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signed by Mr Jordi AYET PUIGARNAU, Director

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to: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
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COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

**REPORT FROM THE COMMISSION TO THE EUROPEAN COURT OF
AUDITORS, THE COUNCIL AND THE EUROPEAN PARLIAMENT**

Member States' replies to the Court of Auditors' 2015 Annual Report

{COM(2017) 120 final}

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1. INTRODUCTION

The present Staff Working Document accompanies the Report from the Commission on the Member States' replies to the Court of Auditors' 2015 Annual report¹.

The Treaty of the Functioning of the European Union (TFEU) requires that "the Commission shall implement the budget in cooperation with the Member States, in accordance with the provisions of the regulations made pursuant to Article 322, on its own responsibility and within the limits of the appropriations, having regard to the principles of sound financial management. Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management"².

The TFEU also requires that the Court of Auditors shall carry out the audit of the European Union's finances. The Court of Auditors shall provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, which is a central part of the Court's annual report³. The Court supplements this statement with specific assessments of each major area of EU activity.

In accordance with Article 162(5) of the Financial Regulation⁴, the Commission shall inform the Member States concerned of the details of the Court's annual report, which relate to the management of funds for which they are responsible.

2. KEY FEATURES OF THE EUROPEAN COURT OF AUDITORS' ANNUAL REPORT FOR THE 2015 FINANCIAL YEAR

The Court issued a clean opinion on the reliability of the EU accounts⁵, as it has done since 2007. Revenue was free from material error. For expenditure, the Court found an estimated level of error for 2015 payments of 3,8 %, which is lower than in 2014 (4,4 %), see table 1.

Table 1 – Estimated levels of error in the Court's 2015 Annual report

| MFF heading | Transactions subject to audit (billion EUR) | Estimated level of error 2015 (%) | Estimated level of error 2014 (%) |
|---------------------|---|-----------------------------------|-----------------------------------|
| 1a. Competitiveness | 14,5 | 4,4 | 5,6 |
| 1b. Cohesion | 53,9 | 5,2 | 5,7 |

¹ COM(2017) 120 final of 27.2.2017.

² Article 317 of the TFEU.

³ Articles 285 to 287 of the TFEU.

⁴ Article 162(5) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (*Financial Regulation*): "As soon as the Court of Auditors has transmitted the annual report, the Commission shall immediately inform the Member States concerned of the details of that report which relate to management of the funds for which they are responsible under the applicable rules. Following receipt of such information, the Member States shall reply to the Commission within 60 days. The Commission shall transmit a summary of that information to the Court of Auditors, the European Parliament and the Council by 28 February."

⁵ Paragraph 1.6 of the ECA's annual report for the 2015 financial year.

| | | | |
|----------------------|--------------|------------|------------|
| 2. Natural resources | 58,6 | 2,9 | 3,6 |
| 4. Global Europe | 6,9 | 2,8 | 2,7 |
| 5. Administration | 9,0 | 0,6 | 0,5 |
| Other | 3,0 | - | - |
| Total | 145,9 | 3,8 | 4,4 |
| Revenue | 153,8 | 0 | 0 |

Administrative expenditure had the lowest estimated level of error (0,6 %) while expenditure for almost all remaining headings was affected by material error (above 2 %). For Competitiveness, Cohesion and Natural Resources the estimated levels of error all represented a decrease on equivalent results in 2014⁶ whereas the estimated level of error for Global Europe slightly increased by 0,1 %. Cohesion was the biggest contributor to the overall error rate followed by Natural Resources, Competitiveness and Global Europe. This distribution is in line with the Court's findings for the 2014 financial year⁷.

The Court found that the different risk patterns of reimbursement and entitlement schemes, rather than management modes, influences the level of errors in the different spending areas⁸. It stated that the differences between the two bases for payments – cost reimbursement and entitlement – explain a large part of the variation in the estimated level of error. In particular, the Court continues to find that reimbursement spending is affected by much higher levels of errors than spending on an entitlement basis (the level of error for reimbursement is 5,2 % while 1,9% for entitlement). According to the Court's report, typical errors for reimbursement spending cover ineligible costs included in cost claims, ineligible projects, activities and beneficiaries, as well as serious infringements of public procurement rules. Typical errors for entitlement spending include small over-declarations of areas by farmers⁹.

The Court takes account of corrective measures applied by the Member States and the Commission only where these are made prior to payment or to Court's examination. The "corrective action by authorities in the Member States and by the Commission had a positive impact on the estimated level of error. Otherwise, it would have been above 4 %" ¹⁰.

The Court stressed that "EU citizens need to know that every euro spent on their behalf is being spent well first time around and to best possible effect. That also means ensuring that sufficient funds can be directed to agreed policy priorities, with enough in reserve to cope with a crisis. Under the current arrangements, both have proved difficult". While welcoming again the Commission initiative on "*Budget Focused on Results*", the Court "underlines that the dimension of value for money is still lacking" ¹¹.

⁶ Paragraph 1.19 of the ECA's annual report for the 2015 financial year.

⁷ Paragraphs 1.19 to 1.33 of the ECA's annual report for the 2015 financial year.

⁸ Paragraph 1.25 of the ECA's annual report for the 2015 financial year.

⁹ Paragraphs 1.21 to 1.33 of the ECA's annual report for the 2015 financial year.

¹⁰ Paragraphs 1.42 to 1.43 of the ECA's annual report for the 2015 financial year, and ECA speech by President Lehne to the CONT, Brussels 13/10/2016.

¹¹ ECA speech by President Lehne to the CONT, Brussels 13/10/2016 and Chapter 3 "Getting results from the EU budget", paragraphs 6.77 to 6.89 and 7.68 to 7.76 of the ECA's annual report for the 2015 financial year.

Finally, the Court noted that its recommendations to Member States raise awareness and get through to Member State level, but there is a wide variation in the level of formal follow-up and only moderate evidence of changes in national policy and practice¹².

3. KEY FEATURES OF THE MEMBER STATES' REPLIES

The Commission informed the Member States concerned of the details of the Court's annual report for the financial year of 2015. This information was presented in the form of a letter and three annexes to be completed by each Member State, as well as accompanying guidelines on the preparation and presentation of replies to the questionnaires.

Annex I of the letter to the Member States was a questionnaire on the paragraphs referring to the individual Member State. The information on which paragraph refers to which country was provided by the Court of Auditors. Although the Court highlighted paragraphs related to all policy areas, the Member States' replies focused mostly on the Court's paragraphs concerning the policy areas of Revenues, Common Agricultural Policy, and Economic, social and territorial cohesion. The replies of the Member States were generally extensive and are enclosed in Annex I of the present SWD.

Annex II of the letter to the Member States was a questionnaire on audit findings, which refer to each Member State. These findings were mostly related to the major EU spending areas of agriculture and cohesion policy. They were previously provided by the Court of Auditors to the Member States in the form of Statements of Preliminary Findings (SPFs). Therefore, the Member States' replies can be considered as a follow-up to all actions undertaken while addressing the Court's findings. Member States reported that actions have already been taken and were either completed or on-going. However, for some of the findings Member States replied that actions were not undertaken because they did not receive yet the respective final positions of the Court of Auditors.

Annex III of the letter to Member States was a questionnaire focusing on three main themes:

- (1) regularity of transactions in the major EU spending areas in shared management with a particular focus on root causes of errors;
- (2) performance of the EU budget highlighting on the one hand links between EU priorities in the context of the Europe 2020 strategy for smart, sustainable and inclusive growth and national priorities, and, on the other hand performance at project level in shared management;
- (3) follow-up of the Court's recommendations to Member States.

The template of the questionnaire is provided in Annex II of the present SWD. The Member States' replies to part A of the questionnaire are available in Annex III and those concerning part B of the questionnaire are in Annex IV of the present SWD.

4. CONCLUSION

The Commission is committed to continue closely working with the Member States towards lower levels of error, improved financial management and value added of the EU budget.

¹² Paragraphs 3.78 to 3.85 of the ECA's annual report for the 2015 financial year.

**ANNEX I – MEMBER STATES' REPLIES TO PARAGRAPHS IN THE 2015 ANNUAL REPORT AND FOR EACH OF THE 2015 FINDINGS MADE
BY THE EUROPEAN COURT OF AUDITORS REFERRING TO EACH PARTICULAR COUNTRY**

| CHAPTER 1 – The statement of assurance and supporting information | | |
|--|---|--|
| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
| Figure 1.1 | 2015 EU spending in each Member State as a share of gross national income (GNI) and general government expenditure. | <p>Austria: <i>Action taken: NO; Action completed: ; Completion date: ;</i></p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The information is for information purposes only and no measures are required.</p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comment, no specific finding.</p> <p>Denmark: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>In our view, the figure depicts a factual situation, and any comments on whether action has been taken are therefore irrelevant.</p> <p>Estonia: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2014</i></p> <p>Finland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comments.</p> <p>France: <i>Action taken: OUI; Action completed: OUI; Completion date:N/A</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding that does not require action.</p> <p>Ireland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>No action required.</p> |

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| | | <p>Latvia: <i>Action taken: ; Action completed: ; Completion date:</i> No comment - statistical information provided</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i> n/a</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i> Nothing relevant to report.</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i> In our opinion, the text/graph conveys the state of play.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date: n/a;</i> None.</p> |
| <p>Annex 1.3</p> | <p>Frequency of detected errors in audit sampling for the year 2015.</p> | <p>Austria: <i>Action taken: YES; Action completed: NO; Completion date: 31 March 2017;</i> A financial correction will be made with the final application for payment.</p> <p>Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i> The information is for information purposes only and no measures are required.</p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i> No comment, no specific finding.</p> <p>Denmark: <i>Action taken: YES; Action completed: ; Completion date:</i> The Annex presents an overview of the errors detected in the Member States. No conclusive answer can thus be given on which measures have been taken.</p> |

Finland: *Action taken: YES; Action completed: YES; Completion date:-*

The inspection findings are explained in Annex II.

France: *Action taken: OUI; Action completed: OUI pour FEAGA, NON pour FEADER; Completion date:*

Concernant le FSE, les taux d'erreur constatés (100% ; 11,74% et 18,75%) sont importants. Cela s'explique par le caractère très ancien des dossiers ayant été sélectionnés (par exemple, le dossier pour lequel le taux de 100 % d'irrégularité est constaté a été conventionné en 2002) et par l'absence de pièces justificatives tenant à un défaut d'archivage après un nombre d'années non négligeable et la disparition de certaines structures initialement parties au contrat compte tenu des modifications institutionnelles intervenues.

Dans le cadre du plan d'actions **FEAGA** et de la réforme de 2015, les autorités françaises ont procédé à la refonte complète de leur SIPA. L'exercice a consisté en la photo interprétation de l'ensemble du territoire national afin d'identifier et d'exclure l'ensemble des SNA. En cas de doute, une visite rapide était organisée sur le terrain.

De plus conformément aux nouvelles dispositions réglementaires pour la campagne 2015 la notion de prorata a été introduite pour évaluer le taux d'admissibilité des parcelles peu productives.

Par ailleurs la procédure de contrôle administratif des aides aux ovins a été complétée et intégrée depuis la campagne 2015 le contrôle du ratio de productivité.

Enfin, l'algorithme de calcul des droits à paiement a été mis en conformité.

S'agissant du **FEADER**, un plan d'actions est en cours et a d'ores et déjà donné lieu au cadrage du contrôle du caractère raisonnable des coûts.

En revanche, 6 des erreurs relevées par la Cour sur le développement rural concernent la question de la supervision du contrôle administratif du fait de l'absence de contrôle hiérarchique lors des contrôles administratifs sur le dossier audité.

Effectivement, comme elles l'ont expliqué à la Cour, les autorités françaises, dans un objectif d'efficacité, avaient mis en place un dispositif de supervision des dossiers par sondage.

En l'espèce, les dossiers audités par la Cour n'avaient pas été sélectionnés au titre du plan de supervision.

La cour a considéré que le règlement 886/2006, annexe 1 point 2 A ii exigeait une supervision hiérarchique systématique de chaque dossier et que la pratique française était irrégulière.

Il convient de rappeler que le règlement 885/2006 a été remplacé par le règlement 907/2014.

Les dispositions précitées ont été précisées et dorénavant le travail de supervision hiérarchique peut être « fondé sur un échantillon, un système ou un programme, effectué par un membre de l'encadrement supérieur » (cf annexe 1 point 2 A ii du reg 907/2014).

Les autorités françaises considèrent que l'évolution réglementaire valide la pratique française qui ne nécessite pas

d'évolution.

Germany: *Action taken:* ; *Action completed:* ; *Completion date:*

See the answers in Annex II. It should be noted that any rectifications made by national authorities or any (corrective) measures already taken have not had any (positive) impact on the above figures.

Hungary: *Action taken:* YES; *Action completed:* ; *Completion date:* Continuous

We are monitoring the detected errors.

Ireland: *Action taken:* NO; *Action completed:* NO; *Completion date:*

With regard to heading 1, no errors were found in Ireland's audit sampling. This is mainly due to the fact that Ireland's funding programmes are primarily channelled through government departments and/or State bodies, and as such are subject to full national control and audits. With regard to heading 2, out of the eight transactions examined, zero were found to be affected by error. Therefore, no action required.

Latvia: *Action taken:* YES; *Action completed:* NO; *Completion date:*

The report on Audit No PF-7153 indicated that in one of the four projects checked a number of shortcomings had been ascertained relating to State aid (two of the three parts of the observation have been retained: the maximum aid intensity has been exceeded and there is no incentive effect that would justify increasing support by 10 %). When providing comments on the draft report, the Latvian authorities set out their arguments and provided supporting documentation, but the final audit report still contains the previously drafted findings. Therefore, following consultations with the authorities concerned, the ECA will be sent the managing authority's position on the information contained in the report. Given that the European Commission is responsible for coordinating recommendations made in ECA audits, if necessary the information and views collated at national level will also be sent to the European Commission.

Lithuania: *Action taken:* YES; *Action completed:* ; *Completion date:*

See individual observations for answers.

Netherlands: *Action taken:* ; *Action completed:* ; *Completion date:*

Not applicable.

Poland: *Action taken:* ; *Action completed:* ; *Completion date:*

This observation does not include any specific reservations against Poland.

Portugal: *Action taken:* ; *Action completed:* ; *Completion date:*

Nothing relevant to report.

Romania: *Action taken: YES; Action completed: NO; Completion date:*

MFE (the Ministry of European Funds): For the Sectoral Operational Programme Human Resources Development, further to the audit recommendations, both the Managing and the Certifying and Paying Authorities apply corrections to the Payment Applications sent to COM for this operational programme, pursuant to the financial impact established further to the findings of the auditing entities included in the system and operation audit reports.

For the extrapolated error rates, the Certifying and Paying Authority applies flat-rate corrections for the affected categories within the Payment Applications sent to COM. Flat-rate corrections have been undertaken by the Government of Romania through the Decisions on the application of financial corrections under the Sectoral Operational Programme “Human Resources Development” (SOP HRD) 2007-2013. (e.g.: Government Decision No 652/2015).

Slovakia: *Action taken: YES; Action completed: NO; Completion date:*

Action was taken in response to the type of infringement. The way in which the action was taken is described below (Annex II).

Slovenia: *Action taken: YES; Action completed: YES; Completion date:*

Stated observation, which refers to Slovenia, was delivered and presented by ECA in the context of audit report OP SI-AT (**audit code** PF 7177). Since the national audit authority has already identified the problem before the audit has been carried out by the ECA, the recovery process has already started, and the error hasn't been quantitatively defined. More detailed information, concerning the aforementioned observation is stated in Annex II – Observation 1.

Spain: *Action taken: ; Action completed: ; Completion date:*

ERDF and COHESION

With regard to the Court's observation 1.22 that most of the errors detected in 2015 are eligibility errors relating to reimbursable costs, we consider that the prior verification of expenditure succeeds in screening most of the ineligible expense declared, although audit tasks, which are much more detailed and exhaustive, detect non-eligible expenses that constitute irregularities. If the error rate exceeds 2 % the Programme is interrupted, the payments cease and the Programme does not resume until the necessary measures have been taken and all the irregular expenses have been withdrawn. These irregularities include any error in public procurement rules, not only the most serious. It is not true that ineligible projects, activities and beneficiaries are included, since the criteria for approving the projects are very rigorous and the assessment of the management systems very exhaustive.

As regards the Court's observation No 1.40 that in 2015, €1.2 billion of the corrections and recoveries reported by the Commission were made 'at source' (applied before the expenditure was accepted), we would argue that the deductions of ineligible expenses refused in the administrative checks prior to certification of the eligible expenses are never deemed to be irregularities and are not therefore deemed to be withdrawn as irregular expenses.

Sweden: *Action taken: NO; Action completed: ; Completion date:*

This observation does not require Sweden to take action.

United Kingdom: *Action taken: YES; Action completed: NO; Completion date:*

This table reports the number of errors detected in the audit sampling for 2014. As the ECA states, the examples provided in the annual report are for illustrative purposes and demonstrate the most typical errors found, and do not form a basis for conclusions to be drawn on the Member States, beneficiary states and/or regions concerned.

CHAPTER 2 – Budgetary and financial management

| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
|--|--|---|
| <p>Paragraph 2.17 – footnote 20</p> | <p>The outstanding amount ('stock') of commitments equivalent to nearly two and half times the amount recorded in one year (the 'flow').</p> <p>(20) For cohesion spending on operational programmes adopted under the 2007-2013 MFF automatic decommitment should be made on an N+2 basis for all Member States except Croatia, Romania and Slovakia (where an N+3 rule applies).</p> | <p>Romania: <i>Action taken: YES (MFE+ROP (Regional Operational Programme)); Action completed: NO (MFE); Completion date:</i></p> <p>ROP: For the Regional Operational Programme 2007-2013, by the end of 2014, the implemented amounts were equivalent to or exceeded the cumulative annual allocation, also taking into consideration the top-up transferred by the European Commission.</p> <p>In 2015, under the Regional Operational Programme 2007-2013, there was no risk of decommitment of foreign grants, the pre-financing granted that needed to be justified at the end of the programme implementation being deducted from the total allocated amounts.</p> <p>The pre-financing granted under the Regional Operational Programme 2007-2013 will be partially closed through the final statement of expenditure.</p> <p>MFE: The change in the application of the rule regarding the decommitment of funds for Romania and Slovakia was voted by the European Parliament on 20 November 2013. This change applied to commitments for 2011 and 2012, which means that Romania could spend the European funds allocated for 2011 by 31 December 2014 and those allocated for 2012 by 31 December 2015. The extension of the n+3 rule did not also result in the extension of the final deadline for the spending of the European funds allocated in the programming period 2007 – 2013, which remained unchanged, namely 31 December 2015.</p> <p>As regards the amounts paid by COM as pre-financing, they will be fully cancelled from COM accounts upon closure of the operational programmes, pursuant to the terms of payment of the final balance, as provided by the European regulations applying to this programming period.</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>In our opinion, the text conveys the state of play.</p> |
| <p>COM reply to paragraph 2.18</p> | <p>For cohesion the final date of eligibility is 31 December 2015. Closure documents must be submitted by 31 March 2017. Regulation (EU) No 1083/2006</p> | |

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| | <p>foresees that a share of 5 % of the total EU allocation is retained until closure of the programme.</p> <p>The co-legislators decided to amend the regulation and extend the N+2 automatic de-commitment deadline for two Member States. This has reduced the pressure on these Member States to submit payment claims within a shorter reference period. Additionally, Croatia's accession treaty allows an exception to the automatic de-commitment rule. It also provides for N + 3.</p> <p>Finally, a taskforce for better implementation was set up in 2014 to help Member States optimise the use of the 2007-2013 Cohesion policy envelopes. Progress is being monitored by the Commission.</p> | |
| <p>Paragraph 2.19 – footnote 23</p> | <p>Five Member States account for more than half of the unused commitments of ESI funds that have not led to payment.</p> <p>(23) Czech Republic, Spain, Italy, Poland and Romania account for 27,9 billion euro out of 45,4 billion euro of the unused commitments of the ESI funds.</p> | <p>Czech Republic: <i>Action taken: YES; Action completed: YES; Completion date: 31 December 2015 (implementation of projects yet to be completed)</i></p> <p>The action take includes the use of a 10% flexibility limit in the context of individual priority axes. Another measure was the use of invoices on account, which helped to maximise implementation of the funds by the end of 2015. Based on discussions as part of the activities of the Commission's Task Force on Better Implementation steps were taken to ensure that retrospective and uncompleted projects could be used. In the case of the three programmes, phased projects (large and small scale) were implemented. A further important factor in making the disbursement of EU funds more effective was strengthening communication with the beneficiaries. This, in addition the actual disbursement, has led to improvements in the quality of the projects themselves.</p> |

Poland: *Action taken:* ; *Action completed:* ; *Completion date:*

This observation does not include any specific reservations against Poland.

Romania: *Action taken:* YES- MFE+ROP; *Action completed:* NO- MFE; *Completion date:*

ROP: The projected absorption at ROP level is 93.14% of the amount allocated under the programme.

The estimated absorption, without considering the EC top-up support, is 85.53%.

The Managing Authority for the Regional Operational Programme 2007-2013 took the following measures in order to increase the absorption of foreign grants:

- identifying financial measures in order to ensure the financing of the beneficiaries' own contribution within the project, namely loans taken out by the beneficiaries from the privatisation revenues, for the purpose of the complete fulfilment of the objectives and indicators of the projects and in order to ensure their operation;
- providing the necessary funding for payments through loans from other operational programmes and from the Fund for Temporary Unavailability set up at the Certifying and Paying Authority, which were covered subsequently from the foreign grants reimbursed by the European Commission;
- using the mechanism for the settlement of payment applications;
- covering the financial corrections from the state budget for beneficiaries whose public procurement contracts were endorsed by UCVAP (Public Procurement Verification and Coordination Unit) and ANRMAP (National Authority for Regulating and Monitoring Public Procurement).

MFE: Note: For the Cohesion Policy funds

The statement presented on 31 December 2015 regarding the absorption rate of European funds is not the final statement regarding the absorption rate for the financial period 2007–2013.

Although the eligibility period for expenditure made within operational programmes 2007-2013 ended on 31 December 2015, Romania, as any Member State having received EU grants in the period 2007-2013, may declare to the European Commission, by 31 March 2017, the expenditure made by the beneficiaries within the projects financed under these programmes. Thus, the final absorption rate may be determined only after COM has accepted the final closure package, to be sent by the Member State by the end of March 2017.

Spain: *Action taken:* ; *Action completed:* ; *Completion date:*

ERDF and COHESION

Firstly, the Operational Programmes relating to the 2007-2013 Financial Framework were already being concluded, since the eligibility deadline for expenditure was 31 December 2015. The cost statements were therefore quite a lot lower than the previous year. Many of the expenses implemented in 2015 were reserved for declaration in the 2014-2020 Programmes. However, the delay in approval of the Programmes and of the Management and Control Systems prevented

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| | | <p>expenditure from being certified in the period 2014-2020.</p> <p>Secondly, an error rate of over 2 % in the Annual Audit Report means that payment of this Programme is interrupted and an Action Plan has to be designed to detect, remove and improve the management shortcomings that have led to this error rate. This procedure can take 6-8 months and this is what causes these significant delays in using the Funds. Specifically, in 2015 in the ERDF there were interruptions and suspensions of payments at some intermediate bodies which meant that it was not possible to declare the amounts corresponding to the expenditure implemented by these bodies. However, once the validated action plans had been implemented, the corresponding ERDF payments will be received.</p> <p>ESF</p> <p>With regard to Spain, there are two suspensions of payment of two intermediate bodies for significant amounts. Accordingly, until these suspensions are lifted, the amount of the payments represents a level of implementation much lower than the actual implementation level. In this connection, after the last interim payment application for all the ESF operational programmes under the 2007-2013 MFF, the percentage of expenditure declared for the ESF as of 30 June 2016 with regard to the updated amount of the programmed aid was 99.75 %.</p> <p>EFF</p> <p>The 2007-2013 EFF is currently in the closure process. The unused commitments were due to the economic crisis in Spain.</p> |
| <p>Figure 2.6</p> | <p>Absorption in % and totals of 2007-2013 MFF ESI funds at 31 December 2015.</p> | <p>Austria: With regard to the ESF <i>Action taken: YES; Action completed: NO; Completion date: With regard to the ESF - 31 March 2017</i> With regard to the ESF and the final application for payment. With regard to the ERDF <i>Action taken: NO; Action completed: ; Completion date:</i> In accordance with the relevant provisions, applications for final payment should be submitted to the European Commission by 31 March 2017 at the latest. Until then, the European Commission will only reimburse 95 %. In the case of the ERDF, Austria has essentially reached the 95 % ceiling. With regard to the EAFRD <i>Action taken: NO; Action completed: ; Completion date:</i> The funds for the 2007-2013 EAFRD were fully utilised by Austria (100% absorption). Bulgaria: <i>Action taken: ; Action completed: ; Completion date:</i> The information is for information purposes only and no measures are required. Cyprus: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2015</i></p> |

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| | <p>As a Member State, we have been paid 95 % of the ESIF budget of the 2007-2013 MFF. The remaining 5 % will be paid to us after the closure of the programmes, i.e. after March 2017.</p> <p>Czech Republic: <i>Action taken: YES ; Action completed: YES; Completion date: 31 December 2015</i></p> <p>See Comment 1.</p> <p>Denmark: <i>Action taken: YES; Action completed: NO ; Completion date:</i></p> <p>As regards ERDF and ESF programmes, more than 95 % of commitments were taken up in 2016, while the remaining 5 % can be paid by the Commission only after submission of the final clearing of the programmes in March 2017. The closing date is thus March 2017.</p> <p>Denmark absorbed 99 % of EAFRD funds and 91.5 % of EMFF funds.</p> <p>Estonia: <i>Action taken: YES; Action completed: NO; Completion date: 31/03/2017</i></p> <p>The period is open.</p> <p>Finland: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>The closure documents for the 2007-2013 programming period will be sent to the Commission in the course of March 2017.</p> <p>France: <i>Action taken: OUI; Action completed: NON; Completion date: Clôture des programmes 2007-2013</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding that does not require action.</p> <p>Ireland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>Ireland's absorption rate is currently higher than the EU28 average and is on track to make final drawdown and enter the closure process. With regard to the scatter graph which shows total payments and commitments in billion euro, Ireland has a comparatively small ESIF commitment, so appears low on the graph. Ireland's ESF / ERDF rate has increased 8% this round. No action is required.</p> <p>Latvia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>In terms of achieving its financial objectives, Latvia exceeds the average EU-28 level. In order to eliminate the risks associated with full use of EU fund financing, taking into account the options provided for in the Commission's guidelines on the closure of operational programmes (C(2015)2771 of 30 April 2015), the time frame was extended for a</p> |
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| | | <p>number of activities, including large projects (more projects were extended following a decision at Government level in March 2016). The closure process is taking place during 2016, including the preparation of a final report for submission to the Commission, which is due to contain two non-functional projects and one project which is split into stages; the final declaration of expenditure is also being drawn up, as a result of which it is anticipated that Latvia will be able to receive 100 % EU fund financing. The results of completed measures will be reflected in the final declaration of expenditure, which Latvia will submit in accordance with regulatory provisions by 31 March 2017, at which point they will be deemed complete.</p> <p>Lithuania: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>As regards implementation of the 2007-2013 operational programmes, more than 100 % of planned eligible expenditure in respect of operational programmes under the EU Structural Funds (European Regional Development Fund, Cohesion Fund, European Social Fund) had been declared to the European Commission on the basis of interim payment applications at the time of completion of the questionnaire. The closure documents (final implementation report for the operational programme, application for payment of the final balance and final statement of expenditure, closure declaration and final control report) are now being prepared for the operational programmes and must be submitted to the Commission by 31 March 2017.</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>En ligne avec observation.</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Nothing relevant to report.</p> <p>Romania: <i>Action taken: YES- MFE; Action completed:NO; Completion date:</i></p> <p>Note: For the Cohesion Policy funds</p> <p>The statement presented on 31 December 2015 regarding the absorption rate of European funds is not the final statement regarding the absorption rate for the financial period 2007–2013.</p> <p>Although the eligibility period for expenditure made within operational programmes 2007–2013 ended on 31 December 2015, Romania, as any Member State having received EU grants in the period 2007–2013, may declare to the European Commission, by 31 March 2017, all eligible expenditure made by the beneficiaries within the projects financed under</p> |
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| | | <p>these programmes. Thus, the final absorption rate may be determined only after COM has accepted the final closure package, to be sent by the Member State by the end of March 2017.</p> <p>To increase the absorption rate, the Romanian authorities took measures such as:</p> <ul style="list-style-type: none"> • identifying retrospective projects, concluding related financing agreements and requesting reimbursement of eligible expenditure made under them; • project phasing: a series of major and non-major projects financed under the 2007–2013 financial framework, which were not concluded by the end of the eligibility period, could be staggered so that the expenditure for phase I has been declared, while the remaining works will be financed from the budget of 2014-2020 programmes; <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date:</i> In our opinion, the text/graph conveys the state of play.</p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i> EFF</p> <p>The 2007-2013 EFF is currently in the closure process. The unused commitments were due to the economic crisis in Spain.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date: n/a;</i> None.</p> |
| <p>Figure 2.6 – footnote 1</p> | <p>(1) Croatia acceded to the EU in July 2013. Absorption figures for Croatia are therefore not comparable to those of other Member States.</p> | |
| <p>Figure 2.7</p> | <p>Unused commitments of ESI funds at 31 December 2015 as a percentage of 2015 general government expenditure.</p> | <p>Austria: With regard to the ESF <i>Action taken: YES; Action completed: NO; Completion date: With regard to the ESF - 31 March 2017</i> With regard to the ESF and the final application for payment. With regard to the ERDF</p> |

Action taken: NO; Action completed:; Completion date:

The ERDF programmes for 2014-2020 are at the early stages. The managing authorities have not yet submitted all of the Descriptions of the Management and Control Systems for designation. Designation is a pre-requisite for submitting applications for payment. In general, the detailed requirements of the European Commission (guidelines, etc.) have a major impact on the complexity of the systems.

With regard to the EAFRD

Action taken: NO; Action completed:; Completion date:

The funds for the 2007-2013 EAFRD were fully utilised by Austria (100% absorption).

Bulgaria: *Action taken: ; Action completed: ; Completion date:*

The information is for information purposes only and no measures are required.

Czech Republic: *Action taken: YES; Action completed: YES; Completion date: 31 December 2015*

See Comment 1.

Denmark: *Action taken: YES; Action completed: NO; Completion date:*

Following the designation of the managing and certifying authorities for the 2014-20 ERDF and ESF programmes in December 2015, regular payment claims are now sent with a view to using the commitments, which are made available on an ongoing basis.

As regards the EAFRD, disbursement was somewhat lower in the first 2½ years of the current budget period than in the same period of the previous year. It is now expected that the 2014 tranche will be disbursed in 2016. The EMFF was rather slow off the mark because the legislation was delayed, but participation in the programme's actions is generally high.

Finland: *Action taken: NO; Action completed: NO; Completion date:-*

The closure documents for the 2007-2013 programming period will be sent to the Commission in March 2017.

France: *Action taken: OUI; Action completed: NON; Completion date: Clôture des programmes*

Selon le tableau ci-dessus, la part des engagements FESI inutilisés est minimale, inférieure à 2%. Ceci correspond très probablement aux reliquats d'opérations réalisées à un coût légèrement inférieur au montant prévisionnel.

Germany: *Action taken: ; Action completed: ; Completion date:*

For information purposes only; no answer required.

Hungary: *Action taken: NO; Action completed: ; Completion date:*

Factual finding that does not require action.

Ireland: *Action taken: YES; Action completed: ; Completion date:*

Ireland has a comparatively small ESIF commitment, where ESIF support as a whole makes a small portion of Ireland's government expenditure, so outstanding commitments make up a very small proportion of government expenditure. Ireland has used most of the funds allocated for the 2007-2013 period and is on track to use all funds for the 2014-2020 period.

Latvia: *Action taken: YES; Action completed: NO; Completion date:*

In terms of achieving its financial objectives Latvia exceeds the average EU-28 level. In order to eliminate the risks associated with full use of EU fund financing, taking into account the options provided for in the Commission's guidelines on the closure of operational programmes (C(2015)2771 of 30 April 2015), the time frame was extended for a number of activities, including large projects (more projects were extended following a decision at Government level in March 2016). The closure process is taking place during 2016, including the preparation of a final report for submission to the Commission, which is due to contain two non-functional projects and one project which is split into stages; the final declaration of expenditure is also being drawn up, as a result of which it is anticipated that Latvia will be able to receive 100 % EU fund financing. The results of completed measures will be reflected in the final declaration of expenditure, which Latvia will submit in accordance with regulatory provisions by 31 March 2017, at which point they will be deemed complete.

Lithuania: *Action taken: YES; Action completed: NO; Completion date:*

Undrawn ESI Fund commitments in respect of the 2007-2013 financing period made up a significant portion of general government expenditure at the end of 2015, as the ESI Fund resources allocated to Lithuania make up a relatively large share of total government expenditure in comparison with other EU Member States. However, at the time of completion of this questionnaire, more than 100 % of planned eligible expenditure in respect of operational programmes under the EU Structural Funds (European Regional Development Fund, Cohesion Fund, European Social Fund) had been declared to the European Commission on the basis of interim payment applications.

No Structural Fund commitments for 2014-2020 had been drawn by the end of 2015, as Lithuania had not yet finished auditing the management and control system authorities' compliance with the criteria for their designation. Consequently, no expenditure incurred during project implementation had been declared to the European Commission. The speed of the process of designating management and control system authorities was affected by the rather complex and increasingly burdensome procedures and the ill-timed adoption of EU legislation and/or documents with an impact on the management and control system. Although the audit of the compliance of the management and control system authorities with the criteria for their designation had not yet been completed in 2015, this did not have a negative effect on the implementation of the operational programme, as projects were selected and implemented in accordance with procedures laid down in national legislation, and projects were implemented using advances from the European Commission and funds from the State Treasury. The audit of the compliance of the management and control system authorities with the criteria for their designation has now been completed, and Lithuania has already submitted a payment

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| | | <p>application to the Commission, on the basis of which it has received an interim payment.</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i> En ligne avec observation.</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i> Nothing relevant to report.</p> <p>Slovakia: <i>Action taken: YES; Action completed: YES; Completion date: end of December 2015</i> Action to draw on EU resources under the 2007-2013 programming period was taken in collaboration with the Task Force set up by the Commission in 2014. The results of the action were periodically monitored at joint meetings between Slovakia and the Commission. In 2015, the last meeting was held in late December. At the same time, tasks laid down by Government Resolution 56/2014 required managing authorities exposed to risk to submit action plans in order to speed up the uptake and implementation of operational programmes on a two-monthly basis. When the eligibility of the 2007-2013 period ended, the task force's activities came to a halt and the obligation to submit uptake action plans lapsed.</p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i> EFF</p> <p>The 2007-2013 EFF is currently in the closure process. The unused commitments were due to the economic crisis in Spain.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i> This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date: n/a;</i> None.</p> |
| <p>Figure 2.8</p> | <p>2007-2013 ESI Funds unused commitments and 2014-2020 pre-financing at the end of 2015.</p> | <p>Austria: With regard to the ESF <i>Action taken: YES; Action completed: NO; Completion date: With regard to the ESF - 31 March 2017</i></p> |

With regard to the ESF and the final application for payment.

With regard to the EAFRD

Action taken: NO; Action completed:; Completion date:

The funds for the 2007-2013 EAFRD were fully utilised by Austria (100% absorption).

Bulgaria: *Action taken: ; Action completed: ; Completion date:*

The information is for information purposes only and no measures are required.

Czech Republic: *Action taken: YES; Action completed: YES; Completion date: 31 December 2015*

See Comment 1.

Denmark: *Action taken: YES; Action completed: NO; Completion date:*

As regards ERDF and ESF programmes, more than 95 % of commitments were taken up in 2016, while the remaining 5 % can be paid by the Commission only after submission of the final clearing of the programmes in March 2017.

Following the designation of the managing and certifying authorities for the 2014-20 ERDF and ESF programmes in December 2015, regular payment claims are now sent with a view to using the pre-financing and commitments, which are made available on an ongoing basis.

As regards the EAFRD, disbursement was somewhat lower in the first 2½ years of the current budget period than in the same period of the previous year. It is now expected that the 2014 tranche will be disbursed in 2016. The EMFF was rather slow off the mark because the legislation was delayed, but participation in the programme's actions is generally high.

Finland: *Action taken: NO; Action completed: NO; Completion date:*

The closure documents for the 2007-2013 programming period will be sent to the Commission in March 2017. The request for payment for the 2014-2020 programming period will be sent after the designation.

France: *Action taken: OUI; Action completed: NON; Completion date: Clôture des programmes*
Les préfinancements versés par la Commission européenne, qu'il soit initiaux ou annuels, ont permis d'effectuer les premiers versements aux bénéficiaires de projets européens soutenus. Le versement de ces préfinancements ont été indispensables au lancement de la programmation et de la bonne réalisation des premiers projets dans l'attente des désignations effectives et donc des appels de fonds.

Germany: *Action taken: ; Action completed: ; Completion date:*

For information purposes only; no answer required.

Hungary: *Action taken: NO; Action completed: ; Completion date:*

Factual finding that does not require action.

Ireland: *Action taken: YES; Action completed: NO; Completion date:*

Ireland has a comparatively small ESIF commitment, where ESIF support as a whole makes a small portion of Ireland's government expenditure, so outstanding commitments make up a very small proportion of government expenditure. Ireland has used most of the funds allocated for the 2007-2013 period. In terms of drawing down our outstanding commitments, Ireland does not foresee any issues impacting ESI Fund programmes for the 2014-2020 period.

Latvia: *Action taken: YES; Action completed: NO; Completion date:*

In terms of achieving its financial objectives Latvia exceeds the average EU-28 level. In order to eliminate the risks associated with full use of EU fund financing, taking into account the options provided for in the Commission's guidelines on the closure of operational programmes (C(2015)2771 of 30 April 2015), the time frame was extended for a number of activities, including large projects (more projects were extended following a decision at Government level in March 2016). The closure process is taking place during 2016, including the preparation of a final report for submission to the Commission, which is due to contain two non-functional projects and one project which is split into stages; the final declaration of expenditure is also being drawn up, as a result of which it is anticipated that Latvia will be able to receive 100 % EU fund financing. The results of completed measures will be reflected in the final declaration of expenditure, which Latvia will submit in accordance with regulatory provisions by 31 March 2017, at which point they will be deemed complete.

2) With regard to the 2014–2020 planning period, the slower rate of progress is linked to delays in complying with a number of preconditions for launching specific aid objectives (SAOs), and also in drawing up implementation conditions for SAOs under certain competent authorities for the purpose of starting the selection of project applications. The delays in drawing up implementation conditions relate to the lengthy coordination procedure for these conditions among the stakeholders, in particular social partners, and in some cases in connection with the need to coordinate specific issues with the European Commission (e.g. State aid conditions).

To speed up the flow of investments into the economy during the 2014-2020 programming period for EU funds, the decision-making process, and the coordination of documentation necessary for the introduction of specific aid objectives (SAOs), during the reference period the managing authority undertook a series of measures, including extensive use of EU fund Monitoring Committee and sub-Committee forums. In the next reference period the managing authority will carefully monitor any further deviations from the SAO schedule and will do everything it can both on a strategic level and in terms of implementation to speed up the progress of investments with regard to the aforementioned priority axes.

Lithuania: *Action taken: ; Action completed: ; Completion date:*

Lithuania's outstanding commitments in respect of 2007-2013 are among the lowest of the EU Member States, because, at the time of completion of this questionnaire, more than 100 % of planned eligible expenditure in respect of operational programmes under the EU Structural Funds (European Regional Development Fund, Cohesion Fund, European Social

Fund) had been declared to the European Commission on the basis of interim payment applications.

No Structural Fund commitments for 2014-2020 had been drawn by the end of 2015, as Lithuania had not yet finished auditing the management and control system authorities' compliance with the criteria for their designation. Consequently, no expenditure incurred during project implementation had been declared to the European Commission. The speed of the process of designating management and control system authorities was affected by the rather complex and increasingly burdensome procedures and the ill-timed adoption of EU legislation and/or documents with an impact on the management and control system. Although the audit of the compliance of the management and control system authorities with the criteria for their designation had not yet been completed in 2015, this did not have a negative effect on the implementation of the operational programme, as projects were selected and implemented in accordance with procedures laid down in national legislation, and projects were implemented using advances from the European Commission and funds from the State Treasury. The audit of the compliance of the management and control system authorities with the criteria for their designation has now been completed, and Lithuania has already submitted payment applications to the Commission, on the basis of which it has received interim payments.

Luxembourg: *Action taken: ; Action completed: ; Completion date:*

En ligne avec observation.

Netherlands: *Action taken: ; Action completed: ; Completion date:*

Not applicable.

Poland: *Action taken: ; Action completed: ; Completion date:*

This observation does not include any specific reservations against Poland.

Portugal: *Action taken: ; Action completed: ; Completion date:*

Nothing relevant to report.

Romania: *Action taken: YES- MFE; Action completed: NO; Completion date:*

MFE Note: For the Cohesion Policy funds

The statement presented on 31 December 2015 regarding the unused commitments of European funds is an interim statement for the financial period 2007–2013, given that, in 2016, COM made payments of over EUR 3.5 billion (under Sectoral Operational Programme Increase of Economic Competitiveness, Operational Programme on Technical Assistance, Sectoral Operational Programme Environment, Regional Operational Programme, Sectoral Operational Programme Human Resources Development, Sectoral Operational Programme Transport, Sectoral Operational Programme for Administrative Capacity Development).

Moreover, Romania, as any Member State having received EU grants in the period 2007-2013, may declare to the

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| | | <p>European Commission, by 31 March 2017, expenditure made by beneficiaries within the projects financed under these programmes, while COM may reimburse amounts after the final balance has been established.</p> <p>Slovakia: <i>Action taken: YES; Action completed: YES; Completion date: end of December 2015</i></p> <p>Action to draw on EU resources under the 2007-2013 programming period was taken in collaboration with the Task Force set up by the Commission in 2014. The results of the action were periodically monitored at joint meetings between Slovakia and the Commission. In 2015, the last meeting was held in late December. At the same time, tasks laid down by Government Resolution 56/2014 required managing authorities exposed to risk to submit action plans in order to speed up the uptake and implementation of operational programmes on a two-monthly basis. When the eligibility of the 2007-2013 period ended, the task force's activities came to a halt and the obligation to submit uptake action plans lapsed.</p> <p>Spain: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>ESF</p> <p>With regard to the ESF, there were no payment claims in the period 2014-2020 due to the long process of designating the managing and certifying authorities and intermediate bodies, as was the case in most Member States. For this reason there was no consumption through payment claims for 2014-2020 pre-financing received from the European Commission. However, the pre-financing received served to make progress with the actions on the ground in all the operational programmes, although it has not yet been possible to include them in payment claims.</p> <p>EFF</p> <p>The 2007-2013 EFF is currently in the closure process. The unused commitments were due to the economic crisis in Spain. With regard to the initial 2014-2015 pre-financing for the EMFF, it was transferred to the Commission on 25 November 2015, once the Operational Programme had been approved by Commission Decision of 13 November 2015.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date: n/a;</i></p> <p>None.</p> |
| <p>Paragraph 2.31</p> | <p>According to the latest available report on financial instruments under shared management, describing the situation as at the end of 2014 (36), 6,8 billion euro of unutilised amounts remained in these instruments.</p> | |

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| | <p>Of this 80 % was concentrated in five Member States (37). Italy (3 billion euro) constituted 45 % of the total (38). During our examination of the balance sheet we asked the Commission to provide additional analysis on the use of these instruments in Italy up to 31 December 2015. This shows that 1,7 billion euro remained unutilised at 31 December 2015 for Italy.</p> | |
| <p>Paragraph 2.31 – footnote 38</p> | <p>(38) Spain 0,9 billion euro (13 %), Greece 0,9 billion euro (13 %), United Kingdom 0,5 billion euro (7 %), Germany 0,3 billion euro (4 %) and other Member States 1,2 billion euro (18 %) made up the remainder.</p> | <p>Germany: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> 31/12/2016</p> <p>Ministry of the Economy and Development: In addition to the fact that a Commission decision granted an extension until 31 December 2016 for completion, specifically for the 2007-2013 period financial instruments, and that this was for all EU Member States, not just Greece, in order to prevent the loss of resources which had been made available in financial engineering measures and programmes, and taking into account their stage of completion, as well as the forecast for the resources which they will ultimately absorb within the framework of the 2007-2013 NSRF, all administrative procedures were activated which were designed to achieve the timely release of resources which had not been expected to be absorbed. The departments continue to monitor the progress of the financial instruments on a monthly basis, until their completion, and they are collaborating closely and constantly with the managers of the funds, so that there is a possibility of immediate corrective intervention in the event that there is a possibility of deviation from the objectives. Following the release of these resources the completion percentage rose to approximately 84 %, at the end of August 2016.</p> <p>Spain: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> ERDF</p> <p>In the case of Spain, the ICO (Instituto de Crédito Oficial) manages a Financial Instrument called ICO Innovación-Fondo Tecnológico, with a total of €314 million and an amount of €1.4 million granted to final beneficiaries at 31 December 2015, i.e. 0.45 %. This low implementation in this Instrument weighed down the overall implementation of all the Financial Instruments in all the Operational Programmes, giving rise to a low percentage (37 %).</p> <p>It must be borne in mind that if this Instrument is left out of consideration, the average implementation of the recent</p> |

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| | | <p>Financial Instruments improves significantly (47.93 % compared with an average of 75 % in the EU as a whole).</p> <p>ESF</p> <p>As regards the ESF, Spain plans to use financial instruments in two operational programmes in the 2014-2020 MFF. In 2015 and 2016 managers and technical staff from the managing and certifying authorities participated in various events organised by the European Commission to improve their training in these instruments.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date:; Any other comment: None</i></p> |
| <p>COM reply to paragraph 2.31</p> | <p>The Commission requested additional information from Italy by 31 December 2015. This information shows that 45 % for Italy remained unutilised as at 31 December 2015. The data obtained, checked against the bookings made in the 2015 Commission accounts, have been transmitted to the Court. Following the analysis, it appeared that there is no need to change the current methodology. However, implementation will be reassessed for the 2016 exercise.</p> | |

CHAPTER 3 – Getting results from the EU budget

| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
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| <p>Paragraph 3.23</p> | <p>The Horizon 2020 legislation recognises the importance of building 'synergies and complementarities between national and European research and innovation programmes' (20). Figure 3.3 below includes key messages from our cooperation (21) with the Supreme Audit Institutions (SAIs) of Bulgaria and Portugal: while there are some areas in which national and EU research programmes are complementary, our partners also found some problems at the national level.</p> | <p>Bulgaria: <i>Action taken: YES; Action completed: NO</i> MESS; <i>Completion date:</i></p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Nothing relevant to report.</p> |
| <p>Figure 3.3</p> | <p>Examples of complementarities with national programmes including some identified weaknesses at national level.</p> | <p>Bulgaria: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>MESc: In order to increase the level and market orientation of research activities carried out by leading scientific organisations in Bulgaria and to overcome the deficiency of competitive and internationally recognised research complexes qualifying for modern infrastructure and high level of scientific studies in areas of interest to the Bulgarian economy, Operational Programme 'Science and Education for Smart Growth' 2014-2020 (SESG) launched two operations for construction and/or modernisation and development of Centres of Excellence (CoE) and Centres of Competence (CoC). These centres will create the best possible conditions for attracting highly qualified researchers to conduct top level research at European scale in the priority areas of the Innovation Strategy for Smart Specialisation (ISIS) and will significantly improve the potential for applied research, experimental development and innovations.</p> <p>Proposed interventions will support construction, upgrading and operation of research centres at the highest level, where research, technological development and innovation are fully integrated in accordance with the best international standards and practices. The centres respond to the need to develop modern research facilities, which are orientated at</p> |

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| | | <p>areas with the greatest potential to increase the competitiveness of the Bulgarian economy. The development of the research and innovation capacity will create opportunities for new partnerships with the business and for developing new enterprises. Programmes for the development of Centres will be evaluated with a special focus on the proposed plans for original research at high level in the priority areas of ISIS.</p> <p>Complementarity with Operational Programme ‘Innovation and Entrepreneurship’ (OP IE):</p> <p>Support under OP SESG is aimed at the development of the infrastructure and human resources required to conduct applied research in the thematic areas of the Innovation Strategy for Smart Specialisation (ISIS). Research leading to the creation and dissemination of publicly available knowledge in the areas of ISIS will be carried out in the newly developed and modernised research infrastructure. This in turn will serve as an incentive and scientific basis for innovation activities of businesses. OP IE in turn will intervene to support the conducting of applied research and innovation aimed at developing or improvement of specific products and services in enterprises and their commercialisation using the developed capacity and research results.</p> <p>Complementarity with Horizon 2020</p> <p>OP SESG will provide support for building the research capacity of research organisations and higher education institutions through modernisation of their equipment and creating attractive conditions for researchers. A wider participation in Horizon 2020 can be expected as a result. Modernising the research environment will result in attracting world-class scientists who can attract additional grants from Horizon 2020.</p> <p>The measures under OP SESG will support the participation of Bulgarian researchers in Horizon 2020, including in JPIs, ERA-NETs, the activities under the Widening Programme.</p> <p>At the level of programming for OP SESG, demarcation should be done in terms of the development of partner facilities and research centres, etc., as such facilities will be financed under the Operational Programme only at national level.</p> <p>Another opportunity for promoting complementarity between funds is the use of complementary or upgrading funding for projects that have already received funding under Horizon 2020.</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Nothing relevant to report.</p> |
| <p>COM reply to figure 3.3</p> | <p>The Commission supports Bulgaria actively both via the ‘Stairway to Excellence’ pilot (see above) and the new ‘lagging</p> | <p>Bulgaria: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> MESc: In order to increase the level and market orientation of research activities carried out by leading scientific organisations in Bulgaria and to overcome the deficiency of competitive and internationally recognised research</p> |

regions' initiative (1) in order to improve its innovation eco-system and participation in Horizon 2020 via the implementation and evolution of the Bulgarian smart specialisation strategy. The European Commission presented in October 2015 key policy recommendations to help modernise the research and innovation sectors in Bulgaria. This was the first time that an EU Member State made voluntary use of the Horizon 2020 Policy Support Facility (PSF), a new instrument that gives governments practical support to identify, implement and evaluate those reforms needed to enhance the quality of their public research and innovation structures.

complexes qualifying for modern infrastructure and high level of interest to the Bulgarian economy, Operational Programme 'Science and Education for Smart Growth' 2014—2020 (SESG) launched two operations for construction and/or modernisation and development of Centres of Excellence (CoE) and Centres of Competence (CoC). These centres will create the best possible conditions for attracting highly qualified researchers to conduct top level research at European scale in the priority areas of the Innovation Strategy for Smart Specialisation (ISIS) and will significantly improve the potential for applied research, experimental development and innovations.

Proposed interventions will support construction, upgrading and operation of research centres at the highest level, where research, technological development and innovation are fully integrated in accordance with the best international standards and practices. The centres respond to the need to develop modern research facilities, which are orientated at areas with the greatest potential to increase the competitiveness of the Bulgarian economy. The development of the research and innovation capacity will create opportunities for new partnerships with the business and for developing new enterprises. Programmes for the development of Centres will be evaluated with a special focus on the proposed plans for original research at high level in the priority areas of ISIS.

Complementarity with Operational Programme 'Innovation and Entrepreneurship' (OP IE):

Support under OP SESG is aimed at the development of the infrastructure and human resources required to conduct applied research in the thematic areas of the Innovation Strategy for Smart Specialisation (ISIS). Research leading to the creation and dissemination of publicly available knowledge in the areas of ISIS will be carried out in the newly developed and modernised research infrastructure. This in turn will serve as an incentive and scientific basis for innovation activities of businesses. OP IE in turn will intervene to support the conducting of applied research and innovation aimed at developing or improvement of specific products and services in enterprises and their commercialisation using the developed capacity and research results.

Complementarity with Horizon 2020

OP SESG will provide support for building the research capacity of research organisations and higher education institutions through modernisation of their equipment and creating attractive conditions for researchers. A wider participation in Horizon 2020 can be expected as a result. Modernising the research environment will result in attracting world-class scientists who can attract additional grants from Horizon 2020.

The measures under OP SESG will support the participation of Bulgarian researchers in Horizon 2020, including in JPIs, ERA-NETs, the activities under the Widening Programme.

At the level of programming for OP SESG, demarcation should be done in terms of the development of partner facilities and research centres, etc., as such facilities will be financed under the Operational Programme only at national level.

Another opportunity for promoting complementarity between funds is the use of complementary or upgrading funding for projects that have already received funding under Horizon 2020.

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| <p>Paragraph 3.69</p> | <p>In 2015, we published three special reports in this area. Our report on financial assistance to countries in difficulties was a comprehensive analysis of the Commission's management of the financial assistance provided to five Member States: Hungary, Latvia, Romania, Ireland and Portugal (56). Our conclusions were wide-ranging, drawing attention to the fact that, before the crisis, some warning signs went unnoticed by the Commission, with the result that it found itself unprepared when requests for financial assistance started to arrive. The Commission's performance in then mobilising resources to deal with the crisis was mixed, although the Commission was generally successful in issuing debt on behalf of the EU to meet financing needs. The impact of the Commission's action was that the Member States mostly met their deficit targets and generally continued with the reforms that had been sparked by the programme conditions. We made nine recommendations, covering all aspects of this issue.</p> | <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>In the document referred to (special report No 18/2015: "Financial assistance provided to countries in difficulties" (http://eca.europa.eu)) the European Court of Auditors examined the success and soundness of the assistance provided by the European Commission for crisis management and drew up recommendations for the Commission. The actions regarding the measures thus had to be implemented not by the five Member States involved, but by the Commission. Hungary did not draw down the entire BoP (Balance of Payments assistance) amount since market financing could be provided before the end of the programming period. In several areas, the Government formed in 2010 did away with the economic policy programme behind the BoP. However, within the framework of the changed economic policy target system and its instruments, the new Government built upon its structural reforms (Széll Kálmán Plan) to successfully decrease the external vulnerability of Hungary's economy, reversed the trend of increasing debt, and from 2012 achieved a permanent deficit rate of less than 3 % of GDP.</p> <p>Ireland: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>An additional €3.6 million was received for structural funds for Ireland for the 2017-2020 period. Ireland will continue to work with the Commission in order to improve communications.</p> <p>Latvia: <i>Action taken: YES; Action completed: YES; Completion date: End of 2012</i></p> <p>The global financial and economic crisis also had a negative impact on the economic and budgetary situation in Latvia, resulting in a significant decrease in budgetary revenue, and reserves accumulated over previous years were not sufficient to cover expenditure. The financial and economic crisis proved that Latvia's pre-crisis budgetary policy – living beyond one's means – was not sustainable. During the period of rapid economic growth, there was a significant increase in tax revenue in the state budget, but this growth was closely linked to the growth in economic activity, and tax revenue was growing beyond the normal tax elasticities. The responsible course of action therefore would have been to keep this surplus revenue as a reserve for harder times, rather than spend it on the budget. However, this was not done.</p> <p>As a result, Latvia had to ask for assistance from international bodies and substantially reform the budgetary policy employed hitherto. Given the European Commission's limited experience in resolving these kinds of crises, certain methods and measures were perhaps not always best suited to Latvia's specific situation. However, it is important to note that, although the impact of the financial crisis affected the economies of the European Union's Member States in different ways, depending on the economic imbalances that existed in the pre-crisis period, a certain set of fiscal policy corrective measures and structural reforms could be applied horizontally to Member States affected by the crisis. The financial and economic crisis had a profound impact on the Latvian economy, so effective action had to be taken, which wasn't perhaps very popular, but which was absolutely essential for overcoming the crisis and its effects. The extent of structural reforms applied during the period of the assistance programme was necessary for the future growth of the economy and for ensuring sustainable public finances. Therefore, in conclusion, despite the possible shortcomings of the</p> |
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| | | <p>assistance programme, its objective was achieved – economic growth was renewed and the budgetary policy model became more responsible and sustainable.</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Nothing relevant to report.</p> |
| <p>Paragraph 3.70</p> | <p>Greece was one of the Member States most associated with the financial crisis. We therefore published a report focusing specifically on the support provided by the Commission to help Greece implement financial reform (57). We concluded that the body set up by the Commission to deliver its support, the ‘Task Force for Greece’, had achieved its mandate overall in delivering assistance in line with the requirements of the Greek economic adjustment programmes. However, there were shortcomings and mixed results in terms of its influence on the progress of reforms.</p> | <p>Greece: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> 31/12/2016</p> <p>Ministry of the Economy and Development: There was a proposal from the TFGR for a guarantees scheme for shared risk loans, there were consultations with the relevant sections of the Commission and the department, the scheme was discussed within the technical working group but was not put into practice, and it is therefore not possible to evaluate its usefulness when implemented.</p> <p>Combination programmes were drafted but there were difficulties in putting them into practice, due, among other things, to:</p> <ul style="list-style-type: none"> • delay in the issue of clear instructions by DG REGIO • difficulty in implementing the rules of DG COMP in the real economy and on the real market (e.g. directives for addressing the pre-condition of at least 25 % private participation in the implementation of the regional support rules) • In order to improve procedures, a joint information platform was created for XE users and the use of the State aid information system was made compulsory for the 2014-2020 X.E. too. • restrictions by the ERDF in relation to, for example: <ul style="list-style-type: none"> ▪ the prohibition on the geographical redeployment of resources, ▪ refinancing of existing loans – Documentation which was made public |
| <p>Paragraph 3.70 – footnote 57</p> | <p>(57) Special report No 19/2015, ‘More attention to results needed to improve the delivery of technical assistance to Greece’ (http://eca.europa.eu).</p> | <p>Greece: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> 31/12/2016</p> <p>Ministry of the Economy and Development: There was a proposal from the TFGR for a guarantees scheme for shared risk loans, there were consultations with the relevant sections of the Commission and the department, the scheme was discussed within the technical working group but was not put into practice, and it is therefore not possible to evaluate its usefulness when implemented.</p> <p>Combination programmes were drafted but there were difficulties in putting them into practice, due, among other things, to:</p> <ul style="list-style-type: none"> • delay in the issue of clear instructions by DG REGIO |

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| | | <ul style="list-style-type: none"> • difficulty in implementing the rules of DG COMP in the real economy and on the real market (e.g. directives for addressing the pre-condition of at least 25 % private participation in the implementation of the regional support rules) • In order to improve procedures, a joint information platform was created for XE users and the use of the State aid information system was made compulsory for the 2014-2020 X.E. too. • restrictions by the ERDF in relation to, for example: <ul style="list-style-type: none"> ▪ the prohibition on the geographical redeployment of resources, refinancing of existing loans – Documentation which was made public |
| <p>COM reply to paragraph 3.70</p> | <p>The Commission acknowledges that the impact of technical assistance on the overall progress of reforms was mixed. This needs to be seen in the broader political context and taking into account the division of competences between Member States and the European Union Institutions. The implementation of the (structural) reforms was and remains the responsibility of the Greek authorities, whereas the ‘Task Force for Greece’ was available to advise/assist the Greek authorities where requested.</p> | <p>Greece: <i>Action taken: YES; Action completed: NO; Completion date: 31/12/2016</i></p> <p>Ministry of the Economy and Development: There was a proposal from the TFGR for a guarantees scheme for shared risk loans, there were consultations with the relevant sections of the Commission and the department, the scheme was discussed within the technical working group but was not put into practice, and it is therefore not possible to evaluate its usefulness when implemented.</p> <p>Combination programmes were drafted but there were difficulties in putting them into practice, due, among other things, to:</p> <ul style="list-style-type: none"> • delay in the issue of clear instructions by DG REGIO • difficulty in implementing the rules of DG COMP in the real economy and on the real market (e.g. directives for addressing the pre-condition of at least 25 % private participation in the implementation of the regional support rules) • In order to improve procedures, a joint information platform was created for XE users and the use of the State aid information system was made compulsory for the 2014-2020 X.E. too. • restrictions by the ERDF in relation to, for example: <ul style="list-style-type: none"> ▪ the prohibition on the geographical redeployment of resources, refinancing of existing loans – Documentation which was made public |
| <p>Paragraph 3.73 – footnote 61</p> | <p>We returned to this issue in our report later in 2015 on the Commission’s support for youth action teams (60), an initiative which brought national and</p> | <p>Ireland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>In relation to youth unemployment, allocations have been provided by the Commission, however, drawdown is yet to take place.</p> |

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| <p>Commission experts together in the eight Member States with the highest levels of youth unemployment (61). (61) Ireland, Greece, Spain, Italy, Latvia, Lithuania, Portugal and Slovakia.</p> | <p>Latvia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date</i> 31 December 2018: 2013 saw the drafting of documents necessary for implementing the Youth Employment Initiative, the granting of EU funds, meetings with social partners and other activities. An action group was set up with the objective of pushing the problem of youth unemployment to a higher political level, and channelling additional national and EU funding towards resolving this problem. This objective was met and Latvia began implementing the Youth Guarantee in early 2014. The was followed by the approval of the 2014–2020 Operational Programme ‘Growth and Employment’.</p> <p>Lithuania: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> With a view to giving more aid to young people living in regions in which youth unemployment was higher than 25 % in 2012, a European Union financial measure, the ‘Youth Employment Initiative’, was approved and allocated a budget of EUR 6.4 billion for 2014-2020 (for all eligible Member States). In the 2014-2020 financing period, projects also started to be implemented in Lithuania under the Youth Employment Initiative. The projects have not yet been completed.</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Nothing relevant to report.</p> <p>Slovakia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> Ministry of Labour, Social Affairs and Family: Action is taken on an ongoing basis. Slovakia periodically provided the Commission, as required, with sufficient qualitative and quantitative information on how existing ESF and national measures for unemployed young people work in practice, with subsequent positive implications for their employability and their improved status on the labour market. Statistical Office figures for 2015 show that the youth unemployment rate declined much more than the reduction in the overall unemployment rate (3.3 percentage points versus 1.7 percentage points). Youth unemployment was 11.8 % lower in 2015 than in 2014. The unemployment rate in the 15-24 age group in 2015 (26.4 %) was 7.0 percentage points lower than in 2011 (33.4 %).</p> <p>The assessment of operational programme changes proposed by Slovakia focused, besides budgetary aspects, on the ways in which the best use could be made of the resources. These suggestions of material aspects to boost employment were included in the proposals submitted for operational programme changes in Slovakia (specifically, the project solutions proposed under the Operational Programme Employment and Social Inclusion).</p> <p>Spain: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> ESF</p> <p>The recommendations in the Court of Auditors’ special report No 17/2015 on Youth Action Teams are already being addressed in the new 2014-2020 regulatory framework: Under Article 30 of Regulation (EU) No 1303/2013, amendments of operational programmes must be duly justified and must in particular set out the impact of the changes on achieving the objectives of Europe 2020; also, under Article 50 of the same Regulation, the annual reports must set out key information on implementation of the operational programmes and their priorities by reference to the financial data</p> |
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| <p>Paragraph 3.74 – footnote 62</p> | <p>The environment and climate change, together with its implications for EU policies in a number of other areas, such as agriculture and energy, is one of the global challenges we are targeting in our 2013-2017 strategy. So our report on EU-funded waste water treatment plants in the Danube river basin examined whether EU support was helping Member States achieve its waste water policy objectives (62) — a key element of a successful environmental policy. We concluded that while EU financial support had played an important role in bringing forward water collection and treatment, this had not been sufficient to meet the relevant deadlines.</p> <p>(62) Special report No 2/2015, 'EU-funding of urban waste water treatment plants in the Danube river basin: further efforts needed in helping Member States to achieve EU waste water policy objectives' (http://eca.europa.eu). The Member States covered by this audit were the Czech Republic, Hungary, Romania and</p> | <p>and common and specific indicators. Under Article 125, this information must also be provided to the monitoring committees.</p> |
| <p>Czech Republic: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>The main measure taken in the field of waste water and the cleaning thereof is the implementation and subsequent operation of projects supported by the Operational Programme Environment 2007-2013 programming period in Aid Areas 1.1 and 1.2 and the implementation and subsequent operation of projects supported by the Operational Programme Environment 2014-2020 programming period (specific target 1.1). Waste water collection and treatment have been prioritised under the two operational programmes, resulting in higher financial allocation.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding that does not require action.</p> <p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>MM (Ministry of Environment): We agree with the conclusion of this observation. Romania has intensified its efforts for the development and implementation of projects concerning the urban waste water collection and treatment so that it may comply with the terms undertaken within the European integration process.</p> <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Ministry of the Environment: The process of implementing Council Directive 91/271/EEC is still under way in Slovakia. Slovakia has concentrated maximum attention and financial resources into the building of public sewers and enhancing the efficiency of wastewater treatment plants in accordance with commitments enshrined in the Treaty of Accession of the Slovak Republic to the EU. Slovakia creates conditions for the building of the structures necessary for urban wastewater collection and treatment in accordance with the requirements of Council Directive 91/271/EEC. The Operational Programme Environmental Quality 2014-2020, too, includes continuing support for those agglomerations with a population equivalent of more than 2 000 under the National Programme of the Slovak Republic for the Implementation of Council Directive 91/271/EEC concerning urban waste water treatment that have yet to comply with that Directive's requirements – EUR 400 million has been allocated from the EU and the central government budget (public resources). Other agglomerations with a population equivalent of below 2 000 will be covered by 2014-2020 operational programmes – the Integrated Regional Operational Programme and the Rural Development Programme (EU funds + the central government budget + the own resources of the applicant, i.e. the municipality or water company) – in order to improve the water quality in the Danube river basin.</p> | | |

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| | Slovakia. | |
| <p>Paragraph 3.75</p> | <p>A later report in 2015 then examined a different aspect of water quality in the Danube basin: progress by the same four Member States in meeting the requirements of the water framework directive (63), whose main objective from 2000 was to achieve good water quality by 2015 (with some exceptions possible). We concluded that the implementation of measures co-funded by the EU had led to little improvement in water quality. Indeed, while the introduction of river basin management plans as a tool for integrated water management had been a strength of the directive, in practice the Member States' plans suffered from shortcomings in the identification of pollution pressures and in the definition of remedial measures.</p> | <p>Czech Republic: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>The main measure taken with a view to achieving good quality of water was the implementation and subsequent operation of projects supported by the Operational Programme Environment 2007-2013 programming period in Aid Areas 1.1 and 1.2 and the implementation and subsequent operation of projects supported by the Operational Programme Environment 2014-2020 programming period (specific target 1.1). Projects completed so far as part of the Operational Programme Environment 2007 - 2013 in Aid Areas 1.1 and 1.2 led to an improvement in the status of surface water and groundwater. This has been achieved by reducing the use of general and specific sources of pollution and eutrophication of surface water. This also led to ensuring problem-free supply of high-quality drinking water to the public.</p> <p>The measures taken to improve the state of surface water and groundwater (improvement of the sewage system and wastewater treatment) are also presented in the approved river basin management plans for the period 2016 to 2021. These measures directly linked to improving water will be promoted as a matter of priority at the approval stage.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The ECA did not define any specific measures for the Member State. Accordingly, no actions were taken in response to the report.</p> <p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>We do not agree with the conclusion of this observation. The Management Plan identifies all pollution pressures and defines remedial measures. We are experiencing difficulties with the implementation of these measures.</p> <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Ministry of the Environment: Slovakia is currently implementing Council Directive 91/271/EEC. Slovakia has concentrated maximum attention and financial resources into the building of public sewers and enhancing the efficiency of wastewater treatment plants in accordance with commitments enshrined in the Treaty of Accession of the Slovak Republic to the EU. While Slovakia creates conditions for the building of the necessary structures, progress in the implementation of the Directive is mainly in the hands of infrastructure owners.</p> <p>As at 15 September 2015 (in the period leading up to the approval of the Danube and Vistula river basin management plans), projects financed by the Operational Programme Environment and concerning 164 agglomerations with a population equivalent of more than 2 000 had been completed or were in progress. There is a realistic prospect that, upon completion, they will make a major contribution to environmental protection and compliance with Slovakia's commitments. The effects of this process are already being felt in the gradual rise in the numbers of inhabitants living in housing connected to public sewers and, in particular, in improvements in the parameters of the treated wastewater that is discharged and in reductions in the amount of pollution discharged into the aquatic environment.</p> |

In 2014, improvements were observed in the collection of wastewater via the sewage system in accordance with Article 3 of the Directive, all of the pollution generated in five agglomerations was collected by the sewage system. Compared to 2012, there was an increase both in the number of inhabitants connected to the sewage system and in the length (km) of the sewage system built. There were 63 agglomerations where pollution was not collected via the sewage system in 2012, a figure that had been reduced by seven in 2014. The quantity of pollution collected by individual appropriate systems and pollution that is neither collected nor treated is waning.

There have also been improvements in urban wastewater treatment. There were 13 more urban wastewater treatment plants in 2014 than in 2012. A rise (by 15) was also reported in the number of wastewater treatment plants where the quality of the urban wastewater that had been treated satisfied the Directive's requirements for secondary treatment. In keeping with Article 4 of the Directive, 253 wastewater treatment plants satisfied technological and monitoring requirements. This was 10 more than in 2012. In 2014, evaluations were run on 83 plants treating wastewater from agglomerations with a population equivalent of more than 10 000. Of these, 53 satisfied technological and monitoring requirements. Compared to 2012, there were improvements at 10 wastewater treatment plants.

Wastewater collection and treatment activities are also priorities under the Danube and Vistula River Basin Management Plans (the 2016-2021 Slovak Water Plan). Measures under action plans to eliminate pollution caused by polluted or inadequately treated wastewater were proposed on the strength of an analysis of compliance with the requirements of Council Directive 91/271/EEC concerning urban waste water treatment (an assessment of compliance with the requirements of Articles 3, 4 and 5 of the Directive).

The Danube River Basin Management Plan requires measures for collecting systems and individual appropriate systems (to bring the collection of urban wastewater into conformity with Article 3 of Council Directive 91/271/EEC) in 123 agglomerations. Measures related to urban wastewater treatment (to achieve compliance with Articles 4 and 5 of the Directive) are required in 63 agglomerations (according to the figures for 2012).

The Vistula River Basin Management Plan requires measures in two agglomerations (to bring the collection of urban water into conformity with Article 3 of Council Directive 91/271/EEC). Measures related to urban wastewater treatment (to achieve compliance with Articles 4 and 5 of the Directive) are required in three agglomerations (according to the figures for 2012).

The implementation of measures under the Public Sewer Development Plan 2016-2021 (no specific measures have been stipulated) was proposed in the form of supplementary measures in the Danube and Vistula River Basin Management Plans.

There are agglomerations with a population equivalent of below 2 000 in Slovak protected areas and zones. If groundwater and surface water is to be protected from polluted or inadequately treated wastewater, measures also need to be taken to remove or eliminate pollution from point sources in those agglomerations where a body of water is in poor condition or where a body of water remains in good condition but a persistent upward trend in pollution has been detected. Other activities in agglomerations with a population equivalent of below 2 000 will be geared towards

supporting the construction of wastewater treatment plants in those cases where a sewage system is already up and running (and covers at least 80 % of the entire agglomeration).

The Danube and Vistula River Basin Management Plans (the 2016-2021 Slovak Water Plan) include an outlook for the quantity of pollution discharged by agglomerations, using 2021 as a baseline.

Outlook as at 2021

The outlook as at 2021 has been drawn up with the assumption of compliance with the conditions laid down by the Treaty of Accession of the Slovak Republic to the EU regarding the implementation of Council Directive 91/271/EEC concerning urban waste water treatment. According to the Treaty, the requirements of Council Directive 91/271/EEC should be fulfilled by 31 December 2015, which is the (initial) deadline for the attainment of objectives under the Water Framework Directive, by 2021, and at the latest by 2027.

The following approach was taken to estimate the impacts of compliance with the requirements of Council Directive 91/271/EEC on the quantity of pollution discharged, measured by the BOD₅ and COD_{Cr} indicators:

- the quantity of pollution that is to be collected and subsequently eliminated at a wastewater treatment plant depends on the size of the agglomeration – the baseline was taken to be the sizes of agglomerations (expressed as the population equivalent) for 2010, as indicated in the National Programme for the Implementation of Council Directive 91/271/EEC, as amended by Commission Directive 98/15/EC and Regulation 1882/2003/EC of the European Parliament and of the Council – Update as at 31 December 2010;
- The pollution generated, expressed as follows: BOD₅ = 60 g/PE/day, COD_{Cr} = 120 g/PE/day, N_{total} = 11 g/PE/day, P_{total} = 1.5 g/PE/day. The specific generation as regards P_{total} takes account of the Regulation of the European Parliament and of the Council Amending Regulation (EC) No 648/2004 in relation to use of phosphates and other phosphorus compounds in household detergents; restrictions on the content of phosphates and other phosphorus compounds in consumer detergents will take effect on 30 June 2013.
- Sewage disposal rate – 100 % of the agglomeration;
- The efficiency of pollution elimination at urban wastewater treatment plants for the individual quality indicators, as set out in the following table

Table: Efficiency of the elimination of pollution from the wastewater treatment plants of agglomerations with a population equivalent of more than 2 000

| Size class (by PE) | Efficiency of elimination (%) | | |
|--------------------|-------------------------------|-------------------|--------------------|
| | BOD ₅ | COD _{Cr} | P _{total} |
| | | | |

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|------------------|----|----|----|----|
| 2 000-10 000 | 70 | 75 | 35 | 20 |
| more than 10 000 | 90 | 85 | 70 | 80 |

The results of the calculation of the outlook as at 2021, covering the projected scenario for the individual sub-basins, are presented in the table below, which contains a comparison of the outlook as at 2021 versus 2011, as well as the baseline situation from 2005.

Table: Comparison of the outlook for the quantity of pollution discharged by agglomerations with the baseline situation

| Sub-basin | BOD ₅ (t/year) | | | | COD _{Cr} (t/year) | | | |
|--|---------------------------|------|-------|--------|----------------------------|-------|-------|--------|
| | 2005 | 2011 | 2021 | change | 2005 | 2011 | 2021 | change |
| Morava | 78 | 56 | 575 | 519 | 395 | 355 | 1325 | 970 |
| Danube | 543 | 311 | 458 | 147 | 1476 | 696 | 1253 | 557 |
| Váh | 3651 | 1965 | 7050 | 5085 | 12845 | 9889 | 19615 | 9726 |
| Hron | 685 | 262 | 1008 | 746 | 2327 | 919 | 2479 | 1560 |
| Ipel' | 160 | 126 | 300 | 174 | 542 | 319 | 705 | 386 |
| Slaná | 154 | 60 | 400 | 340 | 513 | 215 | 926 | 711 |
| Bodva | 17 | 10 | 212 | 202 | 51 | 41 | 354 | 313 |
| Hornád | 418 | 251 | 1251 | 1 000 | 1537 | 840 | 3344 | 2504 |
| Bodrog | 624 | 150 | 1017 | 867 | 1434 | 631 | 2463 | 1832 |
| Danube river basin administrative area | 6330 | 3191 | 12271 | 9080 | 21120 | 13905 | 32464 | 18559 |

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|---|------|------|-------|------|-------|-----------|-------|-------|
| Vistula river basin administrative area | 245 | 262 | 466 | 204 | 1581 | 606 | 1323 | 717 |
| Slovakia – total | 6575 | 3454 | 12737 | 9284 | 22701 | 145 11 | 33787 | 19276 |

Source of data for 2005, 2011: Summary water records

Note: pollution discharged in 2005 and 2011 includes pollution from industrial undertakings, if connected to public sewers.

A comparison of the outlook as at 2021 with the previous period indicates that, on average for Slovakia as a whole, there has been an increase in the pollution entering surface water expressed by the pollution indicators examined.

The outlook figures should be viewed as the maximum permissible or the maximum possible pollution discharged upon compliance with the conditions laid down in the Treaty of Accession of the Slovak Republic to the EU, which incorporates steps to expand wastewater collection and treatment, including the introduction of technology to magnify reductions in nitrogen and phosphorus. However, the actual levels of pollution discharged, broken down by the various parameters and river basins, will always be below these indicative values because minimum limit requirements for reductions in the individual pollution components are applied in the calculations.

Estimate of costs

The costs of sewage systems and wastewater treatment plants in agglomerations with a population equivalent of more than 2000 up to 2021, taken for Slovakia as a whole, are estimated at EUR 748 million, of which EUR 635 million will be channelled into collecting systems and EUR 113 million into wastewater treatment plants.

Projected sources of financing: EU funds (Operational Programme Environmental Quality, Integrated Regional Operational Programme and the Rural Development Programme for 2014-2020) + the central government budget + own resources (applicant – the municipality or water company).

Measures to eliminate pollution from agriculture

Other measures to achieve good water conditions, as proposed in the Danube and Vistula River Basin Management Plans, are aimed at agriculture.

From 1 January 2016, an amendment to the Fertilisers Act took effect. This amendment includes selected farming principles currently applicable to vulnerable areas and requirements for the storage and application of liquid farm fertilisers outside of vulnerable areas (as pursued by the Commission in the field of water protection). Likewise, farming conditions in defined vulnerable areas are incorporated into the above amendment to the Fertilisers Act.

Cross-compliance rules will also contribute to the attainment of good water conditions. They will be applied in relation to direct payments and to payments for the Rural Development Programme 2014-2020. Cross-compliance rules are set

out in Annex 2 to Government Regulation No 342/2014.

The new common agricultural policy 2014-2021 proposes, in its first pillar, further greening accounting for 30 % of the national envelope of direct payments. Greening is an environmental payment to promote sustainable production, where 30 % of the budgetary envelope is earmarked for binding measures that will help to address climate and environmental issues. Greening does not extend much beyond the framework of the current structure in place for agricultural production in Slovakia.

Most agricultural entities in Slovakia already meet conditions to ensure the green cover of the soil. In this respect, Greening is viewed in Slovakia as a legitimate public requirement in the performance of agriculture's role in the handling of environmental issues:

- crop diversification – intended to eliminate the cultivation of monocultures and the degradation of the soil and biodiversity;
- permanent grassland – intended to protect and maintain permanent grassland, to increase the effectiveness of erosion control, to retain water in the countryside and the cycle thereof, etc.;
- voluntary fallowing covering 7 % of arable land – intended to eliminate erosion and to retain water (grassy protective strips, terraces), etc.

These measures must be applied to all of the land (not only in organic farming systems), without exception; land used in this way is also widespread in the Slovak agriculture. The scope of the measures needs to be identified, declared and cultivated.

Measures to reduce the pollution of groundwater with pesticides are derived from national legislation (Act No 405/2011 on phytosanitary care and amending Act of the National Council of the Slovak Republic No 145/1995 on administration fees, as amended, and the related implementing regulations). The use of plant protection products is also enshrined in cross-compliance (Government Regulation No 342/2014 laying down rules for the granting of aid in agriculture in connection with schemes of decoupled direct payments).

The implementation of measures under the Rural Development Programme 2014–2020, on a voluntary basis, is proposed in the form of supplementary measures to eliminate pollution from agriculture.

Measures to eliminate pollution by priority and relevant substances

As at 2011, 37 establishments had been identified in Slovakia with the discharge of wastewater containing priority substances and substances relevant to Slovakia, and indirect discharge, i.e. via the wastewater treatment plants of other operators.

In total, 21 priority substances for which environmental quality standards (EQS) are defined at EU level (Directive 2008/105/EC) are permitted in the discharge of wastewater in Slovakia. That number includes seven priority dangerous substances for which measures need to be taken to stop or phase out discharge, emissions and leaks in a timetable of not

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| | | <p>more than 20 years.</p> <p>To eliminate pollution with priority and relevant substances, measures have been proposed that stem from the pursuit of requirements under Council Directive 91/271/EEC concerning urban waste water treatment and Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions (integrated pollution prevention and control).</p> <p><u>Outlook as at 2021</u></p> <p>The development of industry and economic activity is envisaged in all sub-basins. Despite this, the increased discharge of pollution from industrial undertakings is not anticipated. On the contrary, there is expected to be a fall in pollution characterised by the indicators of priority substances and substances relevant to Slovakia, provided that wastewater is discharged in accordance with the requirements of Act No 39/2013 on integrated pollution prevention and control and amending certain laws, and Implementing Decree of the Ministry of the Environment No 183/2013, which implements that Act.</p> <p>More detailed information can be found in the Danube and Vistula River Basin Management Plans (2016–2021).</p> |
| <p>COM reply to paragraph 3.77</p> | <p>The Commission is taking concrete steps to remove the remaining market barriers to the internal energy market, in particular through regional cooperation frameworks involving different Member States and in the context of preparation of its market design initiative. With regard to infrastructure, it is important to note that:</p> <p>(a) energy infrastructure is expected to be financed by the market, i.e. user tariffs approved by independent regulators; financial support from EU budget therefore should be the exception rather than the rule;</p> <p>(b) where financial support has been allocated, security of</p> | <p>Estonia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Some of the projects are being implemented.</p> <p>Latvia: <i>Action taken:</i> YES; <i>Action completed:</i> ; <i>Completion date:</i> 1) Measures are ongoing 2) 11 August 2011</p> <p>The report published by the Court of Auditors on security of energy supply and the creation of the EU's internal energy market states that: 1) the development of cross-border infrastructure requires cooperation amongst Member States; 2) Member States must ensure that their National Regulatory Authorities (NRAs) are independent and do not face restrictions on the scope of their role. The NRAs should have sufficient resources available for their activities, including allowing them to participate fully in EU-level cooperation activities.</p> <p>1) During the Latvian Presidency of the Baltic Council of Ministers in 2016, several meetings of the Baltic Council of Ministers Energy committee were organised (29 January, 15 April, 3 June, 15 September, next meeting scheduled for 10 November) to address current issues in the field of energy, including cross-border electricity and gas infrastructure; work was also undertaken on the establishment of the regional gas market at meetings of regional gas groups (28 January, 29 March, 14–16 September, next meeting scheduled for 7 November). As Nordic Cooperation NB8 format coordinator Latvia also organised a meeting of NB8 ministers in cooperation with the Czech Republic, during its presidency of the Visegrad Group. At the meeting discussions were held about priority measures, inter alia with regard to energy.</p> <p>2) On 11 August 2011 amendments to the <u>Law on public service regulators</u> entered into force, laying down that a regulator is an institutionally and functionally self-sufficient, autonomous body with full rights, is governed by public</p> |

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| <p>supply has often been significantly improved. A good example are the Baltic States where support from both EEPR and CEF to key projects has not only increased security of supply in electricity but also helped wholesale prices to converge.</p> | <p>law and acts independently in implementing its legislatively approved budget. Until the entry into force of these amendments, the regulator as a body was under the supervision of the Ministry of the Economy.</p> <p>The regulator's decision-making entity is its board, whose members are appointed by the Saeima. The regulator's decisions can be ruled unlawful and revoked only by a court. The regulator's work is financed by state duties payable by registered traders for the regulation of public services, and this is calculated on the basis of the turnover from services subject to regulation.</p> <p>Lithuania: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>With a view to removing obstacles to the creation of an internal energy market and thus increasing energy security for Lithuania (and for the EU as a whole), Lithuania took the following specific action:</p> <ol style="list-style-type: none"> 1. Through infrastructure development. Lithuania has strengthened its security of energy supply by implementing major energy infrastructure projects: <ol style="list-style-type: none"> (a) Following the entry into commercial service of the liquefied natural gas terminal in Klaipėda in January 2015, Lithuania diversified its gas imports. (b) In December 2015, two interconnectors – with Sweden (NordBalt) and Poland (LitPol Link) – started operating. These projects had a positive effect on reducing energy prices (natural gas (for household heating) was 43 % cheaper than in 2012, while electricity was 17 % cheaper than in 2013, at a level comparable with 2009 prices). (c) Lithuania's physical isolation from the European gas network could come to an end in 2021, when the new bi-directional gas interconnector with Poland (GIPL) will be fully implemented. It will be the first gas interconnector between the eastern Baltic region and the continental European gas network. Once GIPL starts operating, security of energy supply will increase still further. (d) The Baltic states have also agreed a common strategic goal, namely de-synchronisation from the Russian/Belarusian (i.e. IPS/UPS) electricity grid and synchronisation of their power systems with the European networks. <p>It should be stressed that the EU financial support granted (from the CEF (Connecting Europe Facility), the European Energy Programme for Recovery and EU structural aid resources) made a significant contribution towards the successful implementation of energy infrastructure projects. Consequently, there will continue to be a need for such support in future in order to implement important energy infrastructure projects that may not be commercially attractive and may not get market funding.</p> <ol style="list-style-type: none"> 2. Through regional cooperation. The Baltic Energy Market Interconnection Plan (BEMIP) is a European Commission initiative to integrate the energy markets of the Baltic States – Lithuania, Latvia and Estonia – into the EU, thus completing the creation of the common EU internal energy market. The main aim of BEMIP is to create a properly functioning, integrated energy market, along with the necessary energy infrastructure, and to ensure that the energy |
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| | | <p>market created in the Baltic region is competitive, sustainable and secure. It should also be noted that: Lithuania still has the two most important projects to implement, namely GIPL and synchronisation with CEN (the Continental European Networks).</p> |
| <p>Paragraph 3.88</p> | <p>A key success factor for Horizon 2020 is effective synergy and complementarity between national and European research and innovation programmes. Our partners in the supreme audit institutions of Bulgaria and Portugal found that while there were areas of complementarity in their countries, there were also some problems at the national level (see paragraphs 3.22 and 3.23).</p> | <p>Bulgaria: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Nothing relevant to report.</p> |
| <p>Annex 3.1</p> | <p>Special reports adopted by the European Court of Auditors in 2015</p> <p>Special report No 19/2015</p> <p>‘More attention to results needed to improve the delivery of technical assistance to Greece’.</p> | |

CHAPTER 4 – Revenue

| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
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| <p>Paragraph 4.5.(a).(iv)</p> | <p><i>Annex 1.1</i> sets out the key elements of our audit approach and methodology. For the audit of revenue, the following specific points should be noted:</p> <p>(a) We examined the following systems:</p> <p>(iv) the TOR accounting systems (8) in three selected Member States (France, Italy and Lithuania) (9) and a review of their systems for post-clearance audits.</p> | <p>France: <i>Action taken: OUI; Action completed: NON; Completion date:</i></p> <p>La Cour n'a pas pris en compte les remarques de la France à ce sujet. Les autorités françaises contestent la représentativité de l'échantillon constitué et examiné par les auditeurs de la Cour (<i>cf</i> compléments ci-dessous).</p> <p>En France, les contrôles après dédouanement, autrement appelés contrôles <i>ex post</i>, sont répartis entre les contrôles <i>ex post</i> de 1^{er} niveau (« <i>ex post 1</i> ») et les contrôles <i>ex post</i> de 2nd niveau (« <i>ex post 2</i> »).</p> <p>La vérification de la régularité de certaines opérations de dédouanement ne nécessite pas la présence de la marchandise et peut donc être reportée dans le temps. Ces opérations de vérifications sont effectuées dans le cadre de contrôles <i>ex post</i> de 1^{er} niveau.</p> <p>Réalisé suite à une analyse de risques, le contrôle <i>ex post</i> de 1^{er} niveau permet d'accompagner la diminution du nombre de contrôles <i>ex ante</i>.</p> <p>Le contrôle <i>ex post</i> de 1^{er} niveau est généralement de nature documentaire. Il est destiné à s'assurer de la régularité des opérations douanières réalisées et du respect de la législation en vigueur. Il peut être effectué au bureau ou dans les locaux de l'opérateur. Il est circonscrit à la vérification de la présence des documents déclarés, de l'exactitude des énonciations de la déclaration en douane et des documents annexes, de la conformité des documents d'accompagnement. Il permet en outre le suivi de l'autogestion du crédit d'opérations diverses – COD – et des régimes économiques (régimes particuliers).</p> <p>Dans le cadre des procédures domiciliées, les services de contrôle doivent examiner les déclarations de régularisation et les inscriptions en comptabilité commerciale correspondantes.</p> <p>Ce type de contrôles a vocation à réduire le niveau des contrôles <i>ex ante</i> et à les reporter dans le temps afin de libérer plus rapidement la marchandise lors du dédouanement compte tenu en particulier de la dispense de présentation des documents.</p> <p>La réalisation de ce contrôle relève de la compétence exclusive des bureaux de contrôle et du pôle contrôle des bureaux principaux. Toutefois, dans le cadre des PDU (Procédures de Dédouanement Uniques – nationales et communautaires), les pôles contrôle de chaque bureau impliqué (bureau de domiciliation et bureaux de rattachement) assurent en concertation la réalisation des contrôles <i>ex post</i> de 1^{er} niveau.</p> <p>Le contrôle <i>ex post</i> de 1^{er} niveau est programmé et diligenté dans un délai maximum de 4 mois à compter de la délivrance</p> |

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| | | <p>du bon à enlever, période qui suffit à s'assurer du respect des obligations, notamment documentaires, des opérateurs et remplir l'objectif de contrôler des opérations récentes.</p> <p>Néanmoins, lorsque le bureau décide une irrégularité à l'occasion d'un contrôle <i>ex post</i> de 1^{er} niveau, il est invité à poursuivre et à approfondir ses contrôles au-delà du délai de 4 mois à compter de la délivrance du bon à enlever, à condition que les irrégularités concernent un nombre limité de déclarations. Dans le cas contraire, sur décision du chef de POC (Pôle d'Orientation des Contrôles) et après étude du dossier par la CROC (Cellule Régionale d'Orientation des Contrôles) chargée de définir les orientations générales des contrôles <i>ex post</i> de 1^{er} niveau, cette poursuite des contrôles est confiée au service régional d'enquêtes – SRE, notamment si une certaine technicité dont dispose les enquêteurs doit être mise en œuvre.</p> <p>De fait, toute irrégularité constatée en <i>ex ante</i> ou en <i>ex post</i> 1 peut faire l'objet d'une recherche des antérieurs par la cellule de supervision en liaison avec la CROC en vue d'un contrôle <i>ex post</i> qui sera, selon le potentiel du dossier ou sa complexité, de 1^{er} ou de 2nd niveau. L'information est diffusée au SRE de manière systématique.</p> <p>Axé sur la lutte contre la fraude, le contrôle <i>ex post</i> de 2nd niveau prend la forme de contrôles approfondis de l'activité de commerce extérieur des entreprises ou d'enquêtes de toute nature portant sur des réglementations que la douane est chargée de faire appliquer.</p> <p>Le contrôle <i>ex post</i> de 2nd niveau est diligenté au-delà du délai de 4 mois à compter de la délivrance du bon à enlever et ce jusqu'à la limite de la prescription de 3 ans (4 ans pour les contrôles FEAGA).</p> <p>Le contrôle <i>ex post</i> de 2nd niveau relève de la compétence exclusive de la direction des enquêtes douanières - DED et des SRE, mais si des irrégularités pouvant concerner un nombre limité de déclarations sont décelées par le bureau à l'occasion d'un contrôle <i>ex post</i> de 1^{er} niveau, ce dernier peut poursuivre ce contrôle après autorisation du chef de POC qui en informe le SRE.</p> <p>La sélection des déclarations à contrôler est réalisée en privilégiant celles qui présentent un fort enjeu douanier ou fiscal.</p> <p>Concernant les bases réglementaires (la norme) citées par les auditeurs de la Cour et en vigueur lors de la mission d'audit :</p> <p>les autorités françaises soutiennent qu'en France, la majorité des contrôles après dédouanement effectués « afin de s'assurer de l'exactitude des énonciations de la déclaration » en vertu des dispositions de l'article 78 du code des douanes communautaire (CDC) sont, dans la terminologie nationale utilisée par les autorités douanières françaises, les contrôles <i>ex post</i> 1. En effet, la majorité des contrôles <i>ex post</i> 2, même si certains ont également cette vocation par extension de contrôles <i>ex post</i> 1, est dévolue à la lutte contre la fraude. Les contrôles <i>ex post</i> 2 qui font appel à des compétences spécifiques dont seuls les services d'enquêtes disposent ne sont donc pas des contrôles de régularité tels que définis par l'article 78 du CDC, norme sur laquelle les auditeurs de la Cour se sont appuyés pour réaliser leur audit.</p> <p>Compte tenu de ce qui précède, il est normal que ces contrôles figurent dans le rapport annuel relatif à l'activité de contrôle des RPT. Toutefois, dans le rapport, l'information chiffrée se rapporte à l'ensemble des contrôles <i>ex post</i> 2</p> |
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| <p>Paragraph 4.5.(a).(iv) - footnote 9</p> | | <p>réalisés annuellement, sans distinction entre les contrôles de régularité et les contrôles à visée LCF, celle-ci étant impossible à réaliser en l'état actuel du système d'information (SI) douanier national. Les contrôles <i>ex post</i> 2 de régularité étant moins nombreux que ceux à visée LCF, ils sont encore moins nombreux rapportés au nombre de contrôles <i>ex post</i> 1 (inférieurs à 7,93 % sur la base des données quantitatives pour le rapport annuel 2014 cité par les auditeurs) et encore moins nombreux rapportés au nombre de contrôles a posteriori (inférieurs à 6,84 % sur la base des données quantitatives pour le rapport annuel 2014 cité par les auditeurs). Par conséquent, les contrôles <i>ex post</i> 2 de régularité ne peuvent être considérés comme représentatifs des contrôles a posteriori réalisés en France en vertu des dispositions de l'article 78 du CDC.</p> <p>Ainsi, compte tenu de l'introduction de ce biais majeur, les autorités françaises considèrent l'échantillon de contrôles <i>ex post</i> 2 sélectionné par les auditeurs de la Cour comme non représentatif des contrôles de régularité a posteriori qu'elles effectuent (contrôles réalisés majoritairement en <i>ex post</i> 1), base normative retenue par les auditeurs pour évaluer la surveillance douanière au niveau national.</p> <p>Italy: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No measures for adoption were found.</p> |
| <p>Paragraph 4.5.(a).(iv) - footnote 9</p> | <p>(9) These three Member States were selected on account of the significant size of their TOR contribution, and taking into consideration a rotational approach.</p> | <p>France: <i>Action taken:</i> OUI; <i>Action completed:</i> NON; <i>Completion date:</i></p> <p>La Cour n'a pas pris en compte les remarques de la France à ce sujet. Les autorités françaises contestent la représentativité de l'échantillon constitué et examiné par les auditeurs de la Cour (<i>cf</i> compléments ci-dessous).</p> <p>En France, les contrôles après dédouanement, autrement appelés contrôles <i>ex post</i>, sont répartis entre les contrôles <i>ex post</i> de 1^{er} niveau (« <i>ex post</i> 1 ») et les contrôles <i>ex post</i> de 2nd niveau (« <i>ex post</i> 2 »).</p> <p>La vérification de la régularité de certaines opérations de dédouanement ne nécessite pas la présence de la marchandise et peut donc être reportée dans le temps. Ces opérations de vérifications sont effectuées dans le cadre de contrôles <i>ex post</i> de 1^{er} niveau.</p> <p>Réalisé suite à une analyse de risques, le contrôle <i>ex post</i> de 1^{er} niveau permet d'accompagner la diminution du nombre de contrôles <i>ex ante</i>.</p> <p>Le contrôle <i>ex post</i> de 1^{er} niveau est généralement de nature documentaire. Il est destiné à s'assurer de la régularité des opérations douanières réalisées et du respect de la législation en vigueur. Il peut être effectué au bureau ou dans les locaux de l'opérateur. Il est circonscrit à la vérification de la présence des documents déclarés, de l'exactitude des énonciations de la déclaration en douane et des documents annexes, de la conformité des documents d'accompagnement. Il permet en outre le suivi de l'autogestion du crédit d'opérations diverses – COD – et des régimes économiques (régimes particuliers).</p> <p>Dans le cadre des procédures domiciliées, les services de contrôle doivent examiner les déclarations de régularisation et</p> |

les inscriptions en comptabilité commerciale correspondantes.

Ce type de contrôles a vocation à réduire le niveau des contrôles *ex ante* et à les reporter dans le temps afin de libérer plus rapidement la marchandise lors du dédouanement compte tenu en particulier de la dispense de présentation des documents.

La réalisation de ce contrôle relève de la compétence exclusive des bureaux de contrôle et du pôle contrôle des bureaux principaux. Toutefois, dans le cadre des PDU (Procédures de Dédouanement Uniques – nationales et communautaires), les pôles contrôle de chaque bureau impliqué (bureau de domiciliation et bureaux de rattachement) assurent en concertation la réalisation des contrôles *ex post* de 1^{er} niveau.

Le contrôle *ex post* de 1^{er} niveau est programmé et diligenté dans un délai maximum de 4 mois à compter de la délivrance du bon à enlever, période qui suffit à s'assurer du respect des obligations, notamment documentaires, des opérateurs et remplir l'objectif de contrôler des opérations récentes.

Néanmoins, lorsque le bureau décele une irrégularité à l'occasion d'un contrôle *ex post* de 1^{er} niveau, il est invité à poursuivre et à approfondir ses contrôles au-delà du délai de 4 mois à compter de la délivrance du bon à enlever, à condition que les irrégularités concernent un nombre limité de déclarations. Dans le cas contraire, sur décision du chef de POC (Pôle d'Orientation des Contrôles) et après étude du dossier par la CROC (Cellule Régionale d'Orientation des Contrôles) chargée de définir les orientations générales des contrôles *ex post* de 1^{er} niveau, cette poursuite des contrôles est confiée au service régional d'enquêtes – SRE, notamment si une certaine technicité dont dispose les enquêteurs doit être mise en œuvre.

De fait, toute irrégularité constatée en *ex ante* ou en *ex post* 1 peut faire l'objet d'une recherche des antérieurs par la cellule de supervision en liaison avec la CROC en vue d'un contrôle *ex post* qui sera, selon le potentiel du dossier ou sa complexité, de 1^{er} ou de 2nd niveau. L'information est diffusée au SRE de manière systématique.

Axé sur la lutte contre la fraude, le contrôle *ex post* de 2nd niveau prend la forme de contrôles approfondis de l'activité de commerce extérieur des entreprises ou d'enquêtes de toute nature portant sur des réglementations que la douane est chargée de faire appliquer.

Le contrôle *ex post* de 2nd niveau est diligenté au-delà du délai de 4 mois à compter de la délivrance du bon à enlever et ce jusqu'à la limite de la prescription de 3 ans (4 ans pour les contrôles FEAGA).

Le contrôle *ex post* de 2nd niveau relève de la compétence exclusive de la direction des enquêtes douanières - DED et des SRE, mais si des irrégularités pouvant concerner un nombre limité de déclarations sont décelées par le bureau à l'occasion d'un contrôle *ex post* de 1^{er} niveau, ce dernier peut poursuivre ce contrôle après autorisation du chef de POC qui en informe le SRE.

La sélection des déclarations à contrôler est réalisée en privilégiant celles qui présentent un fort enjeu douanier ou fiscal.

Concernant les bases réglementaires (la norme) citées par les auditeurs de la Cour et en vigueur lors de la mission

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| | | <p>d'audit :</p> <p>les autorités françaises soutiennent qu'en France, la majorité des contrôles après dédouanement effectués « afin de s'assurer de l'exactitude des énonciations de la déclaration » en vertu des dispositions de l'article 78 du code des douanes communautaire (CDC) sont, dans la terminologie nationale utilisée par les autorités douanières françaises, les contrôles <i>ex post</i> 1. En effet, la majorité des contrôles <i>ex post</i> 2, même si certains ont également cette vocation par extension de contrôles <i>ex post</i> 1, est dévolue à la lutte contre la fraude. Les contrôles <i>ex post</i> 2 qui font appel à des compétences spécifiques dont seuls les services d'enquêtes disposent ne sont donc pas des contrôles de régularité tels que définis par l'article 78 du CDC, norme sur laquelle les auditeurs de la Cour se sont appuyés pour réaliser leur audit.</p> <p>Compte tenu de ce qui précède, il est normal que ces contrôles figurent dans le rapport annuel relatif à l'activité de contrôle des RPT. Toutefois, dans le rapport, l'information chiffrée se rapporte à l'ensemble des contrôles <i>ex post</i> 2 réalisés annuellement, sans distinction entre les contrôles de régularité et les contrôles à visée LCF, celle-ci étant impossible à réaliser en l'état actuel du système d'information (SI) douanier national. Les contrôles <i>ex post</i> 2 de régularité étant moins nombreux que ceux à visée LCF, ils sont encore moins nombreux rapportés au nombre de contrôles <i>ex post</i> 1 (inférieurs à 7,93 % sur la base des données quantitatives pour le rapport annuel 2014 cité par les auditeurs) et encore moins nombreux rapportés au nombre de contrôles a posteriori (inférieurs à 6,84 % sur la base des données quantitatives pour le rapport annuel 2014 cité par les auditeurs). Par conséquent, les contrôles <i>ex post</i> 2 de régularité ne peuvent être considérés comme représentatifs des contrôles a posteriori réalisés en France en vertu des dispositions de l'article 78 du CDC.</p> <p>Ainsi, compte tenu de l'introduction de ce biais majeur, les autorités françaises considèrent l'échantillon de contrôles <i>ex post</i> 2 sélectionné par les auditeurs de la Cour comme non représentatif des contrôles de régularité a posteriori qu'elles effectuent (contrôles réalisés majoritairement en <i>ex post</i> 1), base normative retenue par les auditeurs pour évaluer la surveillance douanière au niveau national.</p> <p>Italy: <i>Action taken</i> : ; <i>Action completed</i> : ; <i>Completion date</i> : No measures for adoption were found.</p> |
| <p>Paragraph 4.10</p> | <p>In the course of 2015, the Commission lifted 184 reservations (67 transaction-specific and 117 transversalspecific), including the long outstanding transaction-specific GNP reservation on Greece, relating to the 1995-2001 period (17). We did not</p> | <p>Greece: <i>Action taken</i>: YES; <i>Action completed</i>: YES; <i>Completion date</i>: 13/11/2015 (<i>Elstat</i>)</p> |

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| | <p>identify serious problems in the sample of lifted reservations that we analysed. At the end of 2015, there were 55 reservations covering discrete elements of the Member States' compilations (see Figure 4.2), of which 39 were transaction-specific and 16 transversal-specific.</p> | |
| <p>Title above paragraph 4.12</p> | <p>There are still general reservations on Greek GNI data covering 2008 and 2009</p> | <p>Greece: Action taken: YES; Action completed: NO; Completion date: In cooperation with Eurostat Elstat sent the data to Eurostat for the years 2008 and 2009 in August 2014. We would point out that the data for 2008 and 2009 and the relevant documentation, sent in August 2014, are based on results of surveys and not on preliminary evaluations, since the final data from surveys were available and the requisite quality checks had also been carried out. During November 2014 a Eurostat mission was carried out at Elstat, during which direct verification was performed on the 2008 and 2009 data and the documentation that had been sent. In addition, in September 2016 the data and the documentation for 2002-2009 were sent, in accordance with the requirements of the programme for forwarding the 2016 GNI questionnaire. We are waiting for a technical opinion to be drafted, so that the general reservation for 2008 and 2009 may be lifted.</p> |
| <p>Paragraph 4.12</p> | <p>The only general reservations in place at the end of 2015 were on Greek GNI data for the years 2008 and 2009. Although progress had been made in addressing these reservations, they were not lifted. However, during 2015, the Commission continued to follow closely the problems with Greece's compilation of national accounts and kept the technical assistance programme that had been set up</p> | <p>Greece: Action taken: YES; Action completed: NO; Completion date: In cooperation with Eurostat Elstat sent the data to Eurostat for the years 2008 and 2009 in August 2014. We would point out that the data for 2008 and 2009 and the relevant documentation, sent in August 2014, are based on results of surveys and not on preliminary evaluations, since the final data from surveys were available and the requisite quality checks had also been carried out. During November 2014 a Eurostat mission was carried out at Elstat, during which direct verification was performed on the 2008 and 2009 data and the documentation that had been sent. In addition, in September 2016 the data and the documentation for 2002-2009 were sent, in accordance with the requirements of the programme for forwarding the 2016 GNI questionnaire. We are waiting for a technical opinion to be drafted, so that the general reservation for 2008 and 2009 may be lifted.</p> |

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| | <p>in 2014 with the objective of creating an independent and stronger national statistical authority. This work improves the reliability of the Greek GNI data. It is important, as the quality of that data can have an impact on all Member States' individual contributions in terms of GNI-based own resources (see footnote 4).</p> | |
| <p>Paragraph 4.16</p> | <p>The quality, scope and results of the post-clearance audits varied substantially across the three Member States visited. A specific case is France, where, for post-clearance audits, a debt can be notified more than three years after it was incurred. This approach differs from that in other Member States because the audits are, according to French legislation, always linked to the 'prevention and pursuit of customs law infringements' and are thus liable to give rise to criminal proceedings. Therefore, the French authorities interrupt the three year timebarring period during post-clearance audits (26).</p> | <p>France: Action taken: OUI; Action completed: NON; Completion date:</p> <p>Sans objet pour l'État membre : aucune mesure/action à mettre en œuvre (cf. ci-dessous).</p> <p>S'agissant de l'application du CDC, l'article 221, paragraphe 3, précise que le délai de 3 ans n'est pas applicable dès lors que la dette douanière est née du fait d'un acte qui était passible, au moment où il a été commis, de poursuites judiciaires répressives. Dans ces conditions, la Cour de cassation française a pu considérer que la notification d'un procès-verbal de douane interrompait le délai de reprise. Cette jurisprudence a été intégrée dans le code des douanes national. Elle est en parfaite cohérence avec le CDC ;</p> <p>S'agissant de l'application du code des douanes de l'Union (CDU), l'article 103 permet aux États membres (EM) de porter le délai de reprise de 3 à 5 ans, avec un maximum de 10 ans, dès lors que la dette douanière est née du fait d'un acte qui était passible, au moment où il a été commis, de poursuites judiciaires répressives. En conformité avec cet article, le délai de reprise a été porté en France à 5 ans et il peut être interrompu par un procès-verbal de douane jusqu'à un maximum de 10 ans. Cette disposition est en parfaite conformité avec le CDU.</p> <p>Les autorités françaises rappellent que la Cour de justice de l'Union (CJUE), dans un arrêt du 18 décembre 2007 (Zefeser), aff. C-62/06, a précisé :</p> <ul style="list-style-type: none"> - la lettre de l'article 3, paragraphe 1, du règlement n° 1697/79 (soit l'article 221, paragraphe 3, du CDC devenu depuis l'article 103, paragraphe 2, du CDU) vise les autorités compétentes, celles-ci ne pouvant être que les autorités qui n'ont pu recouvrer les droits dus du fait même de l'existence de l'acte passible de poursuites judiciaires répressives ; - la qualification d'acte passible de poursuites judiciaires répressives, au sens de cet article, n'est effectuée que dans le cadre et aux fins d'une procédure de nature administrative ayant pour unique but de permettre auxdites autorités de remédier à une perception incorrecte ou insuffisante, de la dette douanière ; - en l'absence de réglementation communautaire, la CJUE indique également qu'il appartient à l'ordre judiciaire interne de déterminer les conditions permettant aux redevables de contester l'application de la dérogation au délai de prescription |

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| <p>Paragraph 4.18</p> | | <p>de 3 ans.</p> <p>Une telle interprétation peut être étendue à l'article 221 du CDC mais également à l'article 103 du CDU.</p> <p>Dans ces conditions, dès lors que la qualification d'acte passible de poursuites répressives relève de la compétence des EM, il va de soi que les conséquences d'une telle qualification relève également de la compétence des EM.</p> |
| <p>The Commission detected shortcomings in the Member States' management of the B accounts in 17 out of 22 Member States visited. As in previous years, we also found inefficiencies in the management of the B accounts (28). We noted good practices in Lithuania, even though debt recovery was not always successful (see Figure 4.3). In Italy some systematic weaknesses need to be addressed. The Italian authorities could not confirm that all the amounts collected from the B accounts were included in the correct A account statement. The Commission identified two other Member States (Belgium and France) with similar inconsistencies between the A and B accounts statements. These shortcomings did not affect the reliability of the overall amounts as disclosed in the consolidated accounts of the European Union.</p> | <p>Belgium: <i>Action taken: YES; Action completed: NO; Completion date: 31/01/2017</i></p> <p>The old 'B' account will also be integrated in the automated system (PLDA); as a result, the same number of manual errors may still occur. However, the Commission is demanding further automation but the necessary budgets need to be provided.</p> <p>- The last statements were corrected and transferred to the Treasury. A mix-up in communications meant that the Commission received the wrong statements. This was verified and approved by the Commission during an audit in October 2016. A detailed action plan was also requested that should set out how such problems can be avoided in future.</p> <p>France: <i>Action taken: OUI; Action completed: NON; Completion date:</i></p> <p>Les autorités françaises informent les services de la Commission que les incohérences constatées entre les relevés de comptabilité normale et séparée sont liées à l'organisation actuelle du circuit de mise à disposition, particulièrement pour ce qui concerne les mises à disposition faisant suite à rapport d'inspection communautaire, décision de remises/remboursements, admissions en non-valeur ou contestations judiciaires.</p> <p>La mise à disposition pour les cas précités n'apparaît pas dans le relevé de comptabilité normale, comme requis par la décision 245/97/CE, mais dans les relevés relatifs à la TVA.</p> <p>Les autorités françaises précisent que le schéma de mise à disposition fait l'objet d'une réflexion en vue de sa refonte et de sa mise en conformité avec la décision précitée.</p> <p>Comme évoqué par les services de la Commission, les autorités françaises précisent que, en dépit de cette insuffisance, aucun impact sur la fiabilité des montants globaux figurant dans les comptes consolidés de l'Union européenne ne peut être constaté.</p> <p>Italy: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>Lithuania: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>See comments with regard to observation 3.</p> | <p>Belgium: <i>Action taken: YES; Action completed: NO; Completion date: 31/01/2017</i></p> <p>The old 'B' account will also be integrated in the automated system (PLDA); as a result, the same number of manual errors may still occur. However, the Commission is demanding further automation but the necessary budgets need to be provided.</p> <p>- The last statements were corrected and transferred to the Treasury. A mix-up in communications meant that the Commission received the wrong statements. This was verified and approved by the Commission during an audit in October 2016. A detailed action plan was also requested that should set out how such problems can be avoided in future.</p> <p>France: <i>Action taken: OUI; Action completed: NON; Completion date:</i></p> <p>Les autorités françaises informent les services de la Commission que les incohérences constatées entre les relevés de comptabilité normale et séparée sont liées à l'organisation actuelle du circuit de mise à disposition, particulièrement pour ce qui concerne les mises à disposition faisant suite à rapport d'inspection communautaire, décision de remises/remboursements, admissions en non-valeur ou contestations judiciaires.</p> <p>La mise à disposition pour les cas précités n'apparaît pas dans le relevé de comptabilité normale, comme requis par la décision 245/97/CE, mais dans les relevés relatifs à la TVA.</p> <p>Les autorités françaises précisent que le schéma de mise à disposition fait l'objet d'une réflexion en vue de sa refonte et de sa mise en conformité avec la décision précitée.</p> <p>Comme évoqué par les services de la Commission, les autorités françaises précisent que, en dépit de cette insuffisance, aucun impact sur la fiabilité des montants globaux figurant dans les comptes consolidés de l'Union européenne ne peut être constaté.</p> <p>Italy: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>Lithuania: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>See comments with regard to observation 3.</p> |

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| <p>Figure 4.3</p> | <p>There is no effective instrument for debt recovery from companies registered outside the EU or from citizens of countries outside the EU.</p> | <p>Lithuania: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The Lithuanian Customs Service agrees with the ECA auditors' finding that there is limited scope for recovering debts from debtors from non-EU Member States. A detailed answer from the Lithuanian Customs Service on this matter was sent to the ECA on 15 March 2016 by letter ref. (13.19/13)3B-2992 from the Customs Department under the Ministry of Finance.</p> |
| <p>Paragraph 4.19 - footnote 30</p> | <p>The Commission's inspections in Member States may result in the national authorities having to take steps because of non-compliance with EU customs rules. These are known as open points. These open points can have a potential financial impact. At the end of 2015 a total of 325 points (see Figure 4.2) were open (30). (30) 44 points had been open for more than five years. The oldest points still open dated back to 2002 and concerned Germany, Greece and Portugal.</p> | <p>Germany: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Portugal: <i>Action taken: YES;</i> The Tax and Customs Authority is monitoring the situation regarding the open points referred to in the reports drawn up by the Commission pursuant to Article 18 of Regulation (EC, Euratom) No 1150/2000. <i>Action completed: NO;</i> The Commission requested additional information on a number of points. Some other points are being finalised and amounts have been made available to the Commission while awaiting the request for payment of the interest due; <i>Completion date:</i></p> <p>Aside from following up the reports on the open points as of 31 December 2015, the Tax and Customs Authority has also examined the cases relating to the inspections carried out in 2015 and 2016.</p> |
| <p>Annex 4.2</p> | <p>Follow-up of previous recommendations for revenue. The Commission should put in place and closely monitor a detailed action plan with clear milestones to address the problems in the compilation of Greece's national accounts.</p> | <p>Greece: <i>Action taken: YES; Action completed: NO; Completion date: In collaboration with Eurostat</i></p> <p>Elstat is working with Eurostat concerning the implementation of actions with the aim of continuously improving the drafting of the annual and quarterly national accounts. These actions form part of the Joint Overall Statistical Greek Action Plan (JOSGAP), which was drawn up in 2010 by the Commission and the Greek authorities. Pillar B of the action plan includes a set of actions relating to strengthening the national accounts.</p> <p>One of the actions is to implement a programmes upgrade for the annual national accounts and the upgrading of regional and quarterly national accounts, as well as the improvement of sectoral accounts. In order to achieve the objective, a series of visits by experts has been organised, in order to provide technical support on the annual and quarterly national accounts, and further visits are continuing. Meanwhile, an important factor contributing to the improvement of the quality of production is the continuing strengthening and training of Elstat's workforce. These staff members are responsible for the drafting of the national accounts.</p> |

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| <p>COM reply to Annex 4.2</p> | <p>The existing statistical action plan for Greece, JOSGAP, will be supplemented by a specific plan for National Accounts during 2016.</p> | <p>Greece: <i>Action taken: YES; Action completed: NO; Completion date: In collaboration with Eurostat</i></p> <p>Elstat is working with Eurostat concerning the implementation of actions with the aim of continuously improving the drafting of the annual and quarterly national accounts. These actions form part of the Joint Overall Statistical Greek Action Plan (JOSGAP), which was drawn up in 2010 by the Commission and the Greek authorities. Pillar B of the action plan includes a set of actions relating to strengthening the national accounts.</p> <p>One of the actions is to implement a programmes upgrade for the annual national accounts and the upgrading of regional and quarterly national accounts, as well as the improvement of sectoral accounts. In order to achieve the objective, a series of visits by experts has been organised, in order to provide technical support on the annual and quarterly national accounts, and further visits are continuing. Meanwhile, an important factor contributing to the improvement of the quality of production is the continuing strengthening and training of Elstat's workforce. These staff members are responsible for the drafting of the national accounts.</p> | | | | | | | | | | | | | | | | | |
| <p>Annex 4.3</p> | <p>Number of outstanding GNI reservations, VAT reservations and TOR open points by Member State at 31.12.2015.</p> | <p>Austria:</p> <p>a. With regard to VAT</p> <p><i>Action taken: NO; Action completed: NO; Completion date: Regarding the 4 VAT reservations:</i></p> <table border="1" data-bbox="746 259 967 1523"> <tr> <td rowspan="2">OC.1 Other compensation</td> <td>COM</td> <td>2004 - 2012</td> <td rowspan="2">2004 - 2014</td> <td rowspan="2">Sport and cultural services (infringement 2007/2453)</td> </tr> <tr> <td>AT</td> <td>2004 - 2012</td> </tr> <tr> <td>OC.2 Other compensation</td> <td>AT</td> <td>2006 - 2010</td> <td>2006 - 2010</td> <td>Postal services (infringement 2010/2055)</td> </tr> <tr> <td>Legal issues</td> <td>COM</td> <td>2010 - 2012</td> <td>2010 - 2014</td> <td>Travel agents (infringement 2012/2124)</td> </tr> </table> <p>b. With regard to TOR</p> <p><i>Action taken: YES; Action completed: NO; Completion date: 26 January 2016 and 29 January 2016.</i></p> <p>Three open issues were resolved by letters from the Commission dated 26 January 2016 and 29 January 2016. On 7 April 2016, an opinion was sent to the Commission regarding two open issues.</p> <p>Belgium: <i>Action taken: YES; Action completed: NO; Completion date: Réserve 1 : Correction relative aux agriculteurs forfataires</i></p> <p>Pour les années 2013 et 2014, tout comme pour le dossier 2015, une nouvelle méthode de calcul a été appliquée qui utilise les listings clients afin de répartir le chiffre d'affaires et la TVA déductible entre d'une part les</p> | OC.1 Other compensation | COM | 2004 - 2012 | 2004 - 2014 | Sport and cultural services (infringement 2007/2453) | AT | 2004 - 2012 | OC.2 Other compensation | AT | 2006 - 2010 | 2006 - 2010 | Postal services (infringement 2010/2055) | Legal issues | COM | 2010 - 2012 | 2010 - 2014 | Travel agents (infringement 2012/2124) |
| OC.1 Other compensation | COM | 2004 - 2012 | | 2004 - 2014 | Sport and cultural services (infringement 2007/2453) | | | | | | | | | | | | | | |
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| OC.2 Other compensation | AT | 2006 - 2010 | 2006 - 2010 | Postal services (infringement 2010/2055) | | | | | | | | | | | | | | | |
| Legal issues | COM | 2010 - 2012 | 2010 - 2014 | Travel agents (infringement 2012/2124) | | | | | | | | | | | | | | | |

agriculteurs/sylviculteurs forçataires et d'autre part les agriculteurs/sylviculteurs qui ne relèvent pas de ce système. La question relative à de plus amples informations concernant les ventes directes et l'autoconsommation des sylviculteurs a été posée aux fédérations sectorielles, mais jusqu'à présent celles-ci n'ont pas réagi. La question sera réitérée et également envoyée aux Régions (qui sont compétentes en matière d'agriculture et de sylviculture).

Réserve 2 : Exonération de la consommation à bord des moyens de transport

La problématique juridique sous-jacente remonte déjà en 2009 et a été discutée, dans un contexte plus global, à plusieurs reprises avec les Etats membres (e.g. Workshop Fiscalis en 2015 à Ankara) sans que les services de la Commission européenne ont définitivement et clairement arrêté leur position. L'administration fiscale belge insistera dès lors auprès des services de la Commission européenne de clarifier définitivement leur position juridique en la matière afin que le dossier qui fait l'objet d'une réserve au niveau des ressources propres depuis des années peut finalement être clôturé.

Entretiens, en vue du calcul d'une compensation éventuelle, il ressort d'études prospectives antérieures que la problématique se limite à une seule entreprise qui est effectivement active sous plusieurs personnalités juridiques (belge et autres). L'administration fiscale belge vérifiera, via les bureaux de contrôle compétents, si des informations peuvent être collectées permettant d'esquisser une image fiable de l'ampleur de la problématique.

Réserve 3 : Exonération des activités des administrateurs de sociétés (infraction n° 2014/4123)

Le régime critiqué par les services de la Commission européenne concernait initialement aussi bien le régime applicable aux personnes morales qu'aux personnes physiques. Entretiens, le régime applicable aux personnes morales a été adapté conformément aux revendications de la Commission européenne. Par contre, en ce qui concerne le régime TVA applicables aux administrateurs personnes physiques, l'Etat belge maintient sa position que celui-ci est en conformité avec la directive TVA et la jurisprudence de la Cour de Justice de l'Union européenne y afférente. La procédure d'infraction est toujours en cours et l'Etat belge continuera à défendre son régime devant les instances européennes.

Etant donné qu'aucune information n'est disponible dans les bases de données en matière de TVA, une recherche sera effectuée dans les données des contributions directes. Il est probable que les informations concernant les administrateurs de sociétés ne puissent être trouvées directement dans les déclarations de ces contributions, mais bien, éventuellement, dans des fiches qui doivent être utilisées lors du remplissage de la déclaration. La question de savoir sous quelle forme et dans quelle mesure ces informations sont tenues à jour dans les bases de données du SPF Finances est encore incertaine.

Réserve 4 : Groupement TVA (Associations de frais) (EU-Pilot n° 6781/14)

Il sera examiné dans quelle mesure il est possible d'identifier ces associations et leur chiffre d'affaires. Depuis 2002, ces associations ne sont plus identifiées en tant que telles dans les bases de données du SPF Finances. En raison d'une modification législative, elles devront toutefois se faire connaître auprès de l'administration fiscale à partir de 2016.

-Report 9.0.2: payment made so report closed (shortcoming in 'B' account)

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| | | <p>-<u>Report 10.0.2</u> : payment made so report closed (shortcoming in 'B' account)</p> <p>-<u>Report 11.0.1</u>: report closed following the National Forum's 'Globalisation' sub-working group report (commissioned from IBM, due for completion by 2017) and introduced in light of the new UCC. The topic can be re-examined in RTO/AEO audits.</p> <p>-<u>Report 11.0.2</u>: payment made so report closed (shortcoming in 'B' account)</p> <p>-<u>Report 13.0.1</u> (4 points still outstanding):</p> <ul style="list-style-type: none"> * investigation of ED still ongoing * Recovery of duplicate entries audited by Deloitte at the request of the Commission; the Commission also verified this external report and issued a mandate for it to proceed with recovery. * AAD&A submits half-yearly progress reports on the PLDA action plan. * AAD&A submits half-yearly progress reports on the internal audit and audit of working procedures within the Single Office/BUEK. * The other points have been concluded. <p>- <u>Report 13.0.2</u> concluded by the Commission on 1/7/2016.</p> <ul style="list-style-type: none"> - <u>Report 14.0.1, 14.0.2, 15.0.1 and 16.0.1</u> received and the reactions to the recommendations forwarded to the Commission. We await their replies. * Report 14.0.1: 9 recommendations remain outstanding pending the Commission's reaction to our replies. * Report 14.0.2 (audit in February 2015): 11 recommendations remain outstanding pending the Commission's reaction to our replies. * Report 15.0.1 (audit in October 2015, report received in January 2016): 14 recommendations remain outstanding pending the Commission's reaction to our replies. * Report 16.0.1 (audit in March 2016): 14 recommendations remain outstanding pending the Commission's reaction to our replies. * Report 16.0.2 (audit in October 2016): report not yet received. <p>Bulgaria: <i>Action taken: YES; Action completed: YES; Completion date: 31 December 2015 for NRA and 2016 for the Customs Agency</i></p> <p>NRA: Bulgarian authorities — NRA, NSI and MF — have taken action for reducing the number of VAT reservations. As a result, during the inspection carried out by representatives of the EC at the beginning of 2015, 2 VAT reservations remained, and 5 reservations were lifted. The Bulgarian authorities expect that during the inspection expected in 2017 the</p> |
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| | | <p>existing reservations will be further reduced and the ultimate goal is for all VAT-based reservations to be lifted. Customs Agency:</p> <p>The number of the TOR open points for Bulgaria as of 31 December 2015 was four. Of these:</p> <ul style="list-style-type: none"> - Two were related to sections 3.1 and 3.3 of report No 14-26-1 of the EC, and in relation to them in 2016 the Bulgarian customs authorities submitted the following opinions: - regarding the follow-up on section 3.3 (a) of report No 14-26-1: with letter to the Ministry of Finance (MF) No 32-53467 of 25 February 2016; - regarding the interest calculated under section 3.1: with letter to the MF No 32-58012 of 1 March 2016; - regarding the follow-up on sections 3.1 and 3.3 (a) and (b) of report No 14-26-1: with letter to the MF No 32-114410 of 16 May 2016; - regarding the follow-up on section 3.1 of report No 14-26-1: with letter to the MF No 32-149724 of 1 June 2016. <p>2. Two were related to sections 3.1 and 3.2 of Report No 15-26-1 of the EC. After the submission of the opinion of the Bulgarian customs authorities, they were closed with letter from the EC No BUDG/B/03TE (2016) 4057984 of 2 August 2016. Commission Services have decided to complete the work on report No 15-26-1.</p> <p>NSI: Bulgaria submits to the Commission (Eurostat) on a regular basis (by 22 September each year), in the context of the national accounting procedures, figures for aggregate GNI and its components, and a report on the quality of the data in accordance with Article 2(2) of Council Regulation (EC, Euratom) No 1287/2003 of 15 July 2003 on the harmonisation of gross national income at market prices. Each year during the GNI Committee meeting in October, Member States confirm the data and the report on the quality of data containing basic information on data provided, submitted in September, any changes in the sources and methods for compiling the data in the national accounts, and any changes in the data revision policy.</p> <p>During the Commission missions recommendations and reservations were made with regard to the GNI data for the period 2007—2010. In January 2013, after the completion of the Eurostat verification mechanism, an official letter from the Commission was received containing information regarding the problem areas and GNI data reservations for Bulgaria. Activities had to be implemented relating to the following: review of the methods for completeness of data; improvements in the method for calculating the indirectly measured housing services, consumption of fixed capital, gross fixed capital formation, an alternative method of calculation of output and intermediate consumption in construction services, compensation of employees to and from the institutional sector 'Rest of World', production and allocation of financial intermediation services indirectly measured, and implementation of adjustments for illegal activities. The work on all GNI data reservations was completed, and the last outstanding data reservation was accepted by Eurostat in 2016.</p> <p>Croatia:</p> |
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| | <p>3.1.3. <i>Action taken: YES; Action completed: YES; Completion date: 9.10.2015</i> Instruction 24/15 in HR and EN was sent to BUDG-Mailbox-B03@ec.europa.eu on 13 October 2015.</p> <p>3.2.3. <i>Action taken: YES; Action completed: YES; Completion date: 29.09.2016</i> A report on the Pilot project concerning the A & B accounts in 2016 was sent to BUDG-Mailbox-B03@ec.europa.eu on 29 September 2016. The report explains the sampling method in detail.</p> <p>3.3.3. <i>Action taken: YES; Action completed: YES; Completion date: 29.09.2016</i> Cyprus: <i>Action taken: NO; Action completed: NO; Completion date:</i> Up to 31 December 2015 there were no reservations pending concerning VAT own resources. Therefore no action was taken to lift reservations. From 24 to 27 June 2014 a team of auditors from the European Commission's DG Budget (DG Budget) and Eurostat (ESTAT) conducted an inspection of VAT Own Resources bases for the years 2011-2012. No reservations were raised after the inspection. Please note that the four reservations previously pending were lifted after an inspection of the VAT own resources bases for the years 2008-2010 carried out in 2012 by a team of auditors from the European Commission.</p> <p>Czech Republic: <i>Action taken: NO; Action completed: NO; Completion date:</i> All three open reservations are currently still at the stage of communication with the Commission and therefore it was not possible to take any action. One of the reservations was conditionally paid by the Member State because the Commission removed the interest.</p> <p>Denmark: <i>Action taken: YES; Action completed: NO ; Completion date:</i> The 16 open items concerning traditional own resources are described below. As of 31 December 2015, 16 open items were recorded in six inspection reports. We inform you of the following in that regard. <u>Inspection report 2009-I-I on inspection of own resources concerning transit and TIR</u> The open item in this report concerned information to be supplied to the Commission on two legal cases.</p> <ol style="list-style-type: none"> 1. <i>Item 3.1 BII. Two test cases.</i> <ul style="list-style-type: none"> • Denmark considers this item to have been closed by letter ref. 15-001195 of 13 May 2016 from SKAT. <p><u>Inspection report 2011-I-I on inspection of own resources concerning the local clearance procedure (import)</u> Two items in this inspection report remained open as of 31 December 2015.</p> <ol style="list-style-type: none"> 1. <i>Item 3.2. Insufficient information in the notifications under the local clearance procedure</i> |
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| <p>• Open. By letter of 4 May 2016 SKAT informed the Commission that the planned changes to the manifest system would be implemented no later than 1 September 2016. An e-mail of 24 November 2016 from the process owner indicated that there had been a delay. The supplier could not include the update in the last release, as planned, but only in the November 2016 release, which is why the Commission has not yet received any information. The Commission will be informed as soon as the change is made.</p> <p>2. <i>Item 3.3. Weaknesses in the risk management strategy for compliance in relation to the local clearance procedure</i></p> <p>• Denmark considers this item to have been closed by the letter of 4 May 2016 to the Commission, in which SKAT confirmed the establishment of a nationwide operational task as of 1 April 2015 covering financial processes, including end-use and the local clearance procedure.</p> <p><u>Inspection report 2011-1-2 on inspection of own resources: repayment, remission and non-recovery of duties</u></p> <p>Two items in this inspection report remained open as of 31 December 2015. They are:</p> <p>1. <i>Item 3.1. Identifying the population of repayments and remissions and the impact on financial reporting</i></p> <p>• Denmark considers this item to be closed. Ref. 14-4987109 – see letter of 20 May 2015.</p> <p>2. <i>Item 3.2.5. Failure to comply with the statutory procedure for remissions and payments</i></p> <p>• Denmark considers this item to have been closed by the Commission letter of 21 December 2015 and by the settlement of the interest on late payment for items 3.1.3.3 and 3.1.3.4 in April 2016.</p> <p><u>Inspection report 2012-1-1 on inspection of own resources concerning anti-dumping measures</u></p> <p>Two items were open in this inspection report as of 31 December 2015. On 23 May 2016 SKAT sent the Commission reply ref. 14-0558293 concerning items 3.1b and 3.2.</p> <p>1. <i>Item 3.1b Unsatisfactory use of registration procedures</i></p> <p>• Denmark considers this item to have been closed by the letter of 23 May 2016 from SKAT to DG Budget. There is nothing to add about the case concerning footwear from Macao.</p> <p>2. <i>Item 3.2. Level of RIF risk information in risk analyses and checks during clearance</i></p> <p>• Denmark considers this item to have been closed by the letter of 23 May 2016 from SKAT to DG Budget. COM inquired about the TARIC codes the Danish authorities had chosen for verification and the code for exempted or privileged importers.</p> <p><u>Inspection report 2013-1-1 on inspection of own resources – investigation of the reliability of the A and B accounts 2012</u></p> <p>Four items were open in this report as of 31 December 2015.</p> <p>1. <i>Item 3.1. No assessment of liability for amounts written-off</i></p> | |
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- Denmark considers this item to be closed, ref. 16-0214618. In the letter dated 21 March 2016 SKAT explained its actions to DG Budget.
 - 2. *Item 3.2. Errors in updating the B account*
 - Open. SKAT replied to this by letter of 21 March 2016 to DG Budget (ref. 16- 0214618) and by letter of 22 May 2016. A ruling by the Eastern High Court is pending.
 - 3. *Item 3.4. Administrative error leading to remission*
 - Denmark considers the item to be closed. SKAT explained the case in its letter ref. 16-0214618 of 21 March 2016. Interest on late payment will be settled for April 2016.
 - 4. *Item 3.5. Various problems with cases of repayment*
 - Open. SKAT explained the case by letters of 30 May 2016 and 21 March 2016. Reply to DG Budget ref. 16-0214618. Not closed, since no letter has been received from the Commission.
- Inspection report 2014-1-1 on inspection of own resources – end-use procedure
- The report was issued in January 2015. Five items were open as of 31 December 2015. They were 3.1, 3.2, 3.3, 3.4 and 3.5. They are now closed.
1. *Item 3.1. Shortcomings as regards single end-use authorisations and those that apply at the time of customs clearance*
 - SKAT considers this item to have been closed by letter ref. 16-0472223 of 30 May 2016 to the Commission. SKAT found no errors in the material submitted, which is why the company was not asked to submit further material, since the missing digit is the reason why it was not possible to mention the goods on the permanent authorisation.
 2. *Item 3.2. Lack of checks during clearance and lack of monitoring of the assignment of goods to the prescribed end-use, or of other customs supervision measures*
 - SKAT considers this item to have been closed by letter ref. 16-0472223 of 30 May 2016 to the Commission. The Commission requested additional information in the form of a consolidated spreadsheet containing the necessary information for each of the 34 customs declarations – the declaration, date of approval, recorded amounts, accounting and settlement date, etc. SKAT has prepared a spreadsheet for the declarations.
 3. *Item 3.3. Goods potentially cleared for end-use without authorisation owing to flaws in the IT-system*
 - SKAT considers this item to have been closed by letter ref. 16-0472223 of 30 May 2016 to the Commission. The Commission requested additional information concerning the IT application and an explanation of the incident. It asked to be provided with the results for the 25 single declarations released without formal approval. The results were submitted to the Commission on 30 May 2016.
 4. *Item 3.4. Cases of financial liability relating to end-use*
 - SKAT considers this item to have been closed by letter ref. 16-0472223 of 30 May 2016 to the Commission. The Commission asked SKAT to confirm that it had declared or deemed the amount of DKK 294 385.04 irrecoverable, and that it had thus already removed it, or would remove it, from the B account, in accordance with Article 17(2) of Regulation 1150/2000. In this regard, SKAT would report that on 11 May 2015 it sent a letter to the Commission

explaining that the amount in question had been placed in the wrong column of the A account for January 2015. The letter is enclosed as Annex 3 to the letter of 30 May 2016 from SKAT. Interest on late payment was settled on 24 November 2016, ref. 15-0586782, DKK 7 546.75. Item 3.4.3. See Annex attached.

5. *Item 3.5. Problems with end-use for particular goods*
- Closed by the Commission in letter ref.16-0472223 of 3 February 2016.

VAT reservations:

One reservation was open concerning business purchases of passenger cars, and two reservations concerning different aspects of passenger transport, one of which was entered by Denmark. Denmark has sent the Commission documentation concerning all three reservations, and they are expected to be examined in connection with the Commission's audit visit to Denmark in 2017.

Estonia: *Action taken: YES; Action completed: YES; Completion date: As at November 2016, this has been partially resolved. As far as the rest is concerned, please see 'Any other comment'.*

VAT base, item 4.2 'Passenger transport'. The reservation covering the years 2007–2014 will remain valid until the legal situation becomes clear;

TOR items 3.1a and 3.1b 'Cases of potential financial responsibility' – we will resolve these in December 2016; item 3.3 'Guarantee management' was resolved in February 2016.

Finland: *Action taken: YES; Action completed: NO; Completion date:*

As regards the 10 open findings related to traditional own resources, the Member State has taken corrective measures and is working to resolve these points.

As regards VAT reservations, an inspection was carried out in October 2015, and as a result the number of VAT reservations decreased to three in 2016.

France: *Action taken: OUI; Action completed: OUI/NON; Completion date:* au fur et à mesure, au gré des échanges entre les autorités françaises et les services de la Commission (DG Budget). Certains points sont déjà clos tandis que d'autres nécessitent encore un suivi tant de la part des autorités françaises que des services de la Commission s'agissant des ressources propres traditionnelles (RPT).

S'agissant de la TVA, après la visite d'inspection de la Commission européenne de décembre 2015, trois réserves sur la déclaration ressource propre TVA demeurent : une réserve 2012-2014 sur la compensation 'XB.8 fourniture d'eau publique' relative à l'amélioration de la méthode concernée, une réserve 2008-2014 relative à l'infraction 2011-2015 (transport de biens entre la France continentale et la Corse) et une réserve 2011-2014 relative à l'infraction 2015/4135 (services rendus aux particuliers par les associations sans but lucratif).

S'agissant des RPT, le nombre de points ouverts concernant les RPT au 31/12/2015 :

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| | | <p>- sur la base des courriers de la DG Budget adressés aux autorités françaises en 2015, le nombre de points ouverts concernant les RPT au 31/12/2015 décompté par ces dernières s'élève à 35 (contre 43 au 01/01/2015). Ce chiffre est le résultat du solde des points clos (8 en 2015) et de points nouveaux (6 dans le rapport de contrôle n° 15-5-1) ;</p> <p>- à la date de rédaction de la présente réponse des autorités françaises, ce nombre a été rapporté à 27 puisque 12 points ont été clos en 2016 (ce décompte ne tenant pas compte des clôtures partielles qui viennent toutefois s'ajouter au contingent de clôtures et témoignent de la dynamique des échanges entre la Commission et la France et des diligences des autorités françaises pour répondre de manière satisfaisante aux recommandations et aux requêtes de la Commission) quand 4 nouveaux points sont apparus avec le rapport n° 16-5-1.</p> <p>De plus, comme indiqué en 2015 en réponse aux observations de la Cour dans son rapport annuel relatif à l'exécution du budget 2014, un grand nombre de points ouverts concerne des dossiers individuels relatifs à des montants inscrits en ou retirés de la comptabilité séparée – B. Ils sont clos au gré des mises à disposition des montants principaux éventuellement dus et des intérêts de retard exigibles, le cas échéant, à la demande exclusive des services de la Commission (DG Budget).</p> <p>Par ailleurs, l'évocation de clôtures de points en cascade (2 ont bien été réalisées concernant le rapport n° 14-5-2) dans la réponse des autorités françaises susmentionnée a effectivement conduit à la clôture annoncée de 8 autres points, induisant la clôture complète de 2 rapports de contrôle (n° 09-5-2 et n° 10-5-2).</p> <p>S'agissant des plus anciens rapports (06-5-1 et 10-5-1), les autorités françaises sont dans l'attente de la communication de montants d'intérêts de retard qui, une fois mis à disposition, devraient également venir clore ces points qui sont également corrélés entre eux (dernier point du rapport n° 06-5-1 (n° 3.3) traité en réalité dans le cadre du suivi du point n° 3.3 du rapport n° 10-5-1).</p> <p>En outre, les autorités françaises souhaitent souligner le fait qu'elles suivent le traitement des points ouverts avec méthode et rigueur, dans le respect des délais fixés par la réglementation et que les raisons du maintien de certains points ouverts ne peut en aucun cas être imputé à un quelconque manque de diligence de leur part mais sont à rechercher dans la nature même des requêtes et recommandations formulées (demandes de réalisation d'enquêtes au périmètre très large (national et pluriannuel), demandes de refonte d'instructions nationales dans le contexte de changement de bases réglementaires (caducité du code des douanes communautaire – CDC – avec entrée en application du nouveau code des douanes de l'Union – CDU), etc.).</p> <p>Enfin, sur les mesures prises, compte tenu de ce qui précède, les autorités françaises considèrent qu'elles les prennent de manière continue dans le suivi qu'elles assurent de ces points ouverts ; sur l'état d'achèvement des actions prises, s'agissant de mesures continues, elles ne peuvent connaître de date d'achèvement ; elles sont donc considérées comme achevées au gré de leur exécution.</p> <p>Germany: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> |
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Greece: *Action taken: YES; Action completed: NO; Completion date:*

Ministry of the Economy – Directorate for Implementation of Indirect Taxation: During the audit that is to be carried out in our country by the European Commission’s employees (auditors), from 12 to 16 December 2016, relating to VAT, the likelihood is that the reservations will be reduced.

Elstat: Throughout 2015 and up until July 2016 Elstat applied a detailed programme of work and actions in order to achieve the lifting of GNI/GDP reservations. During this programme Elstat worked intensively to resolve the issues that were linked to the reservations and submitted the data and documentation requested by Eurostat during 2015 and 2016.

Moreover, Elstat cooperated with Eurostat on addressing the reservations. In 2015 Eurostat made two visits to Elstat (in June and December), while in 2016 it made one visit (in May 2016).

During these visits direct verification was carried out on Elstat’s work, with the objective of lifting the reservations.

In addition, in September 2016 the data and documentation for the years 2002-2009 were sent, in accordance with the requirements of the programme for forwarding the 2016 GNI questionnaire.

We are waiting for a technical opinion to be drafted, so that all the reservations may be lifted except reservation 6, relating to the use of balance of payments data for shipping and marine transport, which must be re-examined, with the results being revised where necessary (for the years 2002-2010 and the reservation relating to FISIM (Financial Intermediation Services Indirectly Measured).

In order to address reservation 6, Elstat and the Bank of Greece are working together and each body has drafted an action plan, setting out plans to conduct joint work, and to exchange technical expertise and information. Both the action plans have the same objective, of drawing up and keeping a statistical register of shipping enterprises and vessels, following close cooperation between the two bodies. The register will be kept by each body for its own needs, as deriving from the annual work programme, and it will be made public on a regular basis, in accordance with harmonised procedures which will be the subject of collaboration between Elstat and the Bank of Greece, at the technical level.

An important aim of the action plans of both bodies is the creation of a joint working group involving representatives of senior management from Elstat and the Bank of Greece. There is a commitment to setting up this group, pursuant to the agreement of 27 July 2016 between the President of Elstat and the Director of the Bank of Greece, and the letter on the subject by the President of Elstat to the Director of the Bank of Greece, after which the settlement of individual matters relating to the cooperation in question is imminent.

The objective aim of the working group is to evaluate the consistency of the two registers and, by extension, of the information produced.

In order to address the reservation relating to FISIM, since May 2015 and throughout 2016 Elstat has been working together with Eurostat. Eurostat is in the process of examining the data.

Hungary: *Action taken: YES; Action completed: ; Completion date: Continuous*

The Hungarian authorities are cooperating with the Commission's departments to overcome any reservations.

Ireland: *Action taken: YES; Action completed: YES; Completion date:*

Regarding VAT reservations, we continue to work closely with the European Commission, the Central Statistics Office and colleagues in other sections of the Revenue Commissioners of Ireland. We have responded to the Commission regarding the outstanding reservations and we expect several of the reservations to be lifted in the new year.

| Reservation | Description | Outcome after this document | Current State of Play 2016 |
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| Correction for flat rate farmers | Recording of "Research and Training", "Teagasc", "Other goods" and "Other Overhead Costs" in 2010-2012 | Maintained with reduced scope | Expected to be lifted following our recent EU Audit in September 2016 |
| Weighted average rate | Taxation of local authorities' services; expenditure on travel agents and tour operators in PCE; travel agent's margin and IC of travel agents as non-deductible VAT; incorrect links; IC of other exempt sectors and cars; taxable entertainment services and IC of theatres; allocation of IC products to the correct VAT rate when NACE Rev.2 is used; IC of primary education; GFCF; consistency with the compensations for small firms, cars and fuel. | Maintained | Expected to be maintained post audit but with a largely reduced scope. Aiming to have reservation lifted by the next submission of the VATOR account in 2017 |
| | Provision of supporting document; evidence of competitive | Maintained | Maintained. A new methodology is going to be used for this calculation in 2017 and this should allow us to have |

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| Compensation for exempt small firms | environment; update of the WAR; removal of rounding and check of index 2010 | | this reservation lifted. |
| Compensation for cars | Provision of supporting documents; removal of all rounding and inclusion of formulas; estimation of certain shares, their justification and possible update; and removal of the deduction for taxis | Maintained | Expected to be lifted following a joint effort by the CSO, Revenue Commissioner and the EU auditors to get to the bottom of the calculations and the underlying assumptions. |
| Other compensation | Exemption of compensation on board of ships or aircraft | Maintained | Expected to be lifted following an assessment of the Irish legislation where we feel we are entitled to this exemption. |
| Other compensation | Funds management services (EU Pilot 2788/11) | Maintained | Will be Maintained and a joint effort will be made by Revenue and the CSO to try and lift this reservation before the next EU control visit. |

The GNI reservation relates to FISIM (financial intermediation services indirectly measured). We sent Eurostat our revised methodology in February 2016 and got confirmation last month from the desk officer adjudicating on FISIM that they approved of the use of new data sources and that the methodology meets the ESA requirements. A formal lifting of the reservation was pending until the new FISIM data was identified and explained in the annual GNI transmission (on 22 September 2016). This transmission included the detail of the GNI estimates for all years back to 2010, prepared for our annual National Income and Expenditure (NIE) publication.

Eurostat has subsequently prepared what it calls its technical opinion which will be sent to Ireland's Perm Rep to the EU, confirming that the reservation has been lifted.

Regarding the TOR open points, Revenue has noted with interest the Court of Auditors observations in relation to Traditional Own Resources. The 8 items shown in Annex 4.3 relate to 'open points' of reports, and not to reservations. They are points of inspections reports which were open at 31.12.2015 and form part of the regular ongoing follow-up procedure of such reports. A number of these 'open points' have been dealt with since that date.

- 2011 inspection – A follow up report was received from DG BUDGET in Sept 2015. Three 'open points' remain.

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| | <p>Two of the remaining open points relate to the charging of late payment interest. They will be closed once this interest has been paid. We are currently awaiting information from DG BUDGET on the exact amount involved. These amounts will be paid after the amounts requested are verified. It is also hoped that the third 'open point' will also be closed once Ireland have provided clarification to DG BUDGET on the matter.</p> <ul style="list-style-type: none"> • 2013 inspection – There were five 'open points' associated with this inspection. Ireland provided a response to DG BUDGET on these in early 2015. <p>Italy: GNI reservations <i>Measure adopted: YES; Action completed: YES; Completion date: 11/12/2015</i> VAT reservations <i>Measure adopted: YES; Action completed: YES; Completion date: 9/12/2015</i></p> <p>In October 2014 inspectors from the European Commission visited the Italian authorities to examine the annual VAT statements for 2011, 2012 and 2013. In the course of 2015 the Italian authorities sent the Commission the documents relating to the recalculations and corrections requested by the inspectors as part of their control visit. The audit resulted in a document dated December 2015 summarising the situation in Italy following the inspection.</p> <p>Before the inspection the Commission had 8 reservations and the Italian authorities 3. Thanks to the work carried out by Italy in the course of 2015, the number of Commission reservations was reduced to 4, plus 2 on the Italian side. Of the 4 reservations on the Commission's side, 2 related to the VAT receipts and are deemed to be long-standing.</p> <p>In September 2015 the European Commission carried out an additional audit of the Italian authorities relating to the 2 reservations regarding VAT receipts (accounting adjustments in 1999-2003 and the reconciliation of refunds in 2006-2013). This, and the positive outcome of a special audit carried out by the Italian Court of Audit in 2015, succeeded in definitively lifting the two long-standing reservations. Confirmation of this result can be found in the European Commission's summary document of 1 June 2016 (Ref. Ares(2016)2534376).</p> <p>There are therefore 2 outstanding reservations ('compensation on existing buildings and building land' and 'on-going infringement case no 2008/2010') which will be addressed at the next control visit, planned for December 2016.</p> <p>Latvia: Action taken: YES; Action completed: ; Completion date: GNI: Intensive efforts continued in 2016 to enable the remaining GNI reservations to be lifted as soon as possible. The 2015 GNI questionnaire included the results of work on specific GNI reservations and cross-cutting issues (impact on the volume of GNI), and the quality report also provided a description of the work done on GNI reservations. Eurostat visited Latvia on 24–25 November 2015 (GNI information visit) to discuss open issues concerning the remaining GNI reservations. With further clarifications being provided after this visit, all necessary steps were taken to enable most of</p> |
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the remaining reservations to be lifted. 13 April 2016 saw the lifting of nine of the twelve remaining reservations (as they stood at 31 December 2015). Three reservations are still in force in 2016. These are interconnected and therefore can all be lifted simultaneously, but only when all the interconnected methodological requirements have been met. The 2016 GNI questionnaire included the results of work on the remaining GNI reservations (impact on the volume of GNI), and the quality report also provided a description of the work done on GNI reservations. The Central Statistical Board has therefore now applied all the necessary revisions to GNI data and has submitted all the necessary documentation for lifting these reservations. Further progress is dependent on how quickly Eurostat prepares all the necessary documentation in order to officially lift the three remaining reservations.

TOR: Completion date: 24 August 2016. In accordance with letter ref. BUDG/B/03/CT(2016)4764257 of 24 August 2016 on the follow-up to the TOR inspection, report item 3.1 on partial compliance with Article 17(2) of Regulation No 1150/2000 will be closed following calculation and settlement of late-payment interest, while item 3.2 regarding potential financial liability of the Member State was closed on 24 August 2016.

VAT: Completion date: 30 November 2015. The question of whether VAT exemption for accommodation management services is in compliance with the provisions of Council Directive 2006/112/EC of 28 November 2006 (the VAT Directive) was raised within the context of the EU Pilot 6103/14/TAXU procedure. The Commission's services sent their first request for information to the competent Latvian authorities on 11 February 2014, to which the Latvian authorities replied on 22 April 2014. Following receipt of this response, on 8 July 2014 the Commission's services sent a further request for information, to which the Latvian authorities replied on 6 August 2014. On 26 November 2014 the Latvian authorities received the Commission's letter of formal notice in infringement proceedings 2014/2233.

The letter setting out Latvia's position in response to the Commission's letter of formal notice in these infringement proceedings stated that, with a view to rectifying the infringement identified by the Commission and correctly applying the provisions of the VAT Directive, Latvia will amend the Value Added Tax Law by deleting Article 52(1)(25)(b), which provides for VAT exemption for accommodation management services.

In order to harmonise the Law on VAT with Directive 2006/112/EC and to implement the obligations placed on Latvia under Directive 2006/112/EC to prevent the inappropriate application of EU legislation, on 30 November 2015 amendments were adopted to the VAT Law, whereby from 1 July 2016 management services for dwellings provided to tenants are subject to the 21 % standard rate of VAT.

Lithuania: Action taken: YES; Action completed: YES; Completion date: 16/2/2016

These observations by the European Commission, which were open on 31 December 2015, were resolved in 2016.

1) The observations made in points 3.1 and 3.2 of the European Commission's Report No 11-20-1 of 9 January 2012 on the inspection of traditional own resources in Lithuania from 3 to 7 October 2011 were closed on 16 February

2016 by letter ref. BUDG/B/03/KV (2016) 808166 from the European Commission.

The observation made in point 3.1 of the European Commission's Report No 14-20-1 of 5 September 2014 on the inspection of traditional own resources in Lithuania from 16 to 20 June 2014 was closed on 1 February 2016 by letter ref. BUDG/B/03/MK/D(2016) 528319 from the European Commission.

Luxembourg: Réserves TVA: *Action taken: OUI; Action completed: NON; Completion date: entre 29/10/2016 et 29/12/2016 (2 réserves TVA).* Réserves RNB: *Action taken: OUI; Action completed: OUI; Completion date: 17/12/2015.* Réserves RPT: *Action taken: OUI; Action completed: NON; Completion date:.*

Réserves TVA

Suite au contrôle ressources propres TVA effectué en septembre par la DGBUDG, il est à prévoir que deux des trois réserves actuelles pourront être levées avant la fin de l'année. La troisième réserve est liée à une affaire pendante devant le CJUE (C-274/15 Commission c. Luxembourg). Aucune action n'est prévue en 2016 en ce qui concerne la réserve liée à l'affaire C-274/15, pendante devant la CJUE.

RPT :

Le 2 mai 2016, une prise de position concernant le point resté ouvert du rapport 13-8-1 a été envoyée à la Commission. En attente d'une réponse.

Réserves RNB

Dans une lettre adressée à la représentation permanente du Luxembourg auprès de l'UE (BUDG B4/LP/Ares(2015) M. Stefan Lehner a informé que toutes les réserves spécifiques et transversales sur le RNB luxembourgeois ont été levées. L'information a été transmise au STATEC par Eurostat à la date du 17 décembre 2015.

Malta: *Action taken: YES; Action completed: NO; Completion date:*

NSO addressed the outstanding reservation in the latest GNI quality report dated 4 October 2016. Once official confirmation by EUROSTAT is received, the pending reservation will be lifted.

Fuq "Punti miftuha" tal-RPT: To date, 2 out of the 4 points have been addressed by the MT Government.

Netherlands: *Action taken: YES; Action completed: NO; Completion date:*

TOR: 3 of the 48 points that remained open on 31-12-2015 have been resolved in 2016. The other points are still the subject of correspondence between the Commission and the Netherlands. The points that remained unresolved on 31-12-2015 are or will be settled in bilateral talks between the European Commission and the Netherlands. In the case of 16 of the 48 points unresolved on 31-12-2015 the Netherlands was waiting for a reply or follow-up reply from the Commission. For 32 of the 48 open points the onus was on the Netherlands to reply to the Commission. In 2014 one subpart of one of the 48 points was settled. Because the other subparts of the point had not been resolved the entire point was still classified as open on 31-12-2015.

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| | <p>Poland: <i>Action taken: YES; Action completed: NO; Completion date:</i> In reference to GNI 14/04/2016, in reference to TZW 14/07/2015</p> <p>GNI</p> <p>The European Commission notified Polish authorities of its withdrawal of specific reservations 1–3, 5–8, 10 and 11 as well as horizontal reservations V and VIII related to Poland in its letter of 14 April 2016 (Ref. No: Ares (2016)1766182).</p> <p>At the moment there are no reservations related to Poland's GNI.</p> <p>VAT</p> <p>Since the reservations referred to in Annex 4.3 in Chapter 4 may be raised by Member States or the European Commission in respect of methodology used for calculations or data used for calculations related to establishing a VAT-based EU own fund basis, and work on resolving issues included therein and subsequent repeal thereof is a continuous process that relies on close cooperation between the administration of a Member State and the European Commission, in the opinion of Poland, Annex 4.3 should indicate three reservations related to VAT against Poland.</p> <p>TOR</p> <p>In the observation, the ECA indicated seven open points as at 31 December 2015, while Poland kindly explains that since September 2015, it has not been aware of any open point. The circumstances of the case are as follows: having conducted on 12–16 November 2012 an audit for the purposes of the Statement of Assurance for the financial year 2012 (DAS 2012) in respect of traditional own resources, the ECA made eight preliminary findings (in 17 points), which were presented in the letter of 6 February 2013 from the ECA to the Supreme Chamber of Control (NIK) – Ref. No PF-5410. Such preliminary findings, replies of Polish authorities, and the ECA's letter with the analysis of letters from Polish authorities were forwarded to the European Commission's DG Budget, which in its letter of 4 September 2015, No 3651543 informed that in response to the replies of Polish authorities (the last reply of Poland to the European Commission was included in the letter of 14 July 2015, No DC2.9021.13.2015.PXM), the Commission departments regarded preliminary findings sheet PF 5410/12 as closed.</p> <p>Portugal: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Having examined the remaining open points referred to in the reports drawn up by the Commission pursuant to Article 18 of Regulation (EC, Euratom) No 1150/2000, the Tax and Customs Authority has reached the following conclusions:</p> <ul style="list-style-type: none"> • The Authority has drawn up new instructions regarding the accounting treatment to be applied when outstanding debt is time-barred. In accordance with Circular No 15383 of 15 July 2015, amounts must be declared non-recoverable once the debt is time-barred; the survey of cases where the amounts were corrected because of time-barring has been completed, and a proposal has been made to a higher level that the amounts in question be made available on a provisional basis. • The Commission requested additional information about a number of points, and those points are therefore still |
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| | | <p>open.</p> <ul style="list-style-type: none"> • There are also a number of cases that are now being finalised, as the amounts in question have already been made available to the Commission; in some of these cases, we are waiting to receive the request for payment of the interest due. • The cases relating to the 2015 and 2016 inspections have also been analysed. <p>As regards report No 15-10-1, we are awaiting the Commission's opinion on the reply to letter No 81245 of 7 January 2015 (two open cases).</p> <p>As regards report No 16-10-1, we are awaiting the Commission's opinion on the reply to letter No 2468575 of 27 May 2015 (one open case).</p> <p>Romania: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>As to the <u>GNI-based own resource</u>, on 14 April 2016, as confirmed by COM letter Ref. Ares (2016)1765638/14 April 2016, all GNI-related reservations have been lifted. Practically, one may consider GNI reservations a closed action on 14.04.2016. The corresponding box was not, however, checked since the table also contained references to the other own resources. UCRBUE (Coordinating Unit for Relations with the European Union)</p> <p>As to the <u>VAT-based own resource</u>, from the three reservations existing on 31.12.2015, two have been lifted (which is confirmed by COM Draft Conclusions No Ref. Ares 2869670 of 21 June 2016) and only the general joint COM – RO reservation regarding the automatic compensation remains in force. UCRBUE + INS (National Institute of Statistics)</p> <p>As to the <u>traditional own resources</u>, there are 16 outstanding reservations in the inspection reports of the European Commission, drawn up in the period 2011-2015, as illustrated in the above table. General Customs Directorate + UCRBUE</p> <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Financial Directorate: TOR open points as at 31 December 2015 concern TOR inspections by the Commission (DG BUDGET) carried out in 2013 and 2014. The Financial Directorate and DG BUDGET are engaged in correspondence on all points in a bid to close those that are open. As at November 2016, all points from the 2013 inspection had been closed, and only one point from the 2014 inspection remained, in relation to which further communication is being held between the Financial Directorate and DG BUDGET.</p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>With regard to the two reservations in <u>VAT resources at 31-12-2015:</u></p> <ul style="list-style-type: none"> • the European Commission withdrew the reservation concerning the weighted average rate in its summary document on the inspection visit of 3 May 2016 after receiving the necessary explanations and calculations from |
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| | | <p>Spain.</p> <ul style="list-style-type: none"> the second reservation was notified officially to Spain for the first time by the document transmitting the VAT inspection report for 2012-2013 dated 27 August 2015. This reservation was the result of infringement proceeding No 2015/4105 on the exemption of certain services sold through gift boxes. The Spanish authorities are awaiting legal certainty on what the correct VAT treatment of these operations should be in order to assess and quantify a possible financial impact on the contribution of the VAT own resource. This reservation is the only one currently in force in the VAT resource for Spain. <p>With regard to the reservations concerning <u>Traditional own resources at 31-12-2015</u>:</p> <p>Follow-up to the points pending arising from the inspections of traditional own resources is carried out by the European Commission (DG Budget) with the Member State in question.'</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>VAT Reservations (situation at 31st December 2015) = 10</p> <p><u>GNI Reservation (situation at 31st December 2015) = 1</u></p> <p>1. Transition from producer's prices to basic prices</p> <p>The compilation process to make the transition from producer's prices to basic prices in order to value output in accordance with ESA95 should be reviewed.</p> <p>The compilation process to make the transition from producer's prices to basic prices in order to value output in accordance with ESA95 should be reviewed. Furthermore, the consistency between the scope of taxes and subsidies in the aforementioned transition and the scope of taxes and subsidies from the government accounts used in the estimation of GDP should be ensured. Following ONS work to remedy this incorporated at Blue Book 2016 all the outstanding gross national income (GNI) reservations on a European System of Accounts 1995 (ESA 1995) basis have now been lifted.</p> <p><u>VAT Reservations (situation at 31st December 2015) = 10</u></p> <p>Six of the ten reservations were lifted in the Commission's VAT Base Control Summary Report, issued in July 2016. The status of the four remaining reservations is as follows;</p> <p>i) Gross receipts (period covered: 2012-14)</p> <p>Discrepancies in the reconciliation and audit trail exercises were identified during the Commission's 2015 control visit. A methodology for a new and more robust reconciliation has been developed while the audit trail issue is currently under</p> |
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| | | <p>investigation. Both topics will be discussed with the Commission during their 2017 control visit.</p> <p>ii) Small exempt firms (period covered: 2012-14) Justification of the percentage of sales to final consumer and the input/output ratio is required. The issue is currently under investigation and is to be revised by April 2017.</p> <p>iii) Funeral services (period covered: 2012-14) Validation of the data used against the underlying data sources is required. The matter is currently under investigation and will be discussed with the Commission during their 2017 control visit.</p> <p>iv) Car compensation (period covered: 2009-14) Validation of the data used against the underlying data sources. Significant work has been carried out to improve and simplify the methodology. The matter will be further discussed with the Commission during 2017.</p> <p><u>TOR 'open points' (situation at 31st December 2015) = 23</u></p> <p>The UK recognise that a number of points remain outstanding from previous inspections, many of which are complex in nature. The UK is committed to resolving them and remains in regular correspondence with the Commission via the usual channels.</p> |
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CHAPTER 6 – Economic, social and territorial cohesion

| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
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| <p>Paragraph 6.3 - footnote 3</p> | <p>Spending under the MFF heading 1.b — ‘Economic, social and territorial cohesion’ aims to reduce development disparities between different regions, restructuring declining industrial areas and to encourage cross-border, transnational and interregional cooperation (2). The policy instruments that support the reinforcement of economic and social cohesion are the following:</p> <ul style="list-style-type: none"> - the Cohesion Fund (CF), which finances environment and transport projects in Member States with a per capita GNP of less than 90 % of the EU average (3). <p>(3) For both 2007-2013 and 2014-2020 programming periods, CF concerns Bulgaria, Czech Republic, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia. Spain was eligible for CF transitional support only during the 2007-</p> | <p>Cyprus: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>With regard to the Cohesion Fund, Cyprus as a Member State will receive funding:</p> <ul style="list-style-type: none"> - for the 2007-2013 MFF in the order of EUR 213 204 484 (amount corresponding to the Community Budget). At 31 December 2015 funding of EUR 193 108 178 had been received; - for the 2014-2020 MFF (in accordance with Commission implementing decision C(2014) 10084) in the order of EUR 269 541 702. <p>Czech Republic: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No comment, no specific finding.</p> <p>Estonia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> 31/03/2017</p> <p>Hungary: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Factual finding; no action justified.</p> <p>Latvia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No comment - statistical information provided</p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Nothing relevant to report.</p> <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>In our opinion, the text conveys the state of play.</p> <p>Slovenia: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i></p> <p>Slovenia is entitled to the KS funds within the FP 2007-2013 as well as within the FP 2014-2020. Detailed measures for the extraction of resources from the stated fund (for transport, environmental and energy infrastructure) are presented in</p> |

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| <p>Paragraph 6.9(a) - footnote 8</p> | <p>2013 programming period.</p> | <p>OP ROPI (for the period of 2007-2013), as well as in the OP for the implementation of ECP in the period 2014-2020.</p> |
| <p><i>Annex I.1</i> sets out the key elements of our audit approach and methodology. For the audit of ‘Economic, social and territorial cohesion’ the following specific points should be noted:</p> <p>(a) We examined a sample of 223 transactions (7) as defined in <i>Annex I.1</i>, paragraph 7. The sample is designed to be representative of the range of spending under the MFF heading. In 2015, the sample consisted of transactions from 15 Member States (8).</p> <p>(8) Bulgaria, Czech Republic, Germany, Greece, Spain, France, Italy, Latvia, Hungary, Austria, Poland, Portugal, Romania, Slovenia and United Kingdom (see <i>Annex I.3</i>).</p> | <p>Austria: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> The CENTRAL EUROPE programme was audited in respect of the ERDF. The beneficiaries of this programme are not just in Austria, but also in eight other Member States. There were no financially quantifiable findings in the ECA audit.</p> <p>Czech Republic: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> No comment, no specific finding.</p> <p>France: <i>Action taken:</i> NON; <i>Action completed:</i> NON; <i>Completion date:</i> Dans le cadre de la préparation de la déclaration d’assurance relative à l’exercice 2015 (réf. 1999FR053DO001), la Cour des comptes européenne a transmis, le 6 avril 2016, ses constatations préliminaires. La France n’a pas encore été rendue destinataire des conclusions de cet audit.</p> <p>Germany: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> 31/12/2016</p> <p>Hungary: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> Factual finding; no action justified.</p> <p>Latvia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> The report on Audit No PF-7153 indicated that in one of the four projects checked a number of shortcomings had been ascertained relating to State aid (two of the three parts of the observation have been retained: the maximum aid intensity has been exceeded and there is no incentive effect that would justify increasing support by 10 %). When providing comments on the draft report, the Latvian authorities set out their arguments and provided supporting documentation, but the final audit report still contains the previously drafted findings. Therefore, following consultations with the authorities concerned, the ECA will be sent the managing authority’s position on the information contained in the report. Given that the coordination of recommendations made in ECA audits falls under the remit of the European Commission, if necessary the information and views collated at national level will also be sent to the European Commission.</p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Nothing relevant to report.</p> | |

Romania: *Action taken:* ; *Action completed:* ; *Completion date:*

AA (Audit Authority): Regarding the Commission's supervisory activities of audit authorities in the Member States, we specify that, between 09 November 2015 and 13 November 2015, European Commission auditors from DG REGIO carried out an audit mission at the office of the Audit Authority, the aim of which was to obtain reasonable assurance that the activity of the audit authority complied with the requirements of Council Regulation (EC) No 1083/06, particularly those under Article 62.1.(b) - Audit of operations. Furthermore, the auditors assessed the reliability of the results of the audit activity, presented in the annual control reports and in the annual opinions.

The scope of the audit covered the programmes Regional Operational Programme, Sectoral Operational Programme Increase of Economic Competitiveness, Sectoral Operational Programme Transport, Sectoral Operational Programme Environment, Operational Programme for Cross-Border Co-operation between Romania and Bulgaria.

Up to the date of this document, no final audit report has been issued, the provisional conclusion being, pursuant to the draft audit report, that, as far as Key Requirement No 3 (Adequate procedures for audits of operations) is concerned, the system works, but some improvements are needed (Category 2).

Slovenia: *Action taken:* ; *Action completed:* ; *Completion date:*

Slovenia or the MA has no other comment to ECP Goal 1, also no additional comment to the scope of audits, carried out by the ECA, nor to the audit procedure and approach, whereas about the MA has no detailed knowledge. However, it is not within the competence of MA to comment on the correctness of the data; e.g. information about the size of the sample of the selected transactions and/or to which Member States these samples would refer. In so far the EC requires a different response, we would suggest to address the request in clear and an unambiguous manner.

Spain: *Action taken:* ; *Action completed:* ; *Completion date:*

ERDF and COHESION

- With regard to observation 6.5 in the Court of Auditors' report on the risks to regularity for ERDF/CF expenditure when ineligible costs are declared, our experience year after year and the errors detected in audits of transactions require the Intermediate Bodies to increase the administrative checks on expenditure presumed to be eligible. Moreover, all this practice is reinforced with training of managers. All this tends to minimise the risk, though given the complexity and quantity of the numerous measures that the complex Spanish administration carries out under public procurement, minimisation is slow.
- With regard to observation 6.7 in the Report concerning the fact that Member States' authorities face greater risks to the regularity of transactions as the end of the eligibility period approaches, we would point out that Spain proposed to the EU making the 'n+2 rule' more flexible so that it can be shown that expenditure previously committed is implemented, although it is asked that compliance with this requirement should not be required by a specific date, pending the necessary checks of the eligibility of this expenditure.

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| <p>Paragraph 6.9(b) - footnote 9</p> | | <ul style="list-style-type: none"> Finally, concerning observation 6.14 on errors in the selection of projects and compliance with EU and national public procurement rules, it is true that most irregular expenditure relates to ineligible expenditure (late payment, failure to provide proof of payment, expenditure not directly related to the project and erroneous allocation of labour or indirect costs) and non-compliance with public procurement rules. However, we would point out that work is being done to remedy these errors and that they never affect large projects, since the Commission itself decides the selection criteria for those projects. <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date:</i></p> <p>This section describes the ECA audit scope and approach.</p> |
| <p>Annex I.1 sets out the key elements of our audit approach and methodology. For the audit of ‘Economic, social and territorial cohesion’ the following specific points should be noted:</p> <p>(b) For financial instruments under shared management, we also reviewed their disbursement rates (i.e. the proportion of funds used at the level of final recipients). This was done on the basis of the Commission’s progress reporting for 2014 and our examination of seven ERDF financial instruments in seven Member States (9).</p> <p>(9) Bulgaria, Greece, Spain, Italy, Hungary, Poland and United Kingdom.</p> | <p>Greece: <i>Action taken: YES; Action completed: NO; Completion date: 31/12/2016</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding; no action justified.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>This observation does not include any specific reservations against Poland.</p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>ERDF and COHESION</p> <ul style="list-style-type: none"> With regard to observation 6.5 in the Court of Auditors’ report on the risks to regularity for ERDF/CF expenditure when ineligible costs are declared, our experience year after year and the errors detected in audits of transactions require the Intermediate Bodies to increase the administrative checks on expenditure presumed to be eligible. Moreover, all this practice is reinforced with training of managers. All this tends to minimise the risk, though given the complexity and quantity of the numerous measures that the complex Spanish administration carries out under public procurement, minimisation is slow. With regard to observation 6.7 in the Report concerning the fact that Member States’ authorities face greater risks to the regularity of transactions as the end of the eligibility period approaches, we would point out that Spain proposed to the EU making the ‘n+2 rule’ more flexible so that it can be shown that expenditure previously committed is implemented, although it is asked that compliance with this requirement should not be required by a specific date, pending the necessary checks of the eligibility of this expenditure. Finally, concerning observation 6.14 on errors in the selection of projects and compliance with EU and national public procurement rules, it is true that most irregular expenditure relates to ineligible expenditure (late payment, failure to provide proof of payment, expenditure not directly related to the project and erroneous allocation of labour | <p>Greece: <i>Action taken: YES; Action completed: NO; Completion date: 31/12/2016</i></p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding; no action justified.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>This observation does not include any specific reservations against Poland.</p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Spain: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>ERDF and COHESION</p> <ul style="list-style-type: none"> With regard to observation 6.5 in the Court of Auditors’ report on the risks to regularity for ERDF/CF expenditure when ineligible costs are declared, our experience year after year and the errors detected in audits of transactions require the Intermediate Bodies to increase the administrative checks on expenditure presumed to be eligible. Moreover, all this practice is reinforced with training of managers. All this tends to minimise the risk, though given the complexity and quantity of the numerous measures that the complex Spanish administration carries out under public procurement, minimisation is slow. With regard to observation 6.7 in the Report concerning the fact that Member States’ authorities face greater risks to the regularity of transactions as the end of the eligibility period approaches, we would point out that Spain proposed to the EU making the ‘n+2 rule’ more flexible so that it can be shown that expenditure previously committed is implemented, although it is asked that compliance with this requirement should not be required by a specific date, pending the necessary checks of the eligibility of this expenditure. Finally, concerning observation 6.14 on errors in the selection of projects and compliance with EU and national public procurement rules, it is true that most irregular expenditure relates to ineligible expenditure (late payment, failure to provide proof of payment, expenditure not directly related to the project and erroneous allocation of labour |

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| | | <p>or indirect costs) and non-compliance with public procurement rules. However, we would point out that work is being done to remedy these errors and that they never affect large projects, since the Commission itself decides the selection criteria for those projects.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date:</i></p> <p>This section describes the ECA audit scope and approach.</p> |
| <p>Paragraph 6.9(c) - footnote 10</p> | <p><i>Annex I.1</i> sets out the key elements of our audit approach and methodology. For the audit of ‘Economic, social and territorial cohesion’ the following specific points should be noted:</p> <p>(c) We assessed other elements of internal controls and annual activity reports:</p> <p>(i) the Commission’s supervisory activities of audit authorities in 16 Member States (10);</p> <p>(10) Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Estonia, Spain, France, Italy, Hungary, Poland, Portugal, Romania, Slovakia and United Kingdom.</p> | <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comment, no specific finding.</p> <p>Estonia: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>AA</p> <p>France: <i>Action taken: NON; Action completed: NON; Completion date:</i></p> <p>Dans le cadre de la préparation de la déclaration d’assurance relative à l’exercice 2015 (réf. 1999FR053DO001), la Cour des comptes européenne a transmis, le 6 avril 2016, ses constatations préliminaires. La France n’a pas encore été rendue destinataire des conclusions de cet audit.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding; no action justified.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Nothing relevant to report.</p> <p>Romania: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>AA (Audit Authority): Regarding the Commission’s supervisory activities of audit authorities in the Member States, we specify that, between 09 November 2015 and 13 November 2015, European Commission auditors from DG REGIO carried out an audit mission at the office of the Audit Authority, the aim of which was to obtain reasonable assurance that the activity of the audit authority complied with the requirements of Council Regulation (EC) No 1083/06, particularly those under Article 62.1.(b) - Audit of operations. Furthermore, the auditors assessed the reliability of the results of the</p> |

audit activity, presented in the annual control reports and in the annual opinions.

The scope of the audit covered the programmes Regional Operational Programme, Sectoral Operational Programme Increase of Economic Competitiveness, Sectoral Operational Programme Transport, Sectoral Operational Programme Environment, Operational Programme for Cross-Border Co-operation between Romania and Bulgaria.

Up to the date of this document, no final audit report has been issued, the provisional conclusion being, pursuant to the draft audit report, that, as far as Key Requirement No 3 (Adequate procedures for audits of operations) is concerned, the system works, but some improvements are needed (Category 2).

Slovakia: *Action taken:* ; *Action completed:* ; *Completion date:*

In our opinion, the text conveys the state of play.

Spain: *Action taken:* ; *Action completed:* ; *Completion date:*

ERDF and COHESION

- With regard to observation 6.5 in the Court of Auditors' report on the risks to regularity for ERDF/CF expenditure when ineligible costs are declared, our experience year after year and the errors detected in audits of transactions require the Intermediate Bodies to increase the administrative checks on expenditure presumed to be eligible. Moreover, all this practice is reinforced with training of managers. All this tends to minimise the risk, though given the complexity and quantity of the numerous measures that the complex Spanish administration carries out under public procurement, minimisation is slow.
- With regard to observation 6.7 in the Report concerning the fact that Member States' authorities face greater risks to the regularity of transactions as the end of the eligibility period approaches, we would point out that Spain proposed to the EU making the 'n+2 rule' more flexible so that it can be shown that expenditure previously committed is implemented, although it is asked that compliance with this requirement should not be required by a specific date, pending the necessary checks of the eligibility of this expenditure.
- Finally, concerning observation 6.14 on errors in the selection of projects and compliance with EU and national public procurement rules, it is true that most irregular expenditure relates to ineligible expenditure (late payment, failure to provide proof of payment, expenditure not directly related to the project and erroneous allocation of labour or indirect costs) and non-compliance with public procurement rules. However, we would point out that work is being done to remedy these errors and that they never affect large projects, since the Commission itself decides the selection criteria for those projects.

United Kingdom: *Action taken:* n/a; *Action completed:* n/a; *Completion date:*

This section describes the ECA audit scope and approach.

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| <p>Figure 6.3</p> | <p>Example of ineligible costs declared</p> | <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date:</i></p> <p>The ECA has used a UK project as a case study to illustrate the issues with EU projects that involve cost reimbursements. The ECA has not identified the project referred to here. Errors are often unintentional and minor compliance breaches of complex regulations; they do not usually represent fraud or negligence by claimants.</p> |
| <p>Figure 6.4</p> | <p>Example of ineligible project</p> | <p>Czech Republic: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>The OPEI MA is awaiting the Commission’s opinion as to how individual findings are passed on. The OPEI MA does not accept the ECA auditors’ conclusion regarding the size of entities applying for/benefiting from grants and the verification of the real owner of the project.</p> <p>The beneficiary has complied with its obligation under the provisions laid down in the ‘Conditions for the provision of grants’ and notified the change of ownership structure (information on the project notice board in eAccount and ISOP 7-13, 9 February 2012). The OPEI MA believes that the change of ownership structure did not have any effect on SME status. Administrative verifications/checks by the intermediary body (IB) always assess the size of the company and any changes in that regard based on the document ‘Definition of SMEs’ i.e. the interpretation given in Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. The definition of an SME covers associations of companies up to 25 % of capital or voting rights. As for the partner enterprises (between 25 and 50 %), the figures are attributed to the applicant/beneficiary entity on a pro rata basis, whereas with connected/associated companies (share above 50 %) they count in full. In the case of an ownership stake of 20 + 2 % in Ekol spol. s r.o. this cannot, as the ECA says, constitute a dominant influence and accordingly this cannot be considered a case of connection with EnergoFuture a.s.</p> <p>ANLP s.r.o., which has a dominant influence in EnergoFuture, a.s. (78 % ownership), keeps records of the commitment of CZK 61.7 million towards Ekol. We can agree that ANLP is not entirely independent of Ekol. The definition of SME in Recommendation No 2003/361/EC does not cover connected undertakings in case of outstanding commitments.</p> <p>In the view of the OPEI MA and the IB this cannot be considered as a case of connected companies even via natural persons. Jaromír Kříž owns a marginal share of 0.5 % in Ekol and as a member of the Board of Directors he may represent EnergoFuture always jointly, rather than independently. Stanislav Veselý and Gustav Poslušný who have an ownership stake in Ekol are also chairman and member of the supervisory board of EnergoFuture. According to the Articles of Association of EnergoFuture, the supervisory board is a monitoring authority and does not in itself have any decision-making powers in relation to the direction or management of the company.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The information does not provide any specific example of a non-eligible project in Poland, and consequently, it is impossible to respond to specific allegations raised by the ECA. General clarifications relating to, for example, eligibility errors are provided in the answer to question 1.1 in Annex III.</p> |

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| <p>Figure 6.5</p> | <p>Example of serious failure to comply with public procurement rules</p> | <p>Germany: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> On 1 June 2016, the managing authority of the Federal Transport Programme sent an opinion to the European Court of Auditors (ECA) and the European Commission. Additional works (1.3 %) and modified works (89.3 %) were directly awarded to the same contractor via amendments to the contract. According to the legal interpretation of the aforementioned managing authority, Article 31 of Directive 2004/18/EC applies to additional works but not to modified works. The ECA's final audit communication has not yet been issued.</p> <p>United Kingdom: <i>Action taken:</i> n/a; <i>Action completed:</i> n/a; <i>Completion date:</i> The UK is one of three countries the ECA has used as a case study to illustrate the issues with EU projects that involve cost reimbursements. The ECA has not identified the projects referred to here. Errors are often unintentional and minor compliance breaches of complex regulations; they do not usually represent fraud or negligence by claimants.</p> |
| <p>Paragraph 6.24 - footnote 21</p> | <p>In May 2016, the Commission has addressed letters of formal notice whereby the Commission reminds them of their overdue obligation to enact in national law the three EU directives to 20 out of the 28 Member States (21). (21) The eight Member States that implemented all three new Directives are: Denmark, Germany, France, Italy, Hungary, Romania, Slovakia and the United Kingdom.</p> | <p>Denmark: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> Footnote 21 refers to the fact that Denmark is one of the eight Member States which have implemented all three Directives. We have no comments on this.</p> <p>France: <i>Action taken:</i> OUI; <i>Action completed:</i> OUI; <i>Completion date:</i> La transposition des directives en France a été effectuée dans les délais impartis par la Commission :</p> <p>La directive 2014/23/UE a été transposée de manière complète par la publication des textes suivants : le décret n° 2014-1341 du 6 novembre 2014 modifiant le décret n° 2010-406 du 26 avril 2010 relatif aux contrats de concession de travaux publics et portant diverses dispositions en matière de commande publique ; l'ordonnance n° 2016-65 du 29 janvier 2016 relative aux contrats de concession ; la loi n° 2015-990 du 6 août 2015 pour la croissance, l'activité et l'égalité des chances économiques (article 209) ; le décret n° 2016-86 du 1er février 2016 relatif aux contrats de concession ; l'arrêté du 21 mars 2016 fixant le modèle d'avis pour la passation des contrats de concession ; l'avis relatif aux seuils de procédure et à la liste des autorités publiques centrales en droit de la commande publique ; l'avis relatif à la liste des activités qui sont des travaux en droit de la commande publique ; l'avis relatif aux contrats de la commande publique ayant pour objet des services sociaux et autres services spécifiques.</p> <p>La directive 2014/24/UE et la directive 2014/25/UE ont été transposées de manière complète par la publication des textes suivants : l'ordonnance n° 2015-899 du 23 juillet 2015 relative aux marchés publics ; la loi n° 2014-1545 du 20 décembre 2014 relative à la simplification de la vie des entreprises et portant diverses dispositions de simplification et de clarification du droit et des procédures administratives (article 42) ; le décret n° 2016-360 du 25 mars 2016 relatif aux marchés publics ; le décret n° 2016-361 du 25 mars 2016 relatif aux marchés publics de défense ou de sécurité ; l'arrêté du 29 mars 2016 fixant la liste des renseignements et des documents pouvant être demandés aux candidats aux marchés publics ; l'avis relatif à la liste des dispositions internationales en matière de droit environnemental, social et du travail permettant de rejeter une offre comme anormalement basse en matière de marchés publics ; l'avis relatif à la nature et au</p> |

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| | | <p>contenu des spécifications techniques dans les marchés publics ; l'avis relatif aux seuils de procédure et à la liste des autorités publiques centrales en droit de la commande publique ; l'avis relatif à la liste des activités qui sont des travaux en droit de la commande publique ; l'avis relatif aux contrats de la commande publique ayant pour objet des services sociaux et autres services spécifiques.</p> <p>Germany: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> For information purposes only; no answer required.</p> <p>Hungary: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 01.11.2015</p> <p>The most important measure and the most significant result in 2015 as regards public procurement was the passing of the new public procurement act (Act CXLIII of 2015 on Public Procurement) and its entry into force on 1 November 2015. By passing the new Public Procurement Act and its implementing regulations, Hungary was the first of the EU Member States to transpose all three of the new EU's public procurement directives. These pieces of legislation were the result of wide social dialogue. Professional chambers, interest representation organisations, and external experts were all involved in the preparation of the draft legislation. Additionally, the PMO's experts responsible for preparing the draft also consulted with the Commission's experts on numerous occasions, both by video conferencing and in personal meetings. As a result of the above and the extended deadline for social consultation, many recommendations were included into the text. The parliamentary session held before the new Public Procurement Act was passed included consultations with the representatives of the parties in parliament. The draft was again amended to take into account their recommendations.</p> <p>Romania: <i>Action taken:</i> YES-MFE; <i>Action completed:</i> YES; <i>Completion date:</i> 26/05/2016</p> <p>MFE: Romania transposed the three European directives into national law, through three primary legislative acts, as follows:</p> <ol style="list-style-type: none"> 1. Law No 98/2016 on public procurement; 2. Law No 99/2016 on sectoral procurement; 3. Law No 100/2016 on works and services concessions. <p>They were approved by the Parliament and signed into law, entering into force on 26 May 2016.</p> <p>In June, the Government of Romania approved the secondary legislation, namely:</p> <ol style="list-style-type: none"> 1. Government Decision No 395/2016 approving the implementing rules for the provisions regarding the award of public procurement contracts/framework agreements under Law No 98/2016 on public procurement; 2. Government Decision No 394/2016 approving the implementing rules for the provisions regarding the award of sectoral contracts/framework agreements under Law No 99/2016 on sectoral procurement. <p>The secondary legislation for services concessions will be also adopted by the end of this year.</p> |
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| | | <p>Slovakia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> In our opinion, the text conveys the state of play.</p> <p>United Kingdom: <i>Action taken:</i> n/a; <i>Action completed:</i> n/a; <i>Completion date:</i> The ECA has recognised the UK’s progress in enacting the new EU directives on public procurement.</p> |
| <p>Paragraph 6.28 - footnote 26</p> | <p>We identified this year seven ERDF/CF projects in five Member States that infringed the EU state aid rules (26). Where necessary, we requested and obtained a preliminary assessment by the Directorate-General for Competition. This assessment and the case law of the European Court of Justice were taken into account when classifying errors.</p> <p>(26) Czech Republic, Italy, Latvia, Poland and United Kingdom.</p> | <p>Czech Republic: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i> The MA of the programme does not accept the conclusion of the ECA’s auditors regarding infringement of EU State aid rules. The MA is of the opinion that the subsidy of 40 % complies with the call and the regional aid map. The OPEI MA is awaiting the Commission’s opinion as to how individual findings are passed on.</p> <p>Latvia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> Having assessed the information contained in the audit report along with DG COMP’s position on this issue, we consider that in Latvia’s case the Court of Auditors has not conducted a sufficient evaluation of whether financing provided by public bodies or public capital companies is deemed private assets to which the rules on State aid do not apply, and it has also not taken into account DG COMP’s explanations regarding instances of increased intensity in the context of an incentive effect. We therefore consider that in Latvia’s case the State aid rules have not been infringed.</p> <p>Poland: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i> The Managing Authority for the Infrastructure and Environment Operational Programme (POLiS) has not received the final position of the ECA. The Managing Authority for POLiS does not agree with the allegations made by the ECA in the specific cases where the legality of State aid was questioned.</p> <p>United Kingdom: <i>Action taken:</i> n/a; <i>Action completed:</i> n/a; <i>Completion date:</i> The UK is one of five countries the ECA sampled where state aid infringements were found. The ECA has not identified the projects referred to here. Errors are often unintentional and minor compliance breaches of complex regulations; they do not usually represent fraud or negligence by claimants.</p> |
| <p>Figure 6.6</p> | <p>Example of a project infringing state aid rules</p> | <p>Latvia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> Having assessed the information contained in the audit report along with DG COMP’s position on this issue, we consider that in Latvia’s case the Court of Auditors has not conducted a sufficient evaluation of whether financing provided by public bodies or public capital companies is deemed private assets to which the rules on State aid do not apply, and it has also not taken into account DG COMP’s explanations regarding instances of increased intensity in the context of an incentive effect. We therefore consider that in Latvia’s case the State aid rules have not been infringed.</p> <p>Poland: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i></p> |

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| | | <p>The Managing Authority for POIiS does not agree with the allegations made by the ECA in its initial report. The Managing Authority for POIiS has not received the final position of the ECA.</p> <p>United Kingdom: <i>Action taken: n/a; Action completed: n/a; Completion date:</i></p> <p>The UK is one of two countries the ECA has used as a case study to illustrate the issues with EU projects that infringe state aid rules. The ECA has not identified the projects referred to here. Errors are often unintentional and minor compliance breaches of complex regulations; they do not usually represent fraud or negligence by claimants.</p> |
| <p>Paragraph 6.33 - footnote 30</p> | <p>For example, the Court of Justice ruled in 2012 that VAT must be considered recoverable whenever an operator charges fees with VAT to the ultimate users of the infrastructure (30). We identified three cases where recoverable VAT was declared by public bodies as eligible cost (see Figure 6.7).</p> <p>(30) Case T-89/10, Hungary v Commission, judgement of 20 September 2012 of the General Court.</p> | <p>Hungary: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>The Member State will take into consideration the judgment referred to in the finding and will proceed accordingly in similar cases.</p> |
| <p>Figure 6.7</p> | <p>Example of ineligible VAT</p> | <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The Commission already has all the information at its disposal; see Annex II.</p> <p>Hungary: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>The Commission's English follow-up letter regarding the ECA audit was received by the Managing Authority on 05 October 2016. The Member State has 2 months to respond to the Commission's letter or, if necessary, initiate corrective measures, starting from the time the letter is received in Hungarian. The end date of the action can therefore presently not be determined.</p> |
| <p>Paragraph 6.38</p> | <p>By the end of 2014, 1 025 financial instruments had been set up under 183 ERDF and ESF OPs in all but three Member</p> | <p>Ireland: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>We appreciate the increasing emphasis on Financial Instruments for delivering EU funding across EU funding lines and we are engaged in examining opportunities across all relevant sectors. It should be noted that Ireland examined the potential for using FIs in the current ERDF programmes (including a feasibility study conducted by the EIB) and found</p> |

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| | States (Ireland, Croatia and Luxembourg). Taken together, they have an endowment of around 16 018 million euro (36). | that there was no scope for using FIs at present. The Irish EAFRD and EMFF MAs are currently undertaking an ex-ante assessment of FI use in their programmes and we await the results of that assessment. Luxembourg: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> FEDER : La valeur de l'enveloppe financière est jugée trop faible pour recourir à des IFs. Il a été jugé que la mise en place d'IFs pour les POs au Luxembourg engendra des coûts supplémentaires et une complexité accrue (au niveau de la gestion, de l'administration et du contrôle) disproportionnés par rapport aux avantages éventuels. |
| Paragraph 6.42 | Figure 6.8 presents the disbursement rates for financial instruments financed by 'Economic, social and territorial cohesion' as at 31 December 2014. Already in our last annual report we have pointed to the difficulties of several Member States to use the endowments of the financial instruments in full. We note particular problems with low disbursement rates in six Member States (Greece, Spain, Italy, Netherlands, Austria and Slovakia) compared to the EU average. | Austria: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i> Financial instruments were used in two ERDF programmes. However, it is important to note that these instruments were allocated very little funding from the outset, by comparison with the rest of Europe. Moreover, the actual use made of financial instruments, is only clear when the programme is closed. This will be on 31 March 2017. Greece: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> 31/12/2016 Ministry of the Economy and Development: for the financial instruments for the 2007-2013 period, the departments of the Ministry of the Economy and Development carried on continuous and persistent discussions and negotiations with the European Commission for the removal or mitigation of any difficulties that had been identified in terms of regulations in order to bring about the improvement of absorption. In addition to this, we would point to the achievement of the removal of the prohibition on the funding of capital movement, which was achieved at the end of 2012, and the possibility of combining subsidies with simultaneous funding from financial instruments, achieved in 2013. Negotiations with the European Commission are continuing even now, in order for it to become possible for pre-existing loans to be incorporated into the financial instruments of the new period. In addition, proposals are being examined in all areas in order to sketch out ways and means for funding that will satisfy the overwhelming majority of Greek enterprises. However, it should be pointed out that prior to the implementation of any of the above, care is taken to ensure that they are compatible with national and EU rules and that their implementation does not infringe competition rules. Netherlands: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> In anticipation of the regulations for the new period (according to which payments follow the liquidity), the funds were not fully paid in all at once, for reasons of sound financial management. They were also launched late. Nevertheless, we can now state that all funds have been almost completely exhausted and virtually all the funds deposited have been converted into loans and contributions to final beneficiaries. Slovakia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i> runs (until the end of the eligibility of expenditure at the national level) Ministry of Education, Science, Research and Sport: The managing authority is making every effort to ensure that financial resources contracted under the JEREMIE initiative are exhausted. As at August 2016, 53.44 % of the financial resources had been exhausted, a rise by 34 percentage points compared to the report presented in the infographic (Figure |

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| | | <p>6.8 of the 2015 Annual Report). To ensure that the allocation is exhausted, the managing authority is locked in intensive communication with the EIF's successor for the JEREMIE initiative – Slovenská záručná a rozvojová banka Asset Management, a.s.</p> <p>Ministry of Economy: Under the Operational Programme Competitiveness and Economic Growth, uptake within the scope of the JEREMIE financial instrument was increased by EUR 40 million (the payment claim of 16 November 2015) and within the scope of the JESSICA III financial instrument by EUR 59 million (the payment claim of 28 December 2015).</p> <p>Spain: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>ESF</p> <p>As regards the ESF, Spain plans to use financial instruments in two operational programmes in the 2014–2020 MFF. In 2015 and 2016 managers and technical staff from the managing and certifying authorities participated in various events organised by the European Commission to improve their training in these instruments.</p> |
| <p>Figure 6.8</p> | <p>Disbursement rates for financial instruments financed by 'Economic, social, and territorial cohesion' as at 31 December 2014.</p> | <p>Austria: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>See comment to 6.42.</p> <p>Bulgaria: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>ME: The overall budget of the JEREMIE initiative for the 2007—2013 programming period was MEUR 349. It was allocated for the implementation of five types of financial instruments: 1) First loss portfolio guarantee; 2) Portfolio risk sharing fund; 3) Entrepreneurship acceleration and seed funds; 4) Risk capital fund; and 5) Co-investment fund, with 17 financial operations. The agreement between the JEREMIE Holding Fund and the European Investment Fund (EIF) was signed in 2010, and the first instrument was launched at the end of 2011. The period 2013—2014 was characterised by initial maturity of financial instruments, which may explain the low levels of absorption. As stated in EIF reports as of 30 August, according to data from financial intermediaries as of 30 June 2016 (the end date for all financial operations under all financial instruments) the total amount of funds under negotiated transactions with financial intermediaries amounted to MEUR 362.85, of which MEUR 355.37 were actually allocated to SMEs and used for management fees. This represents more than 100 % utilisation of the entire portfolio. If necessary, the over-utilisation will be covered using receipts from recycled resources.</p> <p>Cyprus: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>With regard to financial instruments, the disbursement rate at 31 December 2015 was 100 %.</p> <p>Czech Republic: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>No comment, no specific finding.</p> |

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| | | <p>Denmark: <i>Action taken: YES; Action completed: NO ; Completion date: 31/12/2016</i> The final payment for all financial instruments under the ERDF and ESF programmes for 2007-2013 will be made in 2016.</p> <p>Estonia: <i>Action taken: YES; Action completed: NO ; Completion date: 31.03.2017</i></p> <p>Finland: <i>Action taken: YES; Action completed: NO; Completion date:</i> Action fully achieved by the end of the programming period.</p> <p>France: <i>Action taken: NON; Action completed: NON; Completion date: Date de clôture des instruments financiers</i> Chaque autorité de gestion a pu prendre des mesures propres pour ses instruments, il n'y a pas d'action nationale. Les données actualisées ne seront connues qu'à la clôture des instruments financiers.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Greece: <i>Action taken: YES; Action completed: NO; Completion date: 31/12/2016</i> Ministry of the Economy and Development: In order to improve the rate of absorption of the financial instruments resources, actions have been taken such as:</p> <ul style="list-style-type: none"> • a system of continuous detailed monitoring of progress in the implementation of the financial instruments has been put in place, making it possible to intervene immediately to provide instructions and corrective actions where these are required. The result of this was an increase in the absorption percentage of these resources to 50.42 % as at July 2015, compared with 9.25 % in the corresponding month in 2013. On the basis of this monitoring system, monthly progress reports are issued on progress in the implementation of the financial instruments. • in order to estimate more accurately the forecast absorption and the likely risk of losing resources, the body carried out in-depth analysis of the progress made in implementing the financial instruments, broken down by type and product, and by operational programme. The aim of the analysis was to examine in detail the level of completion and the prospect for each financial instrument, in conjunction with the absorption of the other actions in the national priority pillars, in order to reach a clear conclusion as to whether there was a risk of the resources not being absorbed in time. It emerged from this analysis that there was no clear risk of the loss of resources from the financial instruments, as even in the worst-case scenario of the resources which had been made available for them not being absorbed, the difference could be covered by other entrepreneurship actions. • simplification of the procedure for transferring resources between the EIB and banks in the former Hellenic Guarantee Fund of the European Investment Bank for Small and Medium Enterprises • an attempt to work together with the Ministry of the Economy in order to make it possible to issue a special type of |
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| | <p>tax clearance (without deduction) for financial engineering instruments actions.</p> <ul style="list-style-type: none"> • transfer of ICT resources to traditional entrepreneurship actions in five transitional regions. • attempt at further simplification of procedures at all levels by the managers of the funds <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i> Factual finding; no action justified.</p> <p>Ireland: <i>Action taken: YES; Action completed: NO; Completion date:</i> We appreciate the increasing emphasis on Financial Instruments for delivering EU funding across EU funding lines and we are engaged in examining opportunities across all relevant sectors. It should be noted that Ireland examined the potential for using FIs in the current ERDF programmes (including a feasibility study conducted by the EIB) and found that there was no scope for using FIs at present. The Irish EAFRD and EMFF MAs are currently undertaking an ex-ante assessment of FI use in their programmes and we await the results of that assessment.</p> <p>Latvia: <i>Action taken: YES; Action completed: NO; Completion date:</i> To ensure that 100 % of finances for activities under the 2007–2013 programming period financial instrument (FI) are utilised, their implementation has been extended to 31 October 2016 (the appropriate amendments have been made to the Cabinet Regulation on the implementation of activities and sub-activities). The closure process is taking place during 2016, including the preparation of a final report for submission to the Commission; the final declaration of expenditure is also being drawn up, as a result of which it is anticipated that Latvia will be able to receive 100 % EU fund financing. The results of completed measures will be reflected in the final declaration of expenditure, which Latvia will submit in accordance with regulatory provisions by 31 March 2017, at which point they will be deemed complete.</p> <p>Lithuania: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2015</i> As at 31 December 2015, 100 % of EU structural fund resources allocated to the implementation of financial instruments had been used.</p> <p>Luxembourg: <i>Action taken: ; Action completed: ; Completion date:</i> n/a</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i> Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> This observation does not include any specific reservations against Poland.</p> |
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| | | <p>Portugal: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Nothing relevant to report.</p> <p>Slovakia: <i>Action taken:</i> YES; <i>Action completed:</i> NO; <i>Completion date:</i></p> <p>Ministry of Education, Science, Research and Sport: The managing authority is making every effort to ensure that financial resources contracted under the JEREMIE initiative are exhausted. As at August 2016, 53.44 % of the financial resources had been exhausted, a rise by 34 percentage points compared to the report presented in the infographic (Figure 6.8 of the 2015 Annual Report). To ensure that the allocation is exhausted, the managing authority is locked in intensive communication with the EIF's successor for the JEREMIE initiative – Slovenská záručná a rozvojová banka Asset Management, a.s.</p> <p>Ministry of Economy: Under the Operational Programme Competitiveness and Economic Growth, uptake within the scope of the JEREMIE financial instrument was increased by EUR 40 million (the payment claim of 16 November 2015) and within the scope of the JESSICA III financial instrument by EUR 59 million (the payment claim of 28 December 2015).</p> <p>Slovenia: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>Concerning the financial instruments (Observation 3) the MA checked about the level of payments in the context of cohesion policy. ECA indicates in its report, that the rate in Slovenia was 90%. From the quartal report, delivered to the EC by the MA, we can understand, that on the 31st December 2014 the 78% of the FI funds were allocated to the final recipients. The methodology of calculating this rate, used by the ECA, was not known to us, therefore we cannot claim, that the reported data is not false.</p> <p>The finding of the ECA refers to the statement, that the rate is relatively low in average, however, considering the fact, that this rate is higher than the average in Slovenia, this finding is likely irrelevant for Slovenia. In Slovenia there were no special measures needed to be implemented in order to increase the absorption.</p> <p>Sweden: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken:</i> n/a; <i>Action completed:</i> n/a; <i>Completion date:</i></p> <p>n/a - the map shows the rate of disbursement in Financial Instruments by Member State .</p> |
| <p>Figure 6.9</p> | <p>Example of an ineligible loan (ineligible recipient).</p> | <p>Hungary: <i>Action taken:</i> NO; <i>Action completed:</i> ; <i>Completion date:</i></p> <p>The Managing Authority submitted its comments on the ECA audit in April 2016. The ECA's final standpoint is not presently available to the MS so no corrective measures have yet been taken. The end date of the action can therefore presently not be determined.</p> |

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| <p>Paragraph 6.81 - footnote 57</p> | <p>For the remaining two cases (1 %), we could not assess the output of the projects either because specific targets in the output objectives were not set at the stage of the approval of the project or the managing authority/intermediate body could not provide appropriate documentation to us to substantiate that such targets had been specified and communicated to the beneficiary (57). Therefore, we cannot assess whether or to what extent these projects contributed to the achievement of the OP objectives.</p> <p>(57) These two projects were in Spain and Germany.</p> | <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> For information purposes only; no answer required.</p> <p>Spain: <i>Action taken: YES; Action completed: ; Completion date:</i> ESF</p> <p>Under the new programming framework and in line with a result-oriented approach, all transactions must contribute to attaining a specific objective. The indicator values show whether these objectives have been achieved.</p> |
| <p>Figure 6.11</p> | <p>Example of a project which fully achieved its objectives.</p> | |
| <p>Figure 6.12</p> | <p>Example of a project which did not achieve its objectives.</p> | <p>Poland: <i>Action taken: YES; Action completed: NO; Completion date:</i> This finding refers to project No POIG.01.04.00-06-029/11 SMF POLAND Sp. z o. o. The Implementing Body (Polska Agencja Rozwoju Przedsiębiorczości – PARP) and the Managing Authority for the Innovative Economy Operational Programme (POIG) did not agree with the ECA’s findings, and they informed the ECA thereof in their reply to preliminary findings. The reply to preliminary findings was forwarded to the European Commission for reference. As at 2 November 2016, neither the ECA, nor the European Commission has expressed its position towards the reply to preliminary findings. Irrespective of the above, the PARP terminated the project financing agreement with the beneficiary as of 2 June 2016 (failure to implement the project was stated as the reason for termination) and it is following the procedure to recover the funds handed over for the project implementation.</p> |
| <p>Paragraph</p> | <p>Our assessment in 15 Member</p> | <p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i></p> |

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| 6.87 | <p>States sampled showed that such cases were identified in 13 of them. However, the issue is particularly prevalent in Czech Republic, Spain, France, Italy, Latvia and Austria for ERDF/CF and Czech Republic, Germany, Spain and Poland for ESF. In these countries result indicators were not defined for more than half of the completed projects examined.</p> | <p>The findings of the ECA relate to projects in the transnational ETC CENTRAL EUROPE Programme. It is particularly difficult to define result indicators for the project types in the network programmes.</p> <p>Czech Republic: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>In accordance with the legislation in force for the period 2007–2013, the monitoring of the result indicators is required only at the level of the operational programme and priority axis level and not at project level. We therefore reject, in principle, the idea that that conclusion be presented as a finding in the context of the annual report. From the point of view of methodology, in terms of projects in the Czech Republic it is mandatory to look only at the main quantified indicator. The monitoring of result indicators in the projects is not obligatory in the Czech Republic as a whole or specifically according to the national methodology. When the indicator systems were developed, particular emphasis was put on the link between quantified and result indicators rather than the monitoring of result indicators already at project level. In view of the nature of result indicators, it is very often difficult to monitor and evaluate them in such detail.</p> <p>France: <i>Action taken: OUI; Action completed: OUI; Completion date:</i></p> <p>Pour la période 2007-2013, le suivi des réalisations était requis au niveau de chaque projet et c'est ce qui a été pleinement effectué par les autorités de gestion françaises. L'observation de la CCE mentionne l'absence du suivi des résultats ou de valeurs cibles dans les documents d'approbation des projets. Les résultats ont analysés à travers les différentes évaluations qui ont été conduites par les autorités de gestion pendant le programme. De ce fait, la notion de résultat est plus liée à une thématique ou bien à un type de soutien qu'au niveau de chaque projet individuellement.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>For information purposes only; no answer required.</p> <p>Latvia: <i>Action taken: YES; Action completed: YES; Completion date: 11 November 2014</i></p> <p>When drawing up the 2007–2013 programming documents, the strategic orientation referred to in the 2006 Commission working document 'INDICATIVE GUIDELINES ON EVALUATION METHODS: MONITORING AND EVALUATION INDICATORS Working Document No. 2*' was used for the purpose of determining result indicators, i.e. in contrast to output indicators, result indicators are mainly determined to reflect the total contribution of one or perhaps more activities to a sector's development, assessing the outcome not only on the basis of project data, but using statistical sector information (e.g. passenger time savings in connection with improved roads, etc.). During the 2014–2020 programming period the Commission changed its approach and these improvements have in turn been made at national level in line with the Commission guidelines.</p> <p><i>*http://ec.europa.eu/regional_policy/sources/docoffic/cocof/2006/cocof_06_0010_00_en.pdf</i></p> <p>On 11 November 2014 the Commission approved the operational programme 'Growth and jobs' setting out indicators, and a corresponding agreement has been reached with the Commission and the methodology for calculating indicators and data sources have been established.</p> |
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Poland: *Action taken:* ; *Action completed:* ; *Completion date:*

The observations were expressed in PF-7202 and PF-7209 reports. The Managing Authority for the Human Capital Operational Programme (POKL), acting also as the Managing Authority for the Knowledge Education Development Operational Programme (POWER), upholds its clarifications provided in response to the reports. According to the clarifications, the Human Capital Operational Programme (POKL) satisfies the requirements specified in Community provisions as it defines, for each priority axis, specific objectives quantified by appropriate indicators of output and result, for which targets were set. According to the European Commission's guidelines, such indicators may be monitored with the use of various sources. For the majority of output indicators and few result indicators, the sources are beneficiaries' data obtained from reporting at the project level. It is possible due to the specific nature of output indicators, which are achieved directly by beneficiaries in the course of project implementation. On the other hand, due to their specific nature and the necessity to assess the quality of measures taken, some result indicators are measured within evaluation studies commissioned by the Managing Authority / Intermediate Body or with the use of administrative data. Such approach is justified on the one hand by the necessity to provide objective data (collected or reviewed by an external entity), and on the other hand – by the necessity to assess the quality of support provided, which should be done in a wider context. The adopted system of POKL monitoring provides for various sources of monitoring the Programme's results.

For some activities related especially to the return to the labour market, it is necessary to use indicators measured in an evaluation study or obtained from administrative data, which is reflected in the Programme provisions (Annex 3 *POKL Monitoring indicators*). For such activities, the intervention result was monitored in a holistic manner – in an evaluation study entitled *Study on the effectiveness of support provided as part of the regional component of POKL 2007–2013*, which was conducted in several stages. The effectiveness and quality of support provided in projects targeted at professional activation and undertaking employment is monitored through indicators related to the taking-up of jobs by project participants (so-called employment effectiveness measured in the evaluation study) and through so-called activation indicators reflecting the proportion of unemployed people in a given group covered with various forms of professional activation (measured with the use of data from the Ministry of Family, Labour and Social Policy). It is impossible to measure both types of indicators at the level of a single project.

Another group of result indicators which are not monitored at the level of a single project are 'coverage indicators' that show the scale of support provided to a given target group; these are indicators measured in respect of the entire population (in the country) which may have been supported. Due to their nature and as it is necessary to refer to the entire population (e.g. *the proportion of key employees of Public Employment Services who completed training sessions in the non-school system that are relevant for the regional labour market*), for the purpose of calculating the indicators, it is required to refer to the entire population of key employees in a province or in a country, which is naturally impossible at the level of a single project implemented, for instance, in one district. In such scenario, a beneficiary is obliged to specify its own result indicator, which refers, for instance, to the number of people who obtained professional qualifications (certified qualifications). This group (of coverage indicators) includes also: *the proportion of social welfare institution*

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| | | <p><i>users who were covered by social contracts, the proportion of social welfare institution users at the age of professional activity and not working who, within the Priority, were covered by the activities aimed at active inclusion or effectiveness indicator – the proportion of beneficiaries who took up employment within 6 months after taking part in the project to the total number of people who took part in the projects, as referred to in the audit report.</i></p> <p>It should be emphasised that in view of the circumstances (impossibility of measuring some results specified in the Programme at the level of a single project), beneficiaries were obliged to specify their own result indicators, which reflect the achievement of the project objective and a qualitative change that occurred following its implementation. Result indicators relating, among others, to the improvement of professional qualifications, physical fitness, self-confidence or communication skills of project participants were specified in the grant application analysed (e.g. the number of people who experienced increase in self-confidence and belief in oneself, the number of people who improved their communication skills). The indicators were measured at the project implementation stage, and their final levels were stated in the final payment application.</p> <p>Spain: <i>Action taken: YES; Action completed: ; Completion date:</i></p> <p>ESF</p> <p>Under the new programming framework, each transaction selected must meet the indicators set out in Annex I to Regulation (EU) No 1304/2013. It will thus be possible to measure the attainment of the specified values and the progress made after each transaction is completed.</p> <p>ERDF</p> <p>Of the 12 ERDF and Cohesion projects visited, only in two projects had the result indicators not been defined. It cannot therefore be claimed that this is a particularly frequent problem in Spain in relation to these funds (ERDF and Cohesion).</p> <p>The two cases in which result indicators had not been defined related to sewerage works for which it was considered that the objectives of the Operational Programme had been met through output indicators and monitoring of the volume of water treated.</p> <p>Furthermore, under the new programming framework, each transaction selected must meet the indicators set out in Annex I to Regulation (EU) No 1304/2013. It will thus be possible to measure the attainment of the specified values and the progress made after each transaction is completed.</p> |
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CHAPTER 7 – Natural resources

| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
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| <p>Paragraph 7.8(a) - footnote 9</p> | <p><i>Annex I.1</i> sets out the key elements of our audit approach and methodology. For the audit of 'Natural resources', the following specific points should be noted:</p> <p>(a) We examined a sample of 180 transactions for EAGF and 179 transactions for 'Rural development, environment, climate action and fisheries' as defined in <i>Annex I.1</i>, paragraph 7. Each sample is designed to be representative of the range of spending under the MFF heading for each of the two specific assessments (8). In 2015 the EAGF sample consisted of transactions from 18 Member States (9).</p> <p>(9) Bulgaria, the Czech Republic, Denmark, Germany (Baden-Württemberg, Bavaria, Hesse, Lower Saxony, Schleswig Holstein), Ireland, Greece, Spain (Aragon, Castilla-La Mancha, Castilla y León, Extremadura and Madrid), France, Italy (AGEA, Calabria,</p> | <p>Cyprus: <i>Action taken: YES; Action completed: YES; Completion date: 06/2016</i></p> <p>See comments in Annex II.</p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comment, no specific finding.</p> <p>Denmark: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Footnote 9 refers to the fact that Denmark and 17 other Member States were selected for audit. We have no comments on this.</p> <p>Finland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>France: <i>Action taken: OUI; Action completed: OUI FEAGA, NON FEADER; Completion date:</i></p> <p>N/A/ cf. réponse au chapitre 1 observation 2.</p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The Commission already has all the information at its disposal; see Annex II.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding that does not require action.</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p>Netherlands: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Not applicable.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>This observation does not include any specific reservations against Poland.</p> |

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| | <p>Emilia-Romagna, Lombardy and Tuscany), Cyprus, Hungary, the Netherlands, Poland, Romania, Slovenia, Finland, Sweden and the United Kingdom (England).</p> | <p>Romania: <i>Action taken: YES- AMPOPAM (Managing Authority for the Operational Programme for Fisheries and Maritime Affairs); Action completed: NO; Completion date:</i></p> <p>AMPOPAM: ECA (the European Court of Auditors) carried out an audit mission for the Statement of Assurance for financial year 2015 between 18 and 22 January 2016.</p> <p>Slovenia: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The ECA revision for transactions of EAGF, completed in October 2015 (document PF-7387) did not reveal any errors or deviation on the reference sample. The ECA has sent out an official letter, regarding the completed revision, on 16th December 2015 (document NRI065679SL01-15PP-7387). The MAFF or the AAMRD didn't have to adopt any remedial measures.</p> <p>Sweden: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>This observation does not require Sweden to take action.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: NO; Completion date: n/a</i></p> <p>This confirms that the UK was visited as part of the ECA audit programme.</p> |
| <p>Paragraph 7.8(a) - footnote 10</p> | <p>Annex 1.1 sets out the key elements of our audit approach and methodology. For the audit of 'Natural resources', the following specific points should be noted:</p> <p>(a) We examined a sample of 180 transactions for EAGF and 179 transactions for 'Rural development, environment, climate action and fisheries' as defined in Annex 1.1, paragraph 7. Each sample is designed to be representative of the range of spending under the MFF heading for each of the two specific assessments (8). In 2015 the EAGF sample consisted of transactions from 18 Member</p> | <p>Austria: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>There were no ECA audit findings (for 10 sample elements) regarding EAFRD expenditure for 2015; the audit sample was error free.</p> <p>Czech Republic: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>No comment, no specific finding.</p> <p>Finland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>France: <i>Action taken: OUI; Action completed: OUI FEAGA, NON FEADER; Completion date:</i></p> <p><i>cf. réponse au chapitre 1 observation 2.</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The Commission already has all the information at its disposal; see Annex II.</p> <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>Factual finding that does not require action.</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the</p> |

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| | <p>States (9). For the second specific assessment the sample consisted of 159 transactions for rural development and 20 other transactions including environment, climate action and fisheries from 17 Member States (10).</p> <p>(10) Belgium (Wallonia), Bulgaria, the Czech Republic, Germany (Bavaria, Lower Saxony-Bremen and Rhineland-Palatinate), Greece, Spain (Andalusia, Castilla-La Mancha and Galicia), France (Burgundy and mainland), Italy (Apulia, Campania, National rural network programme and Sicily), Lithuania, Hungary, Austria, Poland, Portugal (mainland), Romania, Slovakia, Finland and the United Kingdom (England and Scotland). The sample also included eight transactions under direct management.</p> | <p>findings on the action of the paying agencies.</p> <p>Lithuania: <i>Action taken: YES; Action completed: ; Completion date:</i> See individual observations for answers.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i> This observation does not include any specific reservations against Poland.</p> <p>Portugal: <i>Action taken: ; Action completed: ; Completion date:</i> Nothing relevant to report.</p> <p>Romania: <i>Action taken: YES- AMPOPAM (Managing Authority for the Operational Programme for Fisheries and Maritime Affairs); Action completed: NO; Completion date:</i> AMPOPAM: ECA (the European Court of Auditors) carried out an audit mission for the Statement of Assurance for financial year 2015 between 18 and 22 January 2016.</p> <p>Slovakia: <i>Action taken: ; Action completed: ; Completion date:</i> In our opinion, the text conveys the state of play.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: NO; Completion date: n/a</i> This confirms that the UK was visited as part of the ECA audit programme.</p> |
| <p>Paragraph 7.8(b) - footnote 11</p> | <p>Annex I.1 sets out the key elements of our audit approach and methodology. For the audit of 'Natural resources', the following specific points should be noted:</p> <p>(b) We assessed selected internal control systems through a desk review of 24 Commission audits covering the EAGF and the</p> | <p>Finland: <i>Action taken: NO; Action completed: NO; Completion date: -</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> The Commission already has all the information at its disposal, see Annex II.</p> <p>Lithuania: <i>Action taken: YES; Action completed: ; Completion date:</i> See individual observations for answers.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: NO; Completion date: n/a</i> This confirms that the UK was visited as part of the ECA audit programme.</p> |

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| | <p>EAFRD. We complemented this work by reperforming six of the Commission's audits in the Member States concerned (11). (11) Spain (Catalonia), Germany (Schleswig-Holstein), Finland, Lithuania, Malta, UK (Northern-Ireland).</p> | |
| <p>Paragraph 7.8(b) - footnote 13</p> | <p><i>Annex I.1</i> sets out the key elements of our audit approach and methodology. For the audit of 'Natural resources', the following specific points should be noted:</p> <p>(b) We assessed selected internal control systems through a desk review of 24 Commission audits covering the EAGF and the EAFRD. We complemented this work by reperforming six of the Commission's audits in the Member States concerned (11). We performed additional audit work in these six Member States for a limited number of riskprone areas relating to the EAGF and the EAFRD, as well as for cross-compliance (12). We also reviewed five Commission audits covering the common fisheries policy, and reperformed one (13). (13) In Romania.</p> | <p>Romania: Action taken: YES- AMPOPAM (Managing Authority for the Operational Programme for Fisheries and Maritime Affairs); Action completed: NO; Completion date: AMPOPAM: ECA (the European Court of Auditors) carried out an audit mission for the Statement of Assurance for financial year 2015 between 18 and 22 January 2016.</p> |

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| <p>Figure 7.4</p> | <p>Example of irregular payments due to incorrect eligibility data in the LPIS.</p> | <p>Greece: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> OPEKEPE (Greek paying agency) – Special Department for the Rural Development Plan (RDP): the action plan implemented by Greece for the eligibility of permanent pasture – as referred to in figure 7.4 – began in 2012 and was completed in 2014. However, within the framework of updating the LPIS, which is a continuous process, the eligibility percentages are also updated (pro-rata) for the areas of permanent pasture and, of course, this is done in accordance with the relevant rules for the 2014–2020 period.</p> <p>Italy: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p>Spain: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 31/12/2015</p> <p>In the 2015 period of allocation of basic payment entitlements, in Spain, the Autonomous Communities subject to improvement of the CAP 2013 (Andalucía, Asturias, Cantabria, Castilla La Mancha, Castilla y León, Extremadura, Madrid, Murcia, La Rioja and Valencia) implemented a CAP-2015 based on three factors (slope, soil and penetrability of vegetation) as a fundamental part of the Action Plan on Pastures (Article 41 of Regulation No 1306/2014), implemented by the European Commission to ensure that the eligibility of wooded and shrub pasture areas was reduced in line with EU regulations, thereby guaranteeing that basic payment entitlements were correctly allocated in 2015.</p> <p>The CAP 2015 is an improved automatic eligibility coefficient that has significantly increased the precision of the soil cover by discounting a larger number of unproductive areas. It also includes an additional vegetation penetrability factor limiting the eligibility of areas with a high density of shrubs or woods. (This penetrability factor was estimated using the LiDAR airborne technology, based on the use of on-board sensors which act as transmitters and receivers of laser pulses. This makes it possible to obtain the reflection point coordinates of the land or vegetation and determine the height, density and structure of the vegetation with digital models.) The Action Plan, which included 11 specific actions to reduce eligibility and 7 additional measures to update the LPIS, was monitored strictly by the European Commission. This monitoring was carried out by sending indicators and information bi-monthly and holding three audits organised by Unit J3 of DG Agriculture in December 2014, March 2015 and March 2016. In this last mission, AA/2016/032, which took place on 1 to 4 March 2016, the Commission noted in its conclusions that the CAP-2015 methodology was rigorous and trustworthy and that it accurately reflected the eligibility of permanent pasture in Spain, although the Commission may deem it appropriate for the methodology to continue to be updated in future.</p> <p>We would stress that the automatic CAP-2015 data were subject to an exhaustive quality and statistical validity check by the autonomous communities in June-October 2015, including both photointerpretation studies and numerous on-the-spot inspections. As a result of the implementation of the automatic CAP-2015 based on three factors and the implementation of its quality and statistical validity checks, the figures for eligibility of permanent pasture in Spain, as indicated in the Court of Auditors' Report, decreased from 18.5 million hectares in 2013 to 6.4 million hectares in 2016.</p> |
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| <p>COM reply to Figure 7.4</p> | | <p>United Kingdom: <i>Action taken: YES; Action completed: NO; Completion date: n/a</i></p> <p>These issues are addressed by the English Authorities' Land Parcel Identification System action plan, which is on-going and monitored by the Commission.</p> |
| <p>COM reply to Figure 7.4</p> | <p>Example of irregular payments due to incorrect eligibility data in the LPIS.</p> | <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>OPEKEPE (Greek paying agency) – Special Department for the Rural Development Plan (RDP): the action plan implemented by Greece for the eligibility of permanent pasture – as referred to in figure 7.4 – began in 2012 and was completed in 2014. However, within the framework of updating the LPIS, which is a continuous process, the eligibility percentages are also updated (pro-rata) for the areas of permanent pasture and, of course, this is done in accordance with the relevant rules for the 2014-2020 period.</p> <p>Spain: <i>Action taken: YES; Action completed: YES; Completion date: 31/12/2015</i></p> <p>In the 2015 period of allocation of basic payment entitlements, in Spain, the Autonomous Communities subject to improvement of the CAP 2013 (Andalucía, Asturias, Cantabria, Castilla La Mancha, Castilla y León, Extremadura, Madrid, Murcia, La Rioja and Valencia) implemented a CAP-2015 based on three factors (slope, soil and penetrability of vegetation) as a fundamental part of the Action Plan on Pastures (Article 41 of Regulation No 1306/2014), implemented by the European Commission to ensure that the eligibility of wooded and shrub pasture areas was reduced in line with EU regulations, thereby guaranteeing that basic payment entitlements were correctly allocated in 2015.</p> <p>The CAP 2015 is an improved automatic eligibility coefficient that has significantly increased the precision of the soil cover by discounting a larger number of unproductive areas. It also includes an additional vegetation penetrability factor limiting the eligibility of areas with a high density of shrubs or woods. (This penetrability factor was estimated using the LiDAR airborne technology, based on the use of on-board sensors which act as transmitters and receivers of laser pulses. This makes it possible to obtain the reflection point coordinates of the land or vegetation and determine the height, density and structure of the vegetation with digital models.) The Action Plan, which included 11 specific actions to reduce eligibility and 7 additional measures to update the LPIS, was monitored strictly by the European Commission. This monitoring was carried out by sending indicators and information bi-monthly and holding three audits organised by Unit J3 of DG Agriculture in December 2014, March 2015 and March 2016. In this last mission, AA/2016/032, which took place on 1 to 4 March 2016, the Commission noted in its conclusions that the CAP-2015 methodology was rigorous and trustworthy and that it accurately reflected the eligibility of permanent pasture in Spain, although the Commission may deem it appropriate for the methodology to continue to be updated in future.</p> <p>We would stress that the automatic CAP-2015 data were subject to an exhaustive quality and statistical validity check by the autonomous communities in June-October 2015, including both photointerpretation studies and numerous on-the-spot inspections. As a result of the implementation of the automatic CAP-2015 based on three factors and the implementation of its quality and statistical validity checks, the figures for eligibility of permanent pasture in Spain, as indicated in the Court of Auditors' Report, decreased from 18.5 million hectares in 2013 to 6.4 million hectares in 2016.</p> |

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| | | <p>United Kingdom: <i>Action taken: YES; Action completed: NO; Completion date: n/a</i></p> <p>These issues are addressed by the English Authorities' Land Parcel Identification System action plan, which is on-going and monitored by the Commission.</p> |
| <p>Figure 7.5</p> | <p>Example of national eligibility criteria not complying with EU legislation.</p> | <p>France: <i>Action taken: OUI; Action completed: OUI; Completion date: 29/04/2016 (pour la campagne PAC 2015)</i></p> <p>Une photo interprétation systématique (y compris visites rapides) de l'intégralité du territoire national a été réalisée dans le cadre du plan d'actions FEAGA, évoqué par la Commission, pour les îlots ayant fait l'objet d'une demande d'aide. Ce plan d'actions a duré trois ans et est achevé depuis le 2/09/2016.</p> |
| <p>COM reply to Figure 7.5</p> | <p>Example of national eligibility criteria not complying with EU legislation.</p> | <p>France: <i>Action taken: OUI; Action completed: OUI; Completion date: 29/04/2016 (pour la campagne PAC 2015)</i></p> <p>Une photo interprétation systématique (y compris visites rapides) de l'intégralité du territoire national a été réalisée dans le cadre du plan d'actions FEAGA, évoqué par la Commission, pour les îlots ayant fait l'objet d'une demande d'aide. Ce plan d'actions a duré trois ans et est achevé depuis le 2/09/2016.</p> |
| <p>Figure 7.7</p> | <p>Example of ineligible expenditure or activity.</p> | <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The Commission already has all the information at its disposal; see Annex II.</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i></p> <p>The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p>Poland: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>The information does not provide any specific example of an eligibility error in Poland, and consequently, it is impossible to respond to specific allegations raised by the ECA. General clarifications relating to, for example, eligibility errors are provided in the answer to question 1.1 in Annex III.</p> <p>Romania: <i>Action taken: YES- AFIR (Financing Agency for Rural Investments); Action completed: NO; Completion date:</i></p> <p>The amounts wrongly paid to farmers have been recalculated. An audit mission has been initiated by the EC under inquiry number RD2/ 2016/ 031/ RO, for which the bilateral meeting of 06 September 2016 took place. Based on the comments in the Minutes of the bilateral meeting, the Romanian authorities will send additional information by 23 November 2016. Subsequently, the conciliation meeting will take place, further to which EC auditors will submit the final conclusion.</p> |

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| <p>COM reply to Figure 7.7</p> | <p>Example of ineligible expenditure or activity.</p> | <p>Romania: <i>Action taken: YES- AFIR (Financing Agency for Rural Investments); Action completed: NO; Completion date:</i> The amounts wrongly paid to farmers have been recalculated. An audit mission has been initiated by the EC under inquiry number RD2/ 2016/ 031/ RO, for which the bilateral meeting of 06 September 2016 took place. Based on the comments in the Minutes of the bilateral meeting, the Romanian authorities will send additional information by 23 November 2016. Subsequently, the conciliation meeting will take place, further to which EC auditors will submit the final conclusion.</p> |
| <p>Figure 7.8</p> | <p>Example of non-compliance with public procurement rules.</p> | <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> The Commission already has all the information at its disposal; see Annex II.</p> <p>Greece: <i>Action taken: ; Action completed: ; Completion date:</i> OPEKEPE (the Greek paying agency) – Special department for the RDP: the replies and the actions that have been undertaken concerning the observations on weaknesses in public procurement have been described comprehensively in the relevant points of Annex II (see PF 7362 and the specific observations under number 15.P.NR2.1516-02 and 15.P.NR2.1516-05).</p> <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i> The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> <p>Romania: <i>Action taken: YES; Action completed: NO; Completion date:</i> AFIR: A debt has been acknowledged for the project verified by the ECA, and the debt recovery procedure is ongoing. We attach the Action plan for the reduction of the error rate (the 5th follow-up) describing the actions taken by AFIR in relation to public procurement.</p> |
| <p>COM reply to Figure 7.8</p> | <p>Example of non-compliance with public procurement rules.</p> | <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i> The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> |
| <p>Paragraph 7.32 - footnote 31</p> | <p>To check that the Commission's conformity audits complied with international auditing standards (28) and the main regulatory provisions, we carried out desk reviews of a sample of 24 (29)</p> | <p>Finland: <i>Action taken: NO; Action completed: NO; Completion date:</i></p> <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i> The Commission already has all the information at its disposal; see Annex II.</p> <p>Lithuania: <i>Action taken: YES; Action completed: ; Completion date:</i></p> |

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| | <p>out of 120 conformity audits (30) reported by DG AGRI in 2015. We also re-performed six of these 24 audits (31).</p> <p>(31) Germany (Schleswig-Holstein), Spain (Catalonia), Lithuania, Malta, Finland, UK (Northern Ireland).</p> | <p>See individual observations for answers.</p> <p>United Kingdom: <i>Action taken: NO; Action completed: NO; Completion date: N/A</i></p> <p>This confirms that the UK (NI) was visited as part of the ECA audit programme.</p> |
| <p>Figure 7.9</p> | <p>Example of the weaknesses found concerning the LPIS.</p> | <p>United Kingdom: <i>Action taken: YES; Action completed: NO; Completion date: n/a</i></p> <p>These findings are being addressed as part of the Northern Ireland Authorities' ongoing LPIS refresh programme, which is monitored by the EU Commission.</p> |
| <p>COM reply to Figure 7.9</p> | <p>Example of the weaknesses found concerning the LPIS.</p> | <p>United Kingdom: <i>Action taken: YES; Action completed: NO; Completion date: n/a</i></p> <p>These findings are being addressed as part of the Northern Ireland Authorities' ongoing LPIS refresh programme, which is monitored by the EU Commission.</p> |
| <p>Paragraph 7.47</p> | <p>We found deficiencies, mainly relating to the reliability of control statistics and sampling, in five out of the six Member States visited. We found problems (e.g. incorrect calculation of sanctions or lack of checks on certain requirements) in 13 of the 63 control reports reviewed. Moreover, in Lithuania and the UK (Northern Ireland) in four of the 24 control reports sampled the sanctions were not correctly included in the control statistics. We give another example of the deficiencies we identified in Figure 7.10.</p> | <p>Lithuania: <i>Action taken: YES; Action completed: YES; Completion date: 15/07/2016</i></p> <p>The 2016 cross-compliance control statistics were compiled without grouping the management requirements together.</p> <p>United Kingdom: <i>Action taken: YES; Action completed: YES; Completion date: YES</i></p> <p>Northern Irish Authorities have taken steps to ensure the accuracy of the statistical returns it sends to the European Commission.</p> |

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| <p>Figure 7.10</p> | <p>Example of insufficient cross-compliance checks.</p> | <p>Lithuania: <i>Action taken: YES; Action completed: YES; Completion date: 10/11/2016</i></p> <p>Order No 3D-662 of the Minister for Agriculture of the Republic of Lithuania approving the management requirements for agricultural activities and the requirements for the use of fertilisers and plant protection products and appointing management control authorities was approved on 10 November 2016. It lays down the lower threshold for verifying requirements with regard to the implementation of the Nitrates Directive, so application and verification of the requirements will affect significantly more applicants, both those keeping livestock and those using fertiliser on their holdings.</p> |
| <p>COM reply to Figure 7.10</p> | <p>Example of insufficient cross-compliance checks.</p> | <p>Lithuania: <i>Action taken: YES; Action completed: YES; Completion date: 10/11/2016</i></p> <p>Order No 3D-662 of the Minister for Agriculture of the Republic of Lithuania approving the management requirements for agricultural activities and the requirements for the use of fertilisers and plant protection products and appointing management control authorities was approved on 10 November 2016. It lays down the lower threshold for verifying requirements with regard to the implementation of the Nitrates Directive, so application and verification of the requirements will affect significantly more applicants, both those keeping livestock and those using fertiliser on their holdings.</p> |
| <p>Paragraph 7.49</p> | <p>Our examination of systems in this area focused on audits carried out by the Commission (DG MARE). We carried out a desk review of a sample of five of the Commission's conformity audits. The Commission reported significant weaknesses in the systems of two (Italy and Romania) out of the five Member States concerned.</p> | |
| <p>Figure 7.11</p> | <p>Procurement deficiencies in Romania.</p> | <p>Romania: <i>Action taken: YES- AMPOP (Managing Authority for the Operational Programme for Fisheries); Action completed: NO; Completion date:</i></p> <p>AMPOP: The irregularity procedure has been initiated for all procurement procedures included in the report of the above-mentioned audit mission. The 2 public procurement procedures are being investigated by the Ministry of Finance – DGIEF (Directorate-General for Economic and Financial Inspection).</p> <p>For the period 2014-2020, the selection process has been revised pursuant to the issues included in the audit reports of</p> |

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| <p>COM reply to Figure 7.11</p> | <p>Procurement deficiencies in Romania.</p> | <p>DG-MARE.</p> <p>Romania: Action taken: YES- AMPOP (<i>Managing Authority for the Operational Programme for Fisheries</i>); Action completed: NO; Completion date:</p> <p>AMPOP: The irregularity procedure has been initiated for all procurement procedures included in the report of the above-mentioned audit mission. The 2 public procurement procedures are being investigated by the Ministry of Finance – DGIEF (Directorate-General for Economic and Financial Inspection).</p> <p>For the period 2014-2020, the selection process has been revised pursuant to the issues included in the audit reports of DG-MARE.</p> |
| <p>Paragraph 7.52</p> | <p>On the basis of the 24 audits which it carried out in 2014 and 2015 and which were finalised at the time of our audit, DG MARE proposed two financial corrections. Our review of a sample of five of these audits revealed that in two cases (Italy and Romania) the financial corrections did not address all the deficiencies affecting the managing authorities' internal control systems.</p> | |
| <p>COM reply to paragraph 7.52</p> | <p>The Commission proposes financial corrections where it identifies significant deficiencies. It considers that appropriate levels of correction were applied for both Italy and Romania based on its own analysis. However, for Romania, it will assess the need for additional corrections based on the Court's findings.</p> | |

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| <p>Paragraph 7.59</p> | <p>For EAFRD, the Commission almost tripled the average level of error reported by the Member States of 1,78 % to calculate the adjusted error rate of 4,99 %. The Commission has adjusted the error rates reported by 56 paying agencies out of 72 declaring EAFRD expenditure. We consider the adjusted error rate of 4,99 % to be broadly in line with our estimated level of error. The Commission has in recent years increased the number of its conformity audits of EAFRD expenditure and also launched horizontal audits targeting measures/paying agencies with similar risks. An example is an audit of public procurement which contributed to overall reservations being made for Germany and Spain.</p> | <p>Germany: <i>Action taken: ; Action completed: ; Completion date:</i></p> <p>Due to serious formal and methodological shortcomings, Germany finds the new audit approach and its conclusions unacceptable.</p> |
| <p>Paragraph 7.63</p> | <p>DG MARE sent out three pre-closure letters for three operational programs proposing to recover an amount of 53,6 million euro. This material amount is not disclosed in the AAR. The AAR includes reservations for five Member States, including Romania, which is in line with our audit findings. Our audit did not call into question the calculation of</p> | <p>Romania: <i>Action taken: YES (AMPOP); Action completed: YES; Completion date: 29.06.2016</i></p> <p>In Payment Application 17 of 29 June 2016, ACP (the Certifying and Paying Authority) temporarily decertified the amount of EUR 1,295,195.70 (public contribution).</p> |

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| | the error rates by DG MARE. | |
| Figure 7.13 | Examples of checking reasonableness of costs for the modernisation of agricultural holdings. | <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Ministry of Agriculture and Rural Development: The reasonableness of the pricing of individual items in civil engineering investments will be checked by means of a software tool via a publicly accessible price database prior to the conclusion of the Grant Agreement; this will also be included in the manual of the Programme Monitoring and Evaluation Department for the Rural Development Programme 2014-2020. Under the inspected Project No 110ZV1302565, on the basis of Expert Opinions 227/2015 and 96/2015, commissioned to determine the general value of silage troughs, it was demonstrated that the production price had not been unreasonable. The 'concrete' item was higher because multiple items (34) had been merged in the item 'Concrete of foundation slabs free of C 25/30' under the 'Foundations' part. Furthermore, after an examination of the case by the Agricultural Paying Agency, no infringement of the Public Procurement Act was demonstrated in relation to a conflict of interest identified by the European Court of Auditors. For the reasons outlined above, as the Agricultural Paying Agency does not possess relevant underlying documentation reliably demonstrating an infringement of legally binding national and EU regulations and the conditions for the granting of a contribution/aid from the final beneficiary, it did not launch the recovery of financial resources from the final beneficiary. All of the Agricultural Paying Agency's explanations and opinions were sent to the European Court of Auditors. The investigation into the project involved an ad hoc meeting on 30 of March 2016 between representatives of the Agricultural Paying Agency and representatives of OLAF who had initiated the investigation into Project No 110ZV1302565. Once the results of this inspection have been received, the Agricultural Paying Agency will take further relevant steps. The case remains recorded as open in the Agricultural Paying Agency's Action Plan to remedy the findings of audits and inspections.</p> |
| COM reply to Figure 7.13 | Examples of checking reasonableness of costs for the modernisation of agricultural holdings. | <p>Slovakia: <i>Action taken: YES; Action completed: NO; Completion date:</i></p> <p>Ministry of Agriculture and Rural Development: The reasonableness of the pricing of individual items in civil engineering investments will be checked by means of a software tool via a publicly accessible price database prior to the conclusion of the Grant Agreement; this will also be included in the manual of the Programme Monitoring and Evaluation Department for the Rural Development Programme 2014-2020. Under the inspected Project No 110ZV1302565, on the basis of Expert Opinions 227/2015 and 96/2015, commissioned to determine the general value of silage troughs, it was demonstrated that the production price had not been unreasonable. The 'concrete' item was higher because multiple items (34) had been merged in the item 'Concrete of foundation slabs free of C 25/30' under the 'Foundations' part. Furthermore, after an examination of the case by the Agricultural Paying Agency, no infringement of the Public Procurement Act was demonstrated in relation to a conflict of interest identified by the European Court of Auditors. For the reasons outlined above, as the Agricultural Paying Agency does not possess relevant underlying documentation reliably demonstrating an infringement of legally binding national and EU regulations and the conditions for the granting of a contribution/aid from the final beneficiary, it did not launch the recovery of financial resources from the final beneficiary. All of the Agricultural Paying Agency's explanations and opinions were sent to the European Court</p> |

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| | | <p>of Auditors. The investigation into the project involved an ad hoc meeting on 30 of March 2016 between representatives of the Agricultural Paying Agency and representatives of OLAF who had initiated the investigation into Project No 110ZV1302565. Once the results of this inspection have been received, the Agricultural Paying Agency will take further relevant steps. The case remains recorded as open in the Agricultural Paying Agency's Action Plan to remedy the findings of audits and inspections.</p> |
| <p>Figure 7.14</p> | <p>Example of a project which included non-essential items.</p> | <p>Italy: <i>Action taken: YES; Action completed: YES; Completion date:</i> The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> |
| <p>Figure 7.15</p> | <p>Examples of targeting and selection.</p> | <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i> The comment pertains to the application for support submitted for the 1st target area of the legal title 'purchasing technological equipment for the purposes of modernisation (TBB)' based on Decree 116/2013 of the Minister for Agriculture and Rural Development. Based on Article 4(6)(a) of the aid decree, a score of at least of 15 points out of 30 had to be attained for purchasing high-value machinery. As a result, high professional conditions for eligibility were set that ensured that applicants which met the criteria are suitable for the comprehensive implementation of the aid's target. Stemming from the above, proposals could only be submitted by suitable clients who also met the stringent expectations pertaining to keeping animals (requirements checked by other authorities, such as the National Food Chain Safety Office). If entitled clients met the criteria for eligibility, they also met several conditions for selection. Notice 308/2013 of the MA are governing: <i>"proceeding in my competence as managing authority on the basis of Article 14(1)(cd) of Act XVII of 2007 on certain issues of procedures in relation to support for agricultural, rural development and fisheries and to other measures and Article 7(3) of Decree 116/2013 of 12 December of the Minister for Rural Development, as of 8:00 p.m. on 19 December 2013, I hereby suspend the period for submitting applications for aid on the basis of Decree 116/2013 of 12 December of the Minister for Rural Development for high-value purchases in area I due to a depletion of funds."</i> The selection procedure was thus based on which of the undertakings with the minimum number of points submitted</p> |

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| | | <p>their applications by the deadline set by legislation (and the MA Notice).</p> <p>Italy: <i>Action taken: YES ; Action completed: YES; Completion date:</i></p> <p>The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the findings on the action of the paying agencies.</p> |
| <p>COM reply to Figure 7.15</p> | <p>Examples of targeting and selection.</p> | <p>Hungary: <i>Action taken: NO; Action completed: ; Completion date:</i></p> <p>The comment pertains to the application for support submitted for the 1st target area of the legal title ‘purchasing technological equipment for the purposes of modernisation (TBB)’ based on Decree 116/2013 of the Minister for Agriculture and Rural Development.</p> <p>Based on Article 4(6)(a) of the aid decree, a score of at least of 15 points out of 30 had to be attained for purchasing high-value machinery. As a result, high professional conditions for eligibility were set that ensured that applicants which met the criteria are suitable for the comprehensive implementation of the aid’s target.</p> <p>Stemming from the above, proposals could only be submitted by suitable clients who also met the stringent expectations pertaining to keeping animals (requirements checked by other authorities, such as the National Food Chain Safety Office).</p> <p>If entitled clients met the criteria for eligibility, they also met several conditions for selection.</p> <p>Notice 308/2013 of the MA are governing:</p> <p><i>“proceeding in my competence as managing authority on the basis of Article 14(1)(cd) of Act XVII of 2007 on certain issues of procedures in relation to support for agricultural, rural development and fisheries and to other measures and Article 7(3) of Decree 116/2013 of 12 December of the Minister for Rural Development, as of 8:00 p.m. on 19 December 2013, I hereby suspend the period for submitting applications for aid on the basis of Decree 116/2013 of 12 December of the Minister for Rural Development for high-value purchases in area I due to a depletion of funds.”</i></p> <p>The selection procedure was thus based on which of the undertakings with the minimum number of points submitted their applications by the deadline set by legislation (and the MA Notice).</p> |
| <p>Figure 7.16</p> | <p>Examples of links to EU priorities.</p> | <p>Italy: <i>Action taken: YES ; Action completed: YES; Completion date:</i></p> <p>The enclosed replies (see Annex II) to the European Court of Auditors contain counter-arguments concerning the</p> |

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| <p>Annex 7.2</p> | <p>Follow-up of previous recommendations for 'Natural resources'. 2013 - Recommendation 2: the Commission ensures that the reinforcement of assurance procedure is effectively applied in order to enhance the quality and comparability of the work performed by the audit bodies and that remedial action is taken in respect of the unjustified reduction by the Italian authorities of the on-the-spot inspection rate (see paragraphs 3.30 to 3.35). 2013 - Recommendation 3: the Commission actively monitors the application of remedial actions with regard to the deficiencies in the control system applicable to EU aid for producer groups in Poland (see paragraphs 3.36 to 3.38).</p> | <p>findings on the action of the paying agencies.</p> <p>Poland: <i>Action taken: YES; Action completed: NO; Completion date:</i> In the opinion of Poland, the European Commission has no grounds to suspend payments within the system of supporting groups of fruit and vegetable manufacturers as Poland is in the course of implementing the Corrective Action Plan within the mechanism of financial support for the initially recognised groups of fruit and vegetable manufacturers.</p> |
| <p>COM reply to Annex 7.2</p> | <p>The Commission considers the recommendation as implemented in most respects. The reinforcement of assurance procedure as such does not exist anymore. The Commission has introduced guidelines for the certification bodies in order to provide a reliable basis for the</p> | |

assessment of legality and regularity of expenditure. 2015 was the first year in which the certification bodies were required to produce an opinion on the legality and regularity of transactions. The Commission will build on the experience of this first year. Regarding specifically the weaknesses identified in Italy, the ongoing conformity procedure will ensure that any damage to the EU financial interest will be corrected.

CHAPTER 8 – Global Europe and Security and citizenship

| <u>Paragraphs</u> | <u>Observations in the 2015 Court's Annual Report</u> | <u>Member States' replies</u> |
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| <p>Paragraph 8.42 - footnote 30</p> | <p>We performed a review of the main systems in the field of migration and security, under the responsibility of the Commission's DG HOME (28). Concerning direct management, this included an examination of the Commission's systems for grants and procurement (29). For shared management, this included an examination (30) of the Commission's assessment of Member State systems for managing SOLID funds.</p> <p>(30) We examined a sample of ten systems audits: the External Border Fund for Germany, France, Lithuania and Malta; the European Return Fund for France and the United Kingdom; the European Refugee Fund for Germany and the United Kingdom; and the European Fund for the integration of third country nationals for Italy and Poland. These programmes were selected from 2011 programmes which had been closed in 2014. We also examined the Commission's planning of ex</p> | <p>France: <i>Action taken:</i> OUI; <i>Action completed:</i> OUI; <i>Completion date:</i> Les audits ont conclu à un bon fonctionnement, aucune anomalie n'a été relevée.</p> <p>Germany: <i>Action taken:</i> YES; <i>Action completed:</i> YES; <i>Completion date:</i> 31 January 2012</p> <p>EU Refugee Fund: The following measures were taken by the competent authority:</p> <ul style="list-style-type: none"> • checks on the use made of the funds were speeded up by bringing in external auditors • the project appraisal forms were revised or redrafted • in particular, the monitoring system was improved by publishing additional indicators. <p>There is no information to indicate that the External Borders Fund in Germany was audited by the ECA in 2015 or in previous years. The External Borders Fund was audited once by the ECA in 2012, but Germany was not included in the audit.</p> <p>Poland: <i>Action taken:</i> ; <i>Action completed:</i> ; <i>Completion date:</i> This observation does not include any specific reservations against Poland.</p> <p>United Kingdom: <i>Action taken:</i> NO; <i>Action completed:</i> NO; <i>Completion date:</i> n/a</p> <p>This confirms which funds were audited during UK visits.</p> |

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| | post audits of cleared Member State annual programmes. | |
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ANNEX II – TEMPLATE USED FOR THE MEMBER STATES QUESTIONNAIRE

European Court of Auditors' 2015 Annual Report

Member State QUESTIONNAIRE

Date: _____

Reply from *(please indicate the name of the authority responsible for providing the requested information)*:

Name of the Authority: _____

Contact Person: _____

Telephone: _____

Email address: _____

The questionnaire consists of two parts:

- Part A:** General questions concerning the main chapters of the report covering major spending policy areas of the EU budget (i.e. competitiveness for growth and jobs; economic, social and territorial cohesion; natural resources).
- Part B:** General comments by the Member State concerning the 2015 Annual report or general issues relating to the discharge procedure the Member State wants to raise.

Question 1:

1. Legality & Regularity

Questions addressed to all Member States:

1.1. The 2015 Annual report of the European Court of Auditors (ECA) indicates that:

For ERDF/CF expenditure a main risk is that beneficiaries **declare costs which are ineligible** according to national eligibility rules and/or the less numerous eligibility provisions in the EU structural funds regulations. ERDF/CF spending is also subject to the generally applicable EU internal market rules (mainly **public procurement rules and State aid**). In previous years, non-compliance with EU and/or national public procurement rules when awarding contracts has been the main risk to the regularity of ERDF and CF spending (*Chapter 6, paragraph 6.5*).

For ESF expenditure, the major risk relates to the intangible nature of the investments in human capital, and the involvement of multiple, often small-scale, partners in the implementation of projects. These factors can lead to **non-compliance with EU and/or national eligibility rules** resulting in ineligible costs being accepted by the systems in place (*Chapter 6, paragraph 6.6*).

For EAGF expenditure, the main risks relate to direct aid paid for **ineligible land** or to **ineligible beneficiaries** (*Chapter 7, paragraph 7.6*). In addition, for Member States' systems related to regularity of EAGF transactions the ECA reports that without calling into question IACS contribution in preventing and reducing the levels of error, some of the key control functions that had been examined were affected by weaknesses. These related to the LPIS, the administrative controls, the quality of on-the-spot inspections and the recovery procedures for incorrect payments (*Chapter 7, paragraph 7.41*).

For EAFRD expenditure, the main risks relate to ineligible expenditure due to **non-compliance with often complex rules (including procurement) and eligibility conditions**, in particular for investment measures (*Chapter 7, paragraph 7.6*). In addition, for Member States' systems related to regularity of transactions in rural development, the ECA identified deficiencies in administrative checks related to eligibility conditions, in particular those concerning public procurement. These system weaknesses were very similar to those found and reported in previous years. System failures are an important cause of the errors detected during transaction testing (*Chapter 7, paragraph 7.42*).

In the 2015 Annual report, the ECA reports concrete findings in relation to the above mentioned main risks (*Chapters 6 and 7*).

1.1.1.1. What are the **main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion)** for the persisting risks and errors pointed out by the ECA in the domain of:

- compliance with EU and national eligibility rules,
- compliance with EU and national public procurement legislation, and
- compliance with State aid rules ?

*NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered (issues concerning the achievement of policy objectives and value added are covered under question 2 here below). Therefore, you are kindly invited to mark the extent of relevance of the examples per major EU spending area (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) as it is perceived for your country **and in addition** to develop a narrative in your reply to question 1.1.1 here under:*

- *number and complexity of rules and gold-plating*
- *incorrect transposition of applicable EU legislation into national laws*
- *failure to observe the legal and procedural requirements stemming from EU and national legislation and rules*
- *sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)*
- *complex eligibility rules*
- *weaknesses in the set of eligibility rules that may lead to potential for circumventing them*
- *insufficient quality and up-date of the Land Parcel Identification System (LPIS)*

| <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
|--------------------------|---------------------------------|---------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| ➤ <i>mistakes in the aid applications</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

➤ *expected results from actions that will not always be evident in short-term*

1.1.2. What are the **main lessons learned** while addressing the risks and errors for the EU spending in relation to the following (please consider also the lessons learned in the light of the improvements for the current programming period 2014–2020):

- compliance with EU and national eligibility rules,
- compliance with EU and national public procurement legislation, and
- compliance with State aid rules ?

1.1.3. What are the **good practices** that have been identified in your Member State, and that can be used as **examples of success stories** in the areas of the following (please consider success stories that can be promoted under the current programming period 2014–2020 like for instance the use of simplified cost options that could be a way to avoid errors by moving from reimbursement of costs incurred to payment by entitlement (i.e. based on the fulfilment of some pre-defined conditions)):

- compliance with EU and national eligibility rules,
- compliance with EU and national public procurement legislation, and
- compliance with State aid rules ?

1.3. As in previous years, the ECA considers that for a large part of the transactions affected by quantifiable errors, **Member States' authorities had sufficient information** to prevent or detect and correct the errors before declaring or certifying the expenditure to the Commission (Chapter 6, paragraph 6.36 & Chapter 7, paragraphs 7.15 and 7.24).

1.2.1. What **further measures** have been implemented or planned in order to **enhance the effectiveness of the checks** carried out before declaring or certifying expenditure to the Commission ?

1.2.2. What **further measures** have been implemented or planned in order to **enhance the effectiveness of actions to detect and correct errors** concerning expenditure, which was previously declared or certified to the Commission ?

1.3. In the 2015 Annual report, the ECA reports (Chapter 1, paragraph 1.47) that the audit results show a **strong relationship between the basis for payment and levels of error**. The ECA continues to find that reimbursement spending is affected by much higher levels of error than spending on an entitlement basis.

1.3.1. What action has your Member State taken/planned to take to **analyse the risks and estimated level of error** in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) ?

1.3.2. Do you consider that there is a relationship between **the basis for payment and levels of error** in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) ?

Yes – if "Yes" please describe

No – if "No" please give reasons why not

Question 2:

2. Performance of the EU budget

Questions addressed to all Member States:

2.1. The 2015 Annual report of the ECA presents the audit work done in relation to the performance related assessment and analysis of the EU budget: In particular, the performance analysis (*Chapter 3*) focused on the Horizon 2020 programme, the strategic and performance framework in which it operates, and the links to the Europe 2020 strategy for smart, sustainable and inclusive growth.

2.1.1. How are the relations between the EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and the national priorities of your Member State linked and do they facilitate focus on performance ?

2.1.2. What measures have been undertaken to pursue *synergies and complementarities between European structural and investment funds and national programmes* ?

2.2. The 2015 Annual report of the ECA presents also performance related information and conclusions for the main spending policy areas of the EU budget in shared management, which are tailored to the specific policy and cover mainly, performance framework, results and indicators.

The ECA presents its assessment on the number of projects that have fully or partially achieved their **output and result objectives** (*Chapter 6, paragraph 6.84*). The ECA also indicates that as regards the 2014-2020 programming period, there is no legal requirement in the common provision regulation for Member States to define **result indicators at project level**. Nevertheless, the ECA considers it good practice to define relevant result indicators at project level that measure the contribution of the project to the achievement of the objectives set for the priority axis of the operational programmes (*Chapter 6, paragraph 6.89*).

The ECA continued its work on performance-related assessment of investment projects in the area of rural development. The ECA pointed out that as main performance issues the insufficient evidence that costs are reasonable and deficiencies in targeting measures and selected projects, including

weak links to Europe 2020 objectives (*Chapter 7, paragraphs 7.68 and 7.70*).

2.2.1. What performance measurement system has been or will be established for the management of European structural and investment funds in order to:

- link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.

2.2.2. What framework has been set-up in your Member State for the management of ESI Funds in order to achieve a **result-oriented system** and impact of EU projects ?

2.2.3. Has your Member State taken actions to define or improve result indicators at EU project level ?

- Yes – if " Yes" please describe them
 No – if "No" please give reasons why not

2.2.4. What performance measurement system has been or will be established in order to:

- monitor the achievement objectives at EU measure, operations or project level
- monitor the output and result indicators at EU measure, operations or project level

Question 3:

3. Follow-up of recommendations formulated by the ECA

Questions addressed to all Member States:

3.1. In the 2015 Annual report, the ECA reports (*Chapter 3, part 3*) the results of the Court's audit on performance, including the follow-up of Court's recommendations. The ECA considers that there is a wide variation in the level of formal follow-up and only moderate evidence of changes in national policy and practice as a result of its recommendations (*Chapter 3, paragraph 3.86*).

3.1.1. Is there a framework or a system for the follow-up of ECA's recommendations which have been addressed to your Member State in Court's annual and special reports? How do you monitor and report on progress achieved towards to implementation of Court's recommendations ?

- Yes – if " Yes" please describe
 No – if "No" please give reasons why not

**Part B: Please enter any general comments you have concerning the 2015 Annual report
or general issues relating to the discharge procedure**

ANNEX III – MEMBER STATES' REPLIES TO QUESTIONS THAT HAVE BEEN INCLUDED IN PART A OF THE QUESTIONNAIRE

| Austria | | Not relevant | Relevant in some respect | Relevant in most respect | Fully relevant |
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| <p>Question 1.1.1</p> <p>Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.</p> | | <p>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</p> | | | |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| | <p>➤ <i>mistakes in the aid applications</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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| | <p>➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i></p> <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><u>Question 1.1.2.</u> Main lessons learned while addressing the risks and errors for the EU spending.</p> | n/a | | | | |
| <p><u>Question 1.1.3.</u> Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</p> | n/a | | | | |
| <p><u>Question 1.2.1.</u></p> | Both the types of controls and the role of the MA and CA before declaring expenditure to the European Commission are currently being overhauled in connection with the Descriptions of the Management and Control Systems for 2014-2020. Due to the requirement for an | | | | |

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| <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>annual management declaration by the managing authority, control mechanisms must also be defined.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or declared to the Commission.</i></p> | <p>n/a</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>n/a</p> |

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| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes. With regard to agriculture: Area-related measures provide more options for administrative checks before payment.</p> <p>No. As ESI funds are based on the reimbursement principle, we do not have any experience of expenditure based on payment entitlements. That is why Member States cannot provide analyses or comparisons in this area of activity.</p> |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>n/a</p> |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>n/a</p> |

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| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>With regard to agriculture: there is a link with national provisions. A link at project level would, however, involve more bureaucracy.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>With regard to agriculture: national provisions are in line with and take account of the relevant EU provisions.</p> |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. With regard to agriculture: national provisions. With regard to Structural Funds programmes: in accordance with EU provisions, the managing authorities must define more relevant indicators for 2014-2020 for project selection and implementation. The indicator sets are determined for each programme and are recorded and analysed by the Monitoring System.</p> |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement at EU measure,</i></p> | <p>n/a</p> |

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| <p><i>operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes.</p> <p>With regard to agriculture: The ECA findings are forwarded to the competent authorities. For the EAGF and EAFRD, the certification bodies are required to follow up the audit findings of the Commission and Court of Auditors.</p> <p>In principle, no recommendations are made to specific Member States in the ECA's Annual or Special Reports. Descriptions of findings tend to remain very general and are often not aimed at a specific Member State or even a particular programme or project. This makes follow-up more difficult. In any event, for the ERDF, appropriate follow-up is given to the individual findings established during the audits.</p> |

Belgium

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | | | | |
| <ul style="list-style-type: none"> ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ complex eligibility rule | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| | <i>weaknesses/deficiencies/errors</i> | | | | |
|--|--|--------------------------|-------------------------------------|--------------------------|--------------------------|
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> <ul style="list-style-type: none"> • le respect des règles nationales et de l'UE en matière d'éligibilité; utilisation des coûts simplifiés <p>Measures impacting heavily on the environment or biodiversity often require a full set of conditions that it is not always easy to comply with or check. The removal of such conditions may reduce the error rate, but is also likely to contribute less positively to the environment or biodiversity. Strong guidance for beneficiaries may help in this respect, but makes life more difficult for the administration.</p> <ul style="list-style-type: none"> • le respect de la législation nationale et de l'UE relative aux marchés publics; et formations disponibles pour les fonctionnaires, séances d'informations pour les bénéficiaires <p>It is worth alerting the beneficiary to the public-procurement requirements at an early stage of the process. However, comprehensively checking correct compliance with public-procurement legislation comes at a heavy administrative cost.</p> <ul style="list-style-type: none"> • There is a great deal of ignorance as to when a notification is or is not required. The most difficult cases are small-scale projects in the social or tourism sector where it cannot be clearly determined whether or not aid distorts the market and should be regarded as State aid. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.3. <i>Good practices and examples of the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <ul style="list-style-type: none"> • le respect des règles nationales et de l'UE en matière d'éligibilité; identification dans une quinzaine de pages des règles d'éligibilité applicables à tous les projets cofinancés <p>Listing of common errors for beneficiaries, automated checking of digital file submissions, removal of conditions that are difficult to comply with or check, etc.</p> <ul style="list-style-type: none"> • le respect de la législation nationale et de l'UE relative aux marchés publics; et large diffusion de guides, notamment, le guide d'orientation à destination des praticiens (comment éviter les erreurs les plus fréquentes commises dans le cadre des marchés publics de projets cofinancés par les Fonds structurels et d'investissement européens), mise à jour des notes d'orientations pour les travaux complémentaires / supplémentaires <p>In the case of specific EAFRD measures, the administration already asks the beneficiary early in the process how far he or she has progressed with public procurement. Training is organised for the departments managing the various EAFRD measures on public-procurement legislation compliance checks.</p> <ul style="list-style-type: none"> • le respect des règles en matière d'aides d'État? Conscientisation accrue des collègues en charge des Fonds structurels sur cette matière, en particulier via l'instauration d'un point de contact unique | | | | |

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| <p>Question 1.2.1. Further measures to enhance the effectiveness of the checks carried out <u>before</u> declaring or certifying expenditure to the Commission.</p> | <p>Il convient de noter que le taux d'erreur pour les programmes opérationnels FEDER « mainstream » est largement inférieur à 1%. Contrôle sur pièces exhaustif et contrôle sur place mieux orienté, sur base de check-lists. Additional digitalisation of case handling, organisation with managing departments of working groups on control requirements, etc.</p> |
| <p>Question 1.2.2. Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</p> | <p>Il convient de noter que le taux d'erreur pour les programmes opérationnels FEDER « mainstream » est largement inférieur à 1%. Vu le taux d'erreur, les mesures prises semblent correspondre à l'objectif fixé.</p> |
| <p>Question 1.3.1. Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and</p> | <p>L'analyse des risques peut se baser sur les différents audits de système de 2007-2013, qui se sont clôturés dans leur grande majorité favorablement, permettant ainsi une poursuite du système de gestion et de contrôle impliqué, dans un environnement sécurisé. When drawing up the programme, each measure was examined in detail in terms of each condition's controllability and verifiability.</p> |

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| <p><i>inclusion).</i></p> <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes.</p> <p>Awarding payments on the basis of surface area, for example, is often less constrained by extra eligibility conditions. The actual surface area can be certified accurately by indicating plots digitally. If aid is received for agri-environment management or project implementation purposes, there are often more varying compliance rules, the complexity of which is often greater, thereby increasing the risk of errors.</p> <p>Non.</p> <p>Dans le cadre de la gestion partagée, la responsabilité confiée aux autorités de gestion peut être un gage de suivi approprié si les audits de système mis en place sont adéquats et suivis.</p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Il faut être conscient que le concours du FEDER dont la Wallonie bénéficie reste marginal par rapport aux valeurs cibles de la stratégie Europe 2020. Toutefois, les mesures prises et les projets retenus concourent évidemment à celles-ci.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>En Wallonie, des échanges d'informations sont réguliers entre les programmes cofinancés par les Fonds structurels et d'investissement européens et les autres programmes, comme le « plan Marshall » de relance pour la Wallonie. Par ailleurs, une participation croisée a été mise en place dans le processus de sélection.</p> |

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| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>Des indicateurs financiers et de réalisation sont repris dans le programme opérationnel FEDER « Wallonie-2020.EU » pour le cadre de performance. Des cibles ont été définies par axes prioritaires et sont liées aux priorités d'investissements établies par l'UE. L'atteinte de ces cibles sera mesurée à partir des données fournies par les projets soutenus. Par exemple, l'indicateur « Entreprises soutenues » agrégera le nombre d'entreprises soutenues par le programme. Les porteurs de projets devront réaliser ce reporting au moins une fois par an auprès de l'autorité de gestion via leur rapport annuel.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>Un système de suivi au niveau du programme opérationnel « Wallonie-2020.EU » a été mis en place, il s'agit d'un dispositif visant la collecte, l'analyse et la communication des informations en vue de disposer des données quantitatives et qualitatives sur la progression financière, les réalisations et les résultats directs et indirects des projets mis en œuvre au travers des différentes mesures du programme. Tous les acteurs sont impliqués dans le cadre de ce système de suivi qui contribue à l'approche orientée résultats.</p> <p>Le système veille à détecter des problèmes éventuels de mise en œuvre et les régler au plus vite, obtenir des exemples de bonne pratique qui pourraient être généralisés, communiquer facilement sur les réalisations et les résultats engrangés et également à alimenter les différentes évaluations pour appuyer l'analyse des données et leur interprétation et ainsi aider à la prise de décision.</p> <p>Les évaluations planifiées (plan d'évaluation du PO Wallon), le cadre de performance composé des indicateurs de réalisation les plus représentatifs de chaque axe prioritaire et des indicateurs financiers, ainsi que la responsabilisation accrue des bénéficiaires à l'atteinte des résultats font partie intégrante du système de suivi.</p> |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Oui.</p> <p>Sur la base des enseignements de la période précédente, un cadre d'indicateurs (indicateurs de réalisation et de résultat, communs et spécifiques) a été établi au niveau de chaque axe du PO en lien avec les priorités d'investissement. Dans le cadre de la sélection des projets, selon la mesure dans laquelle le projet s'inscrit, les bénéficiaires ont été tenus de quantifier / identifier au moins un indicateur de résultat et de réalisation. Cette exigence faisait partie des critères de sélection du Gouvernement wallon et visait également à ce que chaque projet contribue aux résultats attendus de la mesure. À une échelle plus micro, en plus des indicateurs repris dans leur fiche-projet, les bénéficiaires sont invités à valoriser les résultats et les impacts supplémentaires de leur(s) projet(s). L'autorité de gestion entend ainsi favoriser une dynamique de conscientisation des bénéficiaires sur l'orientation résultats de la programmation 2014-2020 et les responsabiliser davantage dans l'atteinte des objectifs fixés par la Wallonie.</p> |
| <p>Question 2.2.4. <i>Performance</i></p> | <p>Le système de suivi (cf. ci-avant) du programme opérationnel « Wallonie-2020.EU » a pour objectif de suivre la réalisation des objectifs et l'atteinte des cibles des indicateurs définis.</p> |

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| <p><i>measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>En outre des indicateurs « d'étapes » ont été définis afin de suivre la progression des réalisations en vue d'atteindre le résultat (« Actions de revitalisation urbaine finalisées » et son indicateur d'étape « Actions de revitalisation urbaine pour lesquelles les procédures précédant les travaux ont été réalisées »).</p> <p>Enfin, des évaluations visant à évaluer l'atteinte des objectifs par axes (avec des focus emploi notamment) ont été planifiées dans le plan d'évaluation de la Wallonie validé par le Comité de suivi le 11 décembre 2015.</p> |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Oui.</p> <p>Présentation des recommandations aux acteurs concernés, intégration des conclusions applicables dans les procédures, etc.</p> |

Bulgaria

Question 1.1.1

Main root causes in the major spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered (issues concerning the achievement of policy objectives and value added are covered under question 2 here below). Therefore, you are kindly invited to mark the extent of relevance of the examples per major EU spending area (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) as it is perceived for your country and in addition to develop a narrative in your reply to question 1.1.1 here under:

➤ number and complexity of rules and gold-

Not relevant

Relevant in some respect

Relevant in most respect

Fully relevant

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| | <p><i>plating</i></p> | | <p>Executive Agency ‘Audit of EU Funds’ REGIONAL POLICY Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes)</p> | <p>- Public Agency - AGRICULTURAL POLICY Ministry of Agriculture and Food - ECONOMIC POLICY Ministry of the Economy - SCIENCE AND EDUCATION POLICY Ministry of Education and Science - TRANSPORT POLICY Ministry of Transport (Directorate for coordination of projects and programmes)</p> | |
| <p>➤ <i>incorrect transposition of applicable EU legislation into national laws</i></p> | <p><input checked="" type="checkbox"/> In connection with findings of the ECA in Report No PF-7367, the national legislation was amended, and Article 18 of Ordinance No 5 of 2009 on the terms and procedure for submission of applications under direct payments schemes and measures was repealed on 26 February 2016.</p> | <p>- <input checked="" type="checkbox"/> SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - Bulgarian National Audit Office:</p> | <p><input checked="" type="checkbox"/> ECONOMIC POLICY Ministry of the Economy</p> | <p><input type="checkbox"/></p> | |

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| | <p>➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i></p> <p>The Managing Authority (MA Directorate General ‘European Funds, International Programmes and Projects’ (GD EFMPP), Ministry of Economy) fully observes the legal and procedural requirements stemming from EU and national legislation and rules, and in cases where applicants/beneficiaries do not observe them, the MA has established procedures for monitoring and</p> | <p>-AGRICULTURAL POLICY Ministry of Agriculture and Food -Executive Agency ‘Audit of EU Funds’</p> <p><input type="checkbox"/></p> | <p>REGIONAL POLICY Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes)</p> <p><input checked="" type="checkbox"/></p> <p>- AGRICULTURAL POLICY - Ministry of Agriculture and Food - ECONOMIC POLICY Ministry of the Economy (Directorate-General for European funds for competitiveness)</p> | <p><input checked="" type="checkbox"/></p> <p>- Bulgarian National Audit Office: SCIENCE AND EDUCATION POLICY Ministry of Education and Science - Executive Agency ‘Audit of EU Funds’ - REGIONAL POLICY - Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes)</p> | <p><input type="checkbox"/></p> |
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| | <p>corrective measures</p> | | | | |
| <p>➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i></p> <p>With regard to State aid rules (including conditions and eligibility criteria), the MA (GD EFMP at the MI) identifies the need for additional training.</p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> | <p><input checked="" type="checkbox"/> Bulgarian National Audit Office:</p> <ul style="list-style-type: none"> - Public Procurement Agency - ECONOMIC POLICY - Ministry of the Economy (Directorate-General for European funds for competitiveness) - - SCIENCE AND EDUCATION POLICY - Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - Executive Agency ‘Audit of EU Funds’ | <p><input type="checkbox"/></p> |
| <p>➤ <i>complex eligibility rules</i></p> <p>The MA (GD EFMP at</p> | <p><input type="checkbox"/></p> | <p><input checked="" type="checkbox"/></p> <p>- AGRICULTURAL</p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> |

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| | <p>the MI) has taken various measures to inform potential applicants regarding the eligibility rules for each specific procedure for granting financial assistance. These include:</p> <ul style="list-style-type: none"> - Publishing for public discussion of Draft Guidelines for Applicants and the documents thereto, and Evaluation Criteria Methodology under the forthcoming procedures for granting financial assistance; - After the Head of the MA approves the documentation, the comprising the Guidelines for Applicants and the Evaluation Criteria and Methodology, it is published in the website of the Managing Authority | | <ul style="list-style-type: none"> - Ministry of Agriculture and Food - ECONOMIC POLICY - Ministry of the Economy - SCIENCE AND EDUCATION POLICY - Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - Bulgarian National Audit Office: - TRANSPORT POLICY - Ministry of Transport (Directorate for coordination of projects and programmes) - REGIONAL POLICY - Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes) - Executive Agency 'Audit of EU Funds' | - | |
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| | <p>(www.opcompetitivene.ss.bg / www.opic.bg), and in the Single Information Web Portal containing general information regarding the management of European Structural and Investment Funds in the Republic of Bulgaria (www.eufunds.bg), which, pursuant to the national law, are subject to change in a very limited number of cases;</p> <ul style="list-style-type: none"> - Organising information campaigns and training events for potential applicants and beneficiaries; <p>Providing further clarification on each individual procedure through the ‘Questions and Answers’ section, published on the official website of the MA, etc.</p> | | | | |
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| | <p>➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i></p> <p>The MA (GD EFMP) at the MI has taken measures to ensure maximum connection between the eligibility requirements for applicants and the evaluation criteria and methodology. This is guaranteed by the established control in the course of the coordination procedure for the approval of the guidelines for applicants for each procedure.</p> | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> AGRICULTURAL POLICY of Ministry of Agriculture and Food - <input checked="" type="checkbox"/> REGIONAL POLICY of Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes) | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> ECONOMIC POLICY of the Ministry of Economy AND EDUCATION - <input type="checkbox"/> POLICY of Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - <input type="checkbox"/> Bulgarian National Audit Office: - <input type="checkbox"/> Executive Agency 'Audit of EU Funds' | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i></p> | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> AGRICULTURAL POLICY of Ministry of Agriculture | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

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| | <p>The MA (GD EFMP) at the MI has introduced a completely electronic application and evaluation through the Unified Management Information System for Management and Monitoring of the EU Structural Instruments in Bulgaria (UMIS 2020). The benefits achieved generally include faster and easier communication between the MA and applicants; published standard application forms for all operational programmes, which facilitate applicants in the development of project proposals. UMIS 2020 is linked to the Bulstat register and the Commercial Register and extracts from there the data required, thus ensuring speed in the working process of the MA.</p> <p>Furthermore, UMIS 2020 contains controls that are programmed in accordance with the requirements for</p> | <p>and Food - SCIENCE AND EDUCATION POLICY - Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - REGIONAL POLICY - Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes)</p> | | | |
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| | <p>application for each individual procedure and thus assist applicants in the preparation of project proposals. As a result of the electronic application, it is impossible to generate and submit an Application Form in which sections designated as mandatory by the MA are not completed. This reduces the number of project proposals rejected on grounds relating to not completed data in the application form.</p> <p>The MA (GD EFMPP at the MI) has taken a number of measures to eliminate errors in applications for assistance as early as at the evaluation stage:</p> <ul style="list-style-type: none"> - in the event that the applicant has calculated wrongly the intensity of the grant and/or arithmetic errors and/or discrepancies between amounts and percentages are found, a correction of budgets | | | | |
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| | <p>is automatically applied;</p> <ul style="list-style-type: none"> - in the event that the assistance applied for exceeds the threshold for de minimis/state aid, the assistance requested is automatically reduced by the evaluation committee to the maximum amount without this resulting in rejection of the project proposal under the procedure; - errors are corrected automatically and are brought in line with the information stated in the publicly accessible official registers; - where the applicant is registered under the Commercial Register Act and the required information is entered in the Commercial Register as of the date of application, the circumstances declared by the applicant are verified using official channels; | | | | |
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| | <p>- a check is performed in terms of compliance with the State/de minimis aid regimes with regard to all applicants: once at the evaluation stage, and once at the contracting stage. A practice was introduced to require additionally at the evaluation stage one or more of the accompanying documents specified in the Guidelines for Applicants, or documents submitted by the applicants, but not in the required form.</p> <p>- When requests for clarification and/or additional documents are sent, the identified deficiencies are described as clearly and accurately as possible. This minimises the likelihood of rejection of proposals as a result of submission of incomplete/incorrect additional documents/clarification</p> | | | | |
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| | <p>ns and facilitates applicants in the process of preparation of documents/clarifications.</p> <p>➤ <i>mistakes in the aid applications</i></p> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> <ul style="list-style-type: none"> - ECONOMIC POLICY - Ministry of the Economy (Directorate-General for European funds for competitiveness) - SCIENCE AND EDUCATION POLICY - Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - Bulgarian National Audit Office: | <input checked="" type="checkbox"/> <ul style="list-style-type: none"> - AGRICULTURAL POLICY - Ministry of Agriculture and Food | <input type="checkbox"/> |
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| | <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i></p> | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> AGRICULTURAL POLICY Ministry of Agriculture and Food - <input type="checkbox"/> SCIENCE AND EDUCATION POLICY Ministry of Education and Science - <input type="checkbox"/> REGIONAL POLICY Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes) | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> |
| | <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> AGRICULTURAL POLICY Ministry of Agriculture and Food - <input type="checkbox"/> REGIONAL POLICY Ministry | <p><input checked="" type="checkbox"/> - Ministry of the Economy (Directorate-General for European funds for competitiveness)</p> | <p><input checked="" type="checkbox"/> Bulgarian National Audit Office:</p> | <p><input type="checkbox"/></p> |

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| | <p>➤ need of raising awareness, targeted training, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</p> <p>MI: Need for additional training in the field of State aid.</p> | <p>of Regional Development and Public Works (Directorate-General European funds, international projects and programmes)</p> | <ul style="list-style-type: none"> - SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - Executive Agency 'Audit of EU Funds' | | |
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| | <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | <p><input type="checkbox"/></p> | <p><input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> - AGRICULTURAL POLICY of Ministry of Agriculture and Food - TRANSPORT POLICY Ministry of Transport - (Directorate for coordination of projects and programmes) - REGIONAL POLICY Ministry of Regional Development and Public Works (Directorate- | <p><input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> - Public Procurement Agency - Ministry of the Economy (Directorate-General for European funds for competitiveness) - SCIENCE AND EDUCATION POLICY - Ministry of Education and Science (Directorate-General for Structural Funds and international | <p><input type="checkbox"/></p> | <p>Regional Development and Public Works (Directorate-General for European funds, international projects and programmes)</p> |
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| | <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i></p> | <p><input checked="" type="checkbox"/> - AGRICULTURAL POLICY Ministry of Agriculture and Food</p> | <p><input checked="" type="checkbox"/> - ECONOMIC POLICY Ministry of the Economy (Directorate-General for European funds for competitiveness)</p> <p>- SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes)</p> <p>- REGIONAL POLICY Ministry of Regional</p> | <p>General European funds, international projects and programmes)</p> | <p>educational programmes)</p> <p>- Executive Agency ‘Audit of EU Funds’</p> | <p><input type="checkbox"/></p> |
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| | | | <p>Development and Public Works (Directorate-General European funds, international projects and programmes)</p> | | |
| <p>➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i></p> | <p><input checked="" type="checkbox"/> - AGRICULTURAL POLICY of Ministry of Agriculture and Food</p> | <p><input checked="" type="checkbox"/> - SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes)</p> <p>- Bulgarian National Audit Office: Executive Agency 'Audit of EU Funds'</p> | <p><input checked="" type="checkbox"/> - ECONOMIC POLICY Ministry of the Economy (Directorate-General for European funds for competitiveness)</p> <p>- REGIONAL POLICY Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes)</p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> |
| <p>➤ <i>sufficiently robust</i></p> | <p><input type="checkbox"/></p> | <p><input checked="" type="checkbox"/></p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> |

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| | <p><i>action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i></p> <p>MI: Information regarding the weaknesses and problems found in the process of evaluation of project proposals is exchanged between the departments of General Directorate 'European Funds for Competitiveness' (GD EFC) and measures are taken to address omissions in subsequent procedures.</p> | | <ul style="list-style-type: none"> - ECONOMIC POLICY Ministry of the Economy - SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for Structural Funds and international educational programmes) - Executive Agency of EU 'Audit of Funds' | | |
| <p>➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i></p> <p>MI: There are many changes in statutory instruments applicable</p> | <ul style="list-style-type: none"> ☒ AGRICULTURAL POLICY Ministry of Agriculture and Food - Executive Agency of EU 'Audit of Funds' | <ul style="list-style-type: none"> ☒ SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for | <ul style="list-style-type: none"> ☒ ECONOMIC POLICY Ministry of the Economy (Directorate-General for European funds for competitiveness) | | <input type="checkbox"/> |

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| | <p>to already existing proceedings. This creates uncertainty for applicants and beneficiaries and makes the process of examining applications for aid difficult.</p> | | <p>Structural Funds and international educational programmes)</p> <ul style="list-style-type: none"> - Bulgarian National Audit Office: REGIONAL POLICY Ministry of Regional Development and Public Works (Directorate-General for European funds, international projects and programmes) | | |
| <p>➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i></p> <p>MI: To date several initiatives have been undertaken for ensuring a genuine simplification of application and evaluation procedures to the benefit of beneficiaries, including: electronic application and</p> | <ul style="list-style-type: none"> - Executive Agency of EU 'Audit of Funds' | <ul style="list-style-type: none"> - ECONOMIC POLICY Ministry of the Economy (Directorate-General for European funds for competitiveness) REGIONAL POLICY Ministry of Regional Development and Public Works | <ul style="list-style-type: none"> - AGRICULTURE Ministry of Agriculture and Food SCIENCE AND EDUCATION POLICY Ministry of Education and Science | <ul style="list-style-type: none"> - Bulgaria n National Audit Office: | |

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| | <p>communication at the evaluation stage through UMIS 2020, striving to reduce the number of required supporting documents accompanying applications for assistance, increasing the number of official checks performed in publicly available official registers and information systems, etc. Information regarding the weaknesses and problems found in the process of evaluation of project proposals is exchanged between the departments of GD EFC and measures are taken to address omissions in subsequent procedures.</p> | | <p>(Directorate-General for European funds, international projects and programmes)</p> | | |
| <p>➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i></p> | <p><input type="checkbox"/></p> | <p><input checked="" type="checkbox"/></p> <p>- SCIENCE AND EDUCATION POLICY Ministry of Education and Science (Directorate-General for Structural Funds and international</p> | <p><input checked="" type="checkbox"/></p> <p>- Public Procurement Agency AGRICULTURAL POLICY Ministry of Agriculture and Food ECONOMIC POLICY Ministry of the Economy</p> | <p><input type="checkbox"/></p> | |

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| | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> AGRICULTURAL POLICY Ministry of Agriculture and Food - <input checked="" type="checkbox"/> Executive Agency 'Audit of EU Funds' | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> ECONOMIC POLICY Ministry of the Economy - <input checked="" type="checkbox"/> Bulgarian National Audit Office: REGIONAL POLICY Ministry of Regional Development and Public Works - <input checked="" type="checkbox"/> Executive Agency 'Audit of EU Funds' | <ul style="list-style-type: none"> - <input checked="" type="checkbox"/> SCIENCE AND EDUCATION POLICY Ministry of Education and Science - <input checked="" type="checkbox"/> Executive Agency 'Audit of EU Funds' | <input type="checkbox"/> |
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| <p><u>Question 1.1.2.</u> <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>Ministry of the Economy: Compliance of the national public procurement legislation with the EU rules, and the correct transposition of EU directives are essential for the proper spending of EU funds and avoiding infringements justifying the imposing of financial corrections.</p> <p>Ministry of the Economy - Compliance with State aid rules has an important role and is a condition for the granting of financial assistance. The complexity of the requirements for the different types of State aid creates difficulties for applicants and beneficiaries – SMEs in terms of the proper understanding and implementation of such requirements.</p> <p>The MA observes the legal and procedural requirements stemming from EU and national legislation and the State aid rules, and in cases where applicants/beneficiaries do not observe them, the MA applies the required procedures for monitoring and corrective action. A lesson learned in relation to overcoming deficiencies is the need to ensure maximum connection between the eligibility requirements for applicants, envisaged in the Guidelines for Applicants, and the evaluation criteria and methodology for the specific procedure. The MA strives to achieve this with the help of controls introduced in the coordination procedure for the approval of the guidelines for applicants for each procedure.</p> <p>PPA: The main lessons are the existence of adequate control by the responsible authorities and cooperation between authorities.</p> |
| <p><u>Question 1.1.3.</u> <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>Ministry of the Economy - After launching procedures for granting financial assistance, the Managing Authority conducts information campaigns for the target groups of the corresponding procedure, and after contracts with beneficiaries are signed, training on the execution of contracts is conducted.</p> <p>M of the Economy: Guidelines for execution of grant contracts, presenting the most common errors in the field of public procurement, are developed and published in the website of the Managing Authority.</p> <p>Participation in training events on the implementation of national and EU legislation in the field; regular preparation of information by audit authorities and the Managing Authority regarding the most common errors in implementing the rules and regulations.</p> <p>At present the Managing Authority has no methodology or practice for the use of simplified costs, as they are not applicable to the operational programme.</p> <p>As specified above, the MA has introduced a number of good practices that ensure compliance with the State/de minimis aid rules both in the course of the evaluation of applications for assistance and at the contracting stage. Examples include:</p> <ul style="list-style-type: none"> • carrying out of official checks in the official registers of received State/de minimis aid — UMIS, UMIS 2020, Register of de minimis aid at the Ministry of Finance; • verification of the information regarding received State/de minimis aid declared in the Declaration of State/de minimis aid; • in the event that the applicant has calculated wrongly the intensity of the grant and/or arithmetic errors and/or discrepancies between amounts and percentages that would result in violation of the State/de minimis aid rules are found, a correction of budgets is automatically applied; • in the event that the assistance applied for exceeds the threshold for de minimis aid, the assistance requested is automatically reduced |

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| | <p>by the evaluation committee to the maximum amount without this resulting in rejection of the project proposal under the procedure.</p> <p>As a positive example in the practice of the MA we can indicate that a check for compliance with the State/de minimis aid regimes is carried out with regard to all applicants at the evaluation stage, and with regard to applicants proposed for financing a further in-depth check is performed at the contracting stage. Thus we avoid unnecessary spending of resources associated with performing very thorough checks on applicants who are not proposed for financing.</p> <p>SFA: With regard to operations for rural development (in connection with assessing whether costs are justified using the approach of assessing and comparing different (at least three) offers), a practice of sending requests for confirmation to tenderers is introduced in order to guarantee the authenticity of submitted offers.</p> <p>MTIT&C: During the 2007—2013 a mechanism for simplified reporting of costs through vouchers for unemployed and employed individuals (Council of Ministers Decree No 251 of 2009), and a single cost standard for the provision of social services were introduced under OP HRD. The opportunity to provide training for employed and unemployed persons continues in OP HRD 2014—2020. The opportunities to apply other forms of simplified costs are currently explored. A study of historical data to establish the average market prices is envisaged. A new approach aimed at reducing the administrative burden is the fully electronic application for and reporting of the implementation of projects, which is a continuation of the electronic information collection and reporting that started during the previous programming period. The currently developed methodology for implementation and verification based on a sample of reported costs is aimed at reducing the administrative burden during the verification stage.</p> |
| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>Ministry of the Economy: When beneficiaries declare costs for verification, a verifying team from the Managing Authority conducts on-the-spot verifications. The purpose of the verifications is to establish whether all assets have been delivered and whether the entire documentation relating to the project implementation is available at the beneficiary. In the course of management verifications, the principle of double checking, at the stages of verification of activities and verification of expenditure, is strictly observed.</p> <p>Audit of EU Funds EA: The Audit Authority regularly shares its approach to the checks performed and, in particular, on checks performed in relation to public procurement. This approach has been approved by the European Commission and has been recommended by it for all authorities within the national system. In this connection the Audit Authority publishes and disseminates the check-lists for public procurement developed by it. During the period March—April 2015, with a letter from the Deputy Prime Minister for European Funds and Economic Policies to the competent national authorities, analytical information regarding detected irregularities in the field of public procurement and standard forms of check-lists developed by the Audit Authority were sent. The letter requires from competent national authorities to use the respective check-lists.</p> <p>The Audit Authority also publishes analytical information regarding irregularities relating to public procurement, established by it in the course of audits of operations. This analysis contains information regarding the approach to the conducting of examinations, specific information regarding the types of irregularities found (including statistics and practical examples), and conclusions and recommendations.</p> <p>NF: On 25 July 2016, Ordinance No H-3 of the Minister for Finance of 8 July 2016 laying down the rules of payment, verification and certification of expenditure, recovery and write-off of irregular expenditure and accounting, as well as the terms and rules of completion of</p> |

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| | <p>end-of-year accounts under the operational programmes and the European territorial cooperation programmes, drawn up by the Certifying Authority pursuant to Article 7(4) of the Management of European Structural and Investment Funds Act and regulating the relationships between structures responsible for management and control, entered into force.</p> <p>In addition to documentary checks for legality and regularity of expenditure, which are evenly distributed throughout the accounting year both to avoid concentration of workload at certain times and maintain a high level of effectiveness of such checks and to ensure the possibility of timely suspension of ineligible expenditure in the certification process to the European Commission, the Certifying Authority performs the following checks:</p> <ul style="list-style-type: none"> • for quality control in Management Authorities; • inspections at the premises of beneficiaries and on-the-spot inspections at the location of the project implementation; • inspections of the public procurement procedures; with regard to these inspections, based on a risk analysis of the most common errors, the control procedure has been streamlined and both the number and the intensity of inspections have been increased. <p>An order of the Minister for Finance designated officials of the Certifying Authority authorised to access the risk scoring tool of the European Commission in the field of fraud and irregularities ARACHNE.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously declared or certified to the Commission.</i></p> | <p>In view of the need to enhance the knowledge and skills of officials involved in verification of expenditure on public procurement, in 2015 the Audit of EU Funds EA continued its practice of sharing the approach applied. The Audit Authority took part in training events presenting examples of irregularities from the practice of the Commission and national control authorities. In 2015, a total of 149 employees of Managing Authorities and beneficiaries of operational programmes participated in training regarding the approach of the Audit Authority to the inspection of public procurement.</p> <p>Ministry of the Economy: Based on its experience so far, the Managing Authority has established that the most common errors made by beneficiaries are related to contractor selection procedures. For this reason, an opportunity is provided for preliminary review of the documentation, and in over 80 % of the cases beneficiaries use it. This mechanism contributes to increasing the effectiveness of actions for detecting and correcting errors at a stage where their influence can be limited or fully eliminated.</p> <p>NF: At present the Certifying Authority is in the process of streamlining the analysis performed in order to identify a possible systemic nature of errors identified in the course of inspections.</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated</i></p> | <p>Directorate General 'Urban and Regional Development' (DG URD), MRDPW: In the field of further action it shall be noted that during the new programming period the Managing Authority of Operational Programme 'Regional Development' introduced the ARACHNE tool developed by the European Commission for the purposes of enhancing the measures against irregularities and fraud in the implementation</p> |

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| <p><i>level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>of projects and increasing the reliability of the control systems, and identifying potentially high-risk situations before providing funding.</p> <p>Ministry of the Economy: Regular risk assessments are carried out under Operational Programme ‘Development of the Competitiveness of the Bulgarian Economy’ 2007—2013 and Operational Programme ‘Innovations and Competitiveness’ 2014—2020, and risks are identified and documented in a risk register. Risks, including residual risk, are assessed and corrective actions are identified and followed up.</p> <p>During the programming period 2014—2020 a new unified management information system for management and monitoring of EU funds in Bulgaria (UMIS 2020) was introduced and is used</p> <p>. Project reporting and verification are fully electronic, which reduces the risk of errors in calculating and documenting expenditure subject to reimbursement.</p> <p>To limit the risk of error in reimbursement of expenditure, the Managing Authority of Operational Programme ‘Development of the Competitiveness of the Bulgarian Economy’ 2007—2013 and Operational Programme ‘Innovations and Competitiveness’ 2014—2020 has introduced and implements procedures for checking the existence of registered irregularities or pending inspections of alerts of irregularities, and performs checks in the Early Detection and Exclusion System (EDES), which already contains some evidence of fraudulent practices of applicants/beneficiaries, in pursuance of the implementation of Regulation (EC, Euratom) No 1929 of the European Parliament and of the Council of 28 October 2015.</p> <p>Furthermore, the Managing Authority has introduced a procedure for fraud risk assessment. An assessment of the fraud risk in the activity of the Managing Authority of Operational Programme ‘Innovations and Competitiveness’ 2014—2020 was carried out, and the results are presented in a report dated 28 October 2016. The risks relating to the process of certification and payments under the programme were identified and assessed.</p> |
| <p>Question 1.3.2.</p> <p><i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs</i></p> | <p>Yes.</p> <p>MESc: The level of error is set depending on the basis for payment and the related verification of eligibility of expenditure.</p> <p>MTTT&C: According to the Annual Control Reports of the Audit Authority, the level of error under OP HRD 2007—2013 for each of the years was set below the reference 2 %. Systems audits show a high level of assurance on management and control. The European Court of Auditors has no findings and recommendations.</p> |

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| <p><i>and inclusion).</i></p> <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p><i>Bulgarian National Audit Office:</i> The National Development Programme: Bulgaria 2020 is a long-term national programme document for the development of the Republic of Bulgaria, which is the basis for the programming of strategic documents related to the implementation of both national policies and policies of the EU. The document helps optimise the programming of the development of Bulgaria to 2020, providing the link between the national priorities of the Republic of Bulgaria and the objectives of the EU in the context of the Europe 2020 Strategy.</p> <p>The link between the priorities in the national strategic and programming documents and these of the Europe 2020 Strategy is among the key aspects of studying and analysis in the performance audits carried out by the National Audit Office, including the performance audits of EU funds. A more clear focus on mechanisms for implementation and funding the implementation of priorities is necessary.</p> <p>MTIT&C: Operational Programme ‘Human Resources Development’ 2014—2020 contributes actively to achieving two of the targets of the European Strategy for Smart, Sustainable, and Inclusive Growth Europe 2020. These are the targets in the fields of employment and the fight against poverty and social exclusion. The HRD OP strategy is set upon the following three pillars: better quality employment, reducing poverty and promoting social inclusion, and modernisation of public policies. The OP HRD strategy also corresponds with the objectives of the National Development Programme Bulgaria 2020, the National Reform Programme and the Partnership Agreement.</p> <p>Operations under OP HRD are planned and developed fully in line with the Union strategy for smart, sustainable and inclusive growth and for the achievement of economic, social and territorial cohesion. The planned operations are fully in line with the Priority Axes and Investment priorities outlining specific goals framing the expected results of the implementation of OP HRD.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p><i>MAF:</i> To ensure complementarity of rural development measures and other programmes supported by ESIF, RDP 2014—2020 envisages, at the time of launching the programmes, to set up an interdepartmental working group to coordinate issues of demarcation and complementarity between individual programmes at all stages of the project cycle (selection of operations, programming, monitoring and evaluation). Currently a working group was established by Order No RD 09-742 of 30 September 2016 of the Minister for Agriculture and Food, which defines and follows a procedure on the procedure and manner of coordinating the complementarity process, a check for double financing and exchange of information between the competent institutions (the Managing Authorities of the Rural Development Programme for the period 2014—2020, Operational Programme ‘Regions in Growth’ and the Territorial Cooperation Programmes 2014—2020, and State Fund ‘Agriculture’ – Paying Agency). It is envisaged to set up an interdepartmental working group to coordinate issues of demarcation and complementarity of OP ‘Science and Education for Smart Growth’ with regard to research, support for innovations, education, training and education infrastructure.</p> <p><i>Bulgarian National Audit Office:</i> In 2016 the National Audit Office started three audits on the programming and contracting of the ESIF assistance through the focus of the National Development Programme: Bulgaria 2020. In the course of these audits, the methodology used in a parallel audit of the European Court of Auditors and audit institutions of other Member States was applied . The scope of audit included the activities for programming and contracting of assistance from the European Social Fund, the European Regional Development</p> |

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| | <p>Fund and the European Agricultural Fund for Rural Development and how they contributed to achieving the objectives of the National Development Programme: ‘Bulgaria 2020’ for the period 1 January 2014 — 31 December 2016.</p> <p>To evaluate the created prerequisites for effective and efficient use of the assistance from the European Union and to minimise in a timely manner the risks of the European Commission suspending interim payments, an audit of the fulfilment of the preliminary conditions for ESIS 2014—2020 is carried out.</p> <p>The audit is included in the Audit Programme of the National Audit Office for year 2016, but at the same time is conducted as a parallel audit on the ‘Contribution of Structural Funds to achieving the targets of Europe 2020 in the fields of education and employment’, led by the ‘Structural Funds VII’ Working Group with the SAI Contact Committee. The Republic of Bulgaria is involved as an observer.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>MTIT&C: The OP HRD strategy corresponds with the objectives of the National Development Programme Bulgaria 2020, the National Reform Programme and the Partnership Agreement. The operational programme addresses the objectives of these documents regarding the quality of the workforce and investment in human resources, providing employment opportunities and raising labour income, reducing poverty and promoting social inclusion, improving the quality and effectiveness of health services, and strengthening the institutional environment in terms of labour market, social services, healthcare and equal opportunity and non-discrimination.</p> <p>A large portion of the resources of the operational programme (60 %) is allocated for achieving the objectives of the employment policy. With support from the European Social Fund, solutions are sought to problems relating to the high level of unemployment among young people and older people and for reducing the high share of people not involved in training or employment. The support under OP HRD for the labour market area complements the national instruments aimed at supporting employment and reducing unemployment in Bulgaria.</p> <p>The attainment of the targets of the Europe 2020 Strategy also depends on the contribution of the cohesion policy, and one of the areas of intervention enshrined in the European Platform against Poverty and Social Exclusion is the provision of funding from the European Social Fund to support policies for fighting poverty and promoting social inclusion. The other key priority of OP HRD is social inclusion and fight against poverty, financed under priority axis 2. Close to 40 % are allocated to this priority, thus providing resources for the national policies planned for the period until 2020, which are described in detail in the National Reform Programme and other relevant national strategic documents. These policies aim at addressing the considerable challenge in fighting poverty identified in Bulgaria.</p> <p>SFA: With regard to rural development operations, with an order of the Minister for Agriculture and Food a working group was set up to coordinate the complementarity between RDP 2014—2020 and Operational Programme ‘Regions in Growth’ throughout the programming period of programme implementation in order not to allow double financing of expenditure.</p> <p>MTIT&C: The strategy of Operational Programme ‘Transport and Transport Infrastructure’ 2014—2020 contributes to the targets of the Europe 2020 Strategy and is consistent with the guidelines for the development of the European transport policy and the Trans-European transport network, with the national policies, as well as with the conclusions and recommendations defined in the analysis of socio-economic development and the strategy of the Partnership Agreement.</p> <p>Key documents related to the strategy of OPTTI 2014-2020 are as follows:</p> <ul style="list-style-type: none"> - The Strategy ‘Europe 2020’ for smart, sustainable and inclusive growth ensures that the objectives and priorities of OPTTI are in |

compliance with the EU targets to achieve economic, social and territorial cohesion. OPTTI contributes to all three pillars of the strategy with an emphasis on sustainable growth to promote a greener and more competitive economy with a more efficient use of resources, which, in relation to the transport sector, suggests modernisation and decarbonisation of the transport sector to achieve increased competitiveness through a combination of measures, such as intelligent traffic management through modern navigation and information systems for the Black Sea and the Danube River, better logistics, pursuing the reduction of CO2 emissions for motor vehicles, aviation and maritime sectors, setting common standards and developing the necessary infrastructure, and to the accelerating of the implementation of strategic projects with high added value for Europe, to address critical bottlenecks, in particular cross-border sections and intermodal nodes.

- The National Reform Programme, a national document, which is updated annually in the implementation of Strategy 'Europe 2020'.
- The National Development Programme: Bulgaria 2020 (NDP BG2020) is the leading strategic and programming document detailing the objectives of the development policies of the country up to 2020.
- White Paper 'Roadmap to a Single European Transport Area' includes measures to ensure growth in transport and mobility support.
- The Guidelines for the development of the Trans-European Transport Network (Regulation (EU) No 1315/2013) aim to contribute to achieving the sustainable mobility of people and goods and promoting the development of the domestic market and the overall competitiveness of the European Community.
- The National Spatial Development Concept for the period 2013—2025 includes a set of priorities, one of which is to develop the national transport infrastructure as a part of the Trans-European Transport Network.
- The Strategy for the Development of the Transport System of the Republic of Bulgaria until 2020 defined the following objectives of the national transport policy:

Achieving economic efficiency

Development of sustainable transport sector

Improvement of the regional and social development and commitment

The overall objective of OPTTI 2014—2020, like that of OPT 2007—2013, is 'Development of a sustainable transport system', which is in compliance with the thematic objectives specified above.

The implementation of projects for developing the transport system, contributing to the effective connectivity of the transport network and to removing sections with insufficient capacity in it, reducing congestion, noise and pollution, improving safety, promoting the use of environmentally friendly modes of transport, will continue. The achievement of the overall objective of the programme and hence its contribution to TO 4 (Supporting the shifts towards a low-carbon economy in all sectors) and TO 7 (Promoting sustainable transport and removing sections with insufficient capacity in all key network infrastructures) will contribute to the realisation of the concept of competitive and sustainable transport system, as well as to achieving the desired sustainable mobility of people and goods, promoting the development of the domestic market and the overall competitiveness of the European Community, territorial, economic and social cohesion, public welfare, safety and security of European citizens, taking into account the environmental factors, such as climate change,

air pollution and protected areas.

The implementation of the specific measures under OPTTI will have a particular impact and contribution to national targets on climate change. In the Third National Action Plan on Climate Change, the transport sector is identified as one of the major sources of greenhouse gas emissions. The reasons for this include the privatisation of road transport, the significant reduction of subsidies for railway transport and the closure of railway routes leading to a shift in the transport structure from rail to road. Private cars have the most significant contribution to greenhouse gas emissions followed by heavy duty vehicles. In 2009 private cars and heavy duty vehicles were respectively responsible for 60 % and 21 % of the total emissions of the transport sector. Additionally, after the completion of Line 3 of the Sofia Metro in 2020, the road traffic is expected to decrease by 21,000 vehicles/day, which will result in reduction of traffic congestions and will create conditions for increasing the average speed of public transport along the central routes.

The measures to be implemented under the Action Plan are focused on the following areas:

- Reduction of transport emissions - Reduction of fuel consumption
- Diversification of transport
- Informing and training consumers. OPTTI provides funding for the following specific measures with a direct effect on all four sectors, contributing to the achievement of national targets on climate change:
 - - Under priority axis 1 – increasing the share of railway transport;
 - - Under priority axis 2 – modernisation of existing road infrastructure to ensure optimum speed and optimum driving modes of automobile engines;
 - - Under priority axis 3 – reduction of the relative share of trips with private motor vehicles through improvement and development of urban public transport; increasing the share of public electric transport and development and construction of intermodal terminals for combined transport.

Seven specific objectives have been identified as part of the overall objective of OPTTI 2014-2020 and accordingly the investment priorities of TO 7 and TO 4.

The first specific objective is 'Increasing railway traffic of passenger and freight through improving the quality of the TEN-T railway infrastructure'.

The second specific objective is 'Removal of bottlenecks in the TEN-T road network'.

The third specific objective is 'Increased intermodal transport'.

The fourth specific objective is 'Increased use of metro'.

The fifth specific objective is 'Improved transport management through introduction of innovative systems'.

The sixth specific objective is 'Improved management of the railway network'.

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| | <p>The seventh specific objective is ‘Establishment of necessary conditions for successful completion of OPT 2007—2013 and implementation of OPTTI 2014—2020, strengthening the administrative capacity and public awareness’.</p> <p>The strategy of OPTTI 2014—2020 ensures continuity and logical sequence of investments in programming period 2007—2013, guaranteeing the completion of main directions in which investments are already made. The following priority axes have been identified in the programme:</p> <ol style="list-style-type: none"> 1. Development of railway infrastructure along the ‘core’ TEN-T 2. Development of road infrastructure along the ‘core’ and ‘comprehensive’ TEN-T 3. Improvement of intermodal transport services for passengers and freights and development of sustainable urban transport 4. Innovations in management and services – establishment of modern infrastructure for traffic management and transport safety and security improvement 5. Technical Assistance. <p>In addition to the investments under OPTTI 2014—2020, it is planned to seek investments through public-private partnership, particularly for development of ports and airports. Investments for development of air, river and sea transport, planned for funding under OPTTI, are entirely directed towards the development of intelligent systems to improve services and management of air, river and sea transport. Also, where applicable, funding from the Connecting Europe Facility (CEF) will be used.</p> <p>SFA: With regard to rural development operations related to investments in fixed assets, for the programming period 2014—2020 it is envisaged to apply only two approaches to assessing the reasonableness of costs: reference costs and comparing different (at least three) offers. It is not envisaged to apply exception based on the amount of the costs requested for assistance.</p> <p>SFA: With regard to the cost of financing approved after conducted public procurement procedures, for the purpose of RDP 2014—2020 it is envisaged to develop Guidelines for the implementation of the Public Procurement Act, which the contracting entities eligible under different sub-measures of RDP 2014—2020 will be obliged to implement. The Managing Authority will develop standard criteria for award by types of investment activities in relation to the implementation of the procedures under the Public Procurement Act. These criteria will be coordinated with competent institutions (IPA, AOP) and will be included as part of the Guidelines. Control will be exercised in four stages: ex-ante control, ex-post control, control at the stage of authorisation for contract implementation, and, last, control at the stage of on-the-spot verification.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-</i></p> | <p>MTIT&C: The OP HRD strategy corresponds with the objectives of the National Development Programme Bulgaria 2020, the National Reform Programme and the Partnership Agreement. The operational programme addresses the objectives of these documents regarding the quality of the workforce and investment in human resources, providing employment opportunities and raising labour income, reducing poverty and promoting social inclusion, improving the quality and effectiveness of health services, and strengthening the institutional environment in terms of labour market, social services, healthcare and equal opportunity and non-discrimination.</p> <p>A large portion of the resources of the operational programme (60 %) is allocated for achieving the objectives of the employment policy.</p> |

oriented system and impact of EU projects.

With support from the European Social Fund, solutions are sought to problems relating to the high level of unemployment among young people and older people and for reducing the high share of people not involved in training or employment. The support under OP HRD for the labour market area complements the national instruments aimed at supporting employment and reducing unemployment in Bulgaria.

The attainment of the targets of the Europe 2020 Strategy also depends on the contribution of the cohesion policy, and one of the areas of intervention enshrined in the European Platform against Poverty and Social Exclusion is the provision of funding from the European Social Fund to support policies for fighting poverty and promoting social inclusion. The other key priority of OP HRD is social inclusion and fight against poverty, financed under priority axis 2. Close to 40 % are allocated to this priority, thus providing resources for the national policies planned for the period until 2020, which are described in detail in the National Reform Programme and other relevant national strategic documents. These policies aim at addressing the considerable challenge in fighting poverty identified in Bulgaria.

SFA: With regard to rural development operations, with an order of the Minister for Agriculture and Food a working group was set up to coordinate the complementarity between RDP 2014—2020 and Operational Programme ‘Regions in Growth’ throughout the programming period of programme implementation in order not to allow double financing of expenditure.

MTIT&C: The strategy of Operational Programme ‘Transport and Transport Infrastructure’ 2014—2020 contributes to the targets of the Europe 2020 Strategy and is consistent with the guidelines for the development of the European transport policy and the Trans-European transport network, with the national policies, as well as with the conclusions and recommendations defined in the analysis of socio-economic development and the strategy of the Partnership Agreement.

Key documents related to the strategy of OPTTI 2014-2020 are as follows:

- The Strategy ‘Europe 2020’ for smart, sustainable and inclusive growth ensures that the objectives and priorities of OPTTI are in compliance with the EU targets to achieve economic, social and territorial cohesion. OPTTI contributes to all three pillars of the strategy with an emphasis on sustainable growth to promote a greener and more competitive economy with a more efficient use of resources, which, in relation to the transport sector, suggests modernisation and decarbonisation of the transport sector to achieve increased competitiveness through a combination of measures, such as intelligent traffic management through modern navigation and information systems for the Black Sea and the Danube River, better logistics, pursuing the reduction of CO2 emissions for motor vehicles, aviation and maritime sectors, setting common standards and developing the necessary infrastructure, and to the accelerating of the implementation of strategic projects with high added value for Europe, to address critical bottlenecks, in particular cross-border sections and intermodal nodes.
- The National Reform Programme, a national document, which is updated annually in the implementation of Strategy ‘Europe 2020’.
- The National Development Programme: Bulgaria 2020 (NDP BG2020) is the leading strategic and programming document detailing the objectives of the development policies of the country up to 2020.
- White Paper ‘Roadmap to a Single European Transport Area’ includes measures to ensure growth in transport and mobility support.
- The Guidelines for the development of the Trans-European Transport Network (Regulation (EU) No 1315/2013) aim to contribute to achieving the sustainable mobility of people and goods and promoting the development of the domestic market and the overall competitiveness of the European Community.

- The National Spatial Development Concept for the period 2013—2025 includes a set of priorities, one of which is to develop the national transport infrastructure as a part of the Trans-European Transport Network.

- The Strategy for the Development of the Transport System of the Republic of Bulgaria until 2020 defined the following objectives of the national transport policy:

Achieving economic efficiency

Development of sustainable transport sector

Improvement of the regional and social development and commitment

The overall objective of OPTTI 2014—2020, like that of OPT 2007—2013, is ‘Development of a sustainable transport system’, which is in compliance with the thematic objectives specified above.

The implementation of projects for developing the transport system, contributing to the effective connectivity of the transport network and to removing sections with insufficient capacity in it, reducing congestion, noise and pollution, improving safety, promoting the use of environmentally friendly modes of transport, will continue. The achievement of the overall objective of the programme and hence its contribution to TO 4 (Supporting the shifts towards a low-carbon economy in all sectors) and TO 7 (Promoting sustainable transport and removing sections with insufficient capacity in all key network infrastructures) will contribute to the realisation of the concept of competitive and sustainable transport system, as well as to achieving the desired sustainable mobility of people and goods, promoting the development of the domestic market and the overall competitiveness of the European Community, territorial, economic and social cohesion, public welfare, safety and security of European citizens, taking into account the environmental factors, such as climate change, air pollution and protected areas.

The implementation of the specific measures under OPTTI will have a particular impact and contribution to national targets on climate change. In the Third National Action Plan on Climate Change, the transport sector is identified as one of the major sources of greenhouse gas emissions. The reasons for this include the privatisation of road transport, the significant reduction of subsidies for railway transport and the closure of railway routes leading to a shift in the transport structure from rail to road. Private cars have the most significant contribution to greenhouse gas emissions followed by heavy duty vehicles. In 2009 private cars and heavy duty vehicles were respectively responsible for 60 % and 21 % of the total emissions of the transport sector. Additionally, after the completion of Line 3 of the Sofia Metro in 2020, the road traffic is expected to decrease by 21,000 vehicles/day, which will result in reduction of traffic congestions and will create conditions for increasing the average speed of public transport along the central routes.

The measures to be implemented under the Action Plan are focused on the following areas:

- Reduction of transport emissions

- Reduction of fuel consumption

- Diversification of transport

- Informing and training consumers.

OPTTI provides funding for the following specific measures with a direct effect on all four sectors, contributing to the achievement of national targets on climate change:

- Under priority axis 1 – increasing the share of railway transport;
- Under priority axis 2 – modernisation of existing road infrastructure to ensure optimum speed and optimum driving modes of automobile engines;
- Under priority axis 3 – reduction of the relative share of trips with private motor vehicles through improvement and development of urban public transport; increasing the share of public electric transport and construction of intermodal terminals for combined transport.

Seven specific objectives have been identified as part of the overall objective of OPTTI 2014-2020 and accordingly the investment priorities of TO 7 and TO 4.

The first specific objective is 'Increasing railway traffic of passenger and freight through improving the quality of the TEN-T railway infrastructure'.

The second specific objective is 'Removal of bottlenecks in the TEN-T road network'.

The third specific objective is 'Increased intermodal transport'.

The fourth specific objective is 'Increased use of metro'.

The fifth specific objective is 'Improved transport management through introduction of innovative systems'.

The sixth specific objective is 'Improved management of the railway network'.

The seventh specific objective is 'Establishment of necessary conditions for successful completion of OPT 2007—2013 and implementation of OPTTI 2014—2020, strengthening the administrative capacity and public awareness'.

The strategy of OPTTI 2014—2020 ensures continuity and logical sequence of investments in programming period 2007—2013, guaranteeing the completion of main directions in which investments are already made. The following priority axes have been identified in the programme:

1. Development of railway infrastructure along the 'core' TEN-T
2. Development of road infrastructure along the 'core' and 'comprehensive' TEN-T
3. Improvement of intermodal transport services for passengers and freights and development of sustainable urban transport
4. Innovations in management and services – establishment of modern infrastructure for traffic management and transport safety and security improvement
5. Technical Assistance.

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| | <p>In addition to the investments under OPTTI 2014—2020, it is planned to seek investments through public-private partnership, particularly for development of ports and airports. Investments for development of air, river and sea transport, planned for funding under OPTTI, are entirely directed towards the development of intelligent systems to improve services and management of air, river and sea transport. Also, where applicable, funding from the Connecting Europe Facility (CEF) will be used.</p> <p>SFA: With regard to rural development operations related to investments in fixed assets, for the programming period 2014—2020 it is envisaged to apply only two approaches to assessing the reasonableness of costs: reference costs and comparing different (at least three) offers. It is not envisaged to apply exception based on the amount of the costs requested for assistance.</p> <p>SFA: With regard to the cost of financing approved after conducted public procurement procedures, for the purpose of RDP 2014—2020 it is envisaged to develop Guidelines for the implementation of the Public Procurement Act, which the contracting entities eligible under different sub-measures of RDP 2014—2020 will be obliged to implement. The Managing Authority will develop standard criteria for award by types of investment activities in relation to the implementation of the procedures under the Public Procurement Act. These criteria will be coordinated with competent institutions (IPA, AOP) and will be included as part of the Guidelines. Control will be exercised in four stages: ex-ante control, ex-post control, control at the stage of authorisation for contract implementation, and, last, control at the stage of on-the-spot verification.</p> <p>Ministry of the Economy: During the 2007—2013 programming period the authorities responsible for coordination, management, control and audit of resources from the EU Structural Funds were designated in Council of Ministers Decision No 965 of 16 December 2005. During that programming period, the national regulatory framework for management of resources from the EU Structural Funds was regulated by by-laws and instructions of the Minister for Finance – DNF, which regulated the terms, conditions, procedure and time-limits for administration of the operational programmes by managing authorities and intermediate bodies (in cases of delegation of powers). Detailed rules for eligibility of expenditure under individual operational programmes were adopted with Council of Ministers Decrees. With regard to Operational Programme ‘Development of the Bulgarian Economy’ 2007—2013, co-financed through the European Regional Development Fund, the rules were stipulated in Council of Ministers Decree No 236 of 2007.</p> <p>During the 2014—2020 programming period the authorities responsible for management, control, coordination and audit of European Structural and Investment Funds are designated in Council of Ministers Decision No 792 of 17 December 2013. The statutory framework provided for in the Management of European Structural and Investment Funds Act has been introduced and is implemented. By-laws (a Council of Ministers Decree and ordinances of the Council of Ministers, and an ordinance of the Minister for Finance) for the implementation of ZUSESIF have been adopted.</p> |
| <p>Question 2.2.3. <i>Member State actions to define</i></p> | <p>MTIT&C: The OP HRD strategy corresponds with the objectives of the National Development Programme Bulgaria 2020, the National Reform Programme and the Partnership Agreement. The operational programme addresses the objectives of these documents regarding the quality of the workforce and investment in human resources, providing employment opportunities and raising labour income, reducing poverty and promoting social inclusion, improving the quality and effectiveness of health services, and strengthening the institutional</p> |

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environment in terms of labour market, social services, healthcare and equal opportunity and non-discrimination.

A large portion of the resources of the operational programme (60 %) is allocated for achieving the objectives of the employment policy. With support from the European Social Fund, solutions are sought to problems relating to the high level of unemployment among young people and older people and for reducing the high share of people not involved in training or employment. The support under OP HRD for the labour market area complements the national instruments aimed at supporting employment and reducing unemployment in Bulgaria.

The attainment of the targets of the Europe 2020 Strategy also depends on the contribution of the cohesion policy, and one of the areas of intervention enshrined in the European Platform against Poverty and Social Exclusion is the provision of funding from the European Social Fund to support policies for fighting poverty and promoting social inclusion. The other key priority of OP HRD is social inclusion and fight against poverty, financed under priority axis 2. Close to 40 % are allocated to this priority, thus providing resources for the national policies planned for the period until 2020, which are described in detail in the National Reform Programme and other relevant national strategic documents. These policies aim at addressing the considerable challenge in fighting poverty identified in Bulgaria.

DFZ: With regard to rural development operations, with an order of the Minister for Agriculture and Food a working group was set up to coordinate the complementarity between RDP 2014—2020 and Operational Programme 'Regions in Growth' throughout the programming period of programme implementation in order not to allow double financing of expenditure.

MTITC: The strategy of Operational Programme 'Transport and Transport Infrastructure' 2014—2020 contributes to the targets of the Europe 2020 Strategy and is consistent with the guidelines for the development of the European transport policy and the Trans-European transport network, with the national policies, as well as with the conclusions and recommendations defined in the analysis of socio-economic development and the strategy of the Partnership Agreement.

Key documents related to the strategy of OPTTI 2014-2020 are as follows:

- The Strategy 'Europe 2020' for smart, sustainable and inclusive growth ensures that the objectives and priorities of OPTTI are in compliance with the EU targets to achieve economic, social and territorial cohesion. OPTTI contributes to all three pillars of the strategy with an emphasis on sustainable growth to promote a greener and more competitive economy with a more efficient use of resources, which, in relation to the transport sector, suggests modernisation and decarbonisation of the transport sector to achieve increased competitiveness through a combination of measures, such as intelligent traffic management through modern navigation and information systems for the Black Sea and the Danube River, better logistics, pursuing the reduction of CO2 emissions for motor vehicles, aviation and maritime sectors, setting common standards and developing the necessary infrastructure, and to the accelerating of the implementation of strategic projects with high added value for Europe, to address critical bottlenecks, in particular cross-border sections and intermodal nodes.
- The National Reform Programme, a national document, which is updated annually in the implementation of Strategy 'Europe 2020'.
- The National Development Programme: Bulgaria 2020 (NDP BG2020) is the leading strategic and programming document detailing the objectives of the development policies of the country up to 2020.
- White Paper 'Roadmap to a Single European Transport Area' includes measures to ensure growth in transport and mobility support.
- The Guidelines for the development of the Trans-European Transport Network (Regulation (EU) No 1315/2013) aim to contribute to

achieving the sustainable mobility of people and goods and promoting the development of the domestic market and the overall competitiveness of the European Community.

- The National Spatial Development Concept for the period 2013—2025 includes a set of priorities, one of which is to develop the national transport infrastructure as a part of the Trans-European Transport Network.

- The Strategy for the Development of the Transport System of the Republic of Bulgaria until 2020 defined the following objectives of the national transport policy:

Achieving economic efficiency

Development of sustainable transport sector

Improvement of the regional and social development and commitment

The overall objective of OPTTI 2014—2020, like that of OPT 2007—2013, is ‘Development of a sustainable transport system’, which is in compliance with the thematic objectives specified above.

The implementation of projects for developing the transport system, contributing to the effective connectivity of the transport network and to removing sections with insufficient capacity in it, reducing congestion, noise and pollution, improving safety, promoting the use of environmentally friendly modes of transport, will continue. The achievement of the overall objective of the programme and hence its contribution to TO 4 (Supporting the shifts towards a low-carbon economy in all sectors) and TO 7 (Promoting sustainable transport and removing sections with insufficient capacity in all key network infrastructures) will contribute to the realisation of the concept of competitive and sustainable transport system, as well as to achieving the desired sustainable mobility of people and goods, promoting the development of the domestic market and the overall competitiveness of the European Community, territorial, economic and social cohesion, public welfare, safety and security of European citizens, taking into account the environmental factors, such as climate change, air pollution and protected areas.

The implementation of the specific measures under OPTTI will have a particular impact and contribution to national targets on climate change. In the Third National Action Plan on Climate Change, the transport sector is identified as one of the major sources of greenhouse gas emissions. The reasons for this include the privatisation of road transport, the significant reduction of subsidies for railway transport and the closure of railway routes leading to a shift in the transport structure from rail to road. Private cars have the most significant contribution to greenhouse gas emissions followed by heavy duty vehicles. In 2009 private cars and heavy duty vehicles were respectively responsible for 60 % and 21 % of the total emissions of the transport sector. Additionally, after the completion of Line 3 of the Sofia Metro in 2020, the road traffic is expected to decrease by 21,000 vehicles/day, which will result in reduction of traffic congestions and will create conditions for increasing the average speed of public transport along the central routes.

The measures to be implemented under the Action Plan are focused on the following areas:

- Reduction of transport emissions
- Reduction of fuel consumption

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| <p>- Diversification of transport</p> <p>- Informing and training consumers.</p> <p>OPTTI provides funding for the following specific measures with a direct effect on all four sectors, contributing to the achievement of national targets on climate change:</p> <ul style="list-style-type: none"> • Under priority axis 1 – increasing the share of railway transport; • Under priority axis 2 – modernisation of existing road infrastructure to ensure optimum speed and optimum driving modes of automobile engines; • Under priority axis 3 – reduction of the relative share of trips with private motor vehicles through improvement and development of urban public transport; increasing the share of public electric transport and development and construction of intermodal terminals for combined transport. <p>Seven specific objectives have been identified as part of the overall objective of OPTTI 2014-2020 and accordingly the investment priorities of TO 7 and TO 4.</p> <p>The first specific objective is ‘Increasing railway traffic of passenger and freight through improving the quality of the TEN-T railway infrastructure’.</p> <p>The second specific objective is ‘Removal of bottlenecks in the TEN-T road network’.</p> <p>The third specific objective is ‘Increased intermodal transport’.</p> <p>The fourth specific objective is ‘Increased use of metro’.</p> <p>The fifth specific objective is ‘Improved transport management through introduction of innovative systems’.</p> <p>The sixth specific objective is ‘Improved management of the railway network’.</p> <p>The seventh specific objective is ‘Establishment of necessary conditions for successful completion of OPT 2007—2013 and implementation of OPTTI 2014—2020, strengthening the administrative capacity and public awareness’.</p> <p>The strategy of OPTTI 2014—2020 ensures continuity and logical sequence of investments in programming period 2007—2013, guaranteeing the completion of main directions in which investments are already made. The following priority axes have been identified in the programme:</p> <ol style="list-style-type: none"> 1. Development of railway infrastructure along the ‘core’ TEN-T 2. Development of road infrastructure along the ‘core’ and ‘comprehensive’ TEN-T 3. Improvement of intermodal transport services for passengers and freights and development of sustainable urban transport 4. Innovations in management and services – establishment of modern infrastructure for traffic management and transport safety and | |
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| | <p>security improvement</p> <p>5. Technical Assistance.</p> <p>In addition to the investments under OPTTI 2014—2020, it is planned to seek investments through public-private partnership, particularly for development of ports and airports. Investments for development of air, river and sea transport, planned for funding under OPTTI, are entirely directed towards the development of intelligent systems to improve services and management of air, river and sea transport. Also, where applicable, funding from the Connecting Europe Facility (CEF) will be used.</p> <p>SFA: With regard to rural development operations related to investments in fixed assets, for the programming period 2014—2020 it is envisaged to apply only two approaches to assessing the reasonableness of costs: reference costs and comparing different (at least three) offers. It is not envisaged to apply exception based on the amount of the costs requested for assistance.</p> <p>SFA: With regard to the cost of financing approved after conducted public procurement procedures, for the purpose of RDP 2014—2020 it is envisaged to develop Guidelines for the implementation of the Public Procurement Act, which the contracting entities eligible under different sub-measures of RDP 2014—2020 will be obliged to implement. The Managing Authority will develop standard criteria for award by types of investment activities in relation to the implementation of the procedures under the Public Procurement Act. These criteria will be coordinated with competent institutions (IPA, AOP) and will be included as part of the Guidelines. Control will be exercised in four stages: ex-ante control, ex-post control, control at the stage of authorisation for contract implementation, and, last, control at the stage of on-the-spot verification.</p> <p>Yes.</p> <p>Ministry of the Economy: Results at project level are monitored with the help of performance indicators and result indicators. The procedures for the 2014—2020 programming period envisage the reporting of individual indicators at project level based on the financial results of beneficiaries for a period of three years after the completion of the project implementation. Achieved values will also be controlled in the cases of significant discrepancies between planned and achieved values, and penalties in the form of financial corrections will be imposed.</p> |
| <p>Question 2.2.4.</p> <p><i>Performance measurement system to monitor the achievement objectives at EU measure, or operations</i></p> | <p>MTIT&C: The OP HRD strategy corresponds with the objectives of the National Development Programme Bulgaria 2020, the National Reform Programme and the Partnership Agreement. The operational programme addresses the objectives of these documents regarding the quality of the workforce and investment in human resources, providing employment opportunities and raising labour income, reducing poverty and promoting social inclusion, improving the quality and effectiveness of health services, and strengthening the institutional environment in terms of labour market, social services, healthcare and equal opportunity and non-discrimination.</p> <p>A large portion of the resources of the operational programme (60 %) is allocated for achieving the objectives of the employment policy. With support from the European Social Fund, solutions are sought to problems relating to the high level of unemployment among young people and older people and for reducing the high share of people not involved in training or employment. The support under OP HRD for the labour market area complements the national instruments aimed at supporting employment and reducing unemployment in Bulgaria.</p> |

project level and to monitor the output and result indicators at EU measure, operations or project level.

The attainment of the targets of the Europe 2020 Strategy also depends on the contribution of the cohesion policy, and one of the areas of intervention enshrined in the European Platform against Poverty and Social Exclusion is the provision of funding from the European Social Fund to support policies for fighting poverty and promoting social inclusion. The other key priority of OP HRD is social inclusion and fight against poverty, financed under priority axis 2. Close to 40 % are allocated to this priority, thus providing resources for the national policies planned for the period until 2020, which are described in detail in the National Reform Programme and other relevant national strategic documents. These policies aim at addressing the considerable challenge in fighting poverty identified in Bulgaria.

SFA: With regard to rural development operations, with an order of the Minister for Agriculture and Food a working group was set up to coordinate the complementarity between RDP 2014—2020 and Operational Programme ‘Regions in Growth’ throughout the programming period of programme implementation in order not to allow double financing of expenditure.

MTTC: The strategy of Operational Programme ‘Transport and Transport Infrastructure’ 2014—2020 contributes to the targets of the Europe 2020 Strategy and is consistent with the guidelines for the development of the European transport policy and the Trans-European transport network, with the national policies, as well as with the conclusions and recommendations defined in the analysis of socio-economic development and the strategy of the Partnership Agreement.

Key documents related to the strategy of OPTTI 2014-2020 are as follows:

- The Strategy ‘Europe 2020’ for smart, sustainable and inclusive growth ensures that the objectives and priorities of OPTTI are in compliance with the EU targets to achieve economic, social and territorial cohesion. OPTTI contributes to all three pillars of the strategy with an emphasis on sustainable growth to promote a greener and more competitive economy with a more efficient use of resources, which, in relation to the transport sector, suggests modernisation and decarbonisation of the transport sector to achieve increased competitiveness through a combination of measures, such as intelligent traffic management through modern navigation and information systems for the Black Sea and the Danube River, better logistics, pursuing the reduction of CO2 emissions for motor vehicles, aviation and maritime sectors, setting common standards and developing the necessary infrastructure, and to the accelerating of the implementation of strategic projects with high added value for Europe, to address critical bottlenecks, in particular cross-border sections and intermodal nodes.
- The National Reform Programme, a national document, which is updated annually in the implementation of Strategy ‘Europe 2020’.
- The National Development Programme: Bulgaria 2020 (NDP BG2020) is the leading strategic and programming document detailing the objectives of the development policies of the country up to 2020.
- White Paper ‘Roadmap to a Single European Transport Area’ includes measures to ensure growth in transport and mobility support.
- The Guidelines for the development of the Trans-European Transport Network (Regulation (EU) No 1315/2013) aim to contribute to achieving the sustainable mobility of people and goods and promoting the development of the domestic market and the overall competitiveness of the European Community.
- The National Spatial Development Concept for the period 2013—2025 includes a set of priorities, one of which is to develop the national transport infrastructure as a part of the Trans-European Transport Network.
- The Strategy for the Development of the Transport System of the Republic of Bulgaria until 2020 defined the following objectives of the

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| | <p>national transport policy:</p> <p>Achieving economic efficiency</p> <p>Development of sustainable transport sector</p> <p>Improvement of the regional and social development and commitment</p> <p>The overall objective of OPTTI 2014—2020, like that of OPT 2007—2013, is ‘Development of a sustainable transport system’, which is in compliance with the thematic objectives specified above.</p> <p>The implementation of projects for developing the transport system, contributing to the effective connectivity of the transport network and to removing sections with insufficient capacity in it, reducing congestion, noise and pollution, improving safety, promoting the use of environmentally friendly modes of transport, will continue. The achievement of the overall objective of the programme and hence its contribution to TO 4 (Supporting the shifts towards a low-carbon economy in all sectors) and TO 7 (Promoting sustainable transport and removing sections with insufficient capacity in all key network infrastructures) will contribute to the realisation of the concept of competitive and sustainable transport system, as well as to achieving the desired sustainable mobility of people and goods, promoting the development of the domestic market and the overall competitiveness of the European Community, territorial, economic and social cohesion, public welfare, safety and security of European citizens, taking into account the environmental factors, such as climate change, air pollution and protected areas.</p> <p>The implementation of the specific measures under OPTTI will have a particular impact and contribution to national targets on climate change. In the Third National Action Plan on Climate Change, the transport sector is identified as one of the major sources of greenhouse gas emissions. The reasons for this include the privatisation of road transport, the significant reduction of subsidies for railway transport and the closure of railway routes leading to a shift in the transport structure from rail to road. Private cars have the most significant contribution to greenhouse gas emissions followed by heavy duty vehicles. In 2009 private cars and heavy duty vehicles were respectively responsible for 60 % and 21 % of the total emissions of the transport sector. Additionally, after the completion of Line 3 of the Sofia Metro in 2020, the road traffic is expected to decrease by 21,000 vehicles/day, which will result in reduction of traffic congestions and will create conditions for increasing the average speed of public transport along the central routes.</p> <p>The measures to be implemented under the Action Plan are focused on the following areas:</p> <ul style="list-style-type: none"> - Reduction of transport emissions - Reduction of fuel consumption - Diversification of transport - Informing and training consumers. <p>OPTTI provides funding for the following specific measures with a direct effect on all four sectors, contributing to the achievement of national targets on climate change:</p> |
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| <ul style="list-style-type: none"> • Under priority axis 1 – increasing the share of railway transport; • Under priority axis 2 – modernisation of existing road infrastructure to ensure optimum speed and optimum driving modes of automobile engines; • Under priority axis 3 – reduction of the relative share of trips with private motor vehicles through improvement and development of urban public transport; increasing the share of public electric transport and construction of intermodal terminals for combined transport. <p>Seven specific objectives have been identified as part of the overall objective of OPTTI 2014-2020 and accordingly the investment priorities of TO 7 and TO 4.</p> <p>The first specific objective is ‘Increasing railway traffic of passenger and freight through improving the quality of the TEN-T railway infrastructure’.</p> <p>The second specific objective is ‘Removal of bottlenecks in the TEN-T road network’.</p> <p>The third specific objective is ‘Increased intermodal transport’.</p> <p>The fourth specific objective is ‘Increased use of metro’.</p> <p>The fifth specific objective is ‘Improved transport management through introduction of innovative systems’.</p> <p>The sixth specific objective is ‘Improved management of the railway network’.</p> <p>The seventh specific objective is ‘Establishment of necessary conditions for successful completion of OPT 2007—2013 and implementation of OPTTI 2014—2020, strengthening the administrative capacity and public awareness’.</p> <p>The strategy of OPTTI 2014—2020 ensures continuity and logical sequence of investments in programming period 2007—2013, guaranteeing the completion of main directions in which investments are already made. The following priority axes have been identified in the programme:</p> <ol style="list-style-type: none"> 1. Development of railway infrastructure along the ‘core’ TEN-T 2. Development of road infrastructure along the ‘core’ and ‘comprehensive’ TEN-T 3. Improvement of intermodal transport services for passengers and freights and development of sustainable urban transport 4. Innovations in management and services – establishment of modern infrastructure for traffic management and transport safety and security improvement 5. Technical Assistance. <p>In addition to the investments under OPTTI 2014—2020, it is planned to seek investments through public-private partnership, particularly for development of ports and airports. Investments for development of air, river and sea transport, planned for funding under OPTTI, are entirely directed towards the development of intelligent systems to improve services and management of air, river and sea transport. Also,</p> |
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where applicable, funding from the Connecting Europe Facility (CEF) will be used.

SFA: With regard to rural development operations related to investments in fixed assets, for the programming period 2014—2020 it is envisaged to apply only two approaches to assessing the reasonableness of costs: reference costs and comparing different (at least three) offers. It is not envisaged to apply exception based on the amount of the costs requested for assistance.

SFA: With regard to the cost of financing approved after conducted public procurement procedures, for the purpose of RDP 2014—2020 it is envisaged to develop Guidelines for the implementation of the Public Procurement Act, which the contracting entities eligible under different sub-measures of RDP 2014—2020 will be obliged to implement. The Managing Authority will develop standard criteria for award by types of investment activities in relation to the implementation of the procedures under the Public Procurement Act. These criteria will be coordinated with competent institutions (IPA, AOP) and will be included as part of the Guidelines. Control will be exercised in four stages: ex-ante control, ex-post control, control at the stage of authorisation for contract implementation, and, last, control at the stage of on-the-spot verification.

ME: A system of indicators is developed under the programme. It is monitored at project level and is regularly updated.

Bulgarian National Audit Office: The Strategy for the Development of the National Audit Office during the period 2013—2017 sets the strengthening of the role of the institution for the proper management and absorption of EU funds as a priority objective. Appreciating the importance of Community funding for the socio-economic development and the implementation of the national strategic goals during the period until 2020, the National Audit Office decided to establish a separate structural unit for performance audit of resources from funds and programs of the European Union.

In the context of the approach, adopted at EU level, to target interventions in the programming period 2014—2020 at real reforms and results, the role of performance auditing for ensuring effective, efficient and economic use of EU structural and investment funds (ESIF) considerably increases. Appreciating this, in May 2015 the National Audit Office decided to establish a separate department for performance audit of resources from the European Union.

When performance audits are conducted, the international standards on auditing of Supreme Audit Institutions are applied. The methodology introduced in the Manual for the Implementation of the International Standards on Auditing is analogous to that used by the European Court of Auditors.

All final reports relating to the audit of EU funds are made available to the Chairperson of the Committee on European Affairs and Oversight of the European Funds at the National Assembly, the Deputy Prime Minister for European Funds and Economic policies, the European Court of Auditors and the European Commission.

MESc: UMIS 2020

MTTT&C: Only the evaluations of the programme, envisaged in the applicable regulation for the 2007—2013 period, are carried out under OP HRD.

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| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes.</p> <p>Ministry of the Economy: The following procedure for follow-up on conducted audits and recommendations made is in place in the Managing Authority of Operational Programme 'Development of the Competitiveness of the Bulgarian Economy' 2007—2013 / Operational Programme 'Innovations and Competitiveness' 2014—2020:</p> <p>A draft audit report containing preliminary observations of the European Court of Auditors (ECA) is received by the Managing Authority after having been forwarded by the Bulgarian National Audit Office, which, pursuant to the Rules for the Structure and Organisation of its activity, interacts with foreign SAIs, including the European Court of Auditors, and also assists, where appropriate, for the preparation and conduct of the audit missions of the European Court of Auditors. The Bulgarian National Audit Office also participates in the Contact Committee that brings together the heads of supreme audit institutions (SAIs) of the EU Member States and the European Court of Auditors. Daily contact is maintained through liaison officers appointed by each institution; working groups, networks and task forces are set up to provide assistance for the development of common positions and practices.</p> <p>After the draft audit report forwarded by the Bulgarian National Audit Office is received by the MA, it is sent without delay to the heads of units, the competencies of which include the recommendations, so that they can prepare opinions on the findings. All comments are summarised, submitted for approval to the Head of the MA, and an official response containing further information and arguments is sent to the Bulgarian National Audit Office.</p> <p>After the ECA provides a final report, it is received at the MA through the Bulgarian National Audit Office. This report is also sent to all responsible units at the MA so that they can take appropriate action according to their competencies.</p> <p>For the purposes of following up on recommendations, the MA keeps a register of audit findings and recommendations made by all auditing institutions. All final audit reports, findings and recommendations related thereto are registered in the Register of Audit Findings and Recommendations, and the status of recommendations, the authority that made them, the deadline for taking action, and the planned corrective actions are indicated.</p> <p>In addition, the implementation of recommendations contained in ECA reports is followed up by the Audit Authority — IA OSES, and by the Certifying Authority — National Fund Directorate at the Ministry of Finance.</p> <p>MTITC: The MA keeps a register of recommendations from audits and the actions taken, including the deadlines for implementation. The implementation of recommendations and their status are reported to the Certifying Authority.</p> <p>Simultaneously, each of the inspecting institutions at national level monitors the implementation of recommendations made:</p> <ul style="list-style-type: none"> • The Audit Authority follows up on the implementation of recommendations made in the course of audits carried out by it and by the European Commission. • The Bulgarian National Audit Office follows up on the implementation of recommendations made by it. • The Internal Audit Unit follows up, on an annual basis, the status of recommendations made. |
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| | <ul style="list-style-type: none">• The Certifying Authority follows up on the status of the recommendations made as a result of on-the-spot verifications. |
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Croatia

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> ➤ <i>complex eligibility rule</i> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> ➤ <i>mistakes in the aid applications</i> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | x |
| | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> |
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| | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | x | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

| | weaknesses/deficiencies/errors | | | | | |
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| <p>Question 1.1.2. Main lessons learned while addressing the risks and errors for the EU spending.</p> | <p>➤ expected results from actions that will not always be evident in short-term</p> <p>In response to all three points: capacity building and better understanding of rules.</p> | | x | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.3. Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</p> | <p>Not applicable given the limited experience.</p> | | | | | |
| <p>Question 1.2.1. Further measures to enhance the effectiveness of the</p> | <p>Additional checks and detailed and clear instructions.</p> | | | | | |

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| <p>checks carried out before declaring or certifying expenditure to the Commission.</p> | |
| <p>Question 1.2.2. Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</p> | <p>Improvement in procedures and re-checks.</p> |
| <p>Question 1.3.1. Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</p> | <p>Not applicable.</p> |
| <p>Question 1.3.2. Relationship between the basis</p> | <p>Not applicable.</p> |

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| <p><i>for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU</i></p> | |

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| <p>measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</p> | |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes – if " Yes" please describe them No – if "No" please give reasons why not</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU</i></p> | |

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| <p><i>measure, operations or project level.</i></p> | |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>No. Given its experience with ECA audits, the activities were coordinated by the Ministry of Regional Development and EU Funds.</p> |

Cyprus

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
|--|---|--|--|--|
| <ul style="list-style-type: none"> ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> for cohesion and rural development | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input checked="" type="checkbox"/> for cohesion | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input checked="" type="checkbox"/> for cohesion | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ complex eligibility rule | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development |

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| | <p>➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i></p> | <input checked="" type="checkbox"/> for cohesion | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> <i>Not applicable to cohesion policy</i></p> | | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>mistakes in the aid applications</i></p> | | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion and rural development | <input type="checkbox"/> |
| <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> <i>Not applicable to cohesion policy</i></p> | | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> |
| <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> | | <input checked="" type="checkbox"/> for rural development | <input checked="" type="checkbox"/> for cohesion | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> | | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion |
| <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | | <input checked="" type="checkbox"/> for rural | <input type="checkbox"/> | <input checked="" type="checkbox"/> for | <input type="checkbox"/> |

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| <ul style="list-style-type: none"> ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion |
| <ul style="list-style-type: none"> ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input checked="" type="checkbox"/> for cohesion | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion |
| <ul style="list-style-type: none"> ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> for rural development and cohesion | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for cohesion | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development |
| <ul style="list-style-type: none"> ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> for rural development | <input checked="" type="checkbox"/> for cohesion |

| | ➤ <i>expected results from actions that will not always be evident in short-term</i> | ☒ for cohesion | ☒ for rural development | <input type="checkbox"/> | <input type="checkbox"/> |
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| <p><u>Question 1.1.2.</u> <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>For rural development: The main lesson learned from our experience is that the more detailed but simple the laws and procedures, the more efficiently the various measures are applied and errors minimised.</p> <p>For cohesion: With regard to the eligibility of expenditure, it was found that there was a greater concentration of resources on checking small amounts, while large amounts with greater risk were not given a risk assessment or specially targeted. In the FP 2014-2020 efforts were more targeted as regards checks and an attempt to use simplified cost options in order to focus on the results of the operations.</p> <p>On the subject of public procurement rules, error evaluation revealed that most of the findings related to the performance rather than to the awarding of contracts; therefore in the FP 2014-2020 checks were limited during the award stage to amounts over the Community thresholds, and checks were increased while contracts were being carried out, especially when there were changes to the contract terms.</p> <p>Looking at state aid, weaknesses were found as regards maintaining investment, therefore for the FP 2014-2020 on-the-spot checks were intensified on projects after their completion.</p> | | | | |
| <p><u>Question 1.1.3.</u> <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>For rural development: With regard to investment measure 121 of the 2007-2013 Programming Period, application of ceilings for eligible costs led to fewer errors. Furthermore, the 100 % rate for on-the-spot checks which we as a Member State apply to investment measures leads to a further reduction in errors and minimises the risk to the European funds.</p> <p>For cohesion: Looking at the eligibility of expenditure, a Central Agency for Administrative Checks on Expenditure has been set up, which will check the eligibility of expenditure of all public works contracts. Project expenditure will now be checked on a sample of certain cases with a large volume of expenditure per beneficiary payment request.</p> <p>Looking at compliance with the rules on public procurement in Cyprus, the Public Procurement Directorate at the Treasury of the Republic is used as the certification body for the legality of tender documents, notice to tender and award of co-financed contracts (where they are above EU thresholds). Furthermore the e-procurement system, which includes controls, is in mandatory use by all the state contracting authorities.</p> <p>Under the Funds Management and Control System, overall checking of projects is done on the spot and sampling is limited only to project-level activities.</p> <p>Looking at state aid, all support schemes are checked centrally by the Managing Authority, which makes sure that the necessary procedures and safeguards are included before they are launched.</p> | | | | |
| <p><u>Question 1.2.1.</u></p> | <p>For rural development: Various cross-checks with other databases, 100 % checks on investment measures, cross-checks with other services, etc.</p> | | | | |

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| <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>For cohesion: The Central Agency for Administrative Checks on Expenditure on public procurement contracts will enhance the effectiveness of the checks before declaration of expenditure to the EU, as it will apply a system of risk assessment which will make it possible to focus checks on risky categories of expenditure. Centralising the verification work will also achieve economies of scale, better knowledge transfer, better monitoring and staff training and ensure a focus on targeted measures after risk assessment. Emphasis will also be placed on simplifying procedures and developing simplified cost methods.</p> <p>In parallel with the above structure the Treasury has established a Framework Agreement which can be used by all the agencies that manage co financed support schemes. Taking part in the Agreement are 10 audit firms which can support the project management agencies in checking applications for support submitted by beneficiaries.</p> <p>For the other intermediaries involved in the management of the funds, training of the officers responsible will be intensified, both in procedures and in systems, and emphasis will be placed on sound financial management of the funds.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</i></p> | <p>For rural development: Stepping up of ex post controls with larger samples than those provided for in the regulations. Other investigations after any complaints. Checks with meaningful data that come after payment of the aid and lead to corrective payments.</p> <p>For cohesion: For the FP 2014-2020, in view of the obligation to prepare annual accounts, management statements and reports relating to the identified weaknesses and findings following checks, and in view of the written assignment of work to intermediate agencies through delegation agreements, the Managing Authority has adopted a more rigorous system to monitor the adequacy of the intermediate agencies by means of random on-the-spot checks at the agencies that manage the programmes and projects. The system of checks and inspections has been built around an annual cycle of reporting to the EU in such a way that even after the certification of expenditure, the intermediate agencies continue on-site project checks. Reporting timetables have been set whereby the intermediate bodies complete their checks and certify the performance of the work assigned to them, having corrected any errors detected after the statement of expenditure to the EU, which are taken into account by the Managing Authority when drawing up the management statement. In addition all checks, findings and financial corrections are entered in the Information System by the competent authorities and automatically removed (or taken into account) both when drawing up payment requests to the EU and when preparing the annual financial statements.</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment,</i></p> | <p>For rural development: Spending is restricted on the basis of rights.</p> <p>For cohesion: A sampling methodology has been developed to carry out sample on-the-spot checks and sample checks on expenditure included in a beneficiary's request for reimbursement in accordance with the European Commission's guidelines, taking into account the assessment of the identified risks and implementing effective, preventive and proportionate measures to combat fraud. The sampling methodology, where applied, will be reviewed annually.</p> <p>The risk factors assessed to determine the percentage of expenditure to be verified are:</p> <ul style="list-style-type: none"> • the type of beneficiary • the type of project |

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| <p><i>social affairs and inclusion).</i></p> | <ul style="list-style-type: none"> • the categories of expenditure included in the population to be verified, • the results (% irregular expenditure) of prior administrative checks on the project <p>The above are backed up and contributed to also by the risk assessment procedure carried out by a Risk Assessment Team in the Managing Authority.</p> |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes (for rural development and cohesion).</p> <p>For rural development: Each main spending area has its own level of complexity, which has relevance to the levels of error.</p> <p>For cohesion: There is absolutely no correlation between the basis for payment and levels of error, but we agree that the use of simplified cost options can reduce the levels of error. For example, in employment policy projects, where the total value of the projects is very small and the costs even lower, cost reimbursement based on payment documents adds no value. A check may be done on compliance with certain conditions of employment and, for example, a flat-rate payment may be made to the Beneficiary (e.g. support schemes where the project is the employment of an unemployed person for a predetermined period and the only cost of the project is the cost of the unemployed person). Of course on the other hand, through the reimbursement of actual expenditure a large number of cases were detected where there was an attempt to defraud the public purse, which would not have been detected if simplified cost options had been used.</p> |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>For rural development: The EU priorities are to a large extent adapted to the national priorities and are described in the Partnership Agreement and in the Rural Development Programme 2014-2020.</p> <p>For cohesion: The Operational Programmes financed by the ESI Funds are geared to contribute to achieving both the national development priorities and the objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth. The strategic objective of the Partnership Agreement is ‘the restructuring of the Cypriot economy, maintaining and creating new jobs and ensuring social cohesion.’ To achieve this goal, 11 thematic objectives have been selected, each of which contributes directly or indirectly to the objectives of the National Reform Programme for the Europe 2020 strategy.</p> <p>With particular regard to the research and innovation sector, the ESI Funds co-finance a large number of measures under the National Smart Specialisation Strategy. This Strategy includes measures that contribute to achieving synergies between national research and innovation programmes and the EU ‘Horizon 2020’ programme. In this regard, the ERDF will finance the ‘Horizon 2020 - 2nd chance’ national programme, involving Cypriot proposals of very high quality, which were submitted and given a high score in the ‘Horizon 2020’ programme but did not secure funding because the budget was exhausted.</p> <p>The Horizon 2020 actions included in this programme are: ‘ERC Starting Grant’, ‘ERC-Consolidator Grant’, ‘Marie Skłodowska Curie</p> |

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| | <p>Actions' - Individual Fellowships (IFs)/ Standard European Fellowships (EFs) and 'SME Instrument' .</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>For rural development: Synergies are achieved through close cooperation of all the departments concerned under the coordination of the Directorate-General for European Programmes, Coordination and Development. Better coordination and maximum possible synergies between all the Funds is achieved mainly through the work of the Planning and Strategic Monitoring Steering Committee.</p> <p>For cohesion: Synergies and complementarities between the ESI Funds and the national programs are achieved because all actions that receive funding, either from the ESI Funds or from national resources are part of sectoral national strategies (e.g. digital strategy, waste management strategy, strategy for adaptation to climate change, etc.). The implementation of each of the sectoral strategies in Cyprus is achieved by carrying out various measures, some of which are co-financed by the ESI Funds, while the rest will be financed from national resources.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>For rural development: Monitoring and evaluation of the Common Agricultural Policy is governed by the Common Monitoring and Evaluation Framework drawn up by the European Commission.</p> <p>For cohesion: The system of indicators is already applied for monitoring projects financed by the ESI Funds with respect to the Cohesion Policy. That is, every project included must include output and outcome indicators at project level. Progress in achieving the indicators is then assessed during project implementation through project monitoring bulletins preparing automatically via the Information System. Progress of the indicators is checked by the Intermediate Bodies during their on-the-spot verification visits to the projects.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>For rural development: Monitoring and evaluation of the Common Agricultural Policy is governed by the Common Monitoring and Evaluation Framework drawn up by the European Commission.</p> <p>For cohesion: The project monitoring indicators are specified at least in the call issued by the Intermediary Bodies. The calls are issued for each investment priority. All the monitoring indicators of the Operational Programme as agreed with the EU on approval of each programme have been recorded in the system and have also been linked to key policies and investment priorities. When issuing a call for an investment priority, it is compulsory to use at least the programme indicators, and the projects included in the call must monitor at least the progress of these indicators in addition to any additional project monitoring indicators.</p> |
| <p>Question 2.2.3. <i>Member State</i></p> | <p>Yes (for rural development and cohesion).</p> <p>For rural development: The Managing Authority intends to launch a call for tender for parallel assessment of the RDP 2014-2020 to</p> |

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| <p><i>actions to define or improve result indicators at EU project level.</i></p> | <p>improve fulfilment of the obligations of the Common Monitoring and Evaluation Framework.</p> <p>For cohesion: The result indicators are specified in the Operational Programmes and their progress is monitored via the Information System.</p> |
| <p><u>Question 2.2.4.</u></p> <p><i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>For rural development: Monitoring and evaluation of the Common Agricultural Policy is governed by the Common Monitoring and Evaluation Framework drawn up by the European Commission.</p> |
| <p><u>Question 3.1.1.</u></p> <p><i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of</i></p> | <p>Yes (for rural development and cohesion) – For rural development: There is a procedure for follow-up of the recommendations arising from all audits, including those by the Court of Auditors.</p> <p>For cohesion: The reports and findings of all the audit bodies (whether national or EU, including the ECA) until their closure and implementation are monitored by the Managing Authority with the help of a team of accountants from the Treasury, which supports the Managing Authority in the financial management and control of Co-funded Programmes. This team keeps a central database in the Information System of the Funds to record all the findings and monitor implementation of the recommendations. Corrective measures are taken where they are implemented at the level of procedures, financial corrections are imposed and the findings are assessed in relation to the operation of the Management and Control System (e.g. changes to procedures, circulars, training, etc. are put forward).</p> |

*Court's
recommendations*

Czech Republic

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

Eligibility of expenditure, eligibility rules in addition to the rules of the other areas (in particular, public procurement, etc.) Failure to comply with the legal and procedural requirements normally follows from the excessive amount of law to be applied and the complexity thereof. Another issue is the combination of (incompatible) rules at EU and national rules.

Procurement is problematic particularly because of the complexity of the rules. For example, regarding smaller beneficiaries that are not contracting authorities and do not therefore experience difficulty with procurement, it is complicated under the law to award contracts above the threshold of CZK 2 million. Errors are, of course, made, even by the public authorities, most often when setting assessment criteria and evaluating tenders – where the biggest problem is largely subjective perception, which often renders the evaluation impossible to conduct – and when setting qualification requirements, where the problem occurs of having to uphold the principle of proportionality. In the future, the situation may be further complicated by the adoption of new Act No. 134/2016 on public procurement, which transposed the European directives on public procurement into Czech law. The law provides for completely new procedures for which there is no decision-making or interpretative practice. This often concerns procedures laid down at European Union level, in which the meaning of a provision is not entirely clear. In practice, until the new procedures have been bedded in, there may be a higher incidence of errors. There may also be additional changes to the interpretation of certain provisions and to penalties being imposed again, which at the time of the procedure were not deemed to be an error. This is also true of Act No 137/2006 on public procurement.

The main causes of the errors identified by the ECA are failure on the part of the beneficiary to comply with the requirements under national law (and the deliberate circumvention of those rules) which control systems are not always able to detect, in particular because of the limited possibilities of checks (e.g. checks on the size of enterprises); the balance of the funds provided still needs to be taken into account and the checks carried out are time-consuming.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ <i>number and complexity of rules and gold-plating</i> The complexity and number of rules and regulations at European and national level is one of the main causes of error rates in the implementation of programmes and individual projects. The situation is further complicated by the different interpretative practice of different control and audit authorities. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p>➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i></p> <p>Follow-up to question No. 1 — non-compliance with the legal and procedural requirements usually stems from an excessive amount of law to be applied and the complexity of that law. Another issue is the combination of (incompatible) rules at EU and national level.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i></p> <p>This follows on from the previous questions. Knowledge of the rules is a vital prerequisite for their correct application and consequently eligibility of expenditure and, in general, the proper implementation of the programmes. A further problem is the excessive complexity of the rules, the large number thereof and their variety and the fact that their interpretation in practice changes over time. For example, in the area of public procurement, which is one of the areas most affected by errors, inconsistent interpretations of the rules by the different control and audit authorities in the different assessments of the same case by the ECA, on the one hand, and the MA or the Competition Authority (ÚOHS), on the other. State aid provision is also problematic, both in terms of the many different rules and their inconsistency with the ESIF rules and the lack of legal certainty (only the ECJ can rule on whether it is a matter of State aid).</p> <p>In order to reduce errors by beneficiaries, training courses and seminars are held (for the specialists in the field and general public). At MA level, the interpretation of the rules and the sharing of experience on the ground is unified. The Ministry of Regional Development's national coordination authority is working on launching a database of the findings of audit and control bodies, and judicial and administrative decisions, which could also contribute to alignment at national level. However, not all institutions are required to abide by the interpretation of other institutions (e.g. the court is not bound by the interpretation of</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| <p>the ÚOHS or AA, and the Commission is not bound by the interpretation of national institutions, etc. — the problem is therefore a conflict between the European and national laws and in the system in general).</p> | | | <p>➤ <i>complex eligibility rule</i> Public procurement rules are laid down as generally as possible at European level. However, the situation is complicated by the various funds, in the case of the State aid scheme, etc. At national level this is a complex matter due to the need to harmonise the rules with the national legislative provisions. One very effective measure to reduce the error rate relating to the eligibility rules (and to reduce the administrative burden involved with the declaration of expenditure) is the use of simplified cost options.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <p>➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> Some facts are detailed in a sworn declaration because, for objective reasons, verifying the actual state of play would entail a greater financial and administrative burden both on the applicant/beneficiary and the MA. It is therefore necessary, when setting eligibility rules, to take into account the principle of proportionality and the 3-E principles. At the same time, it is clear that, for example, the economy principle is not adequately defined, even in national law.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p>➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p>➤ <i>mistakes in the aid applications</i> Errors in aid applications detected in the process of evaluation and selection of projects is not perceived as a critical source of errors.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
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| | <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> <p>The principle of proportionality is always upheld when penalties are imposed (penalties must be proportionate to the severity of the misconduct), which stems from both the law and the decision-making practice of the courts.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> <p>As regards the Commission's support for the Czech Republic, methodological support from the Commission is very welcome, but must be coherent throughout the programming period and without any retroactive application of financial instruments (cf. examples where rules have been revised at the mid-term stage of the programming period). We warmly welcome peer-to-peer activity.</p> <p>National-level training is carried out for those involved in the implementation structure (at MA and National Coordination Authority level) and workshops are held for applicants and beneficiaries</p> <p>Guidelines for applicants and beneficiaries are regularly published and updated by the MAs.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| | <p>➤ <i>need of more or better resources and administrative capacity building</i></p> <p>Sufficient administrative capacity and expertise of staff performing expenditure checks prior to submission to the Commission are key to the successful implementation of the programmes. Building sufficient high-quality administrative capacity, however, also complicated the adoption of the Civil Service Act, which contains a very rigid and complex administrative procedure and this does not make the civil service very attractive to jobseekers. A draft amendment to the Civil Service Act is currently in the legislative process, which should help</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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| | improve the situation. | | | | |
| <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i></p> <p>The problems are caused by the various divergent interpretative practices of the control and audit authorities (the MA often does not accept the findings of the AA, the EC or the Supreme Audit Office; the findings of the AA and the Commission are, moreover, particularly difficult to enforce by the tax authorities), and the fragmentation of checks carried out at several levels (projects checked by the MA, then the AA, ECA, SAO, etc.) — a project may be checked several times, each time with different conclusions, which reduces the transparency and predictability of the system. In verification and audit activities, emphasis is also placed on checking the correctness of procedures, often by means of many documents, but the results of the project are not followed up. Proportionality is often not taken into account.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <p>➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <p>➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <p>➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| <p>➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i></p> <p>The issue here is not so much the number of initiatives, but rather achieving genuine simplification. Unfortunately, experience shows that</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

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| | <p>a number of measures originally purporting to simplify matters in fact lead to an increase in the administrative burden. Demonstrable simplification is achieved primarily by applying a simpler method for reporting expenditure.</p> <p>➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i></p> <p>The sharing of experience (including between Member States) could help reduce the error rate in the implementation structure. A database of the most common findings is being developed at national level in order to disseminate information about the areas in which errors are most commonly found and to minimise their occurrence in the future. A similar instrument should be developed at EU level.</p> <p>Making the findings of other inspection authorities available is also highly beneficial. To prevent errors, it is necessary, however, to provide that information in a timely manner, without delays.</p> <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>In order to lay down eligibility rules experience of previous programming periods has been harnessed by the MAs. For the selected programmes (in particular the OP financed by the ESF) there has recently been a marked increase in the use of indirect costs or unit costs in order to reduce the administrative burden involved with the declaration of expenditure.</p> <p><u>Specific actions taken:</u></p> <p>In the area of public procurement the main changes, following the experience from the 07-13 period, are the following measures:</p> <ul style="list-style-type: none"> • A Public Procurement Act has been adopted (https://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Legislativa-a-Judikatura/Legislativa/Narodni-legislativa/Aktualni-zneni-zakona-o-verejnych-zakazkach); • in the context of a uniform methodological environment public procurement rules are centrally and uniformly laid down in the methodological guidelines for the 2014-2020 programming period; • stepping up training for applicants and beneficiaries and workers involved in the implementation structure in the area of public procurement; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <ul style="list-style-type: none"> • preparing the database of audit findings; • uniform checklists drawn up for monitoring public procurement <p><u>General information:</u></p> <ul style="list-style-type: none"> • errors must be detected before expenditure is approved; ideally, when they can still be rectified (ex-ante controls); • eligibility rules at EU level should, as far possible, be compliant with national and international rules; • most importantly, national/international law on public procurement (and related generally binding legislation) should comply with EU law; • more extensive use of the CEN database to check the reasonableness of expenditure or similar tools. <p>Specific actions taken:</p> <ul style="list-style-type: none"> • The National Coordination Authority issued Methodological Recommendations for State aid, drawn up in conjunction with the ÚOHS, which advises entities to set up an implementation structure for best practices in the administration of State aid, highlighting best practice in this field and warning of areas at risk. • Greater use of block exemptions, pursuant to Regulation (EC) No 651/2014 (GBER), as this is a more transparent process without the need for the notification process. • The National Coordination Authority provides advice for aid providers, e.g. harnessing experience in the area of State aid from other Member States. |
| <p>Question 1.1.3.</p> <p><i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with</i></p> | <p>Based on the experience of the last programming period there was more widespread use of simplified reporting methods, along with efforts at national level to simplify the rules on eligibility of expenditure, whilst complying with all of the conditions laid down by the Commission. Some MAs (e.g. ROP SW) in the OP 2007-2013 used ‘contentious expenditure’, which significantly sped up disbursement to beneficiaries as regards resolving the eligibility of expenditure.</p> <p>Monitoring of selected public procurement in the award procedure before the signature of the contract, thereby lowering the error rate in this area.</p> <p>Further training and seminars for applicants and beneficiaries and/or setting uniform rules.</p> <p>In terms of best practice in the field of State aid cooperation has been set up with the ÚOHS. We also submit questions to DG Competition and DG REGIO and we try to transfer experience and good practice between the Member States where we compare our State aid experiences. We regularly meet with the ÚOHS in the context of working groups and cooperation is also established in the development of guidance documents and recommendations for State aid. For example, in the context of the CAP various channels of communication with the beneficiaries proved useful, including cooperation with local agricultural organisations.</p> |

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| <p><i>State aid rules.</i></p> | |
| <p><u>Question 1.2.1.</u> <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>The introduction of ex-ante checks on contracts, evaluation of the effectiveness of the checks and other refinements arising from the experience of 2007-2013. For example, data from the Copernicus satellite (SENTINEL 1 and 2) are used as part of the CAP checks. In 2017 such data should be used on a pilot basis. We expect to derive benefit from the efficiency gains (new risk factors, the possibility of selecting applicants for online checks in the event of infringements) in terms of identifying more cases of misconduct before payment, which will increase the efficiency of on-the-spot checks.</p> |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or certified to the Commission.</i></p> | <p>Expenditure affected by irregularities is deducted immediately – i.e. even before enforcement – from the statement of expenditure and the payment request sent to the Commission by the PCAs is reduced by that amount. The only exceptions are unenforceable (or potentially unenforceable) irregularities.</p> <p>When samples for checks are selected randomly and based on risk analysis this is more often than not followed by carefully targeted subsequent checks. The selection of such checks is based on knowledge acquired from previous administration of specific requests and from the administration of the relevant measures. The monitoring of these selected projects focuses on the economy, efficiency and effectiveness of the projects.</p> |
| <p><u>Question 1.3.1.</u></p> | <p>Steps have been taken to reduce the incidence of errors, see answers 1.2.1 and 1.2.2. The MA and the PCA in the context of forecasts of</p> |

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| <p><i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>the estimated extent of expenditure affected by irregularities.</p> |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Approaches vary by region, and in the context of the Common Agricultural Policy there is a perceived link between the basis for payment and levels of error, hence the checks have been adapted. However, for example, regarding projects obtaining support from the ESF, in particular to promote employment, checks are performed following the same procedures, irrespective of the size of the budget of the project. For major projects, the checks are more frequent (up to 100 % more).</p> |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>The implementation of the Europa 2020 strategy through the ESI Funds is established in the Partnership Agreement and individual programmes of the ESI Funds. At the same time, the priorities of the Partnership Agreement and ESI funded programmes are linked to the priorities laid down in the Czech Republic's strategic documents. In the current programming period, the emphasis is on strategic decision-making and planning, which in turn leads to the desired concentration, interdependence and adherence to the principles of the 3Es in the efficient implementation of EU funds. Accordingly, for the 2014-2020 programming period, the Czech Republic puts greater emphasis on the connection between the implementation of the ESI Funds and strategic planning (in particular in the context of the preparation, implementation, monitoring and evaluation of strategic documents). During the programming period, there will be an assessment of the contribution of the implementation of the ESIF in the Czech Republic to national and European strategies, for example, to the National Reform Programme (NRPs), the EU Council's country-specific recommendations (CSR), the Europa 2020</p> |

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| | <p>strategy and other cross-cutting and sector-based European and national strategies. Documents forming the core argument for the strategic focus of the Partnership Agreement and individual programmes and which, via the Partnership Agreement and programmes, are often implemented to a large extent. An assessment of the contribution of the ESI Funds to the implementation of the strategy will be part of the Partnership Agreement Progress Report. This monitoring and evaluation also has the effect of helping to better manage and evaluate the implementation of the strategies themselves.</p> <p>One example of the connection between the EU's priorities (such as Horizon 2020) and national priorities could be the RIS3 strategy. The national RIS3 ensures the effective targeting of resources towards activities to strengthen innovation capacity and, at local and national level, priority future-orientated areas, with a view to making full use of knowledge potential. At the same time, the strategy forms part of the tasks of national RDI policy, operating within its framework.</p> <p>A further example of the connection between national priorities and the Europa 2020 strategies, including the Horizon 2020 programme, is the activities supported under the Operational Programme Enterprise for Innovation and Competitiveness in the area of sustainable growth for aviation (Clean Sky 2) and Community programmes. In the context of the Operational Programme Research, Development and Education the main supported activities are those aimed at improving education, higher employment and supporting social inclusion based on the Europa 2020 strategy, along with evaluation of national objectives established on the basis of that strategy and implemented under the National Reform Strategy.</p> |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>Synergies and complementarity of the ESIF with the national and EU programmes are enshrined in the Partnership Agreement and in the programming documents of the individual operational programmes. At the level of the individual OPs synergies and complementarities with ESIF programmes and national programmes (including Community programmes) are established. In order to establish individual links, a coordination mechanism has been set up to help manage the operation of that connection, most frequently in the form of platforms for the planning of calls, monitoring committees and Memoranda of Cooperation. The implementation of synergistic and complementary links is monitored both among the individual OPs and vis-a-vis national and Community programmes. When calls are published for the ESIF programmes it is indicated whether that call is complementary, for example in relation to national programmes. The promoter of national programmes tends to be the same department in which the MA is based so this also involves internal coordination of programmes within the institution. The connection and complementarities between ESIF programmes and national programmes are monitored by the Ministry of Regional Development's national coordination authority in the context of inter-departmental consultation procedures, pointing out possible overlaps.</p> |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU</i></p> | <p>Such interconnection is provided by the hierarchy of programming and strategic levels and their links; individual calls are published for specific objectives which are also linked to individual aid application/projects. The specific objectives are then linked to individual priority axes/investment priorities and Union priorities, programmes and thematic objectives. The established links offer the possibility of aggregation of the data from the project, monitoring and evaluation of financial and substantive objectives at the various levels.</p> |

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| <p><i>priorities/Europe 2020 objectives and targets.</i></p> | <p>See reply to Question 2.2.1 In the context of programming, for each specific objective, indicators were laid down to ensure the measurability of output and associated results directly relating to the objectives of the programme.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. In the 2014-2020 programming period, emphasis was placed, in the creation of programme system indicators system, on linking the outputs and results of interventions i.e. quantified and result indicators. This makes it possible to better evaluate the results of the project in relation to the strategy of the programme. In this programming period, 'theories of change' are also used, graphically showing the intervention logic of each specific objective including quantified and result indicators. Generally, however, we prefer to focus primarily on the link between quantified and result indicators rather than monitoring result indicators at project level. In view of the nature of result indicators, it is very often difficult to monitor and evaluate in such detail.</p> |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure,</i></p> | <p>The JMP system was established in the Czech Republic for regular monitoring of programme performance. For this purpose, control levels were also established for milestones and targets. Monitoring and evaluation takes place at least four times a year by the Ministry of Regional Development's National Coordination Authority and MA (information on risk management), and twice a year in the context of reports intended for the general public (quarterly report on the implementation of ESI Funds in the Czech Republic for the programming period from 2014 to 2020) and the members of the Monitoring Committee (i.e. half-yearly/annual review of the CFP of year N). In the context of the monitoring and evaluation system set out in point 2.2.1 we take as our starting point the facts at operations level, which are aggregated at a higher level of programming lines, namely Priority Axes/Priorities of the Union. At this level monitoring and evaluation is mainly on the basis of a comparison of values actually achieved. and the values of milestones and targets.</p> |

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| <p><i>operations or project level.</i></p> | |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECAs's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes. In the context of the CAP progress made in the implementation of the recommendations of the Court of Auditors is followed up in the framework of the Error Action Plan which is sent regularly to the European Commission.</p> |

Denmark

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

The Regional Fund and the Social Fund:

NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered

- number and complexity of rules and gold-plating
- incorrect transposition of applicable EU legislation into national laws
- failure to observe the legal and procedural requirements stemming from EU and national legislation and rules
- sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)
- complex eligibility rule
- weaknesses in the set of eligibility rules that may lead to potential for circumventing them
- insufficient quality and up-date of the Land Parcel Identification System (LPIS)
- mistakes in the aid applications
- continued risks of misinterpretation of what is the eligible area for the basic payment scheme

| <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> <p>For example, it may be difficult in relation to market profiling below the tender thresholds.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i></p> <p>(The error rates detected for the Danish programmes under the Structural Funds were below the Commission's materiality threshold of 2 %).</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i></p> <p>(The error rates detected for the Danish programmes under the Structural Funds were below the Commission's materiality threshold of 2 %).</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i></p> <p>(The error rates detected for the Danish programmes under the Structural Funds were below the Commission's materiality threshold of 2 %).</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| <p>➤ insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>(The error rates detected for the Danish programmes under the Structural Funds were below the Commission's materiality threshold of 2 %).</p> | | | | | |
| <p>➤ need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ expected results from actions that will not always be evident in short-term</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Regarding EAFRD and EAGF

| NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p>➤ number and complexity of rules and gold-plating</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ incorrect transposition of applicable EU legislation into national laws</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <ul style="list-style-type: none"> ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> ➤ <i>expected results from actions that will not always be evident in short-term</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>Documenting indirect costs is administratively burdensome for beneficiaries. Regular dialogue/discussion between management, payment and audit authorities, focus on implementation of digital reporting tools, data sharing, simplified rules on costs (18 % standard rate). Since the introduction of a standard rate for indirect costs of 18 %, considerably fewer errors have been detected.</p> <p>EU public procurement rules are known and followed by the Danish beneficiaries. There are shortcomings in the documentation with regard to compliance with the national Tendering Act and with the requirement in the eligibility rules to document economy. This requirement is presumably derived from the Court of Auditors' practice. Clarification of the extent to which such a requirement exists would therefore strengthen the national eligibility rules.</p> <p>That management and audit authorities contribute more to increased quality of accounts and focus on impact/results through enhanced guidance and advice to beneficiaries.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p>Some beneficiaries cannot understand the absence of a national State aid authority which issues binding instructions. It can be difficult for beneficiaries taking part in, for example, Horizon to understand that State aid is relevant to the Structural Funds, but not to Horizon.</p> <p>EAGF and EAFRD: The questions cut across funds and sub-populations. It is therefore also difficult to fully exclude some of these categories of cause. Conversely, it is also difficult to identify some as much more substantive than others.</p> <p>EAFRD project support:</p> <p>Often the most complex eligibility conditions are also those which have the highest impact.</p> <p>It can be challenging to properly check the highly complex EU and national public procurement rules. For example, a clear separation between building/installation and service provision, boundaries for natural/artificial splitting of projects, etc. National procurement rules currently limit the impact of standard costs.</p> |
| <p>Question 1.1.3.</p> <p><i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>Maintaining the flat-rate for indirect costs because it significantly reduces the number of errors, while easing the administrative burden on beneficiaries in relation to documenting actual costs. Mandatory training for beneficiaries on EU co-financing rules and project administration. Project kick-off meetings with beneficiaries at the managing authority's premises.</p> <p>Declaration of use for purchases of goods and services, which reduces the administrative burden on beneficiaries and ensures implementation of national procurement rules.</p> <p>Best-practice examples of the calculation of State aid are expected to reduce the number of errors. The audit authority has noticed beneficiaries have been better informed in the second half of the 2007-13 period as a result of an increased focus on guidance (from the managing authority) in the start-up phase.</p> <p>EAFRD project support:</p> <p>Denmark follows the Court's and the Commission's recommendations to make use of the new opportunities for using standard costs under the EAFRD as far as possible, since we see it as an advantage for beneficiaries and the administration. The challenge is that it limits the flexibility of projects, while offering better assurance for documenting reasonable costs. It gives rise to the need for new audit models – we need good guidelines on this from the Commission, so that we can ensure that our audit model meets the EU's minimum requirements.</p> |
| <p>Question 1.2.1.</p> <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or</i></p> | <p>Recruitment of administrators with audit qualifications and introduction of risk-based sampling techniques for administrative processing of cases and on-the-spot checks.</p> <p>EAGF/EAFRD: It is not appropriate to compare the findings of the Court with national procedures in this way. For example, the DAS audit team takes one week to review three cases once all the information is collected and available in processed form. It is not</p> |

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| <p><i>certifying expenditure to the Commission.</i></p> | <p>appropriate from a cost/benefit perspective for Member States to devote the same resources to process all aid applications. This should be taken into account in the Court's assessment before any conclusions are drawn.</p> |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</i></p> | <p>Establishment of a whistle-blower and anti-fraud unit. Risk-based selection of projects for on-the-spot checks.</p> <p>EAGF/EAFRD: It is not appropriate to compare the findings of the Court with national procedures in this way. For example, the DAS audit team takes one week to review three cases once all the information is collected and available in processed form. It is not appropriate from a cost/benefit perspective for Member States to devote the same resources to process all aid applications. This should be taken into account in the Court's assessment before any conclusions are drawn.</p> |
| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Denmark has analysed the most common causes of error and subsequently simplified eligibility rules, concepts, website, etc. Kick-off meetings have also been introduced for all projects, focusing on the prevention of errors. Finally, the Danish Business Authority, as the managing authority for the Structural Funds in Denmark, is developing an electronic reporting tool, which prevents miscalculations and ensures that the necessary documentation is available for audit.</p> <p>The audit authority has identified a number of risk factors, which are part of the audit strategy for the Structural Funds. Work is also being done to make audit and supervision tasks more data-based and digital, with a view to systematic collection of data on sources of error, which makes it possible to analyse the reasons for errors and irregularities, and whether they are connected to a particular segment/company type/project type/location, etc. This is to enable preventive action to minimise the scope for sources of error. Decreasing error rates in, for example, wage and time records are expected to be attributable to increased digital reporting, which minimises human and manual sources of error. Similarly, fewer errors in, for example, handling of/compliance with procurement and State aid rules are expected to be attributable to training and guidance to beneficiaries on the complex regulatory framework.</p> |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and</i></p> | <p>Yes.</p> <p>The audit authority considers that there may be a connection, but the relatively low error rates in Denmark are also rooted in basic trust in the system and authorities, and the cause of most errors is generally lack of knowledge of complex rules, miscalculation or the like, rather than a genuine attempt to exploit the system (fraud).</p> |

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| <p><i>levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>EAGF/EAFRD: Yes. The scale and complexity of the rules is often commensurate with the level of error. This is because it is more difficult for beneficiaries to remember, understand and thus ultimately comply with rules if they are numerous and complex.</p> |
| <p><i>Question 2.1.1.</i> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Re Horizon2020: Denmark supports the overall objectives of Horizon 2020, including the framework programme's contribution to implementing the Europe 2020 strategy and creating smart and sustainable growth and jobs in Europe. The guiding principle of Horizon 2020 is 'excellence', which implies that the framework programme supports the best research and innovation projects without any consideration of geographical distribution or structural matters. Denmark strongly supports this principle, which is central to Horizon 2020's ability to help achieve the overall objectives. It is a Danish priority to find the right balance in the framework programme between research and innovation. Horizon 2020 is more focused on innovation and impact than previous framework programmes, in line with the flagship initiative of the Europe 2020 strategy, the Innovation Union. Denmark welcomes this development. However, an eye needs to be kept on the entire value chain from fundamental research to innovation. There is a renewed focus in Horizon 2020 on impact compared with previous framework programmes. Denmark strongly supports this approach, which could usefully be strengthened even further. The increased focus on impact has resulted in more interdisciplinary and demand-driven projects, involving researchers, private companies, NGOs and end-users. However, the expectations regarding impact are still described too vaguely in the work programmes, which is challenging for both applicants and evaluators. Applicants should know how a specific challenge should be addressed, without the range of possible solutions being narrowed. This means that the work programmes should contain precise descriptions of the expected impact in both the short and long term. Also, links to over-arching policies and objectives could often be made even clearer. Danish applicants generally look for guidelines on how impact can best be addressed in the application. This is particularly the case in the social sciences and humanities. ERAC, the committee which advises the Council and Commission on the development of the European Research Area, has set up an ad hoc group to look at impact measurement of the framework programme at national level. Denmark supported the establishment of the group and takes part in its work. Re EAFRD The rural development programme is designed to finance efforts to improve the conditions for agriculture and agricultural competitiveness, pursue environmental, climate and nature objectives, and rural development objectives. The programme therefore</p> |

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| | <p>pursues all three Community rural development objectives set out in the Regulation: 1) competitiveness of agriculture, 2) sustainable management of natural resources and climate action, and 3) balanced territorial development of the rural economy, including the creation and maintenance of employment. The three Community objectives are pursued through the five EU priorities and ten areas of focus under which actions in the rural development programme are implemented. The link between the Community objectives, EU priorities and areas of focus is clear from the rural development programme.</p> <p>A set of overarching objectives (impacts), specific objectives (results) and operational objectives (outputs) are set out for each measure in the rural development programme, as established at Community level.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>The four ESI funds in Denmark are complementary and each addresses different challenges. The EAFRD provides for action in agriculture, while the EMFF is aimed at fisheries and aquaculture, and the ERDF and ESF are targeted at all other sectors. There is also scope for synergy between the funds in selected areas, such as the bio-economy or food.</p> <p>Action under the EAFRD and EMFF is coordinated, among other things, with efforts under the ERDF and ESF programmes; the Danish Agrifish Agency and the Danish Business Authority representing each other in the respective monitoring committees for the funds. Moreover, coordination meetings are held as necessary between the managing authorities for the ESI funds to discuss progress in the operational programmes, for example.</p> <p>Denmark has no national programmes with the same scope as the programmes under the Structural Funds.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>The specific objectives of the Danish ERDF and ESF programmes are chosen in such a way that they contribute to achieving the objectives of the Europe 2020 strategy. In order to ensure that an individual project actually helps achieve the specific objectives in the programmes (and hence the Europe 2020 strategy), the managing authority explicitly requires all supported projects to be based on a clear and coherent theory of change/impact chain, i.e. the applicant must describe the links between cause and effect in the project (activities, outputs and results), including by showing how the project will help achieve the specific objectives of the priority axis in question.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and</i></p> | <p>Re ERDF and ESF: In addition to the requirement for the project to be based on a coherent theory of change (see 2.2.1 above), the managing authority requires the applicant to set measurable criteria for the success of project activities, outputs and results. All targets are monitored over the lifetime of the project. The mandatory performance indicators are chosen by the managing authority and established in such a way that the expected results of the individual project are very closely linked to the specific objectives of the priority axis to which it belongs.</p> |

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| <p><i>impact of EU projects.</i></p> | |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. See point 2.2.2.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output result indicators at EU measure, operations or project level.</i></p> | <p>Re ERDF and ESF: In addition to ongoing assessment of each project by means of indicators for activities, outputs and results (see point 2.2.2 above), the managing authority collects identification numbers (CVR and CPR numbers) of all the companies and persons involved in ERDF and ESF projects. These identification numbers are combined with the registers of Statistics Denmark to follow actual developments in the companies' employment, turnover, productivity, etc., and people's access to the labour market, educational level etc., which are among the main actions of the programmes. The impact of ERDF and ESF actions is estimated by comparing participants' progress with control groups of companies/persons.</p> <p>Re EAFRD: The common monitoring and evaluation system referred to in Article 67 of Regulation (EU) No 1305/2013 is used in the rural development programme. This system has been drawn up jointly by the Commission and the Member States with a view to ensuring programme actions are focused on results. Objectives are set for each area of focus within the programme period. The results are assessed on an ongoing basis, including in the performance review to be carried out in 2019, in accordance with Article 21 of Regulation (EU) No 1303/2013.</p> <p>In addition to the common indicators, Denmark has set out certain programme-specific indicators in the rural development programme. This is to improve assessment of programme results, as the indicators take account of the rationale for action in the Danish programme.</p> |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports.</i></p> | <p>Yes.</p> <p>Re ERDF and ESF: The managing authority always takes account of the annual and special reports by the Court which could have an impact on the administration of the ERDF and ESF programmes.</p> <p>Re EAFRD/EAGF: Since 2012 the Danish Agrifish Agency has systematically followed up all recommendations from the audits. Management is informed each quarter of developments and can take appropriate measures. The relevant units also receive reports, special reports, etc. for information, even if they contain no specific recommendations for Denmark.</p> |

Monitoring and reporting on progress achieved towards implementation of Court's recommendations

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Estonia

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</p> | | | | |
| <p>➤ number and complexity of rules and gold-plating</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ incorrect transposition of applicable EU legislation into national laws; Comment: for regional and urban policy, 'Not relevant'</p> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ complex eligibility rule; Comment: for regional and urban policy, 'Relevant in some respects'</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS)</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ mistakes in the aid applications; Comment: for regional and urban policy, 'Not relevant'</p> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| <p>➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance; Comment: for regional and urban policy, 'Not relevant'</p> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries; Comment: for regional and urban policy, 'Fully relevant'</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <p>➤ need of more or better resources and administrative capacity building</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body; Comment: for regional and urban policy, 'Relevant in most respects'</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <ul style="list-style-type: none"> ➤ need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation <input type="checkbox"/> ➤ knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors <input type="checkbox"/> ➤ expected results from actions that will not always be evident in short-term; Comment: for regional and urban policy, 'Not relevant' <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <p>Question 1.1.2. Main lessons learned addressing the risks and errors for the EU spending.</p> | <p>In places there are too many Commission guidelines that the Member States are supposed to follow. Before implementation can begin on the basis of the existing (partly incomplete) guidelines, changes are made. Implementation of the 2014–2020 period has already been under way for two years, yet in the case of, for instance, financial instruments, the Commission is still drawing up new guidelines. The final ones should be completed next year. As regards State aid, there is a need for greater sharing of knowledge and experience at national level and enhanced cooperation between the Member State and the EU, so as to be able to be proactive in addressing various potential weaknesses.</p> <p>From the domestic point of view, guidelines are essential to achieve a better result. In order to ensure a common understanding of the rules and transparency as regards the conditions for granting aid, we regulate the significant aspects at national level. In order to achieve better results, it is also important to pay considerable attention to the process of assessing projects and setting selection criteria and to raise awareness among applicants for aid. Extending the EU requirements at local level, without imposing additional rules, would help beneficiaries plan their projects in a better manner and increase their feeling of responsibility towards achieving results. State aid poses a sizeable challenge to all parties, since the Member States have paid less attention to it than previously. Furthermore, as a result of the shortcomings identified in audits of various Member States, Estonia has also intensified the implementation of schemes from the point of view of State aid (e.g. the issue of incentive effect) and begun to pay greater attention to various topics relating to State aid also when carrying out monitoring. As a result of the GBER and <i>De Minimis</i> Regulations that have been supplemented in recent years and now provide clearer rules, implementation now seems to have improved, with fewer errors and infringements caused by the previous ambiguous interpretations of those Regulations (e.g. the calculation of aid in the case of corporations). The main lesson learned as regards the legislation dealing with public procurements has been the need to prevent mistakes in public procurements in order to avoid financial corrections. To this end, implementing bodies conduct <i>ex-ante</i> public procurement checks of beneficiaries, providing beneficiaries with advice and recommendations regarding the preparation of procurement documents and contract notices and decision-making by contracting authorities. The fact that the beneficiary, before the procurement documents and contract notice are published (i.e. before the public procurement is launched), can correct the contents of the documents and make them clearer in line with the recommendations and advice received from the implementing bodies contributes to avoiding mistakes that would otherwise have resulted in financial corrections. In addition, a single public procurement checklist has been introduced at the implementing bodies. This is used when checking public procurements, and its aim is to harmonise the scope and quality of the checks.</p> | | | | |

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| | <p>Regional and urban policy:</p> <p>As regards public procurements, the risk area is a possible change in the compulsory nature of the public procurement by beneficiaries during the implementation of a project, which increases the work involved in verifying the reporting and in certifying expenditure.</p> <p>The State aid rules were implemented only rarely in the ETC programmes in the 2007–2013 period. During the 2014–2020 period it has become clear that it is extremely complicated to grant State aid in the ETC programmes as a result of the ‘grey areas’ in the Regulations and their varying interpretations. Examples:</p> <ul style="list-style-type: none"> • Which country is the provider of State aid or <i>de minimis</i> aid if a programme has a joint budget and several countries cooperate in implementing it? • How should the maximum amount of <i>de minimis</i> aid be calculated in respect of a programme in which several countries cooperate? For instance, if there is a cooperation programme involving four Member States, can <i>de minimis</i> aid totalling 4 × EUR 200 000 really be granted to one and the same company? • How should projects involving a State aid component actually be implemented if there is more than one beneficiary and they have different co-financing rates for different activities, and this not just at project level but also at beneficiary level? How should the budget be drawn up, how should reporting be carried out, how should the reporting be verified, and how can assurance be obtained at programme level that the documents forming the basis for payments are correct? |
| <p>Question 1.1.3.</p> <p><i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>With the aim of providing more support for expenditure arising from the actual project operations themselves and reducing the administrative burden caused by calculating the eligible part of overall costs (it has been assessed that, on average, the process of administering 20 % of the expenditure takes 80 % of the working time), overall costs of structural aid projects in the 2014–2020 period in Estonia are being reimbursed using <u>only</u> a uniform rate (in general 15 % of the direct personnel costs of the project). Public procurements are used in many cases, to obtain better results and to ensure reasonable levels of expenditure and fairer use of EU funds. We use different unit prices to fund operations, primarily in the education and social fields.</p> <p>Regional and urban policy</p> <p>Use of simplified expenditure, so that when it is being verified more emphasis can be placed on procurements, since these involve greater risk than other expenditure.</p> |

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| <p>Question 1.2.1. Further measures to enhance the effectiveness of the checks carried out <u>before</u> declaring or certifying expenditure to the Commission.</p> | <p>The introduction of an electronic environment for applicants in Estonia from 2015 has improved the quality of the data submitted by applicants and beneficiaries (e.g. project applications and payment requests), because systematic checks are carried out on information submitted via the electronic environment, thus minimising the risk of human error. Furthermore, all the information is available immediately in the database, which helps implementing bodies conduct the data analysis that is necessary to assess risks and identify problems. As a result of the amendment of the guidelines for the minimum levels of checks which entered into force on 10 May 2016, the managing authority is steering implementing bodies away from catch-all checks and towards ever more risk-based checks of documents (e.g. checks of payment requests, procurement checks) and on-the-spot checks in order to focus a larger part of the resources available for checks on problem areas, which in turn will contribute to being able to identify ineligible expenditure more efficiently. In 2015 and 2016 there have been enhancements in cooperation, training events, seminars, exchange of good practice and agreements to detect fraud, and cooperation between the investigating authorities, the managing authority and implementing bodies has intensified in this field.</p> <p>Regional and urban policy</p> <p>The use of simplified expenditure saves time for those verifying the expenditure, allowing them to concentrate on aspects of greater risk, such as procurement information.</p> <p>The electronic monitoring system developed by Interact for the ETC programmes is structured in line with the requirements set out in the Regulations, and its workflow processes have been designed such that, when expenditure reaches the certification stage, the official from the certifying authority will have automatic access to a number of declarations, which will speed up and simplify his or her work (the checklist is correspondingly shorter) and give him or her the opportunity to search for material errors.</p> |
| <p>Question 1.2.2. Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</p> | <p>The same measures as referred to in the reply to item 1.2.1 contribute to enhancing the effectiveness of actions to detect errors concerning expenditure that has already been declared or certified.</p> <p>Regional and urban policy:</p> <p>The use of simplified expenditure and the availability of all expenditure documents in the electronic information system facilitates the audit authority's work. Attention is focused on informing the programme authorities and OLAF of infringements, fraud and suspected corruption, and on processing the relevant information.</p> |
| <p>Question 1.3.1. Risk analysis and</p> | <p>The managing authority conducts an annual risk assessment together with the implementing bodies and implementing authorities. During it, the main risks are identified and measures are agreed on to manage those risks. In accordance with the level of error and the risks and</p> |

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| <p><i>estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>shortcomings identified, the managing authority – where necessary – clarifies/modifies the management and control system requirements aimed at developers and carries out checks across the system. Where the level of error is low, the managing authority considers it important to focus the checks on risk-related aspects, by reducing their numbers while at the same time continuing to pay attention to high and medium-risk areas.</p> <p>Regional and urban policy</p> <p>Cross-border cooperation programmes where the managing authority is located in Estonia conduct an annual risk assessment and draw up or update an action plan on the basis thereof.</p> |
| <p><u>Question 1.3.2.</u></p> <p><i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes.</p> <p>The majority of the observations made during checks on payments concern the use of structural aid for the intended purpose and compliance with the public procurement conditions, which in turn make a contribution (in Estonia a small contribution) to the formation of the level of error.</p> <p>Regional and urban policy</p> <p>For example, where the basis for making payments is verification of 100 % of expenditure documents, those conducting the verification do not necessarily, owing to the lack of resources, concentrate on the main expenditure that is deemed to be high-risk, i.e. the accuracy of the procurement.</p> |
| <p><u>Question 2.1.1.</u></p> <p><i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>The grounds used for planning the use of EU structural resources were the EU2020 ('Estonia 2020') objectives and indicators, and thus there is a direct link between them. Similarly, one of the principles when planning the use of the resources was to focus them to ensure performance.</p> |

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| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>Planning the use of the resources was based on the EE2020 objectives and also national development documents, in order to use EU resources to address weaknesses at national level. When planning and now also applying the resources, there has been a streamlining of the planning, implementation and monitoring processes at the managing authority. For example, the monitoring of both national and external resources is being aligned to reduce the administrative burden, to distinguish more clearly between the results produced from different resources, and also to contribute to the common planning process for the following years. By 2020 at the latest, planning at national level will have moved to activity-based (results-based) budgeting (this has already taken place in part), which will allow the services being offered, their expenditure and their outputs and results to be ascertained. This will make it possible to reduce duplication of resources and to target resources from different sources more clearly.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>The intervention logic agreed in the Cohesion Policy operational programme and its indicators have been developed on the basis of additional EU2020 and national objectives. Additional intervention logic indicators have to contribute to operational programme indicators (output and results), which in turn contribute to the EU2020 objectives and the target levels of the indicators.</p> <p>As part of the monitoring, information systems have been set up which can be used at any time to determine the extent to which target levels have been achieved at measure, action and project level. The implementing bodies have also put in place additional indicators for measuring activities to meet the additional data requirements set by the implementing authorities.</p> <p>Regional and urban policy</p> <p>Links are created in the operational programme and in the ETC programme guidelines, which are mandatory for beneficiaries. Project indicators are linked to programme indicators, and they are monitored regularly. The programme evaluation plan reflects the objectives and indicators set out in the operational programme, as well as the deadlines for the reporting to be submitted to the Commission, and also provides an overview of how their day-to-day measurement should be carried out, where the focus should be and which methods should be used.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>In Estonia there is a relatively centralised planning and implementation system and one single ESIF area. The managing authority for the ESF, CF and ERDF is the Ministry of Finance. Implementation of those funds forms part of the CFP operational programme. The managing authority for the EAFRD and EMFF is the Ministry of Rural Affairs, and they are implemented within the framework of the two relevant operational programmes.</p> <p>Regional and urban policy</p> <p>Links are created in the operational programme and in the ETC programme guidelines, which are mandatory for beneficiaries. Project indicators are linked to programme indicators, and they are monitored regularly both during processing of reporting on the projects and within the framework of the programme evaluation plan.</p> |
| <p>Question 2.2.3.</p> | <p>No.</p> |

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| <p><i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>From the point of view of the hierarchy of indicators (effect, result and output), the value of setting adequate and practical result indicators at project level is often questionable. Therefore this should be imposed in justified cases, and not made mandatory in all cases.</p> <p>Regional and urban policy</p> <p>Yes.</p> <p>In the ETC programme guidelines, which are mandatory for beneficiaries, project indicators are linked to programme indicators, and they are monitored regularly. Applicants are offered advice and informed of the necessity and importance of achieving the indicators planned in the programme.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>As part of the monitoring, information systems have been set up which can be used at any time to determine the extent to which target levels have been achieved at measure, action and project level. The implementing bodies have also put in place additional indicators for measuring activities to meet the additional data requirements set by the implementing authorities.</p> <p>Furthermore, performance is also validated as part of the assessments commissioned by the managing authority and the implementing authorities.</p> <p>Regional and urban policy</p> <p>The objectives and the output and result indicators of the ETC programme are set out in the operational programme. In the ETC programme guidelines, which are mandatory for beneficiaries, they are linked to projects, and there is a description of the obligations as regards project reports. At programme level there is regular monitoring both of the information available in the project reports and as part of the programme evaluation plan, which sets out various options for measuring results in terms of the programme objectives and the output and performance indicators.</p> |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports.</i></p> | <p>Yes.</p> <p>The Court of Auditors' annual and special reports are submitted primarily to the audit authorities, although if there is interest they are also available on their websites. Since, as a general rule, all CoA reports are presented to the European Commission and the Member States in the corresponding working groups and the Commission is required to reply to the observations made (above all to the observations made to it), systems and processes are – depending on the status of the observation (agreement/no agreement) – made more effective by the Commission by means of the regulations and guidelines it issues, which in turn affect how the Member States administer aid. Estonia has not deemed it necessary to enact additional regulations which could create further layers of bureaucracy and make it more difficult to apply implementation schemes (incl. increasing costs). In situations where requirements have arisen from the audit report or have been imposed by the Commission, we have instead provided better, clearer and more unequivocal regulation in our operational procedures, in cooperation with our implementing bodies and implementing authorities, and we have also provided</p> |

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| <p><i>Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>examples. Where there has been a special audit report aimed at the Member State, Estonia as a Member State has adopted additional measures in the corresponding fields/activities. For instance, the procedures of the implementing bodies must set out how and on what conditions an assessment of State aid is made and what the supporting documents are. The managing authority monitors the implementation of follow-up activities.</p> |
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Finland

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | weaknesses/deficiencies/errors | | | | |
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| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> <p>Reply of the Ministry of Agriculture and Forestry:</p> <ul style="list-style-type: none"> - The eligibility rules and the requirement to check each condition cause a heavy workload and do not reflect the actual risk. Member States should be allowed to carry out real risk-based checks in order to reduce checks and focus on high-risk cases. At present this is not possible, because Member States are punished for overly efficient risk-based checks by having additional control requirements imposed on them. - In many audits in other sectors, the tolerable risk is 5% or 10% instead of 2%, and this should be the aim, so that resources could be used to target actual risks and their monitoring and checks and sanctions would not focus on human errors. - In the present model, where checks target good operators and fraudulent operators in the same way, there is a danger that good operators will become discouraged and fraudulent operators will gain more power. Young people are unwilling to participate in such a system, where they have to constantly fear making unintended errors. - Since the reform of the CAP2020, the focus of aid schemes has shifted to trivial matters and the conditions have become very detailed. The more detailed the monitoring, the more difficult it is to carry out checks and define sanctions. Nowadays agricultural parcels are subject to different types and levels of aid, which results in an accumulation and overlapping of errors. In addition, the sanctions under the different aid schemes are often based on the same error. As regards animals, it is necessary to record dozens of data items in the identification and registration system, which means that the error risk is high. - The Omnibus proposal would change the way compliance with tendering rules impacts the severity of sanctions, and this is a worthwhile proposal, because there are other objectives to be considered. 'However, the public procurement is a procedure to select the contractor, used in order to ensure reasonableness of costs of a project. It is not directly linked to the eligibility of the project stemming from the CAP policy objectives.' <p>Reply of the audit authority of the Structural Funds:</p> <ul style="list-style-type: none"> - In the 2014-2020 programming period there will be new essential requirements for administration and control systems in order to improve the reliability of the internal monitoring environment and the administrative and control activities. The new requirements for the administrative authority include appropriate procedures for preparing the management declaration as well as adequate measures to combat fraud. - The intermediate bodies should pay more attention to advising beneficiaries in the rules governing procurements. | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> |

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| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>Reply of the Ministry of Agriculture and Forestry:</p> <ul style="list-style-type: none"> - electronic systems, farmers' electronic service, for example when calculating complicated greening payments - email and sms reminders of important deadlines - the full introduction of geospatial applications without transitional periods - the principle selected in the land parcel register whereby a parcel only has eligible area is easier in the case of geospatial applications, for example (the farmer does not need to separately deduct ineligible land inside a parcel) - 90% of all applications are submitted in the Vipu system, where the new areas are updated directly in the application and the farmer may leave them as they are or modify them. - there is a need for simplified cost options also in livestock and area aid, but at the moment they are not allowed by legislation. - a more detailed check list - stricter requirements for the level of detail of the documentation - training <p>Reply of the audit authority of the Structural Funds:</p> <ul style="list-style-type: none"> - In the new programming period the electronic system will ensure full access to the documents from the beneficiary to the finance provider and also to the inspection authorities. It can also be expected that the documentary requirements will become more consistent. - There are positive experiences with the use of simplified cost options from the 2007-2013 programming period, and their role will grow in the new programming period. With this procedure, it is possible to concentrate on evaluating results, as less time is spent estimating costs. |
| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>Reply of the Ministry of Agriculture and Forestry:</p> <ul style="list-style-type: none"> - certain documents must be sent to the authorities - electronic systems, farmers' electronic service, for example when calculating complicated greening payments - email and sms reminders of important deadlines - continuous training, inter alia using videoconferencing equipment - providing more detailed guidance - drawing up more detailed check lists |

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| | <ul style="list-style-type: none"> - organisational changes <p>Reply of the audit authority of the Structural Funds:</p> <ul style="list-style-type: none"> - System audits focus on key requirements that show whether the intermediate body has the capacity to make adequate decisions. - The checks on the designation criteria have covered the supervisory responsibility of the administrative authorities and ensured the adequacy and timeliness of the procedures. |
| <p>Question 1.2.2.</p> <p><i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously declared or certified to the Commission.</i></p> | <p>Reply of the Ministry of Agriculture and Forestry:</p> <ul style="list-style-type: none"> - the corrective measures in the action plans have been taken in the new programming period (different aid conditions) |
| <p>Question 1.3.1.</p> <p><i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Reply of the Ministry of Agriculture and Forestry:</p> <ul style="list-style-type: none"> - the control sampling includes a risk-based section whose results are analysed - LPIS quality control (it can be seen that the errors are minor. It is not possible to avoid minor errors at a reasonable cost.) |

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| <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>No.</p> <p>Reply of the Ministry of Agriculture and Forestry: These are very small area errors, which are not substantial and often cannot even be detected. Often it is a matter of two people interpreting a measurement differently and not of any real difference. A tolerance value is used, which in itself shows that the measurement methods are not fully accurate. It is not possible to avoid minor errors at a reasonable cost. Simplified methods of compensation should be used so that it would not be necessary to constantly take measurements. Following the CAP reform, virtual parcels and layers have been added to the land parcel register that have nothing to do with the actual situation under review but instead make the register burdensome and hard to use. Cross compliance belongs to another policy sector and it shouldn't affect error rates - this also applies to tendering and the marking and registration of animals. In addition, it should be noted that cross-compliance sanctions relate to all of a farm's aid schemes (livestock aid and area aid) and such sanctions are inequitable for a farmer when the error only concerns the conditions for either the livestock aid or the area aid. Similarly, the error rate based thereon is inconsistent unjustifiably raises the error rate.</p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>Finland's 2020 targets exceed the EU's general targets, as this is considered necessary for the sustainability of public finances. The national measures under the strategy will be implemented in line with the existing fiscal framework decision. The regional development decision for 2016-2019 sets out the national regional policy orientations and the development priorities, which are also implemented through the programmes of the European Structural and Investment Funds.</p> |

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| <p>Question 2.2.1. Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</p> | |
| <p>Question 2.2.2. Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</p> | |
| <p>Question 2.2.3. Member State actions to define or improve result indicators at EU project level.</p> | <p>No. Reply of the Ministry of Employment and the Economy: Project-specific performance indicators can be collected for ESF projects, but no project-specific objectives have been specified for the performance indicators. In ERDF projects, no project-specific performance indicators are collected.</p> |
| <p>Question 2.2.4. Performance measurement system to monitor the achievement objectives at EU measure,</p> | <p>Reply of the Ministry of Employment and the Economy: Information on performance and output indicators (and consequently the performance framework) can be obtained for the EURA 2014 and ESR Henkilö systems. The EURA 2014 system provides information on indicators by project, finance provider, etc. As regards ESF projects, reports from the ESR Henkilö system are continuously being developed and now it is possible to obtain information by programme, axis, finance provider and project. Objectives related to performance indicators are collected for ERDF projects. Performance indicators are not collected at project level. In the case of both Funds, project promoters describe the achievement of objectives more extensively in the follow-up and final reports in the EURA 2014 system.</p> |

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| <p><i>operations or project level and the to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>Reply of the Ministry of Agriculture and Forestry:</p> <ul style="list-style-type: none"> - cooperation with research facilities - indicator framework under Regulation 1306/2013 |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes.</p> <p>Reply of the Ministry of Agriculture and Forestry: There is also a system for the follow-up of recommendations, where recommendations and the measures taken to promote them are recorded. The status of these recommendations is reviewed periodically.</p> |

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

1. Pour les FESI

Les causes potentielles de persistance du risque d'erreur pour ce qui concerne le respect des règles d'éligibilité, des règles relatives aux marchés publics ou aux aides d'Etat peuvent être de plusieurs ordres.

Tout d'abord, le nombre de règle (surréglementation) et la complexité quantitative qui en découle est un facteur évident de risque d'erreur pour ce qui concerne le respect des règles. Une intervention en conférence de la Présidence Slovaque sur la politique de cohésion faisait état sur la programmation actuelle de plus de 4000 pages réglementaires (règlements, décisions, guidances) contre 1750 pages sur la programmation 2007-2013 et 1250 pages sur la programmation 2000-2006.

La sensibilisation, la formation et l'accompagnement méthodologique des différents acteurs nous semble une condition sine qua non pour répondre à cette croissance réglementaire et lever les risques induits liés à une méconnaissance de telle ou telle partie de la réglementation. C'est notamment dans ce cadre, qu'une amélioration des connaissances des règles relatives aux marchés publics ou aux aides d'Etat peut également être visée afin de doter les acteurs potentiellement concernés de compétences en la matière (autorités de gestion et bénéficiaires). Il en va de même pour le partage de connaissance, d'expérience et de bonnes pratiques au niveau national ou de l'Union afin d'améliorer les savoirs et capacités collectives permettant de trouver des solutions concrètes aux difficultés pouvant être rencontrées dans les pratiques quotidiennes d'animation et de gestion des FESI. Dans ce cadre, on notera toutefois que les autorités françaises regrettent que la plateforme de questions e-wiki soit source d'insécurité juridique, les réponses de la DG concurrence pouvant varier dans le temps.

Enfin, pour répondre à cette croissance réglementaire il nous semble nécessaire de lancer davantage d'initiative en vue de garantir une simplification pour les bénéficiaires et l'exécution des programmes, ceci afin de palier l'introduction insuffisante de modifications réglementaires à ce stade, essentiellement au niveau de l'Union européenne mais avec un impact au niveau national. Nous pensons notamment ici à la proportionnalité du contrôle, au renforcement de la logique de résultat et à un principe de subsidiarité réaffirmé. La compatibilité des règlements FESI avec les règlements marchés publics ou aides d'Etats est ici également interrogée.

N.B.: pour votre réponse, vous pouvez recourir à la liste non exhaustive de causes profondes des erreurs de légalité et de régularité dans les dépenses de l'UE qui figure ci-après (les questions liées à la réalisation des objectifs politiques et à la valeur ajoutée sont abordées à la question 2 ci-dessous). En conséquence, nous vous prions de bien vouloir indiquer dans quelle mesure les exemples cités sont pertinents pour votre pays pour chaque grand domaine de dépenses de l'UE (politique agricole commune; politique régionale et

Totalement pertinent**Assez pertinent****Plutôt pertinent****Sans objet**

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| | <p><i>urbaine; emploi, affaires sociales et inclusion), et en outre, de développer votre réponse à la question I.1.1 ci-dessous:</i></p> | | | | | |
| | <p>➤ <i>le nombre et la complexité des règles et la surréglementation</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | <p>➤ <i>la transposition incorrecte en droit national de la législation de l'UE applicable</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>le non-respect des exigences juridiques et procédurales découlant de la législation et des règles nationales et de l'UE</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>le degré de connaissance pour appliquer les règles relatives aux marchés publics ou aux aides d'État et d'autres législations et règles de l'UE applicables (notamment, les conditions et les critères d'éligibilité en ce qui concerne les mesures de développement rural, les options de coûts simplifiés, le caractère raisonnable des coûts, les paiements agroenvironnementaux axés sur les résultats)</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>la complexité des règles d'éligibilité</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>les faiblesses affectant l'ensemble des règles d'éligibilité, qui peuvent déboucher sur un éventuel contournement de celles-ci</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>la qualité et l'actualisation insuffisantes du système d'identification des parcelles agricoles (SIPA)</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>les erreurs dans les demandes d'aides</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>la persistance des risques de mauvaise interprétation de ce qu'est la surface éligible pour le régime de paiement de base</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <ul style="list-style-type: none"> ➤ <i>l'inefficacité du mécanisme de sanction ou la faiblesse du niveau de sanction en cas de non-respect</i> ➤ <i>la nécessité de prévoir une sensibilisation, d'organiser des formations ciblées et de développer et fournir un soutien et des conseils méthodologiques détaillés en faveur des autorités nationales et régionales et des bénéficiaires finals</i> ➤ <i>la nécessité d'accroître ou d'améliorer les ressources et de renforcer les capacités administratives</i> ➤ <i>la nécessité d'améliorer la qualité d'aspects essentiels des systèmes de surveillance et de contrôle (meilleure conception et/ou exécution des contrôles administratifs et contrôles sur place et/ou efficacité accrue des travaux réalisés lors des vérifications de gestion et par les autorités d'audit, les organismes payeurs et les organismes de certification)</i> ➤ <i>une meilleure utilisation des informations requises en matière de détection et de correction qui sont disponibles dans les documents justificatifs ainsi qu'au niveau du bénéficiaire ou d'un organisme national ou régional</i> ➤ <i>l'élaboration de plans d'action suffisamment solides pour remédier aux causes des erreurs et aux lacunes des systèmes de gestion et de contrôle et/ou aux défaillances dans les dépenses de l'UE</i> ➤ <i>l'introduction de modifications insuffisantes par les nouveaux cadres légaux et/ou réglementaires et/ou procéduraux, susceptibles d'avoir une incidence notable sur les causes des erreurs</i> ➤ <i>la nécessité de lancer davantage d'initiatives en vue de garantir une véritable simplification pour les bénéficiaires et l'exécution des programmes</i> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> |
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| | <p>➤ <i>le partage des connaissances et des expériences et la diffusion de bonnes pratiques au niveau national et/ou de l'UE sur la façon de remédier aux faiblesses/déficiences/erreurs courantes</i></p> <p>➤ <i>les résultats attendus d'actions qui ne seront pas toujours visibles à court terme</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>2. Pour la politique agricole</p> <p>La question de la Cour mériterait d'être précisée afin de permettre aux Etats membres de savoir si la réponse attendue porte sur la situation d'aujourd'hui, ou s'il convient de se repositionner sur l'exercice financier objet du rapport annuel (exercice 2015).</p> <p>Les autorités françaises ont considéré, s'agissant de la politique agricole, qu'il convenait d'examiner la situation au regard du risque résiduel actuel, tenant compte des efforts réalisés depuis l'exercice financier 2015 qui s'est achevé il y a plus d'un an.</p> <p>La mise en œuvre des plans d'actions FEAGA et FEADER français ont permis d'améliorer la maîtrise d'un certain nombre de risques et de causes d'erreur.</p> <p>A titre d'exemple, la finalisation de la refonte complète du RPG (le SIPA français) pour la campagne PAC 2015 ou le cadrage au niveau national des modalités de contrôle du caractère raisonnable des coûts dans le cadre du FEADER, constituent des éléments de sécurisation majeurs. Ils ne sont pas les seuls.</p> <p>Ces sujets, comme les diverses causes d'erreur recensées par la Cour dans le cadre de la DAS, restent toutefois des points d'attention prioritaires pour l'ensemble des Etats membres.</p> | | | | | |
| <p><i>N.B.: pour votre réponse, vous pouvez recourir à la liste non exhaustive de causes profondes des erreurs de légalité et de régularité dans les dépenses de l'UE qui figure ci-après (les questions liées à la réalisation des objectifs politiques et à la valeur ajoutée sont abordées à la question 2 ci-dessous). En conséquence, nous vous prions de bien vouloir indiquer dans quelle mesure les exemples cités sont pertinents pour votre pays pour chaque grand domaine de dépenses de l'UE (politique agricole commune; politique régionale et urbaine; emploi, affaires sociales et inclusion), et en outre, de</i></p> | | | | | |
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| | <p><i>développer votre réponse à la question I.1.1 ci-dessous:</i></p> <ul style="list-style-type: none"> ➤ <i>le nombre et la complexité des règles et la surréglementation</i> ➤ <i>la transposition incorrecte en droit national de la législation de l'UE applicable</i> ➤ <i>le non-respect des exigences juridiques et procédurales découlant de la législation et des règles nationales et de l'UE</i> ➤ <i>le degré de connaissance pour appliquer les règles relatives aux marchés publics ou aux aides d'État et d'autres législations et règles de l'UE applicables (notamment, les conditions et les critères d'éligibilité en ce qui concerne les mesures de développement rural, les options de coûts simplifiés, le caractère raisonnable des coûts, les paiements agroenvironnementaux axés sur les résultats)</i> ➤ <i>la complexité des règles d'éligibilité</i> ➤ <i>les faiblesses affectant l'ensemble des règles d'éligibilité, qui peuvent déboucher sur un éventuel contournement de celles-ci</i> ➤ <i>la qualité et l'actualisation insuffisantes du système d'identification des parcelles agricoles (SIPA)</i> ➤ <i>les erreurs dans les demandes d'aides</i> ➤ <i>la persistance des risques de mauvaise interprétation de ce qu'est la surface éligible pour le régime de paiement de base</i> ➤ <i>l'inefficacité du mécanisme de sanction ou la faiblesse du niveau de sanction en cas de non-respect</i> ➤ <i>la nécessité de prévoir une sensibilisation, d'organiser des formations ciblées et de développer et fournir un soutien et des</i> | <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
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| | <p><i>conseils méthodologiques détaillés en faveur des autorités nationales et régionales et des bénéficiaires finals</i></p> <ul style="list-style-type: none"> ➤ <i>la nécessité d'accroître ou d'améliorer les ressources et de renforcer les capacités administratives</i> ➤ <i>la nécessité d'améliorer la qualité d'aspects essentiels des systèmes de surveillance et de contrôle (meilleure conception et/ou exécution des contrôles administratifs et contrôles sur place et/ou efficacité accrue des travaux réalisés lors des vérifications de gestion et par les autorités d'audit, les organismes payeurs et les organismes de certification)</i> ➤ <i>une meilleure utilisation des informations requises en matière de détection et de correction qui sont disponibles dans les documents justificatifs ainsi qu'au niveau du bénéficiaire ou d'un organisme national ou régional</i> ➤ <i>l'élaboration de plans d'action suffisamment solides pour remédier aux causes des erreurs et aux lacunes des systèmes de gestion et de contrôle et/ou aux défaillances dans les dépenses de l'UE</i> ➤ <i>l'introduction de modifications insuffisantes par les nouveaux cadres légaux et/ou réglementaires et/ou procéduraux, susceptibles d'avoir une incidence notable sur les causes des erreurs</i> ➤ <i>la nécessité de lancer davantage d'initiatives en vue de garantir une véritable simplification pour les bénéficiaires et l'exécution des programmes</i> ➤ <i>le partage des connaissances et des expériences et la diffusion de bonnes pratiques au niveau national et/ou de l'UE sur la façon de remédier aux faiblesses/déficiences/erreurs courantes</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| | <p>➤ <i>les résultats attendus d'actions qui ne seront pas toujours visibles à court terme</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>1. Pour les FESI</p> <p>Pour la période 2014-2020, deux décrets ont été publiés, relatifs d'une part à la mise en œuvre des programmes cofinancés par les FESI pour la période 2014-2020 (décret n° 2016-126 du 8 février 2016) et d'autre part fixant les règles d'éligibilité des dépenses cofinancées par les FESI (décret n° 2016-279 du 8 mars 2016) accompagné d'un arrêté de la même date pris en application.</p> <p>Concernant la législation nationale et de l'UE relative aux marchés publics, sur la période 2007-2013, les irrégularités provenaient, pour une part non-négligeable, du niveau de complexité lié directement aux procédures de passation de marchés publics. En effet, il existait un volume important d'actes législatifs tant au niveau européen qu'au niveau national qui pouvait conduire à une relative méconnaissance de ceux-ci et qui nécessitait une expertise et une maîtrise dans la mise en place des procédures de marchés publics.</p> <p>Pour la nouvelle période de programmation 2014-2020, l'ordonnance n°2015-899 du 23 juillet 2015 relative aux marchés publics transpose, en droit français, les deux directives européennes 2014/24/UE et 2014/25/UE du 26 février 2014 afin de rassembler, au sein d'un corpus juridique unique, les règles communes applicables aux contrats qualifiés de «marchés publics», au sens des directives européennes. L'ordonnance est entrée en vigueur le 1^{er} avril 2016 avec la publication du décret du 25 mars 2016 n°2016-360 relatifs aux marchés publics. Ces textes nationaux sont accompagnés par un arrêté du 29 mars 2016 fixant la liste des renseignements et des documents pouvant être demandés aux candidats aux marchés publics, et une série d'avis publiés au JO du 27 mars 2016.</p> <p>Sur la période 2007-2013, le nombre important de régimes d'aides posait des difficultés relatives au cofinancement (identification des assiettes éligibles, application des règles de cumul). Face à ce constat, le groupe de travail (réseau d'experts) animé par le CGET a, par conséquent, choisi de mettre en œuvre des régimes d'aides cadre comprenant plusieurs types d'aides et applicables par l'Etat et les collectivités. Ce choix permet de limiter le nombre de bases juridiques et de simplifier leur utilisation par les autorités d'octroi. Par exemple, le régime n° SA.40391 relatif aux aides à la RDI regroupe l'ensemble des aides offertes par le RGEC pour octroyer des aides en matière de recherche, développement et innovation.</p> <p>Face aux difficultés rencontrées par les autorités de gestion pour appliquer la réglementation SIEG, le groupe de travail, animé par le CGET (voir ci-dessous la réponse à la question 1.1.3), a produit deux fiches d'aide à l'instruction.</p> <p>Le régime NN120/90 avait fait l'objet, en Champagne-Ardenne, en 2011, d'un audit de la direction générale de la politique régionale et urbaine de la Commission européenne.</p> <p>Suite à cet audit, une circulaire du Secrétaire général de l'intérieur, du Délégué interministériel à l'aménagement du territoire et à</p> | | | | | | |

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| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>l'attractivité régionale et du Directeur général de la compétitivité, de l'industrie et des services avait prévu les modalités de mise en œuvre du plan de reprise nationale des actions collectives cofinancées par le FEDER sur 2007-2013.</p> <p>Par ailleurs, la réglementation européenne des aides d'Etat devenant de plus en plus stricte, il est apparu nécessaire de clarifier les bases juridiques applicables au financement de ces actions collectives. Le groupe de travail, animé par le CGET (voir ci-dessous la réponse à la question 1.1.3), a proposé une méthodologie validée par une lettre de confort de la DG Concurrence. Cette méthodologie permet de sécuriser le financement des actions collectives pour la période 2014-2020.</p> <p>Par ailleurs, afin de promouvoir une simplification pour les bénéficiaires et gestionnaires de programmes, différentes propositions ont été construites visant à l'introduction de nouvelles dispositions réglementaires au niveau de l'UE, notamment dans le cadre des travaux du GHN sur la simplification mis en place par la Commission européenne. Ces propositions visent notamment la compatibilité des règlements FESI avec les régimes d'aides d'Etat ou les dispositions concernant les marchés publics.</p> <p>2. Pour la politique agricole</p> <p>La charge supplémentaire de travail et/ou les coûts informatiques générés par les vérifications supplémentaires sont élevés et posent, dans certains cas, la question de leur proportionnalité au regard du risque encouru (exemple du niveau de précision exigé du SIPA).</p> <p>Pour faciliter la mise en œuvre des programmes cofinancés par les FESI, des réunions régulières sont mises en place par le CGET à destination de l'ensemble des autorités en charge des programmes européens sur différentes thématiques (réunions des autorités de gestion, instruments financiers, lutte contre la fraude, réglementation gestion contrôle...). Le groupe interfonds sur la réglementation, gestion et contrôle, animé par le CGET, a été mis en place et a pour objectif d'harmoniser et de sécuriser les pratiques. Dans ce cadre, un guide de gestion, de suivi et de contrôle des programmes a été élaboré pour la nouvelle période de programmation, des trames communes ont été mises à disposition des autorités de gestion (modèle de demandes d'aides, de convention, de contrôle de services fait...) et des fiches métier à destination des autorités de gestion (recettes, marché public, aides d'Etat, éligibilité des dépenses...) sont en cours de réalisation. Par ailleurs, des notes d'interprétation et des questions-réponses sont régulièrement produites notamment via l'outil collaboratif du CGET (i-cget).</p> <p>De plus, les travaux auxquels participe la France dans le cadre du réseau IQ-Net permettent aux gestionnaires des programmes ainsi qu'à leurs partenaires d'échanger leurs expériences et de mettre en commun les bonnes pratiques sur des thèmes spécifiques ayant trait à la conception, la mise en œuvre, la gestion et l'évaluation des programmes des Fonds structurels.</p> <p>Concernant le respect de la législation nationale et de l'UE relative aux marchés publics, le programme national d'assistance technique Europ'act 2014-2020 soutient des formations destinées aux autorités de gestion, de certification et d'audit des programmes sur différentes thématiques (aides d'Etat, égalité hommes-femmes...). Une des thématiques prévues concerne les marchés publics dans le cadre des FESI. Ces formations doivent traiter des questions suivantes en lien avec les FESI :</p> <ul style="list-style-type: none"> - les règles applicables en matière de marché publics ; - les principales irrégularités constatées et les corrections financières à appliquer ; |
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| <p>- exercices pratiques de contrôle de marchés publics.</p> <p>Concernant le respect de la réglementation aides d'Etat, la mise en place d'un groupe de travail, animé par le CGET, réunissant les représentants de l'Etat, des collectivités territoriales et des autorités de gestion des fonds européens permet d'harmoniser et de sécuriser les pratiques des autorités d'octroi des aides d'Etat. Les réunions trimestrielles du groupe de travail permettent également aux autorités de gestion de poser leurs questions et de partager leurs expériences et bonnes pratiques. Le groupe de travail produit régulièrement des notes d'interprétation pour guider les autorités d'octroi dans l'application de la réglementation des aides d'Etat (voir ci-dessus le point 1.1.2.).</p> <p>Les formations sur la réglementation des aides d'Etat dans le champs des FESI, soutenues par le programme national d'assistance technique, ont permis de former environ 200 personnes « ressources » au sein des autorités de gestion, de certification, de contrôle, de coordination au niveau national. Un kit complet de formation est également disponible sur le site Europe en France, administré par le CGET.</p> <p>La création du site unique dédié aux aides d'Etat sur le site Europe en France avec la création d'une boîte mail dédiée aux questions relatives aux aides d'Etat permet d'apporter un appui aux autorités de gestion.</p> <p>Les autorités françaises ont associé les autorités de gestion à la rédaction des régimes d'aides français ainsi qu'à la rédaction d'un projet de circulaire rappelant la définition de la notion d'aide, présentant les nouveaux textes européens et les principales règles de compatibilité des aides d'Etat et expliquant les différentes règles procédurales liées à la réglementation des aides d'Etat.</p> | |
| <p>Pour le FEADER, les contrôles sur place vont être réalisés avant le dernier paiement.</p> <p>Cessions de formations/information des instructeurs et autorités de gestion.</p> | |
| <p>Question 1.2.1.</p> <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | |
| <p>Question 1.2.2.</p> <p><i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which</i></p> | |

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| <p>was previously declared or certified to the Commission.</p> | |
| <p>Question 1.3.1. Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban employment, social affairs and inclusion).</p> | <p>L'évaluation des risques est un travail en continu qui repose sur l'analyse des résultats des contrôles des dossiers et des conclusions des audits pour identifier les causes d'erreur.</p> |
| <p>Question 1.3.2. Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban employment, social affairs and inclusion).</p> | <p>OUI.</p> <p>Pour les FESI, il peut exister un lien entre le fondement des paiements et les niveaux d'erreur. Toutefois, ces deux questions doivent être traitées avec vigilance. En effet, le lien entre paiement et niveau d'erreur conduit à soutenir le renforcement de l'approche centrée sur une logique de résultat pour justifier des dépenses (options de coûts simplifiés et paiements sur la base des réalisations et résultats) et non plus sur la régularité de la dépense. Par ailleurs, il convient de soutenir une subsidiarité et une proportionnalité des contrôles effectués. Dans ce cadre, la proportionnalité du contrôle doit s'appliquer à tous types de contrôle.</p> <p>Pour la politique agricole, il est complexe d'identifier un lien concret entre les 2.</p> |
| <p>Question 2.1.1. Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</p> | <p>La mise en cohérence de la Stratégie nationale de recherche (SNR) avec les orientations du programme cadre pour la recherche et l'innovation Horizon 2020 doit permettre d'accroître la performance des programmes européens et nationaux par une utilisation cohérente des soutiens. La France a finalisé en 2015 sa SNR, inscrite dans la loi pour l'enseignement supérieur et la recherche du 23 juillet 2013. Cette stratégie a la double ambition de maintenir la place de notre pays parmi les premières puissances de recherche mondiale et de permettre à la recherche française de répondre aux défis scientifiques, technologiques, environnementaux et sociétaux du XXIème siècle. L'élaboration de la SNR a reposé sur une large consultation de la communauté scientifique et universitaire, des partenaires sociaux et économiques, des pôles de compétitivité, des représentants du monde associatif, des administrations, agences publiques et collectivités territoriales concernées ainsi que de la société civile : l'ensemble de ces acteurs a contribué à faire émerger, au cours d'un processus itératif, les grandes orientations stratégiques de recherche proposées au</p> |

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| | <p>gouvernement et susceptibles d'être déclinées en programmes d'actions prioritaires. La SNR fixe les orientations prioritaires de recherche de notre pays pour répondre à dix défis sociétaux, identifiés en cohérence avec Horizon 2020 : gestion sobre des ressources et adaptation au changement climatique ; énergie propre, sûre et efficace ; renouveau industriel ; santé et bien-être ; sécurité alimentaire et défi démographique ; mobilité et systèmes urbains durables ; société de l'information et de la communication ; sociétés innovantes, intégratives et adaptatives une ambition spatiale pour l'Europe ; liberté et sécurité de l'Europe, de ses citoyens et de ses résidents. L'association de l'ensemble des ministères assure l'articulation de la SNR avec les différentes stratégies nationales ayant un impact sur les grandes orientations de la recherche scientifique (stratégies nationale de santé, de recherche énergétique, de développement durable) et sur notre développement industriel (plans de la nouvelle France industrielle et concours mondial d'innovation). La loi prévoit un bilan et une révision de la stratégie nationale de recherche tous les cinq ans.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>Les S3 mises en place au sein des régions françaises pour la programmation 2014-2020 doivent permettre une mise en cohérence à un niveau stratégique des politiques européennes, nationales et régionales pour la recherche et l'innovation. Les régions françaises ont l'obligation législative de développer une approche plus cohérente d'articulation des politiques et de complémentarité des financements, notamment au bénéfice des projets de recherche et d'innovation et de leurs impacts sociaux économiques, par la validation des schémas SRDEII et SRESRI. Ces schémas sont en cohérence avec la Stratégie Nationale de Recherche (SNR) et la Stratégie Nationale d'Enseignement Supérieur (STRANES). En région, des articulations existent avec d'autres fonds européens (MIE, FED, H2020...).</p> <p>Un séminaire sur la question des complémentarités entre le programme Horizon 2020 et les FESI s'est tenu à Paris le 22 septembre 2016. De nombreux exemples d'articulations trouvées en faveur des projets, au niveau des acteurs institutionnels ou centres de recherche, démontrent que les territoires français développent une approche plus cohérente d'articulation des politiques et des financements.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>Tous les programmes financés par les FESI de la période 2014-2020 sont rattachés aux 11 objectifs thématiques qui sont eux même liés à la stratégie Europe 2020. De ce fait, chaque mesure, chaque opération et chaque projet contribue aux objectifs que s'est fixée l'Union.</p> <p>Pour élaborer leurs programmes, les autorités de gestion françaises ont tenu compte de la réglementation européenne en matière de suivi, de performance et d'évaluation.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI</i></p> | <p>La France a suivi la réglementation européenne pour l'identification des résultats pour chaque programme.</p> |

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| <p><i>Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>OUI.</p> <p>Chaque autorité de gestion a défini ses propres indicateurs de résultats, ceux-ci étant rattachés à la stratégie de chaque programme tel que cela est prévu réglementairement.</p> <p>Les indicateurs de résultat FEDER sont spécifiques à chaque programme.</p> <p>Les indicateurs de résultat FSE peuvent être soit spécifiques à chaque programme soit communs, c'est-à-dire issus de la liste des indicateurs communs FSE définis réglementairement.</p> |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>Pour la période 2014-2020, les règlements européens ont introduit un système renforcé de suivi, de performance et d'évaluation pour chaque programme. Chaque autorité de gestion a identifié des indicateurs de réalisation pour le suivi des projets et des indicateurs de résultat pour le suivi de la stratégie des programmes. Chaque indicateur a des valeurs cibles à 2023.</p> <p>Les rapports annuels de mise en œuvre permettront d'effectuer le suivi général au niveau de chaque priorité d'investissement des réalisations (et de ce fait des indicateurs de réalisations) et des résultats (et de ce fait des indicateurs de résultats). [article 50, du règlement (UE) no 1303/2013].</p> <p>L'analyse de la performance est définie réglementairement [article 22, paragraphes 6 et 7, du règlement (UE) no 1303/2013]. Sur la base d'atteinte des objectifs au niveau d'un axe prioritaire (ou priorité de l'Union) au sein d'un programme, une réserve de performance pourra être débloquée (en 2019 sur la base des rapports annuels de mise en œuvre de 2018). La Commission pourra également sanctionner les États membres en cas d'incapacité importante à mettre en œuvre un axe prioritaire (ou priorité de l'Union), constatée à la suite de l'examen des performances (article 22, paragraphe 6, dudit règlement) et lors de la clôture (article 22, paragraphe 7).</p> <p>La performance sera analysée sur les réalisations et sur l'avancement financier des axes prioritaires ou priorités de l'Union.</p> <p>Les évaluations qui seront conduites permettront notamment d'analyser les résultats et les impacts des FESI sur les thématiques soutenues.</p> <p>Pour ce qui concerne le FEDER, le suivi des réalisations pourra se faire projet par projet. Par contre, le suivi des résultats sera effectué de manière plus globale par rapport aux objectifs spécifiques à un niveau macro. Il n'est pas prévu réglementairement de suivi des résultats projet par projet.</p> <p>Pour ce qui concerne le FSE, le suivi des réalisations et des résultats pourra se faire projet par projet.</p> <p>Les vérifications au niveau des opérations et des projets se font au niveau de chaque autorité de gestion et selon la réglementation</p> |

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| | <p>spécifique à chaque fonds.</p> |
| <p><u>Question 3.1.1.</u></p> <p><i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring on progress achieved towards implementation of Court's recommendations</i></p> | <p>OUI.</p> <p>Le suivi est réalisé pour le FEAGA et le FEADER par le Bureau des Audits et contrôles de la DGPE, il porte sur le déroulement des missions, les observations et les recommandations des auditeurs européens et les suites données.</p> |

Germany

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>expected results from actions that will not always be evident in short-term</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p>1) The main causes of the errors identified with regard to applying the rules on public procurement and State aid are the sheer density of regulations in this area and the constantly increasing complexity of these rules.</p> <p>2) In addition, with regard to public procurement law, the existing regulations must be interpreted ever more narrowly during audits, applying discretion and judgment, based on known audit practice at EU level. However, this often contradicts general requirements and specific circumstances in practice (e.g. the limit of 50 % of the contract value only applies, under the German interpretation, to additional and not to modified services; however, under the ECA's interpretation, this 50 % limit applies to all contract amendments).</p> <p>3) For State aid, it should be noted that many funding areas which traditionally were considered free of State aid are increasingly being judged to have some State aid relevance. This has led to an excessive audit and documentation burden without clear audit criteria being set for the auditing bodies. The application of the exemption rules has also proved to be difficult, as they are full of unclear legal terms and highly complex. It would be advisable to simplify and clarify the rules and to support the authorities and beneficiaries by providing them with guidelines, training and recommended procedures and examples.</p> |
| <p><u>Question 1.1.2.</u> <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>All bodies and authorities responsible for the shared management of the EU budget in Germany emphasise the need to prevent errors. To prevent errors, it is necessary to consistently comply with and apply the requisite rules, including those for public procurement and State aid. In order to achieve this goal, the following measures are essential:</p> <ul style="list-style-type: none"> • Rules should be drafted as clearly, simply and comprehensibly as possible • Provisions (on public procurement, State aid, etc.) must be simplified • Lump sum grants will simplify matters • Authorities (in particular intermediate bodies) and beneficiaries must be provided with all necessary information in good time (= close monitoring) • Support in the form of guidelines and training is vital • Management audits (of public procurement and aid) should be carried out before funds are paid out to beneficiaries if possible • Audits should be based on clearly structured check lists (partly through drawing up own check lists for aid audits) • National State aid experts should be involved in aid audits, as well as before drawing up/checking aid guidelines • The management and control system for the 2007-2013 funding period should be improved; at the same time, management and control mechanisms should be implemented in the 2014-2020 funding period |

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| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas with compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>In general, Germany has practices that work very well in all areas. In addition to strict compliance with EU and national eligibility rules, including those for public procurement and State aid, the following measures have proved successful, particularly for structural funds:</p> <ul style="list-style-type: none"> • Using simplified cost options (e.g. ESF at federal level: as part of the programme implementation for the 2014 2020 ESF Operational Programme (OP) at federal level, the settlement system for five aid guidelines was successfully simplified, so that only personnel expenses, or personnel expenses and professional fees, are settled individually. All other cost items, such as indirect administration and material costs (rent, related charges, depreciation, training costs, etc.) are now settled by applying a flat rate, on top of the personnel expenses and fees settled individually. No supporting documents are required for expenses settled by applying a flat rate.) • Public procurement: administrative checks of core elements before funds are paid out. • Concentration of aid with as few, experienced intermediate bodies as possible • Offering more guidelines and information sheets, increasing training for employees of managing authority and its intermediate bodies |
| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>In general, procedures to prevent, detect and correct errors in Germany have worked and work very well, so that extensive measures to change existing systems are not planned. All systems focus on prevention to avoid the certification and declaration of ineligible expenditure. For deficiencies identified in the past, the procedures will be adjusted to take into account the evaluation results of the competent authorities or the results of Commission or ECA audits.</p> <p>The following measures should also be highlighted:</p> <ul style="list-style-type: none"> • Ensuring no gaps in the audit trail • Carrying out management audits before including expenses in a payment request • Ensuring adequate quality of administrative audits (e.g. ESF at federal level: to ensure adequate quality of checks, the managing authorities will provide the intermediate bodies with their own guidelines for administrative checks. These guidelines will include a template for carrying out audits (check list), as well as a template for documenting audit activities (audit statement). Likewise, the intermediate bodies will be asked, where necessary, to develop procedures tailored to the programme requirements in addition to the principles set out in the guidelines. The managing authority will get an overview of the checks carried out through the DATES II IT system. Intermediate bodies enter audits and audit results into this system, including the type of error detected. In addition, the managing authority currently carries out an annual search of audit activities in the system to gain an overview of the on-the-spot checks performed in individual ESF funding programmes.) |

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| | <ul style="list-style-type: none"> • Early investigation of public procurement procedures implemented • Providing comprehensive check lists for all audit steps (auditing of applications and calls for funds, on-the-spot checks and checks on proof of use of funds) • Recording errors at administrative audit level in a database with data analytics functions and regular updating of check lists. • Partially centralising audits and specialising in administrative audits • Introducing risk management systems to identify critical funding areas • Tighter scrutiny of intermediate bodies |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously declared or certified to the Commission.</i></p> | <p>The management and control systems have also proved reliable for the detection and correction of errors. There are therefore no plans for extensive measures to change existing systems. Regular technical and financial controls are carried out on all projects, including after reimbursement of expenses. On-the-spot checks play a special role by enabling checks on the actual production of co-financed products. Where deficiencies were identified in the past, procedures are being adjusted to take into account the evaluation results of the competent authorities for management and control systems and the results of Commission or ECA audits.</p> <p>The following measures should also be highlighted:</p> <ul style="list-style-type: none"> • Monitoring during the period of appropriation for a specific purpose • Control of tasks allocated to intermediate bodies by assessing projects on a case-by-case basis • Improving the information flow between the audit authority and the managing authority • Communication measures that aim to identify the most frequent sources of errors • Risk management/combating fraud: assessing the existing controls for various risks and the development of action plans, where necessary, to improve controls • Random audits of individual projects prior to issuing the management declaration • Further follow-up of errors with financial implications by the managing authority and its intermediate bodies in the course of administrative checks and in the follow-up to external audits |
| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major</i></p> | <ul style="list-style-type: none"> • Recording errors at administrative audit and audit authority level in a database with data analytics functions • Establishing a risk management system (together with the audit authority) based on the most common sources of error • Linking the annual summary with risk management: analysis of errors detected through controls |

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| <p><i>EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <ul style="list-style-type: none"> • EAFRD action plans |
| <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes. For EAFRD investment, there is a link between the type of expenditure and the error rate. ERDF: Aid based on simplified cost options or contracts, for which contract performance must be checked, is potentially less likely to result in errors than aid based on actually incurred expenditure. In many aid areas, however, aid is only possible for actually incurred expenditure. Depending on the type of expenditure, there are different ways to prove expenditure and its eligibility (sales receipts, fee invoices, salary slips, time sheets, etc.) - this automatically results in varying susceptibilities to error/forgery.</p> <p>No. ESF: no direct link was found between the type of expenditure and the error rate, especially as the share of each type of expenditure in total expenditure depends on the type of programme and is therefore subject to variation.</p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>With its High-Tech Strategy, Germany has been following an ambitious, comprehensive innovation strategy for 10 years that is continuously being further developed. Its experiences with the High-Tech Strategy were channelled into the creation of the Innovation Union (as one of the seven flagship initiatives of the Europe 2020 strategy) and the structure of Horizon 2020. The goal of the High-Tech Strategy is to turn good ideas quickly into innovative products and services to ensure prosperity and quality of life in the long term. It is directed at overcoming social challenges and promotes a broad approach to the concept of innovation. With its objectives of ensuring long-term prosperity and meeting social needs, the High-Tech Strategy fits in well with the priorities of the Europe 2020 strategy and the Horizon 2020 programme.</p> <p>In this context, we should also mention the European Research Area (ERA). The German Government considers further developing the European Research Area to be a powerful driving force for improving Europe's overall scientific performance and its ability to innovate in line with the objectives of the Europe 2020 strategy. With its national ERA strategy, in 2014 Germany was the first European Member State to put forward a roadmap for the further development of the ERA.</p> |

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| | <p>One of the headline targets for the Europe 2020 strategy was to increase expenditure on research and development (R&D) to 3 % of GDP, and this remains crucial today. Germany has nearly reached this objective and has become one of the most innovative and best-performing countries in the world. Its high performance is one of the reasons for Germany's successful record in obtaining funding from the EU's framework research programme.</p> <p>Under the provisions laid down in Regulation (EU) 1303/2013, the ESF Federal aid strategy was based, among other things, on an analysis of social and economic factors, the National Reform Programme, the employment policy guidelines under Article 148(2) TFEU, and the country-specific recommendations under Article 148(4) TFEU laid down by the Council for Germany and existing national and regional strategies. All this influenced the intervention logic, specific objectives, aid distribution, indicators (output and result) and target values. However, linking EU and national priorities to ESIF projects is not enough on its own to lead to more performance orientation.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESF Funds and national programmes .</i></p> | <p>As part of the ERDF programme planning, existing European, national and regional (<i>Land</i>-level) aid programmes were analysed, so that only measures that respect the principle of additionality were included in the OP concerned. Appropriate ex-ante evaluations were carried out beforehand. The thematic objectives and investment priorities are linked to Europe 2020. Consistency with other EU funding instruments such as Horizon 2020, LIFE and COSME, and programmes for transnational and macro-regional cooperation in Europe (e.g. Interreg and the EU's Baltic Sea Strategy) has also been discussed (for each OP) and it has been demonstrated that these instruments can complement each other.</p> <p>To take advantage of synergies and complementarities, various different domestic measures continued to be implemented and further developed for ESF Federal aid.</p> <ul style="list-style-type: none"> • Adjustment of content by the Federal Government and <i>Länder</i> to ensure that the ESF operations are consistent in the planning phase of the Operational Programme; joint participation in the Federal-<i>Länder</i> ESF monitoring committees and regular Federal-<i>Länder</i> meetings. • Establishing substantive synergies and complementarities in the planning phase with the AMIF and FEAD. • Continuing to ensure clear, established and substantive separation between ESF Federal aid, the EAFRD and EMFF; participation in the EAFRD and EMFF monitoring committees at Federal level; • Discussing possible synergies with other EU funding instruments in technical, interdepartmental and Federal-<i>Länder</i> working groups or in expert committees. |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or</i></p> | <p>The starting point of the strategy for each ERDF Operational Programme is the increase in the <i>Bundesland</i>'s contribution towards smart, sustainable and inclusive growth in Europe and to address the common concerns of ESI Fund aid. The thematic objectives and investment priorities set by each <i>Land</i> have already been linked with Europe 2020. Output indicators were introduced at project level. As each priority axis and thus each action is part of an assessment/performance system that provides for meeting specific target values such as result indicators, there is an automatic link with Europe 2020 objectives. That is (basically) why no additional measuring system has been/will be set up.</p> |

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| <p><i>projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>Under the provisions laid down in Regulation (EU) 1303/2013, the ESF Federal aid strategy was based, among other things, on an analysis of social and economic factors, the National Reform Programme, the employment policy guidelines under Article 148(2) TFEU, the country-specific recommendations under Article 148(4) TFEU laid down by the Council for Germany and existing national and regional strategies. All this influenced the intervention logic, specific objectives, aid distribution, indicators (output and result) and target values. Output and result indicators are monitored by an IT-based monitoring and control system with various data analytics functions at OP, programme and project level (target/actual comparisons, efficiency and target group data). There are regular controlling queries that include data delivery on all common and programme-specific output indicators, as well as direct result indicators at project level. In addition, an external evaluation has been commissioned to check whether the qualitative and quantitative individual and strategic objectives have been achieved (particularly for long-term results) - not forgetting the contribution of the Operational Programme to the EU objectives.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>ERDF: Setting milestones and target values for 2023</p> <p>Each ERDF managing authority – generally working with the administrative department of the <i>Land</i> – establishes a coherent set of indicators based on selected thematic objectives and investment priorities, which measures whether the objectives have been achieved using output indicators at project level and result indicators at programme level. If necessary, the impact of the various measures can be measured together with external assessments.</p> <p>ESF:</p> <ul style="list-style-type: none"> • Establishing the intervention logic for ESF Federal aid (specific objectives, indicators, baseline and target values); • Setting up an IT-based monitoring and control system with various data analytics functions at OP, programme and project level (target/actual comparisons, efficiency and target group data); • Regular ongoing controlling queries: these include data delivery on all common and programme-specific output indicators, as well as direct result indicators at project level. Through these regular ongoing controlling queries, all the parties involved should obtain a continuous overview of the implementation stage reached, facilitating the early identification of any objectives not met and, if necessary, the introduction of appropriate steering measures; • Commissioning of an external evaluation to check whether the individual and strategic objectives have been achieved in qualitative and quantitative terms (particularly for long-term results) - not forgetting the contribution of the Operational Programme to the EU objectives. |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result</i></p> | <p>No.</p> <p>ERDF: No result indicators are set at project level (in accordance with the relevant legal bases). Result indicators show any changes to the situation and regularly measure the relative share. It is not possible to do this for individual projects. It is assumed that it takes a certain number of projects before changes become apparent and it is possible to measure them. That is why classic result indicators are</p> |

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| <p><i>indicators at EU project level.</i></p> | <p>only assessed at programme level.</p> <p>ESF: No, result indicators for ESF Federal aid were set solely at programme level. In any case, project promoters generally have to give a short, concise description of the objectives and targets for each project in their grant applications. It is possible to produce a satisfactory assessment of the success of the projects based on the intermediate and final payment request reports submitted.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement of objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>Result indicators have been set for all of the specific objectives in each ERDF OP, and they are updated at regular intervals. At project level, only output indicators are recorded and regularly (automatically) assessed. These audits/assessments are partially carried out by external evaluators.</p> <p>ESF:</p> <ul style="list-style-type: none"> • Establishing the intervention logic for ESF Federal aid (specific objectives, indicators, baseline and target values); • Setting up an IT-based monitoring and control system with various data analytics functions at OP, programme and project level (target/actual comparisons, efficiency and target group data); • Regular ongoing controlling queries: these include data delivery on all common and programme-specific output indicators, as well as direct result indicators at project level. Through these regular ongoing controlling queries, all the parties involved should obtain a continuous overview of the implementation stage reached, facilitating the early identification of any objectives not met and, if necessary, the introduction of appropriate steering measures; • Commissioning of an external evaluation to check whether the individual and strategic objectives have been achieved in qualitative and quantitative terms (particularly for long-term results) - not forgetting the contribution of the Operational Programme to the EU objectives. |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports.</i></p> | <p>Yes.</p> <p>The findings and recommendations in the ECA's annual and special reports that are directed at Germany in relation to the shared management of EU budget expenditure will be officially followed up. The authorities in Germany responsible for the control and management of these funds systematically receive these reports from the ministry responsible, for information purposes and further follow-up, so that all the findings in these reports are available to all those involved in the implementation and monitoring process. The authorities in charge of administering EU funds decide on what lessons to draw from these findings for their respective responsibilities at federal level.</p> <p>Moreover, the relevant federal and regional bodies regularly discuss together the most frequent sources of errors and possible remedies.</p> |

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| <p><i>Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>This also includes the setting-up of thematic federal and regional working groups on the findings of the ECA that are systemic and trans-regional in nature (e.g. the ESIF audit authority's expert group on public procurement and State aid). In addition, the ECA's findings are discussed in the annual coordination meeting between the Commission and German authorities. ECA representatives generally attend these meetings and underscore their recommendations through presentations and question and answer sessions.</p> <p>Moreover, the national authorities concerned carry out a systematic and detailed analysis of the ECA audit reports that are the basis for the annual report and give an in-depth opinion. Any financial corrections required are also carried out. Findings are regularly assessed by the managing authority or paying agency to ascertain whether they point to an individual case or failure at systemic level. Depending on the conclusions drawn, suitable measures are then taken. These can take the form of, for example, special workshops, correction of the audit trail/system description or training for the bodies and authorities concerned.</p> |
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Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

FINANCIAL AUDIT COMMITTEE (EDEL)

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> ➤ <i>complex eligibility rule</i> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> ➤ <i>mistakes in the aid applications</i> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>expected results from actions that will not always be evident in short-</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION | | | | | | |
| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered (OPs in the 2014-2020 NSRF which are funded by the ERDF, the ESF and the CF (Objective 'Investment for growth and jobs')</i></p> | | | | | | |
| ➤ <i>number and complexity of rules and gold-plating</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>complex eligibility rule</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>mistakes in the aid applications</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ | <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>expected results from actions that will not always be evident in short-term</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OPEKEPE – MINISTRY OF RURAL DEVELOPMENT AND FOOD, SPECIAL DEPARTMENT FOR RDP

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>complex eligibility rule</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>mistakes in the aid applications</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

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| <i>weaknesses/deficiencies/errors</i> | | | | |
| ➤ <i>expected results from actions that will not always be evident in short-term</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION

For the 2014-2020 OPs which are funded by the ERDF, the ESF and the CF, within the framework of the objective 'Investment for growth and jobs', a joint management and control system (MCS) was designed and is applied.

On the basis of the 'selections' made in the above table, we would like to point out the following:

- The success of the MCS is directly affected by the EU's regulatory framework. This was the departure point for the design and is a guide in its application. In the 2014-2020 programming period it is estimated that it is a sufficiently strict and complex framework and this constitutes from the outset a risk factor regarding the possibility of simultaneous coverage of all applications by the management and control structures and the beneficiaries during the implementation of the OPs.

The provision of guidance by the EU is, indeed, important. However, the interpretation of regulatory requirements and the provision of technical guidelines for implementing them are often perceived as additional obligations, given that they create greater security in terms of the checks. The EU's guidance notes, although they do not constitute a legal basis for the checks, are often used by the audit bodies (national and/or European) in order to justify cases of non-compliance with the management and control procedures in application. The consequence of this is the creation of regulatory over-complication (gold-plating), promoting guarantees against the future loss of resources.

This fact may affect the results of the checks, since the stricter and more detailed the rules governing the MCS, the more likely it is that deviations and errors will be identified, with possible financial corrections.

- With regard to eligibility rules: the complexity is mainly due to the national institutional framework governing the completion of works and which constitutes the essential element of eligibility.
- Regarding sanctions mechanisms: it is considered that there are inadequate sanctions mechanisms for non-compliance in relation to non-public sector beneficiaries. Ineligible expenditure by these entities in the end constitutes a burden on national resources.
- Finally, it is considered necessary to take more initiatives and for there to be cooperation between the Commission and Member States in order to guarantee genuine simplification for beneficiaries and for the implementation of the OPs.

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| <p>Question 1.1.2.</p> <p>Main lessons learned while addressing the risks and errors for the EU spending.</p> | |
| <p>Question 1.1.3.</p> <p>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</p> | <ul style="list-style-type: none"> • Directives 2014/24/EU and 2014/25/EU on public procurement rules have been transposed into Greek law by Law 4412/2016. Since this law was promulgated in August 2016, the requisite adjustments to the management and control system for the 2014-2020 NSRF will be made over the next year. • Concerning State aid, a structure/special department has been created for the provision of guidelines and the production of instructions concerning how to apply the rules applicable to State aid. Within this framework, coordination is also carried out of the interventions being completed. • In the national rules on eligibility and in the new management and control system (MCS) for the 2014-2020 OPs which are funded by the ERDF, the ESF and the CF (Objective 'Investment for growth and jobs') provision has been made for the use of the possibilities given by the new regulatory framework for the use of flat-rate cost options and their use is encouraged in all possible cases where they may be applied. The same rules stipulate that indirect expenditure/general expenses are eligible only in flat-rate form. In addition, a national network has been set up for these issues investigating cases of actions which may apply forms of simplified management and preparing the documentation for them in collaboration with the relevant administrative authorities. |
| <p>Question 1.2.1.</p> <p>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the</p> | <p>FINANCIAL AUDIT COMMITTEE (EDEL)</p> <p>During the procedure for assessing the compliance of the design of the management and control system (MCS), the control authority (EDEL) ascertained that there was an organised system of administrative verifications procedures. Specifically,</p> <ol style="list-style-type: none"> 1. For transactions excluding State aid (excluding SA), the managing authority/intermediate body conducts an administrative verification on each expenditure declaration sheet submitted by beneficiaries. 2. For transactions excluding SA, the managing authority/intermediate body conducts an on-the-spot verification when the plan is in full operation, with regard to both physical and financial progress. |

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| <p><i>Commission.</i></p> | <p>3. The managing authority/intermediate body conducts an administrative and an on-the-spot verification of all State aid transactions.</p> <p>4. With regard to public procurement, the managing authority/intermediate body implements</p> <ul style="list-style-type: none"> • a procedure for approving the tender announcement • a procedure for approving the assumption of a legal commitment (transactions excluding SA) • a preliminary approval procedure for amending a legal commitment <p>In addition,</p> <ol style="list-style-type: none"> 1. Procedures have been laid down within the MCS for the efficient implementation of similar measures to combat fraud. 2. The IT systems are being developed in the direction of supporting users to avoid errors and enhancing the possibilities for cross-checks on dual financing in relation to State aid. <p>Within the framework of the MCS, the control authority conducts systems checks with the aim of assessing the operation of the administrative bodies. Edel has the MCS assessment guide and in cases where significant deficiencies are identified the appropriate preventive measures are taken within the framework of action plans to improve the system and reduce the risk of errors appearing.</p> <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION</p> <p>The new management and control system for the 2014-2020 NSRF was structured on the basis of the MCS for the 2007-2013 programming period (PP) and incorporated the new requirements of EU and national law for the 2014-2020 PP. Within that framework, the written procedures of the MCS, which are available to all the entities involved, have been improved and strengthened significantly, with the aim of ensuring sound financial management of resources. In particular, for the efficiency of the verifications /checks conducted:</p> <p>The procedures for preventive checks for the ex-ante control of the legality of public procurement continue to constitute the primary tool for the prevention and timely detection of errors and the identification of infringements in the public procurement sector.</p> <p>With regard to administrative verifications which are conducted by the administrative authorities of the OPs on actions and beneficiaries:</p> <ul style="list-style-type: none"> • There is a close connection between the time of completion of the verifications and the drafting and submission of both interim payment claims and the annual accounts and management declarations to the Commission. • The administrative verifications are implemented prior to the declaration of expenditure to the Commission. The on-the-spot checks, which normally operate in addition to the administrative verifications, are conducted in good time, and in every case prior to the submission of the annual accounts, and are conducted on the basis of sampling, taking into account beneficiary and action risk. • The procedures for administrative verifications have been significantly enhanced, placing the emphasis on the correct realisation of the physical subject matter, as a pre-condition for examining the eligibility of the relevant expenditure. <p>The reliability of the verifications and checks is ensured through specific new procedures and actions within the framework of the MCS</p> |
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| | <p>(management statement, annual summary of checks and verifications, annual accounts) which reflect the increased accountability introduced into the new EU regulatory framework for management and control bodies.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</i></p> | <p>FINANCIAL AUDIT COMMITTEE (EDEL)</p> <p>Working towards improving success in the identification of errors in expenditure declared to the Commission, the <u>control authority (Edel)</u> is in the process of updating its methodologies and improving the quality of its control work. Specifically:</p> <ol style="list-style-type: none"> 1. The taking of samples of transactions is planned using stratification methods with the aim of identifying errors by area (stratum) of expenditure. 2. The questionnaire for systems checks and transactions/expenditure for public procurement has been updated. The questionnaire for State aid is to be updated. The new questionnaires are based on detailed checklists and place special emphasis on the coding of questions, on which the findings of the checks are recorded and codified accordingly. 3. The coding of the findings on the basis of Edel's questionnaires will be in line with the classification of errors to be adopted by the Commission. The coding will significantly improve the analysis of errors and the demarcation of risk areas. <p>With regard to the efficient correction of errors, in previous programming periods Edel applied a system for imposing financial corrections and recoveries of amounts unduly paid out (2007-2013 PP – Ministerial Decision 448/0052/4-3-2011 (Greek Government Gazette B' 686/29-4-2011)). During the present stage, Edel has prepared a draft ministerial decision for the updating of procedures to impose financial corrections. The aim is to describe more clearly the person responsible for the error and the person liable for the recovery of sums unduly paid. In addition, within the new framework there is a clearer description of the procedure for imposing cross-cutting corrections with the aim of reducing systemic and/or random risk to tolerable levels.</p> <p>In addition, Edel has an updated 'Manual for the categorisation and addressing of errors and deficiencies'". This manual gives guidelines to auditors on the financial handling of individual errors and any indication of suspicions of systemic errors, so that errors may be demarcated in accordance with their reasons and corrections may be imposed on the person responsible.</p> <p>Additionally, Edel has a system for monitoring compliance of those audited with the auditors' recommendations, which has stood the test of time. Specifically, the findings and the recommendations are recorded in Edel's IT system and a person is designated as responsible for follow-up for each audit. That person assesses the action taken to comply within the period laid down.</p> <p>Finally, the check on accounts which is to be conducted by Edel will help to boost the efficiency of identifying and addressing errors on a timely basis, annually. Within the framework of the annual closure of accounts, Edel's audit policy takes account, among other things, of the rules on net financial corrections by the Commission.</p> <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION</p> |

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| | <p>The control authority, through checks on the accounts and the evaluation of remaining error levels, carries out horizontal corrections on expenditure.</p> |
| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>FINANCIAL AUDIT COMMITTEE (EDEL)</p> <p>Questions (1.3.1 & 1.3.2) Within the framework of the audit strategy, both for the current 2014-2020 programming period and for the previous programming period, 2007-2013, Edel developed a risk assessment method for the checks by the bodies within the joint MCS and the paying agency. This method is implemented and reviewed by Edel at least once in each audit period, and includes the risk analysis model of the bodies to be audited and the definition of risk areas.</p> <p><u>Audit risk model - definitions</u></p> <ul style="list-style-type: none"> • The audit risk is the risk of Edel expressing a wrong opinion on the reliability of the joint management and control system and the legality and regularity of the expenditure declared. The audit risk is given by the multiplicative model in the form $AR=IR*CR*DR$. The audit risk and audit assurance, which is referred to in point 2.2, are complementary concepts. Namely, a low risk means a high assurance, and vice versa. The audit risk is set in advance at a low acceptable level (5 %) so that Edel can express an opinion with a high level of reasonable assurance. • Inherent risk: the likelihood of significant error occurring in the event of internal and external control being absent. • Control risk: the likelihood of the internal control not identifying significant errors. • Detection risk: the likelihood of a significant error not being detected by the external control. <p><u>Risk analysis model for the selection of bodies to be audited</u></p> <p>In each management body and in the paying agency three types of risk may be present:</p> <ul style="list-style-type: none"> • Inherent risk (IR). This is made up of factors such as the expenditure declared by the body to the Commission, the number of OPs in which each body participates, the number of pillars in which it participates and the number of sub-projects which are managed within the framework of the joint management system. Other inherent risk factors are the role of the body which is linked to its possible simultaneous operation as both managing authority and as intermediate body and the complexity of the transactions managed by the body (State aid, public works, financial engineering instruments). For the paying agency in particular, this risk is at the highest level – level 1. • Control risk (CR). This is made up of factors such as the extent of amendment of the management and control system as compared with the previous programming period, 2007-2013, and the quality of internal control arising from the assessment of the fundamental requirements relating to the operation of management and control systems. <p>The IR & CR risks are scored from 0 to 1, expressing the corresponding likelihoods of risk. The inherent risk (IR) and the control risk (CR) jointly define the risk of a significant error occurring in the absence of external control - RMM (Risk of Material</p> |

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| | <p>Misstatement) – which is scored from 0 to 1 and is given by multiplying the IR and the CR together.</p> <ul style="list-style-type: none"> • Detection risk (DR): This is calculated on the basis of the audit risk multiplicative model. <p>Since the audit risk is given by the formula: $AR = RMM * DR$, the detection risk (DR) can easily be προσδιορίζεται determined for each body: $DR = RMM / AR$. We would point out that the detection risk (DR) is used to evaluate the confidence level ($1 - \alpha$ or $1 - DR$) point order to calculate the size of the sample of sub-project files examined during the system audit for each body (see Guidance Note on sampling methods for audit authorities, Unit 8.8 Sampling technique applicable to system audits, Ref: Ares(2013)682308-11.04.2013)</p> <p>The managing authorities and the intermediate bodies are classified in descending ranking on the basis of the risk of occurrence of a significant error and those classified as 'riskiest' are audited as a priority. In order to ensure that all the bodies within the joint system are audited at least once for all the fundamental requirements within the 2014-2020 programming period, the appropriate number of bodies to be audited for each audit period is determined. The bodies which are chosen and audited in one audit period do not participate in the selection of the sample of bodies for the three immediately following audit periods, unless it is considered desirable. In addition to the ranking of the bodies on the basis of the above-mentioned methodology, Edel takes into account additional risk factors for each body, such as:</p> <ul style="list-style-type: none"> • any delay in carrying out the on-the-spot verifications programme, • the observed error from Edel's checks on transactions, • the number of open outstanding recommendations, • the existence of a suspicion concerning fraud in a transaction or transactions managed by the body • the number of well-founded complaints concerning the body. <p>During the annual procedure to select the bodies presenting the highest risk, care is taken to ensure that bodies are audited which manage expenditure both from the ERDF-CF and the ESF. In addition, there is a possibility for the audit authority to give priority to specific categories of bodies, if this is considered necessary. In the event that a decision is taken to give significance, for example, to the bodies which manage State aid or financial engineering instruments, the audit authority determines a certain minimum percentage of bodies for audit which belong to the above-mentioned category. We would point out that, in selecting bodies for audit, priority is given to those which have declared expenditure to the Commission.</p> <p><u>Definition of risk areas</u></p> <p>In addition to the selection of bodies for audit on the basis of the above-mentioned risk analysis model, a qualitative assessment is also carried out of risks in connection with some particular thematic sectors. In addition, risk areas are defined as a result of the qualitative analysis of errors identified in Edel's checks on transactions and system checks, respectively, and in the checks by other national and EU audit authorities. In addition, risk areas may emerge following a complaint.</p> |
| <p><u>Question 1.3.2.</u></p> | <p>FINANCIAL AUDIT COMMITTEE (EDEL)</p> |

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| <p><i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes.</p> <p>Questions 1.3.1 & 1.3.2) Within the framework of the audit strategy, both for the current 2014-2020 programming period and for the previous programming period, 2007-2013, Edelman developed a risk assessment method for the checks by the bodies within the joint MCS and the paying agency. This method is implemented and reviewed by Edelman at least once in each audit period, and includes the risk analysis model of the bodies to be audited and the definition of risk areas.</p> <p><u>Audit risk model - definitions</u></p> <ul style="list-style-type: none"> • The audit risk is the risk of Edelman expressing a wrong opinion on the reliability of the joint management and control system and the legality and regularity of the expenditure declared. The audit risk is given by the multiplicative model in the form $AR=IR*CR*DR$. The audit risk and audit assurance, which is referred to in point 2.2, are complementary concepts. Namely, a low risk means a high assurance, and vice versa. The audit risk is set in advance at a low acceptable level (5 %) so that Edelman can express an opinion with a high level of reasonable assurance. • Inherent risk: the likelihood of significant error occurring in the event of internal and external control being absent. • Control risk: the likelihood of the internal control not identifying significant errors. • Detection risk: the likelihood of a significant error not being detected by the external control. <p><u>Risk analysis model for the selection of bodies to be audited</u></p> <p>In each management body and in the paying agency three types of risk may be present:</p> <ul style="list-style-type: none"> • Inherent risk (IR). This is made up of factors such as the expenditure declared by the body to the Commission, the number of OPs in which each body participates, the number of pillars in which it participates and the number of sub-projects which are managed within the framework of the joint management system. Other inherent risk factors are the role of the body which is linked to its possible simultaneous operation as both managing authority and as intermediate body and the complexity of the transactions managed by the body (State aid, public works, financial engineering instruments). For the paying agency in particular, this risk is at the highest level – level 1. • Control risk (CR). This is made up of factors such as the extent of amendment of the management and control system as compared with the previous programming period, 2007-2013, and the quality of internal control arising from the assessment of the fundamental requirements relating to the operation of management and control systems. <p>The IR & CR risks are scored from 0 to 1, expressing the corresponding likelihoods of risk. The inherent risk (IR) and the control risk (CR) jointly define the risk of a significant error occurring in the absence of external control - RMM (Risk of Material Misstatement) – which is scored from 0 to 1 and is given by multiplying the IR and the CR together.</p> <ul style="list-style-type: none"> • Detection risk (DR): This is calculated on the basis of the audit risk multiplicative model. <p>Since the audit risk is given by the formula: $AR= RMM*DR$, the detection risk (DR) can easily be προσδιορίζεται determined for each</p> |
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body: DR=RMM/AR. We would point out that the detection risk (DR) is used to evaluate the confidence level ($1-\alpha$ or 1-DR) point order to calculate the size of the sample of sub-project files examined during the system audit for each body (see Guidance Note on sampling methods for audit authorities, Unit 8.8 Sampling technique applicable to system audits, Ref: Ares(2013)682308-11.04.2013)

The managing authorities and the intermediate bodies are classified in descending ranking on the basis of the risk of occurrence of a significant error and those classified as 'riskiest' are audited as a priority. In order to ensure that all the bodies within the joint system are audited at least once for all the fundamental requirements within the 2014-2020 programming period, the appropriate number of bodies to be audited for each audit period is determined. The bodies which are chosen and audited in one audit period do not participate in the selection of the sample of bodies for the three immediately following audit periods, unless it is considered desirable. In addition to the ranking of the bodies on the basis of the above-mentioned methodology, Edel takes into account additional risk factors for each body, such as:

- any delay in carrying out the on-the-spot verifications programme,
- the observed error from Edel's checks on transactions,
- the number of open outstanding recommendations,
- the existence of a suspicion concerning fraud in a transaction or transactions managed by the body
- the number of well-founded complaints concerning the body.

During the annual procedure to select the bodies presenting the highest risk, care is taken to ensure that bodies are audited which manage expenditure both from the ERDF-CF and the ESF. In addition, there is a possibility for the audit authority to give priority to specific categories of bodies, if this is considered necessary. In the event that a decision is taken to give significance, for example, to the bodies which manage State aid or financial engineering instruments, the audit authority determines a certain minimum percentage of bodies for audit which belong to the above-mentioned category. We would point out that, in selecting bodies for audit, priority is given to those which have declared expenditure to the Commission.

Definition of risk areas

In addition to the selection of bodies for audit on the basis of the above-mentioned risk analysis model, a qualitative assessment is also carried out of risks in connection with some particular thematic sectors. In addition, risk areas are defined as a result of the qualitative analysis of errors identified in Edel's checks on transactions and system checks, respectively, and in the checks by other national and EU audit authorities. In addition, risk areas may emerge following a complaint.

ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION

Within the context of the Europe 2020 strategy, the Commission adopted the flagship initiative for the creation of an 'Innovation Union', with the aim of improving Europe's capacity to achieve smart, sustainable and inclusive growth with simultaneous bridging of the divide between science and the market, so that the results of research are converted into new products and services. Within the framework of this initiative the concept of the Research and Innovation Strategy for Smart Specialisation (RIS3) stands out, so that the nation as well

Question 2.1.1.

Links between EU priorities in the context of the Europe 2020

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| <p><i>strategy, including Horizon 2020, and national priorities.</i></p> | <p>as every region focuses on improving specific categories of investment which will give the economy a competitive advantage.</p> <p>On the basis of the above and in application of ‘entrepreneurial discovery’ procedures, smart specialisation strategies have been developed at national and regional levels with significant participation by representatives of the quadruple helix. Through the productive dialogue which was developed between the representatives, which will be maintained until the end of the programming period, financial actions were identified which will be enhanced by the NSRF, with the assistance of research and innovation, so that they evolve into high added-value activities in order to lead to smart, sustainable and inclusive growth, contributing to the aims of the Europe 2020 strategy and to enhancing cooperation between European and national policies. The European dimension was one of the factors that was particularly taken into account in developing the priorities of the national RIS3 strategies.</p> <p>In order to strengthen economic activities more successfully, there was a reorganisation of the procedures for completing research projects. Specifically, assessment criteria were adopted which will be used up to 2020:</p> <ul style="list-style-type: none"> • Results and Effects of the proposed plan (Impact) • Scientific and technical standard of the proposed project (Excellence) • Experience and reliability of the beneficiary/beneficiaries and quality and adequacy of the method for carrying out the project (Implementation) <p>and the entire projects management procedure was computerised, from the submission of proposals to the completion of projects. In addition, specifically for information and communication technologies, which have a horizontal aspect in that they affect most if not all other sectors of the economy, the analysis/categorisation was adopted which is described in the Horizon 2020 programme, with identification of the technologies which are of interest for Greece.</p> <p>With regard to research infrastructure, as typically pointed out in the flagship initiative ‘Innovation Union’ within the Europe 2020 policy, research infrastructure is synonymous with investment in the future, and investments in research infrastructure must be based on long-term planning and sound foundations of scientific and strategic priorities in order to guarantee the enhancement of existing research infrastructure of national importance as well as the development of new infrastructure, where required, as a priority in conjunction with the smart specialisation strategy and the European Strategy Forum on Research Infrastructures (ESFRI) Roadmap, creating an attractive environment for research and development through the lens of international cooperation and the promotion of excellence.</p> <p>In December 2014 the Secretariat-General for Research and Technology (SGRT) announced the national strategy and the national roadmap for research infrastructure, comprising 26 national research infrastructure units, with a specific regional dimension and significant interlinking with European and global infrastructure for research and innovation. At the end of November 2016 a reform to the roadmap is expected, which will be fully in line with the national RIS3 strategy, including research infrastructure that will assist all the nation’s priority sectors.</p> |
| <p><i>Question 2.1.2.</i> <i>Measures</i> to</p> | <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION’ SECTION</p> <p>The national RIS3 strategy supports the European innovation strategy named ‘Innovation Union’, contributes to the strengthening of the</p> |

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| <p><i>pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>European Research Area and develops synergies with Horizon 2020, through supporting:</p> <ul style="list-style-type: none"> • Candidates which have a seal of excellence in actions such as the SMEs Instrument, the ERC and joint actions with COSME. • European priorities which are consistent with national priorities, and the facilitation of participation by the country in international joint actions such as the ERA-nets, joint programming initiatives (JPIs) in collaboration with the policies and actions of other jointly responsible ministries, joint actions with industry and other Member States (e.g. joint technological initiatives / Jus, Eureka/Eurostars), and the knowledge innovation communities (KICs) of the European Institute for Innovation and Technology. • European infrastructure in the ESFRI roadmap through the national roadmap of research infrastructure. |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION</p> <p>We consider that a link between EU measures, actions or projects and the priorities of the EU / the aims and targets of the Europe 2020 strategy has already been achieved, since the programmes were drawn up on the basis of the regulations for the 2014-2020 programming period, where the priorities of Europe 2020 are reflected in the framework of the thematic aims, which have clearly been incorporated into the Ops. At the same time, the linking was guaranteed through procedures to harmonise the Community acquis and the inflexible delays arising from the directives. The link was strengthened within the framework of developing the intervention philosophy for the programmes.</p> <p>Performance evaluation concerning the aims of the Europe 2020 strategy will take place on the basis of the indicators which have been laid down in the NSRF 2014-2020 partnership agreement, and will be published in the annual reports for the 2017 and 2019 programmes, and in the partnership agreement's progress reports. The performance evaluation methodology is currently being developed.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION</p> <p>During the process of planning the programmes, a working group was formed at national level to draft the uniform system of indicators for the NSRF 2014-2020 for the ERDF, ESF and CF and to coordinate with the EAFRD and the EMFF. The working group issued guidelines and drafted instructions in order to support the departments involved in drafting the 2014-2020 OPs to develop the intervention philosophy and to choose suitable output and results indicators. Within this framework, the working group laid down a specific timetable and procedures so that the programmes would clearly publish the intervention philosophy and in order for there to be a greater focus on results.</p> <p>In addition, within the framework of the uniform system a unit is being developed with the requirements for effective monitoring of the indicators and coverage of all reporting requirements within the framework of the European structural and investment funds.</p> <p>In order to achieve results, a key aim is the fulfilment of the ex-ante conditionalities. Addressing these is at the core of cooperation with all the departments responsible or involved. For the requirements regular information a report is drawn up, which highlights in detail progress on the basis of the actions plans that have been incorporated into specific OPs.</p> |

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| | <p>The actual impact of the work carried out will be evaluated by the impact assessments to be carried out after the actions have been completed.</p> <p>For the EAFRD, the Commission has laid down a specific system of indicators for progress monitoring and impact assessment.</p> |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION</p> <p>In the regulation of joint provisions there is no legal requirement imposed on the Member States to lay down indicators of results at the project level. On the basis of the Commission's new definition of impact and given that there is no linear relationship or clear link between each project and one results indicator, the definition of results indicators at project level is not considered to be good practice. The project's contribution to achieving the aims set will be assessed when the impact assessments are conducted. However, since for certain results indicators, because of their nature (e.g. journey time), the aim achieved was directly related to the particular aim, it has been decided that in the project's technical sheet there can be the possibility for the final beneficiary to define a target price at project level for the results indicator.</p> <p>Exceptions are the ECF's direct effect indicators, where by definition the indicators laid down for the Social Fund within the framework of the regulations by the Commission directly link the result with the project carried out.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>ECONOMIC, SOCIAL AND TERRITORIAL COHESION' SECTION</p> <p>The monitoring of attainment of the aims at project level has been laid down within the framework of the management and control system, through the use of standardised documents, which exist and are kept in electronic form within the integrated information system. At project level there is information on the setting of objectives and progress in achieving objectives in the action datasheet, the monthly expenditure declaration sheet and the main instruments, which are the indicator achievement sheet and the administrative verification sheet for indicator achievement. The monitoring of attainment of the aims is the responsibility of the managing authorities of the operational programmes, the procedure is coordinated by the national coordination authority for the NSRF and it is published in the implementation reports which are submitted annually to the Commission. Within the framework of the system for measuring impact, particular attention has been paid to the monitoring of the impact framework, and to providing information to the beneficiaries (information that is appropriate to the invitation, detailed and well-considered indicator ID sheets) in order to ensure a procedure for the accurate measurement of indicators and the correct completion of all the forms and references.</p> <p>The monitoring of the output and results indicators in the responsibility of the managing authorities of the operational programmes, the procedure is coordinated by the national coordination authority for the NSRF and it is published in the implementation reports which are submitted annually to the Commission.</p> |
| <p>Question 3.1.1. <i>Framework or a system for the</i></p> | <p>FINANCIAL AUDIT COMMITTEE (EDEL)</p> <p>Yes.</p> <p>On the basis of Presidential Decree No 111/29.08.2014 the audit authority (Edel) (body within the Ministry of the Economy) monitors</p> |

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| <p><i>follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>the checks by the European Commission, the European Court of Auditors and other European bodies. With regard to the checks by the European Court of Auditors, Edel has a database in which the findings and recommendations are recorded. A person is designated as responsible for monitoring each recommendation, and that person coordinates the framework of recommendations for the improvement and compliance of the management and control system.</p> |
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Hungary

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | weaknesses/deficiencies/errors | | | | |
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| <p>Question 1.1.2. Main lessons learned while addressing risks and errors for the EU spending.</p> | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Based on the comments and recommendations made during the (internal and external) audits, we are continuously improving the system and aim to minimise risks. For the purposes of avoiding and ending the risks and errors set out in point 1.1.1, ongoing communication between the Member State and the EU is important, just as the development and application of publications and guides that help provide a uniform interpretation, which should be made available to applicants and beneficiaries.</p> <p>Based on the restructuring of the institution system carried out in 2014, the Public Procurement Supervision Department (PPSD) of the Prime Minister's Office is the Hungarian body performing the horizontal control of public procurement procedures financed from EU funds. Its work was subjected to a horizontal audit performed by the Commission in 2014 and 2015. As a result of the audit, the Commission established that the "management and control system" of the involved operational programmes "works, but certain improvements are required (category 2)". According to the Commission, the PPSD filters out a large number of possible irregularities. As a general comment, the Commission requests the PPSD to continue this process, to take an active role in ensuring open, fair, and transparent competition, and to especially emphasize the cost-benefit ratio. According to the Commission, action against potential irregularities during controls are necessary especially in the following areas: the application of discriminatory or disproportionate conditions for selection, directly granting contracts based on reasons not in line with directives, and incorrectly shortened deadlines for submitting proposals. Based on the above, the Hungarian authorities have taken the necessary measures, e.g. a ministerial communication was published in December 2014 that decreased the number or reduced the scope of the objectionable selection conditions pertaining to references, experts, financial data, and machinery. The PPSD also integrated the factors requested by the Commission into the control measures it implements and published numerous guides/guidelines on the palyazat.gov.hu website to inform beneficiaries of good practices.</p> <p>It is important to ensure that persons deciding on aid be aware of the applicable State aid rules and of the conditions that the EU State aid legislation expects to be met. Including questions on whether the conditions for State aid are met in the application form for aid could help, while developing State aid guidelines could help the work of decision-makers.</p> <p>In 2015, the Directorate General for Audit of European Funds (DGAEF) performed a system audit of State aid rules, which included an examination of whether all draft calls for proposals were submitted to the minister responsible for examining State aid as regards EU competitiveness (State Aid Monitoring Office, SAMO) prior to the announcement of the respective calls for proposals, in accordance with Article 17(1) of Government Decree 37/2011 of 22 March on the procedure relating to state aid within the meaning of European Union competition law and the regional aid maps. It was established on the basis of the calls for proposals published in the reviewed period and of the SAMO positions available to the audit that, in accordance with Government Decree 37/2011 of 22 March, the parties</p> | | | | | |

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| | <p>providing aid ensured that SAMO positions were requested. The acquisition of SAMO positions is a priority requirement before publishing calls for proposals.</p> <p>In the interest of managing the risks and errors identified by the audit authority, the audited parties had to put suitable measures in place and inform the audit authority thereof by way of reports. On the basis of these reports, the audit authority monitors the recommended proposals. The results are included in the annual audit reports and the system audit reports for the following year. In summary, the majority of the above proposals were implemented.</p> |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>The Prime Minister's Office, as the coordinating body, prepared a methodology guideline for the settlement of the lump sum and the average costs based on it in the 2014-2020 period. Consultation was held with the Managing Authority and the audit authority on the guideline. In the 2014-2020 calls for proposals, the Managing Authorities devoted special attention to applying the simplified settlement guidelines as far as possible.</p> <p>In the 2014-2020 period, the percentage values of the various indirect costs were limited in the national guideline for eligible costs, e.g. for project preparation, project management, etc.</p> <p>During the use of the EU aid provided in the present 2014-2020 programming period, the Prime Minister's Office developed a methodology guideline on behalf of Managing Authorities for examining the conformity of eligible costs to market prices, to thereby increase the effectiveness of audits. The guideline is generally applicable and presents specific methods in order to develop a unified and effective approach for Managing Authorities. Once the additional proposals made by the audit authority during its 2016 system audit have been processed, the methodology guideline will significantly aid in examining compliance with market prices.</p> <p>In accordance with point 2.3 of the Hungarian Partnership Agreement concluded by the European Commission and the Hungarian Government in September 2014, a detailed Public Procurement Action Plan has been drawn up in consultation with the Commission, in the interest of fulfilling the applicable ex ante conditionalities set out in Annex XI, Part II, point 4 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council. The Action Plan included the following measures:</p> <ul style="list-style-type: none"> • in the interest of informing Beneficiaries, summaries and public procurement sample documents regarding the requirements validated by the Prime Minister's Office's audit of the PPSD were made public on the https://www.palyazat.gov.hu/kozbeszerzesi_segedanyagok website, |

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| | <ul style="list-style-type: none"> • the Prime Minister's Office held and participated in numerous conferences to inform Beneficiaries, • the communication of the Minister heading the Prime Minister's Office published on 2 December 2014 limited the selection criteria that can be set regarding revenue, references, experts, and machines/equipment, and also introduced the obligation of accepting technically equivalent references. <p>One of the most important measures and most significant results in implementing the Action Plan was the passing of the new Public Procurement Act and its entry into force on 1 November 2015. By passing the new Public Procurement Act and its implementing regulations, Hungary was the first of the EU Member States to transpose all three of the new EU public procurement directives. These pieces of legislation were the result of wide social dialogue. By passing the new Public Procurement Act and the related implementing decrees, a total of 7 measures undertaken in Action Plans were implemented before the deadline of 31 December 2015. The enactment of the new Public Procurement Act set out the above limitations on sales revenue and reference requirements in law. Numerous measures of the new legislation also serve to take competition to another level and increase transparency in Hungarian public procurement.</p> <p>Managing Authorities receive continuous training in the field of State aid; by way of the State aid publication available on the internet and on its website, the State Aid Monitoring Office (Hungary's central body responsible for adherence to EU State aid rules) provides information on changes in the rules pertaining to EU State aid. "State aid panels" were developed to facilitate the announcement of calls for proposals. Thus, if the Managing Authority has decided on the applicable aid category, it can automatically insert the applicable rules in the call for proposals. A separate chapter in the aid requests deals with adherence to State aid rules in the interest of filtering out non-conforming projects as early on as possible. In addition, the SAMO inspects the contents of all calls for tenders before they are announced; if the text changes, the inspection has to be repeated.</p> |
| <p><u>Question 1.2.1.</u> <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>The Managing Authorities perform fraud risk assessment every year, in accordance with Commission guidelines. Based on experiences gained thus far, the Audit Authority continuously increased the size of the audited sample, in accordance with the expectations of the European Commission.</p> |
| <p><u>Question 1.2.2.</u> <i>Further measures</i></p> | <p>A special function was created and put in operation in Hungary's IT system to prevent fraud and ease risk assessment. To effectively uncover errors, the Directorate General for Audit of European Funds continuously monitors the audits performed by the</p> |

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| <p><i>to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or certified to the Commission.</i></p> | <p>European Commission and the ECA as well as the guidelines issued by the Commission. Based on the above, the efficiency-increasing factors were integrated after our auditing methodology was reviewed.</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>The wider application of simplified cost options could be a step forward in the area of errors characteristic of cohesion policy. Hungary is devoted to expanding the use of SCOs.</p> <p>The findings of audit bodies are taken into consideration when developing rules pertaining to first level control and audit lists; they are also integrated into the trainings help for employees.</p> <p>Every year in the 2014-2020 period, the Managing Authorities had to draw up summaries on the first level controls performed in the various financial years. This annual summary will contain an analysis of the uncovered irregularities and the corrective measures.</p> <p>As regards CAP, the ratio of error is continuously monitored: if it exceeds 2 %, measures are implemented to decrease their level. The control and monitoring of measures is continuous, with regular feedback provided to the Commission on their fulfilment or integration into the process.</p> |
| <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment,</i></p> | <p>No.</p> <p>In cohesion policy, expectations regarding results have to be met, which requires a completely different approach.</p> <p>No relationship between the error level and the payment bases can be proven in the area of the CAP.</p> |

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| <p><i>social affairs and inclusion).</i></p> | |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>The domestic S3 three national specialisation is in line with the three H2020 pillars: research with a system approach - exceptional science, intelligence manufacturing - leading industrial role, sustainable society - societal challenges. This harmony promotes a performance, quality, and result oriented approach, competition, and specialisation in uncovered market niches.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>In the case of proposals entitled “Supporting the R+D+I activities of undertakings”, financed from the Economic Development and Innovation Operational Programme (GINOP) (for applicants outside of Budapest and Pest County) and the Competitive Central Hungary Operational Programme (VEKOP) (for applicants in Budapest or Pest County), undertakings not financed in the calls for proposals of the Horizon 2020 framework programme that received a Seal of Excellence were awarded additional points in their evaluation.</p> <p>Complementarities and synergies are validated by means of the programme portfolio of the National Research, Development and Innovation Fund (NRDI Fund), financed by Hungary. This fund is partly used to supplement the Central Hungary region Research, Development and Innovation Fund (GINOP) calls for proposals that received less funding from the ESBA. The Fund is also a source for programmes that are difficult or impossible to finance from OP sources. These latter are generally special basic research tenders and plans that help participation in international tenders.</p> <p>The NRDI Fund is used to finance competitive tenders that were awarded the highest number of points in the Horizon 2020 framework programme but did not receive funding from due to the insufficiency of funds:</p> <ul style="list-style-type: none"> • “Horizon 2020 SME development tool tender (SME_15)”, which aims to provide aid to those small and medium-sized enterprises that were deemed to reach the technical threshold in the international evaluation of phase 1 of the Horizon 2020’s SME development tool announced by the European Union, but did not receive aid due to a lack of funds; • “Call for proposals related to the tender announced for domestic aid linked to the European Research Council (ERC) tender for researchers”, which promotes the implementation of the research programme in Hungary, the professional development of the applicant, and subsequent successful tendering in aid schemes announced by the ERC by supporting researchers and their host institutions who/that participated in the aid schemes announced by the ERC (Starting Grant (StG), Consolidator Grant (CoG), and Advanced Grant (AdG)), where they were found to be of high quality by the international jury and made it to the second |

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| | <p>round but were not awarded aid.</p> <ul style="list-style-type: none"> • “Call for proposals for gaining experience at a research group supported by the ERC”, which aims to promote the even more successful applications of researchers in aid schemes announced by the ERC (Starting Grant (StG), Consolidator Grant (CoG), and Advanced Grant (AdG)), thus increasing the amount of ERC aid received by Hungary and the international recognition of Hungarian researchers and research institutions. The call for proposals provides a possibility for researchers in a legal relationship with a Hungarian research institution to spend three months with a research group that is led by an StG, CoG, or AdG winner in the interest of doing research work and gaining experience. This allows researchers to gain hands-on experience on how to compile a successful ERC application, lead a research team supported by the ERC, and submit a successful ERC application after they return home. |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>All Operational Programmes were planned by taking into account the targets set out in the common EU Regulations on the implementation of the various funds; all OPs were also approved by the European Commission.</p> <p>Hungary’s institutional system plans, implements, and tracks the various actions by taking into consideration the developed common EU performance framework. The preparation of the annual implementation reports to be submitted to the Commission, thus the 2019 implementation report which indicates compliance with the performance framework, is performed in close cooperation with the Managing Authorities and the central monitoring unit. The absorption table prepared by the Monitoring and Evaluation Department in cooperation with the Managing Authorities presents the financial development and developments in indicators in the 2014-2020 period; the table compares absorption development with the meeting of indicators to enable timely interventions (with a focus on the per framework, performance reserve, and the meeting of 2018 targets).</p> <p>A policy commenting system was set up for the research, development and innovation projects, which includes anonymous experts to reach targets by comparing projects. To provide a connection with the targets of the EU H2020 programme, GINOP’s result indicators include the number of successful Hungarian participants in the Horizon 2020 framework.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>The Annual Development Framework (ADF), manifest in the form of a government decree, was integrated into the institution’s procedural order. For every single operational programme, the annual development framework designates the main nodes of implementation (e.g. envelopes, justification, method and time of advertisement, possible applicants, eligible activities, situation assessment, intervention logic, planned indicators and their target values, technical expectations). The absorption table mentioned above, which compares absorption development with the meeting of indicators to enable timely interventions, strengthens the success-oriented approach.</p> |
| <p>Question 2.2.3.</p> | <p>Yes.</p> |

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| <p><i>Member actions to define or improve result indicators at EU project level.</i></p> | <p>The factors applicable to the creation, quality assurance, and performance tracking of indicators have been set out in a government decree.</p> <p>Among others, the government decree sets the following requirements for calls for proposals:</p> <ul style="list-style-type: none"> - they are to contain at least one indicator included in the programme. - they are to contain common indicators relevant to the given call for proposal. - they are to contain only the indicators that are essential for measuring progress, and only in a justified amount. <p>The minister responsible for the use of EU funds is responsible for creating, in cooperation with the involved Managing Authority, the indicators in a monitoring and information system.</p> <p>The compulsory elements of the grant agreement are indicators, their target values and deadlines, and the clear, traceable definition of the horizontal requirements applicable to the project. Government Decree 272/2014 also provides clear instruction on monitoring the fulfilment of and the tasks of indicator milestones. Such measures include, for example, recovering funds from the project promoter if an indicator is not met. The beneficiary may only decrease the target value of an indicator if the amount of aid is also proportionality decreased. If any indicator for a project does not reach 75 % of the value defined in the grant contract, the amount of aid will be decreased and the beneficiary is obligated to return the proportionate amount of aid, with the exception of force majeure.</p> <p>On-site inspections include checking the meeting of the indicators undertaken in the project and of project-level milestones. The Managing Authority may require that annual maintenance reports be submitted by the beneficiary for a period of five years (or three years for SMEs) from the time set out in the grant contract. If a maintenance obligation has been set out for the project, the beneficiary shall report annually on the meeting of indicators. If the beneficiary is bound by a maintenance obligation and undertook to meet indicators and provide data in the maintenance period, the reporting obligation shall be set out. The maintenance report is to include reports on the indicators undertaken for the maintenance period, the fulfilment of horizontal requirements set out in the contract, on developments in any revenues, and on the operability of the project.</p> |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement at EU objectives at EU measure, operations or</i></p> | <p>1. Monitoring and Evaluation Task Force (METF)</p> <p>The Monitoring and Evaluation Task Force (METF), which covers the institutions system, monitors the indicators, policy indices, and horizontal requirements created in the monitoring and information system. The thematic objectives that the funds were used for are also presented at the sitting of the Partnership Agreement's (PA) Monitoring Committee.</p> <p>* The Partnership Agreement's Monitoring Committee established on the basis of Government Decree 272/2014 of 5 November on</p> |

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| <p><i>project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>providing aids from EU funds in 2014-2020 ensures harmony and coordination between the operational programmes financed from CSF Funds, and also tracks the meeting of targets defined in the Partnership Agreement and of horizontal principles and policies.</p> <p>The Monitoring Committee's horizontal task force supports it in the tasks related to the validation of horizontal principles and policies; its work is directed by the organisational unit supervised by the minister responsible for the use of EU funds.</p> <p>The Monitoring Committee will hold meetings as necessary, but at least twice a year. In the interest of monitoring and validating the performance of horizontal targets and requirements, it discusses the success of the implementation of horizontal principles and policies at the programme level at a separate meeting held at least once a year. The permanent members of the Partnership Agreement's Monitoring Committee are made up of various government bodies, ministries, local government associations, and national organisations interested in development policy.</p> <p>The European Commission (DG Regional and Urban Policy, DG Employment, Social Affairs and Inclusion, DG Agriculture and Rural Development, DG Maritime Affairs and Fisheries), the Hungarian State Treasury, the Directorate General for Audit of European Funds, etc. are included amongst the organisations that delegate permanent members participating in a consultant capacity.</p> <p>2. Central monitoring unit (Monitoring and Evaluation Department)</p> <ul style="list-style-type: none"> • monitors the meeting of performance framework indicators on a monthly basis, in cooperation with the Managing Authorities; • compares the absorption and indicator-level progress in the interest of providing a possibility for intervention while in progress and for making decisions to attain EU targets (absorption table). <p>Government Decree 272/2014 sets out the resolution of the minister responsible for the use of EU funds, which include the following:</p> <ul style="list-style-type: none"> • in cooperation with the MA, monitors the professional development of programmes, with especial regard to the meeting of indicators; provides methodological support for acquiring and generating the data necessary for generating indicators; examines the progress of indicators; prepares regular reports for the Government on all of the above in order to avoid losses of funds; has the given MA comment on such report as regards its technical aspects, • coordinates the tasks related to the forwarding of the annual implementation report, the annual advertising schedule, and the financial data to the Commission; provides a schedule, a common form, methodology, and a database for Managing Authorities, • in cooperation with the MA, determines the principles for allocating performance reserves, • supervises the performance framework that ensures project-level priority milestones are reached and monitors the reaching of milestones. |
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| | <p>3. Working plan and its monitoring</p> <p>The Government has approved a working plan containing commitment and payment plans. In regard to the above, a report is prepared for the Government on the fulfilment of the plan by the fifteenth of each month. The submitted document also contains the recommended measures for overcoming arrears compared to the plan, if necessary.</p> |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes.</p> <p>Articles 13-14 of Government Decree 370/2011 of 31 December on the internal control system of public budgetary organisations and on internal audits regulates the framework of monitoring. An action plan was drawn up as a result of the audits conducted by the ECA. The head of the audited body and the body involved in the proposal are responsible for its implementation and reporting on the implemented measures. The head of the budgetary body provides for the coordination of external audits and keep records on the implementation of action plans created on the basis of external audit recommendations. Based on the records, the head of the budgetary body reports, by 31 January of the year following the target year, to the head of the body leading the chapter and the head of its internal audit.</p> |

Ireland

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | | | |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| | <p>➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i></p> <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Ag / ESF | <input checked="" type="checkbox"/> ERDF / EMFF | <input type="checkbox"/> |
| <p><u>Question 1.1.2.</u> <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>Primarily, the Irish Authorities need to better utilise the expertise within the Commission for clarification on any eligibility issues.</p> <p>The importance of highlighting where eligibility criteria have changed between the various programming periods.</p> <p>The importance of keeping informed on the outcome of emerging case law and its relevance in respect of procurement compliance.</p> <p>When designing programmes the importance of de minimis and GBER in order to simplify the compliance criteria.</p> <p>Reduce gold plating at EU and national levels.</p> | | | | |
| <p><u>Question 1.1.3.</u> <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>Minimising the risk of error by maintaining consistency and minimum change between the eligibility rules across the various programming periods.</p> <p>Identifying in advance those projects/operations where more complex procurement issues may arise and providing direct assistance with the procurement process for those projects/operations.</p> <p>Importance of de minimis and GBER when designing programmes.</p> <p>Being selective in the type of costs claimed from EU despite what amounts have been paid out to beneficiaries i.e. do not attempt to claim from EU all costs (cost types at high risk of EU level errors) paid and incurred by beneficiaries.</p> <p>It is too early to state whether new 2014-2020 practices introduced will be ‘success stories’.</p> | | | | |
| <p><u>Question 1.2.1.</u></p> | <p>ERDF: Using more comprehensive and prescriptive checklists has resulted in greatly reduced Error rates.</p> | | | | |

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| <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>ESF: An increased move towards a minimum statistical error threshold as part of the management verifications (similar to Audit Authority approach to transaction testing).</p> <p>EMFF: Strengthening of management verification checks and improved future training and guidance provided to all bodies involved in the implementation of EMFF OP 2014-2020. Revised procedure manuals for all bodies involved to take account of any recommendations made by Audit Authority and DG MARE auditors.</p> |
| <p>Question 1.2.2.</p> <p><i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or certified to the Commission.</i></p> | <p>A revised Debt Management Policy and Procedure document was put into effect in October 2015 which is aimed at improving the detection and correction of errors.</p> <p>ESF: The existing system already has a retrospective approach, in that when management verifications on current claims identify errors that are potentially in previous claims corrective actions on those claims are also taken.</p> <p>ERDF: Continue with proactive approach and regular reviews of checklists to ensure that the checklists in use are up-to-date.</p> <p>EMFF: As above.</p> |
| <p>Question 1.3.1.</p> <p><i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>ESF: Increased use of the EU reimbursements of non-pay costs based on a co-financing flat rate of direct staff costs.</p> |

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| <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes.</p> <p>The correlation between the basis for payment and the level of error is evident. In instances where the payment basis is more static, such as in areas where calculations are based on entitlements that are not subject to much variation over time, the level of error tends to be low. However in more complex schemes such as those which involve the submission of information such as invoices and receipts to form the basis of the payment, the risk of errors arising is much higher.</p> <p>The ESF experience is that the more complex the basis and rules for payment the greater the risk of errors being related to such payments. However, for the ERDF, the level of error increases whenever there is a significant delay between project implementation and certification.</p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Ireland's national Research and Innovation priorities are set out in the Research Prioritisation (RP) programme which spans the five year period 2013-2017. RP identifies 14 areas of market opportunity for Ireland that are the focus of investment in publicly performed research, directed towards economic outcomes. In addition, RP identifies six platform Science and Technologies necessary to underpin research in the Priority Areas. RP is also Ireland's Smart Specialisation strategy.</p> <p>The RP strategy was developed over the period 2011-2012 and was strongly influenced by the emerging themes and structure of Horizon 2020. Therefore, the national and EU programmes are strongly aligned. The Government departments and State agencies driving and funding the national programme are also the bodies responsible for Ireland's participation in Horizon 2020. These Government departments and State agencies are represented on a cross-Government committee, the High Level Group (HLG) on Horizon 2020, which is responsible for national oversight of Ireland's performance in Horizon 2020. This tight coupling, both at the strategic and operational levels, between the national and EU programmes enables Ireland to maximise the synergies between the two programmes.</p> <p>The co-funded 2014-2020 Operational Programmes are based on an intervention logic that links Member State objectives to EU2020 targets and a justification process that took place as part of the selection of co-funded activities based on achieving common National and EU objectives.</p> <p>Furthermore, measures supported in the OPs are linked to performance through the use of indicators.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and</i></p> | <p>The synergies are being investigated.</p> <p>See response to 2.1.1 above.</p> |

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| <p><i>complementarities between ESI Funds and national programmes .</i></p> | |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>See response to 2.1.1. above.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>Developing a 2014-2020 IT system to capture common indicator data to increase the monitoring and evaluation of results and overall programme objectives.</p> |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. For the ERDF, result indicators are defined at activity level and are reported to and monitored by the Monitoring Committees. ESF require long term result indicator data (6 months after completing co-funded intervention) that will be used to assess the performance and future funding of activities.</p> |
| <p><u>Question 2.2.4.</u></p> | <p>The 2014-2020 IT system will capture indicator data to increase the monitoring and evaluation of results and overall programme objectives.</p> |

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| <p><i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes. The Commission communicates the ECA's recommendation through various EU level forums and also during structured bilateral Commission/Member State meetings. These communications are sometimes followed up as part of recommendations in formal letters from the Commission seeking details on the implementation of same.</p> |

Italy

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | | | | |
| <ul style="list-style-type: none"> ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ complex eligibility rule | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | weaknesses/deficiencies/errors | | | | | | |
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| <p>Question 1.1.2. Main lessons learned while addressing the risks and errors for the EU spending.</p> | <p>➤ expected results from actions that will not always be evident in short-term</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| <p>Question 1.1.3. Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</p> | | | | | | <p>Question 1.2.1. Further measures to enhance the effectiveness of the</p> | |

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| <p>checks carried out before declaring or certifying expenditure to the Commission.</p> | |
| <p>Question 1.2.2. Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</p> | |
| <p>Question 1.3.1. Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</p> | |
| <p>Question 1.3.2. Relationship between the basis</p> | <p>Yes – if "Yes" please describe No – if "No" please give reasons why not</p> |

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| <p><i>for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU</i></p> | |

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| <p>measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</p> | |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes – if " Yes" please describe them No – if "No" please give reasons why not</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU</i></p> | |

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| <p><i>measure, operations or project level.</i></p> | |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes. In the case of matters that require changes to the procedures, the competent authority is immediately involved. It will then update the reference provisions.</p> |

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
|---|--------------------------|---------------------------------|---------------------------------|--------------------------|
| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> ➤ <i>complex eligibility rule</i> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> ➤ <i>mistakes in the aid applications</i> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| | <p><i>for non-compliance</i></p> <ul style="list-style-type: none"> ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> ➤ <i>need of more or better resources and administrative capacity building</i> ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> ➤ <i>expected results from actions that will not always be evident in short-term</i> | | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| | <p>The eligibility conditions and requirements set out in EU legislation are open to different interpretations, these conditions/requirements are excessively regulated and Member States are given practically no discretionary power/flexibility in the implementation of aid measures (operational programmes are very detailed), so the process of preparing, implementing and modifying operational programmes is heavy, complex and lengthy, giving rise to an unnecessary additional administrative burden, which leads to an increased risk of error.</p> <p>In Latvia's case the main cause of the persisting risks and errors relates to the issue of compliance with EU and Member State public procurement legislation. During the 2007–2013 programming period, of all the errors ascertained by the Court of Auditors, 36 % were linked to infringements in the area of procurement, 25 % were linked to shortcomings in project implementation (defects, technical performance, etc.) and 14 % were errors concerning infringements of expenditure eligibility conditions.</p> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>On the basis of the governing regulations, and in the light of experience gained during previous programming periods, Latvia has drawn up guidelines on expenditure eligibility and these have been approved by the authorities involved in EU fund administration. In comparison to the previous programming period, one positive aspect is that the transfer of all the specific support objectives of an operational programme to one liaison body has reduced the possibility of differing interpretations and means of application. The Commission's methodological materials (simplified cost guidelines), working groups and explanations are helpful in finding solutions to specific problematic situations encountered by Member State authorities.</p> <p>The authority responsible for the area of public procurement reacts proactively to changes in EU-level statutory legislation, by incorporating modifications into national statutory legislation and methodological materials and providing clarifications both to authorities involved in EU fund administration and to the recipients of financing. Where any derogation from the provisions of Commission Directives is found, the situation is rectified and the applicable practice is assessed and improved.</p> <p>In Latvia all State aid conditions are incorporated in the relevant State aid programme and Cabinet regulations.</p> |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public</i></p> | <p>To assess the experience gained during the 2007–2013 programming period relating to the use of simplified costs, the Ministry of Finance commissioned an evaluation, the conclusions of which were taken into account for improving the use of simplified costs in the 2014–2020 programming period, since previous experience shows that the considered and justified use of simplified costs considerably reduces the administrative burden of those receiving financing, and also speeds up the absorption of funds. The Commission also supports the use of simplified costs and suggests they are used as much as possible, thereby concentrating more on achieving results rather than reporting standard expenditure. In order to ensure the common practical application of simplified costs, for the 2014–2020 programming period the Ministry of Finance, as the managing authority for the European Union Structural Funds and Cohesion Fund, has drawn up three methodologies for the use of simplified costs (methodologies for unit payments, indirect rate payments, and single payments in the 2014–2020 programming period), which are available on the EU fund website (www.esfondi.lv). These methodologies substantially reduce the administrative burden for those responsible for developing methodologies and provide for a common approach for the development of methodologies on a national level. Provisions on a national level stipulate that indirect costs can be calculated</p> |

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| <p><i>procurement legislation, and compliance with State aid rules.</i></p> | <p>only using the 15 % flat rate for indirect costs, and the use of unit costs is becoming ever more popular as competent authorities begin to appreciate the benefits of using simplified costs.</p> <p>The principle of the one-stop shop has been introduced, i.e. project selection and monitoring are conducted by a single agency, and IT systems have been updated/enhanced (an electronic application system and geospatial applications have been created), which help to reduce the risk of errors and duplicate declarations with regard to direct payments/area payments. A greening calculator has been developed, and individual electronic project application platforms have been created, for example LEADER.</p> |
| <p><u>Question 1.2.1.</u> <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>Controls have been enhanced by developing even more detailed check sheets, introducing IT tools that both reduce the number of errors when a recipient of financing is making a project application, and facilitate the monitoring of projects and communication. For example, the acceptance of direct payment/area payment applications is only carried out electronically using the electronic application system, the geospatial application system is used and controls are carried out remotely using satellite images.</p> |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or certified to the Commission.</i></p> | <p>Random data checks are used in connection with reports, and where errors are identified relating to expenditure that has already been declared, the possibility is considered of making a correction to the subsequent declaration, excluding this expenditure.</p> |
| <p><u>Question 1.3.1.</u></p> | <p>Quality controls, risk analyses and staff training take place. Risk baskets relating to area payments are analysed annually and corrected</p> |

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| <p><i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>where necessary. Risks and irregularities are collated. Provision is made for risk assessments in project measure administration procedures.</p> |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>No. We believe that the level of error is dependent on the nature of a project rather than expenditure. Investment-type support measures entail a much higher risk of error than direct payment/area payment support measures, because the implementation of investment support measures is complex, broad-ranging and lengthy, is based on the performance of complex, detailed checks and is human-resource intensive.</p> |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>The five main priorities of the Europe 2020 strategy (employment, innovation, education, poverty reduction and climate/energy) are defined in Latvia's EU fund programming documents.</p> <p>The operational programme 'Growth and employment' defines the following priority axes:</p> <ul style="list-style-type: none"> • employment and worker mobility; • research, technological development and innovation; |

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| | <ul style="list-style-type: none"> • education, skills and lifelong learning; • promoting social inclusion and combating poverty; • the shift towards a low-carbon economy in all sectors. <p>Objectives are set out in detail for each priority axis and individual monitoring indicators are defined alongside the specific support objectives the Government intends to achieve through the implementation of each project. Hence, to ensure a common approach towards achieving specific support objectives, indicators, and in turn also ES2020 objectives, the common criterion for the selection of project applications stipulates a focus on performance and on the monitoring indicators defined in the operational programme.</p> <p>Within the framework of specific support objective 1.1.1. 'Increasing the research and innovation capacity of Latvia's scientific institutions and their ability to attract external financing by investing in human resources and infrastructure', there are plans to develop the R&D infrastructure to facilitate practical research and technology transfer at research institutions in line with the Smart Specialisation Strategy (RIS3); the main users of this infrastructure will be scientific staff. Synergy and demarcation with respect to the Horizon 2020 programme will also feature within the framework of specific support objectives, with the aim of promoting closer cooperation between scientific institutions and industry and enhancing international cooperation in line with the Guidelines on science, technological development and innovation (ZTAI), particularly in complementarity with the Horizon 2020 Spreading Excellence and Widening Participation activities (twinning and networking measures, the European Research Area Chairs initiative (ERA Chairs)).</p> |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>Coordination with other support instruments has been incorporated into programming documentation and in certain specific support objective implementation rules, for example, a common criterion is set out in the project application selection criteria. The mechanism for implementing specific support objectives, including synergy with other instruments, is being discussed by subcommittees.</p> |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or</i></p> | <p>The Europe 2020 strategy's five main priorities (employment, innovation, education, poverty reduction and climate/energy) and main objectives are defined in Latvia's EU fund programming documents (see the answer under point 2.1.1).</p> |

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| <p><i>projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>The focus on performance and on the monitoring indicators defined in the operational programme are stipulated in the common criteria for project application selection, which are discussed within the framework of subcommittee procedures (see the answer under point 2.1.1).</p> <p>A continuous evaluation system has been developed for the purposes of EAFRD and EMFF assessment/evaluation and has been in operation since the 2007–2013 programming period; the system was created on the basis of the main operational principles of the common monitoring and evaluation system defined by the European Commission. Continuous evaluation includes any activity relating to evaluation, collation and updating of indicators – overall context indicators, impact indicators, priority area and performance indicators – and gathering of information, and also thematic evaluation relating to the EAFRD and the EMFF.</p> |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes.</p> <p>Result indicators are defined in operational programmes. During the specific support objective project implementation process, where it emerges that result indicators must be improved so as to ensure more targeted results, the possibility is assessed of putting forward operational programme proposals.</p> <p>In the case of the EAFRD, result indicators are reviewed under the continuous assessment system (thematic assessments, annual implementation reports).</p> | |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU</i></p> | <p>In addition to the aforementioned points relating to the measuring system aspects of the planning phase (see the answer under 2.1.1), in order to ensure monitoring of priority axes, investment priorities, specific support objectives, implementation of measures and achievement of results with respect to the achievement of investment finance, outcome and result indicators and of the main implementation phases (including with regard to satisfying the performance framework in 2018 and 2023), laid down in programming documents and the statutory legislation on the implementation of specific support objectives, and the implementation of horizontal principles, including the monitoring of horizontal principle indicators:</p> <ul style="list-style-type: none"> • each year the managing authority draws up EU Fund financing and performance scenarios, coordinates these with the liaison body and the responsible authorities and submits them to the Government (these scenarios include performance, outcome and result indicators as stipulated in operational programmes, and also specific outcome indicators laid down at national level and up to specific support objective level). 2016 scenarios were discussed by the Cabinet on 22 March 2016. • project implementation agreements with financing recipients provide that recipients of financing must ensure that the objectives specified in the project, project operational result and monitoring indicators and, where applicable, horizontal principal indicators are | |

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| <p><i>measure, operations or project level.</i></p> | <p>achieved.</p> <ul style="list-style-type: none"> in accordance with their remit as laid down in legislation, the authorities involved in managing EU projects must ensure monitoring at all levels of progress towards achieving the intended objectives and indicators (e.g. responsible authorities – on the level of priority axes and specific support objectives; liaison bodies – on project level), and where necessary they must proactively initiate measures to improve a given situation. Once a year the responsible authorities and liaison bodies submit to the managing authority analytical reports, indicating inter alia potential risks and any necessary coordinated action. In its regular half-yearly report to the Government and the annual report to the European Commission, the managing authority includes an extensive analysis and where necessary also proposals for improving the situation. in addition, each month the managing authority monitors the financial progress of specific support objectives (including performance framework financial indicators) and publishes the relevant information at http://www.esfondi.lv/finansu-un-raditaju-plani-to-izpilde; it also provides information on the progress of investments to the Government (once a month) and the Parliament [Saeima] (once a quarter). all the information on objectives and indicators that is required for monitoring is stored in the EU Cohesion Policy Fund management information system (KP VIS). <p>The basic principles of the monitoring system are laid down in Cabinet Regulation No 108 of 24 February 2015 on the Procedure for monitoring and evaluating the implementation of European Union Structural Funds and the Cohesion Fund, and for creating and operating the Cohesion Policy Fund management information system for the 2014–2020 period, in the managing authority’s Guidelines No 2.6 on the basic principles and procedures for the operation of the European Union Structural Funds and Cohesion Fund monitoring system for the 2014–2020 programming period, and also in other documents of the authorities involved in EU fund management.</p> <p>All the necessary operational/project level data for EAFRD and EMFF assessment/evaluation are stored in the common central information system developed by the Rural Support Service, and also by the Central Statistical Board (CSP), by Eurostat, in the Farm Accountancy Data Network (SUDAT), in the aggregated economic database for agriculture (LEK) and elsewhere. The attainment of defined objectives is monitored within the framework of the continuous evaluation system, and on competent authority level using all available indicators that characterise operations.</p> |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA’s recommendations addressed to</i></p> | <p>Yes.</p> <p>Recommendations put forward as a result of ECA audits are implemented on the basis of the findings set out in reports, and their implementation is coordinated by the European Commission. Hence, once a required measure has been carried out, the Member State notifies the Commission and the ECA. On a national level, the exchange of information between the ECA and stakeholder bodies is coordinated by the National Audit Office.</p> |

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| <p><i>Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Meetings are organised between the Ministry of Agriculture and the Rural Support Service at which ECA recommendations and their implementation are analysed. Whenever necessary, the National Action Plan on reducing the error rate is updated and this is also forwarded to the European Commission; the Plan includes the ECA's recommendations, the measures planned by the Latvian authorities, implementation deadlines, etc. Monitoring of ECA recommendations is carried out using the National Action Plan on reducing the error rate. The Latvian National Audit Office also monitors ECA reports and recommendations.</p> |
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Lithuania

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | | | | |
| <ul style="list-style-type: none"> ➤ number and complexity of rules and gold-plating | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ complex eligibility rule | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none"> ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | | | | | | | | |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

| | weaknesses/deficiencies/errors | | | | |
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| <p>Question 1.1.2. Main lessons learned while addressing the risks and errors for the EU spending.</p> | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> <p>Pursuant to Article 56(4) of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 2006, p. 25), as amended by Regulation (EU) No 423/2012 of the European Parliament and of the Council of 22 May 2012 (OJ L 133, 2012, p. 1) (hereinafter Regulation (EC) No 1083/2006) (subject to exceptions provided for in the specific Regulations for each Fund, Member States are entitled to lay down at national level the rules on the eligibility of expenditure which cover the entirety of the expenditure declared under the operational programme), at national level the general provisions governing project expenditure enabling them to be recognised as declarable to the European Commission are laid down in the rules on the compliance with expenditure and financing requirements of projects carried out under Lithuania's 2007-2013 strategy for the use of European Union structural aid and the operational programmes implementing it, approved by Government Resolution No 1179 of 31 October 2007 on the rules on the compliance with expenditure and financing requirements of projects carried out under Lithuania's 2007-2013 strategy for the use of EU structural aid and the operational programmes implementing it ('the rules on eligibility of expenditure').</p> <p>The specific requirements relating to the terms applicable to project expenditure eligibility are laid down in the corresponding project financing conditions, the drafting and approval of which – under subparagraph 7.2.6 of the rules on the distribution of responsibilities and functions between institutions with regard to the implementation of Lithuania's 2007-2013 strategy for the use of EU structural aid and operational programmes, approved by Lithuanian Government Resolution No 1139 of 17 October 2007 on the rules on the distribution of responsibilities and functions between institutions with regard to the implementation of Lithuania's 2007-2013 strategy for the use of EU structural aid and operational programmes ('the responsibility rules') – are delegated to the Ministries and/or other state bodies competent under the terms of their remit for economic sectors co-financed from EU funds ('the Ministries'). The Ministries, as provided for in paragraph 24 of the rules on eligibility of expenditure, can lay down in the project financing conditions more severe restrictions regarding compliance with expenditure and financing requirements than those established in the rules on eligibility of expenditure.</p> <p>The Ministry of Finance, as the managing body, pursuant to subparagraph 5.3.1 of the responsibility rules, provides institutions with clarifications and methodological instructions about the applicability of legal provisions. For example, the Ministry of Finance has drawn up recommendations regarding the compliance of project expenditure with financing requirements, providing an explanation of how European Union and Lithuanian legislation must be applied so as to ensure the correct evaluation of eligible project expenditure (publicly available on the European Union structural support website www.esparama.lt).</p> <p>With respect to the 2014–2020 financing period, pursuant to Article 65(1) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, the basic requirements for the eligibility of expenditure are laid down in the rules for the administration and financing of projects, approved by Order No 1K-316 of 8 October 2014 of the Lithuanian Minister for Finance on the approval of the rules for the administration and financing of projects ('2014-2020 RAFF').

Also, the Ministry of Finance, as the managing body, in accordance with subparagraph 4.7.1. of the rules on the distribution of responsibilities and functions between institutions with regard to the implementation of Lithuania's 2014-2020 Operational programme for Investments from the European Union Funds, approved by Lithuanian Government Resolution No 528 of 4 June 2014 on the distribution of responsibilities and functions between institutions with regard to the implementation of Lithuania's 2014-2020 Operational programme for Investments from the European Union Funds (the 2014-2020 responsibility rules), has drawn up Recommendations on the compliance of project expenditure with European Union Structural Fund requirements ('the Recommendations'), approved under protocol No 34 of 4 July 2014 of the management committees of the Operational Programme for the Development of Human Resources, the Operational Programme for Economic Growth, the Operational Programme for the Promotion of Cohesion, and the 2014-2020 Operational Programme for Investments from the European Union Funds. The Recommendations explain how European Union and Lithuanian legislation must be applied so as to ensure the correct identification and evaluation of eligible project expenditure in accordance with the principle of sound financial management. The Ministries and implementing bodies, in undertaking the functions delegated to them under the 2014-2020 responsibility rules, apply the Recommendations when evaluating project applications and adopting decisions on the eligibility of expenditure (publicly available on the European Union Structural Fund website www.esinvesticijos.lt).

In an endeavour to ensure the correct implementation of operational programmes under the requirements arising from EU legislation, and to prevent infringements in the area of public procurement, the Public Procurement Office is involved in the 2014-2020 European Union Structural Fund administration system, as was the case during the previous financing period, and pursuant to the Lithuanian law on public procurement, the Public Procurement Office is responsible for the implementation of public procurement policy and for monitoring compliance with the Law on public procurement and the legislation linked to its implementation, applying preventive measures, providing consultations regarding public procurement matters, and administering the Central Public Procurement Information System.

With the aim of ensuring that management inspections are conducted correctly and in due time, the Ministry of Finance, as the managing body, has incorporated provisions into national legislation laying down the procedure for checking project promoters' public procurement documents, and has approved the public procurement check sheet template (the public procurement check sheet template was approved under protocol No 19 of 29 May 2015 of the 2014-2020 European Union Structural Fund administration working group, established in accordance with Order No 1K-243 of 11 July 2013 of the Lithuanian Minister for Finance on the establishment of a working group).

Furthermore, with a view to preventing infringements in the field of public procurement, improvements are due to be made to the Central Public Procurement Information System during the 2014-2020 European Union Structural Fund administration period, enabling

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| | <p>intermediate bodies to exercise more effective control over public procurements being conducted using the tools of the Central Public Procurement Information System.</p> <p>The Lithuanian Competition Council is involved in the administration of the 2014–2020 European Union Structural Funds with the aim of ensuring compliance with competition principles and preventing State aid infringements. The Competition Council advises authorities and project promoters on matters relating to the application of competition policy and State aid, analyses State aid projects and organises training. With a view to improving State aid control and compliance with legislation on the granting of State aid, the Ministry of Finance, as the managing body, carries out checks at two levels – at the level of the priority implementing measure under the 2014–2020 Operational programme for Investments from the European Union Funds (by completing a general State aid check sheet (the template for the check sheet on State aid and the presence or absence of <i>de minimis</i> aid was approved by protocol No 8 of 27 June 2014 of the 2014–2020 European Union structural support administration working group, established in accordance with Order No IK-243 of 11 July 2013 of the Lithuanian Minister for Finance on the establishment of a working group)), and at project level (by completing the check sheet for project compliance with State aid rules (the template for the check sheet on project compliance with State aid rules is approved by ministries together with the project financing conditions on the basis of check sheet templates provided by the managing body, or the check sheet template on project compliance with <i>de minimis</i> aid rules approved under protocol No 17 of 24 April 2015 of the 2014–2020 European Union structural support administration working group).</p> <p>Education. Complex interpretation of European Union legislation relating to State aid (Communication from the Commission – Framework for State aid for research and development and innovation, 27 June 2014 (2014/C 198/01) and Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty). Useful experience was gained from other EU Member States during international events and visits for sharing best practice.</p> |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public</i></p> | <p>Simplified cost options are due to be used during the 2014–2020 financing period. Project expenditure can be reimbursement using the simplified cost option where unit costs, fixed sums or flat rates are applied. Paragraph 428 of the 2014–2020 RAFF states that expenditure reimbursed using the simplified cost option is eligible for financing if the possibility of using the simplified cost option was stipulated in advance (before the conclusion of the project agreement) in the project financing conditions, clearly indicating the area of application of the simplified cost option. Adequate preparation for the use of simplified costs helps ensure that expenditure incurred during project implementation is recognised as eligible for financing.</p> |

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| <p><i>procurement legislation, and compliance with State aid rules.</i></p> | |
| <p><i>Question 1.2.1.</i> <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>In order to improve the effectiveness of on-the-spot checks in Lithuania, provision is made for risk management control measures to facilitate verification of their correct implementation. Under national legislation governing the administration and financing of European Union Structural Funds on-the-spot checks of each project are mandatory at least once during their implementation period (the only exceptions being cases where assurance can be obtained through the results achieved (e.g. documents drawn up, etc.) without visiting the site, or using a selective method agreed with the managing body or the certifying body).</p> <p>The internal procedures of intermediate bodies, governing all the functions of those bodies and the control measures to be carried out, are subject to continual monitoring and improvement, taking into account the shortcomings identified by the bodies themselves, amendments to legislation and the observations of the audit authority and other observations made during the course of inspections. The check sheets designed to be completed during the course of inspections and while conducting on-the-spot checks are detailed, separating out each individual aspect of eligibility, and require the action taken to be not only stipulated, but also described (what was evaluated and/or checked while carrying out the action). The check sheets provide detailed instructions to employees with the aim of ensuring uniform interpretation of the questions. As with the internal procedures, check sheets are subject to continual monitoring and improvement with a view to maximum possible identification of discrepancies.</p> <p>For the purpose of monitoring the functions assigned to intermediate bodies, representatives of the managing body can take part in on-the-spot checks at the site of project implementation and/or administration together with the employees of the implementing body so as to gain assurance that the implementing body is conducting inspections appropriately. No significant discrepancies were identified during inspections conducted in 2015.</p> <p>Inspections and on-the-spot project checks by intermediate bodies (implementing bodies) are complemented by various measures for preventing infringements and reducing risk (e.g. training for applicants and project promoters, preliminary inspection of selected documents, consultations, etc.), with the aim of informing project promoters at the earliest possible stage about any requirements they must comply with and the possible negative consequences in the event of non-compliance.</p> <p>For the purpose of enabling further checks on the transparency of decisions adopted, amendments to the 2014–2020 RAFFP are currently being initiated, enabling public representatives to participate in on-the-spot checks at the site of project implementation and/or</p> |

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| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or declared to the Commission.</i></p> | <p>administration .</p> |
| <p>With the aim of identifying and rectifying errors relating to expenditure previously declared to the European Commission or previously certified, the managing body sends to the certifying body a statement on the functioning of the EU 2007–2013 structural support management and control system, on the compliance of expenditure to be declared with the rules laid down in Community and national legislation and on the procedures and inspections conducted by the managing body relating to expenditure indicated on expenditure declarations (using the form approved under Order No IK-013 of 26 January 2009 of the Lithuanian Minister for Finance approving the form for the report of expenditure to be recognised as declarable to the European Commission, the statement on the functioning of the EU structural support management and control system, the compliance of expenditure to be declared with the rules laid down in Community and national legislation, and the procedures and inspections conducted by the managing body relating to expenditure indicated on declarations of expenditure) (the MCS statement), the provisions of which have been coordinated with Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (OJ L 371, 27 December 2006, p. 1).</p> <p>When completing the MCS statement, the managing body verifies the information logged in the information system (SFMIS) on the implementation of recommendations made during management and control system audits by the European Court of Auditors, the European Commission, the audit authority and other authorities and/or undertakings, and investigations into alleged infringements. The MCS statement must indicate whether any substantial errors were observed relating to expenditure recognised as declarable to the European Commission when analysing reports on management and control system audits by the European Court of Auditors, the European Commission, the audit authority and other authorities and/or undertakings, including draft reports provided in official correspondence, which would affect the declaration of expenditure to the Commission, and the actions taken to rectify these errors.</p> <p>With the aim of ensuring that only eligible expenditure is declared to the Commission, the managing body cooperates with the law enforcement authorities (e.g. the Special Investigations Service, the Financial Crime Investigation Service), which keep the managing body informed about any pre-trial investigations they are conducting. The MCS statement must present all information held by the managing authority received through official correspondence and via the Lithuanian electronic service portal www.eteismas.lt, and published on the websites of law enforcement authorities (the Special Investigation Service, the Financial Crime Investigation Service) and in electronic news media, relating to ongoing legal proceedings, their progress and results, and pre-trial investigations by the Special Investigation Service and the Financial Crime Investigation Service.</p> <p>Pursuant to the entitlement accorded under paragraph 70 of the Rules on the administration and financing of operational programmes, approved under Lithuanian Government Resolution No 1225 of 12 November 2008, the certifying body withdraws (reduces) certain expenditure and/or does not declare it if, in view of the information in its possession on identified and unresolved infringements, the results of its inspections, and the observations and recommendations made during audits by the audit authority, the European Court of Auditors and the European Commission, it cannot endorse the expenditure as declarable to the European Commission.</p> | |

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| | <p>On the basis of the proven practices of the 2007–2013 programming period, a similar administration system and requirements are being applied in the 2014–2020 programming period, i.e. an MCS statement and other documents are received from the managing body, and the certifying body, when drawing up interim payment applications to the European Commission under paragraph 160 of the Rules for the administration of the 2014–2020 Operational programme for Investments from European Union Funds, approved under Lithuanian Government Resolution No 1090 of 3 October 2014 (the Rules on OP administration), taking into account the information in its possession on expenditure which is allegedly ineligible for financing and/or for declaration to the Commission, reduces the amount of expenditure declared to the Commission and/or does not declare to the Commission new expenditure included in documents submitted to the bodies; and when drawing up accounts for the Commission under paragraph 171 of the Rules on OP administration, taking into account the information in its possession on expenditure which is allegedly ineligible for financing and/or declaration to the Commission, the recoverable funds identified, suspected and/or identified and unresolved infringements relating to expenditure declared to the Commission during the reference year, the results of its own and the managing and implementing bodies' inspections, the results of audits and/or inspections by the audit authority, the European Court of Auditors, the European Commission and other authorities, reduces, by the amount of the alleged ineligible expenditure, the amount of project expenditure declared on payment applications to the European Commission and included in the bodies' annual accounts for the reference year submitted to the certifying body.</p> |
| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>In order to improve the effectiveness of checks on payment requests in Lithuania, provision is made for risk management control measures to facilitate verification of their correct implementation.</p> <p>On a national level, the implementing body is responsible for checks on payment requests, the verification of all supporting and proof-of-payment documents and determination of financing eligibility.</p> <p>The checking and approval of payment requests is carried out in accordance with the description of the procedure for checking and approving payment requests approved by the implementing body and with the principles of sound financial management (paragraph 123 of the 2014–2020 RAFP).</p> <p>As already indicated in paragraph 1.1.3, during the 2014–2020 financing period national legislation lays down that when drawing up plans for priority implementing measures under the 2014–2020 Operational programme for Investments from the European Union Funds and laying down project financing conditions, all intermediate bodies must assess the possibility of applying the simplified cost option to projects. During the 2014–2020 financing period a flat rate schedule has been laid down for indirect expenditure for projects funded from the EU Structural Funds (project administration expenditure) (Annex 10 to Order No 1K-316 of 8 October 2014 of the Lithuanian Minister for Finance on the approval of the rules for the administration and financing of projects). All indirect expenditure for projects will be funded only on the basis of a flat rate.</p> <p>The 2014–2020 RAFP (paragraph 280) stipulates that project financing cannot be paid to a project promotor further to a final payment request unless the implementing body has conducted an on-the-spot check (except where such a check does not have to be conducted in accordance with legislative provisions).</p> |

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| <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p><i>See response to question 1.3.1.</i></p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>The Ministry of Education and Science notes that, in accordance with the European Commission's figures for September 2016, the success rate for participation by Lithuanian participants in Horizon 2020 (H2020) projects is around 11 per cent, while the EU Member State average is 14 per cent.</p> <p>In an endeavour to encourage participants from Lithuania to participate more actively in H2020 projects, the following measures are being implemented:</p> <ul style="list-style-type: none"> • To invite expressions of interest in the measure 'Spreading of excellence and widening participation' under the 2014 EU Horizon 2020 Framework Programme for Research and Innovation (2014-2020), the Ministry of Education and Science, in cooperation with the Research Council of Lithuania, prepared a preliminary call for applications, with the aim of harmonising H2020 and national priorities. The applicants who made the best selected preliminary applications (Kaunas University of Technology and the Centre for Physical Sciences and Technology) were granted the right to submit their applications to the European Commission. The application 'Centre of Excellence in Science and Technology for Healthy Ageing (HEALTH-TECH)' by the consortium consisting of Kaunas University of Technology, the Lithuanian University of Health Sciences and the University of Vilnius reached the second stage. • Since 2014 the Research Council of Lithuania has been granting support to research and higher education institutions preparing H2020 applications. The amount of support (ranging from EUR 597 to 5 792) depends on the applicant's role in the H2020 application, the means of making the application and the result of an assessment of the application. • 2014 saw the launch of the Baltijos Bonus measure aimed at encouraging research and higher education institutions from the Baltic countries to participate together in joint Horizon 2020 programme projects. The Baltijos Bonus measure operates on the condition that if the project has at least one partner from Latvia or Estonia, EUR 1 000 is granted to cover the costs of |

preparation. The measure is being implemented by the Agency for Science, Innovation and Technology (MITA) using funds from the Ministry of Education and Science.

- In 2016, the TYKU2 project is being implemented using EU Structural Fund financing, with the aim of enhancing the skills of scientists and other researchers from the research and business sectors and research managers (administrators responsible for the preparation and implementation of international RD&I projects) which are necessary for initiating and administering international RD&I projects, including H2020 projects. The measure is being administered by the Ministry of Education and Science and implemented by the MITA, with the Research Council of Lithuania acting as partner.
- To encourage research and higher education institutions to prepare high-quality applications for H2020, in 2016 a measure was launched to cover the costs of obtaining consultancy services for the preparation of H2020 applications. The funds available for the preparation of each H2020 application are up to EUR 20 000 (including all taxes). This measure is being implemented by the MITA using funds from the Ministry of Education and Science.

Planned measures aimed at encouraging Lithuania's participants to increase their involvement in H2020 projects:

- A draft Methodology for evaluating research (artistic) activity by research and higher education institutions is currently being drawn up. This measure aims to increase the basic financing for bodies coordinating H2020 projects.
- A measure planned to be funded from EU Structural Funds – preparation of an international research cooperation itinerary.
- On the basis of other countries' experience, a liaison office is planned to be established in Brussels which would organise seminars, provide organisational assistance and seek out contacts for the purpose of enhancing Lithuanian research on an international level.

When Lithuania became an EU Member State, it appointed representatives to the European Strategy Forum for Research Infrastructures (ESFRI), and it has been participating in this forum since 2004. Pursuant to the draft R&I development guidelines drawn up in 2010, in 2011 the Research Council of Lithuania compiled and published the first Lithuanian research infrastructure roadmap, which seeks to establish national long-term R&I development strategy axes and priorities for Lithuanian national involvement in the European research infrastructures included in the ESFRI roadmap that are of relevance to the country. In 2012 the Lithuanian Minister for Education and Science approved the description of the procedure for participation in international infrastructures.

In 2014 the Research Council of Lithuania, at the request of the Ministry of Education and Science, updated this roadmap, bringing in new infrastructure projects. In updating the roadmap, experts from the Research Council also evaluated the correlation between all the national infrastructures and Lithuania's smart specialisation priority axes. All the infrastructures that appear in the updated roadmap implement one or more smart specialisation priorities.

In 2013–2014 Lithuania became a member of the European Social Survey European Research Infrastructure Consortium (ESS ERIC) and the Research Infrastructure Consortium for Common Language Resources and Technology (CLARIN ERIC). Since 2015 Lithuania has been participating in the European Molecular Biology Laboratory (EMBL) as an affiliated (prospective) member state, and in 2016 it became a member of the European Molecular Biology Conference (EMBC). The procedure for joining to the High – Luminosity Large

Hadron Collider HL-LHC (CERN programme) is also progressing successfully.

According to the Agency for Science, Innovation and Technology, the first priority selected under the 2014–2020 Operational programme for Investments from the European Union Funds (the Operational programme) is Promotion of research, experimental development and innovation. This is designed to enhance the synergy between business, studies and research, and is being used to develop the country's economic competitiveness. To this end investments are planned in the development of the infrastructure for public and private research, experimental development and innovation (RD&I) directly relating to the enhancement of competitiveness, and linking it more closely to regional and European research infrastructure networks. RD&I financing aims to achieve more effective use of the existing RD&I infrastructure for enhancing economic competitiveness, and also more active engagement of Lithuanian research potential in European and international networks of research institutions and researchers. By implementing this first priority, specific challenges are being addressed: more active use of the existing and newly evolving research, experimental development and innovation infrastructure, enhancing RD&I activity in the private sector, enhancing the degree of knowledge commercialisation and technology transfer. These challenges are linked to the priorities set out under the H2020 programme, in particular the first and second priorities 'Excellent Science' and 'Industrial leadership', which promote high-level research and support innovative small and medium-sized business and research in the areas of industrial technologies.

All the planned investments are coordinated with the needs of the business sector, and investments in RD&I infrastructure focus on infrastructure necessary for the creation of new products and their establishment in the market. The necessary infrastructure is also being created to enable effective experimental development and to enhance the scope of marketable research results; investments are being made in infrastructure aimed at engaging Lithuania in European infrastructures. In working towards these aims, as recommended by the European Commission, not only are European Structural and Investment funds being consolidated, but use is also being made of other initiatives, including the Horizon 2020 programme.

As is the case in the Europa 2020 strategy, the 2014–2020 National Progress Programme, approved under Lithuanian Government Resolution No 1482 of 28 November 2012, presents a research and technological development intensity indicator, with the aim being to increase Lithuania's investments in RD&I to 1.9 % of the gross domestic product by 2020. Under the Horizon 2020 programme this performance indicator is 3 %. With a view to focusing on performance, a variety of indicators have been established for monitoring the implementation of the operational programme's first priority, for example 'Business sector expenditure on R&D per inhabitant', 'Patent applications by research and study institutions', 'Number of researchers working in improved research infrastructure facilities', etc.

The Lithuanian Partnership Agreement addresses the coordination mechanism for the ESI Funds and other EU and national financial instruments (Horizon 2020, Europa 2020, etc.).

With the aim of making more effective use of the possibilities offered by the ESI Funds, monitoring is undertaken of the complementarity of the ESI Funds with appropriate national strategic programmes financed from the national budget. In 2012 the Lithuanian Government approved the National Progress Programme (NPP) which is designed to implement the National progress strategy 'Lietuva 2030'. This programme incorporates not only the most important provisions of national policy, but also the main EU

Question 2.1.2.

Measures to pursue synergies and complementarities between ESI

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| <p><i>Funds and national programmes .</i></p> | <p>policy provisions set out in the Europe 2020 strategy. It also includes all sources of financing, i.e. not only ESI Funds, but also other sources of financing, including the national budget. NPP priority coordinators must ensure that the implementation of priorities is monitored, and all the institutions responsible for implementing specific objectives, analysis of the achievement of evaluation criteria targets, and entry of factual data in the monitoring information system are involved in this monitoring. The 2014–2020 Operational programme for Investments from the European Union Funds was drawn up on the basis of the NPP.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>For the 2014–2020 financing period, where intermediate bodies have planned specific measures implementing the aims and objectives laid down in an operational programme, the managing body has conducted an evaluation of each measure's compliance with the objectives and results set out in the operational programme. In accordance with the requirements of national legislation, during the evaluation of each project a selection criterion must be applied in common to all projects, i.e. the project's compliance with the objectives and results laid down in the operational programme. The selection criteria endorsed by the monitoring committee help to ensure the impact of projects and achievement of the results set out in the operational programme. When intermediate bodies present selection criteria for endorsement, the managing authority verifies whether applying the criteria will result in the selection of projects that will make the best contribution towards achieving the operational programme's priority objective and its results.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>An indicator system has been created in Lithuania, incorporating the indicators laid down for an operational programme, as selected on the basis of European Commission methodological documents, and also the national indicators that supplement operational programme indicators where these do not cover all the interventions planned under the operational programme. The provisions of national legislation require all projects to achieve at least one product or result indicator. Projects make extensive use of not only product indicators, but also result indicators.</p> <p>The achievement of the indicators set for a given operational programme is subject to continual monitoring. The Lithuanian Government has approved an annual plan for the attainment of the activity review indicators set out in the operational programme, in which the attainment of activity review indicators is scheduled for each individual year over the entire financing period. The intermediate bodies draw up quarterly plans for the attainment of the indicators set out in the operational programme activity review plan. Each quarter the managing body evaluates the status of and risks relating to the attainment of these indicators and delivers reports to the Government with proposed measures necessary for attaining the indicators. Each year when preparing annual implementation reports for the European Commission, the attainment status is analysed for each of the indicators under the operational programme.</p> <p>With the aim of evaluating the impact of the interventions and identifying improvement measures, an evaluation plan is drawn up for the entire programming period, in which evaluations are planned covering all the priorities of the operational programme.</p> |
| <p>Question 2.2.3. <i>Member State actions to define</i></p> | <p>Yes.</p> <p>An indicator system has been created in Lithuania, incorporating the indicators laid down for operational programmes, as selected on the basis of European Commission methodological documents, and also the national indicators that supplement operational programme</p> |

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| <p><i>or improve result indicators at EU project level.</i></p> | <p>indicators where these do not cover all the interventions planned under the operational programme. The provisions of national legislation require all projects to achieve at least one product or result indicator. Indicators planned under a given project are included in contracts with the project promoters and are deemed contractual obligations. Projects make extensive use of not only product indicators, but also result indicators. The financing terms and conditions of projects lay down mandatory requirements relating to the attainment of individual indicators, making it an obligation for projects to attain certain indicators or their minimum values. National legislation also provides for financial corrections where project promoters fail to attain indicators.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>During the 2014–2020 financing period a report must be drawn up for each project on the implementation of project activities and attainment of indicators no less than once each quarter during the implementation of the project and no less than once a year following the project’s completion. Funds are not disbursed during the course of a project until the implementing body has confirmed the project promoter’s report on the implementation of project activities and the attainment of indicators. All information is stored in the IT system SFMIS, which enables the continual monitoring of indicators at both project and programme level.</p> <p>In the area of education, Order No V-1109 of 25 November 2014 by the Minister for Education and Science approved the description of the procedure for the monitoring and evaluation of the implementation of priorities administered by the Lithuanian Ministry of Education and Science under the 2014–2020 Operational programme for Investments from European Union Structural Funds, which sets out the procedures in question.</p> |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA’s recommendations addressed to Member States in Court’s annual special reports. Monitoring and reporting on progress achieved</i></p> | <p>Yes.</p> <p><u>ESIF</u>: The procedure for monitoring and improving the management and control system is laid down in legislation governing the 2014–2020 financing period (as was the case during the previous financing period). In accordance with the Rules on OP administration, the managing, certifying and intermediate bodies are responsible under the terms of their remit for resolving shortcomings in the operation of the management and control system and improving the system. The Rules on OP administration lay down the measures to be taken by bodies with regard to implementing the recommendations made during management and control system audits and audits of expenditure declared to the European Commission conducted by the audit authority, the European Court of Auditors and the European Commission.</p> <p>The Rules on OP administration also lay down the procedure for registering in the SFMIS information on the recommendations made during management and control system audits by the European Court of Auditors, the European Commission, the audit authority and other authorities and/or undertakings and the implementation of those recommendations.</p> <p>After evaluating the compliance of the management and control system authorities’ internal system with the statutory requirements, the managing authority verifies that the internal procedures of intermediate bodies lay down actions and measures to be taken by the bodies</p> |

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| <p><i>towards to implementation of Court's recommendations</i></p> | <p>with respect to observations and/or shortcomings identified and recommendations made during audits by the European Court of Auditors, the European Commission, the audit authority, etc., and clarifications and recommendations by the managing authority (for example, appropriate cooperation between and within bodies; preparation of plans for the implementation of recommendations; provision of information to bodies regarding the implementation of recommendations (including provision of information to the managing authority about the implementation of recommendations by the European Commission, the European Court of Auditors and the audit authority); and the procedure and timeframes for entering information on the implementation of recommendations in the SFMIS, etc.).</p> <p><u>Agricultural expenditure</u>: Analyses of annual and special reports are conducted at the National Paying Agency (NPA) and, where any observations are made relating to the operation of the NPA, action plans are drawn up. However, action plans are frequently prepared following audit missions or after the receipt of observations. We notify the implementation of recommendations in reply to letters regarding observations or requests for information on the status of the implementation of recommendations. Observations and recommendations are also incorporated in Lithuania's action plan for reducing the rate of errors, updated versions of which are regularly sent to the European Commission.</p> |
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| | <p><i>et des règles nationales et de l'UE</i></p> <p>➤ <i>le degré de connaissance pour appliquer les règles relatives aux marchés publics ou aux aides d'État et d'autres législations et règles de l'UE applicables (notamment, les conditions et les critères d'éligibilité en ce qui concerne les mesures de développement rural, les options de coûts simplifiés, le caractère raisonnable des coûts, les paiements agroenvironnementaux axés sur les résultats)</i></p> | <input type="checkbox"/> | <p>FEADER</p> <p><input checked="" type="checkbox"/> FSE/FEAGA, FEADER</p> | <p><input checked="" type="checkbox"/> FEDER</p> | <input type="checkbox"/> |
| | <p>➤ <i>la complexité des règles d'éligibilité</i></p> | <input type="checkbox"/> | <p><input checked="" type="checkbox"/> FSE</p> | <p><input checked="" type="checkbox"/> FEDER/FEAGA, FEADER</p> | <input type="checkbox"/> |
| | <p>➤ <i>les faiblesses affectant l'ensemble des règles d'éligibilité, qui peuvent déboucher sur un éventuel contournement de celles-ci</i></p> | <p><input checked="" type="checkbox"/> FSE/FEAGA, FEADER</p> | <p><input checked="" type="checkbox"/> FEDER</p> | <p><input type="checkbox"/></p> | <input type="checkbox"/> |
| | <p>➤ <i>la qualité et l'actualisation insuffisantes du système d'identification des parcelles agricoles (SIPA)</i></p> | <p><input checked="" type="checkbox"/> FSE/ FEAGA, FEADER</p> | <p><input type="checkbox"/></p> | <p><input type="checkbox"/></p> | <input type="checkbox"/> |
| | <p>➤ <i>les erreurs dans les demandes d'aides</i></p> | <p><input checked="" type="checkbox"/> FSE</p> | <p><input checked="" type="checkbox"/> FEAGA, FEADER</p> | <p><input type="checkbox"/></p> | <input type="checkbox"/> |
| | <p>➤ <i>la persistance des risques de mauvaise interprétation de ce qu'est la surface éligible pour le régime de paiement de base</i></p> | <p><input checked="" type="checkbox"/> FSE/FEDER</p> | <p><input checked="" type="checkbox"/> FEAGA, FEADER</p> | <p><input type="checkbox"/></p> | <input type="checkbox"/> |
| | <p>➤ <i>l'inefficacité du mécanisme de sanction ou la faiblesse du niveau de sanction en</i></p> | <p><input checked="" type="checkbox"/> FSE</p> | <p><input type="checkbox"/></p> | <p><input checked="" type="checkbox"/> FEDER/ FEAGA,</p> | <input type="checkbox"/> |

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| | <p><i>l'UE</i></p> <ul style="list-style-type: none"> ➤ <i>l'introduction de modifications insuffisantes par les nouveaux cadres légaux et/ou réglementaires et/ou procéduraux, susceptibles d'avoir une incidence notable sur les causes des erreurs</i> ➤ <i>la nécessité de lancer davantage d'initiatives en vue de garantir une véritable simplification pour les bénéficiaires et l'exécution des programmes</i> ➤ <i>le partage des connaissances et des expériences et la diffusion de bonnes pratiques au niveau national et/ou de l'UE sur la façon de remédier aux faiblesses/déficiences/erreurs courantes</i> ➤ <i>les résultats attendus d'actions qui ne seront pas toujours visibles à court terme</i> | <input checked="" type="checkbox"/> FSE/FEDER | <input type="checkbox"/> | <input checked="" type="checkbox"/> FEAGA, FEADER | <input type="checkbox"/> |
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| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>Réponse FSE : Pour le FSE, une simplification des règles d'éligibilité notamment par une restructuration des règles nationales, l'application des OCS, le contact direct et l'échange continu avec les porteurs de projets lors des différentes phases des projets (candidature, mise en place, réalisation, ...).</p> <p>Réponse FEDER : Les bénéficiaires ont été sensibilisés davantage sur l'importance du respect des règles précitées, y compris la nécessité d'un renforcement interne de leurs compétences en la matière. Ceci se fait idéalement dans le cadre d'un processus d'accompagnement des bénéficiaires par l'AG, donnant lieu à des échanges d'informations ainsi que des réunions d'information et de suivi.</p> <p>Réponse FEAGA, FEADER : Dans la mesure du possible prévoir une réglementation simple, claire avec des engagements contrôlables. Prévoir les ressources (ressources humaines, informatiques, ...) nécessaires pour la gestion des mesures ainsi que le contrôle des engagements.</p> |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>Réponse FSE : Pour le FSE, une simplification des règles d'éligibilité notamment par une restructuration des règles nationales, l'application des OCS, le contact direct et l'échange continu avec les porteurs de projets lors des différentes phases des projets (candidature, mise en place, réalisation, ...).</p> <p>Réponse FEDER : Les AGs organisent plus de réunions d'informations et de suivi. Les réunions « transversales », dans lesquelles sont représentées les différentes AGs, ACs et l'AA, permettent aux participants un échange de connaissances et d'expériences, voire de trouver des solutions à des problèmes précis. Il a aussi été jugé nécessaire d'élaborer plus de notes d'informations.</p> <p>Réponse FEAGA, FEADER : Mise en place d'un système anti-fraude :</p> <ul style="list-style-type: none"> ➢ Procédure de droit de jouissance, ➢ Création d'un service à part qui s'occupe de la gestion et du suivi des irrégularités, ➢ Déclaration de conflit d'intérêts pour agents de l'Organisme Payeur des Fonds Agricoles, ➢ Formations régulières (p.ex. Anti-Fraude) ➢ Procédure de « whistleblowing ». <p>De manière générale : Définir des procédures précises pour la gestion des mesures ainsi que le contrôle des engagements.</p> |

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| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>Réponse FSE : Pour le FSE au Luxembourg, un contrôle ex-ante à 100% sur pièces et sur place est effectué avant la certification. De plus, une réunion de mise en place entre l'autorité de gestion et le porteur de projet est tenue avant le démarrage du projet pour clarifier le fonctionnement du FSE et les règles d'éligibilité.</p> <p>Réponse FEDER : La formulation de ce constat semble exagérée vu le taux d'erreur très faible. Néanmoins les AGs s'efforcent de procéder à des contrôles plus ciblés et de mieux documenter leurs contrôles. L'AA va scruter d'avantage ces contrôles.</p> <p>Réponse FEAGA, FEADER : Mise en place d'un système anti-fraude :</p> <ul style="list-style-type: none"> ➤ Note d'orientation pour les gestionnaires de primes en vue d'une prévention de fraude dans le secteur agricole, ➤ Procédure en cas de détection d'une irrégularité, ➤ Procédure de droit de jouissance, ➤ Création d'un service à part qui s'occupe de la gestion et du suivi des irrégularités, ➤ Déclaration de conflit d'intérêts pour agents de l'Organisme Payeur des Fonds Agricoles, ➤ Formations régulières (p.ex. Anti-Fraude). |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously declared or certified to the Commission.</i></p> | <p>Réponse FSE : Pour le FSE, le Luxembourg est en train d'implémenter l'outil ARACHNE, ce qui devrait encore davantage accroître l'efficacité de son système.</p> <p>Réponse FEDER : L'AG va cibler d'avantage ses contrôles sur ce type d'erreurs. La checklist sera mise à jour afin de mieux tenir compte de ce risque.</p> <p>Réponse FEAGA, FEADER :</p> <ul style="list-style-type: none"> ➤ Procédure de « whistleblowing » |
| <p>Question 1.3.1. <i>Risk analysis and</i></p> | <p>Réponse FSE : Pour le FSE au Luxembourg, une réunion de mise en place entre l'autorité de gestion et le porteur de projet est tenue avant le</p> |

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| <p><i>estimated level of error in the major EU spending areas (common agricultural policy, regional and urban employment, social affairs and inclusion).</i></p> | <p>démarrage du projet pour clarifier le fonctionnement du FSE et les règles d'éligibilité.</p> <p>Réponse FEDER : Il est rappelé que le niveau d'erreur a été très faible pour le FEDER et le FSE. (taux d'erreur : de 0,00%, respectivement 0,48% pour les dépenses 2015).</p> <p>Réponse FEAGA, FEADER : Les gestionnaires des mesures sont tenus d'établir une évaluation des risques des mesures qui leur sont attribuées. Ceci fait également partie du système anti-fraude. L'échantillonnage tiré pour les contrôles sur place tient également compte de cette analyse de risque.</p> | | |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban employment, social affairs and inclusion).</i></p> | <p>Oui.</p> <p>Réponse FEDER Il semble, correct suivant le rapport annuel 2015 de la CCE (Chapitre 1, point 1.47)</p> <p>Réponse FEAGA, FEADER : Les mesures liées à des engagements multiples et complexes sont souvent affectées d'un niveau d'erreur plus élevé.</p> | | |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Réponse FSE : Pour le FSE au Luxembourg, le Programme opérationnel a été élaboré de sorte à refléter les objectifs nationaux en termes de stratégie Europe 2020. La complémentarité des projets et budgets au niveau national et européen permet de renforcer les objectifs visés par le FSE. Un accord de partenariat avec les autres fonds structurels a également permis de définir une approche cohérente en termes de dépenses efficaces et efficaces.</p> <p>Réponse FEDER : Cette question est à voir avec les autorités de gestion.</p> <p>Réponse FEAGA, FEADER :</p> | | |
| | <table border="1"> <tr> <td data-bbox="1291 1256 1385 1760">Stratégie 2020 de l'UE Objectifs thématiques (OT)</td> <td data-bbox="1291 183 1385 1256">Priorité des différents fonds lié aux OT</td> </tr> </table> | Stratégie 2020 de l'UE Objectifs thématiques (OT) | Priorité des différents fonds lié aux OT |
| Stratégie 2020 de l'UE Objectifs thématiques (OT) | Priorité des différents fonds lié aux OT | | |

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| <p>OT1. Recherche, développement technologique et innovation</p> | <p>FEDER : 1-a. Développement d'infrastructures de R&I et de capacités pour favoriser l'excellence en R&I, et promotion de centres de compétences.</p> <p>FEDER : 1-b. Promotion des investissements en R&I et développement de liens et synergies entre entreprises en particulier, centre de recherche et éducation supérieure, du développement de produits et services, de transferts de technologie, de l'innovation sociale et des applications de services publics, de la stimulation de la demande, des réseaux. Des regroupements et de l'innovation ouverte par la spécialisation intelligente.</p> |
| <p>OT3. Compétitivité des PME</p> | <p>FEADER : 2-a. Faciliter la restructuration des exploitations agricoles connaissant d'importants problèmes structurels, notamment les exploitations agricoles à faible degré de participation au marché, les exploitations orientées vers le marché dans des secteurs particuliers et les exploitations ayant besoin de diversification agricole.</p> <p>FEADER : 2-b. Faciliter le renouvellement des générations dans le secteur de l'agriculture.</p> |
| <p>OT4. Energie et réduction des émissions de CO2</p> | <p>FEDER 4-a. En favorisant la production et la distribution d'énergies provenant de sources renouvelables.</p> <p>FEDER : 4-c. Soutenir la transition vers une économie à faible émission de carbone en soutenant l'efficacité énergétique, la gestion intelligente de l'énergie et l'utilisation des énergies renouvelables dans les infrastructures publiques, y compris dans les bâtiments publics, et dans le secteur du logement.</p> <p>FEDER 4-e. En favorisant des stratégies de développement à faibles émissions de carbone pour tous les types de territoires, en particulier les zones urbaines, y compris la promotion de la mobilité urbaine multimodale durable et de mesures d'adaptation au changement climatique destinées à l'atténuer.</p> <p>FEADER 5-d. réduire les émissions de gaz à effet de serre et d'ammoniac provenant de l'agriculture.</p> |
| <p>OT6. Environnement et utilisation des</p> | <p>FEADER : 4-a. Restaurer et préserver la biodiversité, y compris dans les zones relevant de Natura 2000, les zones à contraintes naturelles et spécifiques, et les zones agricoles à</p> |

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| | ressources | <p>haute valeur naturelle, et les paysages européens.</p> <p>FEADER : 4-b. Améliorer la gestion de l'eau.</p> <p>FEADER : 4-c. Améliorer la gestion des sols.</p> |
| | OT8. Marché de l'emploi | <p>FSE : 1.1 L'accès à l'emploi pour les demandeurs d'emploi et les personnes inactives, notamment les chômeurs de longue durée et les personnes qui se trouvent les plus éloignées du marché du travail, également grâce à des initiatives locales en faveur de l'emploi et au soutien à la mobilité professionnelle.</p> <p>FSE : 1.2 L'intégration durable sur le marché du travail des jeunes, en particulier ceux qui ne travaillent pas, ne font pas d'études ou ne suivent pas de formation, y compris les jeunes exposés à l'exclusion sociale et ceux issus de groupes marginalisés, en mettant notamment en œuvre la garantie pour la jeunesse.</p> |
| | OT9. Inclusion sociale et lutte contre la pauvreté | <p>FSE : 2.1 L'inclusion active.</p> <p>FEADER : 6-a. inciter et faciliter la diversification socio-économique, le développement de petites entreprises en région ainsi que la création d'emplois de proximité.</p> <p>FEADER : 6-b. Promouvoir et coordonner le développement intégré local dans les zones rurales.</p> |
| | OT10. Education et formation tout au long de la vie | <p>FSE : 3.1 Une meilleure égalité d'accès à l'apprentissage tout au long de la vie pour toutes les catégories d'âges dans un cadre formel, non formel ou informel, la mise à niveau des savoirs, des aptitudes et des compétences de la main-d'œuvre et la promotion de parcours d'apprentissage souples passant notamment par une orientation professionnelle et la validation des compétences acquises.</p> |

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| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>Réponse FSE : Un accord de partenariat a été élaboré pour créer une approche cohérente et des synergies entre programmes. Un site internet commun des différents programmes permet également de donner une présentation d'ensemble et ainsi de favoriser des synergies des différents fonds.</p> <p>Réponse FEDER : Echanges réguliers entre les Fonds et les programmes nationaux surtout en matière de RDI.</p> <p>Réponse FEAGA, FEADER : Elaboration de l'accord de partenariat. Création d'un groupe de travail multi-fond. Participation réciproque dans les comités de suivi des Fonds structurels.</p> |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>Réponse FSE : La sélection des projets se fait notamment en fonction de leur capacité d'accueillir des participants répondant aux spécificités des différents objectifs spécifiques du programme opérationnel.</p> <p>Une réunion de mise en place est organisée pour chaque projet lors de laquelle des indicateurs de performance et de résultat sont clairement établis ensemble avec le promoteur. Ces indicateurs sont mis à jour au fil du déroulement du projet.</p> <p>Les données financières et de suivi sont rassemblées semestriellement au niveau des opérations. Leur réalité et exactitude sont vérifiées semestriellement sur base d'un contrôle ex ante à 100% sur pièce et sur place.</p> <p>Réponse FEDER : Les AG ont fixé des objectifs et cibles réalistes en relation avec les objectifs thématiques adoptés et décrites dans le PO.</p> <p>Réponse FEAGA, FEADER : Pour ce qui concerne le FEADER, une logique d'intervention claire a été établie entre les mesures du Programme de Développement rural et les objectifs de UE pour le développement rural. Un cadre de suivi a été établi par l'UE pour mesurer l'exécution et les résultats et l'impact du programme.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI</i></p> | <p>Réponse FSE : La sélection des projets se fait notamment en fonction de leur capacité d'accueillir des participants répondant aux spécificités des</p> |

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| <p><i>Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>différents objectifs spécifiques du programme opérationnel.</p> <p>Une réunion de mise en place est organisée pour chaque projet lors de laquelle des indicateurs de performance et de résultat sont clairement établis ensemble avec le promoteur. Ces indicateurs sont mis à jour au fil du déroulement du projet.</p> <p>Les données financières et de suivi sont rassemblées semestriellement au niveau des opérations. Leur réalité et exactitude sont vérifiées semestriellement sur base d'un contrôle ex ante à 100% sur pièce et sur place.</p> <p>Réponse FEDER :</p> <p>Les AGs ne prennent en compte que des projets pouvant générer des résultats, tels que définis par le PO.</p> <p>Réponse FEAGA, FEADER :</p> <p>Etablissement d'une logique d'intervention claire et directe. En outre, le FEADER est encadré par le système commun de suivi et d'évaluation de la PAC.</p> |
| <p><u>Question 2.2.3.</u></p> <p><i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Oui. (réponse FSE, FEDER, FEAGA/FEADER)</p> <p>Réponse FSE :</p> <p>Les indicateurs communs (financiers, résultats et réalisation) définis par la réglementation sont largement intégrés dans les différentes étapes des projets, notamment au niveau de la fiche de candidature et au niveau de la collecte semestrielle des données financières et de suivi.</p> <p>Réponse FEDER :</p> <p>Des indicateurs tels que définis par l'UE ont été repris dans le PO, conformément au cadre de performance.</p> <p>Réponse FEAGA, FEADER :</p> <p>Le FEADER est encadré par le système commun de suivi et d'évaluation de la PAC.</p> |
| <p><u>Question 2.2.4.</u></p> <p><i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators</i></p> | <p>Réponse FSE : Les données financières et de suivi sont rassemblées semestriellement au niveau des opérations. Leur réalité et exactitude sont vérifiées semestriellement sur base d'un contrôle ex ante à 100% sur pièce et sur place. A l'issue de ce contrôle est tenu un comité de pilotage pour permettre un échange direct entre le porteur de projet et l'Autorité de gestion.</p> <p>Réponse FEDER : Des contrôles sur place, analyse des rapports annuels (d'avancement) et réunions de suivi (dans les deux cas)</p> <p>Réponse FEAGA, FEADER :</p> <p>A la fin de la période de programmation il est prévu de faire une évaluation du rapprochement aux objectifs fixés dans le PDR.</p> |

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| <p>at EU measure, operations or project level.</p> | |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring on progress achieved towards implementation of Court's recommendations</i></p> | <p>Oui. (Réponse FSE, FEDER, FEADER/FEAGA)</p> <p>Réponse FSE : Pour le FSE au Luxembourg, un échange étroit avec les représentants de la Commission européenne, notamment lors des réunions annuelles, permet de faire le point sur d'éventuelles divergences entre les attentes de la CCE et la mise en place au niveau national.</p> <p>Réponse FEDER : Les recommandations donnent systématiquement lieu à un suivi auprès du bénéficiaire concerné, et le cas échéant, un contrôle supplémentaire est étendu à l'ensemble des bénéficiaires potentiellement concernés. D'ailleurs une personne est en charge du suivi de toute remarque de la part de la Commission et/ou de la Cour des comptes européenne. Des agents des différentes AGs se rendent régulièrement au groupe de travail « SMWP » du Conseil pour assister à la présentation des rapports spéciaux de la Cour.</p> <p>Réponse FEAGA, FEADER : Les recommandations de la CDC sont reprises dans un tableau comprenant les plans d'actions relatifs aux différents missions d'audit de la CDC et de la CE. Ce tableau sert de base pour le suivi. Il reprend les recommandations établies par la CDC, les actions retenues, les gestionnaires en charge ainsi qu'un délai de réalisation des actions retenues.</p> |

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

Regional and urban policy, employment social affairs and inclusion

| | Not relevant | Relevant in some respect | Relevant in most respect | Fully relevant |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | | | | | | | | |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | weaknesses/deficiencies/errors | | | | |
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| <p>Question 1.1.2. Main lessons learned while addressing the risks and errors for the EU spending.</p> | <p>➤ expected results from actions that will not always be evident in short-term</p> <p>The main lesson is that more simplification will result in less scope for errors. Therefore Malta supports the introduction of simplified cost options, but further simplification is necessary.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.3. Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</p> | <p>Much room was given for simplification measures. Simplified cost options were extended and new simplification mechanisms have been introduced, including a new electronic system.</p> | | | | |
| <p>Question 1.2.1. Further measures to enhance the effectiveness of the</p> | <p>With time, the officials concerned are improving due to the gained experience. Not to mention the training that the officials are undertaking both at home and abroad. The 'checklists' used during audits have been refined to cover all aspects and changes that took place. In the meantime the new electronic system (2014-2020) will further help to reduce errors.</p> | | | | |

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| <p><i>checks carried out before declaring or certifying expenditure to the Commission.</i></p> | |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</i></p> | <p>Introduction of 'risk registers' Focus on where there is greater scope for fraud. Public procurement law was amended so that the flexibility of the Directives be used.</p> |
| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>A register of risks was created where this will help authorities to identify in advance risks relating to expenditure of reimbursement. The electronic system will also help to reduce these risks,</p> |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis</i></p> | <p>Yes. When payments are made 'upfront' there is a greater scope for errors. Anyone who commits irregularities (and fraud) finds it easy to carry them out when the payment is not changed</p> |

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| <p><i>for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Their relationship is fully evident in the Partnership Agreement that Malta submitted in 2014. It seems clear that, although the various funds are separate, they complement each other and address the areas of the Strategy 2020.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>During Programming, coordination between the European Structural and Investment Funds and the National Programmes was made through the 'Inter-Ministerial Committee for Programming for the Period 2014-2020.' Driven by the Office of the Permanent Secretary within the Ministry of European Affairs and the Implementation of the Electoral Manifesto, the said committee had representatives from all the Ministries who are all linked with the European Funds. This Committee was aided by a number of sectoral subcommittees, focusing on key strategic themes. During the implementation the Inter-Ministerial Committee is there for the coordination between all Funds. There is also works between managing authorities within the same Ministry.</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU</i></p> | <p>In Malta, indicators of results and effects, under each 'Priority Axes' — where possible — are chosen or are comparable to those of regional indicators collected, accepted and diffused by Eurostat. It is also worth mentioning the electronic system to collect data on related indicators in each programme, training to the Selection Committee from ECA representatives and analysis of the course of the Partnership Agreement</p> |

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| <p><i>measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>The selection criteria of projects approved by the Monitoring Committee include criteria on the basis of the quality of the project proposal <u>and</u> the potential to achieve the results expected as included in the Operational Programmes.</p> |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. The targets set are the underlying results indicators related to the operational programme.</p> |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU</i></p> | <p>Performance measurement will be established through 'performance audits' also known as 'value for money audits' focusing on result and effect indicators and the achievement of the objectives.</p> |

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| <p><i>measure, operations or project level.</i></p> | |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes. Having regard to the annual reports of the ECA, any reference to a particular subject is to be sent to the department or entity concerned to address the issue. As regards special reports of the ECA, it is for each department/entity to be on the alert to take the necessary actions if the report in question falls within its responsibilities. The Financial Control Unit makes a summary of the issues included in reports and disseminates them to the Management Authority. Continuous training by the ECA is also relevant, and it is also worth mentioning the one about performance auditing.</p> |

Netherlands

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ inefficient sanction mechanism for non-compliance or low sanction rate | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| <i>for non-compliance</i> | | | | | | | |
| ➤ | <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of more or better resources and administrative capacity building</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>expected results from actions that will not always be evident in short-term</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

In the 2007-2013 programming period the eligible cost categories for EFRD projects were specified in the EFRD Regulation, Objective

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| | <p>2 for the 2007-2013 programming period. That article distinguishes ten different cost categories. In practice it proved difficult to classify costs under the correct category. When specifying eligible cost categories for the 2014-2020 programming period careful thought was given to how to define eligible cost categories that were clearly distinguishable and it was decided to significantly reduce the number of categories. This seems to have solved the problem of categorising costs.</p> <p>The interpretation of EU legislation is unclear for EFRD projects.</p> <p>We cannot single out any main causes for ERDF projects.</p> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>Reply on ESF: The European eligibility rules are complicated and extensive (numerous regulations, implementing rules and guidelines). The focus is also entirely on lawfulness. Simplified cost options could perhaps be a way of placing more emphasis on efficiency and effectiveness. For its ESF programme for 2014-2020 the Netherlands is trying to use the scope for SCO which the regulations allow in this area.</p> <p>Reply on EAFRD: the main lessons learned are: (1) establish an audit trail for administrative controls and (2) adjust and improve controls on public procurement. The latter point is linked to the guidelines for deductions in the case of public contracts incorrectly awarded and with regard to the system for evaluating whether costs are reasonable. The Netherlands has had few problems with compliance with State aid rules.</p> |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>Reply on ESF: For the ESF the Netherlands tries to make as much use as possible of the simplified cost options provided by the European regulations. A positive example is the simplified cost option provided in Article 14(2) of the ESF Regulation (Regulation (EU) No 1304/2013): a fixed percentage of direct staff costs may be used to cover the remaining eligible costs of a particular operation.</p> <p>Reply on EAFRD: An example of good practice is the introduction of the collective system for agri-environment-climate measures which allows groups of farmers jointly to apply for a subsidy. The new system was introduced in close consultation with DG AGRI. We make a careful analysis of where the problems arise in implementation (and sometimes policy), at a general level, and look for workable solutions with the Commission. The collective approach is a good example of this, as is the practice of conducting a repeat control on public procurement and, in the light of this, amending the checklist and the approach to determining whether costs are reasonable. The Dutch authorities intend to contact DG AGRI informally at an early stage to check whether there is room for improvement in the approach they are adopting.</p> |
| <p>Question 1.2.1.</p> | <p>Reply on ESF: For the 2014-2020 programming period the Netherlands has placed the emphasis on preventing errors by beneficiaries by</p> |

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| <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>informing beneficiaries right at the start of the programming period about administrative requirements and methods. The beneficiary is also visited regularly during the project implementation phase to prevent the declaration of ineligible costs. It should be noted that the Netherlands' error percentage in respect of the ESF in the 2007-2013 programming period has been below 2%.</p> <p>Reply on EAFRD: These can be found, for example, in the Action Plan on cutting the error rate in implementing the EAFRD in the Netherlands. In addition to the measures mentioned there (e.g. better checklists and more automated assessment), other steps are being taken, for example introducing improvements in quality controls.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or certified to the Commission.</i></p> | <p>Reply for ESF: The Netherlands has a strong management and control system, which is coordinated with the Certifying and Audit Authority. This is reflected in the error rate. Where errors are nevertheless detected in the second line, an analysis is carried out to determine the cause.</p> <p>Reply for EAFRD: The compliance role within the paying organisation has been strengthened, for example, and there is more proactive monitoring and follow-up of audit findings.</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Reply for ESF: An analysis of the cause of errors is always carried out and results in changes to the Managing Authority's management and control system.</p> <p>We would refer the Commission in general to the Netherlands' follow-up to audit findings and the action plans it has drawn up which list the efforts being made to reduce the margin of error.</p> |

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| <p>Question 1.3.2. <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes.</p> <p>On the one hand, the Court of Auditors states that ‘entitlement based’ or flat-rate subsidies are less susceptible to errors than subsidies based on reimbursing costs actually incurred. This is because such schemes are less complex. On the other hand, we do not think that all policy objectives can be achieved with subsidies based on reimbursing actual costs, even though they reduce the chance of errors.</p> <p>The use of simplified cost options reduces the complexity of implementation and hence also the risk of error. Applying simplified cost options generally reduces the amount of work involved in assessing whether costs are reasonable. This then reduces the likelihood of errors or expenditure with inadequate justification. However, using simplified cost options requires an effort on the part of the managing authority.</p> <p>We think that applying a more results-oriented reimbursement system calls for a more differentiated approach, i.e. by fund. A policy-based risk analysis or analysis of the pros and cons of result-based budgeting (performance budgeting) needs to be carried out first, for each type of fund or activity. This analysis will probably produce different results for public financing of infrastructure projects than for employment projects.</p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Reply for ESF: The Netherlands' main Europe 2020 objectives are: to achieve a labour force participation rate of 80% and cut the number of people living in households with low work intensity by 100 000. Both objectives focus on work. The ESF OP also concentrates on work, and the most important performance indicators focus on the numbers moving into work. This is entirely in line with the Europe 2020 strategy. The Netherlands spends over 70% of its ESF resources on active inclusion (targeting people who are far removed from the labour market). The remaining resources are used to ensure that people remain employable in the longer term, in the light of the ageing of the population and a rising pension age (main objective relating to increasing labour market participation; 20%) and sector-specific projects to increase employment (Integrated Territorial Investments (ITI), in conjunction with ERDF; 5%).</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>Reply for ESF: Within the ESF, every effort is made to find synergies with other funds and national programmes. In the case of social inclusion (70% of the ESF budget) efforts are made to coordinate this with implementation of the Dutch 'Participation Act', which gives municipal authorities responsibility for helping individuals and vulnerable groups into the labour market.</p> <p>Within the ESF, municipal authorities are encouraged to develop more activities for this particularly vulnerable target group. Similarly, in the case of longer-term employability (20% of the budget), ESF measures are coordinated with national policy. Within the ESI funds efforts are made to find synergies with the ERDF.</p> <p>Reply for ERDF: at EU level emphasis is now placed not only on stimulating research but also, increasingly, on innovation, with or without smart specialisation strategies. As a result, the programmes in the Netherlands are more firmly embedded in national policy, for</p> |

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| | <p>example because they tie in with the ‘top sector policy’ and the ‘smart industry agenda’.</p> |
| <p>Question 2.2.1. Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</p> | <p>Reply for ESF: Performance is measured using ‘common indicators’ and programme-specific indicators that are consistent with the Europe 2020 objectives and are measured and reported to the European Commission annually. For the ESF there is continuous evaluation/analysis over and above the requirements of EU legislation. For example, we measure the programme’s contribution to horizontal objectives such as equal opportunities and non-discrimination. In addition, other indicators outside the regular system are assessed for ESF projects, such as measuring sub-target groups (specifically vulnerable groups such as refugees or the disabled) and how quickly they find a job after participating in an ESF project.</p> <p>An evaluation of the programming for 2014-2020 recently carried out on the initiative of the European Commission concluded that the Dutch ESF programme 2014-2020 tied in well with the Europe 2020 objectives and the country-specific recommendations which the Netherlands has received in recent years as regards the labour market participation of vulnerable groups.</p> <p>Reply for ERDF: For each Operational Programme there are two types of indicator: output and result indicators. There is a list of output indicators for each Operational Programme. Some of the indicators on this list come from a standard list from the European Commission and apply to several Operational Programmes. In addition to these common indicators, each Programme has its own specific indicators. For each output indicator selected, the beneficiary sets a target value in advance. This is the score that is attained at the end of the project. The managing authority evaluates the output indicators selected by the beneficiary and the level of the target values. Result indicators are directly linked to a specific objective in the Operational Programme. In effect, result indicators provide a standardised picture of the objective the managing authority wishes to achieve with the Programme, or a specific part of it.</p> |
| <p>Question 2.2.2. Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</p> | <p>Reply for ESF: Each year the results of the ESF OP are measured in terms of the <u>number of people who find a job</u> directly after their participation ends and six months after the end of their participation. In addition, we specifically measure whether participants drop out in the course of the project or find a job before the end of the project or 12 months after it ends. These results are reported to the European Commission in the Annual Implementation Report. In addition measures needed to improve the implementation of the ESF are introduced in response to regular evaluations.</p> <p>We would like to add that by applying simplified cost options the focus within the Dutch ESF OP can shift more towards performance oriented <i>monitoring</i>. We are currently working hard to develop as many of these simplified cost options as possible for the implementation of the ESF. We are therefore very interested to see what further forms of simplification the European Commission is working on.</p> <p>Reply for ERDF: The managing authority and committee of experts look for projects that contribute to the objective and result indicator.</p> |
| <p>Question 2.2.3.</p> | <p>Yes and No. Explanation: For the ERDF the result indicators provide a standardised picture of the objective the managing authority wishes to achieve</p> |

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| <p><i>Member States to define or improve result indicators at EU project level.</i></p> | <p>with the Programme, or a specific part of it. This is a picture at a higher level of abstraction than project level. Various result indicators have been established for ESF projects in order to measure success in finding a job at EU project level, in line with EU regulations. In addition, we also evaluate and measure the results for the ESF at the level of labour market regions (unit of measurement). The results are collated at aggregate level for reporting to the Commission.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>Reply for ESF: All projects supply the participants' social security numbers ('<i>BSN-nummers</i>'). These are forwarded to Statistics Netherlands (<i>CBS</i>) which checks in the existing registers whether the person concerned has a job six months later. The European Commission has cited the way the Netherlands uses national statistical records to collect information about the outcomes for participants (effectiveness of the OP) as an example of good practice.</p> <p>Reply for the ERDF: We comply with EU regulations. At the end of a project the beneficiary determines the definitive scores for the output indicators on the basis of the evidence collected over the course of the project. The beneficiary is in principle required to attain the scores for the output indicators specified in the award decision and must be able to provide supporting evidence for the scores attained. If the end result falls short of the target, the beneficiary will be asked for an explanation and justification, which will then be used to consider, in each case, what consequences this will have for determining the final subsidy.</p> |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards</i></p> | <p>Yes.</p> <p>The Netherlands' management and control system is designed to ensure that recommendations are followed up. Each department which is responsible for a fund follows a normal cycle, which is embedded in regular processes. The Court of Auditors' recommendations to the Netherlands are in principle always followed. Problem owners are identified and progress in implementing the recommendation is always monitored periodically.</p> |

*implementation of
Court's
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Poland

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> ➤ <i>complex eligibility rule</i> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> ➤ <i>mistakes in the aid applications</i> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p><i>weaknesses/deficiencies/errors</i></p> <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> <p>The root cause of errors in the area of eligibility and granting State aid, notwithstanding best efforts, knowledge and experience of beneficiaries, lies in regulations and principles that change frequently in these areas.</p> <p>The root cause of errors made in the area of public procurement may be new EU directives related to public procurement, i.e. Directive 2014/24/EU of 26 February 2014 on public procurement repealing Directive 2004/18/EC (OJ L 94 of 28 March 2014, p. 65) – hereinafter: the classic directive, Directive 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94 of 28 March 2014, p. 243) – hereinafter: sectoral directive, and Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94 of 28 March 2014, p. 1), adopted in February 2014. Member States were required to transpose them into their national legislations, as a rule, by 18 April 2016. Entities obliged to apply national regulations on public procurement will be required in the nearest future, i.e. after the Amendments to the Act enter into force, to conduct procedures following new regulations.</p> | | | | | |
| <p>Question 1.1.2.</p> <p><i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p><u>In the area of compliance with EU and national eligibility rules</u></p> <p>Dissemination of knowledge in this regard, for instance, within a working group forum gathering representatives of managing authorities. Planned intensification of auditing and verification activities at the stage before certifying expenditure to the Commission due to the implementation of the annual accounts mechanism.</p> <p>Given the issues related to beneficiary eligibility assessment in terms of the standard set out in Article 60 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, i.e. creating artificial conditions, it seems reasonable to facilitate sharing experience in this regard among Member States.</p> <p>Verification of double financing from other EU or national programmes in the 2014–2020 programming period is an obligatory element of administrative control at the stage of granting aid or the stage of payment application. During a cross-check, it is verified whether there is no risk of unauthorised double financing. If eligible costs of an operation are found to have been financed by means of a contribution from structural funds, the Cohesion Fund or any other EU financial instrument, the amount of eligible costs of the operation, being the basis for calculating the amount of support to be paid, is decreased by the costs that were financed with such contribution.</p> <p><u>In the area of compliance with EU and national public procurement legislation</u></p> | | ☒ | | | |

It is necessary to ensure timely transposition of EU regulations into the national legal system and to develop the rules of incurring expenditure to which the public procurement legislation does not apply.

In the area of State aid

To ensure a correct system for granting State aid, it is necessary, first and foremost, to carry out a comprehensive analysis of available (based on EU law) and acceptable legal grounds for granting such aid and to juxtapose the results of the analysis with needs identified in this area among entities that provide such aid and potential beneficiaries. Additionally, a continuous and ongoing transfer of knowledge is essential to eliminate erroneous interpretation and incorrect application of State aid legislation. Specific activities may include:

- taking, already at an early stage, legislative activities connected with developing a legal system for granting State aid followed by preparing, adopting and publishing normative acts constituting aid programmes, on the basis of which State aid and *de minimis* aid are granted as part of spending funds from specific operational programmes;
- explaining on an ongoing basis any interpretation doubts regarding both EU and national State aid legislation, including in particular by:
 - organising working groups with managing authorities for operational programmes;
 - issuing individual interpretations in the area of State aid rules in response to questions asked by entities that provide aid and potential beneficiaries;
 - providing managing authorities with lists of questions asked and answers given;
- staying in contact with the European Commission and national bodies responsible, in a horizontal manner, for matters related to granting State aid (President of the Office of Competition and Consumer Protection), in particular by:
 - ongoing contact to explain any arising doubts regarding the correct interpretation of laws, among others through the use of the e-State Aid Wiki platform designed for this purpose;
 - submitting questions in writing in the case of key issues;
- ongoing training of institutional employees to enhance and update their knowledge of EU and national State aid legislation.

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| <p>Question 1.1.3. <i>Good practices of success stories in the areas with compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p><u>In the area of compliance with EU and national eligibility rules</u></p> <p>Sharing experience within an eligibility group forum and applying simplified methods of settling expenditure with a flat rate, and in particular applying a flat rate to indirect costs as well as using a lump sum to settle costs.</p> <p>Introducing to national legislation dedicated to measure 9 ‘Creation of manufacturers’ groups and organizations’ of the RDP 2014–2020 provisions limiting the risk of creating artificial conditions by allowing groups of agricultural manufacturers comprised exclusively of natural persons to apply for support.</p> <p>As regards checking whether there is no risk of unauthorised double financing, administrative control covers 100 % of aid applications and payment applications submitted. Additionally, Applicants/Beneficiaries file a declaration to the effect that eligible costs of a given operation are not financed by means of a contribution obtained from structural funds, the Cohesion Fund or any other EU financial instrument.</p> <p><u>In the area of compliance with EU and national public procurement legislation</u></p> <p>A competitiveness database was implemented, which is an IT system used for the purpose of executing the competitiveness principle as described in the <i>Guidelines of the Minister of Development regarding expenditure eligibility within European Regional Development Fund, European Social Fund and Cohesion Fund for 2014–2020</i>, thus increasing transparency of contracts with an overall value below the statutory threshold.</p> <p><u>In the area of State aid</u></p> <p>Possibly fast and comprehensive development of a legal system for granting State aid within regional operational programmes for 2014–2020. After the European Commission adopted the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, its wording was immediately analysed, and the areas for which aid programmes were to be developed were defined in cooperation with managing authorities for regional operational programmes. After the analysis was conducted in 2015, legislative work was initiated, as a result of which 15 programmes were adopted to form legal grounds for granting aid in the area of, among others, supporting SMEs, R&D infrastructure, sports infrastructure, local infrastructure, culture and maintenance of cultural heritage, environmental protection and the energy sector. The work in this scope has been generally completed (in respect of adopting three aid programmes such work is still pending), while entities that provide aid and potential beneficiaries are aware of the conditions of granting State aid and <i>de minimis</i> aid as well as of the criteria that must be satisfied in such case.</p> <p>Additionally, knowledge is shared on an ongoing basis among individual institutions involved in the process of granting State aid. Contacts are established both in an official and working form. In the case of issues of vital horizontal importance, interpretations related thereto (or resolutions provided by European Commission / President of the Office of Competition and Consumer Protection) are made</p> |
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| | available to all managing authorities for regional operational programmes. |
| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>To improve the effectiveness of expenditure controls performed prior to reporting them to the European Commission, the competitiveness database was implemented, which is an IT system used for the purpose of executing the competitiveness principle as described in the <i>Guidelines of the Minister of Development on expenditure eligibility within European Regional Development Fund, European Social Fund and Cohesion Fund for 2014–2020</i>.</p> <p>The database is a website dedicated to posting requests for proposal (https://bazakonkurencyinosci.funduszeuropejskie.gov.pl/).</p> <p>The database consists of five parts: notice information, description of the subject of the contract, tender assessment, contracting authority (beneficiary), information on the selected economic operator. Publishing the scope of information increased social control over the process of awarding contracts below the statutory threshold, and therefore, it increased institutional supervision over its proper conduct.</p> <p>Additionally, in 2015 <i>Working Group on Fighting Against Financial Fraud in Cohesion Policy Funds</i> began to operate. The Group takes actions aimed at combating financial fraud by, among others:</p> <ul style="list-style-type: none"> • sharing knowledge and experience in the area of detecting and combating financial fraud at conferences, seminars and training sessions organised for target groups defined by persons involved in the work of the group; • developing conditions for sharing data on EU funds beneficiaries between respective managing authorities and other institutions holding control and investigation powers; • developing rules of cooperation between EU funds implementation system institutions and law enforcement agencies if they become aware that fraud may have occurred. <p>Additionally, the European Commission implemented a mechanism of presenting annual expenditure statements accompanied by a management declaration and an annual summary of final reports from audits and inspections, which contributed to the intensification of control activities prior to disclosing expenditure in annual statements.</p> <p>Moreover, to ensure effective fight against fraud and conflict of interest, managing authorities were obliged to draft documents on fraud prevention mechanisms used in their programmes. The basic scope of documents was specified in the guidelines of the Minister of</p> |

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| | <p>Infrastructure and Development on controlling the execution of operational programmes for 2014–2020.</p> <p>At the request of the European Commission, Poland is obliged to update the plan of corrective actions taken by the ARiMR in respect of follow-up activities related to national action plans on an error rate. The national action plan includes information on preventive and corrective actions related to errors made and error rates which serve to monitor the effects of preventive and corrective actions taken. The plan is to minimise the occurrence of errors identified during an audit performed by, among others, the European Commission or the European Court of Auditors by introducing appropriate preventive and corrective actions as well as monitoring the effectiveness of the actions/solutions adopted.</p> <p>The last national corrective action plan for Poland (5th update of the action plan) was drafted and submitted to the European Commission in February 2016.</p> <p>Additionally, a corrective action plan was implemented within the mechanism of providing financial assistance to initially recognised groups of fruit and vegetables manufacturers. The last update was made on 4 October 2016.</p> <p>Moreover, a policy of fighting against fraud in the ARiMR was introduced, and it is regulated by Decision No 59/2014 of the ARiMR President amended by Decision No 60/2015 of the ARiMR President.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously declared or certified to the Commission.</i></p> | <p>As a rule, expenditure, prior to being certified to the EC, undergo a verification process, so they should contain no errors. However, to ensure even higher effectiveness of actions aimed at detecting and correcting irregularities related to the expenditure already notified to the EC, information desks were established in Managing Authorities, the police and the prosecutor's offices, namely liaison officers were appointed to facilitate and exchange information between the Managing Authorities and law enforcement agencies.</p> <p>As far as other instruments are concerned, for instance, in the POIG programme (and in the POIR programme), suspending further payments within a given project is applied if there is a suspicion of any irregularities, in particular those that may be classified as fraud (e.g. fraud, corruption, subsidy swindling).</p> <p>Additionally, a corrective action plan was implemented within the mechanism of providing financial assistance to initially recognised groups of fruit and vegetables manufacturers. The last update was made on 4 October 2016.</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural</i></p> | <p>Carrying out an analysis of opportunities for the possibly widest application of simplified costs is being considered as the ECA noted that in the expenditure based on the reimbursement of costs, a significantly higher level of errors was observed than in the expenditure based on the right to payments.</p> <p>Moreover, in accordance with Article 62 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), Member States ensure a possibility of verifying and controlling all rural development measures that they intend to implement. An <i>ex ante</i> assessment and an assessment during the implementation period take into account the results of controls in the previous and current programming</p> |

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| <p><i>policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>period. When the assessment indicates that the verifiability and controllability requirements are not satisfied, appropriate measures are corrected accordingly.</p> <p>Additionally, the European Commission issued guidelines entitled ‘Verifiability and controllability of measures: Assessment of risks of errors’. The guidelines include, among others, the description of contents that should be included in the Programme at the level of each measure and they specify directly how to create a description of verifiability and controllability.</p> <p>Poland (managing authority together with a payment agency) conducted an <i>ex ante</i> assessment of verifiability and controllability in respect of specific measures within the RDP 2014–2020. The assessment was carried out taking into account practices, experience and control results from the previous programming period. The probability that a risk affecting implementation occurs (a risk related to the implementation of such instrument) was identified for each support instrument, along with mitigation measures, if such risk occurred, and the general assessment was made in terms of verifiability and controllability.</p> <p>After the assessment of the measures entitled ‘Quality systems for agricultural products and foodstuffs’, ‘Payments to areas facing natural or other specific constraints’ and the sub-measure ‘Payments to farmers eligible for support under small farms system (Payments to farmers handing over small farms)’, no risks for implementation were identified.</p> <p>For other measures, difficulties in verification and control were found, and mitigation measures were proposed, which are supposed to eliminate such difficulties in the future. Specific elements regarding verifiability and controllability were included in the description of each Programme instrument.</p> <p>Pursuant to the provisions of Regulation No 1305/2013, Poland is obliged to assess the measures within the Programme throughout its implementation in terms of verification and control, and to improve them if necessary. Therefore, the assessment of solutions adopted is carried out on an ongoing basis, and the provisions regulating the implementation of the RDP 2014–2020 are amended if necessary.</p> |
| <p>Question 1.3.2.</p> <p><i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and</i></p> | <p>Yes.</p> <p>The more difficult it is to satisfy the grounds for payment (a large number of documents, complicated procedures, incomprehensible procedures, etc.), the bigger is the number of errors arising from lack of knowledge, and the wider is the room for manoeuvre for any entities that want to circumvent a given provision.</p> <p>Poland agrees that measures other than sectoral ones, i.e. those where aid is granted mainly as the reimbursement of expenditure, are more prone to the occurrence of errors and their identification, among others due to their complex investment nature, public procurement procedure, assessment of the reasonableness of costs, as well as different provisions on control that apply to them, as specified for the financial perspective for 2014–2020 in the Commission Implementing Regulation (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance.</p> |

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| <p><i>inclusion).</i></p> <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Poland created a comprehensive national development management system that includes the following strategic documents:</p> <ul style="list-style-type: none"> • a long-term national development strategy – <i>Long-Term National Development Strategy. Poland 2030. The third wave of modernity</i> (DSRK), adopted by the Council of Ministers on 5 February 2013 – it specifies main trends, challenges and ideas for national development in a long-term perspective; • medium-term national development strategy – SRK 2020, adopted by the Council of Ministers on 25 September 2012 – it is the most important document that specifies national development strategic objectives by 2020 and it is essential for defining development measures, including those that may be financed under the EU financial perspective for 2014–2020; • nine integrated, cross-sector strategies aimed at achieving identified development objectives: <i>Strategy for Innovation and Efficiency of the Economy – Dynamic Poland 2020</i> (SIEG), <i>Human Capital Development Strategy</i> (SRKL), <i>Transport Development Strategy by 2020 (with perspective to 2030)</i> (SRT), <i>Energy Security and the Environment Strategy</i> (BEiŚ), <i>Efficient State Strategy</i> (SSP), <i>Social Capital Development Strategy</i> (SRKS), <i>National Strategy for Regional Development</i> (KSRR), <i>National Security System Development Strategy of the Republic of Poland</i> (SRsBN RP), <i>Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries</i> (SZRWRiR). <p>The medium-term national development strategy 2020 (SRK 2020) together with the nine integrated strategies is a benchmark for the achievement of national development objectives, both in the context of using national and EU funds. The national development objective as stated in the SRK 2020 is to strengthen and use economic, social and institutional capacities that ensure faster and sustainable national development and improve the quality of people's life. This strategic objective is to be pursued within the following areas:</p> <ul style="list-style-type: none"> • competitive economy, • social and territorial cohesion, • efficient and effective state. <p>Five objectives of the SRK 2020 arising directly from Europe 2020 Strategy refers to: increasing employment, enhancing innovativeness (measured by an increase in expenditure on R&D in general and by an increase in the share of enterprises' expenditure), reducing greenhouse gases emissions and increasing renewable energy share in total energy consumption, increasing the level of education and supporting social inclusion. The remaining SRK 2020 objectives arising from national characteristics will also contribute to the implementation of EU2020 Strategy.</p> <p>Development objectives and priorities stated in the remaining national documents contribute, to a large extent, to the objectives set in <i>Europe 2020 Strategy</i> and they comply with them: for the employment objective – measures are provided for mainly in the Human Capital Development Strategy; for the innovation objective – measures are provided for mainly in the Strategy for Innovation and Efficiency of the Economy, for the energy and climate objective – measures are provided for mainly in the Energy Security and the Environment Strategy, for the education objective – measures are provided for mainly in the Human Capital Development Strategy and the Strategy for Innovation and Efficiency of the Economy, while for the poverty objective – measures are provided for mainly in the Human Capital Development Strategy and implementing documents pertaining to such strategies.</p> |
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The National Reform Programme specifies the method of implementing the measures set in the strategic documents so that they comply at the same time with the priorities of common measures at the EU level. Each year the European Commission analyses the progress in the implementation of the National Reform Programme and formulates recommendations (Country Specific Recommendations – CSR), which constitute the ground for the National Reform Programme’s update for the subsequent year after they are adopted by the EU Council.

The progress in achieving target levels envisaged by EU2020 Strategy will be monitored at national and regional levels. To this end, the Central Statistical Office of Poland created the system for strategic monitoring called STRATEG, which collects monitoring indicators from all national and regional strategies as well as operational programmes, including figures since 2003 that are obtained from Eurostat, Central Statistical Office of Poland and other sources.

National priorities relating to the development of agriculture and rural areas are specified in the Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries for 2012–2020 (SZRWiR). The links between the strategy objectives and EU2020 Strategy are shown in **Annex 1** to the material.

Additionally, the objectives of the Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries comply with the current directions of development in the European Union as set in Broad guidelines for the economic policies of the Member States and of the Union. Integrated guidelines for Europe 2020 Strategy, and in particular:

- Guideline 4: Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy;
- Guideline 5: Improving resource efficiency and reducing greenhouse gases;
- Guideline 6: Improving the business and consumer environment, and modernising the industrial base;
- Guideline 7: Increasing labour market participation and reducing structural unemployment;
- Guideline 8: Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning;
- Guideline 9: Improving the performance of education and training systems at all levels and increasing participation in tertiary education;
- Guideline 10: Promoting social inclusion and combating poverty.

The intervention directions included in the strategy form a set of measures to be taken in order to achieve the set objectives at the national level; however, regional differences between rural areas will shape the hierarchy and selection of intervention directions in respect of the needs and development opportunities of a given area/region, which has been partially presented in the strategy through stating specific objectives broken down into territories.

The results of implementing the Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries for 2012–2020 are summarised in implementation reports. The reports are published on the website of the Ministry of Agriculture and Rural Development. Indicators specified to measure the implementation of the Strategy for Sustainable Development of Rural Areas, Agriculture and

Fisheries (SZRWRiR) are presented below.

The main indicators relating to the main objective of the SZRWRiR:

W1 = share of people living below the relative poverty threshold in rural areas in the total number of people living in rural areas

W2 = proportion of inhabitants of rural areas who assess the economic situation of their household as rather good or very good

W3 = indicator of professional activity in rural areas

Ancillary indicators assigned to specific objectives of the SZRWRiR strategy

W11 = employment rate of people at the age of 15 or more in rural areas

W12 = the highest difference in the mean result of the examination taken at the end of primary school in rural areas / mean result of the examination taken at the end of primary school in urban areas

W21 = proportion of households in rural areas which, when assessing their environment of living, indicated that it is very difficult to access public transport services

W22 = proportion of the length of rural public roads with enhanced paved surface in the total length of public roads

W23 = proportion of rural population at the age of 16–74 who regularly (at least once a week) uses the Internet in the total number of rural population

W24 = proportion of children at the age of 3–5 covered by kindergarten education in rural facilities

W25 = proportion of people using water and sewage systems in rural areas in the total rural population

W31 = proportion of agriculture and foodstuffs samples of inappropriate commercial quality

W32 = surface of agricultural areas maintained in good agricultural condition

W41 = share of the surface of agricultural areas located within farms below minimum effective production scale in the total surface of agricultural areas located within farms carrying out agricultural activity in Poland

W42 = average monthly income per 1 person from an individual farm in agriculture / average monthly income per 1 person from self-employment

W43 = value of agricultural products and foodstuffs exports per 1 inhabitant of Poland

W44 = share of expenditure on R&D in the area of agriculture in the total internal expenditure on R&D in Poland

W51 = water quality indicator

W52 = share of greenhouse gases emission from agriculture expressed as CO₂ equivalent in the total greenhouse gases emission in Poland

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| | <p>W53 = change in the farmland bird index (FBI)</p> <p>For Horizon 2020, the geographical analysis of programme beneficiaries shows extremely low participation of EU10 Member States in the use of funds from the programme. It may result from the fact that the programme is not targeted at exploring cohesion-related issues and it does not focus on studies related to development policy issues.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>During the evaluation of the Partnership Agreement, which specifies the intervention strategy of European funds under three EU policies: Cohesion Policy, Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP) in Poland in 2014–2020, the main focus was on the improvement of internal consistency of intervention logic, proper identification and correct definition of expected results of its implementation in the context of Europe 2020 Strategy, and among others these conditions of efficiency and effectiveness of ESIF whose scope exceeds the Partnership Agreement’s area of intervention, including complementarity with measures financed from national funds. Intervention coordinating mechanisms defined at the level of the Partnership Agreement serve such purpose. It is implemented from the programming phase, through the implementation phase to the closure of aid.</p> <p>The key instrument that ensures a coherent and complementary system of programming documents for 2014–2020 as well as mechanisms and rules governing their implementation consists in granting the minister responsible for regional development, by means of a statutory act, powers to draft the Partnership Agreement and to issue opinions on any programmes that implement the Partnership Agreement in terms of their compliance with the Agreement and their modifications as well as to negotiate programmes that implement the Partnership Agreement. Additionally, the strategic function in respect of development policy performed by the minister responsible for regional development ensures coordinated development interventions from various resources, in particular from ESIF. The coordination at the level of the Partnership Agreement, which is a benchmark for all documents related to the financial perspective for 2014–2020, is implemented in two basic dimensions: the strategic and the management one.</p> <p>Strategic coordination tools:</p> <ul style="list-style-type: none"> • Partnership Agreement Coordinating Committee (KK UP); • Cohesion policy programmes designation institution; • Horizontal guidelines of the minister responsible for regional development; • National Evaluation Unit; • Common List of Key Indicators; • Strategic framework for specific types of interventions. <p>Management coordination tools:</p> <ul style="list-style-type: none"> • Interdepartmental Team for Programming and Implementing Structural Funds and the Cohesion Fund; • Comments, recommendations, guides, instructions, benchmarking, regular coordination meetings; • Measures that ensure system coherence, e.g. a common form of the detailed description of priority axes (SzOOP), verification of management and control systems (OSZIK) descriptions, regular analyses of administrative potential; • Monitoring Committees for specific operational programmes; <p>Programme guidelines, detailed description of priority axes, implementation instructions, interinstitutional agreements on the</p> |

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| <p>Question 2.2.1. <i>Performance measurement system to link EU measures, operations to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>appointment of the Intermediary Body or Implementing Body, guides.</p> |
| | <p>The expected results of interventions from the funds will be monitored with the use of an indicator system. The progress in achieving strategic objectives will be measured with a set of result indicators at the level of the Partnership Agreement that specifies Poland's obligations arising from Europe 2020 Strategy and national strategic documents, including SRK 2020. For these indicators, the expected progress by 2020 and 2023 was estimated and verified within the PA ex ante evaluation, and so was the impact of the ESIF on the forecast figures. The actual impact of intervention on the observed change will be determined during the PA ex post evaluation.</p> <p>At the level of operational programmes' priorities, specific objectives will be quantified with the use of a limited number of result indicators that comply with strategic objectives specified in the PA.</p> <p>The third level aimed at measuring the effects of interventions within operational programmes will be a set of indicators adequate to projects implemented – the Common List of Key Indicators. The Common List of Key Indicators is coherent for all operational programmes and it is a catalogue of obligatory indicators of output and indicators of direct results (arising directly from the intervention or related directly to the scope of intervention), which were defined at the horizontal level so that they can be aggregated at the national level, and they are common for all operational programmes. The set of indicators together with definitions was created early enough, which enabled better coordination and concentration of measures, results aggregability, and elimination of inadequate selection of indicators to describe specific priorities and measures. The list includes indicators common at the European level (common indicators) specified in Regulations relating to specific funds. It is possible to add new indicators to the Common List of Key Indicators or to establish ancillary indicators (specific for a given area) to monitor the effects of the entire operational programme.</p> <p>In the period preceding the commencement of the PA implementation, the minister responsible for regional development conducted intensive work on developing a coherent system of indicators; among others, a commentary to the operational programme template was created which includes definitions, instructions and explanations to support managing authorities in the issue of indicators. An evaluation test on the coherence of implementation and indicators framework in the programmes was commissioned by the Ministry. These actions were accompanied by the necessary mainstreaming of indicators-related matters in the Polish legal system (Act of 11 July 2014 on the principles of implementing cohesion policy programmes financed within the 2014–2020 financial perspective – Article 26, which refers to the powers of the minister responsible for regional development to establish the list of key indicators for projects implemented within specific thematic objectives, and which points out the necessity to establish target values for the indicators set in a given operational programme or in a detailed description of priority axes).</p> <p>To monitor the PA objectives as well as other strategic documents, 'System of indicators for development policy monitoring' (STRATEG) developed and operated by the Main Statistical Office will be used. The system may be accessed through the Main Statistical Office's website and through the website of the ministry responsible for regional development. The system is fed with data obtained from the public statistics system and other sources, e.g. from the Managing Authorities for operational programmes, including regional programmes.</p> <p>The results of support provided under the RDP (PROW) will be monitored based on the system of indicators specified at the EU level and on the domestic indicators that reflect the characteristics of the Polish RDP (PROW). A separate list of indicators will be used for</p> |

the RYBY [FISH] Operational Programme for 2014–2020.

New systemic solutions were adopted in the area of Polish programme financed from the EAFRD.

Within national legislation, pursuant to Article 10(4) of the Act of 20 February 2015 on the support of rural development from the funds of the EAFRD, under the RDP for 2014–2020, the Minister of Agriculture and Rural Development issued an ordinance of 13 August 2015 on the data required for the appropriate monitoring of implementation and evaluation of the Rural Development Programme for 2014–2020. The ordinance specifies, among others, the types of reports, their scopes and deadlines for submitting them to specific institutions involved in the implementation and monitoring of the programme, with a view to ensure correctness, effectiveness and efficiency of programme management as well as provision of data specified in Annex VII to the Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014, including such data that enable the progress of programme financial implementation to be monitored. Within specific reports, data (in a form of indicators) on, among others, effects and results completed within specific support instruments (measures, sub-measures, operation types) of the RDP for 2014–2020 are gathered and forwarded. The data are included in sets of monitoring tables developed in detail based on aid applications forms, agreement forms, payment application forms and operation implementation reports, separately for each instrument. The data are aggregated in IT systems of the ARiMR and then they are transmitted to the Managing Authority three times a year, i.e. together with interim statements as at 30 April and 31 August of a given year and an annual report as at 31 December of a given year. Subsequently, the Minister of Agriculture and Rural Development as the Managing Authority for the RDP for 2014–2020 submits to the European Commission, by 30 June of a given year, an annual report from the programme implementation together with tables completed in SFC 2014 system which refer to financial, output and result indicators. Additionally, the European Commission obliged Member States to provide reports on monitoring of any obligations entered into, i.e. by 31 October of a given year, a Member State must submit data for the period from January to August, and by 31 January of the subsequent year – for the period from September to December of the previous year.

Moreover, pursuant to Article 14f(5) of the Act of 6 December 2006 on the rules of conducting development policy, the minister responsible for rural development and the minister responsible for fisheries submit to the minister responsible for regional development, within six months after the end of each year, an annual report on the implementation of programmes aimed at performing the partnership agreement within the powers of such ministers. The first annual report covering 2014 and 2015 is submitted in 2016. The last annual report covering 2023 is to be submitted by 31 January 2025.

Aggregated data from specific RDP 2014–2020 support instruments are assigned to specific programme objectives (focus area), and then these are assigned to six programme priorities.

While drafting the Polish Partnership Agreement, the following assumptions were made in respect of achieving specific objectives of the PA and their respective priorities within Europe 2020 Strategy (Table 2 of the PA, version of December 2015).

It was assumed that instruments implemented within Priority 1 Facilitation of the transfer of knowledge and innovations in agriculture, forestry and rural areas of the RDP 2014–2020, i.e.:

Measure 1 Transfer of knowledge and information activities,

Measure 2 Consulting services, agricultural farm management services and replacement services as well as

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| | <p>Measure 16 Cooperation</p> <p>will comply with the pursuit of PA's Thematic Objective 1 Strengthening of scientific research, technological development and innovations, while this objective follows the Priority entitled 'Smart growth' within Europe 2020 Strategy.</p> <p>On the other hand, the instruments listed below, which are implemented within the RDP 2014–2020, i.e.:</p> <p>Sub-measure 6.3 Start-up aid for the development of small holdings,</p> <p>Sub-measure 6.1 Start-up aid for young farmers,</p> <p>Sub-measure 3.1 Support for accession to quality systems,</p> <p>Sub-measure 3.2 Support for information and promotion activities performed by the groups of manufacturers in the internal market,</p> <p>Measure 9 Forming groups and organisations of manufacturers as well as</p> <p>Sub-measure 4.2 Supporting investments in agricultural products processing, trading in them and their development</p> <p>will contribute to the achievement of PA's Thematic Objective 3 Enhancing the competitiveness of SMEs, agricultural sector (in respect of the EAFRD) as well as fisheries and aquaculture sector (in respect of the EMFF), while this objective follows 'Smart Growth' and 'Inclusive Growth' priorities of Europe 2020 Strategy.</p> <p>PA's Thematic Objective 4 Supporting the shift towards a low-carbon economy in all sectors, which follows 'Sustainable growth' Priority of Europe 2020 Strategy will be supported by instruments such as:</p> <p>Sub-measure 7.2 Supporting investments related to creating, enhancing and developing all types of small infrastructure, including investments in renewable energy and energy savings;</p> <p>Sub-measure 7.4 Supporting investments in creating, enhancing and developing basic local services for rural population, including leisure, culture and related infrastructure;</p> <p>Sub-measure 6.4 Supporting investments in creating and developing non-agricultural business activity;</p> <p>Sub-measure 6.2 Start-up aid for non-agricultural business activity in rural areas.</p> <p>PA's Thematic objective 5 Promoting adjustments to climate changes, prevention of risk and risk management, which follows 'Sustainable growth' priority of Europe 2020 Strategy, will be supported by instruments such as:</p> <p>Measure 8. Investments in the development of forest areas and improvement of forest viability;</p> <p>Sub-measure 10.1 Payments under agri-environmental and climate commitments;</p> <p>Sub-measure 4.1 Supporting investments in agricultural farms; operations such as Investments in farms located in areas endangered with nitrate pollution (OSN);</p> <p>Sub-measure 5.1 Supporting investments in prevention measures whose aim is to limit the effects of likely natural disasters, adverse</p> |
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climatic events, and disasters;

Sub-measure 5.2 Supporting investments in the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic events, and disasters.

PA's Thematic Objective 6 Preserving and protecting natural environment and supporting resources efficiency, in pursuit of the EU flagship project of Europe 2020 Strategy's 'Sustainable growth' priority – 'A resource-efficient Europe' will be supported by instruments such as:

Measure 8 Investments in the development of forest areas and improvement of forest viability;

Sub-measure 10.1 Payments under agri-environmental and climate commitments;

Sub-measure 10.2 Supporting protection and sustainable use and development of genetic resources in agriculture;

Sub-measure 4.1 Supporting investments in agricultural farms; operations such as Investments in farms located in areas endangered with nitrate pollution (OSN);

Sub-measure 4.1 Supporting investments in agricultural farms; operations such as Investments in farms located within Natura 2000 areas;

Sub-measure 11.1 Payments for the conversion into ecological practices and methods in agriculture;

Sub-measure 11.2 Payments for maintaining ecological practices and methods;

Sub-measure 13.1 Compensation in mountain areas – LFA payments;

Sub-measure 13.2 Compensation for other areas facing specific natural constraints;

Sub-measure 7.2 Supporting investments related to creating, enhancing and developing all types of small infrastructure, including investments in renewable energy and energy saving, such as water and sewage management operations;

Sub-measure 7.4 Supporting investments in creating, enhancing and developing basic local services for rural population, including leisure, culture and related infrastructure; operations such as Investments in facilities serving cultural functions or shaping public space and

Sub-measure 7.4 Supporting investments in creating, enhancing and developing basic local services for rural population, including leisure, culture and related infrastructure; operations such as Investments in markets or buildings designed to promote local products.

Implementing PA's Thematic Objective 8 Promoting permanent and high quality employment and supporting employees mobility, which at the same time follows the Council's recommendation to 'decrease unemployment among young people (...), combat segmentation in the labour market (...)' as well as the recommendation to 'reinforce efforts to increase the participation of women in the labour market, in particular through investing in affordable childcare and education, through ensuring stable financing and qualified staff; supporting pension reforms with actions encouraging to employ older workers'; also, Objective 8 corresponds with the vision included in Europe 2020 Strategy, according to which the new economic model should be based not only on innovativeness and sustainable development,

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| | <p>but also on socially inclusive economic growth (higher accessibility of employment). Therefore, it was assumed that the following instruments will comply with the RDP 2014–2020:</p> <p>Sub-measure 6.2 Start-up aid for non-agricultural business activity in rural areas;</p> <p>Sub-measure 6.4 Supporting investments in creating and developing non-agricultural business activity;</p> <p>Sub-measure 6.5 Payments for farmers eligible for the system for small farms who handed over their farms permanently to another farmer.</p> <p>PA's Thematic Objective 9 Preserving and protecting natural environment and supporting resources efficiency, which contributes to the 'Sustained and socially inclusive economic growth' priority of Europe 2020 Strategy, will be supported by such instruments as:</p> <p>Sub-measure 7.2 Supporting investments related to creating, enhancing and developing all types of small infrastructure, including investments in renewable energy and energy saving, such as water and sewage management operations;</p> <p>Sub-measure 7.2 Supporting investments related to creating, enhancing and developing all types of small infrastructure, including investments in renewable energy and energy saving; operations such as Construction or modernisation of local roads;</p> <p>Under Measure 19 Support for local development within the LEADER initiative; implementing</p> <p>Sub-measure 19.1 Preparatory support,</p> <p>Sub-measure 19.2 Support for the implementation of operations within a community-driven local development strategy,</p> <p>Sub-measure 19.3 Preparation and implementation of measures in the area of cooperating with the local action group and</p> <p>Sub-measure 19.4 Support for the current costs and activation.</p> <p>PA's Thematic Objective 10 Investing in education, training and vocational training for the purpose of gaining skills and life long-learning, which implements 'Smart, sustainable and inclusive growth' priority of Europe 2020 Strategy, will be supported by instruments such as:</p> <p>Measure 1 Transfer of knowledge and information activities;</p> <p>Measure 2 Consulting services, agricultural farm management services and replacement services.</p> <p>The last PA's Thematic Objective, 11 Strengthening institutional capacity of public institutions and stakeholders as well as public administration efficiency, which complies with the recommendations of Europe 2020 Strategy relating to the necessity to continue the programme of smart regulation of their quality and efficiency, will be reflected by instruments such as sub-measure 20.1 Support for technical assistance (other than the national rural network).</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the</i></p> | <p>At the general level, evaluation system obligations are regulated by the provisions of Regulations and the European Commission's guidelines. The details and the rules of Cohesion Policy evaluation system functioning in Poland will be included in respective</p> |

management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.

guidelines issued by the minister responsible for regional development.

The evaluation process is conducted by evaluation units located in public administration entities that implement the Cohesion Policy, CAP and CFP. In particular, this includes the following entities:

- National Evaluation Unit – located in the respective ministry of the minister responsible for regional development – it is a central unit responsible among others for coordinating the evaluation process (including evaluation plans) within the entire Cohesion Policy, conducting horizontal evaluations at the PA level as well as meta-analyses and meta-evaluations, drafting standards, guidelines and manuals, creating evaluation culture, monitoring the evaluation process, in particular using evaluation studies results, coordinating international cooperation among others;
 - Evaluation units appointed by the Managing Authorities for specific operational programmes to carry out the evaluation process. They are responsible among others for coordinating and implementing the process of operational programme evaluation (also drafting the OP evaluation plan), cooperating with the National Evaluation Unit, actively participating in the work of thematic groups aimed at developing methodologies and conducting cross-sectional studies within thematic areas, animating and monitoring the use of evaluation studies results from a given operational programme, reporting to the European Commission, Monitoring Committee and National Evaluation Unit, creating capacity and evaluation culture at the operational programme level and others; in connection with the launching of two-fund operational programmes, it is of vital importance that Evaluation Units ensure the coordination of such programmes' evaluation process, both in functional and institutional dimensions;
 - Evaluation units acting within other institutions of the Cohesion Policy system, which conduct evaluations following guidelines and standards developed by the National Evaluation Unit and Evaluation Units at the level of an operational programme. A significant role in the evaluation process is also played by Monitoring Committees that operate at the level of operational programmes and Partnership Agreements. The Monitoring Committees' responsibility is to approve evaluation plans (and changes thereof, if any) as well as to analyse implementation progress. The Monitoring Committees are also involved in discussing evaluation results and their use.. Thanks to the Monitoring Committee's participation in the evaluation process, and in particular thanks to the participation of its members representing social partners, compliance with the partnership principle is also ensured in the process. Evaluation studies are conducted by internal and external experts, who are functionally independent of institutions responsible for the implementation of programmes. To ensure evaluation process validity, each Evaluation Unit within the system must possess adequate resources, in particular adequate staff capacity.
- PA and OP evaluation process is based on evaluation plans drafted by the National Evaluation Unit (PA Evaluation Plan with cross-sectional and horizontal studies for the ESIF) and by the Evaluation Unit based on the recommendations of the National Evaluation Unit (OP Evaluation Plans).
- The implementation of evaluation plans is monitored by the European Commission and, additionally, by the Monitoring Committee and the National Evaluation Unit. The Managing Authority is obliged to report the progress in implementing the evaluation plan to the entities, stating in particular to what extent the recommendations are implemented.
- Types of evaluation studies conducted.
 - Use of evaluation studies results.

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| | <p>In accordance with the European Commission's guidelines, in the 2014–2020 perspective, the emphasis is put on the use of results from evaluation studies. Having that in mind, the National Evaluation Unit makes results of all evaluations carried out as part of the Cohesion Policy available to the public. The Managing Authority for the RDP and the Managing Authority for the EMFF make the results of all evaluations conducted within their respective programmes (RDP and OP Ryby) available to the public.</p> <p>The National Evaluation Unit conducts the strategic monitoring of the extent to which the recommendations from evaluation studies are used within the Recommendation Implementation System database.</p> <p>Moreover, there are performance reserves to ensure that the support system is result-oriented. For instance, pursuant to Article 20, 21 and 22 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, the Managing Authority for the RDP 2014–2020 established the performance reserve of EUR 515 896 849, which constitutes 6 % of the Programme's budget, as referred to in Chapter 7 (Description of performance framework) of the RDP 2014–2020. The performance reserve will be subject to results review based on specific financial indicators and output indicators ('milestones') referring to specific priorities – in 2019 (according to data as at the end of 2018) and in 2024 (according to data as at the end of 2023). Milestones indicators are specified at the EU level, and their target values were estimated and included in the Programme. In accordance with the recommendations of the European Commission, the indicators are measured in reference to completed operations (where completed operations mean the operations for which the final payment was made).</p> <p>In the case of multi-annual measures/sub-measures (i.e. 3.1, 8, 9, 10 and 11 as well as measure 13 of the RDP), the completed operation means an operation for which the payment was made; however, it does not cover operations for which only advance financing or an advance payment was made.</p> <p>Pursuant to the results review of the Programme, the European Commission will identify the priorities whose assumed indicators ('milestones') were achieved, which means that 85 % of the indicator was achieved. If three indicators were specified for a given priority, the objective is deemed achieved when two indicators reached 85 %, and the third reached at least 75 %.</p> <p>If the assumed indicators are not achieved, the Member State is obliged to propose to the European Commission the priorities to which performance reserve funds are to be moved from the priority whose milestones were not achieved. At the same time, in the case of 'serious failure' in achieving the assumed indicators' targets within a given priority (below 65 % of the target assumed), the European Commission may temporarily suspend interim payments for the priority. If three indicators were specified for a given priority, the 'serious failure' means a situation where the minimum of 65 % was not achieved for two of the indicators.</p> <p>Where the European Commission, based on the examination of the final implementation report of the programme, establishes a 'serious failure' to achieve the target indicators at the end of the Programme implementation, it may apply financial corrections in respect of a given priority (Article 22(7) of Regulation No 1303/2013).</p> |
| <p>Question 2.2.3. <i>Member State actions to define</i></p> | <p>Yes.</p> <p>The matter was raised when the answer to question 2.2.1 in the matter of result indicators was provided.</p> <p>Additionally, in PA and OP <i>ex ante</i> evaluation process, possibly adequate identification of expected results at the global PA level and at</p> |

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| <p><i>or improve result indicators at EU project level.</i></p> | <p>the level of operational programmes' specific objectives was ensured, and in particular estimated result indicators to be achieved in 2023 were specified.</p> <p>The Ministry of Development initiated close cooperation with the Central Statistical Office. The cooperation covers, among others, preparing and implementing a system to monitor development processes and strategic objectives, and in particular creating and maintaining an indicator database (STRATEG) (for result indicators) as well as making it available, and developing new measurements useful in the monitoring of Cohesion Policy results, also at regional levels.</p> <p>For the RDP 2014–2020, the list of indicators included in Annex VII to the Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014, including the result indicators, was developed during a series of Rural Development Committee's meetings attended by Members States and the European Commission's representatives. As the list is not exhaustive, Annex 5 to the RDP 2014–2020 includes additional output indicators and result indicators that reflect the specific features of the Polish RDP 2014–2020.</p> |
| <p>Question 2.2.4.</p> <p><i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>The matter was raised when the answer to question 2.2.1 in the matter of result indicators was provided.</p> <p>Moreover, in accordance with the provisions of Partnership Agreement 2014–2020, the expected results of interventions are monitored within a three-level system of indicators:</p> <ol style="list-style-type: none"> 1. Result indicators at the PA level, which define Polish obligations under Europe 2020 Strategy and national strategic documents. 2. Result indicators at the level of OP priority axes, in accordance with Article 27(4)(c) of Regulation No 1303/2013. 3. Output indicators relating to the operations supported in accordance with Article 27(4)(b) of Regulation No 1303/2013, including the European Commission's common output indicators as specified in Regulations relevant for specific funds (common indicators) as well as indicators typical of a given programme. To ensure the cohesion of monitoring OP substantive progress at the national level, in accordance with Article 26 of the Act of 11 July 2014 on the principles of implementing Cohesion Policy programmes financed within the 2014–2020 financial perspective, the minister responsible for regional development established a list of key indicators monitored at the project level, which includes the indicators that are common at the European level (common indicators) and key indicators established at the national level. |
| <p>Question 3.1.1.</p> <p><i>Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual</i></p> | <p>Yes.</p> <p>The ECA's recommendations are implemented by specific Managing Authorities in cooperation with relevant Directorates of the European Commission. Follow-up actions taken in connection with recommendations addressed by the ECA to Poland are monitored through the regular completion of forms submitted each year by the European Commission after the annual budget execution report is published by the ECA. Departments responsible for the thematic area of a given report are in charge of implementing recommendations formulated by the ECA in special reports. There is, however, no uniform system to monitor the follow-up actions taken by specific entities.</p> |

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| <p><i>and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Additionally, as emphasised in the answer to the question in 1.2.1., on the request of the European Commission, Poland is obliged to update the plan of corrective actions taken by the ARiMR in respect of follow-up actions related to national action plans on an error indicator. The national action plan includes information on preventive and corrective actions related to the errors made and error indicators which serve to monitor the effects of preventive and corrective actions taken. The plan is to minimise the occurrence of errors identified during the audit performed by, among others, the European Commission or the European Court of Auditors by introducing appropriate preventive and corrective actions as well as monitoring the effectiveness of the actions/solutions adopted.</p> <p>The last national corrective action plan for Poland (5th update of the action plan) was drafted and submitted to the European Commission in February 2016.</p> |
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Portugal

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

Common agricultural policy

NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered

- number and complexity of rules and gold-plating
- incorrect transposition of applicable EU legislation into national laws
- failure to observe the legal and procedural requirements stemming from EU and national legislation and rules
- sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)
- complex eligibility rule
- weaknesses in the set of eligibility rules that may lead to potential for circumventing them
- insufficient quality and up-date of the Land Parcel Identification System (LPIS)
- mistakes in the aid applications
- continued risks of misinterpretation of what is the eligible area for the basic payment scheme

| <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| <i>weaknesses/deficiencies/errors</i> | | | | | | |
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| ➤ | <i>expected results from actions that will not always be evident in short-term</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Regional And Urban Policy, Employment, Social Affairs And Inclusion | | | | | | |
| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> | |
| ➤ | <i>number and complexity of rules and gold-plating</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>incorrect transposition of applicable EU legislation into national laws</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>complex eligibility rule</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| ➤ | <i>mistakes in the aid applications</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

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| <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ <i>need of more initiatives for ensuring a genuine simplification for</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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| | <p style="text-align: center;"><i>beneficiaries and programmes' implementation</i></p> <p>➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i></p> <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | | | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Question 1.1.2.</p> <p><i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <ul style="list-style-type: none"> • compliance with EU and national eligibility rules, According to the Agriculture and Fisheries Financing Institute (IFAP): <ul style="list-style-type: none"> – Need to simplify EU and national eligibility rules; – Greater application of simplified costs. • compliance with EU and national public procurement legislation, and According to the IFAP: • Need to regularly monitor certain measures with the greatest number of beneficiaries under public procurement procedures. • compliance with State aid rules? According to the IFAP: • This is not an error/ risk factor for Portugal. <p>The Development and Cohesion Agency (AD&C) takes the view that:</p> <p>Although the levels of error detected in EU expenditure for the 2007-2013 programming period are relatively low for the ERDF, CF and ESF, a set of guidelines covering these issues was produced when preparing to select operational programmes for PT 2020. For example, the AD&C guidelines on management checks (AD&C Rules, No 2/2015) sent to MAs cover the following topics:</p> <ul style="list-style-type: none"> • Public procurement, • Environment, • State aid, | | | | | | | | | |

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| | <ul style="list-style-type: none"> ● Financial instruments, ● Equality and non-discrimination, ● Revenue-generating projects, ● Eligibility of operations depending on location, ● Durability of operations, ● Choosing simplified costs. <p>We would also point out that MAs have been given a checklist for assessing compliance with national and EU rules on public procurement, environmental issues, equal opportunities and non-discrimination.</p> <p>Furthermore, there is a central system for de minimis aid, which contains information on all the aid allocated in Portugal in accordance with Commission Regulation (EU) No 1407/2013 of 18 December 2013.</p> <p>In the 2007-2013 programming period, the simplification measures provided for in EU rules were implemented by introducing the unit cost scheme for measures supported through the ESF, specifically for combined training courses for young people (professional courses and education/training courses for young people). The scheme focussed on the cost/class/year indicator.</p> <p>According to the information sent by the national authorities in response to a Court of Auditors' questionnaire, it was possible to conclude that the implementation of simplified costs had had a positive impact on managing authorities: (i) it improves management efficiency at a time of decreasing project management costs, (ii) it ensures fairer treatment when projects are assessed by the relevant bodies, meaning that there is less room for subjectivity when applying the criteria, (iii) it enables closer monitoring of technical/pedagogical aspects and more focus on the quality-related aspects of the training provided, as opposed to accounting or administrative-based assessments, and there is a greater emphasis on the results of the action, and (iv) it helps reduce the number of procedures involved when evaluating the financial processes used by the various bodies and has led to a lower error rate.</p> |
| <p><u>Question 1.1.3.</u></p> <p><i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public</i></p> | <p>According to the IFAP:</p> <ul style="list-style-type: none"> ● compliance with EU and national eligibility rules, ● Improvements to information systems and the quality of checklists for administrative checks. ● Simplifying and computerising procedures (e.g. computerisation of the contracting procedure and aid payments). ● compliance with EU and national public procurement legislation, and – Improvements to checklists, by linking up information on each public procurement procedure. |

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| <p><i>procurement legislation, and compliance with State aid rules.</i></p> | <ul style="list-style-type: none"> • compliance with State aid rules? – Nothing relevant to report. <p>The Development and Cohesion Agency (AD&C) takes the view that:</p> <p>The system for monitoring the accumulation of de minimis aid (using the central database of de minimis aid) brings together information from the aid granting bodies; the information in question can be accessed at any time, and the aid granted under the de minimis rule to companies in Portugal can be checked using the company's tax registration number.</p> <p>As regards simplified costs, we would reiterate the points made in answer to the question above.</p> |
| <p>Question 1.2.1.</p> <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>The AD&C would like to point out that the ECA did not detect any quantifiable errors in 2015; this demonstrates that the procedures used by the various bodies involved in the management and control process (managing, certification and audit authorities) are effective in terms of preventing, detecting and correcting any irregularities that may arise.</p> <p>The IFAP would like to state the following:</p> <ul style="list-style-type: none"> • Carrying out of quality checks before the aid contract is entered into and the payment request made, with checks made on measures that, given their complexity, present the greatest risk; • Roll-out of a system for cross-checking information and, for investment measures, possibility to define risk criteria relating to beneficiaries and/or suppliers and/or types of work. |
| <p>Question 1.2.2.</p> <p><i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously declared or certified to the</i></p> | <p>The AD&C would like to point out that the ECA did not detect any quantifiable errors in 2015; this demonstrates that the procedures used by the various bodies involved in the management and control process (managing, certification and audit authorities) are effective in terms of preventing, detecting and correcting any irregularities that may arise.</p> <p>The IFAP would like to state the following:</p> <ul style="list-style-type: none"> • For investment measures, improvements to checklists and quality improvements to on-the-spot visits; • For investment measures, new computerised cross-checking of ongoing payments and payments that have already been made; • Enhanced cross-checking of geographical information declared in the application for aid and the information collected during on- |

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| <p><i>Commission.</i></p> <p><u>Question 1.3.1.</u></p> <p><i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>the-spot visits.</p> <p>According to the IFAP:</p> <ul style="list-style-type: none"> • Greater use of simplified costs for measures where these are already used for certain categories of expenditure. • Use of simplified costs for new measures in cost reimbursement schemes. <p>According to the AD&C:</p> <p>MAs have primary responsibility for preventing, detecting and correcting fraud, but managing, certification and audit authorities, and other stakeholders, must work together to ensure that anti-fraud measures are successful. As such, managing authorities were issued with implementation guidelines for the anti-fraud strategy developed by the Inspectorate-General for Finance in its capacity as the Anti-Fraud Coordination Service (AFCOS). Guidelines were also issued on conducting a fraud risk assessment in accordance with Article 125(4)(c) of Regulation (EU) No 1303/2013.</p> <p>The aim of these guidelines is to promote a culture of prevention, detection and corrective action, based on a zero-tolerance approach to illegal practices and fraudulent behaviour and the application of ethical principles by all managers and staff at the relevant bodies. The main features are as follows:</p> <ol style="list-style-type: none"> 1. Fraud risk prevention, based on a fraud risk assessment; 2. A proactive approach to fraud detection; 3. Implementation of effective and proportionate measures for handling detected or suspected cases of fraud. |
| <p><u>Question 1.3.2.</u></p> <p><i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Yes</p> <ul style="list-style-type: none"> • The IFAP takes the view that the ECA's assessment is correct and shares the Commission's view, as expressed in its reply to point 1.21 of Chapter 1 of the ECA Report, that the use of simplified costs will help mitigate the complexity of eligibility rules related to the basis for reimbursement payments and, consequently, reduce the related levels of error. • The AD&C is of the opinion that the risk of error is in direct correlation to the complexity of the information that beneficiaries must provide for analysis as part of the process of managing and monitoring funds. |

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| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>In the Partnership Agreement, the Competitiveness and Internationalisation Operational Programme and the Regional Operational Programmes there is a particular focus on the coordination and integration of operations and financing; this is needed in order to maximise efficiency gains, bring about synergies and leverage public resources by mobilising private financing. There is also an emphasis on coordination between the use of European Structural and Investment Funds and activities and funding under other EU initiatives, such as the Horizon 2020 Programme.</p> <p>In this respect, Portugal 2020 provides strategic support for production-related aid and the transfer of scientific and technological knowledge to the business sector; this should help bolster research and innovation at companies that are part of national and regional R&I schemes, making them more results-oriented, increasing their global reach and including them in knowledge and innovation networks, both in Europe and internationally, with the ultimate aim of increasing competitiveness and national added value.</p> <p>As regards Horizon 2020, and specifically in relation to R&I policy, coordination is particularly important and this joined-up approach is evident in the following areas:</p> <ol style="list-style-type: none"> 1. Encouraging national bodies, particularly SMEs, to take part in Horizon 2020; this involves awareness-raising and information activities and capacity-building for bodies that are part of the R&I Scheme. It also includes help with the application process; 2. Encouraging national bodies to join international knowledge platforms and networks, promoting Portugal's active involvement in decision-making forums and forums for setting technical and technological standards, as well as knowledge transfer and knowledge sharing; 3. Supporting the application of the knowledge generated by R&D projects receiving support through Horizon 2020, particularly for the priorities identified in the R&I Strategy for Smart Specialisation (national and regional strategies), thereby helping to ensure that the R&D is brought to the market. <p>Support in this area is set out in Section III 'Incentive Schemes for Technological Research and Development' of the Specific Regulation on Competitiveness and Internationalisation (Implementing Order No 57-A/2015 of 27 February 2015, current version). As referred to in Part IV of the same Implementing Order, there are plans to provide support for applicants for EU-financed R&D programmes through the Support Scheme for Scientific and Technological Research.</p> |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>In the Partnership Agreement, the Competitiveness and Internationalisation Operational Programme and the Regional Operational Programmes there is a particular focus on the coordination and integration of operations and financing; this is needed in order to maximise efficiency gains, bring about synergies and leverage public resources by mobilising private financing. There is also an emphasis on coordination between the use of European Structural and Investment Funds and activities and funding under other EU initiatives, such as the Horizon 2020 Programme.</p> <p>In this respect, Portugal 2020 provides strategic support for production-related aid and the transfer of scientific and technological knowledge to the business sector; this should help bolster research and innovation at companies that are part of national and regional R&I schemes, making them more results-oriented, increasing their global reach and including them in knowledge and innovation networks, both in Europe and internationally, with the ultimate aim of increasing competitiveness and national added value.</p> |

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| | <p>As regards Horizon 2020, and specifically in relation to R&I policy, coordination is particularly important and this joined-up approach is evident in the following areas:</p> <ol style="list-style-type: none"> 1. Encouraging national bodies, particularly SMEs, to take part in Horizon 2020; this involves awareness-raising and information activities and capacity-building for bodies that are part of the R&I Scheme. It also includes help with the application process; 2. Encouraging national bodies to join international knowledge platforms and networks, promoting Portugal's active involvement in decision-making forums and forums for setting technical and technological standards, as well as knowledge transfer and knowledge sharing; 3. Supporting the application of the knowledge generated by R&D projects receiving support through Horizon 2020, particularly for the priorities identified in the R&I Strategy for Smart Specialisation (national and regional strategies), thereby helping to ensure that the R&D is brought to the market. <p>Support in this area is set out in Section III 'Incentive Schemes for Technological Research and Development' of the Specific Regulation on Competitiveness and Internationalisation (Implementing Order No 57-A/2015 of 27 February 2015, current version). As referred to in Part IV of the same Implementing Order, there are plans to provide support for applicants for EU-financed R&D programmes through the Support Scheme for Scientific and Technological Research.</p> |
| <p>Question 2.2.1.</p> <p><i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <ul style="list-style-type: none"> • The IFAP has improved the collection of implementation indicators for investment measures when the last payment request is sent. • The Development and Cohesion Agency (AD&C) wishes to point out that: In the case of Portugal, this link is established in the text of the agreement, specifically in point 1.3.1, which is partially reproduced below: The Partnership Agreement set out the programming of EU funding for the 2014-2020 period, with the aim of taking action in critical areas where implementation will create closer links between the Europe 2020 objectives and the national targets laid down in the National Reform Programme, within the framework of the restrictions related to the ongoing process of correcting macroeconomic imbalances (see Table 1). These objectives are naturally interlinked, as are their outcomes. Enhancing skills, in line with labour-market skills shortages, will help increase employability, boost businesses' competitiveness and reduce poverty and social exclusion. Increasing R&D capacity and innovation across all sectors of the economy, particularly bearing in mind the RIS3 priorities, in combination with more efficient use of resources, will improve competitiveness and promote job creation, while reducing poverty and social exclusion. Investing in cleaner, low-carbon technologies will benefit the environment, help fight climate change and create new business and employment opportunities. In the 2014-2020 programming period, the use of European Structural and Investment Funds is organised in such a way as to focus on the following thematic areas - Competitiveness and Internationalisation; Social Inclusion and Employment; Human Capital; Sustainability and Efficient Use of Resources - and two cross-cutting areas - Reform of the Public Administration and Region-based Policies. These four thematic areas are the main areas in which structural constraints exist and, as such, these are the priority areas for |

funding, as shown in the following table.

| | | Cross-cutting areas | |
|----------------|--|--|-------------------------------------|
| | | Region-based approach | Reform of the Public Administration |
| Thematic areas | Competitiveness and Internationalisation | Main thematic objectives (TO): TO 1: Strengthening research, technological development and innovation TO 2: Enhancing access to, and use and quality of, ICT TO 3: Enhancing the competitiveness of SMEs TO 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures TO 11: Enhancing institutional capacity of public authorities and stakeholders and efficient public administration | |
| | Social Inclusion and Employment | Main thematic objectives (TO): TO 8: Promoting sustainable and quality employment and supporting labour mobility TO 9: Promoting social inclusion, combating poverty and any discrimination | |

| | | |
|--|---|--|
| | Human Capital | Main thematic objectives (TO): TO 10: Investing in education, training and vocational training for skills and lifelong learning |
| | Sustainability and Efficient Use of Resources | Main thematic objectives (TO): TO 4: Supporting the shift towards a low-carbon economy in all sectors TO 5: Promoting climate change adaptation, risk prevention and management TO 6: Preserving and protecting the environment and promoting resource efficiency |

Table 1 – Thematic structure of Portugal 2020

ESIF funding is organised into four thematic areas, as referred to above, and it is important to emphasise their contribution to the three strategic growth priorities in the Europe 2020 Strategy.

For example, the ‘Competitiveness and Internationalisation’ thematic area makes a major contribution to the EU’s ‘smart growth’ priority for 2020 and to the development of a knowledge- and innovation-based economy, given its strategic aim to significantly increase economic competitiveness, step up the use of technology and enhance knowledge in a number of sectors and across the economy as a whole (particularly bearing in mind the RIS3 priorities), as well as its aim to increase the relative proportion of production activities geared towards goods and services that can be traded internationally and to make Portuguese businesses more export-oriented. Bolstering R&D investment in smart specialisation areas (with a view to reaching 2.7 % to 3 % of GDP by 2020) and greater effectiveness and efficiency in national and regional R&I schemes, including in terms of their internationalisation, while increasing efforts focused on demonstration activities and the transfer of R&D results to the business sector, will create a solid basis for ensuring the success of innovation processes.

The ‘Competitiveness and Internationalisation’ area also contributes to ‘sustainable growth’, meaning that it helps create an economy that is more resource-efficient, greener and more competitive. This is because the support given to business investment prioritises sustainability and the efficient use of resources, as well as efforts to boost the development of new technological solutions and processes designed to cut polluting emissions, reduce energy intensity and produce clean and efficient energy.

Its contribution to ‘inclusive growth’ is also relevant given its impact on growth (including in the area of qualified entrepreneurship), encouraging higher levels of employment (in quality and numerical terms) that in turn can ensure economic, social and territorial cohesion.

The thematic area of social inclusion and employment makes a major contribution to the EU 2020 priority relating to ‘inclusive growth’ (increase the employment rate for people aged 20-64 to at least 75 %, and reduce the number of Europeans living below the poverty line by 25 %, taking 20 million people out of poverty), in the sense that the strategic objectives in this area are linked to job creation and the fight against poverty and social exclusion. Given the additional difficulties caused by the economic and financial crisis, demographic

pressures, which are reducing the size of the workforce (due to a lower birth rate and an aging population), and the structure of the labour market, which does not encourage women and older people to work or help young people start work, it is imperative to put the right conditions in place to increase sustainable employment. The fight against poverty and social exclusion sets out to encourage cohesion and social inclusion by implementing strategies to ensure that all citizens, and particularly those who are most vulnerable, can enter the labour market, earn an income and access social protection and healthcare services.

The priority relating to 'smart growth' also makes a significant contribution to social inclusion and employment, as the aim of this priority is to boost people's skills in two ways: firstly, by promoting the development of the skills and competences that the economy and European society needs, and, crucially, by ensuring that these skills and competences are in line with the needs and expectations of the various stakeholders; secondly, by enhancing these skills and competences through effective life-long learning.

The social inclusion thematic area contributes indirectly to the 'sustainable growth' priority, insofar as it relates, essentially, to support for efficient energy use (including in integrated projects or support for renewable energy for own use) in public infrastructure, particularly in public buildings, mainly through investment in social and health infrastructure, and in the social housing sector.

Human Capital makes a particularly significant contribution to the 'smart growth' priority, in the sense that a long-term development strategy must be based on investment in education (in school or professional/ technical education) or on Research, Development and Innovation (R&D&I). By enhancing the quality of advanced training in line with the needs of the labour market, this contribution will be an essential means of improving human capital, and, as such, it will also increase Portuguese businesses' productivity, capacity to innovate and global reach. Training for employees, business owners and managers, which comes within the area of Competitiveness and Internationalisation, will also help ensure that there is a greater emphasis on productivity, competitiveness and skills in business strategies.

Human Capital also makes a contribution to the 'Inclusive Growth' priority, particularly as regards improving employability by ensuring that training for adults and young people matches the requirements of the labour market. Strategies to prevent and reduce early school-leaving have a key role to play in terms of lowering the risk of exclusion and breaking the poverty cycle. At operational level, in the area of Social Inclusion and Employment, there is a focus on training for unemployed people and other at-risk groups, while Human Capital focuses on education and training leading to a school-leaving certificate or vocational qualification, both with a view to improving the employability of the people who have received training.

It also makes a crucial contribution to 'sustainable growth' bearing in mind that many of the new jobs linked to the green economy will require more advanced qualifications than those currently needed; this means that employees will need to be more highly skilled and specialised, which in turn requires investment in training and professional skills. In the light of the above, it will be possible to create projects and programmes designed to boost human capital in view of the challenges posed by green growth.

The Sustainability and Efficient Use of Resources area makes a key contribution to the 'sustainable growth' priority in the EU 2020 strategy insofar as the aim is to tackle the challenges posed by the shift to a low-carbon economy and energy diversification and

efficiency, based on a more efficient use of resources. As such, Portugal 2020 has a key role to play in terms of ensuring that Portugal can deliver on its international commitments in this area, specifically as regards cutting primary energy consumption by 20 % by 2020 and limiting the rise in greenhouse gas emissions outside the European emissions trading scheme to 1 % compared to 2005 levels. A dynamic approach that creates links between sustainability and growth will also contribute to the ‘smart growth’ priority in the EU 2020 strategy, by reducing consumption and costs related to business operations (energy efficiency), transport and the public sector (energy efficiency), thereby freeing up resources to boost domestic demand and new investment. Lastly, this area will make an indirect contribution to the ‘inclusive growth’ priority, as new opportunities created by the growth of the green economy will create jobs.

Table 1 – Contribution of the thematic areas to the priorities of the Europe 2020 Strategy

| Thematic area | Strategic objectives | Smart growth | Sustainable growth | Inclusive growth |
|--|---|--------------|--------------------|------------------|
| Competitiveness and Internationalisation | <ul style="list-style-type: none"> • Step up the use of technology and enhance knowledge in a number of sectors and across the economy as a whole; • Increase the relative proportion of production activities geared towards goods and services that can be traded internationally and make Portuguese businesses more export-oriented; • Build SMEs' capacity to pursue more advanced business strategies; • Improve conditions for transporting goods in and out of Portugal, reducing businesses' costs and lead times; • Enhance the capacity, efficiency and integration of public services, cutting red tape. | +++ | ++ | ++ |
| Social Inclusion and Employment | <ul style="list-style-type: none"> • Improve employability conditions for the unemployed and boost job creation for vulnerable groups; • Strengthen employment-related supply and demand adjustment mechanisms, and match active employment policies to the needs of different regions and different target groups; • Encourage net creation of sustainable/ long-term employment and boost part-time employment; | ++ | [illegible] | +++ |

| | | | | | |
|--|---|---|--|--|--|
| | | <ul style="list-style-type: none"> • Step up efforts to combat discrimination, including wage discrimination, based on gender, sexual orientation, ethnicity or race, religious or other beliefs, disability or age, and promote better work-life balance; • Improve access to training for less-qualified workers and particularly those who are working for micro or small enterprises; • Improve the responsiveness of the public employment service and its support structures; • Combat exclusion, child poverty and poverty among older people by improving access to high-quality services for children and the elderly; • Improve the reach and quality of support services in the area of social inclusion, guaranteeing the right level of support focussing on existing solutions and building capacity to respond to future needs; | | | |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>The IFAP has taken steps to improve the collection of implementation indicators for investment measures when the last payment request is sent.</p> | | | | |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | | | | | |

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|---|--|
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>The improvements that the IFAP has made are applied to all operations.</p> |
| <p>Question 3.1.1. <i>Framework or a system for the follow-up of ECAs's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes. An information system is currently being developed. It will contain all the information on fund-related checks/audits and the outcome of those checks and audits. This system will be used to follow up on any recommendations made and to correct any detected errors. Until the system goes into production, a fall-back system is being used whereby information is collected using Excel spreadsheets, and evidence is requested whenever necessary.</p> |

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

COMMON AGRICULTURAL POLICY

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
|---|--|--|--|--|
| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <p>➤ number and complexity of rules and gold-plating</p> <p>➤ incorrect transposition of applicable EU legislation into national laws</p> <p>➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</p> <p>➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</p> <p>➤ complex eligibility rule</p> <p>➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them</p> <p>➤ insufficient quality and up-date of the Land Parcel</p> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input checked="" type="checkbox"/> APIA, AMPNDR, AFIR | <input type="checkbox"/> |
| | <input checked="" type="checkbox"/> APIA | <input checked="" type="checkbox"/> AA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, | <input checked="" type="checkbox"/> AMPNDR, AFIR | <input checked="" type="checkbox"/> APIA |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, AMPNDR, AFIR | <input checked="" type="checkbox"/> APIA | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA | <input type="checkbox"/> | <input type="checkbox"/> |

| <i>Identification System (LPIS)</i> | | | | | | |
|-------------------------------------|---|--|--|--|--|--|
| ➤ | <i>mistakes in the aid applications</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA,APIA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input checked="" type="checkbox"/> AA | <input checked="" type="checkbox"/> APIA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input checked="" type="checkbox"/> AA, AMPNDR | <input checked="" type="checkbox"/> APIA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, AMPNDR | <input checked="" type="checkbox"/> APIA | <input checked="" type="checkbox"/> AFIR | <input checked="" type="checkbox"/> AFIR |
| ➤ | <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> APIA |
| ➤ | <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ | <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA,APIA,AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | | | |
|--|---|--|--|--|--------------------------|--------------------------|--|
| | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | ➤ sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending | | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | ➤ insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors | | <input checked="" type="checkbox"/> AA | <input checked="" type="checkbox"/> APIA | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AFIR |
| | ➤ need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation | | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> APIA |
| | ➤ knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors | | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> APIA |
| | ➤ expected results from actions that will not always be evident in short-term | | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA, APIA, AMPNDR, AFIR | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
|---|--|--|---------------------------------|--------------------------|
| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|--|--|--|--|--|--------------------------|
| | <p>➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i></p> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>complex eligibility rule</i></p> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS) - not applicable</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>mistakes in the aid applications- not applicable</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme - not applicable</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> |
| | <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|---|--|--|--------------------------|--------------------------|--------------------------|
| | | | | | |
| <i>checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>expected results from actions that will not always be evident in short-term</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

REGIONAL AND URBAN POLICY

| | | | | | |
|---|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>number and complexity of rules and gold-plating</i> | <input checked="" type="checkbox"/> AA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|--|--|--|--|--|--|
| | <ul style="list-style-type: none"> ➤ <i>need of more or better resources and administrative capacity building</i> ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> ➤ <i>expected results from actions that will not always be evident in short-term</i> | <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> AA <input type="checkbox"/> <input checked="" type="checkbox"/> AA <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input checked="" type="checkbox"/> AA <input checked="" type="checkbox"/> AA <input type="checkbox"/> <input checked="" type="checkbox"/> AA <input type="checkbox"/> <input checked="" type="checkbox"/> AA <input checked="" type="checkbox"/> AA <input checked="" type="checkbox"/> AA | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
|--|--|--|--|--|--|

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
|--|--------------------------|---|---|---|
| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> ➤ <i>complex eligibility rule</i> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> ➤ <i>mistakes in the aid applications</i> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> MFE | <input type="checkbox"/> | <input type="checkbox"/> |

| | |
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| | <p>regarding the eligibility of expenditure (DECISION No 399/27 May 2015 regarding the rules for eligibility of expenditure within the operations financed through the European Regional Development Fund, European Social Fund and Cohesion Fund 2014-2020), also taking into account the sensitive issues of SOP HRD management and control system, deficiencies that have led to interruptions of payments.</p> <p>AFIR: We attach the Action plan for the reduction of the error rate (the 5th follow-up) describing the actions taken by AFIR in relation to public procurement and eligibility conditions.</p> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>AMPNDR: The main lessons learned while addressing risks and errors for the EU spending, with emphasis on the ones mentioned above, are related to the reduction of the number of documents requested in order to determine project eligibility and to simplify public procurement procedures.</p> <p>ACP: The procedure for further checks for certification by the ACP applicable in the period 2014-2020, deals with thematic objectives depending on the risks detected in the management and control system in the period 2007-2013, focusing on public procurement, State aid and assessment/selection. The above-mentioned checks, pursuant to the procedure applicable in the period 2014-2020, will be carried out on the basis of separate checklists for thematic objectives.</p> <ul style="list-style-type: none"> ● AA: In relation to the compliance with EU and national eligibility rules, certain cases require the strengthening of first-level controls in order to diminish the risk of reimbursement of expenditure that does not fully comply with the eligibility conditions; ● AA: In relation to the compliance with EU and national public procurement legislation, better beneficiary information is needed in terms of application of public procurement procedures and rules, the strengthening of ex-ante controls and, in certain cases, of first-level controls. ● the awareness in terms of the verifications of artificial conditions - AFIR ● the need for a national and European database - AFIR <p>MFE:</p> <ul style="list-style-type: none"> ● the detailed analysis of beneficiary eligibility and the use of the Competition Council's platform and ARACHNE application; ● the harmonisation of national legislation pursuant to the new EU directives, correlation of responsibilities of the institutions involved in the verification/control of public procurement procedures – setting-up of ANAP (National Public Procurement Agency), signing of interinstitutional protocol; ● the use of REGAS platform ● the need to strengthen the administrative capacity of the managing authority; ● the simplification of implementation procedures; |

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| | <ul style="list-style-type: none"> the development of simplified cost options, thus directing efforts to the impact monitoring component and simplifying bureaucratic effort; the development of a single information management system allowing the exchange of data between the managing authority, beneficiaries, certifying and paying authority and auditing entities, as well as data storage in structured form in order to ensure the traceability of documents for each operation. |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>AMPNDR: the gradual introduction of the option of online submission of projects in order to reduce the necessary time and costs related to the submission of projects, the reduction of the number of documents requested upon the submission of projects, a series of documents being requested upon contracting</p> <ul style="list-style-type: none"> the use and extension of simplified costs - AFIR the use of standard documents - AFIR the establishment of RegAs database – AFIR <p>APIA: At the level of the Paying and Intervention Agency for Agriculture, the electronic filling-out of the Single Payment Application has been implemented through IPA ONLINE</p> <p>IPA Online is a free software allowing the electronic filling-out of the Area Statement within the support application for the Single Area Payment Scheme. The application may be used wherever there is a computer with Internet connection: at home, at the office of the farm, at town hall, at APIA centre. IPAOnline provides the list of plots for which support was requested in the previous year, with the areas determined further to the controls carried out by the Agency's specialists, as well as the layout of agricultural plots. For each plot, one may modify, correct or supplement the Area Statement and layout of the plot. The programme verifies the entered data and, if they are not complete or if there is obvious information asymmetry, it will display a warning, thus helping the applicant to correctly fill out the Statement, which is automatically introduced in the Integrated Administration and Control System, used by APIA to check the Support Application. The application contains a Presentation Manual and video tutorials.</p> <p>Through the implementation of this software, the risk of submitting an incorrect area statement is much lower and so is the risk of being sanctioned for this reason. It also reduces the time needed to fill out the application at the office.</p> <p>The use of this computerised solution determines the reduction of paper consumption for environment protection. The reduced support</p> |

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| <p>application does not need to be filled out on paper.</p> <p>AMPNDR: At national level, Government Emergency Order No 41 of 28 June 2016 establishing certain measures for the simplification of the central government and amending and supplementing certain legislative acts.</p> <p>In order to reduce administrative burden, to improve the efficiency of the financial management of operations, to provide a quicker and better response to the needs of target groups/territories, RO chose to introduce simplified costs. Simplified costs cover expenditure for sM 6.1, 6.2, 6.3, 6.5, M 2, M 9, M 10, M 11, M 13, M 15 and sM 4.1 for table grape plantations, only for costs related to the setting-up/replacement of plantations, sM 4.1a for the fruit tree sub-programme, only for costs related to the reconversion and setting-up of plantations and sM 8.1 for afforestation, only for the costs related to works for the setting-up of plantations. We intend to apply it to other measures as well.</p> <p>At national level, Government Emergency Order No 41 of 28 June 2016 establishing certain measures for the simplification of the central government and amending and supplementing certain legislative acts.</p> <p>MFE:</p> <p>An example of good eligibility practices is the use of the Competition Council's platform and ARACHNE application.</p> <p>The implementation of the payment application mechanism may be considered another example in this respect. Through the implementation of this mechanism, the managing authority checks ex-ante the eligibility of expenditure/ compliance of procurement, with the possibility of correcting potential errors that could prejudice the national and EU budget, given that the payment application is a justified and documented advance.</p> | <p>ACP: During the on-the-spot check missions carried out by ACP, additional specific objectives are established in relation to the management of systemic risks identified in the reports of the European Commission/ ECA. Depending on the risks detected within the operational programmes, experts were also hired to support the checks carried out for the certification of the expenditure by ACP, in the following fields: procurement, audit, assessment/selection of projects and FIDIC.</p> <p>AFIR: The expenditure is not declared if there are suspicions and the project is submitted to the control bodies.</p> <p>MFE:</p> <ul style="list-style-type: none"> • Training of the staff and beneficiaries, instructions, close monitoring, regular meetings with the beneficiaries for the analysis of project implementation status; • Conducting a considerable number of cross-checks for beneficiaries of multiple projects; • The managing authority re-performs the checks carried out at the level of intermediate bodies; • Detailing the expenditure affected by the irregularity further to the controls, as document attached to the issued debt instrument. |
| <p>Question 1.2.1.</p> <p><i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | |

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| <p>Question 1.2.2. Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> declared or certified to the Commission.</p> | <p>AFIR: Procedural changes and extension of the recheck sample at central level.</p> <p>MFE:</p> <ul style="list-style-type: none"> • Comprehensive checklists, simple, clear and applicable working procedures, close monitoring. • Given the need to consolidate the capacity for prevention and early detection of expenditure-related risks, SOP HRD managing authority has developed an instrument, IT-ROMAFIS, which is able to generate alerts regarding the multiple funding risk, errors related to salary costs, and the risk of fraud associated with public procurement procedures. This system has been used in the process of verification of reimbursement applications starting with the end of 2015, providing clues that are subsequently verified with the supporting documents, in order to obtain a reasonable assurance regarding the expenditure requested for reimbursement. |
| <p>Question 1.3.1. Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</p> | <p>MFE: Given the most significant flat-rate correction of 25% applied to salary costs settled under SOP HRD, SOP HRD managing authority diminished the salary threshold for the positions settled under the projects, as also provided in the general guidelines for the Operational Programme Human Capital.</p> |
| <p>Question 1.3.2. Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural</p> | <p>Yes.</p> <p>AFIR: the high level of payments corresponds to a short assessment period and a high number of projects.</p> <p>No.</p> <p>AA: In Romania's case, we could rather state that there is no obvious relationship between the basis for payment and levels of error estimated in the major EU spending areas since, for the regional and urban policy, employment, social affairs and inclusion, there are eligibility rules that apply to the projects in these policies (e.g. for investment projects – rules regarding procurement, rules regarding</p> |

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| <p><i>policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>expenditure), which do not offer enough flexibility so that the systems based on payment entitlements may be used similarly to the direct payments to farmers within the common agricultural policy. Furthermore, the complex and diverse nature of these projects does not provide sufficient assurance as to the eligibility of expenditure exclusively based on the statements of the beneficiaries and in the absence of databases that are similar to the IACS/LPIS system used within the common agricultural policy, which is the main instrument for the performance of checks by the national responsible authorities. Moreover, in Romania's case, as far as the regional and urban policy, employment, social affairs and inclusion are concerned, the simplified cost option has not been used so that a system based on payments entitlements could be considered.</p> |
| <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>YES: AFIR: The evaluation studies of the National Programme for Rural Development 2014-2020 will analyse the progress made towards the objectives of the programme and its contribution to the fulfilment of the Union's strategy for a smart, sustainable and more inclusive growth, assessing, among others, the net contribution of the programme to the change in the values of CAP (Common Agricultural Policy) impact indicators and evaluation questions.</p> <p>AMPNR: From the preparation of the National Programme for Rural Development, pursuant to the strategy of the National Programme for Rural Development, the Romanian authorities correlated the objectives in the National Programme for Rural Development with the objectives of CAP and Europe 2020 Strategy. Thus, the objectives of Europe 2020 Strategy will be achieved in 2014-2020 through the EU priorities transposed by the areas of intervention and measures of the National Programme for Rural Development.</p> <p>MFE: The National Strategy for Research, Development and Innovation 2020 was developed in the wider context of <i>Europe 2020</i> strategy, particularly in the context of the initiative <i>Innovation Union</i> and of the main implementation instrument – <i>Horizon 2020</i>, as well as in the context of its interrelation with cohesion policies. The National Strategy for Research, Development and Innovation is implemented by a set of instruments financed from the national budget – through the <i>National Plan for Research, Technology Development and Innovation 2015-2020</i> (National Plan for Research, Development and Innovation 3), <i>the sectoral research programmes of the ministries, the Research Programme of the Romanian Academy</i>, as well as from ESIF 2014-2020 through <i>Operational Programme "Competitiveness" – priority axis "Research, technology development and innovation to support business and competitiveness"</i>, <i>Regional Operational Programme (axis Technology transfer)</i>, <i>the National Programme for Rural Development, Operational Programme Human Capital (axis Education and training)</i>.</p> <p>The National Strategy for Research, Development and Innovation identified the following types of scientific priorities, pursuant to Europe 2020 Strategy and Horizon 2020 programme:</p> <ul style="list-style-type: none"> • <i>Smart specialisation priorities:</i> bioeconomy; information and communication technology, space and security; energy, environment and climate change; eco-nanotechnologies and advanced materials. • <i>Priorities with public relevance:</i> health, new and emerging technologies, patrimony and cultural identity. |

• *Fundamental research*, which includes humanities, natural and exact sciences, socio-economic disciplines – as source for frontier and interdisciplinary research.
In support of these priorities, certain categories of projects are financed through the Operational Programme Competitiveness, namely through the National Plan for Research, Development and Innovation 2015-2020.

Operational Programme Competitiveness – priority axis 1 “*Research, technology development and innovation to support business and competitiveness*” - finances the following types of projects:

1. RO-ECSEL: a project for the financing of eligible research, development and innovation activities of participants from Romania within the projects selected for financing by the Joint Technological Initiative ECSEL Joint Undertaking within the calls for the framework-programme Horizon 2020, but which are not financed from Horizon 2020.
2. COMPLEMENT: projects for the financing of research, development and innovation activities in addition to the projects financed within the Joint Technological Initiatives (JTI) of Horizon 2020, which are outside the work plan of JTI (thus non-eligible for financing from the funds of the framework-programme Horizon 2020), but complement the activities in the work plan and contribute to the achievement of JTI objectives.
3. RO-EIT: research, development and innovation projects for the consolidation of the participation of Romanian entities in the activities financed by the European Institute of Innovation & Technology (EIT).
4. RO-ESFRI-ERIC: research, development and innovation projects for the consolidation of the participation of Romanian entities as partners in pan-European ERIC (European Research Infrastructure Consortium) research infrastructures or mentioned as active or “landmark” projects in the Roadmap 2016 of ESFRI (European Strategy Forum on Research Infrastructures).
5. FINALIST-IMM: projects for the financing of research, development and innovation activities included in the proposals of the SMEs that participated individually in Horizon 2020 competitions for SME instrument – phase 2 and obtained the “Seal of Excellence” from the European Commission, but which were not selected for financing from the funds of the framework-programme.
6. CATEDRE-ERA: projects for ERA chairs of Horizon 2020. CATEDRE-ERA projects under this action will finance investments for the development of research and development infrastructure in the departments of research organisations that have won funds for “ERA Chairs” projects in Horizon 2020 competitions, while Horizon 2020 will finance personnel and administrative costs.
7. TEAMING: projects between strong research institutions and Romanian research institutions with potential to be excellent. Horizon 2020 will finance the preparatory phase (including the development of a business plan) for the development of the research and development capacity by teaming with a performing institution in another Member State. Structural funds will be included in the second teaming phase for the financing of the investments in the development of research and development infrastructure in the Romanian institution.

The National Plan for Research, Development and Innovation 2015-2020 (National Plan III), financed from the state budget, which

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| | <p>includes Programme 3 – European and international cooperation. One of the objectives of the programme is Romania’s participation in the EU Research and Innovation Programme – Horizon 2020, in the Joint Programming Initiatives (JPI), in the European Innovation Partnerships (EIP), in other European and international bilateral and multilateral initiatives, programmes, organisations and conventions, by means of:</p> <ul style="list-style-type: none"> • support projects for the participation in Horizon 2020 projects (for example, Marie Curie COFUND and others); • ERA-NET projects; • other types of projects for the support of Romanian participation in the European joint programming initiatives (JPI). |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes.</i></p> | <p>AMPNDR: In the Partnership Agreement (PA) with the EU for 2014-2020, RO proposed an integrated approach to EU investments in order to ensure the complementarity of the use of ESIF and achievement of the joint thematic objectives. The practical means by which, at institutional level, synergies and coherence among ESIF interventions are ensured is the creation of a three-tier structured institutional mechanism of coordination: i) PA monitoring committee, ii) five thematic sub-committees and iii) four functional working groups under the responsibility of and coordinated by MFE.</p> <p>The role of the mechanism is to ensure the strategic and complementary coordination during the implementation of the PA and the programmes financed from ESIF, monitoring the coherence, synergies and delineation from other national/ European programmes/instruments. The coordination of the interventions through the above-mentioned mechanism covers the programmes financed from ESIF and the other EU programmes: HORIZON 2020, EaSI (the Employment and Social Innovation programme), FSUE (European Union Solidarity Fund), LIFE+, etc.</p> <p>In the context of the PA and ESIF, all possibilities to ensure complementarity and synergies among ESIF instruments have been analysed while addressing the needs in the rural areas and in order to facilitate on-site implementation, ensuring transparency with respect to the remittances of various instruments, as well as their complementarity through the national programmes.</p> <p>MFE: DGAPE (Directorate-General for Analysis, Programming and Evaluation) Upon the preparation of the research, development and innovation programmes financed from ESIF and from the national budget (National Plan III), synergy and complementarity have been ensured through: the support of the smart specialisation areas identified in the National Strategy for Research, Development and Innovation, the development of a critical mass of researchers and of the quality of human resources in research, the development of competitiveness, development and innovation (research, development and innovation infrastructure, technology transfer, innovative SMEs, etc), and the development of international cooperation.</p> |
| <p>Question 2.2.1. <i>Performance</i></p> | <p>MFE: The operational programmes financed from ESIF 2014-2020 have been elaborated mainly taking into account the targets of Europe 2020, the Country Specific Recommendations, and the relevant European sectoral strategies. The verification of this link, including the evaluation of the manner in which the funds contribute to the achievement of the objectives of the European strategies, has</p> |

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| <p><i>measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>been carried out as early as the ex-ante evaluations for the Partnership Agreement and all operational programmes. As far as projects/operations are concerned, given their size, their link to the European objectives is indirect, through the financing programmes. More specifically, projects/operations are evaluated in terms of their link and contribution to the objectives of operational programmes and national strategies, both before the funds are granted and during implementation and ex-post.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>MFE: 2014-2020 programming in Romania has been carried out with a focus on results. At operational programme level, the logic of the operational programme intervention has taken into consideration the results. Therefore, each operational programme includes (common or specific) result indicators. Moreover, for each priority axis of the operational programme, the indicators considered for the performance framework are identified (financial indicators + indicators of achievement and/ or key implementation stages). For each applicant's guide, for each operational programme, the indicators that must be attained at project level are defined: indicators of achievement + result indicators. In this regard, projects are assessed before the funding is granted, also in terms of the formulation of objectives and establishing of targets for the related indicators. We have also put in place a monitoring system for the projects that have received funding and an ESI fund evaluation system, which evaluates the obtained results and impact of the funds, both at macro level (the entire territory of the country), at meso level (operational programmes), and at micro level (projects, sample).</p> |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. MFE: Given that operational programmes and projects financed under them are linked (in terms of objectives and indicators), for each operational programme, an indicator guide has been prepared for the purpose of clarifying, for each indicator, what it means, when it is reported, how it is collected, the deadlines etc. Applicant's guides also specify the indicators that must be included in the projects, monitored by the beneficiary and reported to the managing authority.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement of EU objectives at EU measure, operations or</i></p> | <p>ROP: ROP evaluation for the period 2007-2013 http://www.inforegio.ro/en/rapoarte-de-evaluare-en.html The Programme Evaluation Office ensured the management of the evaluation studies, which analysed both the suitability of ROP strategy for the development needs of the regions in a period characterised by substantial economic and social changes (economic crisis, unemployment, migration) and operational and procedural issues related to the programme implementation at central and regional level. In the period 2013-2015, the Programme Evaluation Office managed the implementation of a Framework Agreement for the carrying out of ROP impact assessments for each major scope of intervention, for the purpose of pointing out the effects of the interventions and the ERDF (European Regional Development Fund) contribution to the achievement of the regional development objectives.</p> |

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| <p><i>project level and the output and result indicators at EU measure, operations or project level.</i></p> | <p>The eight impact assessment studies for the interventions have analysed what works, what does not work, the reason why, the period and the conditions. Additionally, the proposed methodology had special relevance, the counter-factual methodologies being used for the first time in Romania.</p> <p>ROP evaluation in the period 2014-2020</p> <p>The first set of evaluations, the period 2017-2018, will have a more limited scope due to the small number of implemented interventions. However, we estimate a significant added value from a methodological perspective, since their experience, data, findings, conclusions and recommendations will be an input both for the decision-making process in order to ensure the efficacy of ROP and for future evaluations and their approach.</p> <p>Given the moment of its implementation, the second set of evaluations will provide evidence as to the contribution of ROP interventions to the achievement of proposed objectives, given their wider scope due to the progress in the programme implementation.</p> <p>An essential role of these evaluations is to contribute to the formulation of interventions for the next programming period (2021-2026). In 2019, the preparation of the new programme will commence and, given the experience acquired in the preparation of the current ROP, conclusions as to “what works” and “what does not work” will be needed in order to further ensure a result-oriented approach.</p> <p>At project level, the performance measurement system for the monitoring of the objectives and indicators of the projects has been and is formed of:</p> <ul style="list-style-type: none"> • the supply of information on the status of project implementation through the verification of the Quarterly Monitoring Reports of Intermediate Bodies, Visit Reports of Intermediate Bodies, Quarterly Progress Reports of Beneficiaries and through the verification in MYSMIS/SMIS2014+. • on-site visits of the Managing Authority, during the implementation period and ex-post, to the entities involved in the implementation of the projects in order: <ul style="list-style-type: none"> - to detect the issues with the implementation and to facilitate their settlement; - to verify project performance as against the activities described in the Financing Contracts; - to analyse the status of project implementation for the amendment/suspension/ termination of Financing Contracts; • the setting-up of an information base by the Managing Authority for the reporting of the achievement of the indicators of the projects financed through the systematic collection of information regarding the conduct and results of certain activities, the analysis and use of such information for the purpose of monitoring the status of the fulfilment of project indicators and achievement of results and objectives. <p>For the measurement of programme performance, one must monitor both the direct contribution of project implementation, through the indicators of achievement, and the general impact, in terms of thematic objectives/ investment priorities for ROP priority axes, through the result indicators.</p> <p>The Monitoring Committee of the Regional Operational Programme 2014-2020 (CMPOR) analyses regularly ROP implementation and the progress towards the achievement of the established specific objectives. For this purpose, at least twice a year, CMPOR examines all issues affecting the evolution of the programme, namely financial data, common and specific programme indicators, changes in value in relation to result indicators, but also the progress towards the achievement of target values and stage objectives defined in the performance framework.</p> <p>AMPOP: The result indicators provided in POPAM (Operational Programme for Fisheries and Maritime Affairs) are monitored at</p> |
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project level, so that one may monitor individually the contribution of each project to the implementation of POPAM. Beneficiaries are required to specify the targets for each monitoring year and, annually, for the monitoring period, the staff of the Managing Authority verifies the level of target achievement.

AMPNDR: Reply 2.2.1 - 2.2.4

The National Programme for Rural Development includes provisions aiming at the strengthening of result orientation. The programme presents the intervention logic used to address the identified development needs, establishes the framework for performance-related assessment and efficient implementation of EAFRD funds. In order to consolidate the result orientation of programming, the forecasted results are presented for each specific objective and related result indicators, with a basic value and a quantified target value.

The programme provides the existence of a system of result indicators needed to select the actions that contribute most efficiently to the desired results, monitoring of progress towards the results and carrying out of impact assessment.

Chapters 7 – Performance framework and 11 – Plan of indicators in the National Programme for Rural Development 2014-2020 present the above-mentioned issues.

The new Common Monitoring and Evaluation System (CMES) of rural development programmes will supply information to the interested parties regarding the implementation of the rural development policy, its results and impact, given that the rural development policy is result-oriented.

In order to check if the implementation of rural development programmes is properly carried out and for the achievement of objectives, CMES provides mandatory reporting in different implementation periods, correlated with the reporting of the Common Agricultural Policy (CAP) and the other European structural and investment funds (ESIF).

Thus, annual reporting began in 2016, through the annual implementation report and will continue each year, providing information regarding programme implementation, the progress of the programme evaluation plan and other issues influencing the implementation of the National Programme for Rural Development.

In 2017 and 2019, the Managing Authority will send the European Commission consolidated annual implementation reports, which will include conclusions of the evaluations, such as the quantification of the results of the National Programme for Rural Development, etc., as well as replies to the evaluation questions, based on evaluation activities carried out by evaluators who are functionally independent from the Managing Authority.

Pursuant to European regulations, evaluations are conducted for the improvement of the quality of programme preparation and implementation, as well as for the assessment of their efficacy, efficiency and impact by experts who are functionally independent from the authorities responsible for programme implementation.

The common monitoring and evaluation system also provides an evaluation plan, which includes the evaluations to be carried out precisely to point out the results and impact of the programme. Thus, evaluations are provided with reference to the contribution of the National Programme for Rural Development to the achievement of CAP objectives, of the European Union strategy for a smart, sustainable and inclusive growth, given the social, economic and environmental situation in the rural areas and the Partnership

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| | <p>Agreement.</p> <p>Furthermore, the evaluation monitors the contribution of the National Programme for Rural Development to the rural development priorities and the programme results and impact. Consequently, the evaluation will contribute to the improvement of programme implementation and will be used as a basis for programme change. The evaluation topics for the National Programme for Rural Development consider the specific evaluation and monitoring needs identified during programme implementation, which will cover at least: the evaluation of result and impact indicators, the analysis of the net effect, thematic issues (including sub-programme), horizontal issues, the use of Technical Assistance, the contribution to the local development strategy and principle of partnership, National Rural Development Network, support for evaluation of the local action groups, programme specific elements – the necessary activity for the development of methodologies or to respond to needs that are specific to certain areas (for example disadvantaged mountain areas), including in relation to transversal objectives.</p> <p>The evaluation activity ensures all information needed to draw up the Annual Implementation Reports presented between 2017 and 2019 and the ex-post evaluation. Evaluations also analyse the changes further to programme interventions, the net effect of the programme, its implementation, including the complementarity and synergies with the other structural and investment funds. For the period 2014-2020, at least once, one must evaluate the manner in which European funds granted to Romania through EAFRD contribute to the achievement of each rural development priority and of transversal objectives. The evaluation activity also allows the collection of data needed to establish the value of the complementary result indicators.</p> <p>MFE:</p> <p>The operational programme monitoring system establishes the way in which data are collected and reported. In terms of indicators, for each operational programme, an indicator guide has been prepared, which includes information related to: the name of the indicators, the unit measure, the type of indicators, the basic value, the definition, the calculation formula, the data source, the obligation to provide the data, the data format, data storage etc.</p> <p>Yes.</p> <p>APIA:</p> <p>The organisational structure of the Paying and Intervention Agency for Agriculture includes a department whose duties are the monitoring and reporting of the progress in the implementation of the recommendations of external bodies, including the ECA. In this regard, the above-mentioned structure carries out the following activities:</p> <ul style="list-style-type: none"> ● preparation of an action plan which includes the recommendations in the external audit reports, the structures responsible for their implementation and implementation deadlines; ● transmission of the action plan to the specialised departments for the supplementation of their means of implementation; ● centralisation of the replies of the specialised structures regarding the status of the implementation of recommendations; |
| <p><i>Question 3.1.1.</i> <i>Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on</i></p> | |

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| <p><i>progress achieved towards implementation of Court's recommendations</i></p> | <ul style="list-style-type: none"> • transmission of progress reports for the implementation of the recommendations to the external authorised bodies. <p>The progress in the implementation of the recommendations of external bodies is monitored regularly and reported at the established deadlines or at the request of the authorised bodies.</p> <p>AFIR: An action plan has been prepared for the reduction of the error rate and it includes actions taken further to the recommendations of the ECA and EC. These actions are included in the Agency's manuals of procedures.</p> <p>MFE: For example, within the authority managing the Sectoral Operational Programme Increase of Economic Competitiveness/Operational Programme Competitiveness, there is an operational procedure aiming at the implementation of the recommendations and measures taken and a means of reporting their fulfilment.</p> <p>At the level of the authority managing SOP HRD/the Operational Programme Human Capital, there are instruments for the stocktaking and monitoring of the audit recommendations structured for each auditing entity, typology of shortcomings and projects concerned.</p> <p>The action plans monitor the degree of implementation of the recommendations and the application of unitary corrective actions for all intermediate bodies depending of the typology of the shortcomings.</p> <p>AMPOR (Managing Authority for the Regional Operational Programme): AMPOR carries out, through the control structure established pursuant to Annex 12 to <u>Commission Regulation (EC) No 1828/2006 of December 2006</u> and pursuant to the powers established under Article 13(2) of the same Regulation, the checks required (...) pursuant to Article 60(b) of Regulation (CE) No 1083/2006, which will cover the administrative, financial, technical and physical issues of the operations, as applicable, to make sure that the statement of expenditure is accurate, that the products or services have been supplied pursuant to the approving decision, that the reimbursement requests by the beneficiary are correct and that the expenditure operations comply with Community and national rules. These verifications include the procedures for the avoidance of double funding of costs under other Community or national schemes and other programming periods.</p> <p>Thus, for the application of the provisions of Article 60(a) and (b) of Regulation (EC) No 1083/2006, pursuant to which the Managing Authority is responsible, in accordance with the principle of sound financial management, on the one hand, for entrusting that operations comply, for the whole of their implementation period, with the applicable Community and national rules and, on the other hand, for verifying that all expenditure declared by the beneficiaries complies with the Community and national rules;</p> <p>in conjunction with the provisions of Article 61(b)(ii), which provide that the Certifying and Paying Authority is responsible for certifying that all expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national</p> |
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rules,

and also in conjunction with Article 62(1) and Article 16(2) of Commission Regulation (EC) No 1828/2006, which provide that the Audit Authority (last national level of verification) has the same obligations, namely to certify that all expenditure declared complies with applicable Community and national rules and has been incurred for the operations selected for funding in accordance with the criteria applicable to the programme and applicable Community and national rules and, in relation to the obligations to protect the financial interests of the European Union in Romania resulting from the provisions of Council Regulation (EC, Euratom) No 2988/95 on the protection of the European Communities financial interests, AM POR carries out, further to the referrals received, through the control structure, checks in order to determine the eligibility of expenditure in relation to the rules of interpretation imposed by the European Commission, rules that have been formalised as RECOMMENDATIONS (accepted further to conciliations pursuant to the related procedures and laws), as recorded in the audit reports of the European Court of Auditors, of the European Commission and/or of the Audit Authority within the Romanian Court of Auditors, pursuant to their powers; the obligation to apply these rules of interpretation (recommendations) results from the above-mentioned Community rules, in the application of the provisions of Article 15 and Article 16 of Commission Regulation (EC) No 1828/2006. The obligation to implement these rules of interpretation (recommendations*) is also provided by the national law, under Article 5(c) of Government Emergency Order No 66/2011.

The recommendations in the audit reports of the European Court of Auditors, of the European Commission and/or of the Audit Authority within the Romanian Court of Auditors are interpreted and implemented in an uniform manner at the level of the Managing Authority for the Regional Operational Programme, the findings of the control structure regarding the existence of irregularities * within the application of contractual provisions and/or legal provisions being the exclusive result of these recommendations in relation to similar audited cases.

*the qualification of the irregularity and establishing of budget claims shall be performed pursuant to the legislative act in force on the date when the irregularity is committed pursuant to tempus regit actum principle, namely depending on the way in which it is defined by Article 2.7 of Council Regulation No 1083/2006 of 11 July 2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, as being any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

The provisions of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests, published in the official Journal of the European Union Series L No 312 of 23 December 1995 provide the same, namely that “Irregularity shall mean any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure”

The Court of Justice of the European Union held the same, by Judgment ECLI:EU:C:2016:360 of 26.05.2016 in joined cases C-260/14 and C-261/14, concerning requests for a preliminary ruling under Article 267 TFEU from the Bacău Court of Appeal (Romania), made by decisions of 8 May 2014, received by the Court on 30 May 2014 with regard to the interpretation of Article 1, Article 2, Article 4 and

Article 5(c) of Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ 1995, L 312, p. 1, Special edition, 01/vol. 1, p. 166), as well as Article 2(7) and Article 98 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ 2006, L 210, p. 25, Special edition, 14/vol. 2, p. 64).

AMPOP: The Managing Authority does not receive directly the reports further to the audit missions of the ECA. They are sent to the Managing Authority by the Audit Authority and the replies regarding the implementation of recommendations are also sent to this institution. Pursuant to the monitoring procedure for the implementation of the recommendations in the audit reports, the personnel of the Programming, Methodology, Monitoring Service distributes the received reports to the structures responsible for the notified issues and centralises the replies from them in order to be sent to the Audit Authority. For issues with financial implications, pursuant to the irregularity procedure, the personnel of the Control Service initiate the irregularity procedure for the issues indicated in these reports and monitors the potential recovery.

| Slovakia | | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p>Question 1.1.1 Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.</p> | <p>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered (* - CAP; + - regional and urban policy; x – employment, social affairs and inclusion)</p> <ul style="list-style-type: none"> ➤ number and complexity of rules and gold-plating ➤ incorrect transposition of applicable EU legislation into national laws ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) ➤ complex eligibility rule ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) ➤ mistakes in the aid applications ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme ➤ inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance | <input type="checkbox"/> | <input checked="" type="checkbox"/> *+ | <input checked="" type="checkbox"/> x | <input type="checkbox"/> |
| | | <input checked="" type="checkbox"/> *+ | <input checked="" type="checkbox"/> x | <input type="checkbox"/> | <input type="checkbox"/> |
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| | | <input checked="" type="checkbox"/> x | <input checked="" type="checkbox"/> * | <input type="checkbox"/> | <input type="checkbox"/> |
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| | | <input checked="" type="checkbox"/> x | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> + | <input type="checkbox"/> |
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| | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ need of more or better resources and administrative capacity building | | | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> |
| ➤ need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies) | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors | | | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ expected results from actions that will not always be evident in short-term | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> * | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Ministry of Labour, Social Affairs and Family: The complexity and vagueness of rules (from Europe to national) and amendments thereto over time, often with retroactive effect.

Ministry of the Environment: In connection with 'compliance with EU and/or national eligibility rules':

The root causes of persistent risks and errors in main areas of EU expenditure are as follows under the Operational Programme Environment:

- the investment nature of projects supported under the Operational Programme Environment – investment projects related to environmental infrastructure are characterised by a preparatory stage that places high demands on time, administration and financing, which delays the uptake of such projects' expenditure. In addition, the course followed by the implementation stage of these projects, usually entailing an implementation period of several years, has such parameters that rapid uptake is impossible in the initial stages of implementation; rather, the uptake of resources is spread evenly across the entire project implementation period;
- problems identified during on-the-spot checks, such as work that has been invoice but not carried out, errors in the calculation of the bill of quantities, mismatches between construction work done and the project documentation. Missing documentation required for submission in an on-the-spot check (failure to produce delivery notes for building materials, a report on the handover of the building site, confirmation of insurance, any insufficient insurance coverage, an overview of activities by external management), resulting in the identification of ineligible expenditure;
- poor-quality project preparation even in the initial stages of the process, manifested in the actual implementation of the projects – consequently, a large number of project change requests (concerning, for example, technology processes, extensions to deadlines stemming from the binding timeframe for the implementation of project activities, changes in the materials used, etc.);
- poor-quality documents submitted by beneficiaries – the beneficiaries submit repeatedly flawed outputs, in particular payment claims where inconsistencies are evident between invoicing and the contracts with suppliers/contractors, resulting in the quantification of ineligible expenditure and an attendant reduction in the amount claimed;
- inadequate performance of a first-level check on the cost-effectiveness and reasonableness of project expenditure – the provision of public resources beyond the eligible framework.

In connection with 'compliance with EU and national public procurement legislation':

- a protracted and convoluted public procurement process and the related non-compliance with procedures and rules under the Public Procurement Act by beneficiaries – public procurement is administratively demanding; the intensity differs depending on the procurement procedure to be used. This affects the timetable for the implementation of public procurement. Public procurement carried out by beneficiaries exhibits high error rates downstream, resulting in the need to repeat the tender and delaying the actual uptake at project level;
- the submission of incomplete documentation by beneficiaries, failure to keep to binding deadlines, the time-consuming nature of checks on the large volumes of public procurement documentation submitted, general problems implementing the public procurement process, suspension of the process of running an administrative check on public procurement rules in connection with the determination of a time limit for requesting tender dossiers.

In connection with 'compliance with State aid rules':

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| | <p>State aid has recently been simplified somewhat by the expansion of block exemptions. The expansion of areas covered by block exemptions is often ineffective due to the vagueness and ambiguity of the rules and/or conditions established, and the excessively protracted and convoluted acquisition of explanations from the Commission on individual provisions relating to block exemptions. On the other hand, not all cases where an ESIF contribution is to be provided can be classified under block exemptions, hence notification is required. The notification process is highly complex.</p> <p>Paradoxically, however, a Member State is not given enough opportunity to explain the specific nature of a particular case. The actual assessment of compliance with State aid rules is largely subjective in more complex cases.</p> <p>Ministry of Agriculture and Rural Development: We have obtained the following observations for the Regional Development Programmes Section of the Ministry of Agriculture and Rural Development: Most cases where an error by the Ministry of Agriculture and Rural Development, as the managing authority for the ROP and the Operational Programme Bratislava Region, has been identified concern the inadequate performance of a first-level public procurement check. This finding can be attributed to multiple factors, especially human error in the application of European directives and national Slovak law in public procurement checks. The second most common finding is that the performance of project activities in contravention of a grant agreement under the ROP mainly involves the performance of activities in contravention of the grant agreement and a schedule thereto – the project budget.</p> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>Ministry of Education, Science, Research and Sport: In the 2007-2013 programming period, the managing authority introduced the concept of ex-ante checks on public procurement documentation for strategic contracts (in excess of EUR 1 million) at the pre-publication stage in order to effectively eliminate errors and shortcomings in public procurement, thereby mitigating the risk of an infringement of the Public Procurement Act. The obligation to conduct ex-ante checks (for all above-the-limit contracts) was subsequently also adopted by the ESIF Financial Management System in the 2014-2020 programming period.</p> <p>Ministry of Economy: Experience of verifying the process of public procurement pursued by beneficiaries indicates a high error rate, resulting in the need to repeat the tender and delay the actual uptake at project level. Public procurement issues can be considered the most serious problem in relation to uptake and the performance of project activities. A problem resulting from methodological uncertainty has also surfaced in individual stages of project implementation and required the adoption of effective measures on a national scale.</p> <p>As far as compliance with European and national eligibility rules is concerned, a particular problem was the frequent amendments to Act No 25/2006 on public procurement and amending certain laws, which then meant that calls currently advertised had to be revised. The frequent amendment/supplementation of existing laws adversely affected knowledge of current regulations among applicants/beneficiaries and resulted in a higher error rate.</p> <p>Ministry of Labour, Social Affairs and Family:</p> <ul style="list-style-type: none"> • Emphasis on prevention – organisation of informative workshops for beneficiaries, strict definitions of the types of eligible expenditure, the application of simplified expenditure reporting rules (the types and quantities of documents to be submitted). |

- In the procurement of ICT, it is necessary to keep track of the case-law of the EU Court of Justice and guidelines published by the Commission in this area, e.g. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘Against lock-in: building open ICT systems by making better use of standards in public procurement’.
- The need to step up cooperation between bodies involved in the management and control system – the need for mutual information on shortcomings detected during auditing, checks and certification verifications, including auditing by the Commission and the ECA.

Ministry of the Environment:

- compliance with EU and national eligibility rules:

The main observations made in the handling of expenditure-related risks and errors under the Operational Programme Environment are:

- the disproportionate extension of projects under the Operational Programme Environment without appropriate measures by beneficiaries, i.e. the implementation of all measures necessary to carry out all project activities even in those cases where public procurement is repeated several times;
- expenditure is inefficiently incurred and is inconsistent with prices common on the market at the time and place it is incurred;

- compliance with EU and national public procurement legislation:

The main observations made in the handling of expenditure-related risks and errors under the Operational Programme Environment are:

- a protracted and convoluted public procurement process and the related non-compliance with procedures and rules under the Public Procurement Act by beneficiaries – public procurement is administratively demanding; the intensity differs depending on the procurement procedure to be used. This affects the timetable for the implementation of public procurement. Public procurement carried out by beneficiaries exhibits high error rates downstream, resulting in the need to repeat the tender and delaying the actual uptake at project level. The public procurement processes pursued by beneficiaries and the managing authority alike were heavily influenced by the ‘large-scale’ amendment to the Public Procurement Act, effective from 1 July 2013, as a result of which, in order to comply with certain provisions that had been heavily altered by the amendment, beneficiaries needed longer to prepare documentation underlying their call for tenders. In 2013, public procurement processes were also significantly affected by the preliminary findings of Commission audits, according to which a restriction on the time limit for requesting a tender dossier could be regarded as an approach inconsistent with Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, and could have an adverse impact on expenditure financed within the scope of public procurement. This resulted in the suspension, under all operational programmes of the National Strategic Reference Framework, of checks on public procurement documentation in which the time limit for requesting a tender

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| | <p>dossier was restricted; from the perspective of the project cycle, this lasted for quite a long time, i.e. from June to December 2013.</p> <p><u>Improvements for the current 2014-2020 programming period:</u></p> <p>The intermediate body conducts financial controls on compliance with national and EU rules in the procurement of goods, services and works and associated procedures in accordance with Act No 357/2015 on financial control and auditing and amending certain laws. These encompass public procurement checks focusing on award procedure demonstrably commenced since 18 April 2016.</p> <p>The penalty mechanism for failing to adhere to the Timetable for the Financial Implementation of the Project ensures the timely implementation of the project and the efficient uptake of financial resources under the Operational Programme Environmental Quality. The Timetable for the Financial Implementation of the Project is binding on the beneficiary. Consequently, if the beneficiary has been late in the financial implementation of the project according to the current Timetable for the Financial Implementation of the Project by more than two three-month periods, this constitutes a breach of the Grant Agreement and entitles the grantor to reduce the amount of the grant.</p> <p>Central coordination body: The ambiguous interpretation of rules when multiple policies are applied at once (e.g. cost-benefit analysis versus State aid, simplified cost reporting versus public procurement, or State aid). The scope of binding rules is transformed, by convoluted means, into requirements for aid beneficiaries and consequently it is impossible to avoid the spread of ‘gold plating’.</p> <p>Ministry of Agriculture and Rural Development: In its handling of risks and errors, the managing authority for the ROP and the Operational Programme Bratislava Region often encounters divergent opinions among national authorities on how to deal with shortcomings in the areas mentioned. We also come across inconsistent approaches by the same authority to two identical, but separate, shortcomings. Many shortcomings take a lot of time to resolve, especially if they require the opinions of national authorities other than the managing authority (e.g. National Crime Agency). In the new 2014-2020 programming period, the above approaches could emerge as a serious problem because accounts will be closed annually, not just at the end of the programming period, as has been the case thus far. Vague legislation and definitions of eligible costs intensify the risk of error.</p> |
| <p><u>Question 1.1.3.</u> <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public</i></p> | <p>Ministry of Education, Science, Research and Sport: On the strength of experience gained from the 2007-2013 programming period, the managing authority view ex-ante checks as a good practice already applied by the ESIF Financial Management System in the 2014-2020 programming period. The managing authority hails ex-ante checks as a highly effective means of preventing shortcomings in the public procurement process. Use of this concept helps to reduce the error rate in the public procurement process.</p> <p>The Ministry of Education, Science, Research and Sport, as the intermediate body of the Operational Programme Human Resources in the 2014-2020 programming period, has decided to employ simplified expenditure reporting in the implementation of national and demand-driven projects. A standard scale of unit costs has been approved:</p> <ul style="list-style-type: none"> • a standard scale of unit costs for a teaching assistant – the monthly costs of the newly created position of teaching assistant at nursery and primary schools; • a standard scale of unit costs for an inclusive team – the monthly costs of the newly created position of school psychologist/social |

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| <p><i>procurement legislation, and compliance with State aid rules.</i></p> | <p>educator at primary schools;</p> <ul style="list-style-type: none"> • a standard scale of unit costs for the ECDL certificate. • Other SCO proposals are being discussed with the Commission. <p>Ministry of Economy: Measures taken to verify compliance with EU and national public procurement legislation can be regarded as successful. During the 2007-2013 programming period, in order to mitigate the risk of errors in the implementation of public procurement, the managing authority for the Operational Programme Competitiveness and Economic Growth took multiple measures – training and consultations for beneficiaries, the publication and periodic updating of information on the most common errors and shortcomings identified in checks on the public procurement process by the managing authority and the Office for Public Procurement, and on related consequences, the introduction of the possibility for beneficiaries to submit public procurement documentation for ex-ante assessment prior to publication, the introduction of the requirement for a call for tenders to be made for the main project activities at the time grant applications are submitted, the production of a guide for beneficiaries, taking the form of a public procurement checklist, and other guidelines for beneficiaries, which it is necessary to follow up on in the 2014-2020 programming period.</p> <p>Multiple measures were also taken by the managing authority for the Operational Programme Competitiveness and Economic Growth during the 2007-2013 programming period to speed up and increase the reliability and efficiency of public procurement checks. These included the periodic training of the managing authority’s employees responsible for conducting public procurement checks and the stepping-up of cooperation with the Office for Public Procurement.</p> <p>Ministry of Labour, Social Affairs and Family:</p> <ul style="list-style-type: none"> • The introduction of expenditure limits, the introduction of simplified expenditure reporting instruments (unit cost and flat rate), which reduced the level of ineligible expenditure; • the introduction of unannounced on-the-spot checks/visits to beneficiaries; • the performance of an initial on-the-spot check during the early stage of project implementation; • the establishment of a Coordination Committee for cooperation in public procurement checks; • the activity of a working group for public procurement cooperation; • the establishment of an FAQ clinic for public procurement and publication of the most commonly repeated errors in the public procurement process on the managing authority’s website, and the publication of a notification for beneficiaries on the determination of the estimated value of the contract; • the introduction of ex-ante checks on the correct configuration of public procurement processes/procedures and the eligibility for certain activities to be carried out by third parties prior to project approval; • the introduction of the beneficiary’s obligation to draw up a procurement plan on the award of contracts deriving from the approved project in order to verify that the beneficiary’s procedures have been correctly configured for the planned public procurement process in relation to the Public Procurement Act, and in order to meet the project objectives; |
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- The introduction of ex-ante checks on above-the-limit contracts (beneficiaries informed of the obligation to submit draft public procurement notifications and draft tender dossiers relating to above-the-limit contracts for ex-ante checks, and documents on the calculation of the estimated value of the contract for checks by the managing authority prior to the planned call for tenders);
- the introduction of administrative checks to test for the quality of public procurement on a sample of six public procurement cases randomly selected from a list of internal records of checks on public procurement at least once every calendar half-year;
- the introduction of repeat administrative checks on public procurement (e.g. further to the results of an on-the-spot check, government audit, Commission audit, etc.);
- the introduction of on-the-spot checks on public procurement documentation (on-the-spot checks).

Ministry of the Environment:

Best practices under the Operational Programme Environment:

- the application of crisis management elements in the implementation of projects identified as posing a risk from the perspective of utilising the financial commitment (in particular in relation to projects where public procurement for the main project activities has not been completed, in relation to projects where zero or low utilisation is reported due to the duration of project implementation, the identification of problems in the performance of project activities, etc.);
- the application of crisis management elements in connection with the implementation of major projects;
- ongoing cooperation with the Office for Public Procurement with a view to speeding up and enhancing the quality, reliability and efficiency of public procurement checks by project managers, and subsequent periodic training of employees responsible for performing public procurement checks. In parallel, the continued provision of training and consultations focusing on project and financial management by the beneficiary in order to eliminate beneficiaries' errors as they comply with obligations incumbent on them under grant agreements (e.g. the quality of the public procurement documentation submitted, the payment claims submitted, monitoring reports, etc.);
- in selected calls geared towards activities that are time-consuming in their implementation, the introduction – as one of the conditions for the granting of aid – of a call for tenders covering main project activities at the time the grant application is submitted;
- any measure that can be linked to State aid rules, and the more detailed configuration thereof, is consulted with the national contact point (in Slovakia this is the Antimonopoly Office) and, in more complex cases, or in cases potentially leading to the notification of the measure to the Commission, the measure is also consulted with the Commission, drawing on all available instruments and sources of information, including e-State Aid Wiki.

Central coordination body: The application of simplified cost reporting for the projects of the Ministry of Labour, Social Affairs and Family has helped to root out errors, reduce the administrative intensity, and increase operational programme uptake. Curbing the application of simplified cost reporting due to a tenuous public procurement link inhibits the broader introduction of such reporting.

Ministry of Agriculture and Rural Development: The production of guidance notes and methodological guidelines for applicants,

covering the procedure for submitting applications, the use of standardised costs, clear rules.

Question 1.2.1.

Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.

Ministry of Education, Science, Research and Sport: In the new 2014-2020 programming period, the managing authority has set up sufficient mechanisms to eliminate any risks associated with the downstream risk of unauthorised expenditure linked to the operational programmes implemented. The managing authority/intermediate body has drawn up procedures to safeguard anti-fraud measures, risk assessment procedures, and guidelines on the assessment of the cost-effectiveness of expenditure, and has sufficient expert administrative capacities.

Ministry of Labour, Social Affairs and Family:

- retrospective verification of payment claims;
- retrospective verification of public procurement;
- the scaling-up of the number of unannounced on-the-spot checks/visits to beneficiaries;
- the introduction of at least two on-the-spot checks during project implementation, not later than the payment of the final payment claim. The initial on-the-spot check is carried out by the intermediate body in an early stage of project implementation, i.e. within three months of the start of the performance of project activities, and no later than the run-up to the approval of the first payment claim;
- supplementary monitoring data on payment claims, to be submitted by the beneficiary for each payment claim entailing the clearance of an advance or an interim payment. This will ensure that, in assessments of the eligibility of expenditure and in the reimbursement thereof, relevant information will be available in terms of what has been achieved with the corresponding expenditure and how work on the project has progressed.

Ministry of the Environment:

- intensive use of personal consultations (by telephone or email) with beneficiaries during the preparation and checking of public expenditure, and performance of activities;
- the continued application of management in the implementation of high-risk projects where public procurement has not been completed, i.e. the application of crisis management elements in the implementation of projects identified as posing a risk from the perspective of uptake (in particular in relation to projects where public procurement for the main project activities has not been

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| | <p>completed, in relation to projects where zero or low utilisation is reported, in relation to projects where problems have been identified in the performance of project activities, etc.).</p> <p>Central coordination body: The powers wielded by the Office for Public Procurement in ex-ante public procurement checks have been strengthened.</p> <p>Ministry of Agriculture and Rural Development: The managing authority for the Operational Programme Bratislava Region, the ROP and the IROP plans to increase the capacities of qualified employees who are to contribute to the performance of timely project checks under individual programmes, with a view to increasing the effectiveness of checks and, in particular, the timely detection of shortcomings. In the context of preventing errors, the managing authority is planning to continue follow-up training for its employees on the errors made, public procurement issues, and the activities of institutions intervening in public procurement. The actual method employed to conduct checks on payment claims submitted by a beneficiary is another of the measures to cut down on ineligible expenditure declared to the Commission. Specifically, this entails the exclusion of contentious expenditure from payment claims and its assessment in a check independent of the check on a payment claim's eligible expenditure. Reinforcement of the training of employees conducting checks and the safeguarding of uniform methodological procedures for the performance of checks, the submission of complete documentation relating to applications.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or declared to the Commission.</i></p> | <p>Ministry of Education, Science, Research and Sport: Other measures include the submission of expenditure for checking to the Office for Public Procurement, the Antimonopoly Office and any other relevant bodies. In addition, more communication and checks by the managing authority in the declaration of expenditure, in which respect shortcomings have been identified on the strength of audit findings.</p> <p>Ministry of Labour, Social Affairs and Family:</p> <ul style="list-style-type: none"> • the scaling-up of the number of unannounced on-the-spot checks/visits to beneficiaries; • thematic on-the-spot checks at beneficiaries; • the introduction of repeat administrative checks on public procurement (e.g. further to the results of an on-the-spot check, government audit, Commission audit, etc.). <p>Ministry of the Environment:</p> <ul style="list-style-type: none"> • provision of training for beneficiaries; • preparation of guidelines for beneficiaries; • the managing authority has added the opportunity for beneficiaries to submit a draft contract notice and draft tender dossier, even within the framework of below-the-limit contracts, to the managing authority for preliminary assessment; • the most common shortcomings in the public procurement process under the Operational Programme Environment have been published at www.opzp.sk; • the creation of a public procurement control unit to streamline the process of checking public procurement; • the recruitment of external staff to run public procurement checks; |

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| | <ul style="list-style-type: none"> measures adopted by reference to the central coordination body's guideline on 'Reduced time limits for requesting a tender dossier' of 6 December 2013. <p>Central coordination body: The IT monitoring system is being interlinked with other databases managed by the State. This will enable the State to run real-time assessments of applicants and, during implementation, beneficiaries without having to increase the administrative burden.</p> <p>Ministry of Agriculture and Rural Development: An update of the Internal Procedures Manual, in which checking procedures were updated in the light of experience gained from the previous programming period. In the new programming period, the managing authority for the ROP and the Operational Programme Bratislava Region, and where appropriate the IROP, will manage risks in accordance with Article 125(4)(c) of the General Regulation. This is a means for the managing authority to prevent or eliminate risks, fraud and the resulting fallout.</p> |
| <p>Question 1.3.1. <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>Ministry of Education, Science, Research and Sport: The Ministry of Education, Science, Research and Sport has taken measures in its intensified performance of administrative checks on expenditure and on-the-spot checks. Guidelines have been drawn up for project managers on these two areas. The Ministry of Education, Science, Research and Sport has paid attention to the expenditure claimed within the scope of problematic public procurement. Public procurement expenditure, depending on the amount thereof, is handled in close cooperation with the Office for Public Procurement.</p> <p>Ministry of Economy: In relation to the 2014-2020 programming period, specifically under the Operational Programme Research and Innovation, which – in substance – is the 'successor' to the Operational Programme Competitiveness and Economic Growth, a systematic approach has been introduced for the identification, evaluation, management and monitoring of risks that could adversely affect implementation and hence the pursuit of the objectives of the Operational Programme Research and Innovation.</p> <p>In this context, a Working Group for the Management of Risks under the Operational Programme Research and Innovation (the 'working group') has been set up to identify potential risks, including the risk of fraud, to minimise the likelihood that such risks will arise, or to mitigate the impact thereof. The working group is responsible for translating risk assessment results into appropriate action plans for the introduction of effective and proportionate measures to eliminate the effects of a risk; it is also responsible for running checks on those action plans.</p> <p>In accordance with the National Strategy for the Protection of the EU's Financial Interests in the Slovak Republic, as amended, there are plans – under the Operational Programme Research and Innovation (in relevant cases) – to make use of ARACHNE, the data mining and analysis tool, to identify projects that might be prone to the risk of fraud, a conflict of interest, or irregularities.</p> <p>Ministry of Labour, Social Affairs and Family: A Working Group for the Management of Risks under the Operational Programme Human Resources has been set up for the Operational Programme Human Resources in the 2014-2020 programming period. In addition, Procedures for the Management of Risks under the Operational Programme Human Resources have been drawn up, along with a Comprehensive Risk Catalogue – this is the output of the initial stage of Operational Programme Human Resources risk management (risk identification). In the second stage of risk management, all of the risks in this list are analysed and evaluated so that it is possible to determine how to proceed and to compile a Catalogue of Selected Risks. Subsequently, existing control mechanisms are defined,</p> |

measures are proposed, and risks and the measures taken are monitored.

Ministry of the Environment: In accordance with Article 125(4)(c) and Annex XIII, paragraph 2, of the General Regulation, and further to the experience gained and lessons learned in the 2007-2013 programming period, a systematic approach has been introduced under the Operational Programme Environmental Quality for the identification, evaluation, management and monitoring of risks that could adversely affect implementation and, ultimately, the pursuit of the objectives of the Operational Programme Environmental Quality. The risk management system under the Operational Programme Environmental Quality is used as an early warning system, providing information on any disproportionate risk and suspect circumstances pointing to irregularities, and therefore initiates activities to minimise the risk identified. A fundamental feature of risk management is the exchange of information and open communication. Risk management is a systematic process carried out for the Operational Programme Environmental Quality by the Working Group for the Management of Risks under the Operational Programme Environmental Quality. The identification of potential risks is not limited solely to members of the Working Group for the Management of Risks under the Operational Programme Environmental Quality. Any employee may identify a potential risk. In relevant cases, ARACHNE, the data mining and analysis tool, may also be used in accordance with the National Strategy for the Protection of the EU's Financial Interests in the Slovak Republic, as amended, to identify projects that might be prone to the risk of fraud, a conflict of interest, or irregularities.

Central coordination body: We are planning to advocate the more widespread use of simplified cost reporting.

Ministry of Agriculture and Rural Development: In the new programming period, the managing authority for the ROP and the Operational Programme Bratislava Region, and where appropriate the IROP, will manage risks in accordance with Article 125(4)(c) of the General Regulation. This is a means for the managing authority to prevent or eliminate risks, fraud and the resulting fallout. Risk management in accordance with Article 125(4)(c) of the General Regulation. This is a means for the managing authority to prevent or eliminate risks, fraud and the resulting fallout.

Yes.

Ministry of Labour, Social Affairs and Family: Under the Operational Programme Employment and Social Inclusion, 80 % of the allocation was channelled into national projects applying various forms of simplified expenditure reporting. The remaining 20 % of the allocation was channelled into demand-driven projects without any form of simplified expenditure reporting. Audits and checks conducted on the Operational Programme Employment and Social Inclusion, whether in the form of government audits or Commission and ECA audits, showed that 80 % of all areas were identified in the 20 % portion of the allocation, i.e. in demand-driven projects, which can be linked to the actual reporting of expenditure.

Question 1.3.2.
Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and

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| <p><i>inclusion).</i></p> <p>Question 2.1.1. <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>Ministry of Education, Science, Research and Sport: As the EU's cohesion policy for the 2014-2020 period has been conceived as a results-driven policy in order to contribute to the pursuit of the Europe 2020 agenda, including the Horizon 2020 programme, in 2014 an ex-ante evaluation was conducted of the Operational Programme Human Resources 2014-2020 with a view to ensuring the high-quality set-up of the operational programme so that it could become an effective means of contributing to objectives of the European Union's strategy for smart, sustainable and inclusive growth, especially by pursuing national targets set out in the Europe 2020 agenda for employment, social inclusion and education.</p> <p>The final report on that ex-ante evaluation observed that the strategy followed by the Operational Programme Human Resources is drawn from the National Reform Programme, which defines measures to strengthen Slovakia's economic growth and employment. These measures contribute to the fulfilment of national targets in keeping with the Europe 2020 agenda in the fields of education, employment and social inclusion, and the Operational Programme Human Resources clearly and comprehensibly formulates its own intervention logic and is able to prove its contribution to the Europe 2020 agenda. The performance measuring system is discussed in part 2.2.4.</p> <p>Ministry of Labour, Social Affairs and Family: Slovakia and the Commission have adopted a Partnership agreement drawing on national priorities (e.g. national action plans) and EU priorities (Europe 2020, Horizon 2020). The accent on pursuing its strategy lies in the selection of priority areas. Individual priorities are periodically monitored nationally (e.g. the National Reform Programme). As for operational programmes, measurable indicators are set for each objective and their performance is monitored on an ongoing basis. Performance indicators are also set, the fulfilment of which is mandatory. If they are not fulfilled, the Member State is penalised by having its allocation of EU financial resources reduced. If these indicators are exceeded, the allocation may be increased from the performance reserve.</p> <p>Ministry of the Environment: Under the Operational Programme Environmental Quality, there is a direct link between the implementation of the programme's performance framework and the implementation of the Europe 2020 agenda, especially as regards energy efficiency and increases in the share of energy generated from RES. The pursuit of energy-related objectives, defined in the Europe 2020 targets, benefits from the synergy of national support, in particular by means of legislation promoting the construction/reconstruction of new energy sources and favouring certain energy-related measures.</p> <p>Central coordination body: Slovakia's national priorities are concentrated in a basic national document on the Europe 2020 agenda – the National Reform Programme, closely linked to the Stability Programme, which has been prepared by the Ministry of Finance as the national Europe 2020 co-coordinator. The National Reform Programme also sets out basic measures for the forthcoming period, and in doing so respects in particular European and other national objectives under the agenda, the conclusions of the European Council, Council recommendations, etc. The delimitation of a section of the central coordination body to the new Office of the Deputy Prime Minister of the Slovak Republic for Investments and Informatisation also saw the delimitation of the role of the national Europe 2020 co-coordinator. Since its inception in 2007, it has sought in particular to project strategic objectives in the operational programmes of the Structural Funds and the Cohesion Fund/ESIF, and has contributed to the evaluation of this contribution in individual operational programmes and systemic documents. Methodology for the evaluation of the synergic effects of the ESIF in the context of the Europe</p> |
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| | 2020 agenda is being prepared externally. |
| <p>Question 2.1.2. <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>Ministry of Education, Science, Research and Sport: Synergy and complementarity with EU instruments and policies is described by the Operational Programme Human Resources in in Chapter 1, Strategic Part, Part 1.1, Strategy for the Operational Programme’s contribution to the EU strategy to ensure smart, sustainable and inclusive growth and to achieve economic, social and territorial cohesion.</p> <p>The Office of the Deputy Prime Minister of the Slovak Republic for Investments and Informatisation has published Guidance Note No 3 for all stakeholders to ensure the coordination of synergic effects and complementarity between ESIF and other EU and national aid instruments.</p> <p>Ministry of Labour, Social Affairs and Family: Under each operational programme, coordination procedures have been defined (e.g. working groups, commissions, committees, etc.) in order to coordinate aid for the various programmes, including national programmes. The links are defined in the chapter of the Operational Programme Human Resources entitled ‘Coordination between funds, the EAFRD, the EMFF, and other Union and national financial instruments, such as the EIB’. The strategy of the operational programmes is derived from national action plans, which are regularly summarised.</p> <p>Central coordination body: The central coordination body has prepared and regularly updates Guidance Note No 11 for the coordination and safeguarding of synergic effects between the ESIF and other EU and national aid instruments, which, among other things, defines specific synergies and complementarity as a basic grouping, which is modified as and when required. The Working Commission for the Coordination and Safeguarding of Synergic Effects between the ESIF and Other EU and National Aid Instruments was subsequently set up within the remit of the Prime Minister responsible for investments. Its members are all managing authorities of ESIF operational programmes and the representatives of other EU and national instruments. The working commission’s basic role is to review and assess the consistency of data on synergies and complementarity identified for individual calls/invitations within the framework of call/invitation timetables, the interconnection of individual interventions between the various ESIF programmes, and links to other financial aid instruments. Each managing authority of an ESIF operational programme is required, in October, to send the timetables of calls and invitations for the next year along with a specification of the synergies consulted in advance with the programmes in question. The commission’s secretariat distributes draft timetables to all members for their comments, arranges for their harmonisation and submits them to the commission for approval. Changes to the timetable or synergies during the year must be submitted by the managing authority to the commission for approval. Information must be published on the managing authorities’ websites. It is also published by the central coordination body (http://www.partnerskadohoda.gov.sk/273-sk/koordinacia-synergii-a-komplementarit-medzi-esif-a-ostatnymi-nastrojmi-podpory-eu-a-sr/).</p> |
| <p>Question 2.2.1. <i>Performance measurement system to link EU measures,</i></p> | <p>Ministry of Education, Science, Research and Sport: A key system for measuring performance is the correct and quality configuration of a system of measurable indicators under the Operational Programme Human Resources so that it is able to secure optimal data for the evaluation of compliance with the objectives of the Operational Programme Human Resources and its contribution to the pursuit of the Europe 2020 agenda, the Partnership Agreement and other relevant strategy documents. The proposed measurable indicators (both common and specific ESF indicators + micro data on project participants) are clear, relevant, measurable, statistically</p> |

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| <p><i>operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>valid, reliable and appropriate in the Operational Programme Human Resources. Result indicators, output indicators and milestones are defined for each investment priority. The performance framework has been set to reflect and support the results-driven focus of the Operational Programme Human Resources.</p> <p>Ministry of Labour, Social Affairs and Family: At the level of the Partnership Agreement and operational programmes, a performance framework has been set that contains mandatory indicators. If they are not fulfilled, the Member State is penalised by having its allocation of EU financial resources reduced. If these indicators are exceeded, the allocation may be increased from the performance reserve. Compliance with ex-ante conditionalities is also periodically evaluated to ensure the appropriateness of the system settings and EU priorities. In addition to the above, compliance with measures defined in recommendations for the individual countries is summarised.</p> <p>Ministry of the Environment: At EU level, common indicators are used that have the same definition across all Member States. The performance frameworks of individual operational programmes are frequently linked to these common indicators.</p> <p>Central coordination body: In 2019, an ‘Assessment of the fulfilment of performance framework indicator milestones and analysis of the possibilities for the redistribution of the performance reserve’ will be conducted to assess the pursuit of performance framework indicator milestones interlinked with the objectives of the Europe 2020 agenda. Further to an analysis of the operational programme’s absorption and performance capacity, the evaluation will be used to prepare a proposal for the redistribution of the performance reserve.</p> |
| <p>Question 2.2.2. <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>Ministry of Education, Science, Research and Sport: Each priority axis of the Operational Programme Human Resources contains result indicators that correspond well with the most important results expected for the individual specific objectives. The Operational Programme Human Resources includes Common Result Indicators, for which a target value has been set, and result indicators specific to the programme, consistent with the specific ESF objectives for all priority axes (by investment priority and regional category). These measurable indicators are periodically reported by means of annual reports on programme implementation for individual years. Logical ties between output indicators, result indicators and long-term result indicators are sufficient, so it is likely that, if the target values of the output indicators are achieved, interventions will contribute to the fulfilment of result indicators’ target values.</p> <p>Ministry of the Environment: An efficient system leveraging, in particular, common EU indicators. Measurable programme indicators are aggregated from measurable project indicators, which are appropriately structured for each project. Projects are approved and favoured further to the fulfilment of these ‘key’ measurable indicators. Where ESIF-supported projects do not contribute to the required fulfilment of relevant measurable indicators, those projects are subject to a penalty mechanism aimed at preserving ESIF resources for other projects making a bigger contribution.</p> |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU</i></p> | <p>Yes.</p> <p>Ministry of Education, Science, Research and Sport: See the reply in Part 2.2.2.</p> <p>Ministry of Labour, Social Affairs and Family: The penalty system adopted.</p> <p>Ministry of the Environment: The compulsory fulfilment of ‘key’ measurable indicators under pain of a financial penalty (see the description described in paragraph 2.2.2).</p> |

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| <p><i>project level.</i></p> | <p>Central coordination body: Each managing authority is bound by a performance framework, which it seeks to achieve.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement at EU objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>Ministry of Education, Science, Research and Sport: The measurement of performance in order to monitor the fulfilment of the objectives pursued by a measure, activities or EU project, and the measurement of performance in order to monitor output and result indicators under a measure, activities or EU project, are carried out in numerous ways, such as:</p> <ul style="list-style-type: none"> - the Operational Programme Human Resources monitoring committee, the National Monitoring Committee, or the Commission for Priority Axis 1 of the Operational Programme Human Resources; - a periodic evaluation of the performance framework settings and the related performance reserve; - the documentation drawn up: Report on ESIF Implementation; Progress Report; Annual/Final Report on the Implementation of the Operational Programme Human Resources; Information on the Implementation of the Operational Programme Human Resources, etc.; - the regular production and summary of an Operational Programme Implementation Outlook Plan, including a timetable of calls, a contracting plan, an uptake plan, a plan for the pursuit of milestones and the aims of the performance framework, etc.; - an evaluation of progress and the pursuit of set objectives under the individual priority axes of the Operational Programme Human Resources in the form of evaluation reports. <p>Project monitoring will be carried out during project implementation, upon completion of project implementation, and during the project sustainability period, by way of checks on the monitoring reports submitted (the annual monitoring report, final monitoring report, follow-up monitoring report + supplementary information on payment claims). Projects are monitored during implementation for the thorough and periodic tracking of progress (of the state) of implementation of project activities and compliance with other obligations incumbent on the beneficiary under the Grant Agreement. Summarised project monitoring outputs form the basis for the preparation of annual reports and the final report on the implementation of the operational programme. The beneficiary will be bound by the Grant Agreement to fulfil and maintain measurable indicators. If they are not fulfilled, the penalty mechanism will be applied. (For example, the master plan or the binding plan for the operational programme.)</p> <p>Ministry of Labour, Social Affairs and Family: The implementation of the operational programme is monitored via ITMS 2014+. This system tracks the initial planning of results, and the monitoring and evaluation thereof, and if the indicators are not fulfilled a national penalty mechanism has been drawn up. Each project under implementation is monitored annually by way of a monitoring report (electronically) and in relation to each payment claim.</p> <p>Central coordination body: Every year, the managing authority draws up a binding plan which, besides planned contracting and uptake values, contains the performance framework indicators. The fulfilment of the values will be continuously monitored and, every half-year, will be evaluated by the central coordination body.</p> |
| <p>Question 3.1.1. <i>Framework or a</i></p> | <p>Yes.</p> <p>Ministry of the Environment: In ECA audits in which findings are made, the Ministry of the Environment adopts measures in keeping with the ECA's recommendations. In the overviews forming part of the underlying documentation for other bodies, such as the audit</p> |

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| <p><i>system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>authority, the certifying authority, etc., information is also provided on the performance of the measures adopted, i.e. it would be fair to say that, in this way, the progress achieved in the implementation of recommendations is tracked. However, we do not submit a specific report on this.</p> <p>Ministry of Agriculture and Rural Development: Yes, via the Error Rate Action Plan.</p> |
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Slovenia

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</p> <p>➤ number and complexity of rules and gold-plating</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK MKGP MF-CA | <input checked="" type="checkbox"/> MDDSZ | <input type="checkbox"/> |
| <p>➤ incorrect transposition of applicable EU legislation into national laws</p> | <input checked="" type="checkbox"/> MF-CA MDDSZ | <input checked="" type="checkbox"/> SVRK MKGP | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MKGP MF-CA MDDSZ SVRK | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MKGP MDDSZ | <input checked="" type="checkbox"/> MF-CA SVRK | <input type="checkbox"/> |
| <p>➤ complex eligibility rule</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK | <input type="checkbox"/> | <input type="checkbox"/> |

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| | | MKGP MF-CA MDDSZ | | | |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input checked="" type="checkbox"/> MKGP MDDSZ | <input checked="" type="checkbox"/> MF-CA SVRK | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> MKGP | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input checked="" type="checkbox"/> MKGP MDDSZ | <input checked="" type="checkbox"/> SVRK <input checked="" type="checkbox"/> MF-CA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input checked="" type="checkbox"/> MKGP | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance | <input checked="" type="checkbox"/> MDDSZ | <input checked="" type="checkbox"/> SVRK MKGP | <input checked="" type="checkbox"/> MF-CA | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK MKGP | <input checked="" type="checkbox"/> MF-CA | <input type="checkbox"/> | <input type="checkbox"/> |

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| | | | MDDSZ | | | |
| | ➤ <i>need of more or better resources and administrative capacity building</i> | <input checked="" type="checkbox"/> MDDSZ | <input checked="" type="checkbox"/> MKGP MF-CA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> MKGP MDDSZ | <input checked="" type="checkbox"/> SVRK MF-CA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input checked="" type="checkbox"/> MDDSZ | <input checked="" type="checkbox"/> MKGP MF-CA | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK MF-CA | <input type="checkbox"/> |
| | ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input checked="" type="checkbox"/> MKGP | <input checked="" type="checkbox"/> MF-CA MDDSZ | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK | <input type="checkbox"/> |
| | ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK MDDSZ | <input type="checkbox"/> | <input checked="" type="checkbox"/> MKGP MF-CA | <input type="checkbox"/> |
| | ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MDDSZ | <input type="checkbox"/> | <input checked="" type="checkbox"/> MKGP MF-CA | <input type="checkbox"/> |
| | ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> MDDSZ | <input type="checkbox"/> | <input checked="" type="checkbox"/> SVRK MKGP | <input type="checkbox"/> |

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| | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <input checked="" type="checkbox"/> MDDSZ | <input checked="" type="checkbox"/> SVRK MKGP | <input checked="" type="checkbox"/> MF-CA | <input type="checkbox"/> |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>GODC - greater/frequenter usage of POS terminals for new operations; whereby prior determinism is to be fulfilled (this reduces eventual errors, referring to non-compliance with the EU rules and national legislation / national rules).</p> <p><u>MAFF</u></p> <p>A very important action within the period of 2007-2013, in order to reduce the level of error in the rural development, was the implementation of an action plan for the reduction of error level. Activities were carried out at the level of the program itself, as well as at the level of preparation of applications forms and payment claims for the beneficiaries. In addition to the annual training program, which is to be performed before the subsidy campaign and is in accordance to rural development measures, several targeted trainings (public procurement, local action groups) were implemented, which is nowadays reflected in a significant reduction of mistakes in consumption of resources of the EAGF and the EAFRD.</p> <p>At MAFF we do not have much experience with the application of simplified cost from the programming period 2014 - 2020 itself, for we have only started with the implementation of the vast majority of the measures of the Rural Development Program RS 2014-2020 (RDP 2014-2020) in 2016. However, we can confirm, that the introduction of simplified forms of costs; when considering measures (e.g. measure 6.1, which is intended for start-up aid for young farmers or measure 3.1, which is intended for the new integration in quality schemes), delivers the simplification in terms of allocating grants, reducing the complexity of the documentation and displaying the eligibility of costs. For these reasons MAFF's intention for 2017 is to examine further possibilities of simplifying the forms of costs also with the rest of measures within the Rural Development Program (RDP 2014-2020). With regular usage of simplified forms of costs we expect to achieve further reduction of the error level and concurrently the reduction of administrative burdens for investors and furthermore also for the paying agencies.</p> <p><u>MLFSA</u></p> <p>For to assure the effective treatment of risks and errors in consumption processes of EU funds, the well-qualified personnel on the side of the beneficiaries as well as on the side of the intermediate bodies, is essential or even crucial. All eventual mistakes will herewith be eliminated even before the application forms for the EC reimbursement are to be prepared.</p> | | | | |

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| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p><u>GODC</u> The usage of simplified forms of costs may be exposed as a general example of good practice in Slovenia. In most cases, but mainly in the ESF, the combination of only two different forms of costs is to be used: a standard cost per unit for wages and a flat rate for all indirect costs. This system significantly simplifies the financial reporting process. As another example of good practice we also could expose few other projects, concerning the eligible expenditure of salaries for teachers in primary and secondary schools. Ministry, responsible for this area, has invented and issued a very exacting calculation of average monthly teacher's earnings, also considering all extra associated costs. This calculation is in regular usage for all operations in the educational field. So there is no need to substantiate the methodology separately every time.</p> <p><u>MAFF</u> Training courses and workshops for potential beneficiaries, as well as the publication of most frequent irregularities and asserts of regular education are all an important contribution to the correct consumption of the EU funds.</p> <p>The implementation of simplified forms of costs may be exposed as an example of good practice also in the field of our rural development. Within the sub-measure 3.1., which has been introduced for the new integration in quality schemes, MAFF implemented a flat-rate payment on the agricultural holding. The overall preparation of the documentation, which is required at the lodging of payment applications, is now simplified for the investors, since they will no longer have to demonstrate the costs by invoices and their supporting documents. The paying agency will verify the achievement of an outcome, which is to be presented in a form of a successfully obtained certificate, proving the actual inclusion into a quality scheme. There are two important types of checks to be performed when verifying the eligibility of applications: prescribed checks and situ checks, both are to be carried out on-the-spot, prior to the approval of the applications.</p> <p>During the implementation of the Rural Development Program 2014-2020 and only after the first year of implementation of the endowed system for identifying irregularities and fraud, which is also related to risk analysis for irregularities and possible fraud, the paying agency - the Agency of RS for Agricultural Markets and Rural Development (AAMRD), already has gained good experience with it.</p> <p>In the area of the EAGF - direct payments, a good practice could be presented in the form of introduction of geospatial form, which is to be found at the stage of registering the application for subsidy, and furthermore the incorporation of logical checks and cross checks, which are to be found already at the stage of introduction of applications.</p> <p><u>MLFSA</u> The implementation of simplified forms of costs; hereby the application of standard costs per unit, has proven to be an appropriate sample of a good practice. The preparation of the methodology for the standard unit costs has been burdensome in its initial phases, but further implementation of these projects was significantly less administratively complex. Such simplification is also considerably easier to implement for beneficiaries.</p> |
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| <p><u>Question 1.2.1.</u> <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p><u>GODC</u> More education in the field of management checks, public contracts, state aid...and more checks of implementation of the delegated tasks.</p> <p><u>MAFF</u> In the context of the Managing Authority of RDP 2014-2020 and in the context of technical assistance of the Rural Development Program of RS, a PLAN OF EDUCATION AND TRAINING of civil servants has been adopted for the year 2016. Scopes of acquisition of knowledge as well as transformation procedures of knowledge and information are all defined in the Plan. Special attention is given to the appropriate training of civil servants in particular for public procurement, state aid, realisation of the audit recommendations, for verification, monitoring and evaluation.</p> <p><u>MF-CA (the Certification Authority)</u> The implementation of additional checks (in accordance with art.126 of the EU Regulation/2013/1303) within their jurisdiction, that is additional verification of the eligibility of expenditure ("desk review") and additional verification on the ground. To carry out these checks appropriately, MF-CA additionally verifies the reality and the correctness of the request for payment, correctness of its legal basis, which jointly determines the execution of the operation and, in particular, verify the checks carried out by the intermediary bodies or by the managing authority.</p> <p>MLFSA has performed the needed risk analysis before carrying out the operations and correspondingly prepared additional measures to prevent errors. In some cases the unannounced visits to the beneficiaries have been carried out. These activities were performed in order to check the course of planned execution of activities, also in order to prevent pre-war funding; some of the individual beneficiaries have been examined for the costs, eligible under the ESF and eventually also under other sources of funding.</p> |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was previously or certified to the Commission.</i></p> | <p><u>GODC</u> - more checks on the spot (COS)</p> <p><u>MAFF</u> - ex-post controls and proper transposition of results of these checks into designs of the risk analyses in the phase of sample preparation for the on-the-spot check (before confirming the expenditure) and in individual cases in the phase of planning of rural development measures (eligibility conditions).</p> <p><u>MLFSA</u> - In case of a fault, the MLFSA has requested from the beneficiaries/recipients the reimbursement of unduly received funding.</p> |

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| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p><u>GODC</u> The risk analysis consists of risks, which appear over the complete circle; from the application phase, through the execution and payments to the final completion. A special attention is given to risks in the field of public contracts. There are measures to reduce the risks planned to be performed in case risks appear.</p> <p><u>MAFF</u> In accordance with the activities of the action plan to reduce the level of errors in the rural development measures, the lack of knowledge, considering requirements and conditions, which are to be met by the beneficiaries or by investors in the enforcement of the EAFRD, has been defined as the greatest risk of errors. Therefore the activities within the action plan have been directed into additional trainings of agricultural consultants, to enable them full qualification of completing the applications in the application phase and to qualify them for providing the final information to the beneficiaries by using all available means of transfers. In addition to these activities some additional changes were introduced in the implementation of the administrative checks.</p> <p>The register of risks (analysis of business assessments) is reviewed annually from the side of the paying agency. Considering results of the last check, the risks are, if necessary, newly estimated.</p> <p>In the allocation of aid from the EAGF the greatest risk is the non-updated records for verification of eligibility. With systematic annual updating of records of eligibility, this risk has been reduced significantly.</p> <p>By the determination of the admissibility of payments to the EAGF and the EAFRD, which are both a part of the IACS system, a manageable level of error (between 1 and 2%) was recorded. The only exceptions were the agro-environmental measures, where the defined conditions for entitlement are very complex.</p> <p><u>MLFSA</u> At the level of the Ministry, responsible for the disbursement of EU funds, we keep registers of all identified errors within the implementation phase of the operations. In accordance with the findings, we take all necessary actions on the system level to reduce the risk of irregularities.</p> |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural</i></p> | <p>Yes.</p> <p><u>GODC</u> The single fault/irregularity results from wrong, inadequate or incorrect... "evidence", which is the basis for the payment of the funds. If the checks are not carried out properly, such irregularities cannot be identified and regularized in time.</p> <p>No.</p> <p><u>MLFSA</u> The evidences for the disbursement of funds are clearly defined and also clearly directed into a process of simplifying the overall</p> |

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| <p><i>policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>procedure of charging costs. For the MLFSA this represents a simplification of the verification of the eligibility of costs.</p> |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p><u>GODC</u> The practice within the preparation and implementation phase of the Slovenian Strategy Smart Specialisation - S4 (ex ante conditionality of TC1 Operational Program) or experience during the first year of implementation of this strategy shows, that the approach of the EC through prior conditionality and preparation of strategies S3, could actually be an effective contribution to goals of increasing complementarities and coherence and goals of improvement of coordination within the usage of funding instruments ESIF and Horizon 2020. Slovenia uses S3 as a lever to guarantee the integrity of the supportive environment for its growth in competitiveness, innovation and entrepreneurship.</p> <p><u>MAFF</u> On the basis of the analysis of the situation and the SWOT analysis, on the basis of the identified needs and in regard to specific national strategic documents, which define the development of agriculture, food industry and forestry by 2020, and all in all by taking the Partnership Agreement between the Republic of Slovenia and the European Commission into consideration, Slovenia has defined 6 focal points of action:</p> <ol style="list-style-type: none"> 1. Accelerating processes of structural adjustment in agriculture and thereby creating of the needed conditions for increasing the productivity of Slovenian agriculture. 2. More effective market organization of agriculture, strengthening of the agro-food chains, creating a greater visibility and quality of locally grown products. 3. The sustainable exploitation of forests and increasing of the added value of the wood with implementing a firmly market integration in the field of forestry and along the forest-wood chain, also increasing the competitiveness in the field of forestry and non-industrial processing of wood. 4. Promotion of different agricultural practices, which have a favourable influence on the conservation of natural resources and on the adaptation to climate changes. 5. Green jobs and a coherent and sustainable rural development, which is based on the development of endogenous potential of the local environment. 6. The transfer of knowledge and innovation, as well as taking care of the environment and climate changes, is all important horizontal objectives, being pursued by the five priority action areas. <p>With all hereby stated focal points of action we follow the Strategy Europe 2020 objectives, recommendations of the European</p> |

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| | <p>Commission, selected thematic objectives of the Partnership Agreement and the six priorities set out from Article 5 of the Regulation 1305/2013/EU.</p> <p><u>MLFSA</u></p> <p>In the section, which relates to the area of employment rates and prolonging working activity, the MLFSA formed few programs for employability, especially for the elderly, less educated and long-term unemployed persons. Furthermore several new measures for active and healthy senescence are being prepared.</p> |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESF Funds and national programmes.</i></p> | <p><u>GODC</u></p> <p>With the establishment of a robust governance S4 (including coordination unit S4 on GODC and working group of state secretaries) we ensure consistency of policies and instruments that are relevant for the S4, along with the creation of strategic development- innovation partnerships (SDIP), however, in all domains of S4 we ensure a mechanism for coherent integration of all Slovenian priority tasks within the working programs on all individual pillars of Horizon 2020 in the period of 2017-2020.</p> <p><u>MAFF</u></p> <p>Synergies between ESF funds in enforcement actions, which have actually been co-financed from the side of EAFRD, are being followed and registered in the programming level (the partnership agreement and the previous conditionality are taken into account in the rural development program) and in the implementation level (inter-ministerial coordination of national provisions). It is particularly important to add, that the Monitoring Committee of the rural development program consists of all ESF funds that are actively involved in the formulation of all operations, co-financed by the EAFRD. A concrete synergy in the period of 2014-2020 is being put in practice in the context of implementation of the CLLD tool.</p> <p>The coordination with the Departmental Ministry, regarding the contents of measures, also including agro-environmental and climate payments, is always hard and sets an important level for achieving synergies.</p> <p><u>MLFSA</u></p> <p>Guidelines for the Active employment policy and the Plan of implementing measures are prepared and confirmed.</p> |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe</i></p> | <p><u>GODC</u></p> <p>Operations to be carried out within the framework of OP must contain the objectives that are consistent with OP within a specific objective. As a general rule, only direct indicators from OP can be used, however, in certain cases or exceptionally the operation, which doesn't have the OP indicator, may be confirmed. In such exceptional cases another meaningful indicator; but always considering at least one output and one result, is requested.</p> <p><u>MAFF</u></p> <p>The advisability of business on the MAFF and the Agency of RS for Agricultural Markets and Rural Development is being supported by the Catalogue of costs and the maximum attributed values for all investment measures in rural development. The usage of this Catalogue</p> |

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| <p><i>2020 objectives and targets.</i></p> | <p>provides a more rational consumption of EU funds and much greater transparency in the allocation of EAFRD funds, and at the same time also the simplification in the recognition of co-financed costs. The important contribution of the Catalogue into expedience of managing the EAFRD assets, is defining the upper value of the eligible costs in relation to the prices on the market. The Catalogue offers a support in the field of investment planning.</p> <p><u>MLFSA</u></p> <p>Within the creating and certification process of the Operational Program of the European Cohesion Policy 2014-2020, measures were directed into achieving the stated objectives of both; the objectives of the country, as well as the priorities of the EU and the Europe 2020 strategy.</p> |
| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p><u>GODC</u></p> <p>A special performance framework has been approved in the context of the OP. This framework is given our special attention - to reach the values of the proposed indicators (though it is more about the output indicators, which still do not indicate the results). Otherwise it is required, both; at the tender level as well as at the operational level, to choose at least one output and result indicator; through which the performance measurements will be performed. Indicators are mostly directly taken and used from the OP.</p> <p><u>MAFF</u></p> <p>When preparing the implementing regulations for the investment measures of RDP 2014-2020 in Slovenia, we have more than ever strived towards directing the investor into achieving measurable results. Investors, who carry out investments in agricultural holdings, are obliged to meet at least 80 % of the production volume, as scheduled in the business plan, no later than within 36 months from the date of the last disbursement of funds. The applicant is obliged to adequately report about the fulfilment of this obligation, but the fulfilment of key requirements and all objectives, concerning the plan, are all checked through official records. If the production volume is not accomplished, a part of the funds or all of the funds disbursed will be withdrawn from the beneficiary.</p> <p>Monitoring and evaluation system in the context of Rural Development Program 2014-2020 is based upon the evaluation plan, which provides the display of progress and the assessment of impact and effectiveness of implementation of the rural development policy in the RS.</p> <p>There are several impact indicators and indicators to measure the effectiveness of steps, defined to monitor and to evaluate the RDP 2014-2020. Secondary effects of individual measures are also being evaluated.</p> |
| <p><u>Question 2.2.3.</u> <i>Member State</i></p> | <p>No.</p> <p><u>GODC</u></p> |

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| <p><i>actions to define or improve result indicators at EU project level.</i></p> | <p>In the context of the OP, the system of indicators, confirmed by the EK, and which we follow, has been established. Indicators within the framework of the performance are also involved. There is no need for changing for the time being, changes can be simultaneously added and defined if needed.</p> <p><u>MAFF</u></p> <p>Indicators for the RDP 2014-2020 are set out in the framework of the System of the common monitoring and evaluation (CMES). Additional national indicators are also defined. The beneficiaries are under an obligation to report about the evaluation of the achieved results and effects. More detailed provisions on the reporting of the beneficiaries are defined in the invitations to public tender.</p> <p>Yes.</p> <p><u>MLFSA</u></p> <p>In cooperation with the managing authority an action plan had been established in the form of an OP for the implementation of the European Cohesion Policy 2014-2020. This plan clearly identifies all measures that will contribute to achievement of the planned indicators.</p> |
| <p><u>Question 2.2.4.</u></p> <p><i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p><u>GODC</u></p> <p>Every single operation (measure or tender) must have the indicators defined before the confirmation. When the operation (tender) is confirmed, it is to be copied into the monitoring system. The beneficiaries are obliged to report about indicators (at least) once a year. The indicators are accrued onto higher levels and are to be reported in the annual reports.</p> <p><u>MAFF</u></p> <p>Every single operation (measure or tender) must have the indicators defined in the application form. All indicators have to be reported in the annual reports. The results of evaluations, gained on the basis of the usage and impact of indicators, will furthermore help to improve the quality, efficiency and effectiveness of implementation of the Rural Development Program 2014-2020.</p> <p>For the monitoring and evaluation of the RDP 2014-2020 there are indicators of impact and output indicators defined in order to measure the effectiveness of the measures. Secondary effects of individual measures are also being evaluated.</p> <p>The managing authority for the Rural Development Program of RS 2014 - 2020, prepares an analysis of the financial implementation of the RDP 2014-2020 three times a year. Therewith the attainment of the objectives of the program and the achievement of the framework of the performance as well as the disbursement forecast until 2018 are analysed in detail.</p> <p><u>MLFSA</u></p> <p>In order to be able to monitor the achievement of the objective, the beneficiaries are committed to prepare and issue their half-yearly and annual reports, also the appropriateness of the measures and activities is checked through the evaluation of performed operations.</p> |
| <p><u>Question 3.1.1.</u></p> | <p>Yes.</p> |

Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations

GODC

The managing authority (MA) must have an overview of all the measures and recommendations, which have been identified and issued by the audit authorities including two auditor's organs of EC and ECA. The MA has so far (FP 2007-2013) kept a register of all of the executed audits and thereby given audit measures and recommendations. For the audits and audit events, performed by ECA, and thereby issued recommendations - depending on the content of the recommendation alone - an action plan for the realisation of those recommendations has been prepared. This was prepared by the MA in cooperation with EC, including its additional recommendations and guidelines for the realisation of the ECA findings. MA has already made reports about these kinds of measures in the annual reports of operational programs, as well as on the meetings of the monitoring committees. FP 14-20 has the application available in the information system, which enables the monitoring of audit measures and recommendations, as well as the monitoring of their implementation, which is to be supported by all the documents or audit tracks, proving or clarify the current status of the implementation of individual recommendations and given measures. Therewith all bodies, involved in the implementation phase of the European Cohesion Policy, will have an overview of all the given measures and recommendations, as well as of all already executed measures. This will contribute to the improvement of all further actions, which are performed on the basis of recommendations, and will contribute to improvement of reporting system, referring to reporting on remedial measures. This also will enable the monitoring of unrealized recommendations and correspondingly will help to "warn" the intermediary bodies and others in order to appeal to the implementation and fulfilment of the European Cohesion Policy. MA wishes to improve the examination system of the fulfilment of the audit recommendations and implemented measures.

MAFF

At the Agency of RS for Agricultural Markets and Rural Development (AAMRD), at the paying agency for EAGF and EAFRD funds, at intermediary body, as well as at the authority for certification for EMFF support fund, a special system for the centralised monitoring of the implementation of all audit recommendations, which are from the side of the internal and external audit bodies addressed to the AAMRD Agency and the MAFF, has been established. All audit findings and recommendations are entered in the intranet application "FOLLOW UP" immediately upon their receipt. On the basis of action plans and recommendations, the actual status of fulfilment of the audit recommendations is being monitored. A responsible member or an operator is defined for each single recommendation. He alone is obliged to enter the action plan, including a description of the necessary changes and including the deadline for implementation of the stated recommendation, into the system. After all stated activities have been implemented, the operator enters the final report, whereby he must provide an explanation and evidence of what has been completed or why some of the actions (still) haven't been completed. Action plans and final reports are finally confirmed and certified by the internal auditor of AAMRD. An internal department, responsible for internal audit, and Department for EU Affairs at the AAMRD Agency, are both in charge of monitoring of the implemented recommendations. The condition of the fulfilment is regularly monitored by the MAFF - the competent authority for the accreditation of paying agencies. The process of monitoring recommendations is documented and there is an adequate audit trail available - it is built in that way, that any auditor can independently assesses about the closure of recommendations. Therewith the storage of all audit reports in one place is enabled and correspondingly also a better control over monitoring processes of the implementation of the recommendations is obtained.

MLFSA

In the event of conclusions and recommendations, the MLFSA prepares a response report, describing all measures to pursuance of recommendations and rectification of errors.

Spain

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

ERDF and COHESION

NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| weaknesses/deficiencies/errors | | | | |
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| <p>➤ expected results from actions that will not always be evident in short-term</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| EAGF | | | | |
| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
| <p>➤ number and complexity of rules and gold-plating</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ incorrect transposition of applicable EU legislation into national laws</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ complex eligibility rule</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS)</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>➤ mistakes in the aid applications</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p>➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ESF | | | | | |
| | <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
| | <p>➤ <i>number and complexity of rules and gold-plating</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>incorrect transposition of applicable EU legislation into national laws</i></p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>complex eligibility rule</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p>➤ <i>mistakes in the aid applications</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>need of more or better resources and administrative capacity building</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | <p>➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i></p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <p>➤ need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</p> <p>➤ knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</p> <p>➤ expected results from actions that will not always be evident in short-term</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <p>Question 1.1.2. Main lessons learned while addressing the risks and errors for the EU spending.</p> | <p>ERDF AND COHESION</p> <p>It is necessary to act with prudence with regard to the specific eligibility rules for the ERDF. It is not always easy to interpret their meaning and impact on each of the measures that are co-financed, and different interpretations are possible. It is necessary to avoid the risk of interpretations that may be challenged subsequently by the audit and inspection bodies. The measures through which EU aid is organised at national level are in turn regulated by national legislation (e.g. legislation on subsidies) incorporating additional requirements that are not specific to the ERDF but must also be complied with. Attention must be paid to compliance with both sets of legislation, in particular when the Member State legislation lays down additional requirements that may establish limitations where the legislation applicable to the ERDF does not, or even limit the use of tools that EU rules allow.</p> <p>It is important to pay attention to the entry into force of new directives and the applicable national legislation. Appropriate training must be provided in this area. State aid legislation is highly complex. It sometimes interferes with the legislation on the Funds. Considerable technical ability is required to ensure that it is properly applied. A training effort has been carried out in this field.</p> <p>ESF</p> <p>With regard to the three questions raised by the Court:</p> <ul style="list-style-type: none"> • The need to reinforce guidance and training for the personnel responsible for managing, monitoring and controlling ESF transactions in the framework of the managing and certifying authorities and of the intermediate bodies and beneficiaries. • The need to incorporate procedures for risk analysis and management for each of the transactions enabling appropriate mitigating controls to be established. • The need to improve, based on the risk of each transaction, the quality control of the transactions carried out by the managing authority before the declaration of expenditure is submitted. • The need to reinforce training on Simplified Cost Options for all those involved in management and control of ESF transactions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| <p><u>Question 1.1.3.</u> <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>ESF</p> <ul style="list-style-type: none"> • Reinforcement of guidance and training for the persons responsible and the officials of the managing and certifying authorities and of the intermediate bodies and beneficiaries. • Specific training days have been organised on Risk management and fraud prevention and Simplification. • Incorporation of risk analysis procedures for each of the transactions that will establish mitigating controls for risk and fraud alerts and the checklists to accompany the supporting documents file when co-financing projects or transactions are submitted. • Intensification, based on the risk of each transaction, of the quality control to be carried out by the managing authority on the transactions before certifying them. • Categorisation of the intermediate bodies based on the results of the systems audits and the checks on transactions. This categorisation will, if appropriate, increase the scope of the checks. • Drawing up and distributing a guide for application of simplified cost methods to facilitate application thereof by the intermediate bodies. In addition, the Managing Authority has worked directly with the beneficiaries resulting from the transactions selected by it to determine the simplification methods to be used in each transaction. <p>EAGF</p> <p>The Action Plan implemented in 2014 for EAGF to improve the eligibility of the pasture surfaces.</p> |
| <p><u>Question 1.2.1.</u> <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>ERDF AND COHESION</p> <p>Review of the list of administrative checks to incorporate the issues that gave rise to irregularities. Prior review mechanisms to be applied to calls for application and tender specifications by the units responsible for checks (planned 2014/2020). Reduction in the number of Intermediate Bodies and reinforcement of quality control in those bodies (planned 2014/2020).</p> <p>ESF</p> <p>See reply to 1.1.3</p> |
| <p><u>Question 1.2.2.</u> <i>Further measures to enhance the effectiveness of actions to detect</i></p> | <p>ERDF AND COHESION</p> <p>In cases where an irregularity is detected that could affect the expenditure already declared, an action plan is drawn up to correct any irregular expenditure declared. This plan either involves a retrospective review to withdraw the irregular expense or, in cases where it is not possible to quantify the financial impact of the irregularity detected, a flat-rate correction based on the seriousness of the shortcoming and the risk for the EU budget. In the last two years the number of flat-rate corrections has been increased to ensure that</p> |

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| <p><i>and correct errors concerning expenditure, which was previously declared or certified to the Commission.</i></p> | <p>expenditure already declared as a result of any irregularities arising from shortcomings in the systems is corrected.</p> <p>ESF</p> <p>For the MFF 2014-2020, the management and control systems of the managing and certifying authorities (and therefore the IT systems that are going to be used - application ESF 14-20) include the procedures for monitoring, processing and withdrawing amounts already declared that are detected as irregularities by the audit authorities, the EU institutions, the managing and certifying authorities themselves or the intermediate bodies.</p> <p>EAGF</p> <p>Review of the procedures to improve the application of retroactivity (recovery of aid unduly paid in previous periods) for EAGF aid.</p> |
| <p><i>Question 1.3.1.</i></p> <p><i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | <p>ERDF AND COHESION</p> <p>For 2014-2020 it is planned to promote the use of simplified costs in cases where the application method laid down in the legislation is simple and provides legal certainty, since it does not require a complex justification of the parameters used in calculation, which could introduce legal uncertainty. In any case the simplification must be in line with the conditions that must be required of beneficiaries to ensure that the aims of the aid are fulfilled.</p> <p>ESF</p> <p>A risk analysis and fraud prevention system has been drawn up consisting of a self-assessment instrument for identifying and covering risk (Risk Matrix), in relation to the transactions to be financed from the European Social Fund in 2014-2020. Adoption of this or of a similar system is an obligatory prerequisite for management of the ESF.</p> <p>EAGF</p> <p>Continued monitoring is carried out of the recommendations of the Court of Auditors and the Commission as part of the EAGF audits to improve the system.</p> |
| <p><i>Question 1.3.2.</i></p> <p><i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional</i></p> | <p>ERDF AND COHESION</p> <p>The Court has pointed out this correlation. However, the way in which the measures are justified is sometimes determined not only by the tolerable or target rates of error but also by the objectives of each measure. The more complex the purpose of an aid measure, the more requirements are usually included to justify it. Greater complexity leads to a higher likelihood of error and a greater risk of inconsistencies of interpretation by beneficiaries, managers and control and audit bodies.</p> <p>ESF</p> <p>A payment system based on the results obtained and not on the costs incurred would reduce levels of error.</p> |

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| <p><i>and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>ESF For each transaction selected, use has been made of the common output and result indicators established in Regulation (EU) No 1304/2013 (immediate and long-term), which will give data on what has been delivered by Investment Priority. Similarly, numerous specific result- and output indicators (over 100) have been used which are applied to all the Operational Programmes, both multi-regional and regional. In each Investment Priority one or two indicators have been used to quantify it as of 2023.</p> |

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| <p><u>Question 2.2.2.</u> <i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>ESF A system to monitor the output and result indicators and an assessment plan have been drawn up to assess how far the objectives are achieved by the results for each investment priority of the operational programmes. The participants that have benefited from ESF actions are calculated, based in general on the indications in the guidance documents for Monitoring and Assessment drawn up by the European Commission.</p> |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>ESF In Spain, in accordance with the definition established by the Managing Authority for the concept of transaction, agreed in consensus with the Intermediate Bodies and the Commission, it is essential to calculate the indicators through each project with its own substantive identity that forms part of the transaction. Thus, the indicators are based on analysis and observation of the implementation of each project that may form part of the Transaction, provided that the project is understood to be a measure with its own value that contributes to achieving the objectives of the ESF and is not linked to a linear or phased implementation. The project may be in itself the transaction or one or more elements of the transaction. In any case, the output of a project must be autonomous and have value in itself and an independent budget, and it must be possible to analyse its results without being subject to any other condition. This definition of project indicators provides more detailed information on participants and results.</p> |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | <p>ESF As indicated earlier, the indicators established for the ESF in Regulation (EU) No 1304/2013 are applied, in addition to specific indicators. In addition, output and financial indicators were selected to establish the performance framework to evaluate its implementation in 2018 for the first time. The values to be analysed will be the characteristics of the participants that form part of the Transactions/Projects, and the possible changes in their situations once they have participated in the Transaction/Project.</p> |

Question 3.1.1.

Framework or a system for the follow-up of ECA's recommendations addressed to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations

Sweden

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i> | | | | |
| ➤ number and complexity of rules and gold-plating | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ➤ incorrect transposition of applicable EU legislation into national laws | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ failure to observe the legal and procedural requirements stemming from EU and national legislation and rules | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ complex eligibility rule | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ weaknesses in the set of eligibility rules that may lead to potential for circumventing them | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ insufficient quality and up-date of the Land Parcel Identification System (LPIS) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ mistakes in the aid applications | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ continued risks of misinterpretation of what is the eligible area for the basic payment scheme | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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| | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate for non-compliance</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more or better resources and administrative capacity building</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | <i>weaknesses/deficiencies/errors</i> | | | |
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| | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <p>➤ <i>expected results from actions that will not always be evident in short-term</i></p> | | | | |
| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <ul style="list-style-type: none"> • compliance with EU and national eligibility rules: simplified regulatory framework. • compliance with EU and national public procurement legislation: any deficiencies in compliance with rules on public procurement/State aid are not confined to EU funding. Greater focus is needed on preventive measures. It should be 'easy to get it right'. Professional development and greater consensus are required. • compliance with State aid rules: professional development and greater consensus are required. | | | | |
| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <ul style="list-style-type: none"> • compliance with EU and national eligibility rules: ESF, EAGF, EAFRD: use of unit costs and standard costs. ERDF: focus on preventive measures. • compliance with EU and national public procurement legislation: support, guidance, targeted training, preventive measures. • compliance with State aid rules: support, guidance, targeted training, preventive measures. | | | | |
| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the</i></p> | <p>EAGF, EAFRD: professional development, clearer instructions and checklists, targeted training. ERDF: focus on preventive measures.</p> | | | | |

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| <p>checks carried out before declaring or certifying expenditure to the Commission.</p> | |
| <p>Question 1.2.2. Further measures to enhance the effectiveness of actions to detect and correct errors concerning expenditure, which was <u>previously</u> or certified to the Commission.</p> | <p>EAGF, EAFRD: certification bodies have been given a new role and now perform systematic repeat on-the-spot checks in accordance with the Commission's recommended sampling. Increased internal control. ERDF: focus on preventive measures.</p> |
| <p>Question 1.3.1. Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</p> | <p>Simplification and clear, transparent rules at national level. Managing authorities given fund coordination role. (LPIS update within three years, expanded internal control and quality assurance of error rate statistics.)</p> |
| <p>Question 1.3.2. Relationship between the basis</p> | <p>Yes. The more complex the rules and regulations, the greater the risk of error.</p> |

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| <p><i>for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p><u>Question 2.1.1.</u> <i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>In the area of research and innovation, Sweden has taken the overall priorities in Europe 2020 and Horizon 2020 into account when identifying national priorities and strategic areas. Sweden considers it important, in national as well as EU contexts, that investments in research and innovation are followed up and evaluated in order to ensure the best possible outcome.</p> |
| <p><u>Question 2.1.2.</u> <i>Measures to pursue synergies and complementarities between ESI Funds and national programmes .</i></p> | <p>ESF and ERDF: Managing authorities given role as fund coordinators. The ESF Council is one example of a managing authority that also works closely with other authorities such as Arbetsförmedlingen [the Swedish Public Employment Agency] and Försäkringskassan [the Swedish Social Insurance Agency].</p> |
| <p><u>Question 2.2.1.</u> <i>Performance measurement system to link EU</i></p> | <p>ERDF: clear system of objectives for the programmes. ESF: all immediate result indicators that have been drawn up for the Social Fund programme can be followed up at project level. With regard to long-term result indicators, work is currently under way to change the method of data collection and take data from registers for all long-term result indicators bar one. Once the work is complete, it will be possible to monitor results at project level for all long-term result indicators bar one.</p> |

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| <p><i>measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | |
| <p>Question 2.2.2. <i>Framework for the management of ESF Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>ERDF and ESF: indicator system and continual follow-up and evaluation. (The ESF Council also uses result-orientation to ensure that projects have an impact in many different ways and on multiple levels.)</p> |
| <p>Question 2.2.3. <i>Member State actions to define or improve result indicators at EU project level.</i></p> | <p>Yes. ESF: All immediate result indicators that have been drawn up for the Social Fund programme can be followed up at project level. With regard to long-term result indicators, work is currently under way to change the method of data collection and to retrieve data from registers for all long-term result indicators bar one. Once the work is complete, it will be possible to monitor results at project level for all long-term result indicators bar one.</p> |
| <p>Question 2.2.4. <i>Performance measurement system to monitor the achievement of EU objectives at EU level, or operations or project level and to monitor the output and result indicators at EU level.</i></p> | <p>ESF: System already established. Individual project results are followed up continually in accordance with a set model. Among other things, the follow-up is to ensure that the projects are in line with the programme objectives (and thus the EU priorities/EU 2020 objectives) and that the projects are heading towards specified results. In order to assist with the follow-up, the programme's implementation indicators are updated once a month at project level. The programme's result indicators are not compiled on a continual basis at project level. However, the results are broken down into small groups of projects and examined in more detail on an ongoing basis. They are broken down on the basis of the programme objectives and expected results. If necessary, for example if the data does not correspond to expectations in some way, it is possible to obtain the programme's result indicators at project level. Further systems planned: The managing authority is currently working on an online system in collaboration with Statistics Sweden (SCB), in which the programme's most important output and result indicators will be published at project level. Both the authority and the projects will have</p> |

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| <p><i>measure, operations or project level.</i></p> | <p>access to these.</p> |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECA's recommendations to Member States in Court's annual and special reports. Monitoring and reporting on progress achieved towards implementation of Court's recommendations</i></p> | <p>Yes. Customary handling by the managing authority if SE has been audited. Otherwise, Council conclusions are dealt with in Council working groups. The paying agency follows up audit comments irrespective of the audit body that carried out the inspections. The Swedish Board of Agriculture has a programme management forum that deals with recommendations from different reports as regards the efficiency of the support from the Rural Development Programme, the Maritime and Fisheries Programme and the Regional and Social Fund programme for community-led local development</p> |

United Kingdom

Question 1.1.1

Main root causes in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion) for the persisting risks and errors pointed out by the ECA.

| | <u>Not relevant</u> | <u>Relevant in some respect</u> | <u>Relevant in most respect</u> | <u>Fully relevant</u> |
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| <p><i>NB: In order to develop the replies, the following non-exhaustive list of examples for root causes of legality and regularity errors in EU expenditure may be considered</i></p> <ul style="list-style-type: none"> ➤ <i>number and complexity of rules and gold-plating</i> ➤ <i>incorrect transposition of applicable EU legislation into national laws</i> ➤ <i>failure to observe the legal and procedural requirements stemming from EU and national legislation and rules</i> ➤ <i>sufficient knowledge in applying procurement rules or State aid rules or other applicable EU legislation and rules (including conditions and eligibility criteria for the rural development measures, simplified cost options, reasonableness of costs, result-oriented agri-environment payments)</i> ➤ <i>complex eligibility rule</i> ➤ <i>weaknesses in the set of eligibility rules that may lead to potential for circumventing them</i> ➤ <i>insufficient quality and up-date of the Land Parcel Identification System (LPIS)</i> ➤ <i>mistakes in the aid applications</i> ➤ <i>continued risks of misinterpretation of what is the eligible area for the basic payment scheme</i> ➤ <i>inefficient sanction mechanism for non-compliance or low sanction rate</i> | <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |

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| | <p><i>for non-compliance</i></p> <ul style="list-style-type: none"> ➤ <i>need of raising awareness, targeted training, and, development and delivery of detailed methodological support and guidance for national and regional authorities and final beneficiaries</i> ➤ <i>need of more or better resources and administrative capacity building</i> ➤ <i>need of an improved quality of key aspects of the supervisory and control systems (better design and/or performance of administrative checks and on-the-spot controls and/or increase of the effectiveness of the work carried out by management verifications, audit authorities, paying agencies and certification bodies)</i> ➤ <i>better use of the information necessary to detect and correct available in the supporting documents, as well as at the level of the beneficiary or a national/regional body</i> ➤ <i>sufficiently robust action plans developed to address both the causes of errors and the weaknesses in the management and control systems and/or deficiencies in the EU spending</i> ➤ <i>insufficient introduction of changes by new legal and/or regulatory and/or procedural frameworks likely to have a significant impact on the causes of errors</i> ➤ <i>need of more initiatives for ensuring a genuine simplification for beneficiaries and programmes' implementation</i> ➤ <i>knowledge and experience sharing, and dissemination of good practices at national and/or at EU level on improving widespread weaknesses/deficiencies/errors</i> ➤ <i>expected results from actions that will not always be evident in short-term</i> | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> |
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| <p>Question 1.1.2. <i>Main lessons learned while addressing the risks and errors for the EU spending.</i></p> | <p>In terms of the first point, national eligibility rules in England have been streamlined so that they are the bare minimum needed and do not gold-plate the EU regulations. Managing authorities are making use of the flat rate options provided in the CPR and associated delegated acts (the 15% rate of eligible direct staff costs and the 25% rate taken from H2020).</p> <p>On the second and third point, it is worth noting that both the EU public procurement and state aids legislation have recently been modernised. However, the ex ante conditionalities which require staff to be effectively trained and adequate information to be provided have been useful in putting in place preventive measures for 2014-2020.</p> <p>In terms of public procurement, the Managing Authority for ERDF in England has put in place the following measures for 2014-2020, building on its experiences during 2007-2013:</p> <ul style="list-style-type: none"> • Established a dedicated Procurement Team to provide advice • Developed a Procurement Implementation Plan • Developed a set of standard procurement documents and tools • Set up a Procurement Practitioner in each Growth Delivery Team • Rolled out a procurement training programme for all appraisal and contract management staff • Drafted checklists and standardised Work Instructions to check procurement through our business process • Defined an escalation process for procurement queries and set up a database of responses • Use lessons from 07-13 to produce list of common errors and case study library for 14-20 • Have front-loaded the checking of procurement processes to be used by grant recipients in the 14-20 programmes so that we start from a point of compliance rather than picking up errors later • Redrafted and published the Procurement Law ESIF Compliance Guidance Note • Begun to develop an Aide Memoire for Applicants to set out the core documentation that needs to be retained for the procurement audit trail • Met with the Local Government Association (as the representative of Local Authorities who are major grant recipients) to discuss common procurement issues and are developing best practice case studies |
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| <p>Question 1.1.3. <i>Good practices and examples of success stories in the areas of compliance with EU and national eligibility rules, compliance with EU and national public procurement legislation, and compliance with State aid rules.</i></p> | <p>See the measures put in place in England on public procurement, detailed above. England's programmes during 2007-2013 suffered from interruptions and suspensions during 2007-2013 largely because of deficiencies in public procurement. The managing authority has used these experience to put in place improved processes for 2014-2020.</p> |
| <p>Question 1.2.1. <i>Further measures to enhance the effectiveness of the checks carried out before declaring or certifying expenditure to the Commission.</i></p> | <p>Departments lead on and have specific responsibility for EU spending in their area, reflecting their Accounting Officer responsibilities. For each of the major EU funds managed through the public sector, there are specific groups which focus on corrections, the top level of which engage with the Treasury. For example: The Department for Environment, Food and Rural Affairs' (DEFRA) Disallowance Steering Group, which has HM Treasury on it, oversees DEFRA's Disallowance Strategy on the CAP. The strategy sets out a root-cause analysis of the causes of CAP disallowance and mitigating actions to reduce it. The UK-wide Partnership Agreement Programme Board, chaired by the Department for Business, Energy, and Industrial Strategy (BEIS) is attended by the Treasury, Whitehall Departments and devolved administrations responsible for managing the European Social Fund (ESF). The European Regional Development Fund (ERDF); the European Agricultural Fund for Rural Development (EAFRD); and European Maritime and Fisheries Fund (EMFF) consider strategic approaches to managing corrections, interruptions and suspensions. Departments also have internal groups which consider corrections, such as the ESF Management Board, the Audit and Risk Committee on ERDF, and the CAP Disallowance Working group.</p> |
| <p>Question 1.2.2. <i>Further measures to enhance the effectiveness of actions to detect and correct errors concerning</i></p> | <p>Departments lead on and have specific responsibility for EU spending in their area, reflecting their Accounting Officer responsibilities. For each of the major EU funds managed through the public sector, there are specific groups which focus on corrections, the top level of which engage with the Treasury. For example: The Department for Environment, Food and Rural Affairs' (DEFRA) Disallowance Steering Group, which has HM Treasury on it, oversees DEFRA's Disallowance Strategy on the CAP. The strategy sets out a root-cause analysis of the causes of CAP disallowance and mitigating actions to reduce it. The UK-wide Partnership Agreement Programme Board, chaired by the Department for Business, Energy, and Industrial Strategy (BEIS) is attended by the Treasury, Whitehall Departments and devolved administrations responsible for managing the European Social Fund (ESF). The European Regional Development Fund (ERDF); the European Agricultural Fund for Rural Development (EAFRD); and European Maritime and Fisheries Fund (EMFF)</p> |

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| <p><i>expenditure, which was previously declared or certified to the Commission.</i></p> | <p>consider strategic approaches to managing corrections, interruptions and suspensions. Departments also have internal groups which consider corrections, such as the ESF Management Board, the Audit and Risk Committee on ERDF, and the CAP Disallowance Working group.</p> |
| <p><u>Question 1.3.1.</u> <i>Risk analysis and estimated level of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p><u>Question 1.3.2.</u> <i>Relationship between the basis for payment and levels of error in the major EU spending areas (common agricultural policy, regional and urban policy, employment, social affairs and inclusion).</i></p> | |
| <p><u>Question 2.1.1.</u></p> | <p>The Government has strategies in each of the main EU funds it manages. Where relevant for national allocations of EU funds, strategy documents are agreed with the Commission at the beginning of the programming period which set out intended results and priorities to</p> |

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| <p><i>Links between EU priorities in the context of the Europe 2020 strategy, including Horizon 2020, and national priorities.</i></p> | <p>achieve maximum value for money. The Treasury will use the 2016 Treasury Statement on EU finances to set out overall context for the Government's strategy on the expenditure on EU receipts, particularly following the referendum, and signpost the Government's existing strategy. For example, for ESIFs, the UK Partnership Agreement sets out the plans and priorities for deployment of these funds to complement EU and UK objectives on sustainable jobs and growth. It has promoted value for money by: setting consistent performance management standards across different programmes; establishing a strategic framework for investments; and prioritising local needs. Underlying this are detailed Operational Programmes setting out the strategy and priorities for each Fund in each of the constituent nations along with information about management and delivery. Rural Development Programmes set out the strategy and priorities for the current funding period for the EAFRD, including promoting sustainable farming practices and growth of rural businesses. For the European Agricultural Guarantee Fund (EAGF), where the Commission do not require strategic programming of the Funds, DEFRA's policy approach is instead set out in a series of formal consultation responses.</p> |
| <p><i>Question 2.1.2.</i> <i>Measures to pursue synergies and complementarities between ESIFs and national programmes.</i></p> | <p>The Government has strategies in each of the main EU funds it manages. Where relevant for national allocations of EU funds, strategy documents are agreed with the Commission at the beginning of the programming period which set out intended results and priorities to achieve maximum value for money. The Treasury will use the 2016 Treasury Statement on EU finances to set out overall context for the Government's strategy on the expenditure on EU receipts, particularly following the referendum, and signpost the Government's existing strategy. For example, for ESIFs, the UK Partnership Agreement sets out the plans and priorities for deployment of these funds to complement EU and UK objectives on sustainable jobs and growth. It has promoted value for money by: setting consistent performance management standards across different programmes; establishing a strategic framework for investments; and prioritising local needs. Underlying this are detailed Operational Programmes setting out the strategy and priorities for each Fund in each of the constituent nations along with information about management and delivery. Rural Development Programmes set out the strategy and priorities for the current funding period for the EAFRD, including promoting sustainable farming practices and growth of rural businesses. For the European Agricultural Guarantee Fund (EAGF), where the Commission do not require strategic programming of the Funds, DEFRA's policy approach is instead set out in a series of formal consultation responses.</p> |
| <p><i>Question 2.2.1.</i> <i>Performance measurement system to link EU measures, operations or projects to EU priorities/Europe 2020 objectives and targets.</i></p> | <p>The EU regulatory framework for 2014-2020 requires a link between EU priorities and use of ESI Funds. Targets are set out in the Partnership Agreement and the respective operational programmes for each ESI Fund.</p> |
| <p><i>Question 2.2.2.</i></p> | <p>The EU regulatory framework for 2014-2020 requires a link between EU priorities and use of ESI Funds. Targets are set out in the</p> |

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| <p><i>Framework for the management of ESI Funds in order to achieve a result-oriented system and impact of EU projects.</i></p> | <p>Partnership Agreement and the respective operational programmes for each ESI Fund.</p> |
| <p><u>Question 2.2.3.</u> <i>Member State actions to define or improve result indicators at EU project level.</i></p> | |
| <p><u>Question 2.2.4.</u> <i>Performance measurement system to monitor the achievement objectives at EU measure, operations or project level and to monitor the output and result indicators at EU measure, operations or project level.</i></p> | |
| <p><u>Question 3.1.1.</u> <i>Framework or a system for the follow-up of ECAs</i></p> | <p>Yes. Departments and Managing Authorities are responsible for following up ECA recommendations in the funds they manage. This is monitored as part of governance at a cross-Government level.</p> |

*recommendations to
addressed to
Member States in
Court's annual
and special
reports.
Monitoring and
reporting on
progress achieved
towards
implementation of
Court's
recommendations*

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ANNEX IV – MEMBER STATES' REPLIES TO PART B OF THE QUESTIONNAIRE

Part B: Please enter any general comments you have concerning the 2015 Annual report
or general issues relating to the discharge procedure

Denmark

Denmark is pleased that, for the ninth consecutive year, the Court was able to give a positive opinion on the reliability of the accounts and thus considers that the EU's accounts give a fair view of revenue and expenditure, and of the EU's financial position. Denmark is also satisfied that the Court gave a positive opinion on the legality and regularity of transactions concerning own resources and of the payments relating to administration.

However, Denmark regrets that the Court had to issue an adverse opinion on payments as a whole. It is a Danish priority to work towards an audit opinion with fewer reservations. In that light, it is positive that the error rate for 2015 was an improvement on the previous years.

Denmark takes the view that both the Commission and the Member States bear responsibility for ensuring satisfactory implementation of the budget, and therefore stresses the importance of using all available instruments for fuller implementation of the EU budget. It is important for the Commission to focus its efforts on headings (and Member States) where error rates are considerably higher than 2 %. In that connection, requirements for increased auditing must be proportionate to the increased administrative burden and the financial risks to the EU budget.

It is therefore also a priority for Denmark to focus on the underlying reasons for the complexity and to work towards simpler rules, which will ease administration for both authorities and beneficiaries.

Germany

It is important to note that the ECA's assessment of public procurement errors differs from that of the European Commission, which the Commission should take into account.

Answering questions and following up audit findings has been complicated by the fact that the ECA's annual report has already been published and some of the corresponding follow-up audits have been launched, even though no final audit communications have been issued giving feedback on the opinions submitted.

Netherlands

We are very grateful to the European Commission for this extensive questionnaire.

We are particularly interested in the forthcoming transparent reporting containing an analysis at Member State and regional level of 'persistently high errors' and very much look forward to receiving this.

Poland

In Poland's opinion, the verification of 2015 annual report by the Managing Authorities is to no avail at this point, given that as at today, a large part of audits referring to 2015 has not been officially closed as yet, and there is no final position of the ECA in these matters. Additionally, only after the final position of the ECA is communicated, the European Commission will issue recommendations for the Member State in reference to specific cases (e.g. to impose corrections).

Still, Poland welcomes the information about another year witnessing a decreased level of errors in the EU budget (from 4.5/4.4 % in 2013 and 2014 to 3.8 % in 2015), notwithstanding the fact that the budget for payments in 2015 was the second (after 2013) in terms of its size in the history, and the cumulation of expenditure (reimbursements) from the Cohesion Policy 2007–2013 was significant.

It is a positive signal that the rate of errors has been decreasing regularly under shared management (in the Cohesion Policy, it dropped to 5.2% from 5.7 % in 2014). This is much below the rates identified for the 2000–2006 programming period.

It is equally significant, as the ECA points out, that the type of management (either centralised or shared) has no impact on the rate of errors. Moreover, it is necessary to remember that in the case of share management, we deal with 28 different management and control systems.

At the same time, Poland wishes to emphasise that the error as estimated by the ECA is not identical to ‘fraud, inefficiency or waste’. In accordance with the ECA’s assessment, fraud suspicions were raised only in respect of approx. 1 % of the transactions controlled (12 out of 1200), which is less than in 2014 (22 transactions).

Poland agrees with the ECA’s finding that RAL (*reste à liquider*) liabilities remain one of the main challenges faced by the EU budget. Therefore, Poland agrees with the ECA that in the context of overdue payments, it is necessary to prepare medium-term payment forecasts.

Poland believes that the ECA’s report is overly focused on errors (often calculation errors) and it does not attempt to find answers to the question about the effective use of EU funds (performance and added value).

Poland emphasises at this point that the annual error rate calculated by the ECA should be considered in the context of multi-annual character of EU interventions (including net financial corrections and amounts recovered).

Poland agrees with the ECA’s statement that the more complex information is required from beneficiaries, the higher is the risk of error. This may bring about a significant (even threefold) increase in the share of eligibility errors in the total number of errors.

However, a significant decrease in the rate of errors arising from public procurement (from 1.2 p.p. in 2014 to 0.4 p.p. in 2015) is a positive signal.

Poland welcomes the ECA’s recommendation to extend the eligibility period for financial instruments. It is disturbing, however, that the mean rate of disbursement in the case of all (1 025) financial instruments of the ERDF and the ESF in the EU as at the end of 2014 was barely 57 %. Poland hopes that in accordance with information provided by the European Commission, given the life cycle of financial instruments, growth is expected in the last year of implementation.

Poland repeatedly emphasised that cross-compliance requirements are not an eligibility criterion for payments within the Common Agricultural Policy (CAP), which is why it welcomes the change in the ECA’s methodology of calculating errors within the CAP.

Sweden

There are no observations in Annex I that require Sweden to take action. In order to facilitate the completion of this questionnaire, Sweden would appreciate it if the Commission could sift the information in Annex I more thoroughly and only include observations that require the Member States to take action.