF operations; • In the cohesion and fisheries policy frameworks, financial results and output indicators are mandatory, while the use of impact indicators is strongly encouraged but not formally required; • Rural development policy is more directive and identifies a list of common indicators to be used across all Member States. Descriptive sheets are provided for all types of indicators, i.e. for the output, result and impact indicators, as well as for baseline indicators. - Rural development policy has a specific framework for the use of indicators.. A list of common indicators mandatory for all Member States is provided. This allows comparison and aggregation of indicator data at EU level (the same applies to fisheries policy). Moreover, impact indicators are a regulatory requirement. Indicators should be quantified and include baseline, impact, results and output indicators. In order to allow some flexibility, the mandatory common indicators can be complemented by additional programme-specific indicators where MS find this to be appropriate. - The composition, role and procedures of monitoring committees are decided by Member States according to the institutional setting, context and national practices. For rural development policy, Member States with regional programmes may decide to set up a national monitoring committee to coordinate the implementation of regional programmes. This is not excluded for other policy areas, but it is not explicitly mentioned in their regulatory framework.
R3 - Evaluation	<ul style="list-style-type: none"> - The general provisions for the evaluation of structural interventions are broadly similar with three main steps (ex-ante, ongoing/mid-term and ex-post) and responsibility is shared between the MS and the Commission. MS are mainly responsible for ex-ante evaluation; the Commission is mainly responsible for ex-post evaluations, except for the rural development policy. - The main differences are found in the ongoing evaluation activities. In cohesion policy these are organised on a flexible basis, especially when monitoring data show a significant departure from the goals initially set or when programme revisions take place. A more continuous and systematic approach is in place for rural development policy for which a system of ongoing evaluation has been established. Moreover, operational recommendations on specific evaluation tasks (such as the establishment of the Terms of Reference or the preparation of evaluation questions and indicators) are provided in the Common Monitoring and Evaluation Framework for Rural Development. Fisheries policy has a simpler system based on three punctual evaluations before, during and after the programme implementation. - In cohesion policy evaluation activities are carried out also at the strategic level (examination of the progress made under a programme or a group of programmes towards Community and national priorities): this possibility exists in addition to the usual ex-ante, ongoing and ex-post moments.

<p>R4 - Organisation of IT systems for transmission of data between MS and Commission and within MS</p>	<ul style="list-style-type: none"> - The electronic exchange of data between the Commission and Member States is a key requirement of the current programming period for cohesion, as well as for rural development and fisheries policies. This is envisaged in all the regulations concerned, according to which financial transactions between the Commission and the authorities and bodies designated by the Member States should be made by electronic means in accordance with the implementation rules adopted by the Commission. - In order to facilitate communication between the Commission and the Member States relating to the approval, financial management, monitoring and evaluation of rural development, fisheries and cohesion policy programmes, a new computer system - SFC2007 – has been set up jointly by the four general directorates involved in fund management (DG Regio, DG Agri, DG Empl and DG Mare). - The content of the computer system is laid down at Community level. Cohesion and fisheries policies are similar in this respect, while there are some differences in the rural development policy. - Unlike the previous programming period, Member States are no longer obliged to submit hard copies of the documents when data is provided electronically.
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Financial Management – Key Features

<p>F1 – Ex-ante assessment of national management and control systems</p>	<ul style="list-style-type: none"> - The ex-ante assessment of management and control systems in rural development policy is somewhat different from that of cohesion/fisheries policies. The assessment procedure itself is similar in terms of the preparation and audit work required at national and regional level. However, the allocation of responsibilities differs, since within the rural development policy, the audit and accreditation process is completed independently by Member State authorities, without involving the Commission. In the case of cohesion and fisheries policies, the process of compliance assessment is subject to review by the Commission. - The rural development policy framework foresees the accreditation of paying agencies by Member States before payments can start. This is done on the basis of criteria agreed at Community level. Compliance with these criteria is checked continuously by the independent audit bodies (certification bodies). - In the cohesion/fisheries policy frameworks the assessment of MS management and control systems is realised on the basis of an ex-ante compliance assessment procedure, newly introduced in 2007-2013. It consists of preparing a description of the systems (covering the organisation and procedures of the managing and certifying authority, intermediate bodies and the audit authority) and a report assessing the compliance of management and control systems with requirements established at Community level. The assessment is carried out by an independent audit authority but it is checked by the Commission. In addition to the compliance assessment, audit authorities also need to submit their audit strategies to the Commission for review.
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<p>F2 – Financial management and control arrangements during the implementation stage</p>	<ul style="list-style-type: none"> - The set up of financial management during the implementation phase is different across the three policy areas. There are two authorities in the rural development policy framework that have tasks related to financial management: the paying agency and the certifying body. There are three bodies with tasks relating to financial management in the cohesion/fisheries policy frameworks: the managing authority (MA), the certifying authority (CA) and the audit authority (AA). - In the cohesion/fisheries frameworks the MA is in charge of first level controls, while the CA exercises control over the quality and results of the first level controls and has to satisfy itself that, in general, the expenditure to be declared is legal and regular. The certifying body of the rural development policy framework is an independent audit body that certifies the accuracy of the paying agency's annual accounts and the operation of its internal control procedures on an ex-post basis. - Statements of expenditure in the cohesion/fisheries frameworks and declarations of expenditure in the rural development framework differ in two important respects: <ul style="list-style-type: none"> · The latter are done on a quarterly basis, whereas the former are done throughout the financial year; · The latter cover payments to beneficiaries, whereas the former cover payments by beneficiaries. - First level controls (both administrative controls and on-the-spot checks) are mobilised in both cohesion/fisheries (by managing authorities) and rural development frameworks (by the paying agencies). The difference is that in the former, the controls are not as systematic or standardised as in the latter. - In the rural development policy framework a statement of assurance is prepared on an annual basis by the heads of the paying agencies, whereas in the cohesion/fisheries policy frameworks, a certification of expenditure is carried out by the certifying authorities for each statement of expenditure on the basis of information provided by the managing authorities and the audit authorities, and on the basis of the controls performed by the certifying authorities themselves.
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<p>F3 – Audit and ex-post controls – supervision by the Commission</p>	<ul style="list-style-type: none"> - Audits are performed by certification bodies in the rural development policy framework and by audit authorities in the cohesion/fisheries policy frameworks. Both entities are independent bodies in charge of auditing the compliance and robustness of management and control systems, and due to their independence, play a substantial role in attaining reasonable assurance of the legality and regularity of expenditure. - The auditing process displays some differences: in the cohesion/fisheries frameworks project audits take place on the basis of a statistical sample and on-the-spot checks (in addition to the audit of management and control systems), whereas in the rural development policy framework, a comprehensive review of management and control systems is carried out that only covers some elements of the legality and regularity of expenditure at the beneficiary level. - In the rural development policy framework the supervision of MS controls by the Commission assumes two forms: <ul style="list-style-type: none"> · An annual financial clearance of the annual accounts submitted by paying agencies aimed at assessing the completeness, accuracy and veracity of the latter; · A multi-annual conformity clearance of expenditures incurred in more than one budget year aimed at assessing the legality and regularity of the underlying transactions. - In the cohesion/fisheries policy frameworks, there are equivalent procedures to DG Agri multi-annual conformity clearance but there is no formal equivalent to the annual financial clearance. - Important differences exist in the time limits during which the Commission can carry out audit activities: extending beyond the pertinent programming period in the case of cohesion policy, and being much more limited in the case of rural development policy. - Financial corrections and suspension of payments can follow the conformity clearance decision by the Commission in both rural development and cohesion/fisheries policy frameworks. In any case, these are not mechanisms to recover unduly paid funds from beneficiaries, which remains the sole responsibility of the MS. - In the cohesion/fisheries policy frameworks, specific programme closure procedures are to take place at the end of the programming period. Partial closure in the middle of the programming period is possible but not compulsory. No specific procedures are foreseen for final closure in the rural development policy framework as the annual financial clearance exercises have already prepared the ground for the wrap up of the programming period.
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3. Assessment

This section provides a brief comparative overview of the views expressed by EC officials, followed by a detailed account of the feedback from interviews. As an important preliminary caveat, it is necessary to stress that the present study reports the views of the officials interviewed at the Commission without claiming that these are representative of any official position adopted by the DG that these officials are affiliated with. As explained in Annex 3, the officials interviewed were selected by the Steering Group on the basis of their areas of responsibility and experience in order to provide a comprehensive coverage of the arrangements reviewed (see Annex 4).

Also, it should be noted, that for a few arrangements, it was not possible to collect a spectrum of views in all three policy areas and for all funds through the first round of face to face interviews. A small series of follow up interviews were thus organised by phone to cover the limited number of issues insufficiently addressed during the first round. In a few areas the feedback reflected in this report remains modest, mostly due to the fact that the interviewee(s) had no significant comments on that specific issue or lacked the necessary information to express an opinion.

3.1 Comparative overview of EC officials' assessments

Some very general considerations emerge from a brief comparative analysis of the views collected on the arrangements of the shared management system. In many cases, respondents from DG Agri and respondents from DG Regio made diverging assessments of their respective arrangements. In very general and simplified terms, respondents from DG Regio tended to see more room for improvement compared to respondents from DG Agri who seemed to be confident about the advantages of rural development arrangements across the four dimensions reviewed. For at least one dimension - financial management - the positive views of DG Agri respondents were on occasion shared by respondents from the other DGs.

Within cohesion policy, some broad converging assessments were recorded for example about the enhanced strategic dimension of programming or about the need for more focus on the achievements of the policy. Respondents from DG Empl and DG Regio were also unanimous in their concern about the error rate and the resulting necessity to keep improving financial arrangements. At the same time, there were often mixed opinions within the concerned DGs concerning specific issues. For example, there seemed to be different perceptions within DG Regio itself - the views of respondents on issues like the strategic dimension of programming, evaluation or eligibility differed depending on whether respondents belonged to geographical (country desks) or horizontal units.

Respondents from DG Mare often shared views in the field of cohesion policy but always stressing the specificity of the EFF, i.e., its limited size compared to the other funds.

As far as programming arrangements are concerned, there was general satisfaction among respondents from DG Agri concerning simplification and the enhanced strategic dimension. The detailed definition

of measures and axes is considered to be very positive as it enables proper monitoring and evaluation (through aggregation and comparison of indicators) as well as a more effective functioning of the management and control system. Some concern about the excessive rigidity of the framework was dismissed on the grounds that Member States enjoy significant flexibility in the field. Respondents from DG Regio and DG Empl tended to be satisfied with the reinforced strategic dimension of programming but they underlined two limitations: broad strategic objectives may dilute the effort to focus on EU objectives, and capacity at Member State level is what eventually determines the effectiveness of the approach adopted. There were also converging views across DGs in a specific area like “mainstreaming” (i.e., the integration of specific innovative approaches in mainstream policy) with a shared view among respondents from the different DGs that efforts in this area has not yielded the expected outcomes in terms of innovation diffusion.

Views on the arrangements under the implementation dimension were less varied among respondents from all the DG, although those from DG Agri seemed to be the most confident. Respondents show moderate levels of satisfaction in their general assessment of their respective delivery systems, and highlight some specific problems hindering the full achievement of policy outcomes. For example, several respondents in DG Regio explained that ensuring compliance with EU legislation is a very demanding task that may contribute to making the delivery system of cohesion policy complex despite the effort towards simplification. Respondents from DG Regio and especially DG Mare, also agreed on the need to respect and further enhance the application of the proportionality principle for small programmes. Eligibility rules were assessed as satisfactory by the respondents, although some improvements could be introduced in regard to specific areas such as the eligibility of VAT expenditure. There was also generalised satisfaction with financial engineering instruments which are seen as a promising development, especially if their complexity can be reduced through appropriate guidance.

As far as arrangements dealing with reporting, monitoring and evaluation are concerned, respondents from DG Agri tended to be more positive than their counterparts from the other DGs. The Common Monitoring and Evaluation Framework was viewed positively by respondents from DG Agri. Respondents indicated that it would be expected to deliver the necessary information on the effectiveness of the policy even if some problems in its implementation are encountered. However, most respondents stressed that it is necessary to wait until the mid-term evaluation in order to assess the effectiveness of the monitoring and evaluation system, and in particular of the indicator system. Respondents from DG Regio and DG Empl welcomed some progress made, such as the definition of core indicators or the requirement of strategic reporting, but to some extent regretted the lack of mandatory ongoing evaluation and highlighted the need to improve the usefulness of annual implementation reports. Respondents from DG Mare and DG Regio believed that the current monitoring and evaluation system needs to be developed further to demonstrate the added value of the policy with sufficient confidence and detail.

Finally, the arrangements for financial management illustrated a divergence of views between respondents from DG Agri and those from the other DGs. A substantial proportion of respondents from the other DGs (including DG Budg) agreed that the financial management and control system in

place for rural development appears to be solid and has sparked interest from other services managing funds under shared management.

Respondents from DG Regio and DG Mare stressed that important progress was made in 2007-2013 in comparison to the period 2000-2006 with the establishment of the compliance assessment and the reinforcement of the role of the audit authority (and the annual audit opinions). However, they also pointed out that these new arrangements had been somewhat more difficult to implement than anticipated. Some questions were additionally raised among respondents from DG Regio, DG Empl and DG Mare in relation to the present organisation of the certification process. It was also indicated that clearance and closure at the end of the programming period could be organised in a more efficient manner.

Several respondents from DG Empl and DG Regio believed that the application of some the elements and principles of the current financial management system of the rural development policy could also be considered for cohesion policy. However, respondents from DG Regio also indicated that a direct adoption of systems developed by DG Agri in the cohesion policy framework, without review or adjustment, would not be advisable. Overall, respondents from DG Regio and DG Empl suggested that further administrative effort should be shifted from controlling compliance with g rules to ensuring achievement of results and objectives.

3.2 Programming

Strategic dimension of programming

Respondents from DG Regio and DG Empl were generally positive about the new strategic dimension of programming even if there were mixed views concerning its implementation. Respondents from DG Agri considered the strategic dimension of programming to be an improvement compared to 2000-2006.

2 respondents DG Agri, 1 respondent DG Budg, 5 respondents DG Empl, 4 respondents DG Mare, 6 respondents DG Regio

Interviewees from DG Regio agreed that the current programming period (2007-2013) benefited from a more decisive strategic impulse compared to the previous programming period (2000-2006). This was in part made possible by a significant effort within DG Regio (geographical units/country desks) to better understand the national contexts. This positive outcome, however, had two limitations: on the one hand, a lack of capacity at MS/regional level to develop a strategic vision; and on the other hand overly broad strategic objectives adopted at EU level.

Enhanced strategic dimension and simplification (a single fund, simplified management and control systems as well as monitoring and evaluation) are the two important developments of the current programming that were underlined by DG Agri respondents. These developments should lead to better and more identifiable results for rural development policy.

The views of the respondents from DG Empl were mixed about the strategic dimension of the programming phase. The intention was reported to be good, but the results might not live up to expectations. In the case of the ESF, a reference policy strategy was already in place before 2007 (the European Employment Strategy), so the effort to steer the strategic dimension of programmes was not as imperative as for the other funds. A specific concern related to how the increased strategic orientation could translate into verifiable achievements in terms of support to EU objectives. Respondents noted that a true result-oriented approach is indeed still missing, despite the steps taken to achieve a more strategic approach. One respondent from DG Mare remarked that a lack of strategic focus might result from the attempt to satisfy all the stakeholders involved.

DG	Advantages	Drawbacks
DG Agri	In comparison with the period 2000-2006: <ul style="list-style-type: none"> · A more coordinated and targeted approach · Simplification in terms of management and control, monitoring and evaluation · First feedback indicates that better results may be achieved 	<ul style="list-style-type: none"> · Regulatory requirements need regular guidance and interpretation by DG Agri · CSG might be too broad, diluting focus and risking fragmentation of funding
DG Empl		<ul style="list-style-type: none"> · Too much emphasis on the strategy and less on the achievement of results. It is not clear whether a more strategic approach will deliver better results in practice
DG Mare		<ul style="list-style-type: none"> · There is the risk of implementing all possible measures just to satisfy the stakeholders involved
DG Regio	<ul style="list-style-type: none"> · The programmes are coherent with the Lisbon Strategy, contributing to the achievement of the main EU objectives 	<ul style="list-style-type: none"> · The Lisbon strategy itself is too broad and the types of interventions are too many – the specific impact of interventions may be difficult to identify

Strategic documents

There was general satisfaction among respondents across different DGs concerning the usefulness of strategic documents. Respondents indicated that this usefulness was largely dependent on MS capacities. Respondents from DG Mare were more sceptical about the usefulness of strategic documents.
3 respondents DG Agri, 1 respondent DG Budg, 5 respondents DG Empl, 4 respondents DG Mare, 9 respondents DG Regio

For most DG Regio respondents, the Community Strategic Guidelines contributed to the strategic drive adopted in the current programming period. They indeed provided a framework for negotiations with MS even if, according to some respondents, this framework might be too broad. The National Strategic Reference Frameworks (NSRF) are also seen in a positive light. They offer an opportunity for MS to reflect on the challenge they face, identify a vision and coordinate the different government levels. Reservations were, however, made for specific cases. For example, for small MS, the NSRF might not be useful. Conversely, in bigger MS comprising the two objectives, a single NSRF may fail to account for the differentiated situations characterising the two objectives.

The same opinion was echoed by DG Agri respondents concerning National Strategy Plans. The NSP were generally considered to be valuable for their contribution in terms of diagnostic and ex ante analysis. They were also a good exercise to adapt the overall rural development policy objectives to the national/local context. Overall, national strategic documents were considered to be necessary from the EC perspective. On the face of it, they were judged differently by MS depending on whether they had a federal or a centralised structure. One respondent raised the question as to whether they should be separate or integrated into a common programming document. Respondents also emphasised that the quality of national strategic documents depends to a large extent on Member States.

Conversely, the views of DG Mare respondents converged on the limited added value of National Strategic Plans. In principle, it is a good opportunity for MS to elaborate their global vision of the fisheries sector and link it to the objectives of the CFP. In practice, however, on many occasions the NSP turned out to be a duplicate of the OP. All respondents agreed that the latter could be sufficient (especially in the case of small programmes).

Views among DG Empl interviewees were divided. Two respondents expressed concern about the broad guidance role of strategic documents such as the CSG and the NSRF and the potential duplication of other existing documents. Programmes contain a wide spectrum of possible actions proposed by the regulation, with a resulting lack of focus. Consequently, the exercise might in certain cases turn out to be bureaucratic. Conversely, the other three interviewees noted the progress made and the contribution of the strategic documents to a more strategic and comprehensive approach. All respondents acknowledged in principle the need for strategic documents at national level (NSRF), even if, in one case, it was observed that this function could also be fulfilled by National Reform Strategies.

Lastly, respondents from different DG (Regio, Empl and Agri) concurred on the decisive character of capacities at MS level in determining the eventual quality and utility of national strategic documents, a feature also underlined by the DG Budg respondent who felt that, put into perspective, the room for manoeuvre left to MS was extensive.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Writing up strategic documents is a good exercise for MS as it offers an opportunity to carry out valuable ex ante analyses 	<ul style="list-style-type: none"> Much depends on MS capacities and on the federal/centralised structure of MS
DG Budg		<ul style="list-style-type: none"> Quality and usefulness of national strategic documents depends on MS capacities
DG Empl	<ul style="list-style-type: none"> Reinforced strategic approach 	<ul style="list-style-type: none"> Duplication of strategic documents with the already existing policy framework Too broad spectrum of policy options NSRF can become a bureaucratic rather than a true planning exercise
DG Mare	<ul style="list-style-type: none"> Preparing a NSP is a good way to understand the overarching strategy at national level and to identify priorities 	<ul style="list-style-type: none"> Duplication of strategic documents with the operational programmes There is no real need for NSP in the case of small programmes
DG Regio	<ul style="list-style-type: none"> The preparation of strategic documents is a useful exercise for MS to identify challenges and devise appropriate policy responses 	<ul style="list-style-type: none"> Strategic objectives are too broad Quality and usefulness of national strategic documents depends on MS capacities National strategies might have limited added value for small countries National strategies might not be able to capture the real issues in multi-objective MS

Level of detail

There was division among DG Regio respondents on the optimal level of detail of programming. DG Agri respondents agreed that pre-defined measures were flexible enough. 3 respondents DG Agri, 1 respondent DG Empl, 4 respondents DG Mare, 4 respondents DG Regio

Views among respondents from DG Regio concerning the advantages and drawbacks of not having detailed description of measures in the operational programmes were mixed. A group of interviewees stated that the present format did not provide sufficient information for the Commission on planned interventions. Others were satisfied with the current arrangement which was said to be able to provide the necessary strategic outlook.

A respondent from DG Empl considered that not having information available about measures could be risky since it reduces the possibility for the Commission to have control over what is actually implemented. However, the arrangement is flexible enough to adjust programmes to changing needs, since, despite the crisis, DG Empl has not received many requests for modification of operational programmes.

All respondents from DG Mare agreed that the level of detail in the OPs had been reduced, especially concerning the description of the measures. Fewer details allow for fewer cases of programme modifications, more flexibility, and a reduced administrative burden for MS administrations - all factors that boost the efficiency of the system. At the same time, a clear description of the measures increases the chances of a rapid start of implementation and allows for better measurement of the achievement of the objectives. Thus, a good balance needs to be found: measures should be meaningful from the point of view of the beneficiaries, but at the same time not too detailed, so that

they can be easily adjusted to changes. Respondents felt that current level of detail was satisfactory and a good balance was struck.

Respondents from DG Agri agreed that the pre-definition of measures might at first appear to be a source of rigidity. However, respondents insisted that the necessary degree of flexibility has been preserved – one respondent considered that there might nevertheless be some room for improvement, for example by introducing a quicker way to modify programmes, which is currently a relatively lengthy process and quite work-intensive for MS.

Interviewees from DG Mare also underlined a special feature of the EFF: regulations are flexible enough to ensure that MS design interventions that meet their needs and the range of measures offered by the fixed structure of the OP is expected to give the MS many options to choose from. On the other hand, the limited financial size of the EFF and the many stakeholders to take into account might result in the adoption of a broad spectrum of measures without a clear overall focus.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Pre-defined measures allow (time) efficient programming and implementation 	<ul style="list-style-type: none">
DG Empl	<ul style="list-style-type: none"> Re-planning is simpler if measures are not formally approved by the Commission 	
DG Mare	<ul style="list-style-type: none"> Low level of detail in the strategic documents increases efficiency by avoiding cases of programme modifications A more strategic perspective means increased flexibility and reduced administrative burden 	<ul style="list-style-type: none"> Low level of detail translates into less information for the EC on the basis of which to check compliance and in difficulties in measuring the achievement of the objectives
DG Regio	<ul style="list-style-type: none"> Programming documents without reference to measures ensure flexibility and a better focus at strategic level 	<ul style="list-style-type: none"> Programming documents without reference to measures do not provide a clear description of the interventions

Negotiation / consultation

Respondents agreed that the success of the consultation process depended on the quality, capacity and resources invested by the MS. When these conditions are met a fruitful dialogue can start and lead to more targeted OP.
 4 respondents DG Agri, 2 respondents DG Empl, 5 respondents DG Mare, 9 respondents DG Regio

Interviewees from DG Agri remarked that rather than negotiation, “consultations” took place between the Commission and MS leading to the adoption of rural development programmes. There is general satisfaction with the process which was considered to have been effective in making RDP consistent with the strategic orientation provided in the National Strategy Plans. No real bottleneck was identified but the main factor causing delay in the adoption of programming document was said to be the inexperience of some MS / regions in drafting programming documents. In this respect, the six month deadline available to adopt programmes was considered to be at times too tight, but the possibility of suspending it granted sufficient flexibility.

Concerning cohesion policy's OPs, DG Regio respondents stressed the positive outcome of the informal consultations on the programming documents. Nevertheless, OPs were said to be often of

poor quality and needed to be sent back to the MS. One interviewee indicated that the DG itself was not always sufficiently prepared for coping with the ex ante negotiation process with MS (in this respect, the previous “negotiation mandate” was more appropriate). The deadlines were considered to be tight but necessary.

DG Empl interviewees recognised that the Commission has more power in the negotiation of programmes than in their implementation. The respondents believed that the overall negotiation process was well devised and delivered satisfactory results. One respondent insisted that the insufficient administrative capacities of MS led to bottlenecks when there were a large number of programmes. Another respondent considered that the main cause for delays in implementation is not related to the negotiation phase but to the compliance assessment.

Respondents from both DG Mare and DG Regio insisted that the whole process depends on the quality and capacity of interlocutors at MS level. For example, as far as fisheries policy is concerned, the quality of negotiation varied from MS to MS, depending on the importance accorded by the MS to the EFF. Since the EFF contribution is significantly smaller than that of other funds and the administrations responsible for it are in general small, inadequate resources are often invested in the negotiation procedure. Overall, however, it was reported that in most cases the Commission was able to achieve a good quality, fruitful dialogue, which allowed MS to identify their priorities and determine how the EFF could be used to achieve them. Only in a minority of cases were the debates said to be formal or politically driven.

Both DG Regio and DG Mare respondents stressed the trade off existing between short negotiation time and high quality of programming. In this respect, striking the right balance is essential.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · Negotiations and consultation allow to focus programmes on EU objectives · Deadline for adoption of RDP is tight but there is a possibility to suspend the process 	<ul style="list-style-type: none"> · The main factor causing delay during consultation is the inexperience of some MS /regions in drafting programming documents
DG Empl	<ul style="list-style-type: none"> · Deadlines are useful to put pressure on delivering the programmes and provide time targets 	<ul style="list-style-type: none"> · Poor administrative capacities in MS lead to bottlenecks in the programming process
DG Mare	<ul style="list-style-type: none"> · Dialogue of the negotiation process allows the MS to identify their needs and design the best strategy · When adequate resources are deployed, dialogue is fruitful · Consultation with experts from the sector improves the quality of the negotiation. 	<ul style="list-style-type: none"> · Sometimes the process is politically driven · Sometimes the consultation process lacks adequate resources from the MS; and delays occur ·
DG Regio	<ul style="list-style-type: none"> · Informal negotiations facilitate the programming process and shorten the time of official negotiations · There is a spillover effect in the form of improved local capacities in the area of strategic planning 	<ul style="list-style-type: none"> · Lack of capacity in the MS

Synergies and coordination between policies

The level of coordination was deemed to be satisfactory or to have progressed in general terms. There was some indication that synergies between the EARDF and ERDF and between ERDF and ESF could be improved.

2 respondents DG Agri, 1 respondent DG Budg, 4 respondents DG Empl, 1 respondent DG Mare, 6 respondents DG Regio

From DG Agri respondents' perspective, there has been a clear improvement as far as the synergies and coordination between rural development and other EU policies are concerned (even if it is early to draw definitive conclusions in this respect). In the specific case of synergies with ERDF, one respondent noted how an important effort was made by the Commission to devise a clear division of labour at strategic level, and to detect potential room for overlaps (demarcation) between the two policies. That said, there is a lack of evidence concerning the extent to which the needs of rural areas are addressed in an integrated way. Overall, much depends on the effort made by MS to effectively coordinate the different funds during the implementation phase. From an EC perspective, having a strategic document at MS level is absolutely necessary, but some MS (especially federal states) consider it superficial since the overall EU priorities are already translated into regional programmes. Overall, respondents from DG Agri considered the system in place to be flexible enough to reflect the differences in the national institutional arrangements.

DG Regio respondents provided different assessments of the synergies with other policies, depending on the policy and the DG concerned. With DG Agri, dialogue was said to be limited mostly to the objective of reducing overlapping between the two policy fields, however this dialogue was considered to be very positive. With DG Entr, DG Move and DG Env the dialogue was considered to be successful too, while in regard to DG RTD and DG Empl, views were mixed.

For respondents from DG Empl, synergy and coordination with other policies was still considered to be a problem. It was also felt that the ERDF and ESF interventions overlap to some extent and at the same time do not always complement each other in an optimal manner. It was reported that while the one fund/one programme arrangement may be of help for strategic planning, it is less so in terms of implementation where coordination between funds remains tricky. The current mechanisms allowing some flexibility in combining different funds for financing of certain projects were not considered to be most appropriate solution. One respondent suggested that ESF and ERDF interventions should be differentiated on the basis of objectives rather than in terms of "soft" and "hard" investment, another one also indicated that coordination is an issue and that having only one fund would be more effective.

Respondents from DG Empl reported that cooperation with DG Agri was of good quality. For the DG Mare respondent, the main drawback was in the impossibility of exploiting synergies with the management and control system of rural development policy, i.e. combining authorities and procedures that would be applicable to both the EAFRD and EFF.

Lastly, a respondent from DG Budg concluded that there are not so many "a priori" synergies among structural policies (except for the ERDF and ESF that have built-in coordination mechanisms), and that much depends on MS on the ground.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Improved level of synergies with other EU policies compared to 2000-2006 	<ul style="list-style-type: none"> Lack of evidence concerning synergies with ERDF in the area of local development Effective synergies depend on MS effort
DG Budg		<ul style="list-style-type: none"> Exploitation of synergies depends on the MS
DG Empl	<ul style="list-style-type: none"> Some flexibility for financing interventions in the scope of ERDF from ESF and vice versa 	<ul style="list-style-type: none"> Coordination with ERDF on the ground can be difficult in the context of current arrangements
DG Mare		<ul style="list-style-type: none"> Difficult to exploit synergies with rural development in the area of management and control system
DG Regio	<ul style="list-style-type: none"> Good coordination with most of the other DGs 	<ul style="list-style-type: none"> Coordination with DG Agri has been positive, but thematically limited

Programme modification

Respondents from DG Regio, DG Empl and DG Mare considered that programme modification for cohesion and fisheries policies programmes was not an issue. The respondent from DG Agri identified means to improve the modification process.

1 respondent DG Agri, 1 respondent DG Empl, 4 respondents DG Mare, 2 respondents DG Regio

DG Empl respondents considered that the limited flexibility for programme modification of the current period, compared to the previous one, had no harmful effects and that the process was straightforward from an operational point of view. Similarly, the majority of respondents from DG Regio considered that OP modification rules were sufficiently flexible. This was possible thanks to the structure of the programmes (without measures) which is sufficiently broad to allow MA to steer the programme without the need for formal modification, and to the establishment of a “fast track” inter-service consultation ensuring a speedy process of modification. Interviewees from DG Mare also stressed that thanks to a relatively flexible framework (less detailed description of measures than in the past); it was possible to reduce the need for formal programme modification.

One respondent from DG Agri was less satisfied with the way in which programme modification takes place in the rural development policy framework. There are many programme modifications taking place: this is work-intensive and time consuming for both MS and the Commission. More flexibility could be introduced enabling MS to adopt modifications in some areas under their own responsibility.

DG	Advantages	Drawbacks
DG Agri		· Programme modification is a rather work-intensive and a lengthy process
DG Empl	· The process is straightforward	
DG Mare	· Low level of detail in the strategic documents increases efficiency by avoiding cases of programme modifications	
DG Regio	· The structure of the OP allows changes without formal modification · The procedures within the Commission are now quicker than in 2000-2006	

Earmarking

Respondents from DG Regio found the earmarking arrangement a useful idea; although more for communication purposes than for steering the programming process. Respondents from DG Empl and DG Mare were more sceptical about its usefulness. Respondents from DG Agri were satisfied with the minimum allocations imposed per Axis.

2 respondents DG Agri, 4 respondents DG Empl, 1 respondent DG Mare, 6 respondents DG Regio

Respondents within DG Regio were rather positive about earmarking although they mentioned some significant drawbacks. In general, earmarking was perceived as an instrument to strategically steer OPs toward the Lisbon objectives in a useful, straightforward and transparent way. It is also in principle, an instrument to verify that the means are in place to achieve the objectives set. However, earmarking includes a very wide range of investment categories, which in some cases does not encourage MS to make innovative choices, for example in the field of research and competitiveness. Some respondents also expressed concerns about compliance with earmarking requirements during the implementation phase, particularly in the light of the external shocks produced by the economic crisis.

The same arguments are voiced by DG Empl respondents, but with a more sceptical note. While the respondents recognised that the original objective of the earmarking exercise was useful, the actual outcome was questioned. For example, it was noted by one interviewee that the role of earmarking for the ESF was limited in Regional Competitiveness and Employment Objective regions, as all the eligible ESF interventions automatically fell under earmarking. Overall, there is agreement among DG Empl respondents that earmarking is more an information than a planning tool: it represents a good information and communication instrument about how EU money is spent vis-à-vis the external stakeholders, but it does not go much beyond that. Interviewees within DG Empl believed that political commitment with explicit priorities could be more effective in ensuring that cohesion policy investments are consistent with the Lisbon objectives.

Similarly, the interviewee at DG Mare felt that earmarking contributed towards its original objectives to a limited extent. This was not due to "obstacles" of the process, but rather to the specific features of the EFF policy, characterised by broad policy objectives. After the overall framework (regulations) has been defined and the operational programmes approved, the intention of the MS to achieve EU objectives is not clearly detectable by the Commission. This is mainly due to an insufficiently clear

definition of the policy objectives. Earmarking is therefore achieved only in terms of expenditure balance between axes. On this basis, it is difficult to monitor the real achievement of EU objectives, as axes have too many broadly defined objectives.

According to DG Agri respondents, the minimum financial threshold imposed per Axis was an appropriate tool to ensure that MS focus on EU objectives. Although at first glance the arrangements may seem rigid, on the ground, MS have sufficient flexibility to also take into account their own specific needs since they can still determine to a great extent the breakdown of finance within and between Axes. In any case, a trade-off between flexibility and obligations towards EU priorities exists. Also, in some specific areas of rural development, such as agri-environment, more guidance is necessary to improve targeting and to improve efficiency.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> 2007-2013 arrangements ensure that expenditure is targeted on EU priorities in a balanced way Mandatory minimum allocation of funds per axis is a useful planning tool 	<ul style="list-style-type: none"> Focus is on expenditure, so it needs to be complemented by information on results and impact
DG Empl	<ul style="list-style-type: none"> Earmarking is a good information and communication tool to show how the money is spent vis-à-vis the external stakeholders 	<ul style="list-style-type: none"> Earmarking does not sufficiently support the delivery of the Lisbon strategy; on its own, it is insufficient in itself to effectively drive expenditure For ESF in regional competitiveness regions the earmarked amounts form 100% of the allocation, limiting the usefulness of the earmarking tool
DG Mare		<ul style="list-style-type: none"> Broad policy objectives do not allow the optimal implementation of earmarking
DG Regio	<ul style="list-style-type: none"> Earmarking enables to check in a transparent way that programmes are coherent with the Lisbon strategy Earmarking is a tool that easy to handle and to understand 	<ul style="list-style-type: none"> The Lisbon strategy itself is too broad, achievements of objectives is difficult There are too many types of intervention, making earmarking and strategic orientation less effective

Innovative approaches/mainstreaming

There was a shared view among respondents from the different DG that mainstreaming has not entirely yielded the expected outcomes in terms of innovation diffusion.
 3 respondents DG Agri, 4 respondents DG Empl, 1 respondent DG Regio

According to respondents from DG Agri, there is a lack of evidence as to whether mainstreaming has really contributed to diffuse innovative approaches experienced in the past programming period. For example, the mainstreaming of LEADER has encouraged its integration into the broader rural development framework. This has implied that Local Action Groups and their activities are placed under greater scrutiny, on the same footing as the rest of rural development policy. One respondent noted that a possible result is that this caused some disincentive for innovation and experimentation. In this respect, there might be a trade off between the advantages of mainstreaming (access to more funding) and its drawbacks (being subject to a higher degree of control).

The majority of respondents from DG Empl claimed that mainstreaming did not bring about anticipated results. With one exception, mainstreaming was not seen as the most useful way of dealing with some thematic priorities which were implemented in the form of the EQUAL Community Initiative in the previous period. The themes and approaches developed under EQUAL seem to have now lost visibility and importance as they are being diluted in the main programmes. At the same time, one respondent mentioned that there is no point in maintaining laboratories for innovative approaches forever, since, besides being costly, these also run the risk of forming self-referential networks with little impact on ordinary programming. The system in place for the rural development policy, where LEADER forms a separate priority axis, is considered to be more appropriate. It was also noted by respondents that innovative measures could be encouraged by accepting a higher rate of error and the risk of failure.

One respondent from DG Regio highlighted the possible risks related to mainstreaming –abandoning of the innovative approaches used in the Community Initiatives during the previous programming period. This seems to be currently happening for the urban dimension.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · Mainstreaming allows innovative approaches to be implemented throughout a programme with a significant financial volume: the extent and impact of innovative approaches are potentially greater through mainstreaming · Mainstreaming harbours potential for greater synergy between experimental and mainstream measures in the same programme 	<ul style="list-style-type: none"> · Mainstreaming may reduce the potential for experimentation compared to the freedom of a small-scale initiative-programme · Paying agencies have sometimes gone beyond the scope of Regulation in dealing with Local Action Groups (e.g. influencing the work of LAG by also looking into quality criteria which is outside of the PAs' remit)
DG Empl	<ul style="list-style-type: none"> · Mainstreaming does not require dedicated human resources like the Community Initiatives. · It avoids the trans-nationality problems of EQUAL 	<ul style="list-style-type: none"> · Mainstreaming has led to a loss of visibility and strategic focus of the themes related to Community Initiatives · Some innovative measures are no longer implemented because of mainstreaming
DG Regio		<ul style="list-style-type: none"> · The beneficial specificities of the Urban approach are at risk of being lost

3.3 Implementation

The delivery system

Assessment of the delivery system and policy outcomes was mixed among DG and interviewees. Different types of problems were identified ranging from the limited role of the Commission to the excessive administrative capacity required from MS, and from the complexity of the system to the inadequacy of ex ante control.
 3 respondents DG Agri, 1 respondent DG Budg, 2 respondents DG Empl, 4 respondents DG Mare, 8 respondents DG Regio;

Respondents from DG Agri were generally cautious in making judgments about the link between the delivery system and the policy outcomes, since this is only the third year of implementation and outcomes and results must still be verified. From a preliminary analysis, however, the respondents stressed that the delivery system provides sufficient flexibility while ensuring a strategic approach. Potential drawbacks may result from the division between axes which can be sometimes cumbersome for MS.

Views among the interviewees from DG Regio were more definitive and generally considered the delivery system, as currently designed, to be somewhat too complex. One reason for such complexity is that regulations and procedures are sometimes not clear enough to ensure a smooth implementation process and require many modifications during the programming period. In the view of one respondent, the move towards decentralisation caused the MS to perceive the Commission more as a controller than as a partner. Also, it implied that MS are sometimes required to comply with very detailed requirements (e.g. rules currently applicable to projects generating revenue). At the same time, the obligations imposed on the MS are seen as a way to encourage the MS to put in place good strategies, to support the development of administrative capacity (especially among the less robust administrations), and to improve governance. One proposal that emerged from the interviews was to make a generalised assessment of the proposed rules before they come into force, in order to gain some insights into their expected effects on the implementation process.

In DG Empl there was consensus on the fact that the implementation practices provide a good basis for strict financial discipline, but pay too much attention on spending capacity rather than on the results to be achieved. The spending capacity of the MS is deemed to have increased over time, also thanks to the requirements imposed by the EU, but this does not mean that funds are always spent in a beneficial manner on good projects. It still appears to be difficult, even compared to the previous period, to evaluate the actual results on the ground, especially because the MS are reluctant to accept conditionalities based on results, together with the fact that the menu of possible actions a MS can undertake is so large that it may sometimes become difficult to track and report the actual results of the individual interventions. Finally, it was also noted that the delivery system is still too onerous and can induce delays in the actual implementation of the programmes.

In DG Mare the assessment of the delivery system varied among the interviewees, who provided different visions of it. One respondent identified limited ex-ante controls and ability to act mainly ex-post as a main problem of the system, which could lead to delicate situations with political and financial implications. This problem could be overcome if more resources were allocated to ex ante control, e.g. checking project selection performed by the MS before expenditure incurs. According to a second opinion, the scarce involvement of the Commission in the monitoring committee was seen as a key factor negatively affecting the policy outcomes. The role of the member of the EC in the MC is of much lower profile and of less influence than in the past, since he/she can only be an observer and an advisor. Finally, the efficiency of the system was seen to depend also on the system of sanctions, which should be more automatic, punctual and linked to both performance and compliance with EU legislation. One respondent reinforced this idea by stating that the EC should have greater power to push the MS towards the achievement of the targets set (and measured by indicators) through a strong conditionality mechanism.

Finally, a respondent from DG Budget argued that giving the MS more freedom to define eligibility rules for the current period had the side effect of a more complex system. Eligibility and public procurement-related issues feature more prominently as most eligibility criteria are now defined at the MS level and the rules related to public procurement purchasing can sometimes be confusing for beneficiaries. Also, as regards financial discipline and regular implementation, the respondent saw the Court of Auditors and the EP Budget Committee as having a disciplining effect on the MS. However, this sometimes has an impact on progress on the ground as it may lead to delays in implementation. Overall, compared to the period 2000-2006, the pendulum has moved towards more emphasis on control and respect for rules in the period 2007-2013.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> The delivery system provides sufficient flexibility while ensuring a strategic approach 	<ul style="list-style-type: none"> The division between axes might be cumbersome for MS
DG Budg	<ul style="list-style-type: none"> Financial discipline in the implementation practices is encouraged 	<ul style="list-style-type: none"> The system is too complex and thus prone to error Excessive emphasis on control and respect for rules, rather than results
DG Empl	<ul style="list-style-type: none"> Current arrangements encourage financial discipline and good spending practices 	<ul style="list-style-type: none"> The legal base provides a long list of diverse eligible actions but this does not mean that funds are always spent in a beneficial manner on good projects. Delivery systems are complex and cause delays in the implementation phase The system is not sufficiently driven by targets and results
DG Mare	<ul style="list-style-type: none"> The system works well when national administrations responsible for programme implementation are efficient and well organised 	<ul style="list-style-type: none"> Insufficiency of ex ante control (reactive, rather than a preventive approach) Absence of mechanism of conditionalities related to results
DG Regio	<ul style="list-style-type: none"> The procedures associated with the cohesion policy programmes are an important way to enhance administrative capacity in the MS 	<ul style="list-style-type: none"> The system is too complex and thus prone to error. Variability from one period to another causes uncertainty and learning costs Decentralisation towards MS is not always effective because of lack of MS capacity Regulations and procedures are sometimes not clear enough

Eligibility

Eligibility rules were judged satisfactory by respondents from all the DGs, although room for improvement exists. According to all interviewees, the system still needs to be further clarified and simplified. No major differences can be highlighted in the level of satisfaction and all the policies would consider a revision of the treatment of VAT.

2 respondents DG Agri, 5 respondents DG Empl, 4 respondents DG Mare, 12 respondents DG Regio

All respondents from DG Regio expressed satisfaction with the changes introduced in the current programming period concerning eligibility: the choice of making eligibility rules less detailed, fewer and simpler is a significant improvement compared to the past, when the wide coverage of the EU rules was a frequent source of errors and problems of interpretation. Furthermore, the existence of a different set of rules from those applicable to national investment was an additional burden for the

Member States. However, further simplification is envisaged: some inconsistencies in the eligibility of expenditure in different policies still exist and do not appear to be justified (such as the different treatment for VAT reimbursement) and the exceptions and supplementary rules introduced are generating uncertainty at the implementation level. The introduction of common guidelines for the European Territorial Cooperation objectives, which at present differ from country to country, could be a step forward.

In line with their counterparts at DG Regio, DG Empl respondents believed that eligibility rules were clear overall, and four out of five would prefer a system with very few rules imposed at the EU level, and the bulk of them at the national level. However, one respondent was in favour of EU rules only, as a national system for eligibility could raise problems in the case of transnational projects (dealing with several sets of different rules). DG Empl officials generally agreed that the current system still leaves room for uncertainties and complications that make the system unclear for Member States. No agreement was reached on the eligibility of VAT: the majority of respondents believe it should not be eligible, but some of them pointed out that for some beneficiaries (such as small NGOs active in the social inclusion field) the ineligibility nature of VAT could be a matter of concern, as far as the project's sources of financing are concerned. Some of the respondents also noted that a major constraint in terms of setting clear rules for eligibility is the current system of real costs which forces to check every single invoice paid by the beneficiaries. The eligibility problem would be less an issue in case a simplified cost system is more widely introduced since the control system would stop at a higher operational level and would not focus on every individual item of expenditure.

DG Mare respondents also observed the need to clarify the current system of eligibility, since the rules are not always considered to be entirely clear. There was consensus that the level of detail of eligibility rules for different measures had been considerably reduced under the EFF to allow more flexibility for the MS to adapt measures to their specific needs. In the design of the current regulations, the regulation of the eligibility of actions is quite generic and scattered among the descriptions of the different measures, leaving the responsibility of determining specific eligibility rules to the MS. This aspect has both advantages and disadvantages, as argued by two respondents. Greater responsibility of the MS can lead to more efficient procedures; nevertheless, this is just a shift of responsibility without a real intervention on the degree of harmonization of the rules. It is, in fact, difficult to generalise and establish a common set of eligible activities for all MS since these may not be fully compatible with national laws. Additionally Member States' authorities may lack the capacity to elaborate their own rules. Thus, it is difficult to totally exclude indications on eligibility from the EU regulations. In any case, all the respondents agreed that the current regulation on eligibility does not have negative effects on the overall performance of programmes.

In DG Agri the EU level eligibility rules are relatively limited in number, straightforward and largely in-line with the eligibility rules of Structural Funds. As far as the managing authorities are concerned, the feedback received from the respondents indicated that eligibility rules were generally clear. When it comes to details, however, the picture may change. One respondent stated, for example, that for the current programming period there was a movement back to a rather basic set of rules in important areas such as investment. However, investment aid is still an area that is sometimes difficult in this respect. Especially the question when an investment project is eligible can be tricky sometimes (e.g. the time lag between application and actual implementation). VAT treatment may also lead to

problems, since public institutions cannot always recover it. This causes particular discontent among municipalities as they may be required to pay VAT in some MS but cannot be reimbursed for it. On the contrary, in-kind contributions and overheads are generally not problematic. For beneficiaries, differences between rural development and SF rules can quickly turn into obstacles, the main example being the differences in treatment of VAT. The plan to harmonize funds as far as possible in terms of eligibility rules during the next funding period (2014-20) is seen as an important step against this backdrop. Member States play a major role in defining eligibility rules and need to ensure that these are sufficiently clear for beneficiaries and do not establish obstacles for the effectiveness of the rural development policy.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · EU level eligibility rules are relatively basic and largely aligned with rules for other funds and, in principle, clear 	<ul style="list-style-type: none"> · The Commission needs to ensure that MS do not erect obstacles with their own eligibility rules. · Investment aid and VAT are still difficult areas from the eligibility perspective
DG Empl	<ul style="list-style-type: none"> · System in 2007-2013 gives more flexibility to national and regional specificities compared to 2000-2006 · Leaves less room for uncertainty 	<ul style="list-style-type: none"> · There is still room for multiple interpretations and uncertainty (e.g. definition of direct costs for the calculation of overheads) · The system of real costs currently in place calls for more clarity on eligibility
DG Mare	<ul style="list-style-type: none"> · The current framework of eligibility does have negative effects on the overall performance of a programme · The new system makes the MS increasingly responsible for implementation of EU funds in an appropriate manner 	<ul style="list-style-type: none"> · Rules are still not very clear. There is uncertainty, especially for sector-specific actions. · A trade-off exists between the need for harmonization of the rules at EU level and the maintenance of MS specificities. A rule may be appropriate for one country but not for another
DG Regio	<ul style="list-style-type: none"> · The system in place in 2007-2013 avoids situations where EU eligibility rules are in contrast with national eligibility rules/ laws/regulations and 'parallel systems' · Having national rules is more manageable at the Commission level because the EC has to put less effort into their interpretation 	<ul style="list-style-type: none"> · Exceptions and supplementary rules at EU level are creating uncertainties · Inconsistencies among different policy areas concerning the same expenditures items (e.g. VAT) create potential difficulties for beneficiaries

Financial and economic conditionalities

Views on financial and economic conditionalities differed among the interviewees and it is difficult to report a general level of satisfaction or dissatisfaction. However, the majority of respondents appear to believe that these mechanisms are not effective enough.

1 respondent DG Agri, 5 respondents DG Empl, 4 respondents DG Mare, 8 respondents DG Regio

It was the general view among respondents from DG Regio that the de-commitment rule was necessary for discipline, useful in promoting sound planning and management – a rule which should be retained. However, almost all respondents were aware of an intrinsic trade-off existing in the mechanism: if, on the one hand, it encourages timely programme implementation, on the other hand, a negative effect may be generated by discouraging the adoption of innovative solutions and focusing attention on the absorption of resources, to the detriment of the quality of the interventions.

Views among respondents from DG Mare were more varied. Two interviewees were satisfied with the rule, as it represents an incentive for some administrations to make sure that programme implementation proceeds according to the rhythm foreseen. One respondent adopted a neutral position, highlighting no particular effects on programme performance, while another stressed that de-commitment did not produce the desired effect, because in practice the procedures to trigger it are too complicated and not as automatic as they should be. In the period 2000-2006, the main reason for de-commitment, as reported by four officials of DG Mare, was not the lack of capacity within the managing authority, but the fact that the Member State or the potential applicants were not in the position to provide the financial contribution required. Two factors can account for this feature: either a political decision was taken not to provide the co-funding portion of the contribution, or access to capital was insufficient. All eight interviewees from DG Regio also emphasized that the risk of de-commitment was often linked to the economic situation of the Member State: the recent crisis has made it more difficult for a number of MS to find the resources to co-finance EU programmes.

Five respondents from DG Empl agreed that the de-commitment rule played a crucial role in guaranteeing timely financial management, but - like respondents from other DGs - recognised that some improvements were needed. On the one hand, de-commitment rule may provide an incentive to plan in advance and to spread expenditure all over the programming period, which is a good management practice. On the other hand, the scope for stimulating the implementation of more difficult and innovative projects can be reduced through the current system.

Lastly, DG Agri interviewees did not consider the de-commitment rule a major issue and, even when a Member State was running the risk of de-commitment, the Commission promptly drew the national authority's attention to the problem.

As far as result based conditionalities are concerned, DG Empl respondents perceived the performance reserve tool as likely to be politically manipulated and - probably for this reason - Member States have lost interest in it. They suggested changes to the mechanism, as the underlying principle is in itself positive. One respondent, for example, suggested that incentive schemes should be better focused on positive conditionalities (reward), rather than on negative ones (blocking funds), to encourage greater participation from the MS. Another respondent proposed that it should be more oriented towards results than spending and implementation. However, as also stressed by some interviewees from DG Regio and DG Mare, setting results or impact targets at the appropriate level could be too complex and it could be, in any case, difficult to "capture" the net effects of the resources allocated. Establishing credible and manageable financial sanctions to be triggered if targets are not achieved is complicated and penalties could prove to be counterproductive in situations where the objectives were not achieved due to external conditions, rather than to mismanagement.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> The Commission can promptly draw the national authority's attention to absorption problems in order to avoid the sanction 	
DG Empl	<ul style="list-style-type: none"> Decommitment rules enhance the implementation efficiency of the MA. It provides the opportunity to plan and spread expenditure over the programming period 	<ul style="list-style-type: none"> Decommitment rules create perverse incentives to finance 'easy' and 'traditional' operations compared to more innovative and risky ones MS have lost interest in the performance reserve as the allocation principles are not robust.
DG Mare	<ul style="list-style-type: none"> Decommitment rule motivates the MA to anticipate and plan project implementation 	<ul style="list-style-type: none"> The process of decommitment is long and complicated as the procedures triggering decommitment are not as automatic as they should be
DG Regio	<ul style="list-style-type: none"> Decommitment rules encourage planning discipline and assure timely programme implementation 	<ul style="list-style-type: none"> Decommitment rules discourage innovative implementation solutions The current financial crisis and the economic recession makes more difficult to find resources in some MS, so that there is a higher risk of decommitment. Setting proper targets for economic conditionality is difficult

Real cost approach

There was a general consensus among DG Agri, DG Regio and DG Mare that the real cost approach does not create any particular problem in policy delivery; in many cases, the real cost principle is the best basis for a reimbursement system while attempts to introduce simplified costs could lead to undue complexity and mismanagement. DG Empl respondents had a contrasting vision, according to which the real cost system was deemed to be a major constraint given the type of intervention financed by the ESF. However, there was agreement among the respondents that the use of simplified costs and lump sums offers the most viable option of shifting the emphasis from spending and control of expenditure to the results achieved.

2 respondents DG Agri, 3 respondents DG Empl, 5 respondents DG Mare, 7 respondents DG Regio

As pointed out by respondents from DG Agri, the main argument behind the real cost approach is the need to ensure that services and goods are provided at the lowest possible cost.² According to the respondents, flat rate payments are already used to a large extent in Axis 2, while investments in Axes 1 and 3 are largely based on actual (real) costs. It is considered impossible or unrealistic to work with actual costs in all investment areas. Axis 2 payments are mostly expressed in aid/ha, are never linked to the specific situation of the individual beneficiary, and are not calculated on the basis of actual costs. The respondents were of the opinion that a real cost approach for the whole spectrum of interventions in rural development policy would probably not result in better value for money since its use largely depends upon the nature of the measure considered.

DG Regio respondents expressed the general view that the scope for using simplified costs could be extended, but the type of projects financed does not always allow it. While the application of flat rate or lump sums is much more appropriate for the ESF (where the "running costs" represent a huge part

² This argumentation was used in front of the Court of Auditors against the use of lump sums.

of the eligible expenditure), under the ERDF and CF the eligible expenditure is mostly "investment cost", which is not suitable for a simplified costs' regime. Also, the large size of the projects makes it impossible to adopt instruments which are - by definition - limited to rather small amounts (i.e. lump sums which are currently subject to a ceiling of EUR 50 000 per operation). One respondent also emphasized the risk that simplified costs could encourage a minority of beneficiaries to adopt fraudulent behaviour. In this respect, a differentiated approach could be envisaged: the simplified cost approach could be adopted only in MS/regions that proved to have a reliable audit system in the previous programming periods, specifying that, in the case of detection of mismanagement or fraud, automatic, immediate and proportionate corrections shall be applied.

A similar opinion is expressed by DG Mare officers, who do not envisage any particular problems in the current payment system. In a situation of international economic crisis, Member States would probably appreciate a reimbursement of advanced payments; however, the real cost approach is seen as a good system to respect the principles of accountability and sound financial management. In particular, not paying what does not correspond to a real expense is considered as the best instrument for the EC to maintain financial discipline in the MS. Moreover, it is stressed that flat rates are difficult to calculate and the methodology behind this is sometimes questioned by the EC. Indeed, the methods for flat rate calculations established by a MS may not reflect the intention of the EC. Flat rates should only be applied if the regulations provide a detailed description of the methods to be used.

DG Empl respondents held a different point of view. For ESF interventions, which involve a lot of staff costs, the real cost system was deemed to be a major constraint especially for the calculation of human input. Another drawback of the real cost system was the increased administrative burden put on beneficiaries, and especially on small NGOs, determined by the fact that a lot of supporting documents had to be prepared and kept and that the system of declaration of expenditures and control was very onerous and demanding in terms of time and capacity. Also, there was full agreement about the fact that the use of simplified costs and lump sums is a viable way to move away from the emphasis on spending and control of expenditure and to be more attentive to the results achieved. It can also ease the burden from an administrative point of view and speed up the whole implementation process.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Real costs ensure the provision of services/goods at the lowest possible cost 	<ul style="list-style-type: none"> The use of the real cost approach is not always possible since its use depends on the nature of the measure
DG Empl	<ul style="list-style-type: none"> Only costs actually occurred are reimbursed, which makes the system reliable 	<ul style="list-style-type: none"> It is resource intensive to calculate staff costs typical of ESF operations on the basis of real costs The real cost approach makes the declaration of expenditure and the control system heavy and time consuming. It increases the administrative burden for MS
DG Mare	<ul style="list-style-type: none"> Real cost approach allows only for payment of costs actually borne It ensures respect for accountability and sound financial management principles 	<ul style="list-style-type: none"> It is difficult to calculate and establish reliable flat rates
DG Regio	<ul style="list-style-type: none"> Extending the scope for the use of simplified costs could make management easier 	<ul style="list-style-type: none"> Flat rates are not suitable for investment costs Risk of paying for interventions not consistent with EU legislation increases with the use of simplified costs Reaching an agreement on how the costs should be simplified could prove to be a time consuming exercise

Proportionality

Respondents from DG Regio and Mare agreed that room exists for further simplification in the delivery system, with fewer administrative requirements and simplified procedures to be applied in the case of small programmes. This was particularly supported by DG Mare interviewees: considering that the fisheries policy is small in terms of financial volume, adopting the rules applicable to cohesion policy placed an undue burden on the management of EFF. Respondents from DG Agri highlighted that in rural development policy, the proportionality principle applies mainly in the financial management sphere. DG Empl respondents explained that proportionality applied for eligibility issues is important.

2 respondents DG Agri, 3 respondents DG Empl, 5 respondents DG Mare, 3 respondents DG Regio

Respondents from DG Agri see the proportionality principle applying mainly in relation to controls and sanctions. Controls performed by national authorities on beneficiaries are proportional to the level of risk inherent in the schemes concerned. Likewise, the selection of the paying agencies checked every year by the EC takes into account risk factors. Financial corrections are also proportional to the magnitude of the irregularity detected. In order to keep a good balance between control and efficiency, one respondent suggested raising the threshold of acceptability of the error rate in specific cases. Proportionality does also apply to some extent as far as the content of programmes is concerned (an example is the specific implementing rules for agri-environment measures).

The general feeling among DG Regio interviewees was that the delivery system was too complex, and there is concern that there might be an increase in the number of potential beneficiaries who prefer not to apply for ERDF because of the complexity of rules and mechanisms. The introduction of the principle of proportionality at regulatory level goes in the right direction, but more can be done to implement the principle to a greater extent. In general, the structure of the system should be maintained for large programmes and simplified in the case of small programmes in accordance with the proportionality principle, especially as far as financial arrangements are concerned. In particular,

two respondents proposed that the intensity of controls should commensurate with the programme’s track record, and that proportionality should apply in the compliance assessment exercise.

DG Empl interviewees agree that for the ESF, the proportionality principle applies mainly as far as the eligibility of expenditure is concerned (there are specific arrangements for small operations mainly related to the reimbursement of eligible costs) and that some simplification in this respect would be welcome. One respondent also felt that proportionality should apply when drafting the operational programmes, with more information and descriptions needed in the case of innovative schemes and less detail when more “traditional” measures are foreseen.

In DG Mare, the discussion as to whether a NSP was needed led all respondents to address the proportionality issue during the programming phase. The message is more or less identical. In the case of small programmes, having both a NSP and an OP is considered disproportional. This is, however, not only a matter of the number of strategic documents involved, but more in general of the whole architecture of the policy, which is structured like cohesion policy, but has a significantly different financial volume. Considering that the EFF is a small fund, it does not make sense to demand MS the same administrative capacity that is necessary to manage funds such as the ERDF or the EAFRD. In addition, DG Mare respondents were in favour of applying the proportionality principle also to the ex ante compliance assessment: the arrangement has to be applied in all cases, but some simplified procedures could be introduced for small programmes.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> The principle of proportionality applies satisfactorily in the field of control and sanctions 	
DG Empl	<ul style="list-style-type: none"> The principle is applied mainly as far as eligibility of expenditure is concerned 	<ul style="list-style-type: none"> OPs contain excessive details for “traditional” intervention - differentiation could be foreseen.
DG Mare		<ul style="list-style-type: none"> The principle is not applied for programming - where parallel preparation of both an NSP and an OP is considered burdensome in case of small programmes
DG Regio	<ul style="list-style-type: none"> The principle is enshrined in the regulations. Steps have been taken in the right direction 	<ul style="list-style-type: none"> The system is considered too complex and proportionality principle is not applied extensively

Financial engineering

There was general satisfaction with the growing importance of financial engineering instruments but practically all respondents underlined their novelty and the need to acquire experience to make the most of them. Respondents from DG Regio and DG Mare in particular called for more guidance from the Commission concerning the use of financial engineering instruments.
 3 respondents DG Agri, 3 respondents DG Empl, 2 respondents DG Mare, 3 respondent DG Regio

Although the experience with financial engineering tools is still limited, all respondents from DG Empl expressed a positive opinion about the capacity of these new instruments to provide more efficient financial support. Attention to and interest in such schemes have been increasing and led to the setting up of the Microcredit Facility in June 2009 to face the economic crisis. One respondent

expressed some doubts about the decision of DG Empl not to align its actions with the 3Js initiative of DG Regio,³ but the positive experience of the Microcredit Facility may encourage its use. The main hindrance highlighted by the three respondents, is the lack of experts specialized in the management of these new tools.

Respondents from DG Regio stressed the positive role played by financial engineering in leveraging money for investment (for example in NMS where administrative capacity for managing ERDF may be lacking). Even if we are still in an experimental phase, the results as testified by the volume of funds concerned are already quite satisfactory. At the same time, the high level of technicalities characterising such schemes (e.g., in setting up the framework financial engineering) was underlined. One respondent in particular underlined the need for the Commission to maintain a guiding role and to provide detailed regulation, also because of the inherent risks linked to financial engineering schemes. For example, in the case of Jessica, investments in the housing sector could be subject to speculation, especially in a time of financial crisis such as the current one.

DG Mare's respondents also reported the increasing interest of MS in financial engineering instruments, especially in a context of difficult access to capital because of the current financial crisis. They also underlined their being very new, and the need for the Commission to provide guidance so as to make measures dealing with financial engineering truly operational.

DG Agri interest in financial engineering tools is similarly thought to be growing and the potential of working with such innovative instruments is recognised. Guarantee Funds, for instance, are considered a good way to make beneficiaries more responsible and to provide them with the necessary financing and capacity. Moreover, the use of revolving instruments may contribute to increasing the project's effectiveness, by ensuring that investment decisions are made on the basis of actual needs. Three officials of DG Agri believed it was necessary to gather some experience in this area in order to make the best use of financial engineering in the rural development context. What seems clear is that good arrangements between national authorities and the fund managers are a key precondition to reduce the risk for the beneficiaries and secure sound financial management.

³ JASPERS, JEREMIE and JESSICA are the so called "3Js" initiatives designed by DG Regio to support project preparation and to increase the use of financial engineering instruments in the context of cohesion policy. In particular, the 3Js provide technical assistance, finance for SMEs and support for sustainable urban development.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Financial engineering could help to reduce "deadweight" and encourage responsible use of funds 	<ul style="list-style-type: none"> Risk involved for beneficiaries must be properly communicated and managed
DG Empl	<ul style="list-style-type: none"> Financial engineering has a leverage effect on financial resources There is potential for cross fertilization (of experience and competencies) with the banking system Currently expenditure paid into the fund can be declared immediately to the Commission, which promotes quicker adsorption of funds 	<ul style="list-style-type: none"> Financial engineering requires specialized expertise. Instruments of financial engineering are difficult to audit
DG Mare	<ul style="list-style-type: none"> Financial engineering has potential benefits which have become obvious especially because of the financial crisis 	<ul style="list-style-type: none"> Provisions dealing with financial engineering should be made more operational
DG Regio	<ul style="list-style-type: none"> Financial engineering is a useful tool to provide efficient financial support Sums involved are already quite substantial, contributing to greater leverage of EU funds 	<ul style="list-style-type: none"> Financial engineering may be susceptible to misuse (e.g., investments in the housing sector could be subject to speculation)

Technical assistance

Respondents from the different DGs generally stressed the importance of the technical assistance. However, some reservations were expressed concerning the effective use made of it – sometimes the activities financed by the technical assistance do not correspond to its original raison d'être. Respondents from DG Empl Mare and Regio agreed that there is room for improvement of the technical assistance component.

1 respondent DG Agri, 3 respondents DG Empl, 2 respondents DG Mare, 3 respondents DG Regio

Interviewees from DG Regio stressed the importance of technical assistance and the necessity of maintaining it. Some reservations concern the fact that some MS tend to use the technical assistance for publicity or for financing normal administration costs, whereas it should be more clearly used for knowledge diffusion (e.g. concerning the functioning of public procurement) and to strengthen administrative capacity. One respondent also commented on the possibility of using the technical assistance to improve the ex ante appraisal of major projects requesting SF co-financing. The technical assistance component helps to develop the capacities needed to provide environmental impact assessments, which is one of the weakest points in the preparation of large projects and cost-benefit analyses. The key issue is that the know-how should be spread to the whole administration and not remain in the hands of the consultancy firms that carry out these types of studies.

Implementing technical assistance operations was not seen as a problem by DG Empl interviewees, based on evidence from the audit and control of those activities. Problems were encountered in some cases in the interpretation of the rules (for example on eligible expenditure, which one respondent claimed should not be linked to the eligibility rule of the fund) and sometimes it was reported that technical assistance was wrongly used to pay staff costs. One respondent claimed that there was some confusion over the delimitation between technical assistance for project preparation and capacity building and the technical assistance provided by the DG itself.

According to the respondents from DG Mare, the technical assistance is a flexible tool that helps MS to implement programmes while dealing with complex administrative and financial constraints. One respondent highlighted that the main element that determined the quality of the programme implementation was the efficiency of the management and control system, which was set-up within the technical assistance component. Unfortunately, some countries do not invest enough in this area. Moreover, in many cases the national public administration systems are designed in such a way that working for a managing authority, and being part of the management and control system, does not attract qualified professionals, who prefer the private sector where salaries are higher. This, together with the excessive turnover in the public sector, is a cause of inefficiency, scarce quality and the unreliability of the efforts put in the management and control system. It would be a great improvement if the technical assistance for the management and control system were paid for 100% by the EC, under specific and very strict conditions, in order to increase the quality requirements imposed on the MA. This would allow for the creation of a pool of qualified people that could deliver good quality, more technical work and would, at the same time, be independent from the national system.

One DG Agri respondent stressed that technical assistance was not considered a problematic issue in rural development policy since no negative feedback from the monitoring committee was recorded on the issue and the 4% ceiling was never exceeded.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Not considered a problematic issue 	
DG Empl	<ul style="list-style-type: none"> Not considered a problematic issue 	<ul style="list-style-type: none"> In some cases technical assistance has not been used appropriately
DG Mare	<ul style="list-style-type: none"> Technical assistance is a flexible instrument that helps MS to implement programmes 	<ul style="list-style-type: none"> Countries do not invest enough in the management and control system, which is set up with the technical assistance component
DG Regio	<ul style="list-style-type: none"> Technical assistance may help to build knowledge and capacity in critical areas 	<ul style="list-style-type: none"> Technical assistance is sometime used to finance publicity activities and administration costs instead of being clearly geared towards knowledge diffusion and capacity building

Transition between financial periods

Respondents from DG Agri and DG Mare agreed that overlapping of financial periods avoids gaps in funding to the sector by guaranteeing continuity of payments. The respondent from DG Empl had a different view, considering it as a factor causing delays in programme implementation.
2 respondents DG Agri, 1 respondent DG Empl, 2 respondents DG Mare, 3 respondents DG Regio

The transition between financing periods is especially problematic in cohesion policy, given the highly differentiated nature of the supported operations, some of which may last for very long time span with a resulting overlapping effect. Respondent from DG Empl confirmed that the transition between the two last programming periods was felt to be a critical issue, since many managing authorities preferred to use the funds allocated for the 2000-2006 period before starting to spend those for the

2007-2013 period. This sort of “competition” between the two periods may be one of the causes of the late take-off of the 2007-2013 programmes. In this regard, the respondents wondered if it were possible to stop planning and committing money after the period elapses and to use the remaining years simply to pay the already committed expenditures. Respondents from DG Regio also indicated the transition between financial periods as one of the causes of the late start of the current programmes.

Views on the overlapping of financial periods were less critical in the opinion of representatives from DG Mare and DG Agri. As far as DG Mare is concerned, the assumption that all 2007-2013 activities will shut down at the end of 2013 was considered unrealistic and the overlapping of periods could avoid gaps in funding to the sector, notably in view of the usually slow start-up period for new programmes. The extension of the eligibility period for FIFG allowed it to maximise the execution of funds. However, it was recognised that it doubles the administrative burden for national administrations and the EC for a period of time, and may confuse beneficiaries since eligibility rules can differ between the two periods. In any case, given the nature of the projects financed by EFF, it is rare for projects to cross two financial periods.

Two respondents from DG Agri argued that having overlapping periods was not necessarily a bad thing when properly managed, because it enables a smooth flow of funds and continuity of payments, without problems from a management perspective. However, beneficiaries tend to commit themselves for a period longer than five years (especially in Axis 2 – agri-environmental/animal welfare); the application opportunities may stay open until rather late in the funding period and the five-year period may therefore very well reach far into the next period. This can lead to a “lock-in” in the old structure. As a result, DG Agri tries to minimize commitments going into the next period as far as possible.

DG	Advantages	Drawbacks
DG Agri	· Contributes to smooth flow of funds and continuity of payments	· Can lead to lock-in in old structure (under Axis 2)
DG Empl		· Delays can occur with the start up of the new programmes, as the previous programmes are being implemented at the same time
DG Mare	· Overlapping of programming periods guarantees that funding is not interrupted between periods	· Administrative burden doubles where two programming periods overlap
DG Regio		· Overlapping of programming periods causes delays in the start up of programmes

Compliance with EU legislation

DG Regio respondents were particularly concerned about the application of Community law and felt that the task of checking compliance with EU legislation was an onerous exercise that could be simplified by adopting a more selective approach. Respondents from DG Mare also stressed that ensuring compliance with EU legislation can be a delicate issue and a cumbersome task for MS. Respondents from DG Agri identified one area (non agricultural state aid) where issues have arisen. In DG Empl, respondents were less concerned by this issue.

2 respondents DG Agri, 2 respondents DG Empl, 2 respondents DG Mare, 9 respondents DG Regio,

Most respondents from DG Regio emphasized that cohesion policy had become the “police force” of the EU for the MS and a trade-off exists between the rigorous enforcement of EU legislative requirements and the development of the policy itself. There is also a risk of overloading the Commission services. The workload related to the verification of compliance in the area of public procurement and state aid, in particular, represented a serious concern from the Commission perspective. Moreover, this role of the cohesion policy risks “discriminating” against the poorest countries/regions, where the policy is more active. Thus, Convergence Regions are statistically more likely to be exposed to checks than the richer ones, because larger volumes of interventions are carried out in these regions. Since most of the irregularities stem from non-compliance with EU legislation, especially in the area of public procurement, part of the solution could come from the adoption of a more differentiated approach. In agreement with the competent DG, DG Regio could focus control on specific areas of priority or risk (e.g. on public procurement for major infrastructure projects), with other areas falling under the “normal monitoring” in force to ensure the transposition and application of Community law. In this regard, the need to help MS to improve its technical preparation in fields of great specificity and the need to address the implicit complexity of public procurement legislation by the EC were also emphasized. In the view of one respondent, increasing the national co-financing rates could represent a more effective solution to ensure full compliance with EU policies. Greater national co-financing could ensure a better use of the resources allocated to regional development by reinforcing accountability and responsibility in the MS.

DG Empl respondents explained that compliance with EU policies is much less an issue for the ESF than for the ERDF. The primary area in which ESF must ensure compliance is non discrimination and equal opportunities – public procurement and state aids are generally less relevant given the types of intervention.

Respondents from DG Agri considered that state aid and environmental rules were the most relevant aspects with which compliance must be assured in the rural development context. In this regard, DG Env plays a major role in environmental compliance as there is a need to ensure that positive environmental effects are produced with rural development interventions. In relation to state aid, some MS complain that there is no “one-stop-shop”, since they need to deal simultaneously with DG Agri and DG Comp and this can sometimes be a cumbersome process. One interviewee was more critical in this respect and highlighted how the process of getting state aid clearance from DG Comp could delay the approval of rural development programmes. Another respondent was more positive about DG Comp’s role, reporting no negative experience.

DG Mare respondents agreed that compliance with EU legislation was a delicate aspect of EFF funding. One opinion stressed that, in the case of actions that are in obvious contrast with Community law, payments should be automatically suspended. Another interviewee insisted that any effort from MS to be more efficient in programme implementation shall never lead to violations of Community law.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · Synergy with other DG exists, especially with DG Env, in ensuring that positive environmental effects are produced with rural development interventions 	
DG Empl	<ul style="list-style-type: none"> · The requirement of compliance is generally not problematic, the most important issues is compliance with the principles of non discrimination and equal opportunities 	
DG Mare		<ul style="list-style-type: none"> · No automatic suspension of payments is in place in the case of evident non-compliance of MS actions
DG Regio		<ul style="list-style-type: none"> · Checking compliance with EU legislation is an onerous exercise. There is a feeling that DG Regio is the EC "police force" ensuring MS compliance with EU policies

3.4 Reporting, monitoring and evaluation

Overall assessment of the monitoring and evaluation system

Respondents from DG Regio and DG Empl agreed that the support provided by monitoring and evaluation to the policy should be more substantial; however, some improvements were acknowledged, such as the adoption of a list of core indicators. In DG Agri respondents were generally satisfied with the more standardised systems in place for rural development.
 2 respondents DG Agri, 1 respondent DG Budg, 4 respondents DG Empl, 6 respondents DG Mare, 7 respondents DG Regio

In principle DG Regio and DG Empl respondents considered monitoring and evaluation (M&E) activities to be key tools for the delivery of cohesion policy; however, the majority of respondents felt that M&E were still not supporting policy development and delivery sufficiently, especially in terms of demonstrating the effectiveness of the policy. The current system for M&E is still not completely satisfactory for DG Regio and DG Empl respondents, although some improvements from the previous period are recorded, such as the adoption of the system of core indicators. As far as the evaluation arrangements are concerned, one interviewee pointed out that absence of mandatory evaluation points can have drawbacks (it leaves the Commission uncertainty about what is going on the ground and does not provide the necessary information basis for the ex-post evaluation). The other

respondents pointed out that forcing MS in having evaluations scheduled in advance at a given point in time can harm the overall quality of the exercise.

There is consensus (DG Regio and DG Empl) on the need to move the focus from the process and compliance oriented implementation to results and net effects. More efforts in experimentation and methodological fine tuning of the analytical tools are needed (in DG Regio the emphasis is on the counterfactual method for example). Overall, the stress is on the need to have a result-oriented approach, which would make evaluation a necessary tool for the implementation and the verification of conditionalities. Indeed, it was felt that in some cases M&E was still perceived as a task requiring only administrative compliance more than a tool useful for programming and implementing the policy. The same perspective was adopted by most interviewees from DG Mare, whose views on the current monitoring system were converging in saying that it is the only and therefore a vital tool to check what the MS do on the ground. However, the information provided by the MS was generally assessed to be insufficient. Additionally, monitoring not just the legality of an action, but also the delivery of the policy objectives (i.e. the achievement of the results) is desirable but has not yet been achieved to a full extent.

On the other hand, DG Agri respondents were generally satisfied with M&E, which provides data that can be aggregated at EU level: this aspect is seen as one of the major strengths of the policy. The vertical integration of objectives at EU and MS/programme level, backed by the indicator system, was highlighted as another important strength. It was felt that the current monitoring and evaluation system helped the managing authorities to steer and adjust programme implementation and enabled the Commission to aggregate information for policy development. Some problems of insufficient clarity of the common set of indicators were, however, encountered at the beginning of the programming period and many MS requested clarifications especially about result indicators. Additional guidance was therefore developed.

In general, the system of Evaluation Network/Expert Committee was recognised by respondents across all DGs as a good practice and a relevant improvement compared to the previous period.

. While in DG Agri the general view was that the current monitoring and evaluation system offered sufficient support for the Commission to steer the policy process, in DG Regio and DG Empl the feeling was that the Commission had fewer opportunities to strategically steer the delivery of programmes in dialogue with the MS. Finally, one respondent from DG Budg raised some doubts as to whether implementation of shared management policies in general was really driven by targets or objectives, given the attention dedicated to the adsorption of funds..

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · The current monitoring and evaluation system helps the MA to steer and adjust programme implementation · An integrated, ongoing system of M&E based on the CMEF allows for data aggregation at EU level · The vertical integration of objectives at EU/MS/programme level improves the capacity for target setting · The system of Evaluation Network/Expert Committee is recognised as a good practice (valid for all DGs) 	<ul style="list-style-type: none"> · Initial teething problems (lack of clarity) with result indicators
DG Budg	<ul style="list-style-type: none"> · 	<ul style="list-style-type: none"> · Monitoring and evaluation results reveal that the push to spend money often seems to be the dominant motivation behind decisions
DG Empl	<ul style="list-style-type: none"> · There is partnership between the Commission and the MS · Adoption of a system of core indicators helps to collect comparable data across the EU 	<ul style="list-style-type: none"> · The monitoring system is still too much focused on expenditure rather than on output
DG Mare	<ul style="list-style-type: none"> · The current system is useful to check what is implemented on the ground 	<ul style="list-style-type: none"> · The information provided by MS is often insufficient
DG Regio		<ul style="list-style-type: none"> · The monitoring system focuses on expenditure rather than on the achievement of objectives · At times the quality of indicators is low, especially in the case of indicators measuring results and impact

Annual and strategic reporting

Respondents agreed that annual reporting is important to facilitate a regular overview of programme implementation but interviewees from DG Empl, Mare and Regio stressed that the quality and content of the reports could improve. DG Agri respondents highlighted the positive experience with a section included in annual reports dedicated to evaluation results. There was mixed satisfaction on strategic reporting among respondents from DG Empl and DG Regio.
2 respondents DG Agri, 6 respondents DG Empl, 6 respondents DG Mare, 3 respondents DG Regio

As a general remark, respondents from all DGs mentioned that given the late start of the programmes, it is now too early to provide an assessment about annual and strategic reporting.

Overall, the respondents agreed that the requirement of annual reporting was positive since they obliged MS to invest in monitoring and control and it was also the only tool in the hands of the Commission to check what was being implemented and delivered with the assistance of EU funds. The content and quality of the annual implementation reports were considered to be insufficient by some respondents from DG Empl, Mare and Regio – this lack of quality hampered their actual use by the Commission. Respondents from DG Mare in particular reported the poor utility of the reports. The main reason identified was that the quality of the reporting depended on the quality of the management and financial system in place and in this respect, countries performed differently. In some countries, it also appears that insufficient resources were invested into monitoring and reporting. Additionally, the lack of a common model for reporting does not allow comparing of OP's

performance. DG Empl respondents mentioned the excessive focus of the reports on expenditure and recommended that specific sections be dedicated to evaluation results.

Another drawback mentioned by respondents from DG Empl, and Regio is the time lag affecting the reporting activity. Data tend to be outdated by the time they are used, because the annual meeting to discuss the annual implementation report is held at the end of year n+1 (usually in November) and relates to data for year n. One respondent from DG Regio suggested that, in this respect, thematic reports would be more useful from the Commission perspective.

Interviewees from DG Agri and Empl saw geographical units as the primary users of these reports, in order to monitor the implementation of the programmes. However, it was mentioned that in DG Agri, an extensive use of the data was also made by the Evaluation Helpdesk to gather information on the progress of the evaluation activities. In the view of one respondent in DG Regio, annual reports are useful especially to MS (in particular for the monitoring committee) – more than to the Commission.

On the face of it, respondents from the different DGs agree that strategic reporting is in principle relevant from the EC perspective since it informs the latter about progress made towards EU objectives. However, some respondents from DG Empl assessed strategic reporting also in sceptical terms highlighting that the process is cumbersome and of limited added value – beside providing some information on the achievement of the Lisbon and European Employment Strategies objectives - little real use was made of it. DG Regio respondents remarked that we are still at the beginning of the implementation process so it is necessary to wait further in order to check and understand the utility of strategic reporting. The quality of strategic reporting is in any case related to progress in the measurement of results and impact.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Annual reports provide feedback on the progress of the programme in relation to the objectives set, on the basis of output and result indicators Reports provide important feedback on progress and potential difficulties with evaluation activities Reports are a good basis for the work of the Evaluation Expert Network, including the Evaluation Helpdesk 	
DG Empl	<ul style="list-style-type: none"> Annual reporting provides useful information on implementation Mandatory reporting on Lisbon and European Employment Strategy is useful 	<ul style="list-style-type: none"> The Commission makes scarce use of the data because they are often of low quality The reporting system is excessively focused on expenditure Timeline of reporting is suboptimal, data is received with significant delays Strategic reporting is of limited use
DG Mare	<ul style="list-style-type: none"> Annual reports are the only source of information to explore how the MS have used EU funds. Requirements oblige MS to set up a reliable monitoring and control system 	<ul style="list-style-type: none"> The quality of information collected and reported by the MS is often of low Some countries do not invest enough in monitoring systems Outdated data are discussed in the meetings on reporting, timeline of the monitoring process is thus suboptimal Lack of a common model for reporting does not allow comparisons across OPs
DG Regio	<ul style="list-style-type: none"> Annual reporting provides useful information on implementation Strategic reports provide information on the achievement of EU objectives 	<ul style="list-style-type: none"> At the current stage of implementation strategic reports are of limited use – but it is early to give a definitive assessment Quality of annual reports could be improved

Indicator system and target setting

DG Agri respondents were generally satisfied with the indicator system; the challenge was to find the right balance between flexibility and standardisation. Respondents from DG Empl, DG Regio and DG Mare considered the indicator systems still insufficient to really grasp the effectiveness of the respective policies.

3 respondents DG Agri, 1 respondent DG Budg, 4 respondents DG Empl, 4 respondents DG Mare, 6 respondents DG Regio

DG Agri interviewees were satisfied overall with their indicator system. The respondents felt that the indicator system (Common Monitoring and Evaluation Framework) was useful for policy implementation and management. In terms of coverage, the respondents stated that they regarded the system as relatively complete and that it encompassed all areas covered by the policy itself. The main challenge was to find the right balance between flexibility and standardisation. The system also provides a good basis for target setting. However, the number of indicators could be too large.

Respondents from the other DG were less satisfied with the current system. The main advantage recognised by interviewees from DG Regio and DG Empl was the introduction of the reference to core indicators. In particular, the majority of respondents from DG Regio would advocate for a broader and more concrete compulsory set of core indicators. In DG Empl, one respondent stressed that the system of having two categories of core indicators distinguishing between a “common minimum” of

output indicators, which can be aggregated, and result indicators, which are programme specific, is good because allows horizontal comparison of the programmes. A shortlist of compulsory core indicators was also called for by the DG Mare respondents.

For the rest, all of the respondents in DG Mare, DG Regio and DG Empl pointed out that the present system is still not sufficiently effective. In particular the overall perception of the respondents was that data collected and reported were still not sufficient to grasp the true effectiveness of the policy. In general terms, the indicator system is not sufficiently robust, it does not deliver the necessary information for programme management evaluation and assessment of performance, and it is still too much focused on expenditure. One reason is perhaps that the MS have often interpreted the exercise as a compulsory activity rather than a strategic one. The result is a lack of quality and reliability in data, especially for result and impact indicators. DG Mare respondents pointed out that the difficulties with these indicators were due to the fact that it is impossible to isolate the effect produced by the EFF from that of other policy measures, in particular conservation measures. Additionally, MS have frequently insufficient capacity for target setting – in this respect, there is a lack of statistical data making difficult to set baseline values.

One respondent from DG Budg considered the set of indicators available for Structural Funds impressive, but difficult to consolidate and compare with that of DG Agri. On the other hand, the approach taken by DG Agri seems to be heavy.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Balance between EU level data requirements and flexibility appears right overall 	<ul style="list-style-type: none"> Indicator system could prove be too heavy for national administrations as there are many indicators
DG Budg	<ul style="list-style-type: none"> There has been development in the completeness of the indicators for SF compared to 2000-2006 	<ul style="list-style-type: none"> It is difficult to compare the indicators of EARDF and SF
DG Empl	<ul style="list-style-type: none"> The introduction of core indicators is an improvement compared to 2000-2006 A “common minimum” of output indicators, which can be aggregated, allows comparison of OPs 	<ul style="list-style-type: none"> Some relevant data are not collected, or if collected, are not reliable, are processed late or not used Lack of consistency among indicators at the EU level
DG Mare	<ul style="list-style-type: none"> Indicator system is an effort to quantify the results of policy implementation It is the key tool for monitoring and evaluation 	<ul style="list-style-type: none"> Difficult to isolate the effect of the EFF from other factors Difficult to find harmonized indicators for results and impact Lack of statistical data makes target setting complicated
DG Regio	<ul style="list-style-type: none"> Introduction of core indicators is an improvement compared to 2000-2006 	<ul style="list-style-type: none"> There is still too much focus on expenditure rather than on output Lack of quality and reliability of data on results and impact persists

Monitoring committee

All respondents agreed that the performance of monitoring committees depends on the administrative capacities of countries / regions with resulting large variation across and within MS. They also agreed that much depends on the composition of monitoring committees. Respondents from DG Agri were

generally positive about the role of monitoring committees in fostering partnership. Respondents from DG Empl and Mare considered that the role of the Commission in monitoring committees is weak and that this can hamper the proper functioning of the latter.

3 respondents DG Agri, 3 respondents DG Empl, 2 respondents DG Mare, 2 respondents DG Regio

The role of the monitoring committee was generally judged to be important for programme implementation; however, assessments of its actual performance were quite mixed.

In general, all respondents agreed that the performance of the Committee depended on the administrative capacity of the MS, which was variable. DG Mare and DG Empl interviewees also expressed concern about the limited involvement of the Commission in the monitoring committee, where the Commission played only an advisory role, with a much lower profile than in the past. However, it was acknowledged that the advisory role of the Commission is useful if the administrations responsible for programme implementation are efficient and well-organised. Otherwise, in the case of less efficient administrations, this role alone is not sufficient to produce results.

Another consensus among the respondents was that the composition of the monitoring committees is a key factor in determining their performance. The choice of which category of stakeholders to include and the rights assigned to the Committee are seen as decisive factors. The respondents from DG Regio highlighted that the composition of monitoring committees in turn depends on the specific institutional set up characterising MS which are notoriously very varied (there are large variations between and within MS).

DG Agri respondents pointed out that the Committee is an instrument for partnership, which can help developing national and European networks. Within the monitoring committee, the MA and the stakeholders involved may be put in contact with national network(s), which can have a more critical approach for detecting relevant practices, weaknesses and bottlenecks.

Respondents from DG Empl reported that in some cases monitoring committee meetings were just a bureaucratic exercise, while in the worst case they may have become a place where vested interests are negotiated.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> MC sometimes acts as a counterweight to the managing authority MC can help link national and European networks 	<ul style="list-style-type: none"> MCs cannot fulfil their envisaged function if the composition is too narrow or too broad (difficult balance)
DG Empl	<ul style="list-style-type: none"> MC facilitates partnership with and among stakeholders 	<ul style="list-style-type: none"> MCs may become a venue for negotiating vested interests MC meetings may become a formalistic bureaucratic exercise
DG Mare	<ul style="list-style-type: none"> If the composition is adequate MCs are an effective forum in which to discuss the progress and challenges of implementation 	<ul style="list-style-type: none"> Limited role of the representative from the Commission hinders the effectiveness of the control function of the MC
DG Regio	<ul style="list-style-type: none"> In some countries and regions, the work of MC is effective in monitoring the implementation of programme from a strategic perspective 	<ul style="list-style-type: none"> There are large variations in the way MS function and perform In many cases, MS limit themselves to monitoring financial advancement

3.5 Financial management

Overall assessment of assurance

Respondents from DG Agri commented on the overall satisfactory error rate. Conversely the error rate for DG Regio was an incentive to improve the system in place in 2000-2006 for the period 2007-2013. Respondents from DG Empl and DG Mare stressed the progress made. 5 respondents DG Agri, 2 respondents DG Budg, 6 respondents DG Empl, 2 respondents DG Mare, 7 respondents DG Regio,

Overall, the assessment of the management and control system in rural development policy by officials from DG Agri was generally very positive. The most crucial elements contributing to the good performance of the system were: the work of paying agencies and the annual certification, as well as the system of accreditation of the paying agencies involving a pre-accreditation audit by an independent body. Also, the programming at the level of individual measures based on a list of standardised rural development measures enabled gathering of financial information at measure level (e.g. the declaration of expenditure received by DG Agri at measure level on yearly basis). There is some room for simplification. For example, despite the alignment between the first and second pillars in terms of financial management and control system, a common set of rules could be worth considering, in particular in relation to payment deadlines. Also, simplification of the current catalogue of possible measures could be contemplated in order to reduce the amount of controls necessary when defining measures. One respondent from DG Budg mentioned that the error rate remained higher for rural development compared to the first pillar, despite efforts to apply the same control system.

In general, respondents from DG Regio found room for improvement in the management and control system of cohesion policy and at times referred to arrangements in place for rural development as a

possible source of inspiration. The added value of compliance assessment introduced in 2007-2013 and the reinforced role of the audit authority were noted by a number of respondents as key improvements with potential to increase assurance, albeit the real impact would only be seen in the coming years. Although progress was seen compared to the period 2000-2006, some respondents believed that the system would benefit from further clarification of tasks and responsibilities between the Commission and the MS, as well as between different authorities within the MS. All the respondents agreed that the main source of error in cohesion policy was linked to public procurement rules.

Interviewees from DG Empl generally emphasised the progress made. Overall the system was assessed as performing better compared to 2000-2006. Data on error rates support the view that the situation is improving (however, views on the extent of the improvement were mixed). One successful achievement of the current programming period is that with the help of new arrangements like the compliance assessment the MA became more aware of the necessity for sound financial management. That said, the complexity and diversity of the operations financed were mentioned by one respondent as possible causes of inevitable errors. Additionally respondents believed the system of compliance assessment to be quite tough, as it can block payments by the Commission for several years. It was also stressed that compliance assessment does not guarantee good management and control systems. Finally, some respondents thought that too much emphasis is placed on compliance of expenditure while more attention should be paid to the results achieved.

Interviewees from DG Mare also tended to place the emphasis on the progress made compared to the past programming period. The features that contributed most to assuring the Commission were the ex post control function carried out by the Commission and the joint audit strategy which sets the principles for internal audit and allows for the creation of specific risk-based plans.

A respondent from DG Budg noted that judging by the error rates, the control system applied by to the rural development policy performed better than that of the cohesion policy. This can be explained in part by the intrinsic characteristics of the policies. In the respondent's personal view, rural development policy would be easier to control in terms of financial flows, due to higher recourse to direct grants to beneficiaries rather than public procurement tendering procedures.⁴

⁴ However, this does not apply uniformly to all axes of rural development. Moreover, in May 2010 the Commission (lead service DG BUDG) issued a Communication (COM(2010)261) that recognised that the tolerable rate of error for rural development measures should be between 2% and 5%, i.e. higher than the Court of Auditor's current 2%, since there were particular difficulties in implementing some types of measure.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Annual cycles of reporting provide direct feedback for ongoing control and improvement Declaration of expenditure at the level of measures on an annual basis makes the process very transparent and relatively easy to handle 	<ul style="list-style-type: none"> The cooperation between the managing authority and the paying agency could be further improved in many cases There is no full alignment between the rural development policy (2nd pillar) and the first pillar of the Common Agricultural Policy
DG Budg	<ul style="list-style-type: none"> Error rate is a good indicator of the quality of the management and control system 	<ul style="list-style-type: none"> It is difficult to generalize and make comparisons between policies since the intrinsic characteristics of the policies themselves make some of them more prone to errors than others
DG Empl	<ul style="list-style-type: none"> Improvements in the managing and control system have been made especially thanks to a higher involvement and awareness of the MA 	<ul style="list-style-type: none"> Compliance assessment is time- and resource-consuming.
DG Mare	<ul style="list-style-type: none"> Progress has been made in comparison to the previous period thanks to the ex post control function carried out by the Commission and the joint audit strategy, which establishes the principles for internal audit 	
DG Regio	<ul style="list-style-type: none"> Systems have been improved in comparison to 2000-2006 	<ul style="list-style-type: none"> Error rates suggest that further improvements are necessary The requirement of attaining compliance with public procurement rules remains a substantial source of error

Verification of the compliance of management and control systems

There is high satisfaction among DG Agri staff concerning the accreditation system of PA. According to respondents from DG Empl, DG Regio and DG Mare, the compliance assessment can be and in many cases (as noted by DG REGIO respondents in particular) has been a worthwhile exercise providing more assurance and greater clarity on requirements from the offset. However responses also indicate that compliance assessment was more time consuming and complex than expected, causing delays in implementation. Positive compliance assessment contributed to the set up of good systems, but did not always ensure this. In the case of DG MARE in particular greater proportionality of the process was deemed to be necessary.

3 respondents DG Agri, 2 respondents DG Budg, 6 respondents DG Empl, 1 respondent DG Mare, 7 respondents DG Regio,

Respondents from DG Agri stressed that there is no ex-ante assessment in the rural development policy framework as the system relies on accredited paying agencies which undergo regular audits by external certification bodies. This accreditation process under the responsibility of the MS without interference by the Commission is deemed to be central to the system and, to a large extent accounts for its effectiveness. An ex-ante system would shift the responsibility from the MS to the Commission and could slow down payments. In general, MS are reported to be quite comfortable with the current system.

Views of DG Empl concerning the compliance assessment exercise at work in the cohesion policy framework were more ambivalent. The idea of an ex-ante compliance assessment gets positive reactions from almost all respondents, but its effects are still to be verified. On the other hand the process turned out to be very work intensive for both for MS and the Commission (especially

internally in the DG) so that it produced delays in programmes implementation. One specific problem encountered was that in some cases expenditure occurred before knowing the outcome of the assessment – this did not correspond to the logic of the exercise itself, which was to have a “green light” before starting with implementation. In contrast, one respondent also commented the positive nature of the preventive and educative role this arrangement played for the Managing Authority.

Respondents from DG REGIO agreed that the introduction of the compliance assessment proved to be a work intensive exercise for both the Commission and the MS. As a consequence, programmes started with delays. Regardless most respondents stated that compliance assessment did provide greater assurance for both the Commission and the MS that systems set up were adequate. Even though the effectiveness of compliance assessment needs to be verified in the coming years, it is mostly perceived to be a worthwhile process. DG BUDG concurred that time delays associated with compliance assessment were an issue, and added that even though the compliance assessment process is considered to be a satisfactory improvement, one would also have to focus more on how to reinforce assurance throughout the implementation phase.

According to some respondents from DG Regio, the compliance assessment could be improved by asking national authorities to take responsibility for providing assurance on compliance of systems without verification of the Commission. Making the MS fully accountable would enable the Commission to audit mainly programmes which appear problematic and would make it easier to stop payments or make financial corrections when needed. Also, in the opinion of another interviewee, the compliance assessment process could be more proportional and better targeted, focusing on the assessment of systems of the most important programmes (in terms of financial volume). Officials from DG Empl agreed that Commission involvement in the arrangement could be reduced and MS responsibility reinforced.

Respondents from DG Mare acknowledged that the main benefit of the ex ante compliance assessment was that it obliged MS to focus on regulatory requirements. While stressing the delay caused by the compliance assessment procedure, respondents from DG Mare underlined a specificity of the fisheries policy. The main reason why many national management and control systems have taken a long time to be audited and reviewed is that the EFF is small and MS have not invested in the set up of an appropriate management and control system (or they have assigned a higher priority to other policies). Respondents still thought that it was necessary to have systems that successfully met the requirements of compliance assessment, but they insisted that simplified procedures should be introduced for small programmes.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · The system of accreditation of PA is central to the functioning of the whole management and control system · Principle of shared management is fully respected · Relatively quick payment is ensured 	
DG Budg	<ul style="list-style-type: none"> · The principles underlying the compliance assessment exercise are justified 	<ul style="list-style-type: none"> · There are problems with the practical implementation of the compliance assessment exercise which lead to delays and · the effectiveness of the exercise is still to be verified
DG Empl	<ul style="list-style-type: none"> · Compliance assessment is a preventive exercise with a pedagogic effect on the MS · The principles underlying the compliance assessment exercise are valid 	<ul style="list-style-type: none"> · Compliance assessment is a heavy and a demanding/time consuming exercise · The establishment of a suitable timeframe for the compliance assessment is difficult
DG Mare	<ul style="list-style-type: none"> · Compliance assessment incites MS to focus on what the regulations require 	<ul style="list-style-type: none"> · The priority given to EFF by MS is low, resulting in delays in preparations. · Administrative burden for small administrations is excessive
DG Regio	<ul style="list-style-type: none"> · Compliance assessment exercise helped to reach a mutual understanding of the requirements to the management and control systems · MS are more confident in claiming expenditure, as the systems have been thoroughly assessed ex-ante 	<ul style="list-style-type: none"> · Compliance assessment is a work intensive exercise for both the Commission and MS · Delays have incurred in the implementation of programmes due to compliance assessment

Different layers of control

Respondents from DG Budg underlined that each layer of control must perform effectively for the whole system to be reliable. There was wide agreement that the system in place for rural development was reliable. Respondents from DG Regio, DG Empl and DG Mare believed that there are some ambiguities in the division of competences. 3 respondents DG Agri, 2 respondents DG Budg, 5 respondents DG Empl, 2 respondents DG Mare, 7 respondents DG Regio

Both respondents from DG Budg stressed that all layers of control have to perform correctly for a control system to be effective. If one layer fails – usually at the lowest level – the Commission cannot compensate for it retrospectively.

In this respect, the DG Agri system based on one layer of management control and one of audit has been assessed to be more reliable than the system at work for cohesion policy relying on three layers of control. Interviewees from DG Agri considered that the clear regulatory distinction between the tasks and responsibilities of MAs, paying agencies and Certifying Bodies is a strength of the system. While MAs are responsible for project selection, the paying agencies are responsible for controlling whether the MAs have properly applied relevant procedures. Certifying Body audits the accounts of the paying agency on a yearly basis and therefore controls the paying agency. This setup is offered as the main explanation accounting for the relatively low error rate recorded. The fact that the paying agency may be the same for the first and second pillars can save resources. As regards possible improvements of the system, it was suggested that the cooperation between managing authority and

paying agency could be strengthened and that the two pillars could be aligned as far as deadlines for payments are concerned.

There was some dissatisfaction among DG Regio respondents concerning the division of responsibilities between the Commission and the MS and in particular, within MS, between the MA and the CA. Merging the control functions of the MA and the CA was contemplated so as to provide a clearer line of accountability (in this respect, explicit reference was made to the division of function at work in the rural development system). At the same time, the current division of control responsibilities was seen to generate added value, especially at the Member State level, because:

- the CA is considered to be important in ensuring control over expenditure; this is the case when the CA is really independent and has adequate technical capacity (e.g. in those MS where it is in the Ministry of Finance);
- one view is that on the spot controls at the level of beneficiaries are best done by the MA because they have data on projects and beneficiaries and can make a better risk assessment.

According to DG Empl respondents, although there is scope for different layers of control, the current system risks causing a duplication of effort. The majority of the respondents were doubtful, and in some cases sceptical, in their assessment of the present certification system, which was believed to replicate existing checks. The system in place for rural development, which does not require certification of intermediate payments, appeared to be more attractive for some respondents. There was agreement among DG Empl respondents that second level controls should be simplified. The first level controls were deemed to be the most crucial ones.

Respondents from DG Mare agreed that the separation of functions was extremely important in order to have a reliable system. In particular, they considered that the role and the independence of the audit function were crucial for the reliability of the management and control system.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> · Clear division of responsibility between MA, PA and certifying bodies reinforces the reliability of systems · Synergies can be achieved through the integrated management of the first and second pillar of the Common Agricultural Policy 	<ul style="list-style-type: none"> · Relations between MA and PA could be improved
DG Budg	<ul style="list-style-type: none"> · DG Agri system based on one layer of control and one of audit is likely to be more robust than the system at work for cohesion policy (in a multiple layer system, if one fails, the whole system does as well) 	
DG Empl		<ul style="list-style-type: none"> · The 2007-2013 systems bring about a risk of duplication of control functions, and ensuing undue administrative costs · Second level controls could be too complex
DG Mare	<ul style="list-style-type: none"> · Role and independence of the audit function contributes to robust systems 	
DG Regio	<ul style="list-style-type: none"> · Control responsibilities of MA clearer than in 2000-2006 · Independence of the audit function contributes to the robustness of systems 	<ul style="list-style-type: none"> · The division of responsibility between the Commission and the MS is not sufficiently clear. · There are some doubts whether the division of competence between MA and CA is optimal

Certification, annual reporting and audit

The practice of annual certification by the PA in rural development was viewed positively by the majority of respondents from the different DG. Annual audit opinions were seen as an improvement by respondents from DG Mare and DG Regio (albeit it was also remarked that it is somewhat early to draw definitive conclusions).

3 respondents DG Agri, 2 respondents DG Budg, 5 respondents DG Empl, 2 respondents DG Mare, 7 respondents DG Regio

The annual certification of paying agencies' accounts and internal control procedures was seen as a strength of the rural development management and control system. The 92 rural development programmes submit quarterly payment claims that can be checked within hours and certified on a yearly basis.

According to DG Regio respondents, reporting activities were generally considered to work well. There is a certification for every payment claim, implying that the Certifying Authority takes a formal position in order to certify that the expenditure is eligible and compliant with requirements. An Audit Authority controls the activities of the CA and the MA and gives its opinion at the end of the year. One interviewee, however, emphasised that reporting activities required demanding paperwork, both for MS to prepare the documents and for the Commission to review them. Furthermore, despite these reporting efforts, it was still difficult to attain a clear overview of what was happening on the field, since the Commission did not perform direct verifications of operations. One respondent from DG Budg followed this logic and agreed that, without field checks by the EC, the reporting produced by Member States risked being reduced to bureaucratic paperwork. Moving from the certification of individual payment claims to an annual certification (similar to the system in place for the rural development policy) could represent an improvement since it would lower the administrative burden.

Some respondents from DG Regio thought that in order to make MAs feel more responsible one possibility would be to have the latter send an annual declaration of assurance (covering the proper functioning of the internal control system, the completeness and accuracy of the accounts, as well as legality and regularity of the underlined transactions; and accompanied by a summary of the results of all audits, and an opinion from an independent audit body on this management declaration). Indeed, last year, it was proposed that such a statement be submitted on a voluntary basis in the annual summary reports. The two respondents from DG Budg insisted that having the head of a MA sign a declaration of assurance was the best way to increase responsibility and ownership.

Annual audit opinions, which express an overall opinion on the functioning of the system, were seen by DG Mare staff as a major and positive innovation (echoed by DG Regio respondents). These increase the responsibility and ownership of MS and, at the same time, they provide the EC with information essential for attaining reasonable assurance. However, one respondent from DG Budg highlighted the large number of disclaimers obtained, which tends to suggest that the arrangement is not always effective.

According to DG Mare respondents, ex post controls carried out by the Commission were the key element contributing to assurance. DG Mare reaches assurance on the basis of its own audit work, as well as by looking at the reports produced by the other DG. The joint audit strategy also played a

significant role: establishing principles for internal audit allows the preparation of specific risk-based plans. At present, the current situation does not allow full reliance on MS audit authorities. However, according to the contract of confidence principle, where the EC considers an audit authority to be reliable, there is no need for a further audit by the EC. Thus, the control system could be simplified. – Commission supervision could be based on a set of missions to check how an audit authority works, rather than on compulsory ex post controls of operations. In the case of the EFF, it would be advisable to have audit authorities that are common with other funds in order to exploit synergies (up to now, for the 26 OPs adopted, 13 audit authorities are common with other policies). The problem is that the EFF programmes often had common audit authorities with EAFRD (rural development policy), which operate in a completely different legal framework thus limiting the potential for synergy.

In the view of interviewees from both DG Empl and DG Budg, a major drawback in the annual control and audit reporting was the time lag between the financial year (from January to December) and the timing for audit report (from July to June). The rural development system that combines the two periods is assessed positively in this respect. However, it was recognised that for cohesion policy it would be more difficult to apply the same principle as a longer period is needed to control all the expenditure (given the highly differentiated nature of the operations). Some respondents from DG Empl also noted that the statistical sample approach for audit checks was not applicable in some cases (small programmes are already allowed to audit a more limited number of operations) and in some other cases it implies a higher number of checks than before, which increases administrative costs and burdens for the beneficiaries.

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Annual certification by PA is a strength of the system 	
DG Budg	<ul style="list-style-type: none"> Annual certification in the rural development system is effective and efficient. 	<ul style="list-style-type: none"> Time lag between the financial year and the audit period in cohesion policy leads to suboptimal arrangements The certification of individual payment claims (cohesion policy) involves excessive paperwork
DG Empl		<ul style="list-style-type: none"> Time lag between the financial year and the audit period leads to suboptimal arrangements Statistical sample approach not appropriate in some cases (e.g. small programmes)
DG Mare	<ul style="list-style-type: none"> Annual audit opinions by audit authorities and ex post controls by the EC, as well as the exploitation of reports produced by other DG are used to attain assurance 	<ul style="list-style-type: none"> There are administrative challenges and insufficient capacity to carry out the work efficiently in the case of some audit authorities dedicated only to EFF It is difficult to achieve synergy with the control structures of the rural development policy, because of the distinct legal framework
DG Regio	<ul style="list-style-type: none"> There is a well-structured reporting system, including an error rate at the programme level Annual declaration of assurance by MS is possible, though voluntary 	<ul style="list-style-type: none"> Significant amount of paperwork is required for financial reporting, checks at national level can overlap It is at times difficult to get a credible overview of the situation on the ground only from the reports sent by the MS

Clearance of accounts and closure

DG Agri respondents were satisfied with the annual clearance of accounts, which considerably reduced the workload at the end of the programming period. Respondents from other DG felt some form of periodical or interim clearance was desirable, as long as it would take into account the multi-annual character of the operations.

3 respondents DG Agri, 2 respondents DG Budg, 5 respondents DG Empl, 1 respondent DG Mare, 5 respondents DG Regio

Respondents from DG Agri highlighted the fact that the practice of year on year financial closure is an important advantage of the system, as no final report is required and the annual reports contain all the necessary information on progress. Programmes are closed on the basis of the clearance of accounts decisions made on annual basis throughout the period, thus reducing the overall administrative effort considerably. This is an important difference from the 2000-2006 period, where a final report and a winding up declaration for the entire period were required under structural funds' rules. One respondent stated that the current closure process of the 2000-2006 period in fact creates more work than the ongoing processes related to the current period. However, a distinction should be made between financial and conformity clearance. The latter is not possible in an annual exercise as it involves a lengthy procedure engaging the Commission and MS.

Respondents from both DG Empl and DG Regio identified the multi-annual nature of the projects as a major factor affecting the system of clearance of account and closure. A long time span for clearance was also deemed to be inconvenient to deal with irregularities and fraud. The majority of respondents would rather opt for a simplified system with an interim closure. The problem is whether this is feasible given the multi-annual dimension of projects. An interim closure might also be perceived by MS as an additional workload; therefore, so whether this option would be endorsed by MS is unsure. Another option would be to have a system of annual clearances, with a closure at the end of the period, an option also favoured by the respondent from DG Mare who underlined the advantages of a periodical clearance of accounts in simplifying the system.

DG Budget respondents explained that in cohesion policy programme closure is not performed regularly as happens in rural development policy. Also, one suggested that it is very useful to have an extra audit performed by the Commission on some specific high risk programmes, after their closure. Currently the final audit of the programmes is still an internal procedure, while it would be both interesting and safe to have an estimation of the "residual error rate".

DG	Advantages	Drawbacks
DG Agri	<ul style="list-style-type: none"> Year on year financial closure reduces administrative effort considerably and allows for a timely reaction if necessary 	
Dg Budg	<ul style="list-style-type: none"> An interim clearance like the system in place for rural development allows to spread the workload over the years and makes it possible to avoid bottlenecks at the end of the programming period 	<ul style="list-style-type: none"> Clearance for cohesion and fisheries policies comes with a very significant time delay, which can increase uncertainty and error
DG Empl	<ul style="list-style-type: none"> Multi-annual framework is adapted to the characteristics of the operations and thus is harmonious with the policy objectives 	<ul style="list-style-type: none"> Final closure and clearance come with a significant time delay
DG Mare		<ul style="list-style-type: none"> Final closure and clearance come with a significant time delay
DG Regio	<ul style="list-style-type: none"> Multi-annual framework is adapted to the characteristics of the operations and thus is harmonious with the policy objectives 	<ul style="list-style-type: none"> Final closure and clearance come with a significant time delay

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Specific references

Integrated Internal Control Framework (Assurance System)

- Roadmap:
http://www.cc.cec/budg/man/icrm/_doc/documents/comm_050615_icframework_en.pdf
- ECA opinion:
http://www.cc.cec/budg/man/icrm/_doc/icframework/ecaopinion_040430_singleaudit_en.pdf
- Gap assessments:
http://www.cc.cec/budg/man/icrm/_doc/documents/doc_050719_icframework_en.pdf

Cohesion Policy

Regulations

- Council Regulation 1083/2006 (General regulation):
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1083:20090409:ET:PDF>
- Council Regulation 284/2009 (amending Regulation (EC) No 1083/2006):
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm
- Council and EP Regulation 1080/2006 (ERDF regulation):
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http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm
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<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1081:20060801:ET:PDF>
- Council Regulation 396/2009 (amending (EC) No 1081/2006):
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm
- Council and EP Regulation 1084/2006 (CF regulation):
[http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/cohesion/ce_1084\(2006\)_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/cohesion/ce_1084(2006)_en.pdf)
- Commission Regulation 1828/2006 (implementing regulation for all funds):
Original text:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:371:0001:0163:EN:PDF>
- Commission Regulation 846/2009 (amending Regulation (EC) No 1828/2006) :
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

Guidance notes⁵

- Technical assistance, 2 notes
- Annual summaries (assurance model, reporting)
- Partial closure of operational programmes (assurance model)
- Reliance on the work of other auditors (assurance model, role of audit)
- Annual control reports and opinions (assurance model, role of audit, reporting)
- Reporting on categorised data (monitoring, reporting)
- Indicative structure for national strategic report 2009 (reporting, monitoring)
- Use of simplified cost options (eligibility)
- Financial management 2007-2013 (reporting, role of the certifying authority)
- Financial engineering, 2 notes
- Treatment of revenue generating projects i.e. article 55 guidance (eligibility)
- Submission of major projects (reporting, eligibility)
- Functions of the certifying authority (role of the certifying authority, reporting)
- Common methodology for the assessment of management and control systems (assurance model)
- Management verifications (controls at the first level)
- Sampling method for the project audits (role of audit, assurance model)
- Audit strategy (role of audit, assurance model)
- Financial corrections related to irregularities in the area of public procurement?
- Earmarking of expenditure for the Lisbon objectives (programming)
- Eligibility of expenditure
- Evaluation methods (indicative guidelines)
- Ex-ante evaluation of programming documents (evaluation, programming)
- Additionality (financial constraints, incentives)
- Monitoring and evaluation indicators (monitoring, evaluation)
- Compliance Assessment exercise (under Article 71 of Regulation (EC) No 1083/2006)

⁵ In bracket the issues and dimensions of shared management system covered.

Internal procedures

- Desk officers' manual ("aide memoire")

Other

- Contribution of DG Regio to the working group on budget delivery (contains an analysis of current delivery systems)
- Information note to the COCOF - State of play and work programme for SFC2007
- DG Regio Annual Activity Report 2004
- DG Regio Annual Activity Report 2008

Policy for the Development of fisheries (European fisheries' Fund)

Regulations

- Council Regulation 1198/2006 (general regulation):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:223:0001:0044:EN:PDF>
- Commission regulation 498/2007 (implementing regulation):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:120:0001:0080:EN:PDF>
- Council Regulation 1995/2006: <http://eur-lex.europa.eu/Result.do?idReq=2&page=5>

Guidance notes

- Partial closure of operational programmes
- Eligibility of VAT for the 2007-2013 programming period
- Eligible expenditure in the 2007-2013 programming period
- Eligible expenditure from Council Regulation 1198/2006 in the 2007-2013 programming period

Internal procedures

- Negotiation of operational programmes, preparation of Commission positions.
- Adoption of EFF operational programmes;
- Compliance assessment of Management and control systems in Member States;
- Participation in monitoring committees and the work of monitoring committees.

Rural Development Policy (European agricultural Funds For Rural Development)

Regulations

- Council regulation 1698/2005 (general regulation):
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2005R1698:20080101:EN:PDF>
- [Council Regulation 1944/2006](http://ec.europa.eu/AGRIculture/rurdev/leg/index_en.htm) (amending Regulation (EC) No 1698/2005):
http://ec.europa.eu/AGRIculture/rurdev/leg/index_en.htm
- Council regulation 1290/2005 (financial regulation):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:209:0001:0025:EN:PDF>

- [Corrigendum to Council Regulation \(EC\) No 1290/2005:](http://ec.europa.eu/AGRIculture/rurdev/leg/index_en.htm)
http://ec.europa.eu/AGRIculture/rurdev/leg/index_en.htm
- Commission Regulation 1975/2006 (control):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:368:0074:0084:EN:PDF>
- Commission Regulation 1974/2006 (eligibility):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:368:0015:01:EN:HTML>
- [Commission Regulation 363/2009](http://ec.europa.eu/AGRIculture/rurdev/leg/index_en.htm) (amending Regulation (EC) No 1974/2006):
http://ec.europa.eu/AGRIculture/rurdev/leg/index_en.htm
- Commission regulation 1320/2006 (transition between programming periods):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:243:0006:0019:EN:PDF>
- Commission regulation 883/2006 (reimbursement of expenditure):
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R0883:20071109:EN:PDF>
- Commission Regulation 885/2006 (accreditation of bodies):
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R0885:20071030:EN:PDF>

Guidance notes⁶

- statement of assurance by the paying authority (assurance)
- annual summaries (assurance, reporting)
- form, scope and contents of the certificate of the Certifying Body
- Calculation of financial consequences when preparing the decision regarding the clearance of the accounts of EAGGF guarantee
- Coherence and complementarity of actions financed by Structural Funds and Rural development policy

Internal procedures

- Financial procedures
- Template for the national strategy plan (programming)
- Treatment of rural development programmes 2007-2013 (programming)
- Annex/check-lists for the rural development programmes (programming)
- Annual meetings and their agenda (monitoring, reporting)

Other

- Annual activity report 2008
- Contribution of DG Agri to the working group on budget delivery
- Note on the complementarity of actions financed from structural funds and the rural development policy
- Letter on the legal framework of shared management
- Communication from the Commission on simplification and better regulation for the common agricultural policy
- Common monitoring and evaluation framework - guidance document

⁶ In bracket the issues and dimensions of shared management system covered.