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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)/Council
Subject:	Draft Council Conclusions on Synergies and Simplification for Cohesion Policy post-2020 - Adoption

1. On 11 September 2017, the Presidency submitted to Member States draft Council conclusions on cohesion policy post-2020.
2. The Working Party on Structural Measures examined the draft conclusions in its meetings of 15 September and 2, 13, 26 and 31 October 2017. All delegations agreed to the draft conclusions as set out in the Annex to this note in a silence procedure ending on 3 November 2017.
3. Consequently, the Permanent Representatives' Committee is invited to recommend to the Council to adopt, as an "A" item, the draft Council conclusions as set out in the Annex to this note at its meeting dedicated to cohesion policy on 15 November 2017.

Council Conclusions on Synergies and Simplification for Cohesion Policy post-2020

THE COUNCIL OF THE EUROPEAN UNION:

- (1) RECALLS its conclusions of 16 November 2016 on Results and New Elements of Cohesion Policy and the European Structural and Investment Funds¹ and of 25 April 2017 on Making Cohesion Policy more effective, relevant and visible to our citizens²;
- (2) TAKES NOTE of the Final Conclusions and Recommendations of the High Level Group (HLG) on Simplification for post-2020³;
- (3) NOTES that these Council Conclusions do not prejudge the outcome either of the negotiations on the future EU Multiannual Financial Framework or of future discussions on other aspects of cohesion policy post-2020;

I. Synergies, complementarity and harmonisation

- (4) TAKES NOTE that while all EU budget instruments, including different ESI Funds have their particular mission, they should be used in a complementary and consistent manner in order to achieve EU objectives; UNDERLINES that different EU instruments should complement each other, and therefore CALLS on the Commission to carry out a careful analysis of complementarities and overlaps between EU instruments in preparation for the period post-2020 in view of enhancing synergies between them;

¹ Doc. 14542/16.

² Doc. 8463/17.

³ http://ec.europa.eu/regional_policy/en/information/publications/reports/2017/esif-simplification-hlg-proposal-for-policymakers-for-post-2020.

- (5) EMPHASISES that in the spirit of better regulation, the legal setup for ESI Funds, as well as any other relevant EU programmes, should be designed from the very beginning with synergies, coherence and complementarity in mind; while taking the different policy fields addressed by the various ESI Funds into account;
- (6) CONSIDERS that a harmonisation of rules towards simpler rules across EU instruments, where appropriate, would contribute to enhancing the clarity of the rules for beneficiaries and thus reduce the administrative burden for both beneficiaries and institutions managing the funds;
- (7) UNDERLINES that similar projects should be treated in a similar manner, irrespective of the funding source within the EU budget or the management mode; CONSIDERS that a further alignment of funding rules is also necessary in order to provide a level playing field for similar projects under different management modes, including for financial instruments;
- (8) STRESSES therefore that:
- A streamlined common European set of core rules irrespective of the management mode should be considered for post-2020, as proposed by the HLG, while avoiding that such alignment leads to more complicated rules under any management mode or EU instrument; UNDERLINES however, that the preparation process for such core rules should be subject to consultation with Member States, regions and experts of the sectors concerned in accordance with better regulation principles;
 - The application and compliance enforcement of competition rules necessary for the functioning of the internal market should provide for consistent treatment of similar projects across the EU budget irrespective of the management mode, while taking into account the specificities of the agricultural and fisheries sectors;

II. Simplification of cohesion policy and the ESI Funds post-2020

- (9) IS AWARE that the amount and complexity of rules introduced for the 2014-2020 programming period remain a challenge for beneficiaries and Member States' authorities, and REMAINS COMMITTED to a substantial simplification of these rules;
- (10) STRESSES that complex and extensive rules are one of the main causes for errors and contribute to delays under cohesion policy and that simplification of these rules, both at EU and national level, would help to prevent errors and delays from occurring in the first place, thus reducing the financial risk and administrative burden associated with errors and financial corrections;
- (11) UNDERLINES the need for a clear division of responsibilities between the EU level and the national level and a more stringent observation of the principle of subsidiarity, based on mutual trust; SUPPORTS in this context an effective application of the single audit approach, which reduces the burden of controls for both beneficiaries and national administrations;
- (12) ACKNOWLEDGES that the simplification of implementation and control rules provides scope for further strengthening the focus on results, thereby contributing to both cost-efficiency and policy effectiveness;
- (13) WELCOMES against this background the recommendation of the HLG for a significantly simpler and more focused delivery system post-2020, reducing the extensive legislation and Commission guidance on the ESI Funds, thereby improving effectiveness and efficiency and avoiding micromanagement of these funds at EU level;
- (14) CALLS on the Commission in its preparation for the legislative proposals for the period post-2020 to, *inter alia*:
- a) Devise, in cooperation with Member States, a legal framework for the period post-2020, rigorously applying the principles of subsidiarity and proportionality and focusing on achieving a substantial, but targeted reduction of the scope and the level of detail of current regulation, while ensuring, as far as possible, the stability and continuity of already established implementation systems;

- b) Enable continuity for authorities designated or accredited to fulfil management, certification and audit functions during the period 2014-2020, whose capacity has already been proven, allowing them to continue their functions in the next programming period without interruption or delay;
- c) Create better conditions for the combination of grants and financial instruments and simplify the implementation of financial instruments by bringing the rules closer to usual financial market practices;
- d) Work towards a simpler and more coherent system of indicators allowing policy makers to better assess the effects of different Funds and learn from experience, while respecting the specificities of these Funds and simplifying reporting;
- e) Make efforts to establish a single set of simple, clear and light rules for the ESI Funds, and consider further, reciprocal alignment of ESI Funds rules with the rules applying to other EU instruments, where appropriate, keeping in mind the need for consistent treatment of similar projects, as well as the specific missions of the Funds as set out in the Treaty;
- f) Reassess the role of Partnership Agreements and programmes, with the aim of strengthening their strategic value and avoid duplication between them, taking into account the experiences and specificities of Member States and regions;
- (g) Maintain and encourage an integrated approach to the programming and implementation under cohesion policy, including the possibility to prepare multi-fund operational programmes;
- h) Consider a more focused and streamlined set of relevant ex ante conditionalities and analyse whether and how tailor-made and targeted country specific ex ante conditionalities could be used to enhance the effectiveness of ESI Funds, while still ensuring a consistent approach across the EU;

- i) Consider to use the fulfilment of ex ante conditionalities as an indication that national and regional systems in the areas covered by the respective ex ante conditionalities are functioning correctly without placing additional control and compliance requirements specifically on the authorities managing the ESI Funds;
 - j) Consider the introduction of a simpler delivery system based on the effective application of proportionality, reliance on national rules and well-functioning national and regional systems, open to be adopted by all Member States and regions on the basis of transparent, objective and measurable criteria;
 - k) Enhance clarity, legal certainty and consistency in the application of horizontal EU rules, particularly in the area of public procurement;
- (15) REITERATES its conclusions of 25 April 2017 inviting the Commission to seek the policy dialogue with Member States in the preparatory process for the post-2020 period, and calling on the Commission to submit its proposals for cohesion policy post-2020 as soon as possible in 2018;
- (16) EMPHASISES the need for a smooth transition between programming periods;
- (17) REMAINS COMMITTED to a regular political debate among relevant ministers in the General Affairs Council to discuss cohesion policy and the ESI Funds;
- (18) RECALLS its conclusions of 25 April 2017 that further efforts are required by Member States and the Commission to increase the visibility and the positive image of cohesion policy and the ESI Funds, and ENCOURAGES progress in this area.
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