



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY
Operational Efficiency and Central Europe
Competence Centre Operational Efficiency

**54th MEETING of the COORDINATION COMMITTEE OF THE FUNDS
(COCOF)**

27 February 2013, 09.30-18.00

Charlemagne Building (room MANS)

Rue de la Loi 170, 1040 Brussels

DRAFT MINUTES

Mr Erich Unterwurzacher opened the meeting and welcomed the delegations.

1. DRAFT AGENDA AND INTRODUCTORY REMARKS

Before addressing the agenda items, Mr Unterwurzacher reminded the delegations that by letter of 31 October 2012, the Director-General of DG Regional and Urban Policy, Walter Deffaa, requested data on revenue-generating operations in non-major projects. Delegations were requested to transmit the data required as soon as possible to the COCOF secretariat functional mailbox and no later than end of March.

In reply to some clarifications on financial engineering instruments reporting, the Commission stated that it would check and provide the delegations with the clarifications in writing.

The agenda was approved without comments.

2. TCUM WORK PROGRAMME FOR 2013

Mr Unterwurzacher highlighted that the TCUM has been created as a sub-group of the COCOF, therefore the COCOF members are requested to comment on the TCUM work programme. He specified that the scope of the TCUM is limited to the present programming period 2007-2013 as is the COCOF. For the period 2014-2020, after the entry into force of the new regulations, a new COCOF will be set up. The TCUM will not be automatically confirmed but the set-up of a new TCUM for 2014-2020 will

depend on the rules of procedure of the new committee on whether and how to create sub-groups.

Mr Wladyslaw Piskorz of DG Regional and Urban Policy presented the work programme for the TCUM for 2013.

FI, AT and PL stressed their positive attitude towards what was presented.

3. UPDATED GUIDANCE NOTE ON SAMPLING METHODS FOR AUDIT AUTHORITIES

Ms Lena Andersson Pench of DG Regional and Urban Policy presented the revised version of the Guidance note on sampling methods addressed to national audit authorities. She explained that the reason for a revision of the previous Guidance note, issued in 2008, was mainly related to the need to have more efficient use of the sampling methods for reducing the audit efforts while achieving the same quality and level of assurance. This is based on experience from the first years of implementation of statistical sampling and on thorough exchanges with audit authorities in various meetings (March, June, September and November 2012).

It was also highlighted that the methods introduced in the guidance note are new tools offered by the Commission to the audit authorities at their request, who are encouraged to already use them for the current period and in view of the future period, and without any obligation to change existing tools if they are satisfied with them.

Mr Franck Sébert of DG Regional and Urban Policy explained in details the modifications, comparing with the previous version which discussed in detail with audit authorities during workshops and a technical meeting in November 2012.

The Member States welcomed the updated version and the improvements compared to the previous version and acknowledged that their concerns were addressed during the detailed and practical workshops organised in November. They advocated for proportionality in case of small populations and asked for clarifications, including on the non-statistical method and the threshold for populations and corrections of factual mistakes.

The Commission is replying in writing to all written questions transmitted by the Member States and seminars to further explain and disseminate the updated guidance are

being organised in Member States with decentralised audit authorities (IT, CZ, DE and ES in April 2013). In addition support is provided to individual AA (advice) on request.

The guidance note will be then finalised, translated and transmitted to the COCOF members.

4. THEMATIC GUIDES THAT RELATE TO INNOVATION, ICT AND SME COMPETITIVENESS: SOCIAL INNOVATION

Mr Peter Ramsden, a regional policy expert and practitioner, and Ms Marieke Huysentruyt from i-propeller, presented the guide on social innovation.

A number of Member States stressed that all actors should share this approach to social innovation, included.

The guide is available at the following web link:

<http://s3platform.jrc.ec.europa.eu/guides>

5. MEMBER STATES PRESENTING THEIR STRATEGIC REPORTS

In November 2012, the Commission proposed that some Member States might be invited to present their 2012 National Strategic reports here in this group before end March and asked for any volunteers. A similar initiative was first taken in early 2010 in the context of the 2009 reports.

In April, after adoption by the Commission the synthesis report will be presented to the Council and the European Parliament.

PL and PT gave a summary presentation of their national reports.

6. INTERRUPTION OF PROGRAMMES- ANALYSIS ON DEADLINES AND REASONS

During recent COCOF meetings, several Member State delegations asked for the issue of the interruption of programme payment claims to be discussed.

Mr Moray Gilland of DG Regional and Urban Policy, and Mr Jeroen Jutte of DG Employment, Social Affairs and Inclusion presented the results of the stock-taking exercise.

The main issues raised by the Member States referred to: transparency; standardisation of procedures, the respect of deadlines from both the Commission and the Member State side.

The Commission clarified that the legal basis for the pre-suspension procedure is Article 92(2) of Regulation (EC) No 1083/2006.

The Commission will provide the COCOF with further updates at a future meeting.

7. AOB: BUDGETARY SITUATION

At the request of some delegations, Mr Moray Gilland provided the following update on the budgetary situation.

The budgetary execution of 2012 was excellent: over EUR 38 billion executed or 16% more than in 2011. The new procedure of “End of Year transfer” introduced by the revised Financial Regulation was used to execute an additional EUR 211 million and optimise the Commission implementation of payment credits. However, a very large amount of claims remained unpaid at end 2012 due to lack of credits: EUR 12.1 billion for ERDF and Cohesion Fund (EUR 16.2 billion for cohesion policy as a whole). These claims will have to be paid from the 2013 budget, necessarily resulting in a lack of credits later in the year.

Member State forecasts for 2013 exceed EUR 52 billion for ERDF and CF alone. Even if 25% of the claims are submitted too late to be paid in 2013, the available credits will not be sufficient to cover the needs for 2013.

Cash-flow constraints at the Commission level prevent the Commission from paying claims within 2 months. This situation appeared for the first time at the beginning of 2012, but is more severe this year and is foreseen to last at least until May. It is mainly due to the following reasons: direct payments have to be made by DG Agriculture and Rural Development in the first months of the year; repeated cuts in the EU budget by the Council compared to the Commission’s proposal means both an excess of claims at the end of the year and a smaller amount available each month in terms of cash. A further reduction of the draft budget for 2014 would exacerbate the problem.

As in 2012, a letter to be signed by Commissioners Lewandowski, Hahn and Andor is being prepared to national authorities to stress the importance of sending claims regularly

and certainly before 31 October. The main message is that the Commission will be able to process the claims received in time and better justify a request for an amending budget if those claims arrive early enough. The concentration of payments at year-end will only deepen the problem and will carry it over to 2014. A similar letter sent in 2012 had the desired effect of reducing the number of claims submitted in the last 2 months of the year from 42% to 28%. [The draft letter is attached for your information].

Given the needs highlighted above and the resulting likely lack of credits, the Commission is likely to propose one or more amending budgets in 2013. The support of the delegations will be needed to avoid a growing “snowball effect” with highly negative consequences on 2014.

Member States expressed concerns about the lack of credits and requested clarification on the prioritisation of programme countries.

Mr Erich Unterwurzacher closed the meeting.