



EUROPEAN UNION

## Key recommendations of the High Level Group on Simplification for the post 2020 Cohesion Policy

The High Level Group on monitoring simplification for beneficiaries of the European Structural and Investment Funds was set up by the European Commission in July 2015. This group of 12 experts advises the Commission on how to cut red tape in the management and access to the funds.

The Group was tasked with identifying opportunities to strip cohesion policy rules of unnecessary complexity, in the context of the reflection on the post 2020 budgetary framework.

### ALIGNMENT OF HORIZONTAL RULES BETWEEN EU FUNDS

#### CURRENT SITUATION:

Different rules, for example in the field of state aid or public procurement, make synergies difficult between the different EU funds, such as Cohesion Policy funds, the European Fund for Strategic Investments (EFSI), Horizon 2020 or COSME, although they often pursue the same objectives: to create jobs, growth and to boost the competitiveness of businesses.

#### PROBLEM TO ADDRESS:

These differences create complexity for beneficiaries as they often apply for funding from different sources. Important disparities also exist in terms of easy access to funding. For example, EFSI support is technically easier to access for small businesses, in terms of status checks for eligibility or controls and conditions related to state aid.

#### RECOMMENDED SOLUTION:

Projects financed by Cohesion Policy should not receive more restrictive treatment than similar projects under central EU management. This principle of equal treatment, including the selection method and criteria, should also apply to the financial instruments irrespective of whether they are implemented by the European Investment Bank or national promotional banks.

#### WHAT IT MEANS FOR BENEFICIARIES:

Small businesses and start-ups would be more eager to apply for EU funding with simplified, streamlined procedures. Combinations of EU funds would be easier which would prevent duplication, scattering of resources and would put the EU budget to best use.

## FEWER, CLEARER, SHORTER RULES

### CURRENT SITUATION:

More than 600 pages of regulations accompanied by more than 5000 pages of guidelines are currently governing cohesion policy. The rules defining scope and conditions of support are included both in each of the operational programmes and in the partnership agreement at national level. These rules are then complemented by detailed eligibility rules which are in principle decided at national or programme level.

### PROBLEM TO ADDRESS:

Beneficiaries, especially the smallest ones, like SMEs and start-ups, are overwhelmed by the amount of - often overlapping - rules

### RECOMMENDED SOLUTION:

Cohesion policy should be based on shorter regulations and fewer guidelines. Operational programmes should be concise, strategic documents. In order to prevent new rules from piling up again, every new requirement should be compensated for by abolishing another requirement instead.

### WHAT IT MEANS FOR BENEFICIARIES:

There would be fewer rules, easier to identify and understand, and the risk of making mistakes would be much smaller. This would also contribute to making EU support more attractive for businesses.

## GENUINE SUBSIDIARITY AND PROPORTIONALITY

### CURRENT SITUATION:

In the race to prevent errors, more and more “double checks” and other redundant procedures have been introduced, even if the expenditure to be reimbursed has already been subject to effective checks under national budget rules.

### PROBLEM TO ADDRESS:

For beneficiaries such as small businesses and start-ups, it means having to satisfy double sets of standards, which can increase the risk of mistakes. It also brings uncertainty, if the permits they receive might be challenged later.

### RECOMMENDED SOLUTION:

National procedures in respect of public expenditure should be considered sufficient. Beneficiaries know these procedures because they apply them on a daily basis outside the context of EU funds. The current Cohesion Policy framework already includes a system for checking national rules and administrative capacities in the beginning of the funding period. We could rely on the national rules to a much larger extent, even without repeating the checks already done in the beginning of the 2014-2020 period,

### WHAT IT MEANS FOR BENEFICIARIES:

SMEs and other beneficiaries would not need to learn how to apply new rules. Only rules which do not exist at national level would be needed.

## A STABLE YET FLEXIBLE FRAMEWORK

### CURRENT SITUATION:

Every seven years new regulations are put in place, even if the same institutions continue to provide support to beneficiaries. This means having to update IT systems, change application forms, elaborate new procedures etc.

### PROBLEM TO ADDRESS:

The need to re-appoint institutions creates delays in the beginning of the programming period. Businesses looking for support have to adjust their business plans to fit the financing schedule rather than their needs.

### RECOMMENDED SOLUTION:

Cleaning up the current regulations, removing unnecessary requirements and not rewriting new rules as beneficiaries learnt them over the years. To be able to adapt to new circumstances or challenges, Cohesion Policy programmes could also be modified more easily, for example by relying on the validation of monitoring committees in presence of the Commission.

### WHAT IT MEANS FOR BENEFICIARIES:

Documents needed for support which have been prepared in the past may be used in the future. When the institutional system is stable, they will also benefit from more experienced administration. Funds could be redeployed to respond to new challenges.

## SINGLE AUDIT PRINCIPLE

### CURRENT SITUATION:

The implementation system of Cohesion policy has become one of the most effective enforcement mechanisms for a range of EU policies such as public procurement, environmental acquis or state aid. Controls and audits have helped identify issues with the transposition of directives or with the institutional capacity of those public bodies applying them. Simplification should contribute to having a reasonable level of controls, further increasing the effectiveness of audit work and keeping the highest standards in terms of protection of the EU budget.

### PROBLEM TO ADDRESS:

Beneficiaries face an ever-growing number of rules which makes applying for EU funding less attractive.

### RECOMMENDED SOLUTION:

Fewer rules and extension of the single audit principle, on the basis of the idea that each level of control builds on the preceding one. Additional checks may be needed if it is established that in a given Member State or region there is a serious deficiency.

### WHAT IT MEANS FOR BENEFICIARIES:

Fewer controls, in particular for smaller beneficiaries as SMEs, and avoiding that the beneficiary is confronted with diverging views from different authorities.