

Decommitment methodology and process in 2014-2020

Liquidity and cash flow management in Interreg programmes

28 February 2019 I Ljubljana, Slovenia

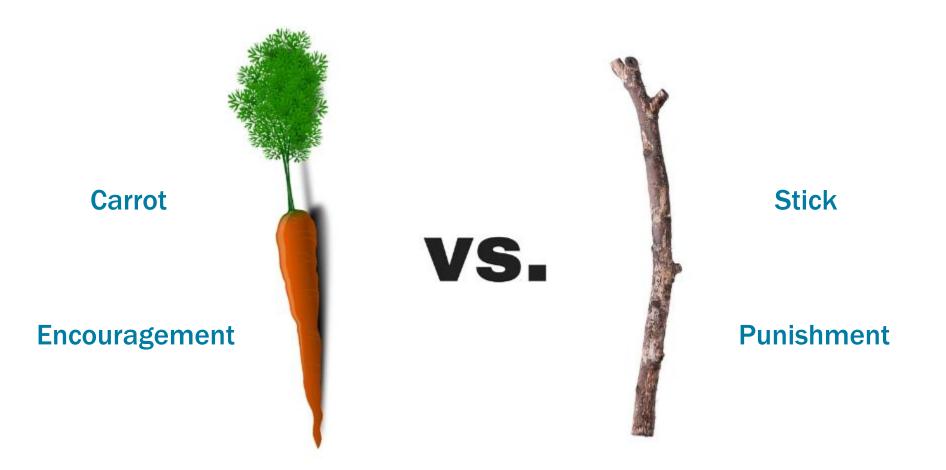


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Decommitment





Legal background

First
application
N+2 for all
programmes

Council
Regulation
1083/2006,
Article 93

N+2/ N+3 rule

CPR 1303/2013, Article 136 + Articles 86-88 N+3 for all

Omnibus
Regulation,
adopted July 2018
Alignment of dates
for submission of
exceptions to the
decommitment
CPR Art. 87 and
Reg. 1306/2013,
Art. 38(3)
N+3 for all



EGESIF explanatory notes

- EGESIF_17-0012-00 as of 28/06/2017 Decommitment methodology (N+3) and process in 2014-2020
- EGESIF_17-0012-01 as of 30/08/2017 -Decommitment methodology (N+3) and process in 2014-2020
- EGESIF_17-0012-02 as of 23/11/2017 -Decommitment methodology (N+3) and process in 2014-2020





Decommitment - basics

Article 136(1) CPR:

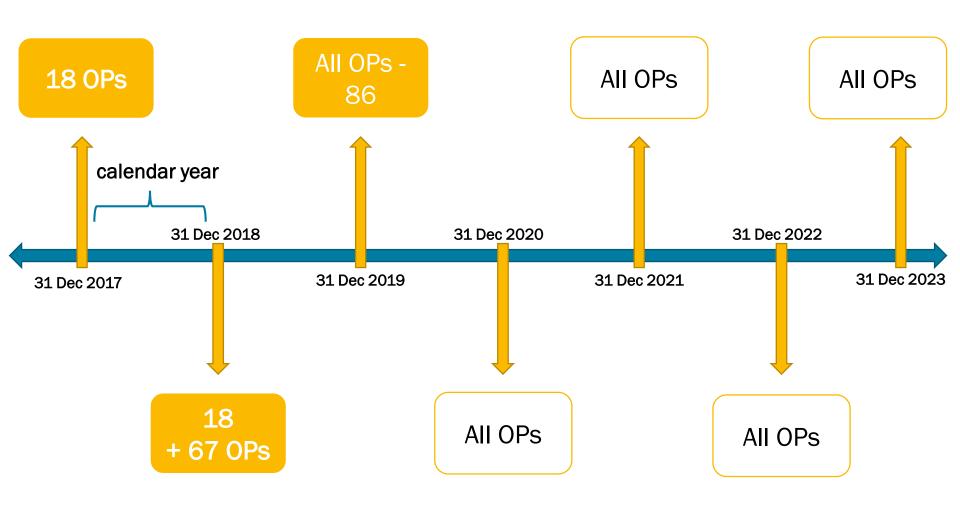
'The Commission shall decommit any part of the amount in an operational programme that has not been used for payment of the initial and annual pre-financing and interim payments by 31 December of the third financial year...'

N+3 for all!

First targets to be met – by 31 December 2017



Decommitment – targets





Decommitment – state of play in the end of 2018

42 MEUR

Interreg programmes

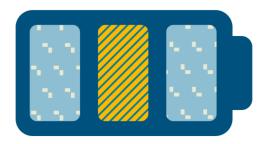


N+2/N+3 decommitment in 2007-2013

ETC objective, ERDF	Amount, mln EUR
Interact	847 570.00
Romania-Bulgaria CBC	11 668 404.08
Öresund – Kattegatt – Skagerak	1 394 083.00
Italy - Slovenia	6 935 156.00
Italy - Malta	2 998 685.00
Two Seas (FR-Eng-Flanders)	1 780 516.00
Channel (FR-UK)	13 053 830.00
France - Switzerland	1 510 330.00
Ocean Indien (Reunion)	115 692.00
ETC Caraïbes	2 597 194.00
Amazonia (France-Brazil-Surinam)	1 846 560.00
Greece - Italy	1 130 615.00
South East Europe	7 152 784.00
TOTAL amount decommitted	ca 53 mln



Decommitment procedure





Decommitment procedure - roadmap

Art. 88(1) CPR
September N+3 –
Sent to MA via SFC2014
*detailed info at the level

Art. 88(2) CPR
By 31 March N+4
The COM informs MAs on
the amounts to be
decommitted

Warning letter

of OP!

Notifications for the exceptions

Decommitment letter

Art. 87(2) CPR
By 31 January N+4
Proof documentation of the amounts under exception – by Fund and by category of region – SFC2014



Decommitment procedure - roadmap

Art. 88(2) CPR 2 months from receival of

decommitment letter Submit observations Art. 88(4) CPR
By 30 September N+4
The COM amends decision
adopting the programme

MA to agree/disagree on the amounts

Revised financial plan

Implementing acts

6

Art. 88(4) CPR
By 30 June N+4
MS submits revised financial plan for the financial year concerned – reduced amounts by Fund and by category of region

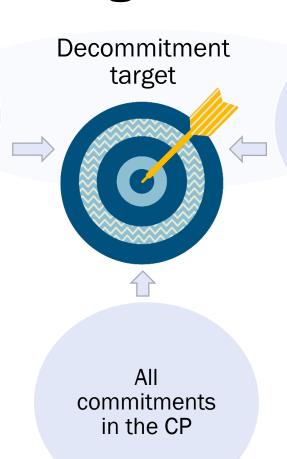
- Programme amendment process via SFC2014

Decommitment target



Pre-financing (initial, additional initial, annual)

Full prefinancing due
for each and
every year
concerned even
if recovered
later or offset



Submitted interim payment applications (not amounts in certified accounts)

Including 10% retention, payment applications interrupted or suspended

OPERATIONAL PROGRAMME

CATEGORY OF REGION

ALLOCATIONS FOR YEI ALLOCATIONS FOR OUTERMOST REGIONS



... NOT included in calculations of decommitment targets

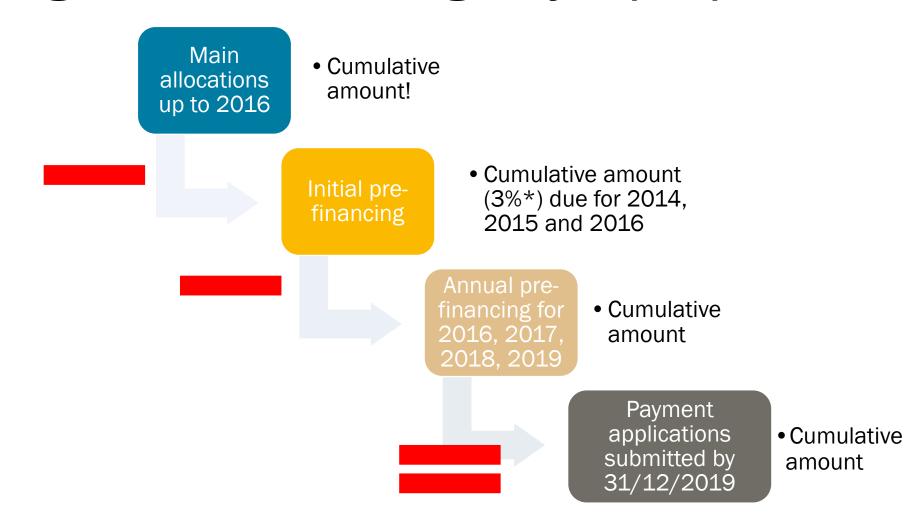
Recoveries

Annual accounts

- Offsetting of recoveries against future payments (pre-financing and/ or interim payments)
- Results of examination and acceptance of accounts



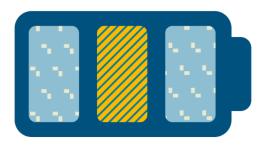
e.g. calculation of target by 31/12/2019



^{*} For Greece – 10% (additional initial pre-financing: 3,5% in 2015 and 3,5% in 2016) – Article 134 CPR as modified by Article 1 of Regulation 2015/1839



If a risk of decommitment materialises...





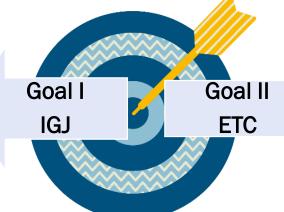
Decommitment target N+3

Goal I

Goal II ETC

- per Fund (Art. 92(1) CPR)
- per category of region (Art. 90(1) CPR)
 - YEI specific allocation

Decommitment to be attributed:



- No division between categories of regions
- At level of OP!



How to calculate decommitment targets?





How to speed up programme's spending And how to avoid decommitment of programme funds

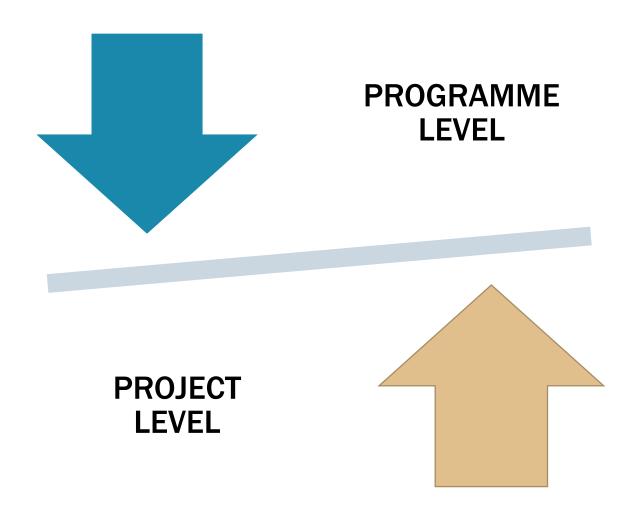
FACT SHEET 1

DIMINISHING THE RISK OF DECOMMITMENT





Root causes of decommitment





Programme level

DELAYS IN THE PROGRAMME SET-UP (MCS) E-COHESION (DEVELOPING OWN, ADAPTING EMS) LOW QUALITY OF PROJECT PROPOSALS

PROJECT PROPOSALS

LOW PROJECT APPROVAL LEVEL SLOW
CERTIFICATION AND
PROCESSING OF
SUBMITTED PPRS

PROGRAMME'S INTERRUPTION (ERROR RATE > 2%)

PROBLEMS IN THE
COOPERATION
BETWEEN
PROGRAMME
BODIES

LIQUIDITY
PROBLEMS OF THE
PROGRAMME
ACCOUNT



Project level

UNREALISTIC
PROJECT'S
SPENDING PLAN
(TOO HIGH
SPENDING
TARGETS AT THE
PROJECT START)

E-MONITORING SYSTEMS AND E-REPORTING (TIME REQUIRED FOR SET-UP AND LEARNING) NOVELTY OF
INTERVENTION
LOGIC AND SHIFT TO
RESULT
ORIENTATION

DELAYS IN
CONTRACTING
PHASE (EXTENSIVE
ADMINISTRATIVE
PROCEDURES)

MC's APPROVAL OF
PROJECT
APPLICATIONS
UNDER
CONDITIONS

TOO MANY PROJECT MODIFICATIONS



Remedy methods – programme level

- Overcommitment of programme funds
- Additional and targeted calls for project proposals
- Seed money calls for proposals, small-scale projects
- Waiting (reserve) lists of projects
- Planning TA budget spending in a way to claim major costs (e.g.,

IT equipment) during the first years of the programme

implementation

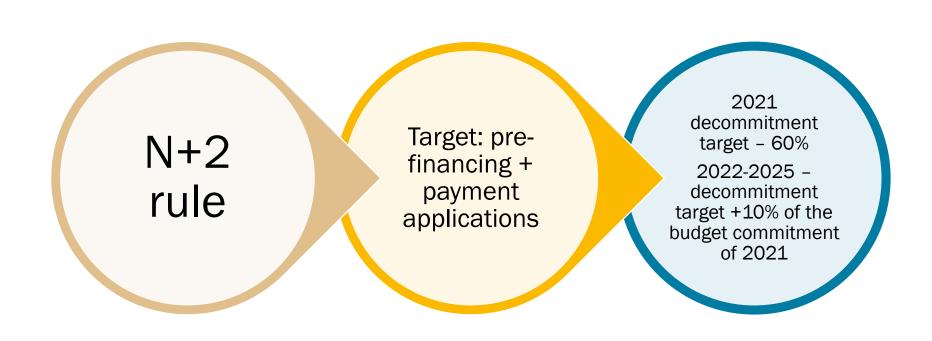


Remedy methods – project level

- Close monitoring of projects' spending and mid-term assessment of projects' spending
- Decommitment of projects' budgets with the low spending level
- Additional project claims outside the usual reporting periods/ partial payment claims
- Additional allocations to already running projects
- Fast reimbursement to projects
- Changing co-financing rates



Decommitment mechanism in 2021-2027





Cooperation works

All materials will be available on:

www.interact-eu.net

