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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Final Simplification Scoreboard for the MFF 2014-2020

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BACKGROUND

The Multiannual Financial Framework 2014-2020 has set the framework for EU funding. Over the next seven years, the European Union will invest almost 1 trillion Euros for sustainable growth, jobs and competitiveness, solidarity and cohesion, and to enable the Union to play its role in the world.

The Multiannual Financial Framework (MFF)[1], adopted by the Council on 2 December 2013 with the consent of the European Parliament, provides for EU spending over the period 2014-2020 in the six identified categories of expenditure (headings) that correspond to broad policy areas: competitiveness for growth and jobs, economic social and territorial cohesion, sustainable growth: natural resources, security and citizenship, global Europe, administration, compensation. Overall, over the next seven years, the EU will commit to invest up to EUR 960 billion and, in the same period, EUR 908.4 billion actual payments will be authorised. In comparative terms, this amount represents less than 1% of the Gross National Income (GNI) of the whole European Union. Nonetheless, these financial means will provide substantial EU added value in terms of investments and the achievement of the objectives of the Europe 2020 strategy[2] on growth and jobs. In the new financial period, the European Union will ensure delivery of results through better spending, notably through result-oriented financial support, simplification, reduction of errors and increase of efficiency – aspects to which close attention was paid in the preparation and negotiation of the MFF. Bearing this in mind, the European Commission launched a dedicated MFF Simplification Scoreboard[3] – a process through which all simplification and rationalisation measures in all proposals for programmes under the MFF were carefully identified and guided through the legislative process.

The approval of the EU budget for 2014 by the European Parliament and the Council[4] *paves the way to allocating funds for the current year. Sectoral funding programmes, both in centralised management and shared management, have also been approved by the co-legislators and apply from 1 January 2014.*

Sectoral funding programmes have been approved by the co-legislators. The legal framework to allocate funds in each sector is in place and applies from 1 January 2014. Moreover, the EU

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1 Council Regulation No 1311/2013, laying down the multiannual financial framework for the years 2014-2020 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0884:0891:EN:PDF

2 Communication from the Commission, *Europe 2020, A strategy for smart, sustainable and inclusive growth*, COM(2010)2020final http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF

3 COM(2012)531 final

4 http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bTA%2b20131120%2bTOC%2bDOC%2bXML%2bV0%2f%2fEN&language=EN For a comprehensive presentation of the EU budget 2014, please see: http://ec.europa.eu/budget/library/biblio/documents/2014/DB2014_WD_0_en.pdf

budget for 2014 has been adopted by the European Parliament and the Council. The financial resources for the current year are therefore available for allocation through the sectoral programmes. This means that all elements required - MFF, budget and sectoral legislation - are in place and the EU can start the new financing period.

1. THE END IS JUST A NEW START

The road to simplification is not complete. Some of the adopted sectoral programmes still need to be supplemented with technical rules. All of them need the adoption of implementing measures. The rules and procedures that will be established by the EU institutions and by Member States for this purpose should continue the simplification effort.

The adoption of the sectoral financing programmes and of the simplification measures therein marks the end of the negotiation phase for the EU institutions. However, the simplification effort should continue. This is a responsibility of both the EU institutions and the Member States. Some financing programmes need to be supplemented with technical elements, prior to their implementation. The non-legislative acts that need to be adopted for this purpose should be in place at the earliest opportunity, with a view to start the implementation and the allocation of funds on the ground, as soon as possible in 2014. Unnecessary administrative burdens and delays should be avoided. This is achievable only through keeping the political momentum and smooth cooperation between the European Parliament, the Council and the Commission. The three institutions fully participated in the adoption procedure. It is now their responsibility to ensure the smooth and rapid completion of the legal framework that will allow the allocation of funds to beneficiaries.

The EU institutions, and particularly the Commission, also have the responsibility to define the rules of implementation in programmes centrally managed by the Commission itself. In this sense, again, cooperation is needed. National experts meeting in committees will scrutinise the implementation rules in many cases. Such scrutiny should be carried out with a view to having the best financing rules in place as soon as possible. The European Parliament, on the basis of provisions that have been newly introduced in sectoral programmes, will be more closely associated in the implementation phase, in terms of information or of a strategic dialogue with the Commission. In this sense, the European Parliament can have a determining role to stimulate the adoption of simple and efficient implementing rules, aiming to allocate funds on the basis of the EU added value of projects.

However, the programmes whose management is shared between the Commission and the Member States represent 80% of the EU budget. For these programmes, the implementing rules and procedures will be established firstly by the Commission at the level of the Union and complemented, where appropriates, by national and regional rules established by Member States with the supervision and control of the Commission. Particularly in the definition of these rules and procedures, the simplification measures introduced in the legislative acts shall be applied in a joint effort and in a spirit of cooperation between Member States and the EU institutions. Simplification measures are often introduced as an option in programmes whose management is shared with Member States. For example, in the Common Agricultural Policy (CAP) funds, the negotiations resulted in granting Member States a large degree of discretion when implementing the new direct payments regulation[5]. This concerns both the choice of payment schemes on which money should be spent and the way in which these schemes are to be implemented. Flexibility for Member States could mean a certain potential for simplification (in particular for beneficiaries), but experience shows that it generally tends to complicate management and controls for both the national authorities and the Commission. The final results in terms of costs and burdens very much depend on the political choices made at national and regional levels. In this respect, the Commission invites the Member States to reflect carefully on how to implement the new legislation in the simplest possible way and to take specific account of the impact that their choices will have in terms of controls and error rates. The Commission will offer its support for the implementation of these options at national level, also in terms of technical resources - for example in cohesion policy - particularly for those Member States that appear to have administrative difficulties in this respect.

Finally, it should be recalled that setting simple rules and procedures is a means of achieving better delivery of the EU budget. In this sense, better spending will also imply a reduction of rates of errors, to be achieved through the correct and efficient implementation of preventive and corrective measures. Although these measures aim to protect the EU budget, their implementation is in the interest of Member States as well, not least because these measures have an impact on national budgets[6].

2. MAIN ACHIEVEMENTS

2.1. Streamlining of programmes

2.1.1. Reduction of the number of programmes

A general simplification result has been the reduction of the number of funding programmes by 22, through the creation of integrated programmes per policy area.

The only exception concerns the integrated programme proposed by the Commission for taxation and customs (the "FISCUS" programme)[7] , which the co-legislators agreed to split. In all other cases, separate and distinct programmes have been integrated into single, coherent frameworks defined by policy area. The streamlining of programmes per policy area is a means of simplification and of greater efficiency, as it is expected to ensure synergies and common implementation rules and procedures. Single sectoral frameworks have been introduced in research and innovation policy (Horizon 2020), cohesion, rural development and fisheries and maritime policies (Common Provisions Regulation, hereafter CPR), in external relations (RELEX) and home affairs funds (Asylum, Integration and Migration Fund

[5] Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608)

[6] See, in this respect, the Communication to the European Parliament, *Protection of the European Union budget to end 2012*, COM(2013)682/2 final, http://ec.europa.eu/budget/library/biblio/documents/management/COM_2013_682_en.pdf

[7] Proposal for a Regulation of the European Parliament and of the Council establishing an action programme for customs and taxation systems in the EU for the period 2014-2020, (Fiscus 2020) and repealing Decisions No1482/2007/EC and 624/2007/EC, (COM(2011)706 final): http://ec.europa.eu/taxation_customs/resources/documents/com_2011_706_en.pdf

and Internal Security Fund) as well as in social policy, where the Employment and Social Innovation (EaSI) programme aims to fund some of the objectives of the Europe 2020 strategy.

2.1.2. Alignment with the Financial Regulation

Another relevant achievement has been the alignment of provisions in funding programmes with the Financial Regulation.

The co-legislators have acknowledged the substantial value of the Financial Regulation[8] as an agreed set of rules that will ensure coherence and consistency in EU funding. The European Parliament and the Council have thus acknowledged the need to ensure the respect of the provisions of the Financial Regulation in all the sectoral programmes and fully accepted such an alignment during the negotiations. Also, compliance with the Financial Regulation was ensured through simple cross-references, without repeating the relevant provisions of the Financial Regulation in individual programmes. These cross-references will avoid different interpretations and/or contradictions in the application of the Financial Regulation, due to the presence of the same provision in different legal texts. Also, consistency with the Financial Regulation was ensured through the introduction of derogations in a very limited number of justified cases, mainly in the CPR and, for example, in home affairs funds, where retroactive grants have been allowed in case of emergency assistance measures. Some derogating rules have also been introduced in the new instrument established to tackle youth unemployment, the Youth Employment Initiative (YEI). With a view to ensuring a quick implementation of the YEI, all resources allocated to the YEI will be committed in the first two years of the programming period and the eligibility of expenditure under this initiative has been exceptionally anticipated to 1 September 2013. In addition, the regulatory framework also sets out derogating rules concerning the national co-financing obligation, in order to reduce the burden on national budgets.

2.1.3. Synergies and mainstreaming

In addition to having streamlined programmes, which are inherently coherent with the Financial Regulation, it will be possible to establish synergies and to mainstream EU policy priorities.

Synergies across different programmes have been established, for example in the area of environmentally sustainable growth. Direct payments to farmers under the Common Agricultural Policy (CAP) have been conditioned to the respect of environmentally friendly practices by farmers. The objective, which can now be realistically pursued, is to link 30% of direct payments in support of agriculture to "green" practices. However, the Commission had proposed three simple and controllable practices applicable to all farmers. Member States' requests for greening practices adapted to their national and regional conditions prompted the legislators to introduce various thresholds, exemptions and options. These elements could possibly limit the compliance costs for farmers, but complicate management and controls and could also have an impact on the controllability of the scheme.

8 Reg. (EC, Euratom) 966/2012 of the European Parliament and of the Council of 25 October 2012, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:298:0001:0096:EN:PDF

The EU institutions have also recognised the particular relevance of the needs of small and medium-sized enterprises. Considerable efforts have been made to define an adequate framework for SMEs' investments across different programmes (Programme for the Competitiveness of Enterprises and small and medium-sized enterprises - COSME, Horizon 2020 (research and innovation), CPR). In particular, consideration has been given to investment needs that are not satisfied by the market in the current financial situation (COSME, Horizon 2020, Connecting Europe Facility (infrastructures) – CEF, CPR). For this purpose, new financial instruments have been introduced. These instruments will provide additional resources for investments.

2.2. Simpler rules and more accessible funding for lower error rates and better delivery

2.2.1. Result orientation

A major step in simplification and rationalisation has also been the result-orientation of programmes: a limited number of clear objectives and priorities, linked to the Europe 2020 strategy.

The objectives of EU funding are directly linked, in the sectoral programmes, to the **Europe 2020 strategy**. Such a link has been supported by the co-legislators during the negotiations. In some cases, a dedicated article provided for this, such as in the Horizon 2020 framework programme[9]. In other cases, the reference to the Europe 2020 strategy has been introduced as a key element in the articles setting the objectives to be achieved by the programme, or at least in the recitals. The latter is also the case for the CPR. The political priority to deliver some of the objectives of the Europe 2020 strategy is also pursued through a dedicated funding instrument, the Employment and Social Innovation (EaSI) programme (EUR 919.496 million), which is centrally managed by the Commission. Delivering the objectives of the Europe 2020 strategy is also a priority in cohesion policy, where spending has been systematically tied to these objectives. A common strategic framework has been established for all European Structural and Investment (ESI) funds, to translate the objectives of the Europe 2020 strategy into investment priorities.

In operational terms, **Partnership Agreements** are being concluded with each Member State. These agreements will set out the commitment of partners at national and regional level to use the allocated funds to implement programmes and projects with a strong link to the Europe 2020 strategy. Programmes supported by the ESI Funds will include a performance framework against which progress on commitments can be assessed. In order to strengthen the focus on results and the achievement of the Europe 2020 objectives, a **Performance Reserve** which amounts to 6% of the cohesion budget under the Investment for Growth and Jobs goal and the same for rural development will be set aside and allocated, after a review in 2019, to priorities which have met their milestones in relation to the achievement of the programme's objectives related to the Europe 2020 strategy (performance framework).

[9] Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC, art.4.

Another instrument that will promote the result-oriented approach in cohesion policy is the **Joint Action Plan** (JAP). The JAP provides Member States with the possibility jointly to implement parts of programmes on the basis of outputs and results agreed in advance with the Commission. The payments to a JAP depend on the level of achievement and take the form of simplified cost options.

2.2.2. Focus on performance

Performance enhancement and measurement is a key element of EU funding in 2014-2020: the objectives of the funding programmes are S.M.A.R.T. (Specific, Measureable, Achievable, Relevant and Timed) and are accompanied by performance indicators[10].

All the approved funding programmes are in compliance with the performance-related principles enshrined in the Financial Regulation. They include accurate and detailed information on the added value of the proposed intervention, its relevance to the strategic objectives of the Commission and to sectoral policy objectives of the EU, specific objectives describing the results that will be achieved from the intervention and the performance indicators to measure the achievement of these objectives, both in a quantitative and qualitative manner. The EU added value, a key element in allocating EU funding, has been introduced in the text of most legislative proposals, often as part of the evaluation provisions, where it is set to be assessed in the evaluation reports on the achievement of the objectives of all the initiatives financed by the programmes, to be established by the Commission at mid-term of the financing period. Enhanced performance is also at the basis of the financing mechanisms established in some programmes. The thematic concentration in the CPR and Funds specific regulations for ESI Funds or the performance reward in the Instrument for Pre-Accession (IPA II) - which provides financial support to countries which aim to accede to the European Union - focuses on performance measurement and enhancement in EU funding. The performance framework and reserve in the CPR equally apply the performance principles to all European Structural and Investment Funds (ESI Funds).

2.2.3. Simplified cost options

The introduction of single funding models will also represent a significant simplification, particularly in terms of reduced administrative burdens and costs.

Simplified cost options are taking on a new dimension in the European Structural and Investment (ESI) funds. First, they are no longer restricted to the European Social Fund (ESF) and European Regional Development Fund (ERDF) but will also be applicable to the European Agriculture Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) as well as to the Home Affairs Funds. Several novelties have been introduced in the regulation. For example, flat rates calculation will be applicable to all types of costs and not only to indirect costs. Some rates and calculation methods have also been enshrined in the regulation and links to other Union policies have been introduced. The use of simplified cost options should ease the administrative burden for managing authorities and beneficiaries and should also reinforce legal and financial certainty. The European Court of

[10] On smart regulation, see also the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Regulatory Fitness and Performance (REFIT): Results and Next Steps*, COM(2013)685 final, http://ec.europa.eu/commission_2010-2014/president/news/archives/2013/10/pdf/20131002-refit_en.pdf

Auditors recently stated that "projects whose costs are declared under SCOs [Simplified Cost Options] are less error prone. Thus a more extensive use of SCOs would normally have a positive impact on the level of error"[11]. Therefore, to encourage the use of SCOs, they have even been made compulsory for the smallest ESF projects[12] and for the material assistance strand of the Fund for European Aid to the Most Deprived (FEAD). A **single reimbursement rate** has been introduced in Horizon 2020, as well as a **mandatory flat rate for indirect costs**. The single reimbursement rate will apply to all beneficiaries with the exception of non-profit legal entities under the same action ("one project – one funding rate") and the flat rate for indirect costs will apply to nearly all actions and to all types of participants. Both measures will avoid complex calculations, reporting and errors. Such an innovation is particularly relevant because of the strategic role of research and innovation for the EU economy. This simplification measure is also meant to free resources, in terms of administrative time and energy that can be more productively used for the action. In its Opinion No 6/2012 on the proposal for the Horizon 2020 framework programme[13], the Court of Auditors endorsed this radically simplified cost-funding model, considering that it "would facilitate and accelerate the application process" and "decrease the risk of irregularities".

2.2.4. Reduction of audit burden

The audit burden has been reduced in line with the principle of proportionality. In the CPR, rules have been introduced which restrict the audit of operations below a certain threshold (EUR 200 000 for the ERDF/Cohesion Fund, EUR 150 000 for the ESF and EUR 100 000 for the EMFF). As a result, a substantial simplification could be achieved. Also, a shorter retention period is allowed for the documentation which eases the administrative burden for beneficiaries.

2.2.5. Eligibility of VAT costs

A further simplification step has been the alignment of the provisions on reimbursement of VAT costs in the different sectoral programmes with the relevant provision in the Financial Regulation.

Such an alignment will ensure coherence in the treatment of VAT costs borne by the beneficiaries under the different programmes, in line with the Financial Regulation, and will ensure legal clarity. VAT costs are eligible for refund only when they are not recoverable under national law and paid by a beneficiary other than a non-taxable person[14]. Moreover, only a very limited number of exceptions to this standard rule have been introduced - in the CPR, in home affairs funds and in the CEF. In these cases, the exceptions have been defined in the simplest possible way, to avoid confusion and errors in implementation.

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11 Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2012, together with the institutions' replies , *OJ C 331 , 14/11/2013 p. 0001 – 0256, http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:331:0001:01:EN:HTML*

12 Below 50,000 EUR of public contribution paid to the beneficiary

13 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:318:0001:0011:EN:PDF

14 Art. 126 of Regulation (EU, Euratom) No 966/2012, Financial Regulation

2.2.6. National allocations phase-out

Major progress in providing a simple and coherent framework for EU level financial support has been achieved with the phasing out of national allocations in the programme for environment and climate action, which is managed by the Commission in a centralised way.

National allocations for the EU financing of environmental projects under the LIFE programme will be progressively eliminated and will completely disappear in 2018. National quotas for the allocation of EU funds to environmental projects previously ensured a distribution of the whole budget of the programme to each Member State on the basis of a pre-defined indicative amount. However, national allocations have not led to a more balanced distribution of funding, because of the different quality and number of projects submitted per Member State. In fact, they have reduced the EU added value of the previous environmental programme (LIFE+)[15], because projects with a better quality could not be financed, as the budget for a given year needed to be distributed according to the national origin of the projects. The phasing out of these quotas is thus a major achievement in terms of efficiency and quality of spending. As of 2018, the funds will be allocated to the best environmental projects at EU level, although technical assistance will be provided by the Commission to those Member States where potential beneficiaries may have difficulties in drawing up projects of adequate quality to obtain financial support from the EU.

2.3. E-governance

Technological progress is duly taken into account for the MFF 2014-20 - the administration of cohesion policy will become electronic starting from 2016.

The use of electronic data exchange systems to communicate with beneficiaries, to use existing databases and to store documents in cohesion policy (e-cohesion) will reduce the administrative burden on beneficiaries, for example by ensuring that they do not need to submit the same information more than once. It has been estimated that e-cohesion will reduce the aggregate administrative burden at EU level by approximately 11%. This requirement is based on the main recommendation of the High Level Group of Independent Stakeholders on Administrative Burdens, stemming from the initial assessment of administrative burden in the period 2000-2006. E-cohesion will equally decrease risks of document loss and, in the long run, will reduce archiving costs. The co-legislators, whilst supporting e-cohesion, delayed the obligatory introduction to 31 December 2015 (the Commission initially proposed 31 December 2014) with a view to giving national administrations more time for implementation of the necessary systems and procedures.

3. MISSED OPPORTUNITIES

3.1. Too detailed basic acts

More ambitious results in simplification have sometimes been hampered by the conflicting priorities. Detailed provisions have been introduced in some of the basic legislative texts, to establish a stable and constraining legislative framework, defining in advance all the possible

15 In this sense, please see the Special Report No 15/2013 by the European Court of Auditors : http://www.eca.europa.eu/Lists/ECADocuments/SR13_15/QJAB13015ENN.pdf

elements, thus limiting the margin of discretion left to the Commission when implementing the programmes.

This tendency to include considerable detail in the legislative texts will reduce the margin of manoeuvre by the Commission during the implementation of programmes, has led to some basic acts overburdened with technical detail that may prove to be inflexible and difficult to interpret.

Multiple elements that shape implementation in detail have been added in the basic acts. These include thematic priorities or types of actions for the entire duration of the programmes (RELEX funds, CEF, LIFE, the consumer programme) but also, in several programmes, objectives, eligible actions or even criteria to be used by the Commission when establishing its work programme - the main instrument by the Commission to programme its financing activity (this is the case for the Health programme). In other cases, details have been introduced in the basic acts: such details would have been better defined at a subsequent stage, through delegated acts, to avoid overloading the basic acts with technical details and leave greater flexibility in the definition of such elements. This tendency has been evident in the Common Agricultural Policy (CAP) funds as well as for the financial instruments for ESI Funds (CPR) or under the CEF. Nevertheless, the possibility, agreed under the CEF, to use delegated acts to modify the main terms, conditions and procedures for each financial instrument, following the evaluation of these instruments and to take account of the changing market conditions, is a useful means to avoid rigidity in budget execution and respond promptly to changing market conditions.

3.2. Stricter control over programme implementation by the Commission

3.2.1. Breakdown of the budget of the programmes

The detailed breakdown of the budget, as well as instances of budget earmarking in most basic acts, fixes the allocation of the budget of the relevant programmes for the next seven years. It limits the ability of the Commission to re-orient EU financing support, following unforeseen economic, social and policy developments. Hence, it may reduce the efficiency of EU spending. However, this risk is mitigated by the empowerment to the Commission to modify the allocations by delegated act.

With a view to ensuring a stricter ex-ante democratic control over the allocation of the budget by the Commission during implementation (in addition to the annual budgetary allocation procedure), a detailed breakdown of the budget has been introduced in the legislative text of most funding programmes. To this purpose, the newly introduced thematic priorities have often been accompanied by a percentage allocation of the financial envelope of the programme for the seven years ahead (RELEX, CEF, Creative Europe, Galileo, COSME), although often accompanied by a margin of flexibility for autonomous action by the European Commission and the possibility to adopt a delegated act in case this margin needs to be exceeded. A minimum percentage allocation of the budget per action has been introduced also when these actions will be implemented by Member States through national programmes that need to be approved by the Commission (home affairs funds). Although these funding allocations aim to ensure some minimum financing by Member States of common EU priorities, they conflict with the diversity of situations and priorities to be financed across Member States in this policy area, as well as with the difficulty for the Commission to ensure their fulfilment where the implementation is delegated to Member States and the Commission exerts a role of supervision and control (shared management).

In some cases, a further level of detail in the breakdown of the budget proposed by the Commission has been introduced (EaSI, Erasmus+, Horizon 2020). The detailed breakdown of the budget may be particularly burdensome in programmes where, due to the nature of the activity financed, full flexibility in the allocation of the budget is of outmost importance (Union Civil Protection Mechanism, EU Aid Volunteers programme, which will finance a corps of volunteers at EU level to provide humanitarian aid) or for programmes with a small financial envelope, where full flexibility is needed to manage the limited resources in the most efficient way (Rights, Equality and Citizenship and Justice programmes, Customs 2020, Hercule III - antifraud, Pericles – protection of the Euro against counterfeiting).

3.2.2. Administrative burdens

Ex-ante control by Member States over the allocation of the budget by the Commission has been strengthened: this will result in less flexibility in implementation of funding programmes by the Commission. These procedures may equally impinge on efficiency, thus negatively affect the quality of spending.

Established comitology procedures, introduced or strengthened by the Council in most programmes, already ensure scrutiny of the work programme by national experts, meeting in committees. However, the Council has added a further control over the allocation of the budget by the Commission in some programmes (Horizon 2020, CEF). In these programmes, the grant decision – the administrative act through which the Commission fixes the conditions and the amount of the grant allocated to a beneficiary, in the framework of the adopted work programme – will equally need to receive the opinion of the relevant committee. In the case of the guidelines for trans-European telecommunications networks (TEN-Telecommunications), the Council, with the support of the European Parliament, has introduced an obligation of preliminary consultation of national experts, before the ordinary comitology procedure, for the adoption of the work programme.

Whilst affecting the institutional balance, these administrative procedures may reduce the efficiency of EU financing as they add procedural delays, red tape and costs. These effects may be particularly negative in cases where financial support by the EU is urgently needed, for example, for measures of emergency assistance in food and feed safety.

4. THE WAY FORWARD: NEXT STEPS

4.1. At the level of EU institutions

The EU institutions should adopt acts complementing the basic legislative texts, where so provided, and measures of implementation in a rapid and efficient way, with a view to starting the concrete allocation of funds as soon as possible.

The legal framework in some policy areas needs to be complemented through the adoption of acts that supplement the basic texts, by adding the necessary technical specifications. The power to adopt these acts has been delegated to the Commission to ease and speed up the process. The relevant non-legislative acts will be adopted rapidly, with a view to having the complete legal framework in place as soon as possible and to start providing financial support. In concrete terms, the allocation of funds is carried out through measures of implementation, which are necessary for all the financing programmes. These include work programmes, where the Commission manages the relevant financing programme in a centralised way, but also templates and models. In the adoption of these measures, the simplification effort should be pursued. Legislative provisions should be applied in an efficient way, thus avoiding administrative burdens and delays as much as possible, with a view to allocating funds to beneficiaries as soon as possible. Similarly, measures - such as guidelines - which facilitate implementation will be rapidly adopted by the Commission, where they are foreseen in the basic acts (for example, the CEF, Horizon 2020, Creative Europe).

4.2. At Member States' level

Member States also have a key responsibility in simplification. They should avoid unnecessary administrative burdens for potential beneficiaries of EU financial support and concentrate the use of funds on agreed EU priorities and objectives.

For streamlining to be effective, systems have been put in place across the different financing programmes to concentrate the allocation of funds on thematic priorities and policy objectives, as defined in the Europe 2020 strategy. Nonetheless, these systems often provide a possibility only. They need to be applied to be effective. Where implementation tasks are delegated to Member States (e.g. ESI funds), the Member States have the responsibility to pursue the agreed thematic priorities and objectives through the establishment of rules and procedures which would favour their achievement.

In financing programmes under shared management with the Commission, Member States have the responsibility to pursue the simplification effort by establishing the necessary policy and institutional frameworks, both for programming and implementation, in a rapid and efficient way. This means avoiding unnecessary administrative burdens, setting up rules and procedures which would make access to EU financial support easy for beneficiaries, and defining transparent and accessible legislative and administrative frameworks. These frameworks should be put in place with a view to facilitating and speeding up the allocation of funds to beneficiaries, to support investments and to avoid unnecessary expenses and dispersion of EU funds through unproductive channels. Simple rules and procedures are the best way to achieve these results.

4.3. Both Commission and Member States

Simplification measures introduced in financing programmes need to be made effective through implementation. Both the Commission and the Member States have responsibilities in this respect.

Ambitious programmes, setting concrete and measurable targets, to increase the visibility of results and demonstrate the added value of financial support by the EU, should be rapidly prepared by the Commission (centralised management) and the Member States (shared management, where national or regional programmes are submitted to the Commission for approval). The use of simplified cost models should be privileged over real cost models, where their use is optional. For example, in the CPR, it is possible to use - for a similar type of operation and beneficiary – simplified cost options applicable in Union policies or existing methods under schemes for grants entirely funded by a Member State. Such opportunities should not be missed. The European Court of Auditors has noted[16] that the Member States and managing authorities have sometimes been reluctant to introduce simplified cost models for fear of breaching the requirements of the relevant regulation. The Commission has encouraged Member States to organise seminars on simplified cost models, bringing together

[16] See above, note 11

representatives of the Member States, the Commission and the European Court of Auditors. Several seminars took already place in 2013 and some are foreseen in 2014. In order to provide more certainty to Member States and managing authorities, some rates are enshrined in the relevant basic acts (CPR, ESF regulation). No methodological justification will be thus required for the use of these rates. Similarly, simplification options are now available in terms of administrative burdens in ESI funds. In addition to the concentration of funds, better coordination of different funding sources (including financial instruments) should be ensured through cooperation between the Commission and the Member States in implementation. This coordination is necessary to improve access to funds for beneficiaries and engender a multiplier effect from Union spending, by attracting additional resources from private investors.

Simplification is necessary but not sufficient to ensure better spending and lower error rates. It should be accompanied by adequate controls, preventive and corrective measures.

Simple rules and procedures are an important means to avoid errors and enhance the efficiency of spending. However, the implementation of these simplification measures should be accompanied by adequate controls, for which both the EU institutions and the Member States are responsible. The Commission and the Member States also have a common responsibility for the correct application of the preventive and corrective measures, which have been introduced in agriculture and cohesion policy (CAP, CPR) through the potential interruption and suspension of payments and financial corrections[17]. Interruption and suspension of payments and financial corrections protect the EU budget. Nevertheless, Member States have a strong interest in detecting and correcting errors themselves in order to avoid net financial corrections, which definitively reduce Funds allocation.

[17] See, in this respect, the Communication from the Commission to the European Parliament and the Council, *Methods of application of net financial corrections impacting at the level of Member States*, COM(2013)934