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COVER NOTE

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to:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
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Subject:	Commission staff working paper: **Executive summary of the impact assessment** accompanying the document "Proposal for a European Parliament and Council Regulation establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the "Pericles 2020" programme)"

Delegations will find attached Commission document SEC(2011) 1614 final.

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COMMISSION STAFF WORKING PAPER

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Proposal for a EUROPEAN PARLIAMENT AND COUNCIL Regulation

establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the 'Pericles 2020' programme)

{COM(2011) 913 final}
{SEC(2011) 1615 final}

Executive summary of the Impact Assessment on the Pericles programme

1. POLICY CONTEXT AND CONTRIBUTION TO EU PRIORITIES

The **Pericles programme is an exchange, assistance and training programme** for the protection of the euro against counterfeiting. It is administered by OLAF.

The Treaty reflects concerns about the protection of the euro by providing for the measures necessary for its use as a single currency (Article 133 TFEU). Council Regulation (EC) No 1338/2001[1] lays down measures necessary for the protection of the euro against counterfeiting and provides for exchanges of information, cooperation and mutual assistance, thereby establishing a harmonised framework for the protection of the euro.

The proposed budget for Pericles 2014-2020 is € 1 million per year.

2. CONSULTATION OF INTERESTED PARTIES

The impact assessment reflects consultations with stakeholders, especially in Member State operational services, other Commission services and other EU bodies, and also OLAF's operational experience and the Commission's experience in managing the programme. It incorporates material from the mid-term evaluation of the programme that was completed in early 2011.

3. PROBLEM DEFINITION AND INTERVENTION LOGIC

3.1. Scale

Protection of the euro against counterfeiting is an unremitting effort based on close cooperation between European institutions and Member States. The Pericles programme meets the need for the continuing vigilance, training and technical assistance necessary to sustain the protection of the euro against counterfeiting, by providing a stable framework for the planning of Member States' activities.

The Euro Counterfeiting Experts Group (ECEG) coordinates and is associated with the implementation of Pericles activities.

3.2. Drivers

The impact assessment identifies the following key drivers which Pericles 2020 should address:

– the euro continues to be a target for organised crime groups active in counterfeiting money, not only in Europe but also in other regions of the world such as South America and Eastern Asia;

[1] OJ L 181, 4.7.2001, p. 6.

– differences in incentives and capacities between countries impede uniform protection of the euro against counterfeiting.

3.3. Problems

Under each driver, specific problems are identified. These include: maintaining the priority that EU Member States attach to the fight against euro counterfeiting, reinforcing the protection of the euro in South-East Europe and expanding coverage in South America, and identifying areas where a risk is emerging.

4. PROGRAMME OBJECTIVES

4.1. General objective

The general objective of the Programme shall be to prevent and combat counterfeiting and fraud thus enhancing the competitiveness of the European economy and securing the sustainability of public finances.

4.2. Specific objective

The specific objective of the Programme shall be to protect the euro banknotes and coins against counterfeiting and related fraud, by supporting and supplement the measures undertaken by the Member States and assisting the competent national and European authorities in their efforts to develop between themselves and with the European Commission a close and regular cooperation, also including third countries and international organisations.

This objective shall be measured, inter alia, through the effectiveness of action by financial, technical, law-enforcement and judicial authorities, as measured through the number of counterfeits detected, illegal workshops dismantled, individuals arrested and sanctions imposed.

5. SUBSIDIARITY AND EU ADDED VALUE

The euro continues to be an attractive target for organised crime groups active in counterfeiting money, not only in Europe but also in other regions of the world. The international dimension of the threat with respect to euro counterfeiting calls for supranational coordination in facing it; through the Pericles programme, the Commission conducts such coordination by way of exchanges, training activities and technical assistance. In particular, by implementing a specific training and assistance strategy agreed with Member States, the programme complements national training by adding a multidisciplinary and transnational dimension. It offers beneficiaries the opportunity to take part in international training, and raises the standard of cooperation outside the European Union by directly involving the most sensitive third countries in specific training activities.

6. DESCRIPTION OF POLICY OPTIONS

Option 1: Continue the programme with the same level of funding (baseline scenario).

Option 2: Renew the Pericles programme with improved objectives and methodology, including in particular an increased maximum rate of co-financing.

Option 3: Merge Pericles with other Commission programmes.

Option 4: Discontinue the Pericles programme, and leave it for Member States to organise activities at national level for protecting the euro.

In the light of past experience, which is closely linked to the activities of both the Member States and the Commission in protecting the euro, as well as the expected impact, including through developing activities, the option to renew the programme with improved objectives and methodology is preferred. This option has a budgetary allocation in real prices that remains similar to the current allocation (approximately one million euros per year). It adds flexibility in determining the amount of the grant by simplifying the determination of costs to be borne by Member States[2]; it broadens the range of eligible activities by making it possible to finance the purchase of equipment to be used by specialised anti-counterfeiting agencies in third countries for protecting the euro against counterfeiting; and it increases the rate of co-financing up to a maximum of 90% of eligible costs, in duly substantiated exceptional cases. This should provide a response to a trend that has emerged in recent years, whereby Member States are less able to co-finance projects due to the general lack of funds available to public administrations. The higher rate of co-financing will particularly facilitate a more balanced geographic distribution of activities by offering wider scope for Member States to apply.

In contrast, discontinuing the programme would reduce expenditure at EU level, but without generating real savings and offsetting resources at national level or in the framework of another EU programme, and would therefore put at risk the effective and uniform protection of the euro across the Member States and in third countries.

7. LINKS WITH OTHER POST-2013 INITIATIVES

The necessary coordination has taken place between OLAF and other Commission services to avoid overlaps or confusion between programmes.

8. SIMPLIFICATION AND REDUCTION OF THE ADMINISTRATIVE BURDEN

Based on the results of the mid-term evaluation, the programme will make it simpler for competent national authorities to prepare applications. To simplify procedures and reduce the administrative burden, the calculation of the amounts to be granted will be made clearer and the programme more user-friendly. The legislation will be amended to allow more flexibility in the use of the granted amount; this objective will be achieved by simplifying those financial provisions in the programme which define strictly the specific costs to be borne by the Member States and by the Commission.

Another simplification measure envisaged involves directly informing and consulting the Member States' representatives in the Euro Counterfeiting Experts Group (ECEG) at different stages of implementation of the programme.

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[2] See Articles 8-11 of Council Decision 2001/923/EC of 17 December 2001.

9. MONITORING AND EVALUATION

Annual reports on results, including consistency and complementarity with other EU programmes, will be made to the European Parliament and to the Council; in addition, an independent assessment of achievement of the objectives of the programme — mid-term evaluation — is planned (not later than 31 December 2017). Also, a final report on the achievement of the objectives of the programme will be sent to the budgetary authority by the end of 2021.