

Cohesion policy and Structural Funds UEAPME position paper

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Proposal for simplification measures of the administrative rules and the financial management of structural funds

The administrative and financial procedures linked to the structural funds discourage the organisations of SMEs and especially micro enterprises' organisations from applying for structural funds. According to several sources, only 1 or 2% of the available structural funds are used in some regions by small enterprises. Despite remarkable results obtained in dynamic regions the tendency is to disengage from actions in the framework of structural funds and instead to choose the regions' own programmes.

Furthermore, for a small enterprise it is almost impossible to prepare a project on its own.

In order to facilitate the formalities, UEAPME has carried out an analysis of the situation experienced by project managers at local level.

Difficulties and simplification proposals have been assembled in a "bottom-up" approach and represent what local organisations of small and micro enterprises of 17 Member States are expecting.

After the analysis of the general problems and the corresponding proposals (part I), the table presents the results of the examination on administrative simplification (part II), financial management (part III), payments (part IV), auditing and auditing management (part V), role of national/ regional intermediary organisation (part VI), and the question of regress and mediation in the case of misunderstanding or litigation (part V). We propose 105 technical and practical measures including for the simplification of the controls and the payment conditions, setting up common and regular training and information within a new specific integrated programme, clarification of the texts, problem solving together with info points and mediation systems, and to setup new bases of cooperation and partnership between the project partners and the administrative services. One essential way is to reinforce the activities of the intermediary organisations and to simplify their undertakings.

For the majority of cases, these measures have no supplementary financial impact and can be carried out within the existing budget. A considerable number of the new actions proposed could be included in technical assistance programmes, which should be reoriented for a better efficiency.

Finally, the study underlines some specific difficulties which hamper SME organisation, particularly those representing micro and craft enterprises.

I – General simplification measures

N°	Subject	Difficulties encountered/ problems	Proposal
1	Impact of Structural Funds on SMEs	<p>a) In some cases, statistical analyses are published; nevertheless it remains difficult to obtain studies on the efficiency (impact on employment, innovation).</p> <p>Currently, we experience the absence of any national or European general analysis on the impact and the effects of the ESF and the ERDF on the different kinds of SME, in particular on the micro enterprises.</p> <p>This shortfall has four major consequences:</p> <ul style="list-style-type: none"> • Disregard of effectiveness of the funds on small enterprises and their employees • Impossibility to objectively define new adapted measures • Inconsistency in the choice of priority measures and missing of articulation between the different policies. • Almost inexistence of policies oriented towards long term development instead short term service driven policies are favoured. <p>b) The indicators in use are based on too general categories and do not take enterprise size into consideration.</p>	<p>a1) Carry out a specific study on European level on the impact and the results of the structural funds on the different kinds of SME.</p> <p>a2) Push the Member States to realize these analyses on national and regional level.</p> <p>b) Create coherent indicators taking into account the impact according to the different kinds and sizes of SME in particular micro enterprises (for example: indicators on professional training, on the apprenticeship, on the transmission of enterprises from one generation to the next, creation of new jobs,...)</p>
2	Elaboration of Programmes: Apply the SBA at territorial level	<p>In general,</p> <p>a) The economic and social partners are very differently associated to these programmes according to the Member State / region they belong to (<i>sometimes they are officially excluded</i>)</p> <p>b) Differing treatment of operators in a given territory;</p> <p>c) Differing interpretations of eligible activities in a given region.</p>	<p>In general, guaranteeing appropriate coordination between the local actors by multilevel governance at regional level requires:</p> <p>a1) Adopt a stringent measure for regional and national authorities for defining the priorities together with the representative organizations and the economic and social partners.</p> <p>a2) Directly involve the economic and social partners at national and territorial level in the defining of the priorities and practical measures of territorial programmes.</p> <p>b1) Create or develop European, national and territorial consultative committees; the principle of the existing committee for the FSE should be applicable to the FEDER as well.</p>

		<p>d) Organisations representing the different types of SME are insufficiently consulted in the definitions of the policies although they represent more than 95% of the enterprises in the regions.</p> <p><i>For example, in many Member States / Regions intermediary organisations have the greatest difficulties to propose measures in favour of entrepreneurship or innovation in micro and small enterprises. Because of a lack of “partnership and enterprise culture”, sometimes administrative services do not understand the interest of specific actions for these two topics. Because of this misunderstanding organisations have to face a lot of difficulties to propose projects based on the specific needs and situations of small and micro enterprises.</i></p>	<p>b2) <i>Put in place a formal consultation to define the priorities of the structural funds on European level between social partners, Member States, Commission, Committee of the Regions and the European Economic and Social Committee.</i></p> <p>c) <i>Define more clearly the eligible measures in the European regulations.</i></p> <p>d) <i>Mention the SBAE as one of the priorities of the funds in particular the principle “think small first.”</i></p>
3	Secure uniform Rules and Procedures between the Different Programmes	<p>a) the administrative and financial procedures, the form papers, the conditions and time limits for the payments of grants, the eligible costs vary according to the programme ESF or ERDF.</p> <p>b) Access to the objective 3 of the EAFRD is subject to another set of rules.</p> <p><i>Taking into account their financial and human resources, the organisations representing SME, micro and craft enterprises have not the possibility / chance to participate in several programmes. Harmonised procedures and conditions would allow access to other programmes.</i></p>	<p>a) <i>Harmonise printed forms, rules and procedures between the ERDF and the ESF on the least constringent level.</i></p> <p>b) <i>Align the rules and conditions between the structural funds and rural funds.</i></p>
4	Adapt Technical Assistance	<p>Mainly, technical assistance is used by local authorities and global funds’ managers. Organisations representing SME, particularly micro and craft enterprises have almost no access. Technical assistance should be the most important and efficient instrument to increase partnership governance in territories.</p>	<p>a) <i>Revise the rules and foundations of technical assistance in order to favour the setup of projects by the economic and social partners.</i></p> <p>b) <i>Favour the measures destined to:</i></p> <ul style="list-style-type: none"> - <i>Common / joint training for all actors together and setup information tools/assistance providers</i> - <i>Ongoing coordination between actors at European, national and regional level (technical committees, ...)</i> - <i>Editing of guides for good practices</i> - <i>Financing of experts/ consultancy services for the setup and carrying out of projects.</i> - <i>put in place mediation systems for interpretation of texts and to solve the disputes</i>

5	Initial and Life Long Information of all Operators “OLIO Programme”	<p>In general, the project holders do not possess sufficient knowledge neither sufficient experience to manage European funds. The lack of common training/ information between public authorities and project managers leads to a lack of cooperation and partnership.</p> <p>a) Existence of initial/ first training but missing continued training for the operators.</p> <p>b) Diverting interpretations and management of the grant guidelines sides the project-guardian/ ministry leads in almost every new project to time consuming clarification processes. In addition, this can provoke differing interpretations of the same costs.</p> <p>c) Information and rules are sometimes changing during the running up of the project, following the interpretation at national and regional level. In general, information relevant to the execution of the project should be defined beforehand and fixed and should not be changed during and after the execution of the project.</p> <p>d) The device ‘Guide for the beneficiary’ is too general and does not respond to all questions.</p>	<p><i>a1) Edit a “guide of best practices”</i> <i>a2) Edit a “training kit” on structural funds</i> <i>a3) Organise regular information meetings for operators on national level.</i> <i>a4) To entrust the responsibility of continued information to an expert in the national organizations of economic and social partners.</i></p> <p><i>b1) Include in each EC programme, financial measures for information and training sessions on funds addressed to regional members of the beneficiary organizations, including SME and Craft associations.</i> <i>b2) Mention in the EC regulations the support of formal consultation between enterprise organizations and public authorities for technical assistance in order to avoid misunderstanding and to simplify procedures.</i> <i>b3) Training sessions on funds for the regional members in the associations should receive more financial support (for their organization and repeated taking place).</i></p> <p><i>c1) General European rules must guarantee that administrative formalities will not change during the preparation and execution time of the project (only to be simplified)</i> <i>c2) Provide sufficient information on new calls for proposals, including their technical aspects</i></p> <p>This common life long training and information should be one of the first priorities. It could be managed in the framework programme within the technical assistance, and be called OLIO “Operational Life long Information for Operators”.</p>
6	Basic Rule: Apply the Proportionality System	<p>In general, what ever the importance and the amount of the project, the same administrative rules (for proposal, audit, and payment) are applied.</p>	<p><i>Officially, adopt a proportionality principle by which the project under a certain cost can benefit from extremely reduced administrative procedures (create a kind of “de minimis” rule).</i></p>

II – Simplification of administrative procedures

1	Initial Request	<p>In general, on the one hand the application procedures are too difficult to be carried out correctly and on the other hand the administrative bodies take too long time to approve / refuse the project proposal, and when they refuse them, they do not explain the reasons.</p> <p>a) Too short deadlines mean insufficient time for a well prepared project.</p> <p>b) Different application forms are used in the different programmes.</p> <p>c) Initial information on the programmes and conditions of participation are not clearly enough laid out.</p> <p>d) Missing of sufficient assistance with the setup of dossiers.</p>	<p>Generally speaking the procedure for introducing the initial project proposal should be rendered easier.</p> <p>This includes:</p> <p>a1) <i>Deadlines between the call of proposal and the depositing of the project should be extended,</i></p> <p>a2) <i>The introduction of proposals should be open with two or three dates per year when the project proposals are being examined and considered for application.</i></p> <p>b) <i>Unification of the application forms for all programme financed.</i></p> <p>c1) <i>Clear and precise information files: 1/clear conditions of participation of small enterprises and organizations; 2/ include in general rule that SME organizations and intermediary bodies are eligible; 3/ specific actions which can be covered by structural funds;</i></p> <p>c2) <i>Before publication of these information files: defining of the contents and the priorities in formal consultation with the representatives of the enterprises on European, national and regional level (“think small first” approach).</i></p> <p>d) <i>Increase the training of advisers to assist operators / project holder to prepare the project dossier.</i></p> <p>e) <i>Fix an obligatory delay to approve / disapprove the project proposal and explain the reasons for the disapproval.</i></p>
2	Presentation and Discussion of Projects	<p>The administrative authorities are not always knowledgeable about the enterprise reality and their specificities. In general, they often consider that a small enterprise and a big one have to face the same situation and problems and they apply the same rules and conditions.</p>	<p>a1) <i>Train the operators of the partner organizations to present and negotiate projects</i></p> <p>a2) <i>Increase the training for advisors in order to assist the operators in the setup of dossiers.</i></p> <p>b1) <i>Provide public authorities with an extensive and clear list of eligible actions.</i></p> <p>b2) <i>Training of public authorities on the Enterprises culture and on needs and specificities of small/ craft enterprises.</i></p>

3	Information on the Entire Application / Grant Forms Apply "Only Once Principle"	<p>Often additional information/ non relevant (staff) information is requested. There is even the habit to overcharge with information by the national and regional level in relationship to the European requests.</p> <p>a) Too much personal data keeps prolonging the preparation time and renders the fulfilment of the requirements more burdensome.</p> <p>b) In addition, the grant applicant must often fulfil supplementary national / local formalities</p> <p>c) Lots of information that is requested are the same or similar for the different European programmes.</p>	<p>It is of major importance to avoid gold plating at national and regional level: unify and reduce the formalities with one unique procedure for the three levels respecting the "only once" principle of the SBA.</p> <p>a) <i>Additional national / local formalities should be avoided: to agree between European, national and regional authorities on one unique form paper identical valid for all three levels of responsibility.</i></p> <p>b) <i>Defining between the enterprise organizations and the public authorities the administrative documents and their content that are necessary.</i></p> <p>c) It would be very efficient and useful if one could harmonise the common/ identical formalities of each community programme.</p>
4	Annual Execution Report / Final Accounts	<p>a) Often, the need for documentation and justifying material exceeds the administrative capacities of smaller entities</p> <p>b) Generally, the judgement on the financial report is more important than the analysis of concrete results and the reaching of the objectives.</p> <p>c) Exists an excessive documentation and information flow.</p> <p>d) No clear limit of date for the final approbation</p>	<p>The execution procedure in its whole should be rendered easier and the need for proof material reduced.</p> <p>a) <i>Use a single form of report writing valid for all three levels ("only once" principle)</i></p> <p>b) <i>Focus in the report of reaching the objectives (output+ outcome) instead of judging/ evaluating on the basis of the financial reports.</i></p> <p>c1) <i>Determine a list of enclosure material necessary for this report taking into account the reality of the small enterprises/ organization what they can easily supply.</i></p> <p>c2) <i>Determine a list of enclosures in function of dossiers of smaller financial impact (amount to ftx: 100.000 € ?)</i></p> <p>d) <i>Determine a limit date for the approbation (3 months?) and prohibition to put in question the approbation given by the authorities.</i></p>
5	"Paper free"	<p>a) A double or triple application file is burdensome.</p> <p>b) However, administrative authorities still request the use of paper documents which means</p> <ul style="list-style-type: none"> • loss of time • longer procedures <p>c) Existing electronic instruments are very different and become matter of confusion and do not help simplification.</p>	<p>The basic principle should be to convert to a non paper policy by systematically avoiding the use of paper by using electronic transmission and scanning of all bills, accounting documents, etc...</p> <p>a) <i>Officially, provide the possibility to beneficiaries to</i></p> <ul style="list-style-type: none"> - <i>transmit all major project documents (applications) in electronic format, intermediary reports and documentation could be reduced to e-formatting.</i> - <i>use only electronic archiving (no paper/ sustainable development)</i> <p>b) <i>Archiving time should be harmonized for all documents and all levels (to a maximum of 10</i></p>

			<p>years) 5 years is already a long period, when the staff involved in the project is mostly not longer present after 10 years.</p> <p>c) Create a unique European software in cooperation with organizations to help editing and presentation of projects by electronic means. This software must be available, recognised and used by all financial partners: national and regional administrations, regional and local authorities and banks.</p> <p>d) Centralize all information in a national data base and render it accessible to all authorities on European, national and regional level and to all other financial partners involved: banks, local and regional bodies.</p>
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III – Simplification of financial management

N°	Subject	Difficulties encountered	Proposal
1	Global Grants	<p>In general, global grants are very efficient and facilitate the management of projects and audits and increase the use of global grants by all kinds of SME organizations.</p> <p>Problems:</p> <ul style="list-style-type: none"> • Member States do not authorize them enough, • Member States limit them to a small number of NGO operators. 	<ul style="list-style-type: none"> • Encourage the national level to make use of global grants in each programme. • Increase the use of global grants by SME organizations. • Grants should focus on reaching the objectives, which would result in a shorter and clearer report and evaluation procedure.
2	Flat Rate for Indirect Expenses	<p>a) Non existence of a precise definition of indirect costs.</p> <p>b) The competent administrations interpret freely the texts in absence of a framework regulation. Most of the time, the indirect costs are negotiated between the operators and the competent administration</p> <p>c) Non existence of precise regulations on what can be regarded as a fixed amount and for which sum.</p>	<p>If and when certain rates are used higher flexibility is required :</p> <p>a+b) Adopt a vademecum/handbook explaining the notion of indirect costs, which can be included in the flat rate and for which amount.</p> <p>c1) Adaptability of flat rates according to budget and the duration of the project should be possible</p> <p>c2) Bypassing the limit of 20% of the total amount of the project under the condition of providing justification papers.</p> <p>c3) Shift amounts from one accounting post (staff, operational and indirect costs (overhead)) to another should be allowed.</p>

3	Expenses and Eligible Costs	<p>The public authorities interpret differently according to each region the eligible expenses.</p> <p>No identical treatment of public/ private resources. For some authorities, the same expenses can either be public or private according to their personal interpretation.</p>	<p>Simplification can be obtained by referring to staff costs, operational costs and indirect costs/ overhead (to be defined as a lump sum of 15% or 20% of staff and operational costs)</p> <p>Adopt a framework document/ vademecum, stating clearly on European level:</p> <ul style="list-style-type: none"> • <i>Eligible expenses (simplification to 3 categories: staff, operational and direct)</i> • <i>What are public, private costs</i> • <i>Applicable rules for public/ private costs.</i>
4	Overhead Expenses	<p>Each programme has different requirements on overhead expenses and public authorities have also different definitions on what can be included or not. This situation renders:</p> <p>a) Project elaboration and monitoring more difficult, especially those in cooperation with partners from other regions/ countries.</p> <p>b) The calculation of different budget parts on the basis of a common denominator is more difficult.</p>	<p>Programme requirements should be harmonized:</p> <p>a) <i>Define overheads as a lump sum (as a general simplification measure and set up a precise list of deductible overhead expenses that is applicable in the different programmes.</i></p> <p>b) <i>Adopt a common denominator for calculating the different amounts of the different budget parts.</i></p>
5	Costs for Auditing	<p>In general, the amount of time that is spent by operators on auditing is not eligible.</p>	<p><i>Authorize to include the amount spend on auditing in the eligible costs under technical assistance.</i></p>

IV – Payments

1	Obligations for Guarantees and Pre-Financing	<p>In general,</p> <p>a) The requirements by the competent authorities are very different according to the State, the regions the programmes.</p> <p>b) In several regions, the administrative authorities request the in advance financing as a pre-condition to accept the project.</p> <p>c) The necessary guaranty - and the amount of this guaranty - is left at the guise of the interpretation of each administrative authority.</p> <p><i>In consequence, the small organizations that are not able to pre-finance or to provide sufficient guarantees are excluded from the community funds. For this reason, more and more organisations refuse to participate.</i></p>	<p>This represents the first reason why the organisations of small enterprises refuse their participation. It is absolutely necessary to:</p> <p>a) <i>Clarify on EU- level the rules of pre-financing or the required guarantees and adapt these rules to the reality of the organizations,</i></p> <p>b) <i>Prohibit administrative authorities to oblige project operators to pre-finance a project with their own financial means in order to receive approval for their project.</i></p> <p>c1) <i>Authorize the organizations to consult and use alternative guaranty systems.</i> c2) <i>Authorize the regions to provide a guaranty scheme.</i> c3) <i>Reduce or skip the guaranty</i> - <i>for small projects,</i></p>
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			<p>- for organizations presenting other kinds of guarantees (for example: non financial ones) - for economic and social partners officially recognized for their representativeness (Chambers, Professional and Branch associations, etc...) c4) Propose alternative guarantees to the financial ones.</p>
2	In Advance Payments	<p>In general, organisations are often obliged to pre-finance the actions and receive the payments only after some months.</p> <p>Therefore, lots of small organizations and organisations of small enterprises cannot pre-finance the public part of the budget and are automatically excluded.</p>	<p>The budget of a project usually represents a substantial sum; therefore, precise rules must be fixed to reassure organizations:</p> <ul style="list-style-type: none"> • All projects should be eligible for advance payments. • Any kind of public financial contribution should be object to the requirement of in advance private investment. • Adapt a general principle of in advance financing in three steps and a final regulation: <ul style="list-style-type: none"> - 30% as soon as the project has been accepted - 30% intermediary financing on the presentation of the receipts of the first part - 30% of the receipts of the 2nd part - 10% at the end of the project • The beneficiaries should be authorized to put in place the project only once the public financial contribution has been received; <p>The European regulation should include:</p> <ul style="list-style-type: none"> • The principle of a systematic payment as soon as the agreement of the project is confirmed. • The obligation of a maximum deadline for the payment.
3	Intermediary Payments	<p>a) The situation varies according to the regions. Some authorities refuse systematically to make intermediary payments. b) In most cases, the administrative requirements for an intermediary payment are as heavy as the once for a payment after the end of the project.</p>	<p>a) Render intermediary payments obligatory (see the three financing steps mentioned above). b) Make procedures less stringent for the intermediary payment: favour the use of simplified declarations for the carried out actions and spend money without the use of original justification pieces.</p>
4	Credits/ Bridge Loans	<p>Bridge loans can have a positive effect :</p> <p>a) Especially for countries having regularly liquidity problems one way of mastering the insufficient financial liquidity could be through so called bridge loans.</p> <p>b) Bridge loans to small companies represent a big help as the</p>	<p>a) Authorize officially the regions to put in place bridge loans in case of late payment b) The interest of these bridge loans, caused by public late payments should not be at the charge of the beneficiary.</p>

		<p>enterprises usually try to get back to their proper financing quite quickly and Bridge loans represent a real alternative to expensive bank loans.</p> <p>Bridge loans to small companies / organizations are not often enough used because of scepticism and low interest rates the authorities; often accompanied by high guarantee requirements sides the banks. In some cases, public authorities pretend that these bridge loans are illegal.</p>	
5	Deadline for the Attribution of Financial Support	<p>In many cases, intermediary organisations must wait up to 2 or 3 years to receive final payment.</p> <p><i>If co financing is required and the deadlines for the attribution of financial support are long, the applicants might not be able to afford their financial contribution – liquidity problems may result. Therefore, a lot of organisations can not launch new actions or are discouraged to propose new projects.</i></p>	<p>a) <i>The deadlines for the attribution of financial aid should be shortened:</i></p> <ul style="list-style-type: none"> -determine at European level a rule which obliges local and regional authorities to pay the beneficiaries respecting the application of the European financial rules (for late payment) -set one date for delays of approbation / agreement after the deposit of final or intermediary reports. -prohibiting revision of agreements/ decisions already accepted. -in accordance with the rules of late payment to systematically request the payment of interest in case of non respect of deadlines. <p>b) <i>The European legislation on payment delays must be applied.</i></p> <p>c) <i>Revise the European financial regulation to adopt the rules of the grants to the reality of the small enterprises and their organisations.</i></p>

V – Auditing and auditing management

N°	Subject	Difficulties encountered	Proposal
1	Provide Framework Rules for Auditing	<p>In general,</p> <p>a) each realised action has to undergo 6 levels of auditing:</p> <ul style="list-style-type: none"> - Auditing of the service that has been carried out - Auditing of the quality of the management - Certifying of the expenses by the regional financial authority - Control by the regional authority of professional training. - Controls and audits by the national managing authority - Control and audits by the European level 	<p><i>Controlling, supervising an audits are essential and useful. But the lack of framework rules or the non applicability of these rules is the sources of misunderstanding, administrative difficulties and delays. This problem is one of the reasons why organizations refuse or are reluctant to present projects.</i></p> <p>a) <i>Clarify in the community texts the limits of the control carried out by the examination/control authorities – maximum period is 5 years</i></p> <p>b) <i>Provide a vademecum/handbook for the auditing to the public authorities and organizations.</i></p>

		<p>b) The different kinds of audits are identical regardless of the amount and importance of the projects.</p> <p>c) The auditing rules are not clear. The auditing personnel is autonomous and does not dispose of a framework with a methodology or instructions. The auditing personnel do not always have the necessary know-how in public or private accounting. The three control levels between the local, national and European level are not themselves coordinated and request different information.</p> <ul style="list-style-type: none"> - Sometimes, the examination of the reports by the public authorities takes so long time which results in delays of payment and amenity exceeding up to 2-3 years. - Often, the authorities request unnecessary justification documents. 	<p><i>c1) Establish a precise and closed list of required justification pieces for the dossiers and reports: create a unified base for the control elements</i></p> <p><i>c2) Include in the project costs:</i></p> <ul style="list-style-type: none"> - <i>the amount of money to consult with a private audit advisor,</i> - <i>the administration costs for the control time.</i> <p><i>c3) Train the project holders on auditing management</i></p> <p><i>c4) Train the public auditor/ control personnel/ examiners.</i></p> <p><i>c5) Fix an obligatory deadline (max. 3 months) to give the final agreement.</i></p>
2	Evaluation	<p>Evaluation, though important is often too complex.</p> <p>Evaluation concerning internal or technical procedures which doesn't give additional value is not necessary, but often used.</p>	<p>Evaluation of project progress is burdensome but must be maintained as it is a useful proof of the successful work and the meaningful use of the project money. Projects could be better perceived by the evaluation authorities when the beneficiaries provide a permanent / ongoing evaluation as well.</p> <p>In general, the system of evaluation could undergo some simplification changes:</p> <ul style="list-style-type: none"> • <i>Evaluation of internal procedures is not always necessary as it does not give any added value. Therefore, evaluation of internal procedures should be reduced to a strict minimum: For the small project, a simple and short declaration of the state of play (declaration of honour) should be sufficient.</i> • <i>Beneficiaries should be given the possibility to choose themselves for the evaluation form (ex-ante, ongoing, ex-post). Obligatory should be only the ex-post. Projects could be better perceived by the evaluation commission when the beneficiaries provide a permanent / ongoing evaluation as well.</i>

3	Favour Auto Controlling	<p>a) According to several experiences, an audit system based on partnership and relation of confidence between public authorities and project manager is more efficient and quicker than a too strict audit system.</p> <p>b) In most cases, the auditing process could be efficiently simplified if the project manager asks a private auditor to do a preliminary technical report. This allows simplifying the activity of the public auditing and shortening the financial delays.</p>	<p>a) <i>Favour the certification of “honour” for the small projects carried out by public or private organizations recognized as representative of the economic and social partners or benefitting of a guarantee by the region.</i></p> <p>b) <i>Set up a two level control system:</i></p> <ul style="list-style-type: none"> - <i>First level: technical or operational auditing by a private auditing body</i> - <i>Second level: administrative auditing by public auditing body based on the report of the first level.</i>
4	Post Random Controls	<p>Post audits are authorised for up to 10 years after the completion of the project.</p> <p>The result is often:</p> <p>a) Putting in question the agreements that have been made including in some cases requests for reimbursements.</p> <p>b) A large amount of work for the project holder.</p>	<p>a1) <i>Remove random post controls for the projects that have already benefitted of an official approval.</i></p> <p>a2) <i>Remove random audits and only limit audits to obvious fraud situations.</i></p>
5	Putting in place a Unique System of auditing: “Only Once Principle”	<p>In real, each project has to undergo 5-6 audits. For the cooperation projects between several regions, each project might have to undergo more than 10 audits.</p> <p><i>Considering the administrative and bureaucratic red tapes of controls, many organisations refuse to propose projects. Without this necessary simplification, it will be difficult to push SME organizations to participate.</i></p>	<p>The controlling could be simplified and the number of audits reduced using a unique auditing system where the data is made available by all public authorities concerned at regional, national and European level.</p> <p>The idea is to apply the “Only Once principle” of the SBA</p> <ul style="list-style-type: none"> • <i>Putting in place a “ unique auditing dossier” for all financial entities with a common basis available at and for all three control levels</i> • <i>Set up a unique control on the basis of this unique audit dossier, regrouping in one document all necessary data needed by all control services.</i> • <i>Delegate the responsibility for the unique audit to the regional administration.</i> • <i>Limit the complementary controls on national and European level to:</i> <ul style="list-style-type: none"> - <i>Projects with a high budget</i> - <i>Transnational projects</i> - <i>Projects with bad and doubtful balance sheets</i> - <i>In case of obvious fraud.</i>

VI - Increasing the role of national/ regional intermediary organisations

N°	Subject	Difficulties encountered	Proposal
1	Simplifications for the Intermediary Organisations	<p>In general, a small enterprise cannot access alone to the structural funds. <i>The role of intermediary organizations is of high importance and must be supported, simplified and increased.</i></p> <p>Basic problems they face are:</p> <ul style="list-style-type: none"> • Misinterpretation of European legislation: some public authorities refuse projects of intermediary bodies. • Lack of information: the information provided by the national and European contact offices are too often differing, confusing and not to the point. • Lack of financial support for their activity of intermediary and mass project manager: the administrative difficulties require the development of direct loan management. 	<p>The activity of intermediary organizations to manage mass projects should be politically recognized and could be increased by:</p> <ul style="list-style-type: none"> • Officially put in European legislation that intermediary organizations and associations are eligible for managing projects in structural funds. • Provide information, training and additional help to the intermediary organization • Clarify in the community texts that the intermediary organisation who carries out grouped actions can receive global grants. • Define between the community, national and regional level a precise list that the organizations have to confide to for the delegated management of these global funds. • Harmonize the financial dossiers of all financing parties: Create unique and identical financial forms/ database for all public/ private financial authorities. • Apply the 'only once principle', for example deciding that the intermediary organizations prepare and provide one single dossier regardless of the number of partners associated to the project.
2	Support for the work of the Intermediary Associations	<p>a) Often, the SME organizations, particularly of micro/ craft enterprises, need to employ supplementary staff only to meet the administrative requirements of these programmes.</p> <p>b) The different programmes and funds are not well coordinated between each other which render the work of the intermediary organisations more difficult.</p> <p>c) This organisations need to be trained and helped to propose and manage projects.</p>	<p>a) Putting in place a system of certification allowing the certified intermediary organization to present simplified financial and administrative dossiers/ reports and to reduce the auditing regulations in that case.</p> <p>b) Work on EC level with the organizations representing enterprises in order to clarify the interactive contents and the access regulations to these programmes.</p> <p>c) Help and finance the national organizations of SME/Craft to create a service/ task force to help the territorial organization.</p>
3	Assist their role of project management for the enterprises	<p>Often, the SME organisations carry out project management and management of European dossiers for the enterprises. In most cases, they are financed by the regions but not by the structural funds</p>	<ul style="list-style-type: none"> • Clarify in the Community texts, that the structural funds may finance the management costs that come up in intermediary organisations who manage these dossiers for the enterprises.

4	Access to Technical Assistance	<p>Access to technical assistance funds for the organizations is very important.</p> <p>In general, the operators benefit in different ways from technical assistance according to the State, the region, the programme. The access to technical assistance is conceived differently following Member States, regions. Sometimes, access to technical assistance funds is denied.</p>	<ul style="list-style-type: none"> • <i>To prepare a community document in order to</i> <ul style="list-style-type: none"> - <i>certify that all operators can benefit from technical assistance funds.</i> - <i>define the principles, the limits and the conditions of technical assistance.</i> • <i>Specify in the texts that the additional employment entirely devoted to the management of the project can be financed to up to 100% from the technical assistance funds.</i>
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VII – Mediation

N°	Subject	Difficulties encountered	Proposal
1	Solving the Problems : interpretation and mediation	<p>a) Three important issues create conflicts between the project holders and the administrative services:</p> <ul style="list-style-type: none"> - Differing interpretations of texts - Financing/ pre-financing and guaranty requirements - Auditing of the final results and post random controls after the project completion. <p>b) Costs, delays and time loss are due to many back and forth movements between project holders and the administrative authorities before an agreement is reached.</p> <p>c) Despite the initial agreements sides the administrative services after the project is finished, the possibility exists to reconsider all these agreements in the framework of post random controls.</p> <p><i>Often, these problems discourage SME organisations to participate in these projects.</i></p>	<p><i>In the majority of the cases, the difficulties linked to the controls/ auditing, to conditions of payment or to misinterpretation could be solved by an information service and- the use of alternative dispute resolution systems for the case of litigation.</i></p> <p>Initiate within the technical assistance program a mediation system at two levels :</p> <ul style="list-style-type: none"> • <i>mediation for problems linked to the interpretation of texts</i> <ul style="list-style-type: none"> - <i>Edit a “guide of best practices” accessible online and which would render account of good practices and provide concrete cases with their solutions.</i> - <i>Install in the national administrative administrations in cooperation with national SME organisations a common information/ advice service (hotline).</i> • <i>mediation of problems linked to disputes/ litigation</i> <ul style="list-style-type: none"> - <i>On national level, create SME envoy/ ombudsman in order to resolve with the public authorities the administrative problems encountered by the intermediary organizations: proposal to create a “joint chamber for negotiations”</i> - <i>Or install in the national administrative services an ADR type entity to regulate disputes.</i>

2	Setup of National Info Points	The expert services of the national organizations can play a major role to the regional decentralized organizations to solve internal technical problems and to provide ongoing information.	<i>Organize at European level training for expert's counsellors in the national organizations to help local members to prepare all dossiers during the entire running of the project and to facilitate the cooperation with the national public authorities.</i>
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