EU BUDGET FOR THE FUTURE

Regional Development and Cohesion

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A SIMPLER AND MORE FLEXIBLE FRAMEWORK FOR COHESION POLICY

Over the years, Cohesion Policy rules at EU and national level have grown in number and complexity. It has made the daily management of the funds difficult and often deterred businesses from applying for EU support.

With this in mind, **the Commission proposes A GOOD CLEAN-UP of the rules in the 2021-2027 period, with a rulebook half the volume of the previous one**.

Experience, particularly the migration challenge, has shown that the EU budget needs to be more responsive. **This is why the Commission also proposes to make the Cohesion Policy framework more flexible, to be able to cope with unforeseen events**.

LESS RED TAPE FOR BUSINESSES BENEFITTING FROM EU FUNDS

The new framework promotes the use of **simplified costs options** so that businesses can get reimbursed without having to present every single invoice or pay slip; they can use fixed costs and estimates for staff, insurance or rent expenses. They can also be reimbursed on the basis of results achieved. **It means a drastic reduction in administrative costs and, of course, less paperwork.**

More proportionate audit and controls: for the EU funds programmes less at risk, the Commission proposes a lighter system of control based on well-functioning national procedures. The "single audit" principle is extended: it means fewer controls for small businesses.

AN EASIER LIFE FOR NATIONAL AND REGIONAL PROGRAMME MANAGERS

A **single rulebook** now covers 7 EU funds implemented in shared management: the European Regional Development Fund, the Cohesion Fund; the European Social Fund+, the European Maritime and Fisheries Fund, the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument. **This will make life easier for the authorities dealing with one or several funds and facilitate synergies**.

There will be no need to repeat the time-consuming designation process of the authorities in charge of implementing Cohesion Policy programmes in the 2014-2020 period as **Member States can roll-over the existing implementation system** and use EU funds as of day 1.

WHAT DOES 'SHARED MANAGEMENT' MEAN?

There are two main types of EU funding: funds which are managed centrally and directly by the Commission (Horizon Europe, for example) and funds which management is shared between the EU and Member States ('shared management'), as it is the case for Cohesion Policy funds.

Under shared management, Member States are primarily in charge of selecting, implementing and monitoring EU-funded projects. However, the management of Cohesion Policy programmes is often decentralised. Usually, regional authorities, even urban authorities in some cases, select and implement projects.

They allocate the funds to the beneficiaries (municipalities, associations or businesses) on the basis of an investment strategy agreed with the Commission and concrete targets and results to achieve, detailed in the programmes.

Authorities responsible for EU funds in the Member States have to set up management and control systems complying with EU requirements. They have to ensure that this system functions effectively to prevent, detect, and correct irregularities. The Commission plays a supervisory role. It verifies whether the systems in place are efficient and follows up on irregularities, where necessary.

COMBINING STABILITY IN INVESTMENT PLANNING AND ENOUGH FLEXIBILITY TO COPE WITH UNFORESEEN EVENTS AND NEW PRIORITIES

Only the first five years of investment planning under Cohesion Policy programmes will be set. For the last two years of the period, investment decisions will be made on the basis of **an in-depth mid-term review, leading to adjustments in 2025**. The review will take into account changes in the socio-economic situation, new challenges identified in the context of the European Semester and the performance of the programmes so far.

Within certain limits, **resources can be transferred from one priority for investments to another** within a programme, without the need for formal Commission approval.

A special provision in the new rulebook makes it easier to **mobilise EU funding as of day one in the event of a natural disaster**.

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