



EUROPEAN COMMISSION

DIRECTORATE-GENERAL
REGIONAL POLICY

DIRECTORATE-GENERAL
EMPLOYMENT, SOCIAL AFFAIRS and EQUAL OPPORTUNITIES

**Information Note:
Reporting of categorisation data
under Article 11 of Regulation N° 1828/2006**

18 May 2009

INFORMATION NOTE

Subject: Reporting on the cumulative allocation of the Funds by categories and its combination by codes (Article 11 of the Commission implementation Regulation No 1828/2006)

1. INTRODUCTION

Managing authorities are required to collect and report information on the allocation of the EU Funds by categories under Articles 37.1(d) and 67.2(c) of Council "General" Regulation N° 1083/2006¹ as further defined in Article 11 and Annex II of the Commission "Implementing" Regulation N° 1828/2006².

Following discussions in the Commission's *'Task Force on Simplification'* and enquiries by several Member States, this note clarifies the requirements of Article 11 as regards the reporting on the cumulative allocation of the Funds by categories and its combination by codes, in the framework of the Annual and the Final Implementation Reports.

It highlights the purpose of this reporting and explains the expected content as well as the procedures proposed to enable the Member States and their Managing Authorities to comply with the legislation in the most efficient manner.

2. LEGAL FRAMEWORK

Under paragraph 1 of Article 11 the Member States already successfully provided an "*indicative breakdown by category of the programmed use of the Funds at operational programme level*" for three dimensions.

This note refers to the legal provisions of paragraph 2 and 3 in Article 11 "*Indicative breakdown of use of the Funds*" of the Commission Regulation No 1828/2006.

Member States are required to provide in the annual and final implementation reports "*updated information at operational programme level on the cumulative allocation of the Funds by categories, as from the start of the operational programme, to the operations selected under the operational programme, presented for each combination of codes*".

Those codes belong to five reporting dimensions as detailed in Annex II of the implementation Regulation.

3. AIM OF THE REPORTING REQUIREMENT

As highlighted in the legal provisions the data provided by the Member States on the cumulative allocation of the funds by categories is for information purposes only.

¹ OJ L 210/25, 31.7.2006.
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

² OJ L 45, 15.2.2007, p.14 – See link in Footnote 1.

This data is an important source of information on the expected allocation of support by dimension of the policy in the light of the more strategic approach and the increased decentralisation of the OP's. This system will be essential to report in a coherent and consistent way, on a European level, as to **how the EU tax payer's money contributes to cohesion policy objectives**. It is therefore a valuable tool to inform regional, national and EU public representatives, the European budgetary authorities, civil society and citizens.

The data provided through the Annual Implementation Reports (AIR) on the categorisation of the EU finances enables the Commission and the Member States to obtain a level of detail on the use of the Funds which would otherwise not be made available. It is the only opportunity currently defined for making this exchange of information on the use of the Funds. With this data more accurate and up-to-date knowledge on the programme implementation regarding the five dimensions - the priority theme, the form of finance, the territory, the economic activity and the location - can be generated.

The data, when it is presented according to the combinations in which it is allocated, can give insights into how the investments are allocated. Such data allows the possibility to answer questions such as:

- How much investment in research is linked to the environment? Human health?
- How much support in rural areas goes to SMEs?
- Under the economic activity dimension linked to tourism ('Hotels and restaurants') what forms of support are offered under the priority themes (ICT, improving human capital, etc...)
- What type of support is provided directly to a specific Nuts III or NUTS II region?
- Which economic sectors benefit most from the priority themes on 'Improving access to employment and sustainability'?

By offering this opportunity for a more thorough and on-going detailed analysis, it will provide a more robust EU wide overview on the use of the Funds.

It is only by providing the sum allocated by reference to each combination of the codes in the five dimensions that an analysis is later possible to answer questions such those presented above. Reporting the data according to each combination under the programme allows a cross tabulation between any combination of dimensions. Providing the data only in summary form, i.e. according to each dimension individually, would result in a significant loss in the value of the data being collected by the managing authorities.

4. INFORMATION TO BE PROVIDED

The requirement in the regulation is for the data to be provided on the amount of the cumulative allocated funds, to the operations selected under the operational programme, for each combination of codes. In this context several remarks are relevant:

- 1) Member States are encouraged to use a common national definition of the concept “operations selected” to be used consistently under their national and regional management systems from year to year. The Commission understands “operations selected” as operations that have been selected by the Managing authority or its delegated bodies following a selection process. This may typically involve a grant decision (such as a grant offer letter, or other forms of confirmation of inclusion of a project in the OP or

allocation of EU funding from the OPs). The objective in providing information on “operations selected” is to give an insight into the “project pipeline” of the OPs. “Operations selected” should not be restricted to projects completed, or only those projects with expenditure incurred.

- 2) The amount in euro shall only indicate the EU funding for the operations selected. For those Member States not in the euro zone they are invited to gather the information on the allocation to operations selected in national currency and to calculate the euro value of the commitment made by applying an appropriate exchange rate which best approximates the expected euro value of the allocations made (i.e. historical average or other benchmark rate). It is recalled that this data is for information purposes and does not have any accounting purpose.
- 3) When assigning codes to selected operations the managing authorities should indicate a defined code (Annex II Part A of Commission Regulation) under each of the 5 dimensions. That is also the way to ensure that for each dimension the total committed funds are 100% allocated to a code.
- 4) The intention is not to report the allocations and codes at operation level *per se* but by each common combination of codes under the 5 dimensions.

For instance if there are 3 similar waste water projects in an OP, with EU allocations of 5 Mio € each, the combination would be presented as set out below and would represent only one combination, therefore only one cumulative amount.

Waste water	Non repayable aid	Urban	Collection, purification and distribution of water	NUTS 3 level	Amount €
46	01	01	09	PL127 (Miasto Warszawa)	15 000 000

- 5) Nevertheless, if it represents a more efficient solution in their case, Member States can report directly at operation level and give a combination of codes for each individual operation.
- 6) It may be that sometimes two (or more) codes would be appropriate under a dimension since some operations touch upon two or more areas (such as an operation having an urban and rural dimension). There are two options which could be considered.
 - A first option is to select the code representing the bulk of the operation. On an EU aggregated level this may not influence the overall result as approximations may tend to cancel out another.
 - As a second option, Member States could also split an operation *pro rata* between two or more codes under the relevant dimension, if their monitoring system allows for such possibility.

- 7) Managing authorities may also wish to ensure consistency in the collection and timing of the publication of the information on (1) “operations selected” under the categories and (2) the requirements on the publications of the lists of beneficiaries (The regulations do not define any specific link).

5. ENDORSEMENT BY THE MONITORING COMMITTEE

A printed table presenting the range of combinations of the five dimensions is not easily usable or understandable to the reader in paper form. An issue therefore arises as to how the data is presented as part of the AIR to the Monitoring Committee.

When presenting the Annual Implementation Report to the monitoring committee for approval, the Managing Authorities are encouraged to present summary tables on the funding to operations selected by each of the five dimensions separately (i.e. without combination). The format of those tables would be comparable to the table in Annex II – Part B, of the Commission implementation Regulation, but for the five dimensions³. The summary tables presented to the Monitoring Committee should, of course, be coherent with the data on the combinations presented electronically to the Commission.

6. PROCESS OF DATA TRANSFER

The submission of this data is an obligatory part of the submission of the annual implementation report (AIR) needed to comply with the Regulations. The Commission asks Member States to transmit the data on the allocation by combination of dimensions only in electronic form.

A paper version of the table is not useful and should not be presented with the implementation report.

In 2008 an internet-based interface involving manual data input was available. However, as the number of operations and combinations increase such data is not suitable for manual input. In the revised version of the SFC 2007 AIR module (to be introduced in early June 2009) the system of manually encoding the categories data through an internet interface **will not** be available.

For the 2009 and annual reporting exercise two solutions are offered for this data transfer:

1. Ideally, Member States will develop a 'web-services' based data transfer linked with SFC 2007. This option will allow the development of a dedicated interface allowing smooth transfer. Member States are encouraged to make use of their Technical Assistance funds in order to develop an appropriate IT solution in order to report on this combination of codes through a 'web-service' based data transfer.
2. Until Managing Authorities build this 'web-services' link a second solution will be implemented. Managing Authorities can extract from their own data systems the relevant data in an EXCEL datasheet format to be loaded as a data file through SFC 2007 with the Commission uploading the data into the data system. To this end the Commission

³ The possibility of generating the 5 summary tables through SFC 2007 (once the Annex II.C EXCEL file has been uploaded) is being studied by the Commission. It is planned to make such a service available at latest in 2010).

provides a standardised EXCEL format in Annex to this note to be used by the Member States (following Annex II Part C of the Implementing regulation).

In all cases the uploading of this excel sheet as an attachment in SFC 2007 will be mandatory in order to be able to complete the submission of the Annual Implementation Report.

Though the information exchange requirements were defined on the adoption of the Commission Regulation in 2006 some Member States have suggested that they will need to adapt their IT systems and introduce data collection practices. This suggests that they will not be in a position to fully respect the information obligations for the 2008 report.

In such cases:

- **For the 2008 AIRs**, Member States or Managing Authorities in this situation are nonetheless required to estimate as accurately as possible the list of combinations under the 5 dimensions linked to selected operations in the format defined in the Regulation. In view of the link that has been made between this information, the Strategic Reports 2009 and the operations selected by priority themes (including Lisbon earmarking), the emphasis in the 2008 report should be on accurately estimating the allocations to operations selected under the priority theme dimension, while approximating the allocation of the dimension codes in the other four dimensions.
- Member States are strongly advised to make the necessary technical adjustments to their data systems and collect the cumulative data as foreseen in time for the 2009 report.

7. TIMEFRAME

Member States are required each year (in the context of the annual report and the final report) to provide the above mentioned information. Since it has to be made on a cumulative basis the information is not in relation to a specific year and allows completion, correction or refinement to be introduced in reporting on the five dimensions over time.