

Brussels, 28 May 2010

## **Less paperwork and more focus on results: Commission reviews rules for access to EU funds**

***The Commission has adopted changes to simplify access to EU funds by cutting red tape and saving costs for EU beneficiaries, on 28 May 2010. New rules will also provide more scope for combining public and private funding for a bigger investment impact. The changes will help deliver the new generation of EU programmes post 2013.***

Janusz Lewandowski, European Commissioner for budget and financial programming, said: *"My main goal is for EU funding to stimulate innovation and growth by making it more accessible to European businesses, SMEs, researchers and other beneficiaries. The Commission is proposing measures that will reduce their costs and workload caused by excessively heavy procedures. In the short term, simple solutions such as scrapping the obligation to open separate bank accounts and pay back interest on upfront payments will lighten the administrative burden for the beneficiaries involved. In the longer term, I want EU funding to shift from merely reimbursing bills to rewarding performance"*.

### **Cutting red tape**

Apart from waiving the obligation to pay interest on upfront payments ('pre-financing'), the changes set out by the European Commission include a proposal to raise to €50,000 the current €25,000 ceiling under which grants require simpler administrative procedures. It will also be easier for beneficiaries to use their grant to pay other project partners.

Simplification measures are also proposed for businesses that bid for Commission contracts. The Commission could, for example, rely on documents previously submitted instead of requesting them for each subsequent application.

The proposal strives to keep the balance between simplifying measures and ensuring effective control of taxpayers' money. As some 80% of the EU budget is spent at national level, the Commission proposes further steps to improve the accountability of Member States for the way they manage EU funds. Their national paying agencies for regional aid would be required to issue management declarations of assurance on EU funds (as is already the case for EU payments in agriculture), subject to independent audit.

## **Funding for results**

The Commission's long-term goal is to shift the emphasis of the grant system from reimbursing cost claims to paying for the delivery of results. *"In most cases, says Commissioner Lewandowski, beneficiaries are paid against their actual costs, which means they have to itemise all expenditure to get reimbursed. This requires time-consuming and costly paperwork for both the beneficiary and the Commission, which must then verify the bills received, while it does not focus on results. Simplified solutions (lump sums, flat rates) are available but have not been widely applied so far. The Commission proposes to abolish the ceiling that now limits the value of grants where lump sum payments can be used. Beneficiaries would be paid lump sums to undertake specific tasks and would then need to demonstrate that they have done so effectively and efficiently, rather than to merely report individual cost items".*

## **Trusts funds and PPPs**

In the area of external actions, the EU will be able to create its own multi-donor trust funds. These would allow to pool together the resources of the European Union, its Member States and citizens in order to provide coordinated, quick financial assistance in crisis and post crisis situations while improving the delivery and visibility of EU aid. Trust funds could also be used for specific thematic actions.

It will also be easier to better pool EU resources with private companies through public-private partnerships (PPPs). Currently, such partnerships have to adhere to all EU's budgetary and financial rules. In future, PPPs could apply the national legislation of the country where they are based.

The use of novel financial instruments, especially when there is a pooling of funds (e. g . guarantee funds, risk capital, blended instruments mixing a Union grant with a loan or guarantee) will give Union funds a multiplying effect with the view to make them more effective. The new rules will also facilitate running joint projects and allow potential partnerships with the European Investment Bank group; cooperation with the EIB would be streamlined, in line with its enhanced status under the Lisbon Treaty.

## **Background**

The Financial Regulation and its implementing rules set the principles of the EU budget and govern the way the budget appropriations are spent. It was last revised in 2007.

The proposal is based on the results of public consultation ([http://ec.europa.eu/budget/consultations/FRconsult2009\\_read\\_en.htm](http://ec.europa.eu/budget/consultations/FRconsult2009_read_en.htm)); it must be adopted by the Council and the European Parliament.

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