



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR MARITIME AFFAIRS AND FISHERIES

POLICY DEVELOPMENT AND CO-ORDINATION

Brussels,

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Subject: **Draft Minutes of the 7th meeting of the Expert group on the European Maritime and Fisheries Fund. Brussels, 9 November 2015, 11.00 - 18.00 and 10 November 2015, 9.30-18.00**

Attendance

Chairman

Elisa ROLLER, Head of Unit MARE A3, "Structural policy and economic analysis".

Member States

With the exception of LU and ES all the MS' delegations were present at the meeting.

COMMISSION

DG MARE

DG BUDG, DG HOME, DG REGIO, OLAF for their agenda points respectively.

Secretariat:

S Efentzoglou (MARE A3).

1. Adoption of the agenda.

The agenda was adopted.

2. Modification of the EFF closure guidance for the period 2007-2013

COM (Fabien Deridder, MARE A3) presented the main changes in the document and their justification, which includes a new point on how to treat blocked accounts and additional information on financial instruments. He outlined that the amended guidelines were adopted by the COM on 6 October and therefore already in force.

COM (Frangiscos Nikolian, MARE D3) informed the experts that the closure seminar held in Malta at the initiative of the Maltese authorities was very successful. COM recommends that similar events be held in MS, possibly linked to forthcoming annual examination meetings. Next seminar will be held in HR and SI.

In response to the question raised by COM, experts from several MS confirmed that the MS has already launched preparations for the closure of the 2007-2013 period.

3. Treatment of irregularities in the EMFF

OLAF (Maria Ntziouni-Doumas, OLAF D2) presented the requirements towards the treatment of irregularities in the 2014-2020 period with special emphasis on the new legislative framework for 2014-2020 (including secondary legislation, i.e. the content of related delegated and implementing acts), new definitions, content of reporting obligations and their follow-up as well as statistics on the reported irregularities concerning the PP 2007-2014 and related to EFF. She informed the experts that the COM has organised training concerning the handling of the Irregularities Management System (IMS), including hands-on training in four different locations in Europe. The trainings in Madrid and Athens have already taken place while trainings in Berlin and in Warsaw will follow in the course of December. Should experts wish to participate, they should contact their respective national authority in charge of reporting on irregularities to OLAF.

In relation to IMS trainings, IE confirmed its usefulness based on the training session held in Madrid.

FR called attention to the volume of work concerning irregularities and the confusion the different terminology on fraud could imply. Particular worries were articulated concerning the reporting obligation on irregularities, in particular in relation to expenditure incurred outside the Member State.

In its reply, OLAF stressed that fraud constitutes only a small part of irregularities, and these cases need to be treated on a case by case basis. As regards cross-border irregularities she pointed out that the new AFIS mail facilities (platform of which IMS is a part), will allow the exchange of information in a secure way for cases related to more than one Member State and/or candidate countries.

She informed the experts that new guidelines on the reporting of irregularities will be prepared based on the results of 2014 PIF Report questionnaire on the implementation of the notification system as well as the outcome of the cooperation with MS on various elements with practical examples. A first discussion will take place in COCOLAF-sub Group 'Reporting and Analysis' at its meeting on 1 December.

In response to the question by IE, she stressed that while the preparation of an anti-fraud strategy is not mandatory for the MS, OLAF considers that anti-fraud measures should ideally be embedded in a National Anti-Fraud Strategy. OLAF, in consultation with MS experts has issued guidance on how such a strategy should be prepared.

4. Protection of the Union's financial interests: The new early detection and exclusion system

COM (Michaella Ilkova, DG BUDG D1) presented the newly adopted provisions concerning the early detection system and exclusion database. She stressed that in the new system in force from 1 January 2016, the scope of reporting will not go beyond the current reporting obligations of MS in the IMS. The new EDES database will be set up and managed by COM and MS will have access as from 1 January 2016.

In reply to the question by EE concerning the durability of admissibility criteria pursuant to Article 10(2) of the EMFF Regulation, COM clarified that the new system is related to the reporting of fraud and irregularities therefore only those cases need to be reported that are considered as irregularities.

In reply the question by FR, COM clarified the differences between the new EDES system and ARACHNE. While the first includes all decisions of exclusion on economic operators taken at EU level, the latter is rather linked to the examination of the financial viability of the operator.

5. Synergies between the Asylum Migration and Integration Fund (AMIF) and ESIF in relation to reception and integration of asylum seekers

COM (Grzegorz Gajewski, DG HOME E3) outlined to the experts the current severe challenges related to the migration pressure. He reminded participants of the call of President Juncker to mobilise every relevant EU funding instrument to address these challenges and the current needs of reception of asylum seekers and integration of migrants in the labour market and in national and local communities. Given that the Asylum Migration and Integration Fund is not able to address all of these challenges, ESI Fund should be mobilised, including the EMFF as far as is possible through the scope of intervention. More information on the existing funding possibilities and potential of coordinated actions is available on the information factsheet on the synergies between the AMIF and ESI Funds including the EMFF.

COM (Elisa Roller, MARE A3) reminded the experts of the possibilities under direct management for joint chartering to address border management challenges, and among the shared management measures she highlighted CLLD where the support for migration could be furthered explored.

No comment was made by the experts.

6. Annual Economic Report 2015

COM (Angel Calvo, MARE A3) presented the content of the 2015 Annual Economic Report including the economic and structural overview as well as the regional analysis of the EU fishing fleet, the economic performance assessment for each Member State and the key indicators and trends. Over the period 2008-2013 data show that the economic performance of

the EU fleets has improved significantly. The EU fleet moved from a loss making situation in 2008 to register record high profits in 2013. Economic projections for 2015 are also positive. Fuel consumption and fuel use intensity decreased by 11% from 2008 to 2013 as a result of efficiency gains in the way the EU fleets operate. The general economic improvement is consistent with fleet capacity reports and action plans, as well as the increasing number of stocks exploited at MSY. The EU fleet is progressing towards greater environmental and economic sustainability in line with the CFP objectives. The economic performance of the EU fleets in the Mediterranean region continues to stagnate. The economic performance of small-scale coastal fleet continues to deteriorate, in contrast to the improvement in the large-scale fleet. Employment in the EU fleet continues to decline slowly, averaging 2% per year. The drivers that contributed to improve the economic performance include progress towards MSY, recovery of some EU stocks, increase in the indicator landings per fishing day, fuel price reductions, improvement in first sales prices of important species, measures funded under the EFF and national support such as innovation projects, implementation of certification schemes, increasing investment, more fuel efficient fishing techniques and capacity reduction. On the other hand, the drivers that contributed to deteriorate the economic performance include the overexploitation in some stocks particularly in the Mediterranean Sea, effects of the global economic crisis and the limited access to credit, poor marketing and market saturation, environmental factors and shortage of local crews.

FR in its intervention highlighted the difficulties of the coastal fishing sector, in particular in relation to access to finance and loans that sometimes prevent young fishermen from setting up their own business. Therefore, the tendency is that more and more people leave the sector. He also pointed to the fact that the FR small scale fleet does not appreciate the short term returns on investments in case of pilot innovative projects.

7. Scoping study on the use of financial instruments under the EMFF

COM (Miguel Peña, MARE A3) presented the latest news on financial instruments with the publication of the scoping study of financial instruments in the EMFF by fi-compass. Attention of the experts was called to the fi-compass website where all the fact sheets are available and one may register for all national events. As regards the state of play of programming the EMFF, already 8 MS have indicated that they plan to introduce financial instruments and a further 10 MS are considering this possibility. He informed the experts that the work programme of fi-compass for 2016-2017 is currently under discussion and MARE plans to include the following elements:

- for those MS that have already initiated the use of financial instruments, COM with the help of EIB will support them in this process;
- in those MS where the possibility of setting up financial instruments is under consideration COM could provide further awareness raising, including the dissemination of positive experiences.

Both of the above activities may take the form of bilateral or multilateral meetings with the EIB.

LV indicated that incorrect information had been included into the scoping study in relation to information on financial instruments in LV: 2 enterprises are mentioned as beneficiaries while in fact they have never received EU funding, and LV, in contrast with what is included into the study, had created only credit fund under the EFF. She also informed the participants, that

the ex-ante evaluation for the purposes of the EMFF is still on-going, first results are expected at the beginning of the next year.

COM asked LV to submit its request for correction in a written form (in an e-mail) so that it could be forwarded to the EIB.

8. Simplification efforts in Member States – presentation of the outcome of the simplification questionnaire

COM (Gabriella Iglói, MARE A3) presented the results of the questionnaire on mapping the simplification efforts within the EMFF in the MS.

In general, the EMFF specific options for simplification provided by the legislative framework were well received by the Member States. The potential for simplification of Simplified Cost Options (SCOs) was well understood and more than half of the Member States have indicated their intention use them covering all measures and all types of beneficiaries in the EMFF. Despite the fact that "e-cohesion" is not obligatory for the EMFF, the uptake of paperless programme management systems is surprisingly high. As regards the administrative burden on beneficiaries in relation to application for funds and reimbursements, the replies clearly demonstrated the disadvantaged situation of SMEs compared to all other types of beneficiaries.

In relation to simplification, the experts were informed about the forthcoming steps in this process and on the first meeting of the High Level Group on Simplification (HLG).

Information on the HLG are available on the following website:
http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/high-level-group-simplification/

The interactive platform of the HLG is launched and operational here:
<https://ec.europa.eu/futurium/en/simplify-esif>

No questions or remarks were raised by the experts.

9. EFF ex-post evaluation

Mr Rod Cappell (director of Poseidon, part of the consortium carrying out the EFF ex-post evaluation) presented the objectives, scope, main phases and the timeline of the EFF ex-post evaluation. An open public consultation will be carried out in early 2016 which will feed into the ex-post evaluation, to be communication to Council and the EP by end 2016.

DE and AT indicated that they have not yet filled the questionnaire, because it was not available in German language. They asked for the German language version.

EE also indicated a language problem in case the contractor would like to approach beneficiaries, in particular those in coastal or inland fisheries who tend to be elderly self-employed persons without internet access and with low language skills.

The contractor took note of these remarks and will take into account these aspects during the elaboration of the study. COM stressed the need to be as forthcoming as possible with data and other information so that the contractors could carry out the best possible evaluation.

10. Action plans for unfulfilled ex-ante conditionalities

COM (Andrea Weber, MARE A3) provided an overview on the fulfilment of ex-ante conditionalities at the current stage of programming, with special emphasis on the future monitoring and reporting of the fulfilment of ex-ante conditionalities.

MS were reminded to closely follow the implementation of action plans and include respective standard points on the agendas of MA meetings until the Commission confirms previously unfulfilled ex-ante conditionalities as fulfilled. Participants were informed that once all actions foreseen for the fulfilment of ex-ante conditionalities have been completed, MS should upload an *ex-ante conditionality fulfilment report* in SFC under the tab *programming*. Only when the Commission confirms MS' assessment will the ex-ante conditionality be considered fulfilled.

COM (Elisa Roller, MARE A3) highlighted that there has been a significant improvement in the overall quality of fleet reports despite the fact that 10 MS needed to prepare action plans for the fulfilment of this ex-ante conditionality. There has been a concerted effort by Member States to improve the quality of the fleet reports.

BE asked for better identification and definition of the problems when COM is not satisfied with the fleet report. BE, echoed by DK, requested that more precise information should be provided in advance.

11. First experiences with launching the implementation of EMFF OPs

a. Communication obligations

COM (Andrea Weber, MARE A3) presented the first experiences concerning the communication obligations based on the operational programmes already adopted.

EE asked for confirmation that publicity obligations of beneficiaries are no longer present in the legislative framework.

DK asked for examples on how communication in relation to non-compliance should look like.

COM (Elisa Roller, MARE A3) in its reply highlighted:

- Indeed, the obligation of beneficiaries in relation to communication and publicity (eg. displaying the Union emblem or placing posters at the location of the operation) is no longer part of the legislative framework. However, the Managing Authority may ask beneficiaries to promote the EMFF or the OP by means of communication tools and channels. In this case, the provisions in COM implementing regulation (EU) No 763/2014 should be applied;
- The publicity obligation of the Member State in relation to providing information on measures to ensure compliance with the CFP rules (including eventual cases of non-compliance by MS or by beneficiaries) will be monitored closely by the Commission's geographical desks and may be included in auditors reports. Nevertheless, as regards the format of this communication, it is up to the Member State to opt for the most efficient way of communication.

b. The designation procedure

COM (Sandra Loehndorf, MARE F1) presented the legal obligations concerning the designation procedure highlighting that we have currently no experiences to show, since no designation has been received by DG MARE.

In reply to the question of COM, 8 MS indicated that they have already started with the description of the management and control system, 3 of which have also already sent it to the Independent Audit Body. However, no MS indicated its intention to submit the notification on the designation by the end of 2015.

EE indicated that it did not envisage making any changes in the management and control system and consequently do not plan to have an extensive audit on the system. However, EE raised a concern in relation to the sequencing of steps in the designation procedure: since the designation should be based on the audit opinion on the description of the management and control system, can programme implementation start without the designation in place.

The Commission has the following comments on the Estonian concern:

Article 135(3) CPR stipulates that "*the first application for interim payment shall not be made before the notification to the Commission of the designation of the managing authorities and certifying authorities in accordance with Article 124*". However, this does not imply that the selection of projects and related payments to beneficiaries cannot occur before that notification.

Article 65(2) CPR provides for that "*expenditure shall be eligible for a contribution from the ESI Funds if it has been incurred by a beneficiary and paid between the date of submission of the programme to the Commission or from 1 January 2014, whichever is earlier, and 31 December 2023*".

Furthermore, in their OP Member States shall "*include arrangements to ensure effective, efficient and coordinated implementation of the ESI Funds*", in accordance with Article 27(1) CPR.

Finally, pursuant Article 18(1)(m)(i) EMFF the OP shall include "*identification of the authorities referred to in Article 123 of Regulation (EU) No 1303/2013 and, for information purposes, a summary describing the management and control system.*"

In light of the above and provided that an adequate management and control system is in place in order to ensure that only legal and regular expenditure will be declared to the Commission once the designation of MA and CA is notified, implementation of the OP can (and should) start already before the notification of the designation.

c. Setting up the Monitoring Committee (composition, rules and procedures, voting right)

COM (Gabiella Iglói, MARE A3) presented the requirements, experiences and practical solutions in relation to the setting up of the monitoring committee for the EMFF.

The setting up of the Monitoring Committee (MC) should respect – beyond the rules of the CPR and the EMFF – also the provisions included into the European Code of Conduct on Partnership in terms of the members and the procedures of the committee. As regards the composition of the MC, MS should pay attention to ensure balance between men and

women, as well as among the different types of partners to ensure real decision making power for each of them. As regards the rules of procedure of MCs, attention should be paid to the deadlines of notification so that all members are provided with sufficient time for the preparations. Experts were also provided with a full list of tasks of the MC as defined by several articles of the CPR and the EMFF Regulation.

d. Drawing up and adoption of selection criteria

COM (Gabriella Iglói, MARE A3) presented the legal framework, general requirements towards the selection criteria to be approved by the Monitoring Committee.

As a general principle, the selection criteria should allow for the Managing Authority to select the best quality operations that are most likely to ensure the achievement of the objectives of the OP. Therefore, the definition of the selection criteria should be linked to the result indicators and the targets of the common indicators included into the performance framework, and should be approved by the Monitoring Committee. Certain specificities related to data collection, control, aquaculture and technical assistance were also highlighted, in particular the respect of the priorities of the Union in control and enforcement as well as the recommendations of the European Court of Auditors.

EE questioned the need to adopt selection criteria in case of non-competitive calls (eg. Technical Assistance (TA), data collection, control and enforcement) since the sole purpose for selection criteria is to select best projects. EE claimed that selection criteria are not used for the TA of other ESI Funds. Also in case of the compensations in the EMFF Regulation the call for applications should be non-competitive and all applicants meeting the admissibility and eligibility criteria should receive funding. In case of EAFRD the selection criteria are not used for the compensation measures (agri-environment, organic farming and Natura payments etc). EE claimed that in the Expert Group for Markets and Trade in Fishery and Aquaculture Products, COM informed MS that for market organisation measures selection criteria are not needed.

BE expressed concern that the approval of selection criteria may interfere into the national level procedures, especially regarding the financial support to investments. There might be certain cases when an operation receives funding from national schemes as well from EU resources. This might duplicate selection procedures or prejudice the national or the EU selection procedure when the same selection criteria are not applied, or for the national schemes no selection criteria are applied.

BE shared the same concerns of EE concerning compensation measures, pointing out the inconsistency between a compensation for the loss of revenue or additional costs (e.g. to convert to biological production or to deliver environmental services) and any selection procedure. BE highlighted the heavy difficulties in artisanal aquaculture to comply already with the eligibility conditions, adding that any selection criteria could deter producers from applying for EMFF support.

BE also called for written precisions on the kind of operations in technical assistance for which selection criteria should be established and applied with special regard to operations that are designed to fulfil obligations imposed by the regulations (e.g. to recruit external auditors or to recruit staff for the managing authority).

FR, RO, UK DK and PT echoed the opinions above.

COM in its reply:

- TA and compensation schemes should be considered as any other measure. The important thing to remember is that selection criteria need to be in place to select the operations to be financed. For non-competitive selection procedures, for example, compensation schemes, selection criteria can for example be a minimum threshold. This issue has been highlighted in the 2014 European Court of Auditors special report on the EFF funded measures in aquaculture where the ECA criticized the lack, in many cases, of appropriate selection criteria.
- Mentioned FI and PL as good examples for selection criteria.

12. FARNET: presentation of the new team and the 2015 work programme. Discussion on priorities for the 2016 work programme.

During the afternoon session of 10 November, the FARNET team was introduced. Additionally, they presented the results of the first phase of the needs analysis exercise, their proposal for the annual work programme for 2016, the roles, objectives and activities of the National Networks of FLAGs and specific areas where the FARNET Support Unit might be needed.

No comments were raised for the needs analysis. The work programme, received positive comments in general. FR considered it as a priority to focus on the issues related to the current programming period, whereas other MS such as EE valued the suggestion to start reflecting on possible needs for the post 2020 period. Further remarks and proposals are expected in the weeks following the meeting of the expert group.

13. FAME: presentation of the new team and the 2015 work programme. First discussion on the draft guidance on indicators

During the morning session of 10 November, the FAME Support Unit, its members and distribution of tasks and responsibilities have been introduced to the experts. The expert group meeting also provided an occasion for informal meetings with the national experts and a first discussion on indicators of the common monitoring and evaluation system, the database to be set up and the needs of individual MS towards FAME.

On indicators, MS agreed to send in their comments on the document disseminated in writing within 3 weeks from the meeting of the expert group. FAME will organise 1 to 2 workshops on the most difficult issues.

On the database, three MS committed to send FAME first implementation data to test the programming of the database which will need to be fully operational by March 2016.

14. Delegated and Implementing acts under the CPR

No delegated or implementing act was adopted under the CPR since the last meeting of the expert group that would affect the EMFF.

15. Miscellaneous

a. State of play of CPR corrigendum

COM (Gabriella Iglói, MARE A3) informed the experts that on the proposal for a corrigendum in relation to provisions on operations generating net revenue, an agreement has been reached in the Council working party (SAWP). Nevertheless, this corrigendum is part of a package that is still under discussion in Council. As soon as agreement is reached on the whole package, discussions will start with the EP, since the CPR was also adopted in the ordinary legislative procedure. Adoption of the complete package is expected to take place by late spring 2016.

b. EMFF corrigendum

COM (Gabriella Iglói, MARE A3) informed participants that COM has launched a procedure for the corrigendum of the EMFF Regulation. The proposal for the corrigendum has been sent to the Council. The EP has also been informed. The Council is chef de file for the corrigendum and will contact the MS as appropriate. This corrigendum is proposed to include only elements that are horizontal and affect all language versions. Corrigendum to individual language versions may be requested directly to the Council.

c. Corrigenda to DA/IAs

COM (Elisa Roller, MARE A3) presented the number of corrigenda adopted since the last meeting of the expert group to the delegated acts under the EMFF.

d. Open Data Platform

COM (Elisa Roller, MARE A3) presented the new initiative of COM to establish an Open Data Platform across all ESI Funds with data at fund, national, regional level as well as at the level of thematic objectives and Union priorities.

In reply to the question by the UK, COM (Violetta Piculescu, Regio B2) confirmed that programme/MS level data for the EMFF will be available from next year onwards.

EE, DK and BE articulated concerns as regards the data on indicators, however they confirmed willingness to cooperate on this project.

e. Update on COFASP era-net

NL (also representing FI in this agenda point) presented the outcome of the workshop in Tallin in September 2015. Main conclusion of the meeting was that cooperation could increase quality of implementation, decrease the error rate, and improve the dialogue in between stakeholders. The conclusions and recommendations will be made available to all experts. Regular informal meetings will follow and an EMFF learning platform will also be launched shortly.


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Director