



EUROPEAN COMMISSION

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C(2016) 5310 final*

Dear President,

The Commission would like to thank the Senát for its Opinion on the Communication "Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds" {COM(2015) 639 final}.

This Communication provides an overview of what the European Structural and Investment Funds (ESIF) are expected to achieve during 2014-2020, directly contributing to the Commission's political priorities such as the Digital Single Market, the Energy Union with a Forward-Looking Climate Change Policy and deepening the Single Market. It also includes the outcomes of the negotiations with all Member States on the Partnership Agreements and programmes.

The Commission welcomes the Senát's support for the Communication and shares its views on the socio-economic benefits of ESIF in the Czech Republic at the national, regional and local levels. More specifically, the Commission appreciates the Senát's support for the reformed framework of the ESIF for the 2014-2020 period that has put more emphasis on results and has improved the focus of investments. Ensuring an appropriate pace of absorption of the funds should be seen as part of the overall performance, especially in the post-crisis recovery period when ESIF constitutes an important part of public investment in many Member States. The Commission fully agrees with the Senát on the wider use of financial instruments in the new programming period as well as on the benefits the combination of ESIF with the European Fund for Strategic Investment (EFSI) may bring.

Nevertheless, the Commission also notes the Senát's concerns regarding the upcoming review of the Multiannual Financial Framework (MFF) 2014-2020.

The mid-term review of the MFF will be an opportunity to examine its current functioning, including for the European cohesion policy. The Commission will aim to improve the implementation of the cohesion policy by making proposals on how to further simplify it for beneficiaries, how to make ESIF more responsive to address emerging challenges such as the migration crisis and how to facilitate the combination of cohesion funding with EFSI. These

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improvements will not in any case mean a substantial change in the design and implementation of the programmes agreed between the Commission and the Czech authorities. The mid-term review will be presented by the end of 2016 at the latest and the Commission is looking forward to swift and constructive negotiations with the European Parliament and the Council.

The Commission agrees with the Senát that simplification and reducing the administrative burden for the beneficiaries is an important challenge. The Commission is eager to listen to Member States authorities' and beneficiaries' experiences with the practical implementation of the new elements of the reformed cohesion policy and for this purpose the High-Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the ESIF was established in July 2015.

In response to the more technical questions in the Opinion, the Commission would like to refer the Senát to the Annex to this letter.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Senát and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Violeta Bulc
Member of the Commission*

ANNEX

The Commission has carefully considered each of the issues raised by the Sénat in its Opinion and is pleased to offer the following clarifications.

On the combination of European Structural and Investment Funds (ESIF) with the European Fund for Strategic Investments (EFSI):

The Commission promotes coordination and complementarity between interventions supported by the ESIF and other Union instruments as set out in the Common Strategic Framework (Annex I of the Common Provisions Regulation¹).

As regards the combination of ESIF with the EFSI, the Commission recently published a brochure entitled "European Structural and Investment Funds and European Fund for Strategic Investments complementarities"² explaining how to ensure coordination, synergies and complementarities between the two instruments. Indeed, their combination can add value by increasing the volume of investments, leveraging more private investments, financing riskier projects and reaching out to more regions. Combining ESIF and EFSI is possible for individual projects or at financial instrument level (i.e. for supporting several projects through, for example, a loan fund or a guarantee fund) in cases where the respective applicable eligibility criteria are satisfied. ESIF programmes and EFSI may cover different risks and may support different or the same parts of the capital structure of a project or a layered investment platform provided that the rules of double funding and preferential remuneration are complied with.

The legal framework is constituted by Regulation (EU) No 1303/2013 ('Common Provisions Regulation') as regards ESIF financing and Regulation (EU) 2015/1017 as regards EFSI financing³.

Referring to the particular issue of avoiding double-financing, it should be underlined that EFSI-backed European Investment Bank financing cannot be treated as national co-financing of an ESIF project and consequently cannot be declared as eligible expenditure.

In practical terms, separate records should be maintained for support from an ESIF programme and from EFSI. Further explanations and information can be found in the aforementioned brochure.

On simplification:

The Commission welcomes the Sénat's position on simplification in view of reducing administrative burdens for applicants applying for funding and increasing the effectiveness and efficiency of the cohesion policy. In line with the shared management principle, simplification can only be achieved in close cooperation between the European Union and the Member States. It is important that Member States and regions actively take up the

¹ OJ L 347, 20.12.2013, pp. 320-469.

² http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/efsi_esif_compl_en.pdf

³ OJ L 169, 1.7.2015, pp. 1-38.

opportunities for simplification provided in the legislative framework to ensure that the funds are easily accessible and attractive for beneficiaries.

It should be recalled that only the templates used for applying for ESIF support to a major project are set out in the EU provisions. The other templates for grants applications are developed and adopted by the relevant Member States authorities. Moreover, the single audit principle was significantly strengthened in the Common Provisions Regulation in comparison with the previous programming period.

In line with the orientations of EU budget focused on result (BFOR) initiative, simplification and performance are also likely to play a key role in the preparation of the post-2020 programming period.