



**European Committee  
of the Regions**

**COTER-VI/035**

**127th plenary session, 31 January-1 February 2018**

## **OPINION**

### **Final conclusions and recommendations of the High Level Group on Simplification post-2020**

#### THE EUROPEAN COMMITTEE OF THE REGIONS

- emphasises that simplification of the ESI Funds must form a part of a reformed and improved cohesion policy for the future of Europe;
- welcomes the constructive nature of the High Level Group's recommendations and the clear statement that simplification is the task of all parties involved in the implementation and administration of the Funds – the Commission, the co-legislators, the Member States and regional and local authorities;
- notes that there are still a number of very important areas and subsidiary issues that the High Level Group's conclusions do not address or address only partially;
- confirms its strong support for the analysis set out by the HLG of the significant benefits of the shared management model for effective delivery of Cohesion Policy;
- underscores the importance of ensuring that the existing ESI funds (ERDF, ESF, EAFRD, Cohesion Fund, Fisheries Fund) stay together and are coordinated through common rules and provisions post-2020;
- confirms the support for the overarching objective outlined by the HLG of ensuring equal treatment and a level playing field for ESIF programmes and centrally managed funds and underscores the need for alignment of state aid and public procurement rules;
- suggests the establishment of One Stop Shops at national/regional level to help beneficiaries handle ESI and non-ESI funds together;
- points to the lessons to be learned from the delays experienced at the start of the current programming period and underscores the critical importance of ensuring that the Commission's legislative proposals on the post-2020 ESI framework are presented and agreed at least six months before the start of the new programming period;
- recommends moving towards a more differentiated approach in the areas of audit, reporting and controls.

Rapporteur

Oldřich Vlasák (CZ/ECR), Councillor of the City of Hradec Králové

Reference document:

Final Conclusions and recommendations of the High Level Group on Simplification for post-2020

**Opinion of the European Committee of the Regions –  
Final conclusions and recommendations of the High Level Group on Simplification post-2020**

**I. POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

1. underlines the importance of the EU's Cohesion Policy for the economic, social and territorial cohesion of the Union. While one third of the EU's budget has been allocated to achieving this objective as set-out in TFEU 174-178, the Policy is yet to achieve its full potential. Simplification of the Funds must form a part of a reformed and improved cohesion policy for the future of Europe;
2. welcomes the constructive nature of the High Level Group's recommendations for simplification of the ESI Funds post-2020 and the clear statement that simplification is the task of all parties involved in the implementation and administration of the Funds – the Commission, the co-legislators, the Member States and regional and local authorities;
3. welcomes that many of the HLG's post-2020 recommendations are in-line with the positions expressed previously by the CoR<sup>1</sup>. The CoR also reiterates that local and regional authorities are directly concerned by the implementation of Cohesion Policy as both main beneficiaries and also in many cases as the authority directly involved in managing its implementation;
4. notes that despite the large number of positive proposals in the conclusions and recommendations of the High Level Group on Simplification, it cannot be said that putting these proposals into practice will enable the simplification process to be completed. There are still a number of very important areas and subsidiary issues that the High Level Group's conclusions do not address or address only partially. The CoR therefore draws attention in this connection to its opinion of October 2016 on Simplification of ESIF from the perspective of local and regional authorities, which examines this issue in detail;
5. reiterates its call for a new territorial vision that would bring the 1999 European Spatial Development Perspective up to date. Through a place-based approach this strategy could be used in the post-2020 programming period to help the EU Funds deliver on the ground;
6. underlines the importance of building on experience and capacity developed so far and the importance of facilitating the implementation of the post-2020 shared management model by applying the partnership principle. The partnership principle, as encoded in the European Code of Conduct on Partnership, remains a crucial means of ensuring that all partners including local and regional government are involved at all programming stages. The delivery system must also be based on greater trust among all the actors involved (authorities at EU, national and local and regional level);

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<sup>1</sup> COR-2016-01814-00-00-AC-TRA; COR-2016-05838-00-00-AC-TRA; COR-2016-00008-00-01-AC-TRA; COR-2015-04285-00-00-AC-TRA; COR-2014-06248-00-01-AC-TRA; COR-2015-00487-00-00-AC-TRA; COR-2015-04287-00-00-AC-TRA; CDR2027-2012\_00\_00\_TRA\_AC; CDR1683-2012\_00\_00\_TRA\_AC; CDR4-2012\_FIN\_AC; COR-2017-01527-00-00-AC-TRA.

7. calls for a new Common Strategic Framework covering all EU policies and funds which have a territorial dimension and supports the objective of common horizontal rules to facilitate interaction between ESI Funds ("single rule book"). Underlines that a Framework covering only ESI Funds but not other Funds with a territorial dimension, as is currently the case, makes implementation more challenging for the end users and means the Framework is not as useful as it could be. Funding allocated to a limited list of policy areas should be chosen within a common European menu, which may vary by region according to the development needs of the region and EU objectives;
8. agrees with the necessity of ensuring a level playing field between ESI Funds and centrally managed Funds. The CoR explicitly supports the need to examine the feasibility of a standard exemption from the state aid rules for part or all of ESI funding, recalling its previous findings relating, notably, to proportionality;
9. supports the objective of wider application of the differentiation principle in the interests of burden reduction, more effective spending and promotion of the place-based approach;
10. calls for solutions which are more tailor-made for a given programme, taking into account capacities of institutions within and outside the ESIF implementation system, types of support which is provided, as well as other factors;
11. suggests stepping-up the dialogue between the Commission, Member States and cities and regions on the effective design and easy-to-use measures for simplification for the next generation of ESIF beyond 2020;
12. calls for the use of European level Territorial Impact Assessments as a tool to measure the benefits of the simplification of ESIF;

#### Reinforcing the shared management model post-2020

13. confirms its strong support for the analysis set out by the HLG of the significant benefits of the shared management model for effective delivery of Cohesion Policy by encouraging ownership by national, regional and local authorities and enabling recognition of regional specificities and a place-based approach. A shared management model also has a positive impact on other policy areas beyond ESIF including a positive spill-over effect in terms of reinforcing good governance and increasing civic ownership and democratic engagement;
14. supports the objective of ensuring effective use of the subsidiarity and proportionality principles to enable and support genuine multilevel governance in this context, which requires appropriate empowerment both for local and regional authorities as well as for the Commission and the Member States in the form of genuine partnership;
15. underlines that the trust in the ability of beneficiaries, regional and national administrations, to manage and use the Funds in a sound and efficient manner should be strengthened. Shared management brings Europe closer to its citizens and connects local needs and European objectives;

16. emphasises that the success of the shared management system is dependent in part on full ownership of the partnership principle by all sides; the CoR fully endorses the proposals of the HLG on the essential nature of effective use of partnership which must be reinforced post-2020;
17. considers that a broader partnership approach is required and should be embedded in the European Semester - the European economic governance framework. Reiterates its call for the introduction of a code of conduct for the involvement of local and regional authorities in the European Semester<sup>2</sup>. Also calls on the European Commission to ensure that the principles of the Code of Conduct on Partnership in the framework of the ESI Funds are taken up as a legally binding part of the post-2020 regulations so as to provide legal clarity over their status. Also calls for more formal implementation commitments by the parties concerned;
18. underscores the finding of the HLG that the tendency to make Cohesion Policy responsible for the implementation of many other EU policy objectives is problematic and results in a situation where managing authorities become de facto enforcers of a growing number of other EU policies;
19. supports the HLG's proposal to review the role of the ESIF management and control system in enforcement of non-ESIF rules;

#### Complementary nature of ESI Funds

20. endorses the HLG's emphasis on the mutually complementary nature of each of the individual ESI Funds, which only together can achieve the Cohesion Policy objective enshrined in the Treaties;
21. underscores the importance of ensuring that the existing ESI funds (ERDF, ESF, EAFRD, Cohesion Fund, Fisheries Fund) stay together as each individual ESI Fund contributes to the mission of the other Funds and are coordinated through common rules and provisions post-2020;
22. calls for a new Common Strategic Framework covering all EU policies and Funds with a territorial dimension. Such a Framework would ensure strategic consistency, synergies and equal treatment of funding instruments and avoid administrative redundancy;
23. reiterates the CoR's recommendation that identical rules should apply under the various ESI Funds and underscores that all horizontal conditions should be set out exclusively in one general set of rules, while Fund-specific regulations should be restricted to rules on programme content and reporting;
24. welcomes the HLG's recommendation on envisaging a possible separate regulation for the administration of ESI Funds ("single rule book"), noting also the suggested applicability across funding periods for improved regulatory certainty and stability;

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<sup>2</sup> COR-2016-05386-00-00-AC.

25. supports the need to further facilitate multi-fund programmes and integrated approaches (such as Integrated Territorial Investments) in the light of implementation difficulties experienced with the existing CPR provisions; refers in this context to the CoR opinion on the ITIs<sup>3</sup> which outlines the positive achievements at local level when used to their full potential;
26. welcomes the recognition of the need to balance better alignment of the European funding rules and the need to give more room for alignment with national rules which was highlighted in the CoR's Opinion on Simplification of ESIF;
27. states that EU Funds should be delivered via existing national administrative mechanisms. National rules and systems (including national auditing authorities and national competition authorities) should be used as much as possible because the simplest rules are those that are few in number and preferably the same as those applied in the Member States;

#### A level playing field between ESI Funds and centrally managed funds

28. confirms the support for the overarching objective outlined by the HLG of ensuring equal treatment and a level playing field for ESIF programmes and centrally managed funds;
29. endorses the view expressed by the HLG that the current differentiation in treatment of the ESI Funds with regard to state aid and public procurement is not an intrinsic part of the shared management mode. The guiding principle should be that projects financed by ESIF should not receive more restrictive treatment than similar projects under central EU management;
30. underlines the need in the post-2020 framework to give new impetus to synergies between the ESI Funds and centrally managed programmes also in the context of interregional cooperation. The CoR emphasises the beneficial impact of effective simplification and greater flexibility in the management of the ESI Funds for the implementation of Smart Specialisation strategies; interregional cooperation could be facilitated in this context by measures such as application of simplified justification methods focussed on results or use of unit costs, asset out in the CoR opinion on "Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation"<sup>4</sup>;
31. underscores the need for alignment of state aid and public procurement rules for ESI Funds with those applying to centrally managed programmes. The CoR reiterates its request for assessment of the feasibility of exemption of parts or all of ESIF spending from state aid procedures post-2020. In this context, the CoR is pleased to note that its recommendations on the need for common definitions to compare and combine funds have been taken up by the HLG;

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<sup>3</sup> COR-2017-03554-00-00-AC.

<sup>4</sup> COR-2016-06963-00-00-AC.

## Streamlining of ESIF programming post-2020

32. welcomes the emphasis placed by the HLG on the critical importance of ensuring that the Commission's legislative proposals on the ESI framework for the post-2020 period, including their clear and uniform interpretation, are presented and agreed at least six months before the start of the new programming period, recalling the significant operational difficulties encountered by LRAs and the lessons to be drawn, by all parties involved, from the delays experienced at the start of the current programming period. The proposals for ESIF should be formally presented as soon as possible;
33. recommends, with regard to the future shaping of the Partnership Agreements, that the need and purpose of the partnership agreement or an equivalent document at the national level should be reassessed, calling for such agreements to focus in future on overall strategy (avoiding overlaps between programmes), general ex-ante conditionalities as well as those linked to CSRs (which are a national-level competence) and definition of the thematic concentration and role of coordination bodies at the national level where they are to have a role in implementation in a given Member State;
34. calls for streamlining of the strategic programming documents post-2020, noting that many of the specific recommendations set out in the CoR's opinion on the outcome of the negotiations on the partnership agreements and operational programmes have been taken up in the post-2020 recommendations. The CoR notably endorses the HLG's call for greater flexibility in programming to enable swifter adaptation of operational programmes;
35. suggests that it should be possible without prior authorisation by the Commission to move part of the allocation between the priority axes (for example 10% as allowed at the end of the 2007-2013 programming period);
36. confirms the importance of the thematic concentration principle for coherent and strategic programming, noting that an overall coherent system of thematic concentration post-2020 should also allow for effective application of integrated solutions at the regional or local level; partners, including local authorities, must have their say at the programming stage, including for the integrated tools used to implement the strategies for sustainable urban and territorial development;
37. supports the emphasis on greater empowerment of local and regional authorities in this context and emphasises the need to reconcile the thematic concentration principle with an enabling context for integrated solutions at local and regional level. The link between thematic concentration and Cohesion Policy's focus on results, as well as the need to ensure that Cohesion Policy can offer integrated, flexible and differentiated solutions post-2020 was already addressed in the CoR's Opinion on the Future of Cohesion Policy beyond 2020, which also called for a dialogue of cooperation between authorities responsible for implementing regional policies and the sectoral policies in good time prior to the start of the next funding period in order to strengthen the territorial approach in line with multilevel governance;

38. welcomes the objective set out by the HLG of streamlining the common set of indicators post-2020 and emphasises the need for harmonised terminology and definitions to enable assessment and comparison of performance across the different funds;
39. highlights the CoR's proposals for specific measures to facilitate the transition to the next programming period and provide greater certainty for managing authorities. . The CoR supports the HLG's recommendation to reassess the need for designation post-2020 and calls at least for the streamlining of the process to ensure that existing designations are carried over to the next programming period;

Differentiation principle – to be reinforced in several areas

40. welcomes the general principle of greater differentiation post-2020, which, in enabling more tailored and effective deployment of ESI Funds, is likely to be of critical importance in the possible post-2020 scenario of overall reduced budgetary resources, i.a. following the withdrawal of the UK from the EU. A differentiated approach, based on the subsidiarity principle, does not have to mean trying to define every detail of the regulation's delivery system at the EU level, but must be based on trust among all the actors involved, concretely applying the partnership principle;
41. states that similar ideas have also been disseminated by the Austrian Chancellery and might be an important element of the upcoming Austrian EU Presidency in the second half of 2018. Therefore the CoR suggests inviting the Austrian EU Presidency for early cooperation with the CoR to further develop these ideas;
42. emphasises the importance of ensuring full involvement of local and regional authorities as equal partners in this context and at all stages of the upstream negotiation process. A reinforced application of the place-based approach by more effective tailoring of the Funds to the diverse needs of territories across the Union and equipping regions with the means to react more swiftly to unforeseen challenges or emergency situations will be ever more critical;

Audit, reporting and controls

43. recommends moving towards a more differentiated approach in the areas of audit, reporting and controls by enabling more reliance on national rules and more flexibility to accommodate existing national checks and procedures;
44. points to the CoR's message that differentiated audit could be facilitated and underpinned by contracts of confidence between the EU and national audit authorities and managing authorities. Currently, the fundamental problem is that, as a reaction of the implementation problems of the past, a culture of risk aversion has developed, and fear of penalties trumps a genuine culture of improvement;
45. reiterates the position of the CoR on the acceptable error rate (materiality level), where experience shows that such a level is not appropriate in the context of Cohesion Policy projects. The CoR considers that, since international auditing standards do not impose numerical

requirements, it should be possible to raise this threshold to 5%. The current tight control system, which makes any mistake more visible, creates the misleading perception that the shared management model is more prone to errors;

#### Combination of ESI Funds with financial instruments

46. is pleased that the principle of a differentiated approach is also envisaged, having previously called for ex-ante evaluation of combined ESIF-EFSI implementations on a case-by-case basis. Such an approach should enable significant burden reduction and better account to be taken of the specificities of the implementation context in the regions in question and thus facilitate a place-based approach and encourage tailored investment;
47. suggests the establishment of One Stop Shops at national/regional level to help beneficiaries handle ESI and non-ESI funds together;

#### Simplification of European Territorial Cooperation (ETC)

48. endorses the HLG's recognition of the specific nature of European Territorial Cooperation (ETC) and its recommendation that the current separate regulatory framework for the Interreg programmes should be maintained post-2020;
49. confirms the CoR's support for a dedicated regulation for ETC-specific implementation provisions, underscoring that as a result of the current legal and regulatory complexity, gold-plating has indeed been a significant obstacle to effective implementation of ETC;
50. calls for ex-ante conditionalities to be avoided in this area on account of the multilateral nature of ETC programmes;
51. emphasises the European added-value to be derived from reinforced territorial cooperation and reference made to recent findings on the medium- to long-term consequences in terms of both overall economic growth and in terms of economic, social and territorial cohesion, should such cooperation decrease rather than increase in future;
52. highlights the essential role and European added value of cross-border cooperation in overcoming the segregating effects of borders and removing existing barriers that affect the lives of people living in border regions. The CoR reiterates the importance of people-to-people projects first and foremost in building mutual trust and proposes in this regard that "small project funds" be legitimately included in future cross-border cooperation programmes, so that they become, by virtue of their simplicity and their decentralised management, accessible to beneficiaries at the lowest level;
53. welcomes the proposal for ETC programmes to be exempt from state aid notification requirements. The CoR has previously stressed that the effort needed to comply with state aid rules for ETC programmes is generally disproportionate to the risk of distortion of competition. It has also drawn attention to difficulties relating to restrictions on co-financing rates and liability regimes (since such programmes involve more than one Member State) and emphasised

the inherent contradiction between the logic of cooperation and the logic of competition, calling for ETC to fall entirely outside the scope of state aid, as is already the case for cooperation programmes managed by the Commission (e.g. Horizon 2020).

Brussels, 1 February 2018

The President  
of the European Committee of the Regions

Karl-Heinz Lambertz

The Secretary-General  
of the European Committee of the Regions

Jiří Buriánek

## II. PROCEDURE

<b>Title</b>	Final conclusions and recommendations of the High Level Group on Simplification post-2020
<b>Reference(s)</b>	Final Conclusions and recommendations of the High Level Group on Simplification for post-2020
<b>Legal basis</b>	Article 307 TFEU
<b>Procedural basis</b>	Referral (41 a)
<b>Date of Council/EP referral/Date of Commission letter</b>	18 July 2017 (referral from Commissioner Crețu)
<b>Date of Bureau/President's decision</b>	9 October 2017
<b>Commission responsible</b>	Commission for Territorial Cohesion Policy and EU Budget
<b>Rapporteur</b>	Oldřich Vlasák (CZ/ECR), Councillor of the City of Hradec Králové
<b>Analysis</b>	6 November 2017
<b>Discussed in commission</b>	13 December 2017
<b>Date adopted by commission</b>	13 December 2017
<b>Result of the vote in commission (majority, unanimity)</b>	Unanimous
<b>Date adopted in plenary</b>	1 February 2018
<b>Previous Committee opinions</b>	Opinion on the Future of Cohesion Policy beyond 2020 (COR-01814/2016) <sup>5</sup> Opinion on the Financial Rules applicable to the general budget of the Union (COR-5838/2016) <sup>6</sup> Opinion on the Simplification of ESIF from the perspective of Local and Regional Authorities (COR-08-2016) <sup>7</sup>
<b>Date of subsidiarity monitoring consultation</b>	N/A

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<sup>5</sup> [OJ C 306, 15.9.2017, p. 8.](#)

<sup>6</sup> [OJ C 306, 15.09.2017, p. 64.](#)

<sup>7</sup> [OJ C 88, 21.3.2017, p. 12.](#)