

# **Introduction to Financial Management in Cohesion Policy 2021-2027**

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# Content

- Key Cohesion elements for 2021-2027
- Flexibility in crisis reaction 2014-2020 (CRII, CRII+, REACT EU, CARE, CARE+)
- Next steps for CPR 2021-2027

Key legal elements of the Cohesion 2021-2027			
1 CPR rule book for different funds	ERDF CF ( <b>merged in ERDF Reg</b> ) ETC (territorial cooperation) ESF+ <b>merges ESF/YEI/FEAD and EASI</b> EMFAF <b>(not EGAF-Globalisation fund and not the European Agriculture Fund for Rural Development)</b>	Just Transition Fund (JTF) <i>added in 2020</i>	AMIF (migration/asylum) BMVI (borders) ISF (security)
CPR Structure “streamlined”	9 titles + 119 articles + 26 annexes replacing 40 previous implementing & delegated acts		
<i>EU level SCO EC Delegated Act 2021/702</i> <i>Delegated Act 2019/694 FNLC covering EE &amp; RES</i>	<b>EC Delegated Act 2021/1130 (5.07.2021) on eligible regions for ERDF/CF/ESF+</b>	<b>EC Delegated Act 2021/1131 (5.07.2021) on annual resources per MS for ERDF/FC/ESF+ for Objective “Investments Growth and Jobs» and for « ETC incl for European urban Initiative</b>  <b>EC Delegated Act 2021/1129 (5.07.2021) on JTF resources per MS</b>	

# Still more EC guidance...

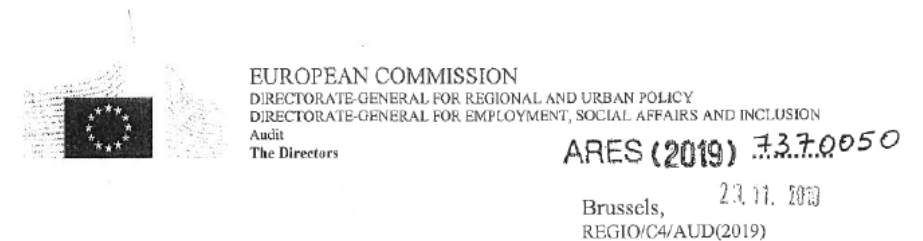
- Guidance on climate proofing
- Guidance on DNSH in RRF-facility
- Guidance on conflict of interest in EU budget
- Non paper: List of programme specific indicators related to COVID 19 response
- Gender mainstreaming in ESF+
- Checklist: How to target & support people experiencing homelessness with the ESF+
- Mini-toolkit: ESF+ for actions to combat poverty & social exclusion of children
- Revised guidance on **SCO**
- Simplified Cost Options – A practitioners' manual
- Ex ante assessment of **Simplified Cost Options and partnerships between managing authorities and audit authorities** – How to do it?

MS	Procurement in Annex D Country Reports 2019
LV, LT, EE, RO	PP performance: reduce rate of single-bidding
HR	More PP transparency, sufficient staffing
IT	improve public procurement performance, in particular with regard to the number of contracting authorities, their professional capacity, their ability to <b>integrate sustainability &amp; innovation aspects in procurement</b> , single bidding, simplification of procedures, decision speed, <b>SME contractors</b> , and capacity of authorities to carry out effective verifications
CZ	More <b>green public procurement</b> , reduce single- bidder, reduce contracts without prior tender
SK	public procurement performance: internal controls, transparency, digitisation, professionalisation, single bidding and <b>strategic public procurement</b> ;
AT	More <b>business-to-business circular procurement, circular hub</b>
PT, HE	More E-procurement
IE	improved public procurement procedures and performance;
HE	Excessively low bidding, single-bidding
MT	public procurement performance: cooperative procurement, efficiency of procedures, award criteria, decision speed, division into lots
BU	Better capacity in Procurement

# EC thematic audit on Czechia

## MCS compliance to conflict of interest rules

- Art 75 (1) and (2) CPR 1303/2013
- 2007-2013 and 2014-2020 OPs
- Grants signed with companies of AGROFERT group
- Issues with inadequate selection of operations and audits, conflict of interest, MCS/MV not working effectively, staffing of mgt bodies
- Over 60 Mn EUR corrections



**Subject:** Audit of the functioning of the management and control systems in place to avoid conflict of interest as required by Articles 72-75 and 125 of Regulation (EU) No 1303/2013 and Articles 60 and 72 of Regulation (EC) No 1083/2006

2007CZ161PO004 Enterprise and Innovation OP  
2007CZ161PO006 Environment OP  
2014CZ16RFOP001 Enterprise and Innovation for Competitiveness OP  
2014CZ16M10P002 Environment OP  
2007CZ05UPO001 Human Resources and Employment OP  
2007CZ052PO001 Prague – Adaptability OP  
2014CZ05M9OP001 Employment OP

**Ref.:** Audit No REGC414CZ0133 (to be used in all correspondence)

Draft Audit Report (EN version) - Ares(2019)3512694 of 29 May 2019  
Draft Audit Report (CZ version) – Ares(2019)4270758 of 4 July 2019  
Member State Reply – Ares(2019)5522224 of 2 September 2019

# EC audit findings in Czechia

- Code of ethics of PMC not implemented in practice (no declarations of impartiality/confidentiality)
- Absence of minimum thresholds in selection criteria approved by PMC
- Selection criteria not sufficiently defined
- Ineligible projects due to conflict of interest
- Verification of ownership of large companies not carried out
- Timing of Col declaration for staff of MA/IB
- Lack of audit trail in selection committees
- Lack of procedures for risk assessment
- Non-transparent public of tender proceedings
- R&D related to product/process innovation
- Error in calculation of CBA analysis

# Rule of law “conditionality” Regulation 2020/2092

## Proper control & audit in EU budget

- PP, Col/Public interest trusts, Anticorruption
- HU remedial measures not fully adequate
- 65% of commitments in 3 OP suspended
  - Environment
  - Transport
  - Territorial development
- 7,5 Bn EUR
- in direct/indirect mgt (RRF) no legal commitments with HU public interest trusts
- HU has 2 months then Council QM



Brussels, 18.9.2022  
COM(2022) 485 final

2022/0295 (NLE)

Proposal for a

**COUNCIL IMPLEMENTING DECISION**

**on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary**



# Horizontal principles (art 9 CPR): certification and check-lists for DNSH Art 17 Taxonomy Regulation 2020/852

climate change mitigation (GHG emissions)

Climate change adaptation

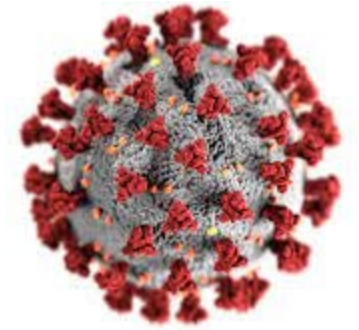
sustainable use & protection of water and marine resources

circular economy

pollution prevention

control, protection & restor. of biodiversity & ecosystems

# Flexibility facing exceptional circumstances (art 20)



- Unusual event outside control of MS leading to severe economic downturn
- Unfavourable consequences in MS public finance
- EC may for a period of **max 18 months**:
  - Provided it is necessary to respond to event
  - **Increase 10% co-financing** in interim payments
  - Select operations already **completed/fully implemented**
  - **Expenditure eligible** for operations to respond to such circumstance
  - Extend submission of data to EC by 3 months

# Data collection UBO Beneficial owners (Annex XVII)

- Information on **UBO-owners of the beneficiary** (AMLD-Directive)
  - first name and last name, date of birth and VAT or TIN-number
- Information whether the beneficiary or other entities implementing the operation in accordance with Union PP rules use **contractors** and if so, once the corresponding contracts are signed, information on:
  - (a) all contractors, incl name and VAT registration/TIN of the contractor(s)
  - (b) and UBO of the contractor, namely first name and last names, dates of birth and VAT registration/TIN number
  - (c) contracts (date of the contract, name, reference and contract amount)
  - [https://e-justice.europa.eu/38590/EN/beneficial\\_ownership\\_registers\\_interconnection\\_system\\_boris?EUROPEAN\\_UNION&action=maximize&idSubpage=1&member=1](https://e-justice.europa.eu/38590/EN/beneficial_ownership_registers_interconnection_system_boris?EUROPEAN_UNION&action=maximize&idSubpage=1&member=1)

# Art 8 ESF+: Respecting the FR Charter

ESF+ operations shall be **selected and implemented** while respecting the Charter of Fundamental Rights of EU and in accordance with CPR



In accordance with Article 69(7) CPR, **MS shall ensure** the effective examination of complaints. This is without prejudice to the general possibility of citizens and stakeholders to address complaints **to the EC**, including with regard to infringements of the Charter



Where EC finds that there has been an infringement of the Charter, EC shall take into account the gravity of the infringement in its determination of the **corrective measures** to be applied in line with CPR

# Flexibility for synergies and complementarities

<b>SEQUENTIAL PROJECTS</b>	<b>ADDITIONAL PARALLEL PROJECTS</b>	<b>JOINT PROJECTS</b>	<b>ALTERNATIVE PROJECTS</b>
<p><u>Upstream</u>: ESIF enabling Horizon Europe (HE) participation</p> <p><u>Downstream</u>: HE project results further developed with subsequent ESIF investments</p>	<p>Parallel use of EU funds in separate projects. Spending additional ESIF resources to fund more ERAMUS students from your region.</p>	<p>HE &amp; ESIF used simultaneously in the same project. Derogation to <u>non-cumulation principle</u> (art 63.9 CPR)</p>	<p>Reorientation of HE to ESIF projects. Seal of Excellence rules (art 73.4 CPR)</p>

# Financial rules for synergies

- **No profit rule for grants**
- **No substitution rule**
  - if an ESIF project requires 15% of national co-financing, it cannot be contributed from HE, or if a HE Innovation project requires 30% of national funding, it cannot be sourced from the ESIF
- **No double funding (DF)**
  - same expenditure/cost item cannot receive support from multiple instruments (ESIF, HE or other).
    - Cost/expenditure item is limited to the resources actually used for the action/project, meaning that e.g. only the depreciation part or personnel costs allocated to ESIF action/project would be subject to the prohibition of DF
- **Cross-financing**
  - Joint support ERDF/ESF+ limited to 15% (art 25 CPR)



# ESF and ERASMUS+ Synergies

DELIBERAZIONE N. 150 DEL 26-1-19 ALLEGATO A PAQ. 7

DELIBERAZIONE N. 150 DEL 26-1-19 ALLEGATO A PAQ. 8

REPUBBLICA ITALIANA  
**Regione Siciliana**  
 ASSESSORATO DELL'ISTRUZIONE  
 E DELLA FORMAZIONE PROFESSIONALE  
 L'Assessore

Regione Siciliana A  
 Dipartimento Formazione Profes  
 Nr.0016155 Del 18/02/2019  
 Cl. # 000

Unione Europea  
 REPUBBLICA ITALIANA  
 Regione Siciliana  
 Assessorato dell'istruzione e della formazione professionale  
 Dipartimento dell'istruzione e della formazione professionale  
 Servizio Programmazione interventi in materia di istruzione  
 scolastica, universitaria e post universitaria

Regione Siciliana P  
 Dipartimento Formazione Profes  
 Nr.0022545 Del 28/02/2019  
 Cl. # S2\_NEW

Prot. n. *736* /Gab. Palermo, 14 FEB 2019

Palermo  
 Prot. elettronico

Art. 123 CPR

Al Dirigente Generale del Dipartimento Istruzione e F.P.  
[dipartimento.istruzione.formazione@certnail.regione.sicilia.it](mailto:dipartimento.istruzione.formazione@certnail.regione.sicilia.it)

ESF - ERASMUS+

All'Istituto Nazionale Documentazione  
 Innovazione Ricerca Educativa - INDIRE  
 Via M. Buonarroti, 10  
 Firenze  
 PEC: [indire@pec.it](mailto:indire@pec.it)

(solo per posta certificata)

REGIONE SICILIANA  
 ASS.TO ISTRUZ. E FORMAZIONE PROFE.  
 18 FEB. 2019  
 DIPARTIMENTO ISTRUZ. E FORM. PROFE.  
 POSTA IN ARRIVO

2 Mio EUR

Oggetto: PO Sicilia FSE 2014/2020 - Procedura per il controllo preventivo per la costituzione di un Organismo Intermedio (OI) ai sensi dell'art. 123 par. 7 del Regolamento (UE) n. 1303/2013.

**OGGETTO:** PO Sicilia FSE 2014/2020 - azioni di miglioramento delle competenze chiave degli allievi - azioni di sviluppo dell'internazionalizzazione dei sistemi educativi e mobilità - potenziamento e complementarità del Programma Erasmus +.

Global Growth

Si fa seguito agli incontri intercorsi, per confermare l'intenzione della Scrivente Autorità di Gestione del Programma Operativo Sicilia FSE 2014/2020 (PO), d'intesa con l'Assessorato all'Istruzione e alla Formazione Professionale, di ricorrere, ai sensi dell'art. 123 del Reg. (UE) n.1303/2013, allo strumento della Sovvenzione Globale (in seguito, "SG"), per rafforzare e ampliare le opportunità di mobilità degli studenti universitari e delle scuole secondarie di secondo grado in Sicilia secondo quanto previsto nel Programma Operativo Asse III "Istruzione e Formazione", priorità 10i), obiettivo specifico 10.2) Miglioramento delle competenze chiave degli allievi, Azione 10.2.3 Azioni di internazionalizzazione dei sistemi educativi e mobilità anche a potenziamento e complementarità con il programma Erasmus+.

Con riferimento alla riunione concernente l'oggetto, tenutasi in data 15 gennaio 2019, tenutasi presso questo Assessorato con rappresentanti dell'Istituto Nazionale di Documentazione Innovazione e Ricerca Educativa (INDIRE), avendo positivamente apprezzato le finalità di cooperazione istituzionale proposte nell'ambito delle attività del PO Sicilia FSE 2014/2020 dalla suddetta struttura pubblica, si invita codesto Dipartimento ad avviare i necessari approfondimenti e conseguenti iniziative attuative finalizzate al rafforzamento e l'ampliamento delle opportunità di mobilità degli studenti universitari e delle scuole secondarie di secondo grado in Sicilia, in conformità alle previsioni del Programma Operativo per il miglioramento delle competenze chiave degli allievi, nonché per l'implementazione dei processi di internazionalizzazione dei sistemi educativi e mobilità anche a potenziamento e complementarità del Programma Erasmus +.

Si allega in copia la documentazione prodotta dall'INDIRE.

Le attività che la Regione intende implementare attraverso la SG sono articolate nelle seguenti tre linee:

- Interventi per il sistema universitario siciliano;
- Interventi per le scuole secondarie di secondo grado;
- Interventi di comunicazione e sensibilizzazione finalizzati a rafforzare l'efficacia delle attività di cui ai punti A e B.

La linea A) è finalizzata al rafforzamento e ampliamento delle opportunità di mobilità per l'apprendimento individuale, nonché al consolidamento del networking delle Università siciliane così come previsto dalle Azione chiave 1 e 2 di Erasmus +. Per conseguire tale finalità gli interventi da attuare attraverso la SG sono i seguenti:

- aumentare il valore delle borse di studio per permettere l'accesso anche agli studenti economicamente più disagiati. Si tratta di offrire a quegli studenti meno abbienti delle Università siciliane che hanno fatto richiesta di partecipare all'azione di mobilità individuale di studio/tirocinio all'estero del programma Erasmus+ un aumento del valore

L'ASSESSORE  
 In. Prof. Roberto Lagalla

REGIONE SICILIANA  
 IL SEGRETARIO



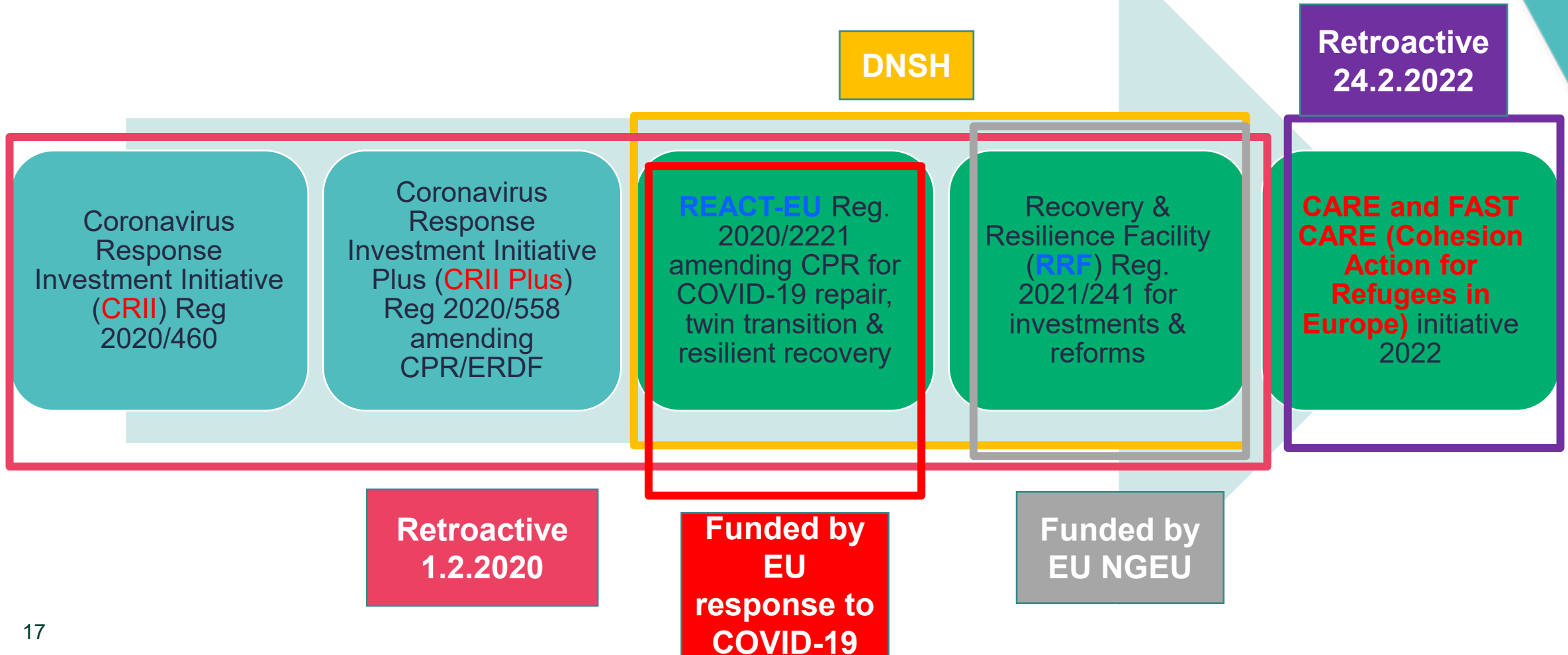


**Building on the Crisis response:**

**CRII, CRII+, REACT EU, CARE, FAST CARE**



# Key changes in the last 2 years and the risks



# The Emergency Amendments CRRI from CRRI+

CRRI initiative	CRRI+ initiative
<ul style="list-style-type: none"><li>• MS can retain annual pre-financing</li><li>• 8 Bn EUR to trigger total 37 Bn EUR</li><li>• Reprogramming (up to 8%) - max 4% of programme</li><li>• Retroactivity to 01.02.2020</li><li>• Completed projects</li><li>• ERDF to SME working capital</li><li>• ERDF to R&amp;I to respond to health crisis</li></ul>	<ul style="list-style-type: none"><li>• ERDF &amp; undertakings in difficulty under TFSA</li><li>• Transfer 2020 resources among ERDF/CF/ESF and between regions</li><li>• <i>min. share ESF</i></li><li>• € to regions most adversely affected</li><li>• 100% EU financing 1.07.2020-30.06.2021</li></ul>

# Allocation of resources 2021 and 2022 tranche (2018 prices)

## Allocations under REACT-EU for 2021 per Member State

	2018 prices	Current prices
Belgium	245	260
Bulgaria	413	438
Czechia	790	838
Denmark	168	178
Germany	1,785	1,894
Estonia	168	178
Ireland	84	89
Greece	1,616	1,715
Spain	10,269	10,898
France	2,926	3,105
Croatia	541	574
Italy	10,693	11,348
Cyprus	105	112
Latvia	199	211
Lithuania	259	275
Luxembourg	132	140
Hungary	834	885
Malta	105	112
Netherlands	417	443
Austria	207	219
Poland	1,556	1,651
Portugal	1,508	1,600
Romania	1,252	1,329
Slovenia	248	263
Slovakia	583	618
Finland	127	135
Sweden	272	288
<b>Total</b>	<b>37,500</b>	<b>39,795</b>

Gross allocations before deduction of administrative expenditure and technical assistance.

(In million EUR)

EU countries	2022 - 2018 prizes	2022 - current prices
BE	65 678 817	71 092 884
BG	129 016 223	139 651 309
CZ	292 945 458	317 093 585
DK	30 237 404	32 729 938
DE	477 880 614	517 251 696
EE	27 410 709	29 670 233
EL	256 696 718	277 856 782
ES	3 353 135 895	3 629 542 131
FR	783 463 169	848 045 730
HR	93 362 597	101 058 677
IE	49 212 516	53 269 210
IT	2 849 397 546	3 084 279 540
CY	19 298 312	20 889 114
LV	18 833 529	20 388 018
LT	46 605 557	50 447 354
LU	3 602 204	3 899 141
HU	96 435 113	104 384 468
MT	10 312 226	11 162 285
NL	111 523 544	120 716 671
AT	55 005 031	59 539 214
PL	247 608 310	268 019 198
PT	503 146 935	544 622 423
RO	199 713 889	216 176 714
SI	14 474 977	15 668 180
SK	119 366 039	129 205 640
FI	33 851 812	36 642 291
SE	73 015 402	79 034 219
<b>EU27</b>	<b>9 961 210 526</b>	<b>10 782 334 625</b>

# REACT EU Primary scope (art 8)

Primary scope ERDF	Primary scope ESF
<ol style="list-style-type: none"><li>1. Goods &amp; services <u>health sector</u> &amp; social infrastructure</li><li>2. Working capital &amp; investments of <u>SME</u> (tourism &amp; culture)</li><li>3. <u>Green &amp; digital</u> economy</li><li>4. Investments for ensuring <u>basic services</u> to citizens</li><li>5. Measures for <u>regions most affected</u></li></ol>	<ol style="list-style-type: none"><li>1. <u>Keeping jobs</u> (limited in time). STWS &amp; self-employed, artists &amp; creative workers, freelancers entrepreneurs <i>even if not combined with active measures</i></li><li>2. Creating <u>new jobs for vulnerable persons</u>, youth employment./YG</li><li>3. Development of <u>new competences</u></li><li>4. Access to <u>social services general interest</u> (incl. children)</li></ol>

# Views from ECA

## Risk of fraud

*Key point:*

REACT-EU, by providing significant additional funding in a short period of time, carries a higher risk of irregularity and fraud, which needs to be addressed by all stakeholders.

## Flexibility in budgeting

*Key point:*

The proposal does not justify why lowering the threshold for operations that can be phased between different programme periods from EUR 10 million to EUR 5 million is not restricted to the temporary measures.

## Programming and monitoring

*Key points:*

- The proposal does not include provisions on mitigating the risk of deadweight from retrospective approval for projects.
- The proposal introduces improved provisions for tracking of the funding provided to address emergency situations.

# Cohesion Action for Refugees in Europe (CARE)



- Amending CPR and FEAD 2014-2020
- Supported by either ERDF or ESF (Reporting rules simplified)
- Retroactive eligibility to 24.2.2022 (shelter, reception centers)
- Extends by 1 year **100% EU financing** (1.7.2021-30.6.2022)
  - Request of 100% does not need EC approving modification of OP
- Using up to 9.5 Bn EUR of **2022 REACT** and **unused 2014-2020** CPR funds
- Increase REACT 2021 pre-financing to 15% to all MS and to 45% for MS where inflow refugees above 1% (HU, PL, RO, SK, AT, BU, CZ, EE, LT) and unit cost 40 EUR/refugee (basic needs food/shelter) for 13 weeks
- *Above measures should release **17 Bn EUR***

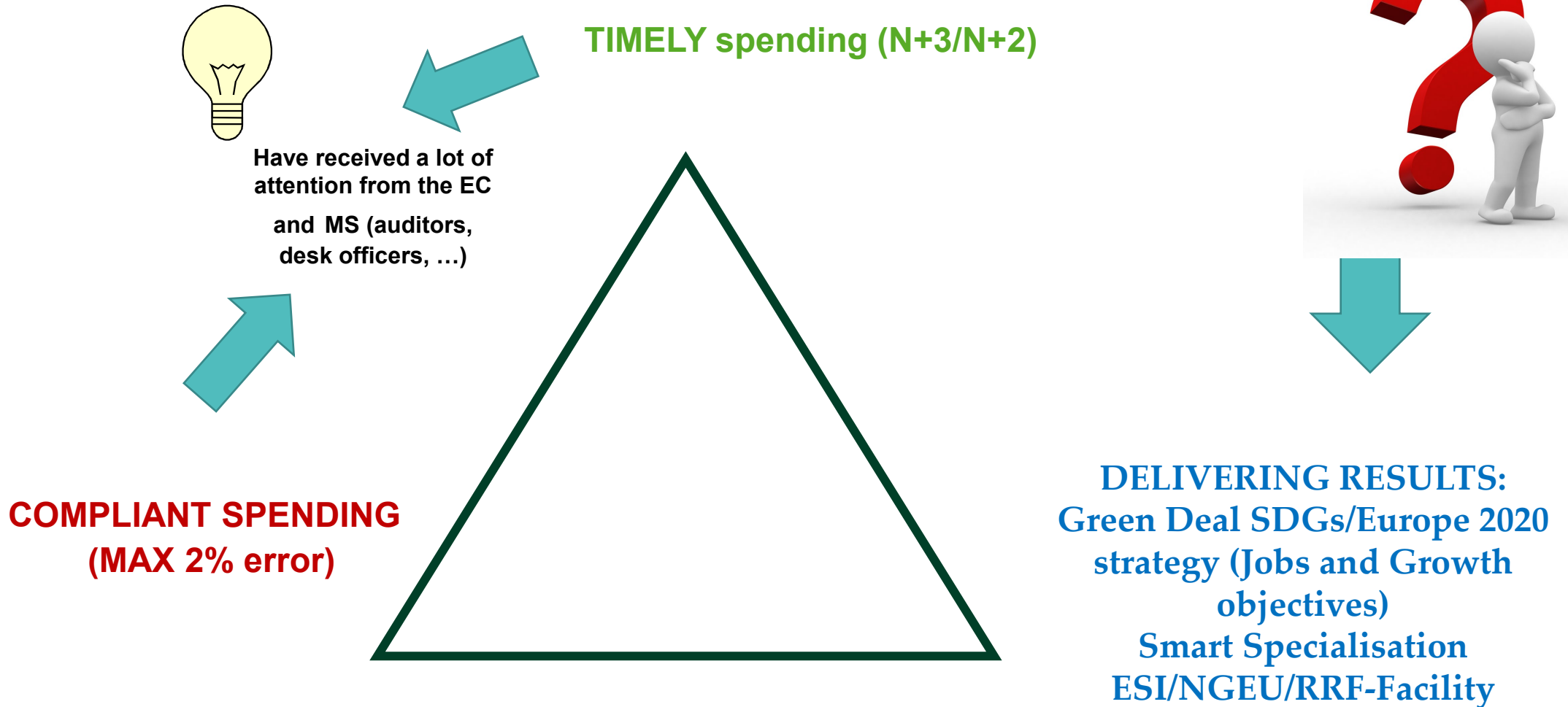
# FAST CARE

## (Flexibility Assistance to Territories)



- Emergency and LT integration
- Not only refugee but third country nationals
- Support also by CF (not only ERDF/CF)
- Supporting completed projects
- Unit cost 100 EUR/pp for 26 weeks
- Support if person moves outside OP area but within MS
- 100% co-financing extended to end 2023 (ring-fencing 30% of operations to NGO/LRA)
- Modification CPR 2021/1060 100% extended until mid-2024
- *Above measures supported by REACT EU 35 Bn EUR*

# Challenges for Cohesion (and partly for Recovery)





2014	...	2020	2021	2022	2023	2024	2025	2026	...	2029
		Covid 19 TFSA ext. till June 2022 (Ukraine crisis TFSA until end 2022)			?					
De Minimis & GBER ext. end 2023						?	?	?	?	
ESIF funds 2014-2020 committed 2022 spend by end 2023										
		REACT EU resources committed by 2022 spend by end 2023								
		RRF-Facility committed by end 2023 reach M&T by 2026								
		ESIF funds 2021-2027 first N+3 spend by end 2024								
							<i>New Regs proposals post-2027</i>			

- **State Aid**

- **NGEU Resources (REACT & RRF)**

- **Cohesion Policy**

# Fraud and corruption and transparency

DG REGIO resources

[https://antifraud-knowledge-centre.ec.europa.eu/index\\_en](https://antifraud-knowledge-centre.ec.europa.eu/index_en)

[https://ec.europa.eu/regional\\_policy/policy/how/improving-investment/training\\_en](https://ec.europa.eu/regional_policy/policy/how/improving-investment/training_en)

# Do You Have Any Questions?



We would be happy to help

[m.lopriore@eipa.eu](mailto:m.lopriore@eipa.eu)