



MINISTERO POLITICHE AGRICOLE  
ALIMENTARI E FORESTALI



# Seminar Irregularities Prevention and Management in the framework of EU Funds

## Portuguese Best Practices Sharing EU Experience



Custódia Martins  
Inspector  
Inspeção-Geral de Finanças – Audit Authority  
Rome – 19<sup>th</sup> of April 2013

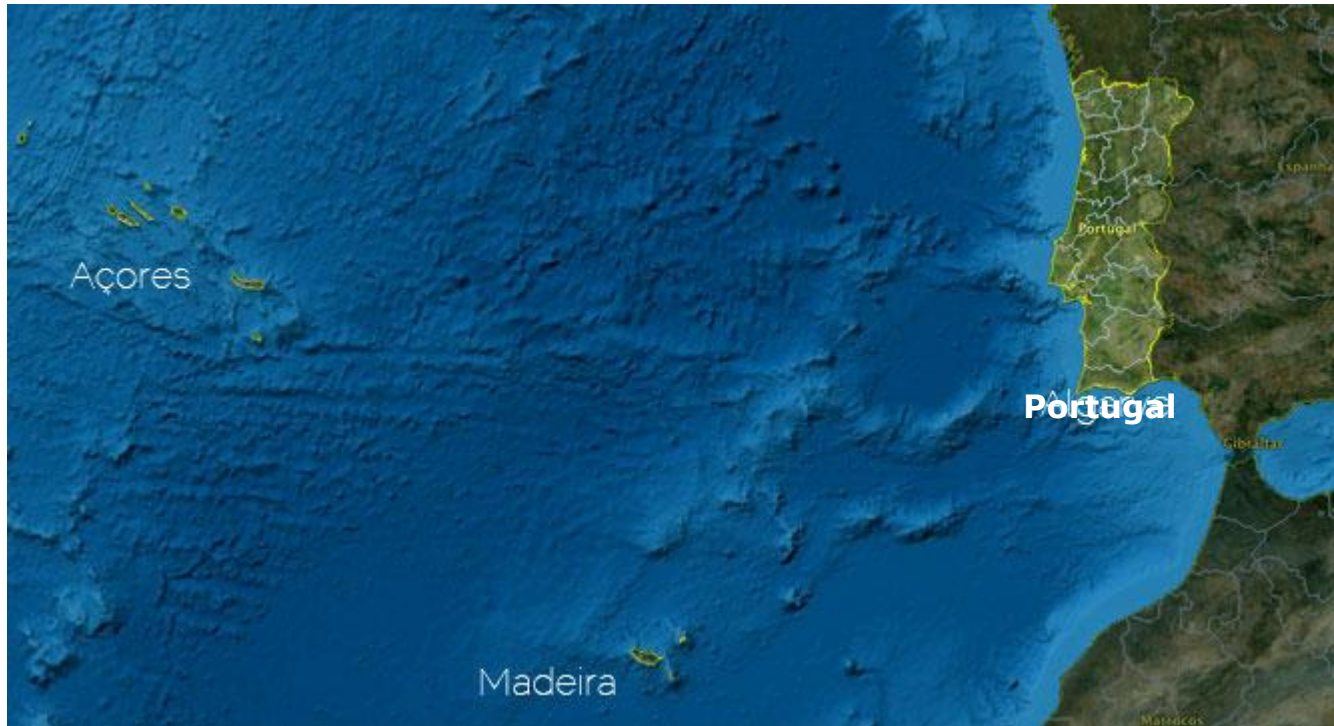
# Summary

- 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
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  - CIFG for Agricultural Funds (EAGF and EAFRD)
  - Written Consultation Procedure for all the others Funds, including EFF
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- Future Perspective for Portugal
  - National strategy for the sea 2013-2020
  - Aquaculture production

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## Portuguese Organization for EFF 2007-2013

# Portugal, Azores and Madeira



In: [www.algarverrealstate.com](http://www.algarverrealstate.com)

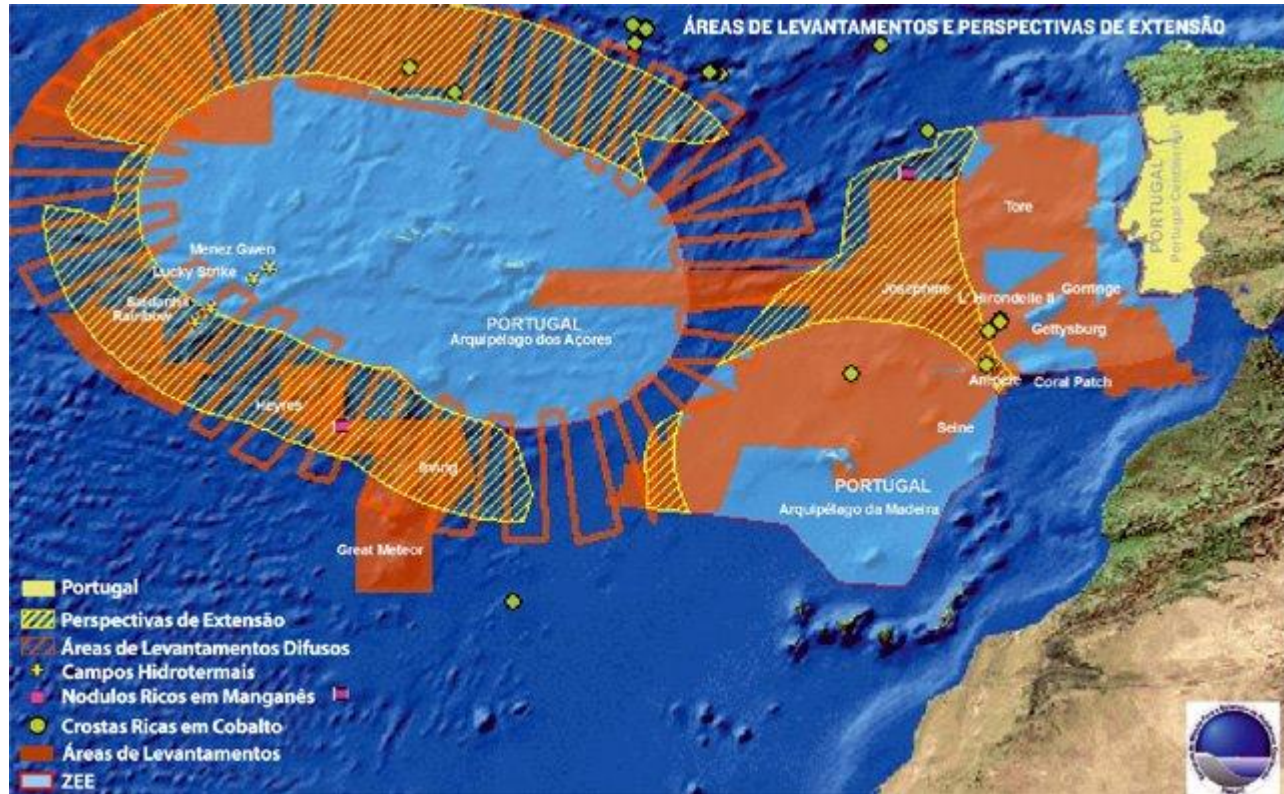
# Portugal Exclusive Economic Zone



In: [blogexperimental.blogspot.com](http://blogexperimental.blogspot.com)



# Portugal Exclusive Economic Zone

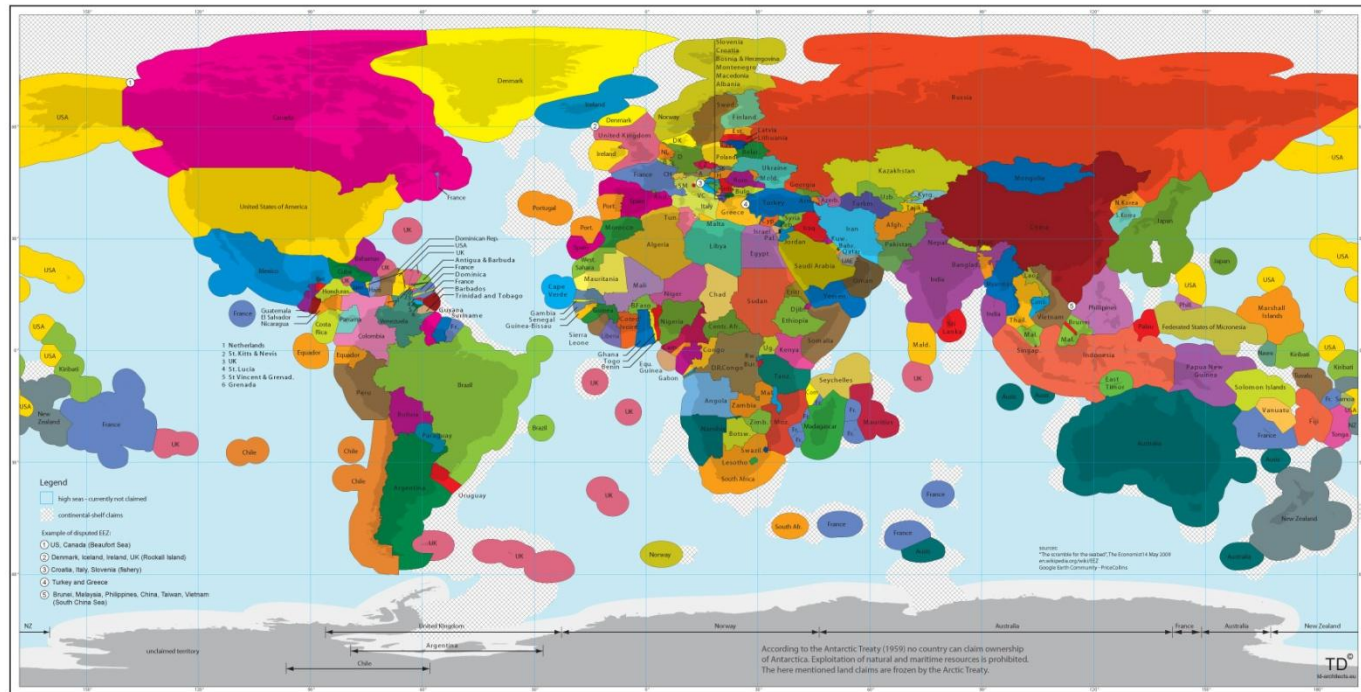


In: [algarvefarenses.blogspot.com](http://algarvefarenses.blogspot.com)

# Exclusive Economic Zone

## Exclusive Economic Zone

Text and Graphics Theo Deutinger



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, 11<sup>th</sup> December 2007, changed by European Commission Decision C (2009) 1915 , 13<sup>th</sup> March 2009, regarding the areas:

Continental Portugal, Azores and Madeira



## Portuguese Organization

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- 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, 16<sup>th</sup> 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)

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## 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](http://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, 15<sup>th</sup> 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, 23<sup>th</sup> 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](http://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)

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### 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](http://www.dgrm.min-agricultura.pt)



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## 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, 16<sup>th</sup> July 2008, in accordance with preview define by Regulations 1198/2006, 27<sup>th</sup> of July 2006 and 498/2007, 26<sup>th</sup> of March 2007.

## EFF 2007-2013

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### 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

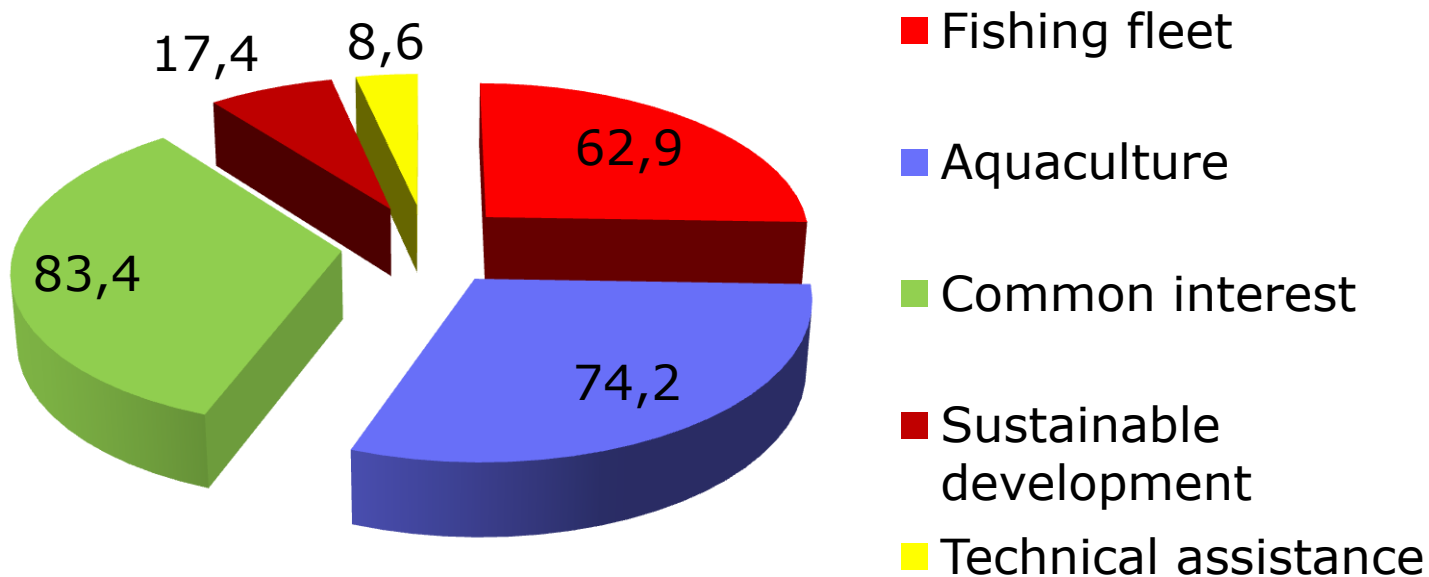
In M€

| A<br>x<br>i<br>s | Programming<br>(a)     |       | Approvals<br>(b)       |       | Payments<br>(c)        |      | b/a | c/a |
|------------------|------------------------|-------|------------------------|-------|------------------------|------|-----|-----|
|                  | Eligible<br>investment | EFF   | Eligible<br>investment | EFF   | Eligible<br>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](http://www.dgrm.min-agricultura.pt)

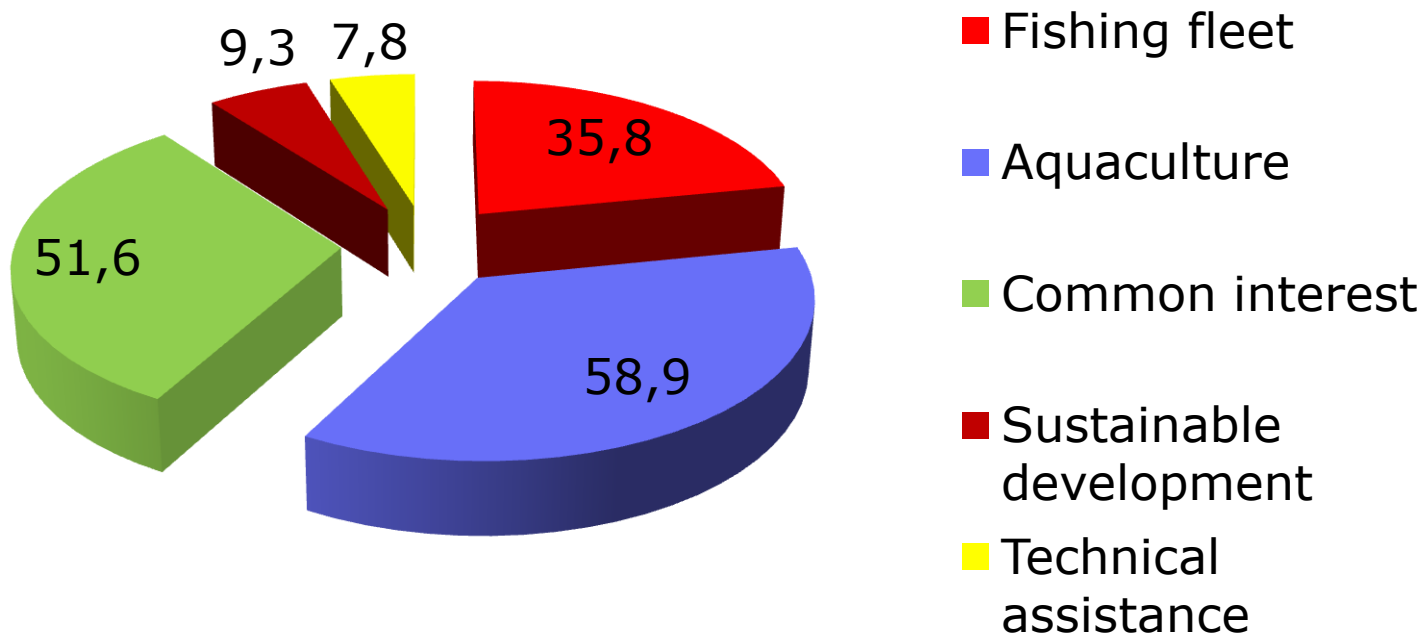
# PROMAR 2007-2013

## EFF Programming (March 2011)



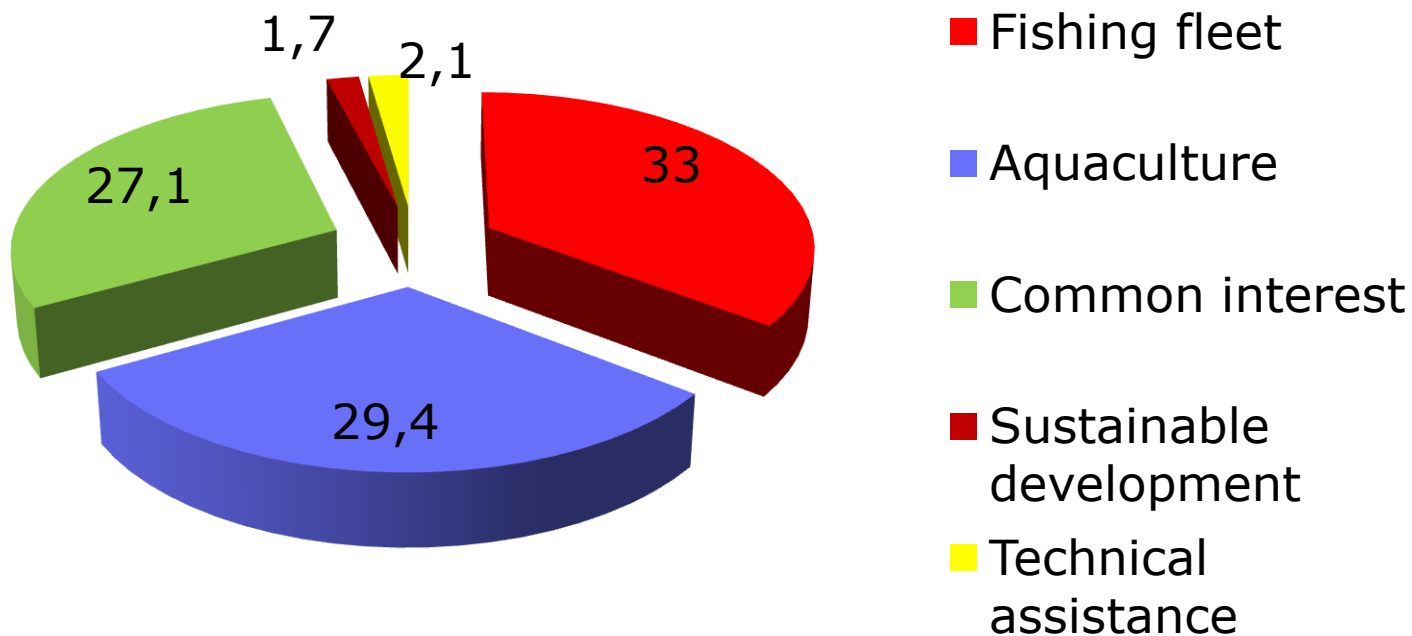
# PROMAR 2007-2013

## EFF Approvals (February 2013)



# PROMAR 2007-2013

## EFF Payments (February 2013)





# PROMAR 2007-2013

In €

| Fishing fleet (1)    | EFF<br>Programming | EFF<br>Approvals  | EFF<br>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         |
| <b>TOTAL</b>         | <b>62.865.134</b>  | <b>35.813.711</b> | <b>32.971.904</b> |

# PROMAR 2007-2013

In €

| Aquaculture (2)      | EFF<br>Programming | EFF<br>Approvals  | EFF<br>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           |
| <b>TOTAL</b>         | <b>74.187.067</b>  | <b>58.860.494</b> | <b>29.410.453</b> |

# PROMAR 2007-2013

In €

| Common interest (3)  | EFF<br>Programming | EFF<br>Approvals  | EFF<br>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           |
| <b>TOTAL</b>         | <b>83.407.876</b>  | <b>51.645.801</b> | <b>27.145.607</b> |

# 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                |
| <b>TOTAL</b>                | <b>17.403.406</b> | <b>9.251.478</b> | <b>1.741.177</b> |

# 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           |
| <b>TOTAL</b>             | <b>8.621.766</b> | <b>7.797.974</b> | <b>2.098.683</b> |

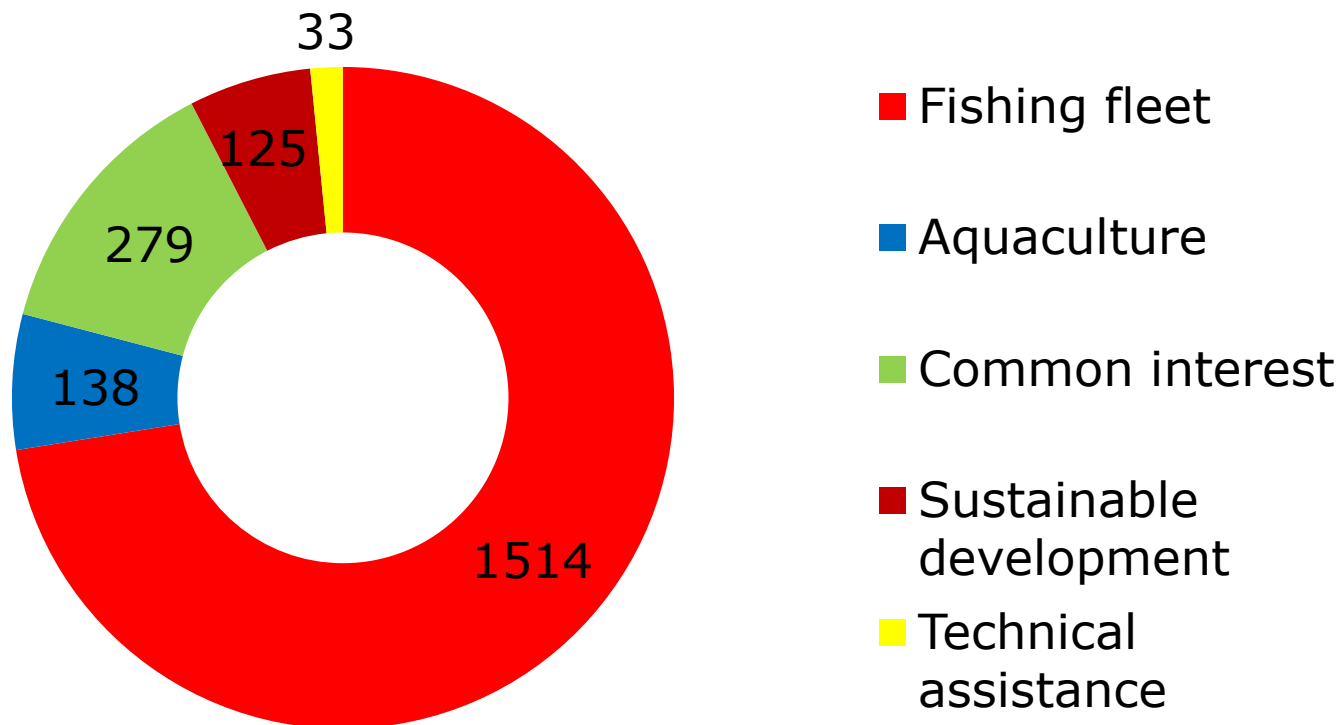
# PROMAR 2007-2013 (Approvals)

In €

| AXIS                    | Approvals<br>Projects | Eligible<br>Investment | Public<br>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          |
| <b>TOTAL</b>            | <b>2.089</b>          | <b>321.950.954</b>     | <b>216.074.339</b>    | <b>163.369.458</b> |

## PROMAR 2007-2013

### EFF Number of Projects



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## Practices on reporting irregular cases in Portugal



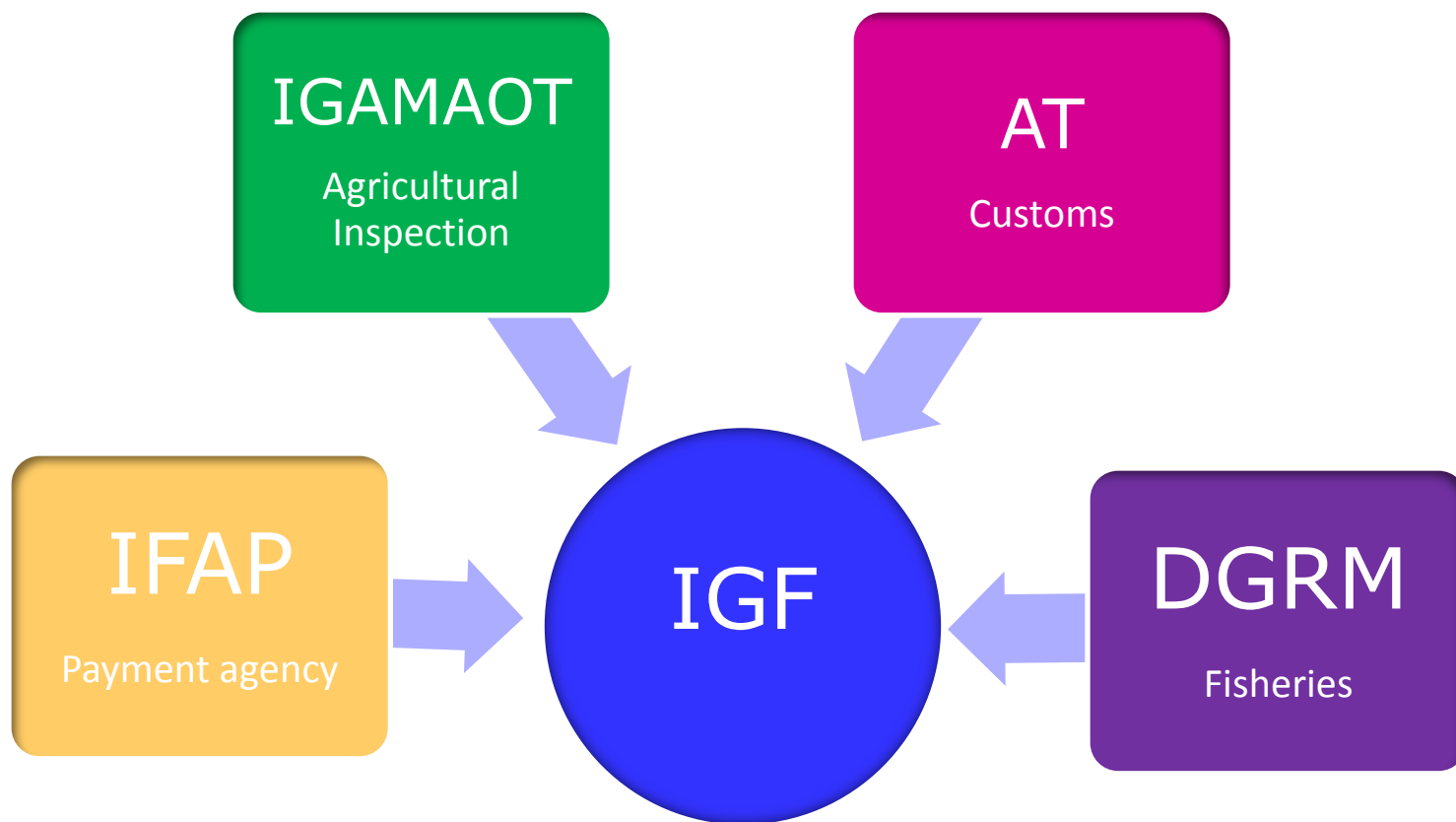
## CIFG (EAGF and EAFRD)

- 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, 14<sup>th</sup> 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, 8<sup>th</sup> 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)

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- 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)

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- 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)



To IGF

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



To Written Consultation

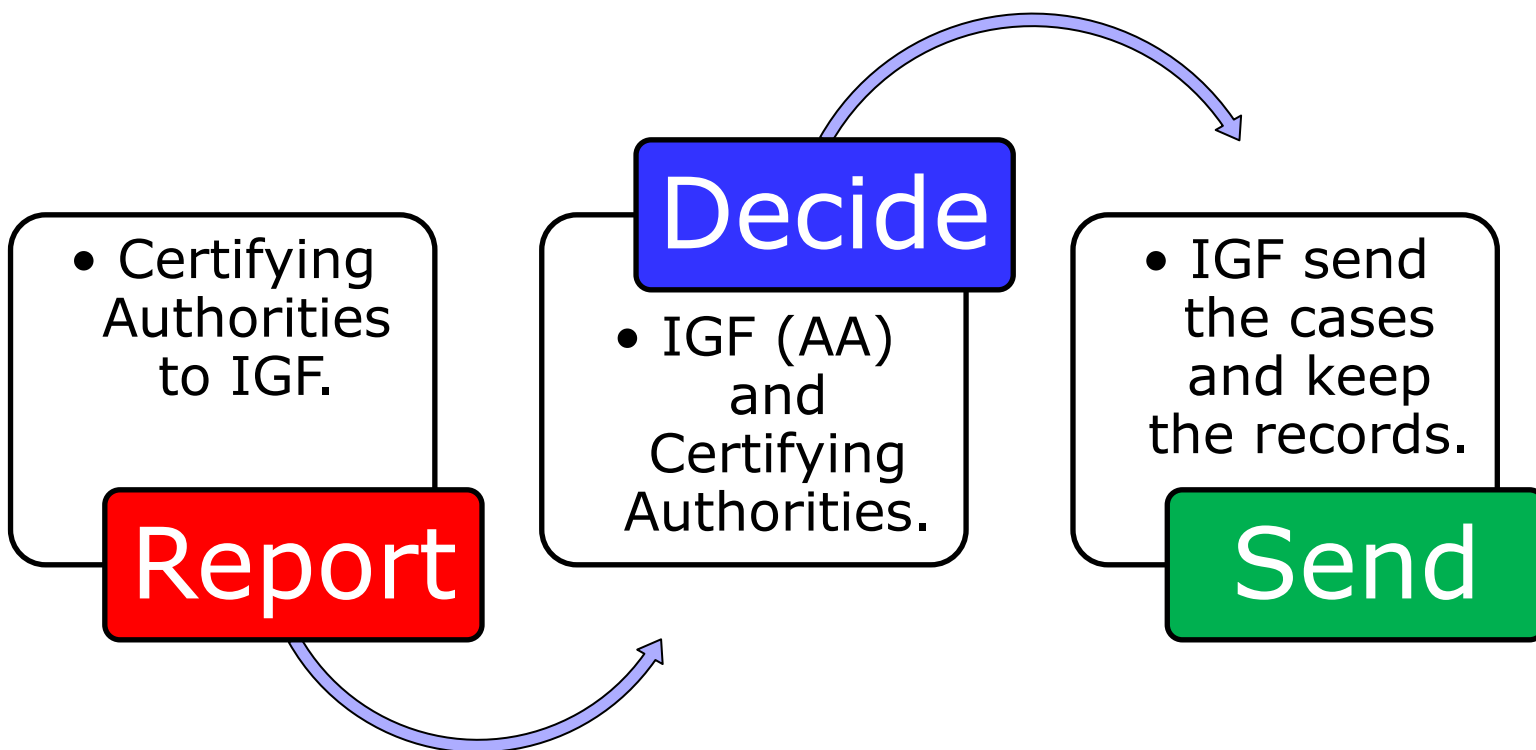
- The cases are approved by the diverse entities responsible.



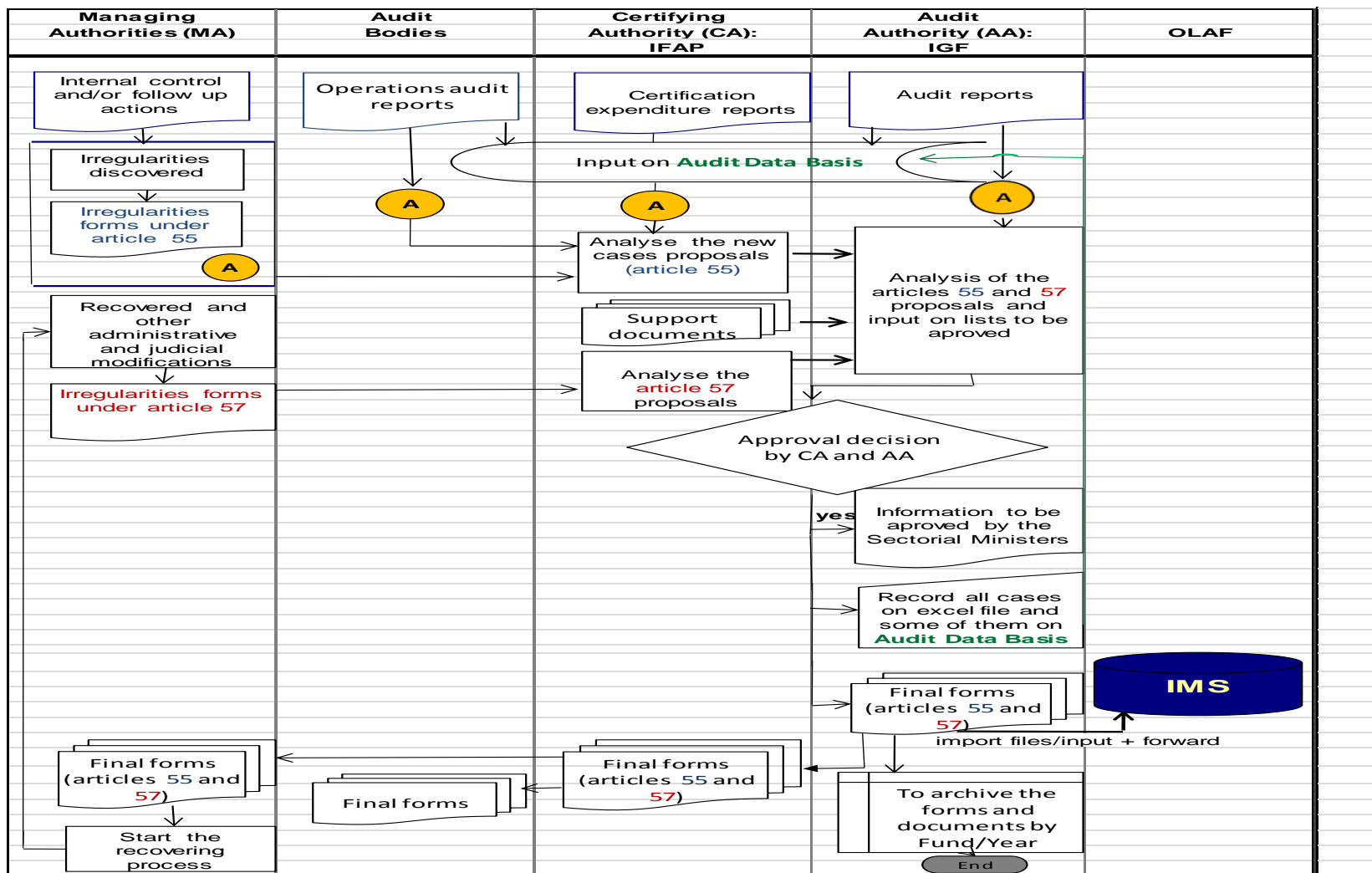
To OLAF

- 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.

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## 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              |
| <b>Total</b> | <b>1.093.333,42</b> | <b>177.160,72</b> | <b>916.172,71</b> |

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## Future Perspective for Portugal

## National Strategy for the Sea

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- 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 1<sup>st</sup> March till 31<sup>th</sup> May 2013.
- o This process is being coordinated by Direção-Geral de Política do Mar.

Site: [www.dgpm.gov.pt](http://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](http://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<sup>o</sup> 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.



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Thanks for your attention.

[custodiamartins@igf.min-financas.pt](mailto:custodiamartins@igf.min-financas.pt)