Measures proposed for simplification

Cohesion Policy post-2020
✓ 7 Funds, 1 rulebook
✓ Proposed post-2020 CPR = 1/2 the length of the 2014-2020 CPR
✓ Handbook of 80 key administrative simplifications
New CPR structure compared to 2014-2020

- Follows the logic of implementation cycle
  - Policy objectives and principles, enabling and other conditions, performance framework, programming, territorial development, monitoring, management and control, financial management etc.

- Beneficiary/MA – friendly

- Sets out the common and Fund-specific rules:
  - Article 1 CPR defines applicability of rules to specific Funds
  - Further fund-specific aspects in relevant articles → avoids duplication of provisions

- Significant reduction in secondary legislation
Simpler structure of the Fund-specific Regulations

- **One common ERDF/CF Regulation**
  - Specific objectives (limited subset for Cohesion Fund)
  - Exclusions from the scope and indicators
  - Thematic concentration, sustainable urban development for ERDF only
  - Different scope of support for each Fund

- **A single ESF+ Regulation**
  - Merger of ESF, FEAD and YEI
  - Easier combination of social inclusion and activation measures
  - Simpler rules for material deprivation maintained

- **More self-standing Interreg regulation**
New CPR and EAFRD

- EAFRD not covered by the new CPR…
  - …but some CPR provisions are applicable to EAFRD
- Not to interfere with stronger integration between Pillars I and II of CAP
- CPR provisions applicable to EAFRD:
  - Macroeconomic conditionality (Chapter III of Title II CPR)
  - Integrated territorial development incl. CLLD (Chapter II of Title III CPR)
  - Communication and visibility (Articles 41 and 43 CPR)
  - Financial instruments (Articles 52-56)
  - Contribution to InvestEU (Article 10)
Policy framework
A streamlined policy framework

- **Shorter menu, more flexibility 11 TO 5 PO**
  - 11 thematic objectives are simplified and consolidated into 5 policy objectives (Art. 4 CPR)
  - More flexibility, no strict demarcation
  - Easier to programme, easier to shift within priorities
  - Simpler wording for policy and specific objectives

- **Administrative capacity integrated with sectorial objectives**

- **Simpler thematic concentration mechanics for ERDF and ESF+**
Conditions
Enabling conditions I.

- **Key approach maintained from 2014-2020** (Article 11 CPR)
  - Conditions linked to specific objectives
  - Assessment of fulfillment in programmes
  - MS reports to COM once the condition is fulfilled
  - COM performs an assessment and informs the MS

- **NEW!**
  - Automatic applicability of enabling conditions
  - Fulfilment needed to send payment applications to COM for corresponding expenditure
  - No action plans for unfulfilled conditions
  - Fulfilment requirement throughout the period
  - Effective application in selection of operations
Enabling conditions II.

Content: *(Annexes III and IV CPR)*

- Fewer conditions: from 35 to 20 = 4 horizontal + 16 thematic
- Majority of ex ante conditionalities were fulfilled in 2014-2020 and hence no longer needed
- No repetition of existing legal obligations – applies anyway
- Focus on effectiveness of spending
- Clearer and fewer fulfilment criteria detailed in the annexes
- Tangible criteria, legally robust, result oriented (no more guidance)
Strategic programming
More strategic programming I.

- No more Common Strategic Framework
- Partnership Agreement (PA)
  - One strategic document per Member State to guide the negotiations (Art. 7, 8 CPR)
  - No more changes of the PA after the initial adoption (Art. 9 CPR)
  - No overlaps with programmes; possible to submit as part of a programme (Art. 7(4) CPR)
  - Only key information required in structured form (Art. 8 CPR, Annex II)
  - Voluntary – one submission for two processes (PA as part of NRP) (Art. 7(3) CPR)
More strategic programming II.

Programmes

- Shorter, better structured with only key information required (Art. 17 CPR and Annex V)
- Necessary "building blocks" for detailed programming in the COM proposals – types of interventions, climate change earmarking, indicators (Annex I CPR, Annex I, II ERDF/CF, Annexes I and II ESF+)
- Streamlined intervention logic (Art. 17 CPR)
- Simplified cost options and financing not linked to costs schemes - part of programming (Annex V CPR)
More strategic programming III.

Programming process

- Non-substantial changes in financial allocation without Commission decision (Art. 19(5) CPR)
- Minor changes and corrections do not require a Commission decision (Art. 19(6) CPR)
- Mid-term review encompasses performance review and technical adjustment (Art. 14 CPR)
Territorial tools
Territorial dimension

- **Dedicated policy objective 5**
  - may combine activities financed under all other policy objectives (Art. 4(1)(e), 22-27 CPR, Art. 8-9 ERDF/CF)

- **Urban sustainability goal**
  - can be attained through different instruments and policy objectives (Art. 22 CPR and Art. 9 ERDF)

- **European Urban Initiative**
  - a coherent product for cities (Art.10 ERDF/CF)
Territorial tools

- **Same minimum rules for all territorial tools** (Art. 22-27 CPR)
  - Based on minimum set of requirements for territorial strategies
  - Less detailed provisions on ITI and CLLD

- **No need to establish new structure if existing tools function well**

- **Roll-over of established ITIs and CLLD instruments**

- **Multiple funds**
  - a "lead" fund option for CLLD

- **Clarity on the status of local authorities**
  - IB status needed if MA tasks other than selection carried out
Simpler implementation
Faster and simpler delivery of results I.

- No specific rules for major projects
- No specific rules for revenue generating projects
  - Member States still to apply State aid rules
- **Use of SCOs promoted** (Art. 48-51 CPR)
  - Less bureaucracy, lower error rates
- **Use of financing not linked to cost promoted** (Art. 46 CPR)
  - Focus on deliverables and results, rather than costs
Faster and simpler delivery of results II.

- **Technical assistance in function of progress in implementation** (Art. 31, 32 CPR)
  - Reimbursement in function of progress as per interim payment claims:
    - 2.5% 'topping-up' for ERDF and Cohesion Fund,
    - 4% for ESF+,
    - 5% for material deprivation programmes

- **Clearer, simpler rules on VAT eligibility** (Art.58 CPR)
  - Entirely eligible for projects < EUR 5 million; not eligible above
  - No grey areas, no interpretation needed.
Faster and simpler delivery of results III.

- Expenditure and projects outside the Member States are eligible (Art. 57 (4) CPR)
  - No restrictions as in 2014-2020 ("Article 70")

- Expenditure and project in different categories of regions (Art. 57(3) CPR)
  - A simple, pro-rata approach for ERDF
  - For ESF+ a single condition: operations to contribute to programme objectives

- Simpler transfer mechanism among Funds and instruments
  - Rules of receiving fund or instrument apply (Art. 21 CPR)

- "Seal of Excellence" concept applies (Art.67(5) CPR)
Management, control and audit
Management, control and audit I.

- **Designation procedure discontinued (no notification)**
  - Roll-over and early system audits

- **Reduced number of verification** (Art. 68(2) CPR)
  - Risk-based instead of 100% coverage of operations
  - Expected to reduce total administrative costs by 2-3%

- **A more proportionate approach to audits** (Art. 77-79 CPR)
  - Simpler audit requirements for programmes with good track record

- **Single audit arrangements** (Art. 74 CPR)
  - If Member States part of EPPO and audit opinions are reliable, the Commission will **only** audit the MS ‘audit authorities’
Management, control and audit II.

- **Simple accounting function** (Art. 70 CPR)
  - no verification at beneficiary level
  - accounting function by MA - no need for CA

- **Simplified acceptance of accounts** (Art. 92-96 CPR)
  - Expenditure to be cleared by Member State AAs
  - No need to submit zero accounts

- **Simpler template for accounts and payment application** (Annexes XIX-XX CPR)

- **Document retention** (Art. 76 CPR)
  - A simpler and clear rule (5 years from the last payment by the MA to beneficiary)
Financial instruments
Financial instruments I.

- Financial instruments as a form of financing for investments generating revenues or cost savings
  - Better integrated in programming, implementation and reporting

- Ex-ante assessment with fewer key elements and possible update (Art. 17(3), 52(3) CPR)
  - e.g. assessment of market failures in programmes

- Additional delivery mechanism: contribution to InvestEU (Art. 10 CPR)
  - Achieving policy objectives with increased leverage, better complementarity, increased risk coverage, higher economies of scale, lower administrative burden, simplified accountability
Financial instruments II.

- Flexible combination with grants in a single operation with FI (Art. 52(5) CPR)
  - Combining FIs and grants with ancillary programme support in one FI operation

- Simpler rules on management costs and fees (Art. 62(3) CPR)

- Streamlined rules on payments (Art. 85-86 CPR)
  - Still keeping the link between payments to FIs and corresponding disbursements to final recipients

- Clearer rules on re-use of resources returned (Art. 56 CPR)

- One reporting system (Art. 37 CPR)

- A simplified assurance system (Art. 75 CPR)
Monitoring and evaluation
More frequent but lighter reporting

- No obligation to conduct an ex ante evaluation
- **Real time reporting instead of annual report** (Art.37 CPR)
  - Frequent up-to-date information to be fed into Open Data Platform
  - Policy dialogue between partners to focus on real implementation issues
- **Single set of indicators** (Art.12-13 CPR, Art. 7 ERDF, Art. 15 and 21 ESF+)
  - High coverage through common output and result indicators
  - All indicators are part of performance framework
  - For ESF+ support: reduced number of indicators, use of registers, use of informed estimates by beneficiaries
- Elimination of performance reserve
Interreg-related elements

- Interreg – single branding (Art. 1 ETC)
- A more proportionate approach to audits (Art. 48(1) ETC)
- Incorporation of the external dimension
- Streamlining maritime cross-border co-operation (Art. 3(2) ETC)
- Eligibility rules in regulation (Art. 36-43 ETC)
- Small project fund (Art. 24 ETC)
- Simplified review: no obligation to be annual nor to organise a meeting (Art. 30 ETC)
- European Cross-Border Mechanism