



# Better Return on Investment

Make it better for civil society,  
better for Europe





## What it is

- Set up in 2009 by the structured dialogue “Europe for Citizens” programme.
- Initial working group met for the first time in the beginning of 2010 co-chaired by Roshan di Puppo (Social Platform) and Filippo Addarii (EUCLID).
- Initial group was reduced to a workable size by mid 2010 co-chaired by Filippo Addarii and Maurice Claassens (SOLIDAR)
- Elise Vanormelingen (CONCORD) joined the working group to include perspectives and special tasks of development projects
- Paul Firth, Chartered Accountant joined the working group on a pro-bono basis as well as Michel Stavaux (CESES) to bring in their expertise
- Luisa De Amicis (EUCLID) is doing the background research and stays in touch with all relevant stakeholders
- Thomas Heckeberg (EUNET) became co-chair in mid 2011



## Milestones

- May 2010: EC published **proposal for new Financial Regulations (FR)**
- June 2010: meeting with Dr. Inge Grässle, MEP, main rapporteur on FR
- September 2010: working group published its **policy paper** „Better Return on Investment“
- November 2010: second meeting with Dr. Grässle
- January 2011: **Round table** for stakeholders on the invitation of Dr. Grässle at the EP
- April 2011: **first reading** of FR during a joint session of budget and budget control committees
- June 2011: working group managed to bring in **7 amendments** for the second reading at budget committee
- September 2011: **second reading** at budget committee
- October 2011: opening of **first plenary reading** at the European Parliament



## State of Play

- **EP opened (but did not closed) the first plenary reading** on October 26<sup>th</sup> 2011. FR had been voted on and, on Grässles request, returned to budget committee for further deliberations
- **No consolidated version** of the new FR
- Nearly **300 amendments** had been made by the EP
- EP started “**informal trialogue**” with EC and Council
- Main focus now is on the **Council / presidency** and the **Implementing Rules (IR)**
- We expect that everything will be finalized in the **second half of 2012**



## What did we achieve ?







**All achievements with regard to the new Financial Regulations reflects the state of play on October 26<sup>th</sup> 2011 and are still subject to change !**

Nothing is fixed until the final versions of the Financial Regulations and Implementing Rules !

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## What did we achieve ?

<p><b>Very Low and Low value grants</b> Increase threshold</p>	<p><b>Very low grants are 10,000€</b> <b>Low grants are 60,000€</b></p>	
<p><b>Lump sums/flat rates</b> simplification</p>	<p><b>Some progress</b> more could be achieved in the IR changes</p>	
<p><b>Bank guarantees</b> not mandatory</p>	<p>case-by-case basis and subject to risk analysis Discrimination for newcomers</p>	
<p><b>In kind contribution</b> as eligible</p>	<p><b>Progress for low value grants</b> <b>No progress to date in other “in kind” issues</b></p>	
<p><b>Systemic Error</b></p>	<p>Extrapolation of errors is now the <b>last resort</b> after audit of other projects</p>	
<p><b>Tolerable risk of error</b></p>	<p>Introduces the idea of unreasonable cost of controls and acceptance that controls can cost more than the errors.</p>	








## What did we achieve ?

<b>Simplification of grant application</b> through the use of database	Partly achieved	
<b>External audits</b>	Required for projects grants above 750.000€ and operating grants exceeding 100.000€ <ul style="list-style-type: none"> <li>• explicitly accepted or rejected within 90 days</li> <li>• if accepted shall not be subject to ex-post audits or evaluation</li> </ul>	
<b>Record keeping</b>	5 years 3 years for low value grants	
<b>Processing time limit</b>	No progress 6 months 9 months for panel decisions	
<b>Indirect cost in projects for beneficiaries of operating grants</b> where project is not part of the working programme	No progress	



## What did we achieve ?

<p><b>Non profit rule</b></p>	<p><b>Progress in 5 parts</b></p> <ul style="list-style-type: none"> <li>• Provisions may be allowed for sustainability but needs clarifying</li> <li>• Carry over for 3% of operating costs into the year N+2</li> <li>• Non profit rule does not apply to low value grants</li> <li>• Profit = surplus, when the request for final payment is made (projects)</li> <li>• Profit = surplus balance on the operating budget (operating grants)</li> </ul>	
<p><b>Decreasing of operating grants</b></p>	<p>Removed</p>	
<p><b>Administrative costs should be increased from 7%</b></p>	<p>10 %</p>	
<p><b>Double ceiling</b></p>	<p><b>Gone</b> Grants shall not exceed an overall ceiling expressed in terms of an absolute value</p>	
<p><b>VAT as eligible cost</b></p>	<p>eligible</p>	



## Next steps

- Follow the process closely
- Ensure that achievements are not put into danger again
- Continuing to talk to EC, EP, Council and presidency
- Put a close eye on the draft Implementing Rules
- Additional focus on auditing rules and PRAG



# Thank you very much for your attention

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