



Simplification and cutting red tape in European Structural and Investment Funds

Public hearing on simplification - Committee on Regional Development - 15 October 2015

CEMR key message

For beneficiaries, a step toward simplification has taken with the flat rate approach, electronic documentation, simplified reporting, and streamlined performance management, etc. However, there are still too many rules for the managing authorities. In terms of integrating funds, there is frustration that the EU regulations provide the framework for efficient territorial development (via IB status, ITIs and CLLD), but Member States are reluctant to integrate and devolve funds in this way in practice on the ground.

1. Harmonisation of rules

The **multi-fund approach** is difficult to implement as there are different rules and different approaches to the different funds.

Instruments such as Intermediate Body (IB) status, ITIs and CLLD are **helpful in terms of simplification** but have **not been widely adopted** (as CEMR studies shows).

- Greater use of the new financial instruments would go towards simplification.
- The EU should move towards common processes and procedures wherever possible.
- As a long-term goal, a single integrated EU-to-local funding stream addressing all the varied growth needs of the local area (also beyond ESIF) could be a solution

Example

Combining ESF and ERDF into a single operational programme would allow an urban development programme to undertake construction work (ERDF) and run a builder training programme (ESF) to develop the skills of the individual workers involved, without having to apply to two separate funds (The cross-financing rule of 10% between ERDF and ESF is a welcome first step for some projects but not sufficiently flexible at programme level).

2. Flexibility

Flexibility is still not achieved: the Commission has set the priority themes and the percentages of the national programmes which must be spent on those themes.

Example

ERDF funding in the Netherlands: innovation as priority had to focus on transfer of knowledge, without taking into consideration other, more local needs.

3. Proportionality – control and audits

The Structural Funds continue to have a multi-layered level of audit, which leads to several checks of the same documents by different authorities at different levels and often results in different interpretations.

The European Commission tends to increase controls and reporting in countries where the European Court of Auditors (ECA) finds a high error rate in an ERDF programme. Such a general approach can be disproportionately heavy in other Member States.

- A **more proportionate and outcome based approach** would be welcome, focusing less on penalties and more on improvement.
- There should be a **more tailored approach** to each Member State and a differentiation between fraud and a mistake.
- A lighter process should be introduced by delegating more control to national audit bodies – safe in exceptional cases. For example a '**Single Information, Single Audit (SISA)**' system could be introduced, which is adopted by all parties involved (from Commission to beneficiaries).
- Any changes in the rules, or interpretations of the rules, which occur in mid-programme should **not be applied retrospectively** if they penalise Member States, managing authorities or local beneficiaries by suddenly placing them in a position of non-compliance.

Example

Sweden, Denmark and the Netherlands have national declarations to reduce the controls and fights against fraud and mistakes.

4. Results-based management

It is a pity that the Commission and Member States have given up the possibility of developing **Joint Action Plans** (JAPs). JAPs have the **potential of reducing bureaucracy and audit** in both ERDF and ESF as the body delivering JAPs is only accountable for the final outcomes.

One big **problem** is that **guidance was not clear and was provided at a very late stage**.

- Guidance documents need to be prepared in a timely manner.
- In the future, the Commission is asked to draft technical guidance at the same time as the proposals for new legislation.

Local beneficiaries are asking for information and guidance about how to implement the funds, for instance on state aid or communication. In theory the guidance provided by the European Commission should be enough and the managing authorities should not “gold-plate” them. However, the [guidance provided by the European Commission](#) is targeted to the managing authorities and are all in English.

- The Commission should provide more user-friendly guidance material in all EU languages.

5. General comment

There is a need for institutional capacity building in all Member States. Managing authorities should also do a better and greater use of Thematic Objective 11 (institutional capacity building) and of technical assistance.

Conclusion

The core questions remain:

- What is simplification? Can we agree on a common definition?
- What is the goal of simplification?
- Who should be the main beneficiaries of simplification?
- How can we achieve these objectives?

We believe that it would be very beneficial to involve all actors concerned in the reflection process and to allow a courageous approach. For local and regional authorities, the solution should be based:

- on trust
- by delegated responsibility from central government
- within a clearly set framework
- with results-based targets.

CEMR is the European umbrella organisation of local and regional government's associations. Its members are committed to contribute to a fruitful reflection process with the aim to find ways to really simplify European funding programmes and their implementation.

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