



MINISTERO POLITICHE AGRICOLE
ALIMENTARI E FORESTALI



Seminar Irregularities Prevention and Management in the framework of EU Funds

Portuguese Best Practices Sharing EU Experience



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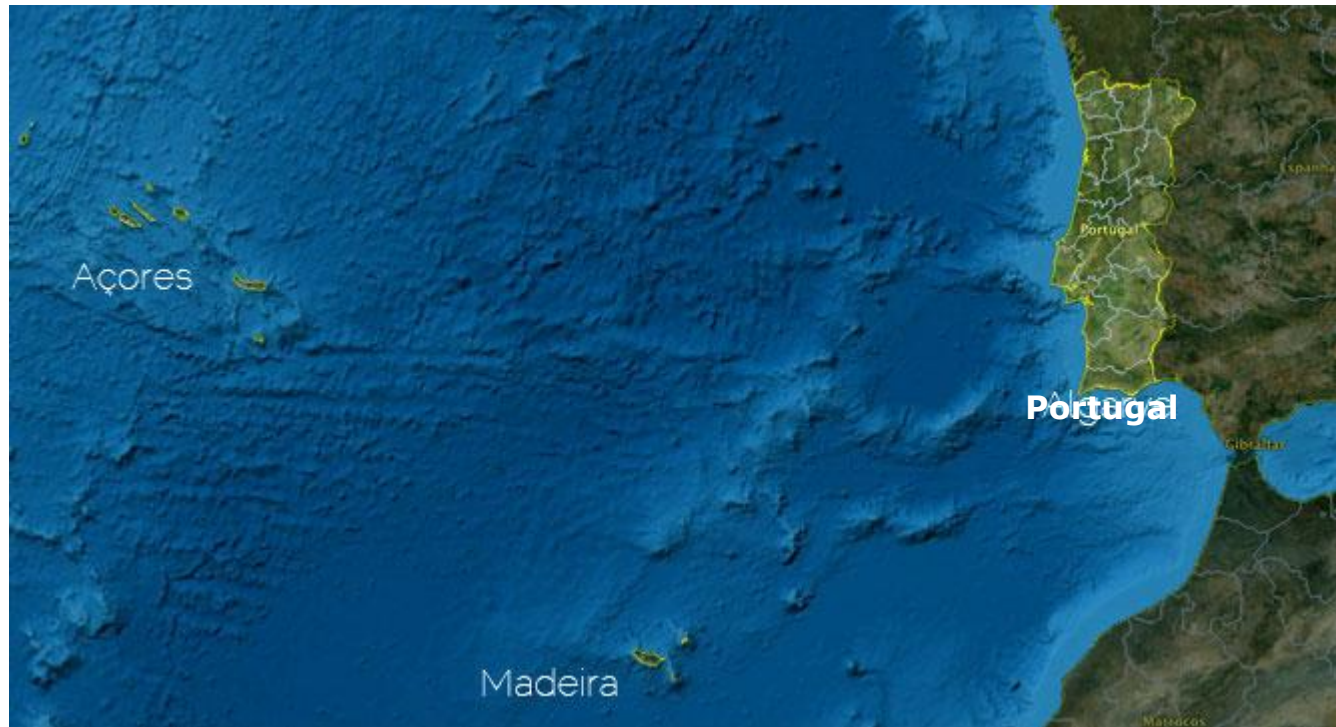
Rome – 19th of April 2013

Summary

- Portuguese Organization for EFF 2007-2013
 - IGF – Audit Authority
 - IFAP, IP – Certifying Authority
 - DGRM - Managing Authority
- EFF 2007-2013 in Portugal, Azores and Madeira
 - Scope, measures and Operational Programmer execution Feb/2013
- Practices on reporting irregular cases in Portugal
 - CIFG for Agricultural Funds (EAGF and EAFRD)
 - Written Consultation Procedure for all the others Funds, including EFF
 - Reporting irregular cases – Best Practices
- EFF 2007-2013 Irregular cases in Portugal
 - Total cases EFF 2007-2013 (4º quarter 2012)
- Future Perspective for Portugal
 - National strategy for the sea 2013-2020
 - Aquaculture production

Portuguese Organization for EFF 2007-2013

Portugal, Azores and Madeira



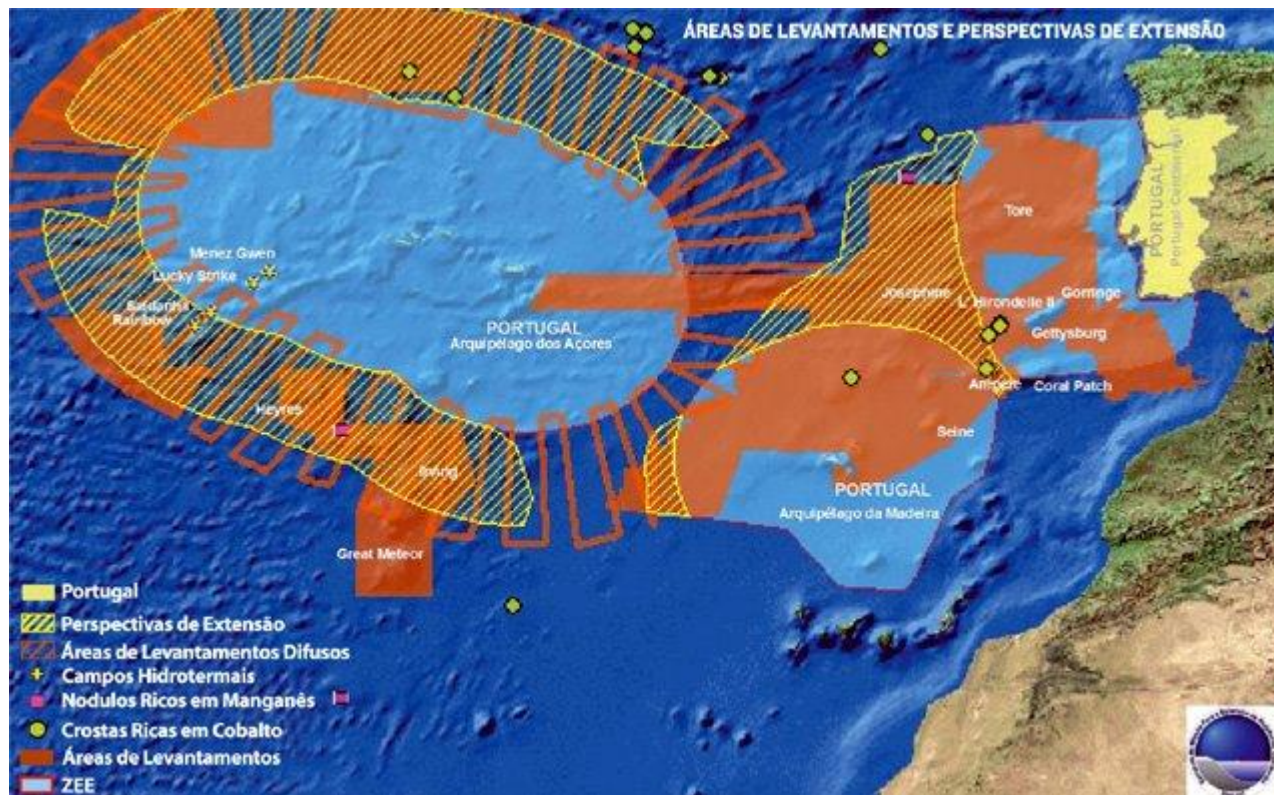
In: www.algarverrealstate.com

Portugal Exclusive Economic Zone



In: blogexperimental.blogspot.com

Portugal Exclusive Economic Zone

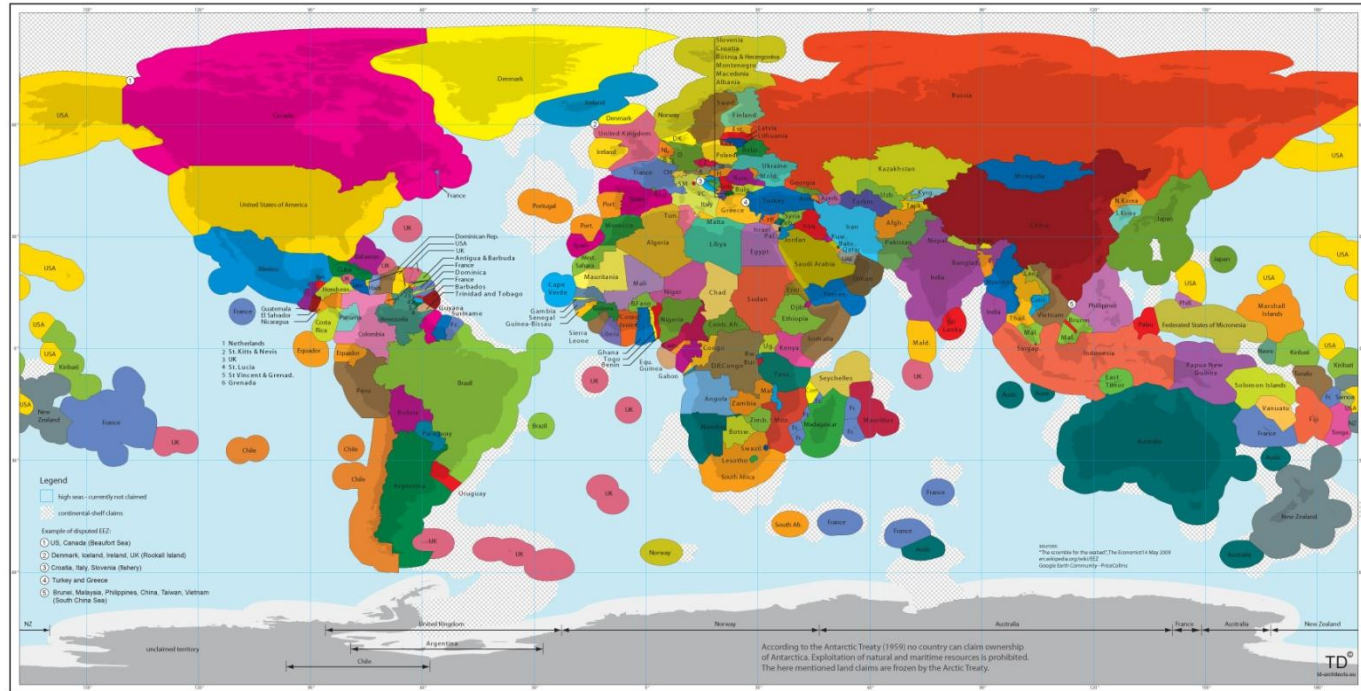


In: algarvefarenses.blogspot.com

Exclusive Economic Zone

Exclusive Economic Zone

Text and Graphics Theo Deutinger



No matter the economical situation, natural resources are hot. Since many of the easy accessible resources on the main land are exhausted more and more afford is done for off shore exploitation. Today a countries marine economic area is defined by its Exclusive Economic Zone (EEZ), a 200 nautical miles (370 km) wide offset from the countries national coast line. This regulation, which was installed by the "UN Convention on the Law of the Sea" in

1982 grants a state special rights to explore natural (e.g. oil) and marine (e.g. fish) resources, including scientific research and energy production (e.g. wind-parks). Practically this means that if a country owns a minuscule rock somewhere in the ocean, this rocks exploitable surface increases from almost zero on shore to 430,000km² off-shores. In the case EEZ's overlap it is up to the involved states to delineate the actual boundary; a rule which led in certain case to

decennia's of dispute. Yet there is more underwater land to claim and more squabbles ahead, since the 200 nautical miles definition got supplemented by a clause which allows its expansion till the continental shelf. The first deadline for this so called 'continental shelf submissions' passed this year May and land (seabed) allocation will start soon. If underwater land grabbing goes on like this the 'Freedom of the Seas' might soon shrink to the 'Freedom of the Ponds'.

In: seekerblog.com

Portuguese Organization

- o European Fisheries Fund (EFF) finances the Operational Programmer for Fisheries

PROMAR 2007-2013 (CCI:2007PT14FPO001), that was approved by European Commission Decision C (2007) 6442, 11th December 2007, changed by European Commission Decision C (2009) 1915 , 13th March 2009, regarding the areas:

Continental Portugal, Azores and Madeira

Portuguese Organization

- o PROMAR 2007-2013 specific objectives are:
 - a) Promote the competitiveness on the fisheries sector on a context of available resources;
 - b) Enhance, innovate and diversify aquaculture production;
 - c) Create more value and diversify the manufacturing industry;
 - d) Ensure the sustainable development of coastal areas who are more dependent on fishing.

Portuguese Organization

- o Decree-Law 80/2008, 16th July – established PROMAR management and control system and designated the bodies responsible for those tasks.
- o The audit authority (IGF) is under Ministry of Finance, while the certifying authority (IFAP, IP) and managing authority (DGRM) are autonomous bodies that belong to the Minister of Agriculture, Sea, Environment and Spatial Planning.

IGF (Audit Authority)

Department from the Ministry of Finance

- ✓ Control of the state financial administration
 - legality control
 - financial and performance audits
 - Evaluation of public entities, programs and activities

- ✓ Technical support to the Finance Ministry

IGF (Audit Authority)

CONTROLS:

All entities, services and public administration bodies and central regional, direct and indirect, as well as all municipalities, including the local business community, that manage money, securities or assets public, whatever their nature, administrative or corporate, public law or private law.

IGF (Audit Authority)

SCOPE

To contribute to the economy, effectiveness and efficiency on the collection of **public revenues** and the execution of **public expenditure** from national and EU budgets, targeting the quality and efficiency of public services.

Site: www.igf.min-financas.pt

IGF (Audit Authority)

Financial control of EU Funds

- ✓ Single Audit Authority for all the OP and ETC on Structural Funds and Cohesion Fund (Also in charge with similar competencies for previews periods).
- ✓ Responsible for the work regarding the accreditation of the payment agency and the annual certification of the accounts under EAGF and EAFDR (Also in charge with similar competencies for EAGGF).
- ✓ Responsible for the protection of the European Communities financial interests as well as for the implementation of Article 325º TFUE.

IGF (Audit Authority)

Protection of the EU Financial Interests

- ✓ Decree-Law 117/2011, 15th December – establishes that the IGF is the national interlocutor of the EC on the issues relating to audits and financial controls and irregularities.
- ✓ Decree-Law 96/2012, 23th April – sets up that IGF assumes the competence of national interlocutor of the European Community on the financial controls and the Protection of the European budget.

IFAP (Certifying Authority)

- o **Instituto de Financiamento da Agricultura e Pescas, IP**

SCOPE - Validate the payments resulting from the financing of the implementation of various measures defined at national and community levels, in agriculture, rural development, fisheries and connected sectors, as well as propose policies and strategies for information and communication technologies in the fields of agriculture and fisheries.

Site: www.ifap.min-agricultura.pt

DGRM (Managing Authority)

- o **Direção-Geral de Recursos Naturais, Segurança e Serviços Marítimos (DGRM)** - By inherent functions, PROMAR Manager is DGRM General Director.

SCOPE:

- ✓ Delivery of policies and knowledge of preservation of natural marine resources;
- ✓ Implement fishing, aquaculture, manufacturing and related activities policies;

DGRM (Managing Authority)

SCOPE:

- ✓ Development and security of shipping services, including the port and maritime sector;
- ✓ Assure the regulation, inspection, supervision, coordination and control activities under those policies.

Site: www.dgrm.min-agricultura.pt

EFF 2007–2013 in Portugal, Azores and Madeira

EFF 2007-2013

PROMAR is applicable in continental Portugal and on the archipelagos of Madeira and Azores, in Atlantic Ocean.

PROMAR priorities axis as well as eligible measures were set up by Decree-Law 81/2008, 16th July 2008, in accordance with preview define by Regulations 1198/2006, 27th of July 2006 and 498/2007, 26th of March 2007.

EFF 2007-2013

1. Measures for the adaptation of the community fishing fleet

- i. Final cessation of fishing activities
- ii. Temporary cessation of fishing activities
- iii. Investments on board fishing and selectivity
- iv. Small-scale coastal fishing
- v. Socio-economic compensation

EFF 2007-2013

2. Measures for aquaculture, inland fishing, processing and marketing of fishery and aquaculture products

- I. Productive investments in aquaculture
- II. Investments in processing and marketing of fisheries and aquaculture products
- III. Public health, animal health and aqua-environmental measures
- IV. Mutual guarantee and other financial instruments

3. Measures for common interest

- I. Collective actions
- II. Protection and development of aquatic fauna and flora
- III. Fishing ports, landing site and shelters
- IV. Development of new markets and promotional campaigns
- V. Pilot projects and modification for reassignment of fishing vessels

EFF 2007-2013

4. Sustainable development of fisheries areas

- I. Measures for sustainable development of fisheries areas

5. Technical assistance

- I. Technical assistance measure

PROMAR execution Feb/2013

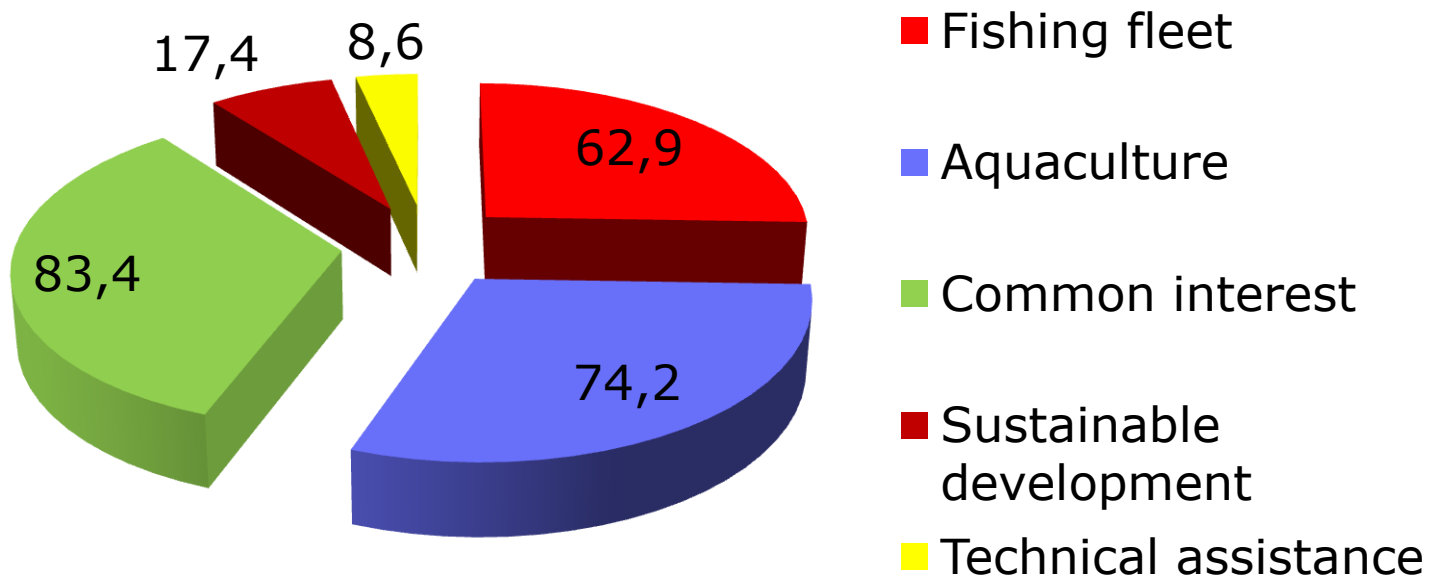
In M€

A x i s	Programming (a)		Approvals (b)		Payments (c)		b/a	c/a
	Eligible investment	EFF	Eligible investment	EFF	Eligible investment	EFF	EFF	EFF
1	101,4	62,9	54,0	35,8	46,9	33,0	57%	52%
2	180,2	74,2	167,0	58,9	89,0	29,4	79%	40%
3	117,0	83,4	74,7	51,6	39,3	27,1	62%	32%
4	26,9	17,4	15,6	9,3	3,1	1,7	53%	10%
5	11,4	8,6	10,6	7,8	2,9	2,1	91%	24%
	436,9	246,5	321,9	163,4	181,2	93,3	66%	38%

In: www.dgrm.min-agricultura.pt

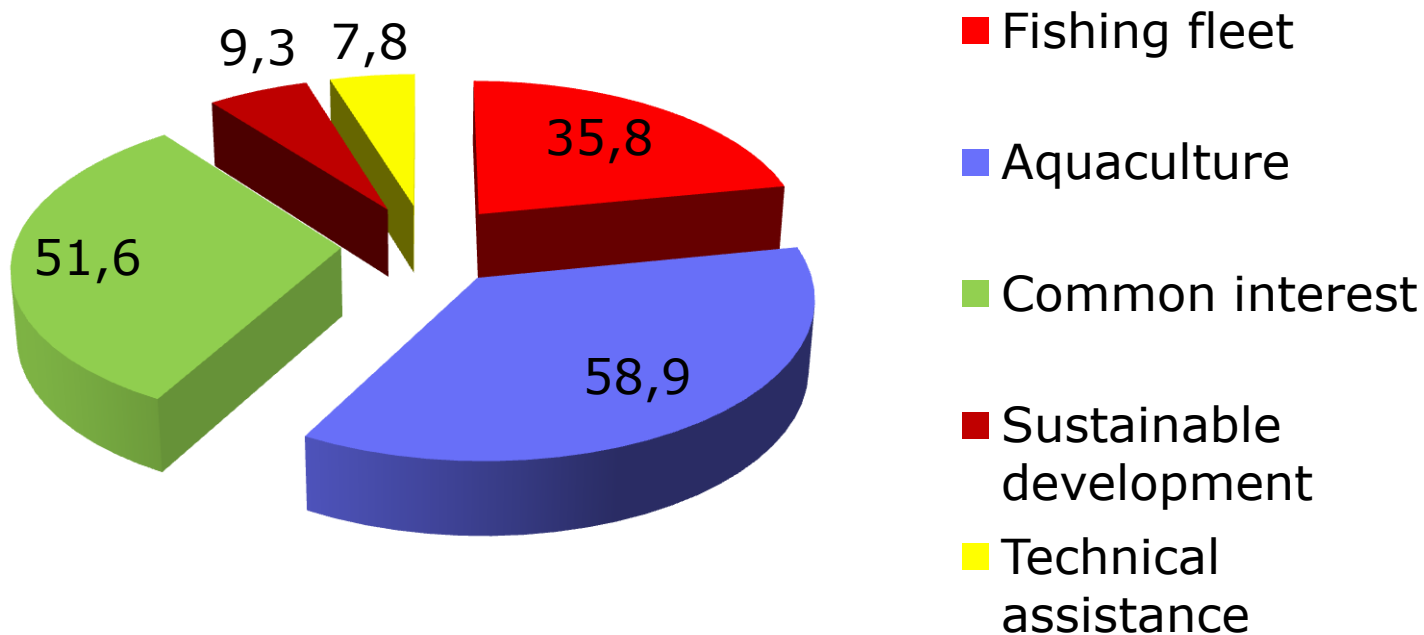
PROMAR 2007-2013

EFF Programming (March 2011)



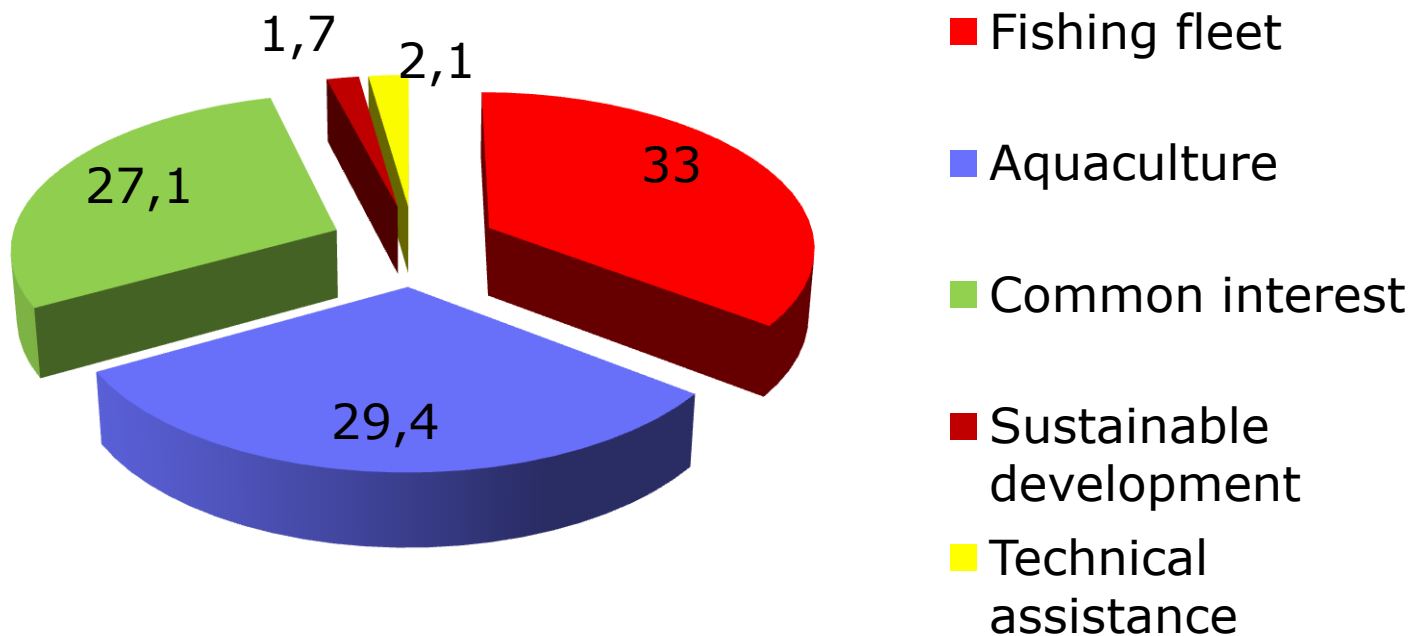
PROMAR 2007-2013

EFF Approvals (February 2013)



PROMAR 2007-2013

EFF Payments (February 2013)



PROMAR 2007-2013

In €

Fishing fleet (1)	EFF Programming	EFF Approvals	EFF Payments
Portugal continental	55.208.301	33.070.013	31.395.973
Açores	4.860.699	461.301	0
Madeira	2.769.134	2.282.398	1.575.931
TOTAL	62.865.134	35.813.711	32.971.904

PROMAR 2007-2013

In €

Aquaculture (2)	EFF Programming	EFF Approvals	EFF Payments
Portugal continental	62.038.511	47.692.696	25.090.491
Açores	9.880.515	8.673.038	4.215.701
Madeira	2.268.041	2.494.761	104.261
TOTAL	74.187.067	58.860.494	29.410.453

PROMAR 2007-2013

In €

Common interest (3)	EFF Programming	EFF Approvals	EFF Payments
Portugal continental	59.657.901	38.060.895	15.120.446
Açores	19.107.573	12.994.011	11.480.719
Madeira	4.642.402	590.895	544.442
TOTAL	83.407.876	51.645.801	27.145.607

PROMAR 2007-2013

In €

Sustainable development (4)	EFF Programming	EFF Approvals	EFF Payments
Portugal continental	16.732.965	9.251.478	1.741.177
Açores	670.441	0	0
Madeira	0	0	0
TOTAL	17.403.406	9.251.478	1.741.177

PROMAR 2007-2013

In €

Technical assistance (5)	EFF Programming	EFF Approvals	EFF Payments
Portugal continental	7.839.322	7.583.477	2.081.070
Açores	502.831	0	0
Madeira	279.613	214.498	17.613
TOTAL	8.621.766	7.797.974	2.098.683

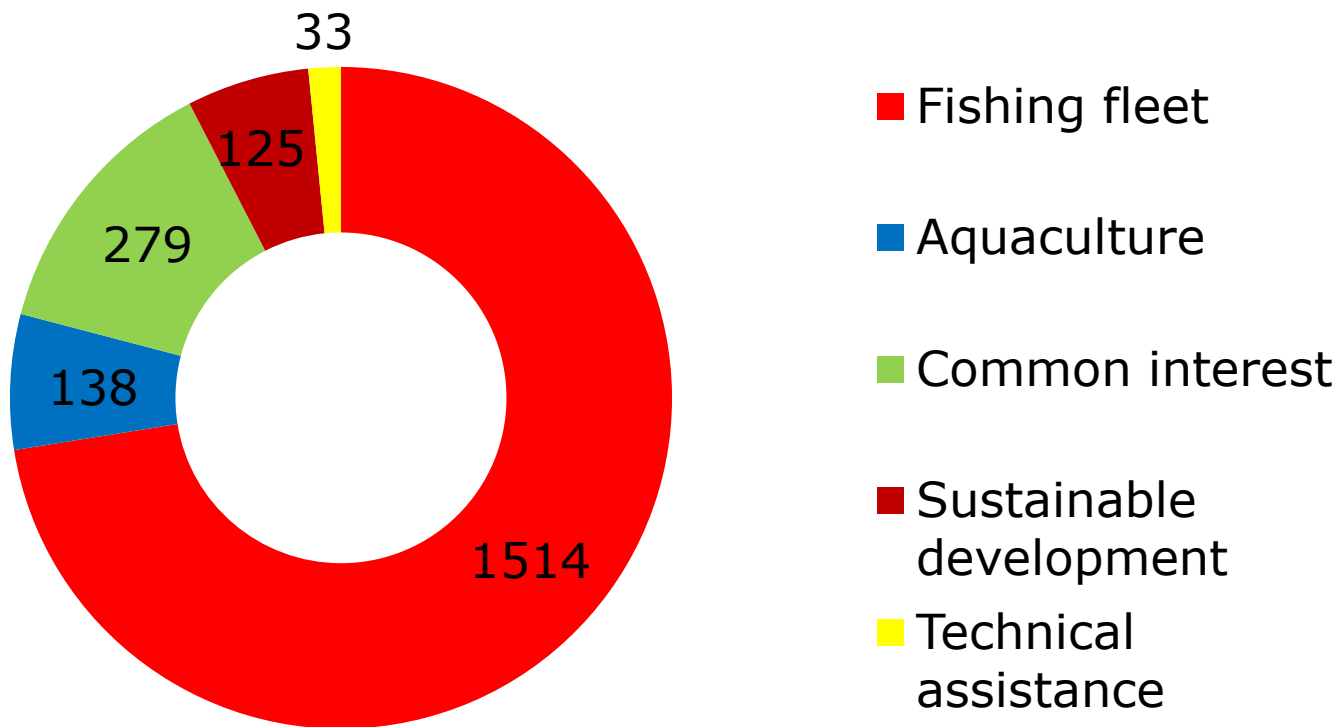
PROMAR 2007-2013 (Approvals)

In €

AXIS	Approvals Projects	Eligible Investment	Public Expenditure	EFF
Fishing fleet	1.514	53.991.126	40.891.538	35.813.711
Aquaculture	138	166.961.295	81.988.166	58.860.494
Common interest	279	74.733.419	69.819.271	51.645.801
Sustainable development	125	15.647.090	12.757.341	9.251.478
Technical assistance	33	10.618.024	10.618.024	7.797.974
TOTAL	2.089	321.950.954	216.074.339	163.369.458

PROMAR 2007-2013

EFF Number of Projects



Practices on reporting irregular cases in Portugal

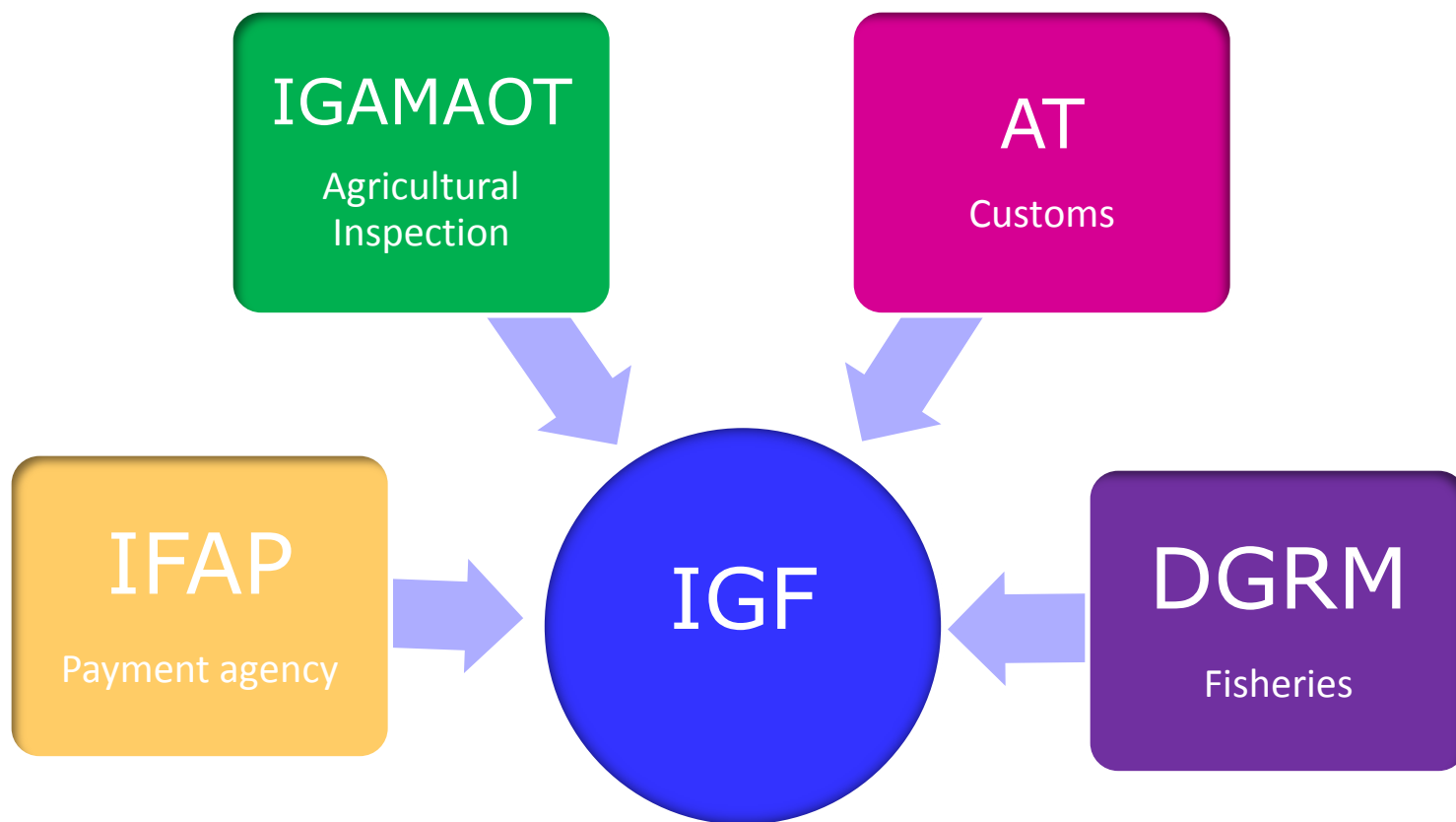
CIFG (EAGF and EAFRD)

- o CIFG is an inter ministerial Commission, created in 1990, under joint Member of Government responsible for Finance and for Agriculture, that complies with obligations provided by Regulation nº 1848/2006, 14th December 2006, for EAGF and EAFRD cases.
- o CIFG functioning is set on a Resolution of the Council of Ministers (RCM nº 101/2007 of 1 August), which defines that the representatives from the bodies present at this Commission meets quarterly.

CIFG (EAGF and EAFRD)

- o CIFG representatives/members discuss and approve the communications (case by case) to be sent to the European Anti-Fraud Office (OLAF).
- o IGF, due the competencies in the field of protection of EU financial interests, holds the presidency and provides technical support to CIFG.
- o The result of the deliberation, in particular the number of cases and values involved, is reported to Finance and Agriculture Ministers, as well as is communicated by IMS to OLAF.

CIFG (EAGF and EAFRD)



CIFG (EAGF and EAFRD)

Control Bodies

- Report the cases

CIFG

- Analyse
- Decide

IGF

- Send to CE
- Keep the records

Written Consultation Procedure (EFF)

- o The Written Consultation Procedure is applicable for all the communications to be sent to OLAF provided on Regulation nº 1848/2006, 8th December (ERDF, ESF and CF) and on the Regulation applicable for EFF and SOLID Funds.
- o A written manual was approved that defines key concepts, such as irregularity, suspected fraud, the moment of the communication, and the derogations to this reporting obligation.

Written Consultation Procedure (EFF)

- o The communication of a new irregular case is associate to the concept of primary administrative or judicial act. The event that establish the reporting obligation to OLAF occurs when the General Director of the entity that detected the irregular situation signs the information or audit report that concludes it.

Written Consultation Procedure (EFF)

- o There are two exceptional situations:
 - a) When the audit was performed by external auditors - is the date order from the head of the contracting authority on the document with the final findings about the controlled operations.
 - b) When the irregularity was detected by an EU authority – the process is develop by IGF in close cooperation with the respective Certifying Authority, after the reception of the final report in Portuguese version.

Written Consultation Procedure (EFF)

- The bigger difference from the preview process (CIFG) is that there is no inter ministerial Commission or a formal meeting every quarter to discuss and approve the communications.

Written Consultation Procedure (EFF)

- In this process IGF centralize, analyse, treat and send the cases to report, using the e-mail in documents protected and confidential, to the entities responsible for the approval of the cases (irregularities and suspected frauds). The situation is define case by case.
- When the period for the written consultation ends, as happens in CIFG for the EAGF and EAFRD cases, IGF informs the Ministers and send the communication to OLAF by IMS.

Written Consultation Procedure (EFF)



- The cases are received and treated together by a central point (IGF).

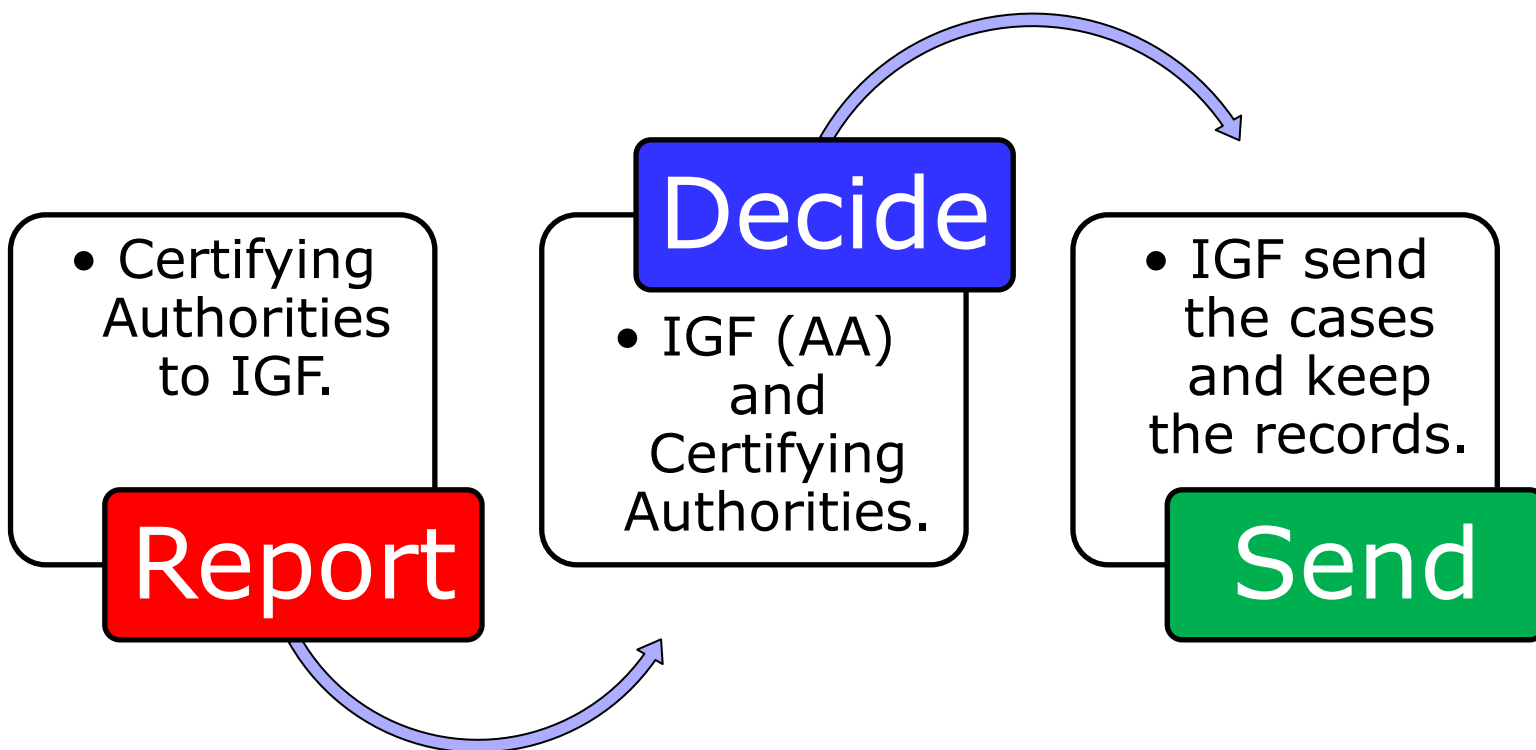


- The cases are approved by the diverse entities responsible.

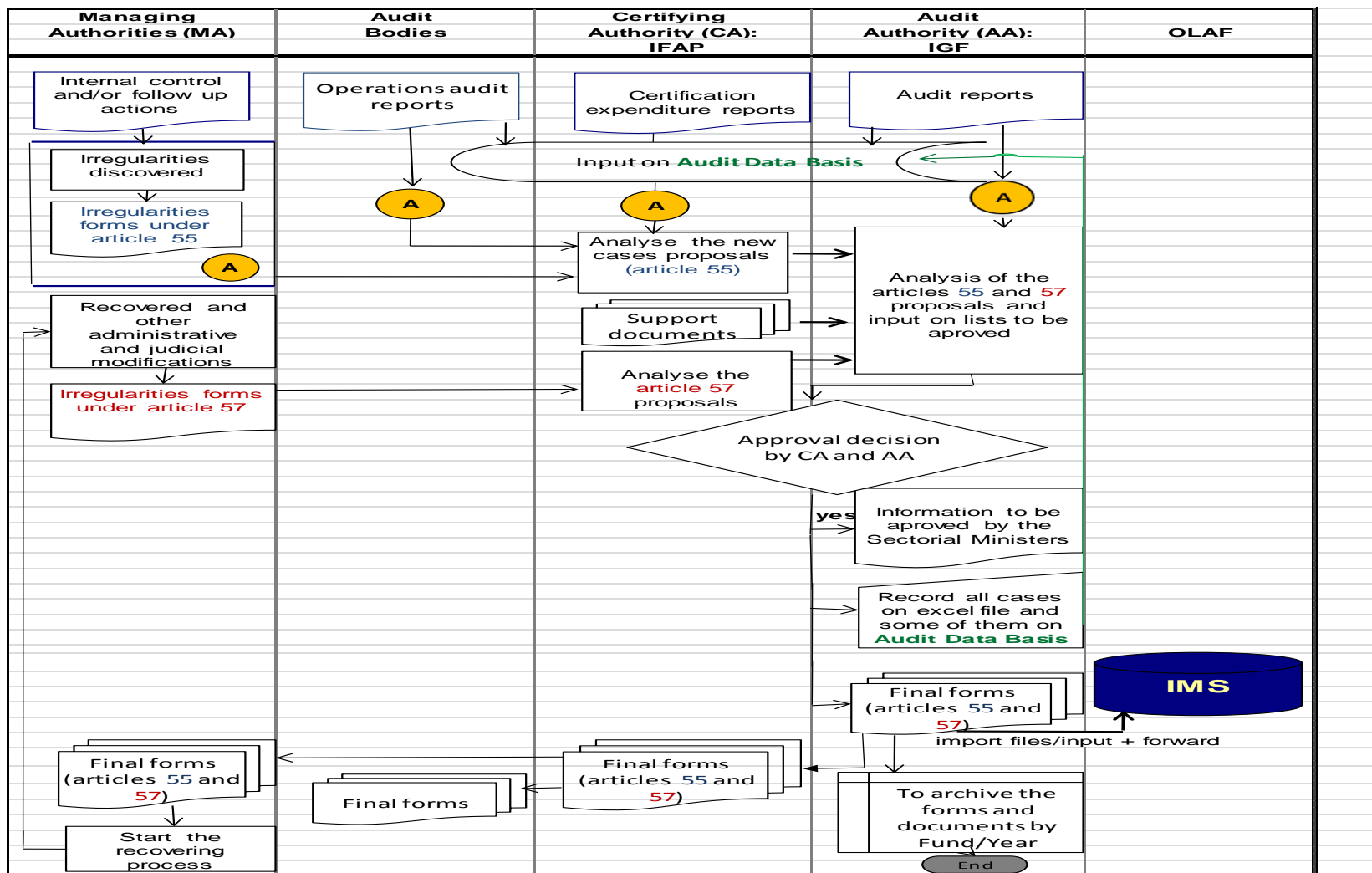


- The cases are reported by the central point (IGF) to OLAF.

Written Consultation Procedure (EFF)



Flowchart of irreg. information system



Reporting irregular cases

Best Practices – Our opinion

- ✓ Coordination between sectors - Team work;
- ✓ Benefit of past experience for the prevention, detection and correction of irregularities;
- ✓ Centralise the information and work in one single contact point;
- ✓ Keep the records up to date (by case, by quarter, since 1990 to date - EAGGF);
- ✓ Report essential information to the Ministry of Finance on quarterly and annual basis.
- ✓ Strategic coordination.

Reporting irregular cases

Best Practices – Our opinion

- ✓ The information regarding irregularities should be centralised in a certain point;
- ✓ It's essential to have an articulated system;
- ✓ The treatment of the irregularities and suspected fraud benefits with the promotion of equal treatment to similar cases;
- ✓ Even most cases are simple irregularities and suspected fraud happens less, it is important to treat these last cases immediately, because they can have a big financial impact and should have a special treatment.

EFF 2007–2013 irregular cases in Portugal

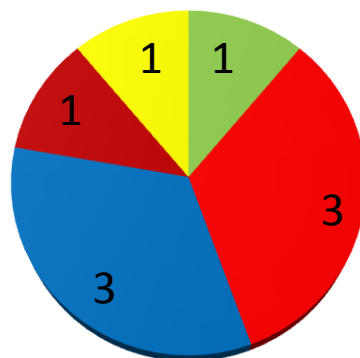
EFF 2007-2013 total cases

- o Portugal reported a total of **9 cases** in EFF 2007-2013 (2 cases in 2011 and 7 cases in 2012).
- o **One case** is classified as **suspected fraud** and was reported to the competent authorities for penal investigation.
- o 3 cases happen in Azores and 6 cases in Portugal continental.
- o 4 cases are closed by full recovery. The others are open with amounts still to recover.

EFF 2007-2013 total cases

Type of Irregularities (9 cases)

- Public markets (614)
- Expenses not legitime (823)
- Ineligible expenses (325)
- Expenses outside the eligibility period (822)
- Action not taken (810)



EFF 2007-2013 total cases

In €

Cases	Irregular amount	To recovery	Amount recover
1	39.303,54	39.303,54	0,00
2	15.729,81	0,00	15.729,81
3	12.676,56	12.676,56	0,00
4	210.049,80	0,00	210.049,80
5	379.965,59	0,00	379.965,59
6	35.068,25	35.068,25	0,00
7	310.427,51	0,00	310.427,51
8	53.181,31	53.181,31	0,00
9	36.931,06	36.931,06	0,00
Total	1.093.333,42	177.160,72	916.172,71

Future Perspective for Portugal

National Strategy for the Sea

- o The Portuguese Executive takes the sea as a national priority.
- o The National Strategy for the Sea 2013-2020 is under public discussion from 1st March till 31th May 2013.
- o This process is being coordinated by Direção-Geral de Política do Mar.

Site: www.dgpm.gov.pt

National Strategy for the Sea

- o The participants can consult and download the document and attachments on <http://www.dgpm.gov.pt/Pages/ENM.aspx>;
- o They can then fill out a form and send it by e-mail to DGPM to express an opinion. All contributions are considered.
- o The main goal is maximize the economic use of the sea, through developing good projects/ideas on the areas connected with sea (fisheries, aquaculture, ports, transport logistics and tourism).

Aquaculture Production



In: calhamacodoscuriosos.blogspot.com

Aquaculture Production

- o Portugal has excellent natural conditions for the production of fish, shellfish and bivalves (good water quality, producers interested in investing in the sector and 800 km of coast).
- o Portuguese eat 60 kg/year of fish - We are the 3^o bigger consumer of fish in the world.
- o Using aquaculture, we produce oysters, clams, mussels and fish such as bream, sea bass or halibut.
- o However 2/3 of the fish we eat is import.
- o In 2010, by aquaculture, Portugal produced 10 million of tones, while Galicia (Spain) produced 230 millions of tones.

Aquaculture Production

- o The law on maritime spatial planning (MSP) was approved last March, which seeks to give legal security to those who want to develop projects in this area.
- o The actual legislation enables easier and faster licensing at sea. The activity license is given with all the necessary documents to immediately begin the investment (ex. environment impact statement). The concession number of years is extended to better monetize the investment.
- o The scope is attracting the investment to boost exports and to replace imports by domestic production in order to contribute to the reduction of Portuguese debt and equilibrate the balance of fish trade.

Thanks for your attention.

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