

Wirtschafts- und Infrastrukturbank Hessen

Hesse's public development bank

Do the provisions in the legislative package deliver on simplification and enhanced effectiveness?

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1. CONTEXT OF THE PROPOSAL

First Sentence of COM(2011) 615 final

„Simplification of policy delivery, focus on results and increased use of conditionality are among the major hallmarks of the next set of programmes.”

Overview

1.	eCohesion
2.	Simplification
3.	Financial Instruments

1. eCohesion

COM Proposal

Article 112 Paragraph 3 Responsibilities of Member States

Member States shall ensure that no later than 31 December 2014, all exchanges of information between beneficiaries and managing authorities, certifying authorities and intermediate bodies can be carried out solely by means of electronic data exchange systems.

1. eCohesion

WIBank Suggestions

- eCohesion can contribute to modernisation
- Introductory date of 31 December 2014 is unrealistic, at least 36 months for the introduction of eCohesion is needed
- 31 December 2017 a more realistic introductory date but compromise of Danish Presidency – 31 December 2016 – currently being discussed is already a step in the right direction
- Financial resources for the implementation of technologies and interfaces are needed

Overview

1.	eCohesion
2.	Simplification
3.	Financial Instruments

2. Simplification

COM Proposal

Article 64 Paragraph 1

Accreditation and coordination

In accordance with Article 56(3) of the Financial Regulation, each body responsible for the management and control of expenditure under the CSF Funds shall be accredited by formal decision of an accrediting authority at ministerial level.

2. Simplification

WIBank Suggestions

- Current system of managing authorities, certifying authorities and audit authorities works effectively
- Establishing an accrediting authority at ministerial level creates additional administrative burden
- Will lead to additional monitoring and control requirements
- Causes uncertainty among all involved

2. Simplification

COM Proposal

Article 128 Paragraph 1

Content of the annual accounts

The certified annual accounts for each operational programme shall cover the accounting year.

2. Simplification

WIBank Suggestions

- Accounting year according to this regulation means from 1 July through 30 June
- The transmission of financial data according to Article 102 of this regulation and national regulation follows a different logic
- Introduction of yet another monitoring period would lead to loss of transparency, coordinated periods could lead to simplification and transparency
- Introducing annual accounts would contradict the reality of project funding as most projects are funded for a period longer than 12 months

2. Simplification

COM Proposal

Article 122

Payment to beneficiaries

Managing authorities shall ensure that the beneficiaries receive the total amount of the public support as quickly as possible and in full and in any event before the inclusion of the corresponding expenditure in the payment application. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce these amounts for the beneficiaries.

2. Simplification

WIBank Suggestions

- Current system works effectively and guarantees high level of security of liquidity
- According to this provision, expenditures could only be declared once they have been received by beneficiaries
- This would lead to problems of liquidity at national level

Overview

1.	eCohesion
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3.	Financial Instruments

3. Financial Instruments

COM Proposal

Article 32

Financial Instruments

The CSF Funds may be used to support financial instruments under a programme

3. Financial Instruments

WIBank Suggestions

- We highly appreciate the broadening of the approach of financial instruments, that can enhance effectiveness and leads to simplification
- Commission suggests three alternative Instruments (instruments at Union-level, standard instruments, instruments developed at Member-State-level). The Regulation privileges financial instruments at Union-level with regards to co-financing rates etc.
- Financial instruments set up at national or regional level need to be included to achieve a level playing field
- To include private institutions and development banks in the co-financing of financial instruments, the costs of refinancing (e.g. interest rates) should be refundable
- The delegation of acts (article 142) should not affect planning reliability, changes in regulation within the programming period could lead to a massive increase in complexity and costs

Evaluation

Do the provisions in COM proposal meet the overall goal of simplification and effectiveness?

- In general, harmonisation of rules between CSF funds as well as the introduction of electronic monitoring and the use of financial Instruments are aiming in the right direction towards simplification and effectiveness
- But the goal is not met yet:
 1. while harmonising, simple provisions need to be made the norm – not the other way around!
 2. The governance and controlling by aims and results leads to new requirements and administrative costs while the continued monitoring requirements are not yet reduced in the same way
 3. Implementing regulations need to support the harmonisation by a homogeneous interpretation of rules and bring planning reliability

Thank you for your attention!

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