



EUROPEAN COMMISSION

**10<sup>th</sup> MEETING of the EXPERT GROUP on ESIF (EGESIF)****17 December 2014, 09:30-14:30**

Albert Borschette Conference Centre, room 1A

Rue Froissart n°36, 1040 Brussels

**MINUTES**

Erich Unterwurzacher of DG Regional and Urban Policy opened the meeting and welcomed the delegations and the representative of the European Parliament.

**1. Draft Agenda**

Mr Unterwurzacher presented the agenda of the meeting. The agenda was accepted. Some delegations asked for an update on a number of guidance notes. Mr Unterwurzacher explained that the note on management declarations was scheduled for discussion at the meeting in January 2015 and the note on designation of authorities would be issued before the end of the month.

**2. Guidance on Joint Action Plans**

Manuela Geleng and Plamen Kolev from DG Employment Social Affairs and Inclusion presented the guidance note on joint action plans (JAPs) and invited comments and questions from the group. The main points discussed and clarified were as follows:

- If Member States wanted to make use of unit costs/lump sums approved within a JAP for other operations they would need to take into account that this possibility is not explicitly provided for in the CPR. Such unit costs/lump sums may be used within the framework of Article 67 for a similar type of operation and beneficiary, but the JAP specific exemptions would not apply

- A YEI JAP could be funded by more than one YEI OP and was exempt from the JAP threshold. Given the specificity of YEI actions, the JAP was considered a suitable tool to implement the Initiative
- The Commission confirmed that in the case of amendments of a JAP, a new Commission decision would be required and the new elements would only be eligible from the date of the new decision.
- The Commission explained that JAPs could help to reduce error rates as they used simplified cost options exclusively which had been shown to have a positive impact on error rates.
- It was not possible to adopt a JAP before all the programmes concerned had been adopted and the Commission considered it to be helpful if the JAP was submitted at same time as programmes so they could be discussed in parallel.

Delegations were asked to send any further comments by 9 January 2015.

### **3. Presentation on LIFE Integrated Projects**

Mr Unterwurzacher introduced Hervé Martin and Lazlo Becsy from DG Environment who presented the new LIFE programme for 2014-20 and in particular the new LIFE integrated projects which could be co-ordinated with the ESI Funds. Mr Becsy noted that over 90% of ESIF programmes for 2014-20 included a reference to complementarity with LIFE compared with around 80% without a reference in the last period. The delegations were encouraged to disseminate the information on LIFE to their programme authorities.

### **4. ESI Fund Guidance on Financial Instruments**

Mr Unterwurzacher advised that the first three of the series of guidance notes planned for financial instruments were to be presented by Stefan Appel of DG Regional and Urban Policy: a guidance note on working capital (article 37.4), a short glossary and a guidance note on ex-ante assessment (article 37.2)

In addition to the three guidance notes presented for discussion, Mr Appel also provided information on a technical assistance platform for financial instruments, 'Fi-compass' which would be formally launched in early 2015 at the occasion of the conference on financial instruments from 19-20 January 2015. He continued that the new Commission

had put forward an ambitious agenda to create more investment and financial instruments would be an important part.

The main points discussed and clarified were as follows:

#### *Working Capital*

- Regarding the level of private participation on page 4 and state aid rules, the Commission advised that it wanted to encourage private participation for its economic value whilst acknowledging that there was no legislative requirement in the CPR, they thought it should take place as it was good value. There were no limits except those in the state aid guidelines on risk finance and GBER.
- When asked to elaborate on why a term of at least 2 years was stipulated for support to enterprises, the Commission explained it was to ensure that the loan was used for investment and not just recycled after 6 months to become a liquidity tool. This is in line with the current practice of the EIB and EIF.
- It was not clear if the guidance note covered all 5 funds as there was no mention of EMFF. The Commission confirmed that the text had been consulted with DG Maritime Affairs and Fisheries.
- It was clarified that it was not possible to provide a specific proportion of working capital as it depended on many factors and some justification should be included in the documentation.
- Comments were made on the necessity of equal treatment of FI managed at regional and national level and contributions to EU level instrument.

#### *Ex-ante Assessment*

- Concerns were raised about how the new guidance note should be considered in relation to the series of documents on ex-ante assessment already available, particularly as many Member States had already commenced their assessments. The Commission confirmed that the guidance fiche was fully compliant with the existing ex-ante methodology and should be read in conjunction with it.
- Some Member States were concerned that importance of the ex-ante assessment would be overlooked in the context of the EFSI plan, but the Commission asserted that it would always be necessary to establish the market failure through an ex-ante assessment.

- It was concluded that the ex-ante assessment could be split into sections but this was more in terms of timing of programmes and the CPR was clear it needed to be completed before a contribution could be made to the fund from the programme.
- In answer to the question on whether a top up to an existing instrument e.g. funded by a 2007-2013 programme contribution) still required an ex-ante assessment, the Commission asserted that it was necessary to start with the ex-ante assessment and programming, and what already existed should be considered to gauge whether or not to make a new investment in compliance with applicable law including public procurement..
- The question on how to ensure an independent assessment when the ex-ante assessment could be carried out by a fund manager was covered by point M on page 9 of the guidance note.

### *Glossary*

- In general, the document was considered to be not as developed as the glossary for 2007-13.
- There was a request to include a definition of support of the ESI Funds as used in Articles 43 and 44 CPR, and the Commission confirmed that this meant EU money plus national co-financing.
- There was a request to discuss further the term 'entrust' as some Member States wished to continue the approach of the past period.
- Further guidance was requested on some points such as the leverage effect as some wanted to include the contribution of the final recipient. The Commission clarified that leverage included everything invested in final recipients in addition to ESIF but not the final recipient's own contribution which could be considered to be part of the overall impact rather than leverage.
- It was suggested to include a definition of financial intermediary in the glossary.

Some delegations advised they would send more detailed comments and questions for clarification in writing after the meeting.

Several delegations welcomed the usefulness and appropriateness of the guidance notes. In addition to the comments on the guidance notes presented for discussion, there were requests especially for fiches on payments, combination and management costs and fees.

There were also requests for more information on fields for financial instruments in SFC, and the possibility of bringing forward guidance on reuse of resources and using legacy funding as a package. The Commission advised they were preparing a reporting fiche for SFC but as it was not expected to be needed until 2016 it would only be available in late 2015. Mr Unterwurzacher drew the group's attention to the draft annual work programme for 2015 that had been tabled at the meeting and would be discussed under any other business, explaining that it showed when the remaining guidance notes on financial instruments would be presented to the group.

## **5. Support to development of policy - building a solid evidence base through studies**

Peter Berkowitz presented an update on the studies launched by DG Regional and Urban Policy in 2014. He encouraged the delegations to raise awareness of these studies in their Member States and emphasised the importance of getting good participation from their authorities so that the studies would have honest feedback on what had worked and what had not in the programming in accordance with the new regulatory framework. Member States would be asked for a general contact point to co-ordinate their input as well as specific contacts for each of the studies. Maeva Roulette from DG Employment and Social Affairs followed with a short presentation on the ESF studies in the context of Article 16 CPR.

In response to the presentation, the delegations asked the following:

- Would results and interim results be brought to the group for discussion? The Commission was open to presenting results and even interim results and considered the ESIF expert group to be the most appropriate format.
- What was the scope of the studies in terms of the funds? Were only ERDF and CF concerned? The Commission confirmed that when the partnership agreement was concerned, they would cover all funds, and for programmes, DG Regional and Urban Policy studies would cover all ERDF, CF and multifund programmes. Mono-fund ESF programmes would be covered by DG Employment and Social Affairs.
- How often would the surveys be sent? The Commission advised it would ensure there would be appropriate spaces between the requests. The ESF would be mostly desk studies and when interviews were needed they would try to co-ordinate with DG Regional and Urban Policy studies to avoid duplication.

- Would the integrated territorial approach also be considered? It was clarified that it would be one of the main focuses of the new provisions study.

Mr Unterwurzacher thanked the delegations for their comments and said that the group would be kept informed on the progress of the studies.

## **6. Any Other Business**

### **6.1 Task Force for Member States on implementation**

Mr Unterwurzacher gave a summary of the work planned under the Task Force for Member States on implementation which was a new initiative of Commissioner Crețu. The Commissioner attached the highest priority to accelerating implementation for 2007-13 for a number of countries that had a significant backlog compared to the EU-average. Low financial execution rates represented a risk of de-commitment at closure at the latest. This was of particular concern in the case of Bulgaria, Romania, the Czech Republic, Italy and Slovakia and to a lesser extent for Croatia, Slovenia and Hungary.

Some Member States questioned what could be done practically to help at this stage with only one year left. Mr Unterwurzacher said that each Member State was different and there was no one size fits all solution. The Commission would be realistic and explore all possible means working fully with the Member States concerned. ETC programmes could also be considered if they fell under the list of Member States concerned. Mrs Geleng said that DG Employment, Social Affairs and Inclusion would also join the task force for those countries on the list who also had implementation issues for ESF programmes.

Moray Gilland from DG Regional and Urban Policy added that the task force would seek to maximise all of the flexibilities currently available. For example, they would look at how Member States had planned to use the 10% flexibility between priority axes at closure, as well as considering how phasing of projects from 2007-13 could assist for 2007-13 and prepare for timely implementation for 2014-20. Commissioner Crețu had written to the Member States concerned the previous week to set out what could be done and signal that technical meetings would take place in January 2015.

Mr Unterwurzacher would come back with an update to the experts group once the meetings had taken place.

## **6.2 2015 Work Programme for ESIF Expert Group**

Mr Unterwurzacher recalled that at the last meeting the Secretariat had outlined plans to review the work of the ESIF Expert Group and consider how the meeting could add value in 2015. They had received some valuable feedback from some Member States to the questions asked but were disappointed not to receive more responses. Therefore, he called again for comments and asked said that the questions posed would be sent in the form of a questionnaire to be returned to the EGESIF secretariat by 16 January 2015.

He also drew the experts' attention to the initial work programme for the first quarter of 2015 which had been tabled at the meeting. It provided an indication of the guidance notes expected to come to the group in each quarter of 2015 and provisional dates for the meetings. The first meeting of 2015 would be on a Tuesday (20 January) and would be held in the Schuman Room of the Berlaymont Building. The Commissioner for Regional and Urban Policy would attend the meeting.

Some experts intervened to provide suggestions for the work of the group in 2015. There was support for a more interactive style of meeting where the Member States could share their experiences but with a focus on practical implementation issues. It was suggested that interesting topics for this type of exchange would be how national eligibility rules were prepared, CLLD, simplification measures and preparation of Monitoring Committees.

## **6.3 Simplification**

Mr Unterwurzacher was asked for more detail on the Commissioner's plans to set up a Task Force on Simplification. He explained that the Commissioner was exploring how to promote simplification in the context of beneficiaries and SMEs and it would be the focus of a number of studies.

As there were no further points, the chair closed the meeting.