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WORKING PAPER

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NOTE

From:	European Commission
To:	Working Party on Structural Measures
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Subject:	Cohesion Policy legislative package 2021-2027: Fiche 3 "Technical assistance at the initiative of Member States in 2021-2027"

In view of the Working Party on Structural Measures on 13 September 2018, delegations will find attached fiche number 3 "Technical assistance at the initiative of Member States in 2021-2027", as prepared by the Commission services.



13 September 2018

WORKING DOCUMENT OF THE COMMISSION SERVICES

Subject: Technical assistance at the initiative of Member States in 2021-2027

1. Introduction

This fiche explains technical assistance at the initiative of the Member State in the proposed Common Provisions Regulation¹ (CPR proposal). The objective of technical assistance under the Funds is to ensure the effective administration and use of the Funds.²

2. Background

The Commission proposals aim at simplifying the overall approach to reduce the administrative burden. Technical assistance would be implemented through a flat rate financing based on progress in programme implementation, rather than through the reimbursement of technical assistance costs actually incurred and paid (recital 25 CPR proposal).

By proposing to extend this simplified cost option to technical assistance, the Commission follows a key recommendation from the High Level Group for simplification³ and the European Court of Auditors⁴.

¹ Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument. COM/2018/375, adopted by the Commission on 29 May 2018.

² The Reform Support Programme (RSP) will provide technical support (through its Technical Support Instrument) to strengthen the general administrative capacity of the Member States' authorities (in relation to challenges faced by institutions, governance, public administration, and economic and social sectors), including through financial support (i.e. monetary incentives) not linked to cost. The complementarities between the Funds and RSP have been explained in the Fiche No 2 'Links between the proposed Common Provisions Regulation 2021-2027 and other sectoral legislative proposals'. Under CPR appropriate provisions are referred to in Article 4(4), which obliges Member States and the Commission to ensure the coordination, complementarity and coherence between the Funds and other Union instruments as well as to optimise mechanisms for coordination between those responsible to avoid duplication during planning and implementation.

³ http://ec.europa.eu/regional_policy/sources/newsroom/pdf/simplification_proposals.pdf

⁴ ECA Annual Report 2016, <https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2016/annualreports-2016-EN.pdf>

Flat-rate financing for technical assistance may be complemented with targeted administrative capacity building measures using reimbursement methods that are not linked to costs (recital 25 CPR proposal).

For the sake of clarity the note refers to support for capacity building in the proposal for a regulation on the ERDF and CF⁵ (Annex II) which may complement technical assistance actions.

3. Options for financing technical assistance

Article 30(1) CPR proposal defines the scope of technical assistance as "actions [...] necessary for the effective administration and use of [the] Funds". Notwithstanding the shorter and clearer formulation, the scope of technical assistance would not change in substance compared to the 2014-2020 period (see Article 59 of Regulation (EU) No 1303/2013). As in the past, technical assistance actions may concern previous and subsequent programming periods. The difference for post 2020 concerns the modalities for reimbursement (from the Commission to the Member State) and the programming of technical assistance.

The CPR proposal provides Member States with two options for strengthening capacity under technical assistance. These are as follows:

- a) general technical assistance actions using flat-rate financing based on progress in programme implementation (Article 31 CPR proposal and Article 26 ETC proposal)
- b) targeted administrative capacity building measures using financing not linked to costs (Article 32 CPR proposal)

The options for financing technical assistance are complementary to each other. The sections below explain the intended scope of those options.

a) Flat rate technical assistance (Article 31 CPR proposal)

Technical assistance to each programme would be reimbursed as a flat rate based on the eligible expenditure included in each payment application (Article 31(1) CPR proposal). As such, technical assistance payments would be linked to financial progress in programme implementation and not to the technical assistance expenditure incurred and paid. Payment applications, submitted per programme and per Fund, may refer to the total amount of eligible expenditure or the total amount of public contribution (Article 85(3)(a) or (c) CPR proposal). The percentages for flat-rate payments have been fixed in Article 31(2) CPR proposal and Article 26(2) ETC proposal (percentages are discussed under a separate point below). The underlying technical assistance expenditure would not be subject to controls.

⁵ Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund. COM/2018/372, adopted by the Commission on 29 May 2018.

This reimbursement method is convenient to cover expenditure that programme authorities (managing authority, audit authority, accounting functions, intermediate bodies, joint secretariats for ETC) typically incur in fulfilling their responsibilities and functions such as preparation, management, monitoring, evaluation, visibility and communication, complaint resolution, set-up and maintenance of data exchange systems, verifications and audits (see Articles 63, 66-72 CPR proposal). It may also be used to cover expenditure of other bodies (e.g. national coordination body) or capacity building of institutions, partners and beneficiaries (within the ceilings / percentages of the flat rate).

b) Financing not linked to costs for technical assistance (Article 32 CPR proposal)

The technical assistance actions reimbursed through flat rates may be complemented with targeted administrative capacity building actions using the form of financing not linked to costs (recital 25 CPR proposal). A Member State may propose to undertake such additional technical assistance actions to reinforce the capacity of Member State authorities, beneficiaries and relevant partners necessary for the effective administration and use of the Funds.

Support for such technical assistance actions would be implemented in accordance with Article 89 CPR proposal and would be based either on the fulfilment of conditions or on the achievement of results (Article 46(a) CPR proposal). The actions, deliverables and conditions agreed would be related to concrete investments undertaken under the shared management programmes in the Member State or region concerned (recital 26 CPR proposal).

This option could cover institutional capacity building for tasks or processes of horizontal nature (e.g. public procurement, state aid, environment – EIA/SEA, fighting fraud and corruption, statistical systems – data collection, spatial planning, information system design, horizontal enabling conditions and horizontal principles). Examples: set-up of an anti-fraud system and action plan with measurable milestones, the development of a fully-fledged e-procurement system giving full transparency of procurement data. Sector-specific capacity building actions may also be supported under Article 32 CPR proposal.

Actions and deliverables as well as corresponding Union payments could be agreed in a comprehensive roadmap for administrative capacity building and could lead to payments for results on the ground (recital 25 CPR proposal)⁶. The CPR proposal does not set financial limits as regards the use of technical assistance under Article 32 CPR proposal.

4. Programming of technical assistance and capacity building

In the Partnership Agreement, Member States would need to provide a summary of actions taken to reinforce administrative capacity (Article 8(g) CPR proposal).

In the programmes, challenges in administrative capacity and governance would need to be taken into account in the summary of main challenges (Article 17(3)(a)(iv) CPR proposal).

⁶ The Commission has launched, in cooperation with the OECD, five pilot projects in Bulgaria, Croatia, Spain, Poland, and Greece to develop and test out such tailor made roadmaps. Lessons learnt will be disseminated.

Technical assistance needs to take the form of a priority relating to one single Fund (Article 30(3) CPR proposal). (Priority in the context of the AMIF, the ISF and the BMVI would mean a specific objective; in the context of the EMFF it would mean a 'type of areas of support' as referred to in the nomenclature laid down in Annex III of the EMFF proposal (Article 2(5) of CPR proposal). This is reflected in the programme content: Article 17(3)(e) CPR proposal requires to specify the planned use of technical assistance in accordance with Article 30 to 32 and relevant types of intervention (dimension 1: Intervention field – codes 140-143; and, where relevant, dimension 6: ESF secondary themes) and programme templates. The priority would need to include a description of technical assistance reimbursed to Member States through flat rates and, if applicable, reimbursed based on financing not linked to costs. The financial tables fix the overall amount for technical assistance under the technical assistance priority (including flat rate reimbursement and if applicable amounts for financing not linked to costs). This means that the amounts planned for financing not linked to costs schemes under Article 32 would be programmed under the technical assistance priority.

Member States may decide to use financing not linked to costs under Article 32 CPR proposal. In such a case, the planned use of technical assistance would need to be described under the priority related to technical assistance, while related schemes would need to be attached to the programme in question at the submission (if ready) or at the amendment of the programme. The templates are set out in Appendix 2 of Annex V CPR proposal. As part of the programme, these are covered by a Commission decision. Support under Article 32 may relate to a roadmap for capacity building.⁷

Information which would be required for the schemes is set out in Art. 89(1)(a)-(h) CPR proposal and refers to: a description of the type of operations and the overall amount covered by the financing not linked to costs, a description of the conditions to be fulfilled or of the results to be achieved and a timeline; intermediate deliverables triggering reimbursement by the Commission, measurement units, schedule for reimbursement with related amounts linked to the progress in the fulfilment of conditions or achievement of results, arrangements for verification of the intermediate deliverables, conditions or results, the methods for adjustment of the amounts (if applicable) and arrangements to ensure the audit trail.

Article 31(1) CPR proposal clarifies that *"technical assistance to each programme shall be reimbursed as a flat-rate by applying the percentages set out in paragraph 2 to the eligible expenditure included in each payment application pursuant to Article 85(3)(a) or (c) as appropriate"*. Therefore flat-rate payments for technical assistance need to be linked to the progress in implementation of the programme concerned and 'top up' eligible expenditure included in each payment application submitted per programme and per Fund (Article 31(1) and Article 85(1) of the CPR proposal).

⁷ Roadmaps are voluntary documents of comprehensive actions for the capacity building in a Member State – at the moment they are in the pilot phase. Proposed roadmaps can be submitted by Member States either as part of the programme, or submitted later in a request to amend the programme. Description of a priority and a related scheme for financing not linked to costs may refer to the all or part of the roadmap.

Against this background, a national technical assistance programme where only flat-rate financing is envisaged (Article 31 CPR proposal) would not be possible.

5. Ceilings for flat rate technical assistance

The percentages for flat rate payments have been fixed in Article 31(2) CPR proposal as follows:

- ERDF and Cohesion Fund (Jobs and growth goal): 2,5 %;
- ESF+ support: 4%
- ESF+ for programmes for material deprivation (under Art. 4(1)(c)(vii) of the ESF+ Regulation): 5 %
- for the EMFF support: 6 %;
- for the AMIF, the ISF and the BMVI support: 6 %.

For Interreg programmes, the percentages for flat rate payments have been fixed in Art. 26(2), ETC proposal as follows:

- for internal cross-border cooperation Interreg programmes supported by the ERDF: 6%;
- for external cross-border Interreg programmes supported by IPA III CBC or NDICI CBC: 10%;
- for component 2, 3 and 4 Interreg programmes, both for the ERDF and, where applicable, for the external financing instruments of the Union: 7%.

The administrative costs associated with the ERDF and the Cohesion Fund in 2014-2020 were below 3% of average programme costs for the ERDF and the Cohesion Fund as estimated in a recent study⁸. The study also highlighted that greater use of simplified cost options (or financing not linked to costs) and a more proportionate approach to control and audits for the ERDF and the Cohesion Fund could substantially reduce total administrative costs. The Annex I to this note gives an indication on the share of technical assistance in the total allocation for cohesion policy in 2014-2020: It is around 3.2% of cohesion policy funds (Cohesion Fund, ERDF and ESF) programmed under shared management. (Percentages are approximate given the cross-financing possibility between funds and across periods.)

In relation to Interreg programmes, due to the involvement of more than one Member State and the resulting higher administrative costs (in particular, in respect of controls and translation), the ceiling for technical assistance expenditure would need to be higher than that under the Investment for jobs and growth goal.

For the ESF, a study⁹ [published on 17 October 2017](#) estimated that administrative costs were 4.4% of total programme costs for the 2007-2013 programming period. The introduction of various simplification measures would lead to a reduction between 0.1% and 0.2%, i.e. total estimated administrative costs of 4.2%-4.3% for the ESF for 2014-2020.

⁸ Spatial Foresight & t33, New assessment of administrative costs and burden in ESI Funds, preliminary results.

⁹ Sweco, t33 & Spatial Foresight, Use of new provisions on simplification during the early implementation phase of ESIF

Anticipating similar effects from the proposed simplification measures for the ESF+ the Commission proposed a flat rate of 4% for technical assistance for the ESF+.

In the period 2014-2020, for AMIF and ISF, the technical assistance of Member States is composed of two elements i.e a fixed amount and percentage of the Member State allocation to the programme. For the post 2020 period, it is proposed to simplify the structure of the technical assistance and calculate it as a percentage of Member States allocation to the programme. This modification facilitates the application of the major simplification i.e. the reimbursement of the technical assistance on a flat rate basis which may contribute to the reduction of the administrative costs. The proposed percentage of the technical assistance is comparable with the current figure at the Fund level.

Annex I - Technical assistance expenditure in 2014-2020 by Fund and Member State (as a percentage of the overall allocations for cohesion policy programmes)

Cohesion policy technical assistance expenditure in 2014-2020 by MS and Fund (EU+national)				
MS/ETC	TA financed from one Fund as a percentage of overall cohesion policy allocation			TA Total (% of allocation CF+ERDF+ESF)
	CF	ERDF	ESF	
AT	0,0%	1,4%	1,8%	3,2%
BE	0,0%	1,2%	1,5%	2,8%
BG	0,0%	2,2%	1,8%	4,0%
CY	2,2%	0,9%	0,2%	3,3%
CZ	1,4%	1,5%	0,4%	3,3%
DE	0,0%	2,1%	1,7%	3,7%
DK	0,0%	2,3%	2,3%	4,6%
EE	1,0%	1,7%	0,0%	2,6%
ES	0,0%	1,0%	0,8%	1,9%
FI	0,0%	1,8%	1,2%	3,0%
FR	0,0%	1,9%	1,5%	3,4%
GR	0,7%	2,0%	0,9%	3,6%
HR	0,0%	2,9%	1,0%	3,8%
HU	0,9%	0,0%	0,0%	0,9%
IE	0,0%	0,5%	1,1%	1,6%
IT	0,0%	2,2%	1,2%	3,4%
LT	2,8%	0,0%	0,4%	3,2%
LU	0,0%	2,7%	2,7%	5,4%
LV	0,9%	0,9%	0,5%	2,3%
MT	0,0%	1,8%	0,9%	2,8%
NL	0,0%	1,7%	2,1%	3,8%
PL	1,3%	0,3%	1,6%	3,3%
PT	0,2%	2,2%	0,5%	2,9%
RO	0,0%	2,3%	1,3%	3,5%
SE	0,0%	2,2%	1,9%	4,2%
SI	2,8%	0,6%	0,4%	3,8%
SK	0,0%	3,1%	0,6%	3,8%
UK	0,0%	1,8%	1,6%	3,4%
ETC	0,0%	6,2%	0,0%	6,2%
Total	0,5%	1,6%	1,1%	3,2%

Source: SFC 2014, indicative data as of 31/7/2018

Annex II – Support for capacity building under ERDF and Cohesion Fund

In order to improve the overall administrative capacity of institutions and governance in Member States implementing programmes under the Investment for jobs and growth goal, the ERDF and Cohesion Fund proposal enables supporting measures under ERDF or Cohesion Fund (recital 12 ERDF and CF proposal).

The ERDF and the Cohesion Fund may support activities – with regard to all specific objectives – that improve the capacity of programme authorities, and bodies linked to the implementation of the Funds (Article 2(3)(a) ERDF and CF proposal).

Administrative capacity building actions under this provision will be part of a specific objective and target the efficiency and effectiveness of the investments within the same specific objective. Actions, at the project level, could cover for example strengthening the capacity of beneficiaries (such as road or rail agencies, local action groups, functioning of CLLD, ITI, other territorial tools); preparation of project pipeline; project development or animation of the entrepreneurial discovery process for smart specialisation strategies; operations contributing to the fulfilment of the corresponding enabling conditions, operational 'conditions' for a project delivery (such as sustainable urban mobility plans).

This option may be supported by any form of Union contribution to programmes according to Article 46 CPR proposal.

Capacity building measures under Article 2(3)(a) of the ERDF and CF proposal would need to be included in the description of the relevant specific objectives within programme priorities (Article 17(3)(d)(i) CPR proposal).