Key themes

Modern
- Focus on smart, low carbon
- Enabling conditions, link to Semester

Simple & flexible
- 50% shorter regulations
- 50 key simplifications
- Adapts to emerging needs (migration, economy)

For all regions
- Objective method
- 75% for poorest regions
- Present for emerging needs elsewhere
Allocations
Cohesion Policy within the new MFF

In billion euro, current prices

I. SINGLE MARKET, INNOVATION AND DIGITAL
   €187.4
   1 Research and Innovation
   2 European Strategic Investments
   3 Single Market
   4 Space

II. COHESION AND VALUES
    €442.4
    5 Regional Development and Cohesion
    6 Economic and Monetary Union
    7 Investing in People, Social Cohesion and Values

III. NATURAL RESOURCES AND ENVIRONMENT
     €378.9
     8 Agriculture and Maritime Policy
     9 Environment and Climate Action

IV. MIGRATION AND BORDER MANAGEMENT
    €34.9
    10 Migration
    11 Border Management

V. SECURITY AND DEFENCE
   €27.5
   12 Security
   13 Defence
   14 Crisis Response

VI. NEIGHBOURHOOD AND THE WORLD
    €123
    15 External Action
    16 Pre-Accession Assistance

VII. EUROPEAN PUBLIC ADMINISTRATION
     €85.3
     17 European Public Administration
MFF priorities

Note: Compared to MFF 2014-2020 at EU-27 (including European Development Fund)
How are Cohesion Policy allocations set?  
*The revised 'Berlin method'*

<table>
<thead>
<tr>
<th></th>
<th>2014-2020</th>
<th>2021-2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (incl. GNI for Cohesion Fund)</td>
<td>86%</td>
<td>81%</td>
</tr>
<tr>
<td>Labour market, education, demographics</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Climate</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Migration</td>
<td>-</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Labour market*: unemployment rate, youth unemployment rate, employment rate  
*Education*: early school leavers, tertiary level of education, low level of education  
*Demographics*: population of regions, low density of population  
*Climate*: Greenhouse gas emissions in the non-ESD sectors  
*Migration*: Net migration of non-EU citizens

⇒ *In addition, caps and safety nets apply to 17 MS (but not to ES or PT)*
<table>
<thead>
<tr>
<th>País</th>
<th>2014-20</th>
<th>2021-27</th>
<th>Variación (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungría</td>
<td>23,6</td>
<td>17,9</td>
<td>-24</td>
</tr>
<tr>
<td>Lituania</td>
<td>7,4</td>
<td>5,6</td>
<td>-24</td>
</tr>
<tr>
<td>Estonia</td>
<td>3,8</td>
<td>2,9</td>
<td>-24</td>
</tr>
<tr>
<td>Rep. Checa</td>
<td>23,5</td>
<td>17,8</td>
<td>-24</td>
</tr>
<tr>
<td>Malta</td>
<td>0,8</td>
<td>0,6</td>
<td>-24</td>
</tr>
<tr>
<td>Polonia</td>
<td>83,9</td>
<td>64,4</td>
<td>-23</td>
</tr>
<tr>
<td>Eslovaquia</td>
<td>15,1</td>
<td>11,8</td>
<td>-22</td>
</tr>
<tr>
<td>Alemania</td>
<td>19,8</td>
<td>15,7</td>
<td>-21</td>
</tr>
<tr>
<td>Letonia</td>
<td>4,9</td>
<td>4,3</td>
<td>-13</td>
</tr>
<tr>
<td>Irlanda</td>
<td>1,2</td>
<td>1,1</td>
<td>-13</td>
</tr>
<tr>
<td>Eslovenia</td>
<td>3,4</td>
<td>3,1</td>
<td>-9</td>
</tr>
<tr>
<td>Portugal</td>
<td>22,8</td>
<td>21,2</td>
<td>-7</td>
</tr>
<tr>
<td>Croacia</td>
<td>9,3</td>
<td>8,8</td>
<td>-6</td>
</tr>
<tr>
<td>Francia</td>
<td>16,9</td>
<td>16,0</td>
<td>-5</td>
</tr>
<tr>
<td>Luxemburgo</td>
<td>0,1</td>
<td>0,1</td>
<td>0</td>
</tr>
<tr>
<td>Austria</td>
<td>1,3</td>
<td>1,3</td>
<td>0</td>
</tr>
<tr>
<td>Holanda</td>
<td>1,4</td>
<td>1,4</td>
<td>0</td>
</tr>
<tr>
<td>Bélgica</td>
<td>2,4</td>
<td>2,4</td>
<td>0</td>
</tr>
<tr>
<td>Suecia</td>
<td>2,1</td>
<td>2,1</td>
<td>0</td>
</tr>
<tr>
<td>Dinamarca</td>
<td>0,6</td>
<td>0,6</td>
<td>0</td>
</tr>
<tr>
<td>Chipre</td>
<td>0,9</td>
<td>0,9</td>
<td>0</td>
</tr>
<tr>
<td>España</td>
<td>32,4</td>
<td>34,0</td>
<td>+5</td>
</tr>
<tr>
<td>Finlandia</td>
<td>1,5</td>
<td>1,6</td>
<td>+5</td>
</tr>
<tr>
<td>Italia</td>
<td>36,2</td>
<td>38,6</td>
<td>+6</td>
</tr>
<tr>
<td>Grecia</td>
<td>17,8</td>
<td>19,2</td>
<td>+8</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>8,3</td>
<td>8,9</td>
<td>+8</td>
</tr>
<tr>
<td>Rumania</td>
<td>25,2</td>
<td>27,2</td>
<td>+8</td>
</tr>
<tr>
<td><strong>UE 27</strong></td>
<td>367,0</td>
<td>331,0</td>
<td>-9,9</td>
</tr>
</tbody>
</table>

Fuente: Comisión Europea.
GDP per capita as the main driver of change

2014-2016 vs 2007-2009

Change in GDP per capita in % points

EL CY ES IT FI NL PT SI HR SE FR BE DK AT CZ LU BG HU DE SK EE LV RO PL MT LT IE
Comparison of aid intensities

2021-2027 vs 2014-2020

Aid intensity (Euro per capita per year in 2018 prices)

- 2014-2020
- 2021-2027
- Polinómica (2014-2020)
- Polinómica (2021-2027)

Countries and aid intensity levels for 2014-2020 and 2021-2027.
New regional eligibility map 2021-2027

GDP/head (PPS) by NUTS2 region, average 2014-2015-2016

Index, EU-27 = 100
- < 75% (less developed regions)
- 75% - 100% (transition regions)
- >= 100% (more developed regions)
Continued concentration on the poorest regions

<table>
<thead>
<tr>
<th></th>
<th>2021-2027</th>
<th>2014-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohesion Fund</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>ERDF Less developed regions</td>
<td>62%</td>
<td>53%</td>
</tr>
<tr>
<td>ERDF Transition</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>ERDF More developed</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Share CF + ERDF less developed</td>
<td>75%</td>
<td>74%</td>
</tr>
</tbody>
</table>
Legal architecture
7 funds, 1 regulation

CPR covers delivery. 1 set of rules is:

- More coherent
- Simpler to learn
- Simpler to combine
### 4 key legal instruments for Regional Policy

<table>
<thead>
<tr>
<th>Common Provisions Regulation (CPR)</th>
<th>ERDF/CF regulation</th>
<th>ETC regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI</td>
<td>Policy priorities are here (e.g. specific objectives and thematic concentration requirements)</td>
<td>Territorial co-operation including external assistance</td>
</tr>
<tr>
<td>Delivery elements are here</td>
<td></td>
<td>New interregional innovation instrument</td>
</tr>
</tbody>
</table>

**ECBM:** off-the-shelf legal instrument to simplify cross-border projects
Coherence with other EU instruments

• Horizon Europe ("European excellence")
  ERDF ("regional relevance", e.g. smart specialisation – innovation diffusion) & reinforced 'seal of excellence' mechanism

• CEF/CF: Transfer of EUR 10 billion from the CF to the CEF; trans-European transport networks projects to be financed both through shared and direct management

• Migration: all Cohesion Policy Funds will address long-term needs linked to integration, while AMIF will focus on short-term needs.
Next steps
Timeline

02/05 2018
Multiannual Financial Framework “Beyond 2020” package

29/05 2018
Legislative proposals for
- CPR
- ERDF / CF
- Interreg
- ECBC

09/05 2019
European summit in Sibiu (Romania)

Legislative negotiations with Council and Parliament
Key novelties – Modernising the policy
Policy objectives

11 objectives are simplified and consolidated into 5:

1. A smarter Europe (innovative & smart economic transformation)

2. A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)

3. A more connected Europe (mobility and ICT connectivity)

4. A more social Europe (the European Pillar of Social Rights)

5. A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

Horizontal issues: administrative capacity building, cooperation outside the programme area
ERDF thematic concentration

- Maintaining spending in the key areas for growth and jobs
- At national level based on GNI per head => flexibility

<table>
<thead>
<tr>
<th>For countries with:</th>
<th>minimum % PO1 (&quot;smarter Europe&quot;)</th>
<th>minimum % PO2 (&quot;greener, low carbon Europe&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNI below 75%</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>GNI 75-100%</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>GNI above 100%</td>
<td>60%</td>
<td>PO1 + PO2 min. 85%</td>
</tr>
</tbody>
</table>

- 6% of budget to urban development, delivered through local development partnerships
Creating the conditions for success

Enabling conditions (used to be "ex ante")
- Fewer, clearer, tighter link to policy
- Followed up, not just set at the beginning

EU Governance
- European Semester
- Macroeconomic conditionality
- Reform Support Instrument
- Rule of law
Performance, monitoring and evaluation

What's new?

- Performance framework will cover all output and result indicators
- Open data to follow progress every 2 months
- Structured and dynamic policy dialogue between COM and MS in the annual review meeting

What’s gone?

- Performance reserve (replaced by the 5+2)
- Annual implementation and progress reports for Cohesion Policy
- Ex-ante evaluation
## Lower co-financing ceilings

<table>
<thead>
<tr>
<th>Ceiling</th>
<th>Applies to</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>Less developed regions, Outermost regions, Cohesion Fund, Interreg</td>
</tr>
<tr>
<td>55%</td>
<td>Transition regions</td>
</tr>
<tr>
<td>40%</td>
<td>More developed regions</td>
</tr>
</tbody>
</table>
From N+3 to N+2 over the period
Sustainable urban development

- New dedicated specific objective for integrated development of urban areas
- 6% of ERDF to go to urban development, delivered through local development partnerships with different tools
- Requirement for local development strategies – local ownership
- European Urban Initiative: a coherent approach to capacity building, innovative actions, knowledge and policy development and communication
Outermost regions

- **Additional allocation** secured – despite the overall reduction of the budget
- Co-financed by ESF: EUR 377 million
- Highest co-financing rate (70%) similar to less developed regions – article 106(3)
- Flexibility for programming:
  - *OR classified as group 3 for thematic concentration (35% PO1 and 30% PO2)* – article 3(3) ERDF / CF
  - Additional allocation excluded from thematic concentration
- OR specificities to be addressed in national position papers
Outermost regions

- Eligibility scope of additional allocation detailed in article 11 ERDF / CF:
  - Consistently with restraints listed in article 349
  - Compensation granted for PSO
  - Limited list of ineligible actions – article 11(3) ERDF / CF
- Derogation on exclusion list (art 6) : airport infrastructure
- Specific provisions / recitals included in other EU instrument's regulations, such as CEF (higher co-financing rates)
The European Social Fund Plus

ESF+

#EUBudget
Evolving technology, productivity and globalisation call for adapted education and training systems

Improved employment situation in the EU but still important long-term and youth unemployment

People in/at risk of poverty and social exclusion still high

Demographic trends (ageing population, migration) affecting society and world of work
The ESF+ in the MFF 2021-2027

II COHESION & VALUES

5 Regional Development & Cohesion
- European Regional Development Fund
- Cohesion Fund
- Support to the Turkish-Cypriot Community

6 Economic & Monetary Union
- Reform Support Programme including the Reform Delivery Tool and Convergence Facility
- Protection of the Euro Against Counterfeiting

7 Investing in People, Social Cohesion & Values
- European Social Fund + (incl. Integration of Migrants & Health)
- ERASMUS+
- European Solidarity Corps
- Justice, Rights & Values
- Creative Europe (incl. MEDIA)
ESF + €101.2 Billion

ESF+ Shared management €100 billion

Concentration requirements
- CSR implementation (link with Semester)
- at least 25% Social inclusion, of which at least 2% support to most deprived (4% EU-level target)
- at least 10% in Member States with high NEET rate

Outermost Regions/NSPA €400 million

ESF+ (in)direct management €1,2 billion
- Employment and Social Innovation strand €761 million
- Health strand €413 million

Transnationality €200 million

Reminder: EGF €1.6 bn (outside MFF ceiling)
ESF+ OBJECTIVES

General objectives

- All strands: Support the implementation of the European Pillar of Social Rights
- Shared management strand: also the Employment Guidelines and Country-specific recommendations under the European Semester
- Employment and Social Innovation strand: special focus on employment, skills, social protection, social inclusion and working conditions.
- Health strand: ensure a high level of health protection in the Union

Specific objectives

- 11 specific objectives under the CPR policy objective “a more social Europe” in the policy areas of employment, education and inclusion, including health
- Wording closely follows the principles of the Pillar
- Specific references to migrants and basic material assistance
- ESF+ also contributes to other CPR policy objectives
Partnership

Social partners

Civil society

Bodies for fundamental rights, gender equality, non-discrimination

Partnership agreements and Operational Programmes

ESF+ resources for capacity building of partners
Support to policy innovation

- Member States shall support actions of social innovation and social experimentations and partnerships, under any/all ESF+ specific objective.

- Support to up-scaling of innovative approaches tested on a small-scale (social experimentations) developed under the Employment and Social Innovation strand and other Union programmes.

Programmed under dedicated priority axes; higher EU co-financing rate.
(In)direct management - Employment and Social Innovation (EaSI) / Health strands

- **Operational objectives:**
  - **EaSI:** evidence-based policy & mutual learning, networking, social experimentation, labour mobility, micro-finance, social investment, transnational cooperation, harnessing globalisation
  - **Health:** crisis preparedness, health systems, EU health legislation, integrated networks

- **Eligible actions:** analysis; policy implementation; capacity building; communication & dissemination

- **Scope:** MS, associated countries, other 3rd countries, international organisations
Simplification

- Simplification of the strategic and programming documents (partnership agreement and programmes)
- Increased use of SCOs and payments based on conditions
- Reintroduction of n+2 rule
- Fewer indicators: from 44 to 23
- Streamlined programme reporting and monitoring
The European Globalisation Adjustment Fund

EGF
Objectives of the EGF

PO: A *more social* Europe (European Pillar of Social Rights)

→ Retain *workers and self-employed* in, or reintegrate them into the labour market

→ when they have been displaced by *unexpected major restructuring events*

→ *particularly those* triggered by changing global trade patterns, automation, digitalisation, transition to low-carbon economy, etc.

Horizontal principles:

- Gender
- Equal opportunities
- Non discrimination

Contribution Smarter Europe
Erasmus+ 2021 – 2027
Future Erasmus+ Programme 2021 – 2027

Key novelties in the proposal of interest to VET and AE

- Opening the **international dimension** to VET mobility of learners and staff
- Introducing **mobility for people on the labour market** (continuing VET), to support their upskilling and reskilling
- Support for the set-up of **Centres of vocational excellence**
- Introducing **small-scale partnerships** to strengthen the participation of small organisations by introducing simplified access procedures
- Opening access to **Jean Monnet** actions
- Enlarging the concept of Staff in mobility actions to include "**multipliers**", e.g. HR staff in companies
- **Increase the key targets**: triple the number of VET learners and staff with the opportunity to go abroad (from 650 000 to around 2 million people); in AE multiply by six the number of staff with the opportunity to go abroad (from 50 000 to 300 000)
Simplification and flexibility
Overview

• More than 50 simplification measures

• Includes legal framework: shortened and rationalised – annexes replacing most of delegated acts

• Inspired by experience and the outcome of high level group on simplification

• Expected outcome:
  • Earlier implementation of programmes
  • Higher legal certainty
  • Substantial reduction of burden and costs for authorities… and beneficiaries

Benefits only effective if parallel simplification of national rules and procedures…
Programming

- No more ex ante evaluation
- Lighter content and requirements (template annexed to CPR)
- Amendments to OPs simpler and less frequent:
  - Capacity to transfer up to 5% of priority axis and 3% of OP budget to another priority
  - Clerical or editorial nature that do not affect the implementation of the programme not subject to decision
- No modification of partnership agreement
- Thematic concentration applied at Member State level
- No more performance reserve – but mid-term review (2025)
More flexible

- New transfer possibility: Member State may request the transfer of up to 5% of programme resources to any other Fund under shared management or to any instrument under direct or indirect management.

- "5+2" programming:
  - 5 years programmed initially
  - 2026-27 programmed after mid-term review in 2025 (basis: emerging needs, performance)
  - Technical adjustment to feed in (modifying allocations starting from 2025)
Implementation

• No requirements on revenue generating projects (but State aid rules apply)

• Cancellation of major projects procedure

• Simplified rules for financial instruments

• No more restrictions for operations outside MS / UE

• VAT eligible below EUR 5 million

• No more reporting obligations: annual report, progress reports
Financial management

- **Different forms of grants:**
  a. Reimbursement of real costs incurred by beneficiary
  b. Unit costs
  c. Lump sums
  d. Flat rates: for indirect costs, direct staff costs (no methodology required below some thresholds)
  e. Combination of the above

- **Simplified cost options** (b, c and d) compulsory below EUR 200,000

- Flat rates for technical assistance (2.5%)

- Only 4 payment claims / OP / year
Increased use of financial instruments

- Encouraging financial instruments (FIs) by simplification:
  - Lighter ex-ante assessments
  - Integrated rules for grants and FIs => easier to master rules, easier to combine instruments
  - Simpler rules on eligibility, payments and management fees
  - No separate reporting
- Voluntary contribution, as a general rule, up to 5% of each Fund to new "InvestEU" instrument
- Rules of InvestEU apply, but cohesion objectives pursued
Interreg - European Territorial Cooperation

Five strands, new legal instrument for border regions

1. Cross border (land) programmes, more strategic approach, NEW including co-operation on external borders (IPA/ENI)
2. NEW: Maritime co-operation goes from CBC to sea-basin level
3. NEW: Specific component for the outermost regions (co-operation outside EU)
4. Interregional co-operation; INTERACT, ESPON
5. NEW Interregional innovation instrument

NEW: European Cross Border Mechanism to facilitate cross border projects
5 + 2 Interreg-specific objectives

1. A smarter Europe (innovative & smart economic transformation)
2. A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)
3. A more connected Europe (mobility and ICT connectivity)
4. A more social Europe (the European Pillar of Social Rights)
5. A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

1. A better Interreg governance
2. A safer and more secure Europe
<table>
<thead>
<tr>
<th>Thematic concentration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage</strong></td>
</tr>
<tr>
<td><strong>Components 1, 2 and 3</strong></td>
</tr>
<tr>
<td><strong>Components 1, 2 and 3</strong></td>
</tr>
<tr>
<td><strong>2A Transnational supporting MRS</strong></td>
</tr>
<tr>
<td><strong>2B Maritime supporting MRS or SBS</strong></td>
</tr>
<tr>
<td><strong>Component 4</strong></td>
</tr>
</tbody>
</table>
Audit
Simplifying Management and Control post 2020

The Commission explored all simplification avenues to:
- Reduce red-tape, complexity and control burden
- Strengthen the single audit principle

And took account of:
- Recommendations from the Court of Auditors
- Conclusions and recommendations of the High level group on simplification
- Feedback from stakeholders
Simplifying Management and Control post 2020

The aim is to:

(1) decrease the cost of controls and burden on beneficiaries and programme authorities while reducing complexities and ensuring radical simplification

(2) speed up programme implementation and ensure smooth transition between periods, building on current system without fundamentally reconsidering the design and mechanism for CPR funds (stability)

(3) maintain the current robust assurance model allowing for annual level of errors below 2% for each programme, when necessary after financial corrections

=> Simplification but without undue deregulation!
Simplifying Management and Control post 2020

Simplification applies to all programmes. But control requirements adjusted to the identified level of risks:

- All programmes to benefit from simplification

- For some programmes - Based on objective criteria and low risks: further simplification / proportionality – the so-called *Enhanced proportionate arrangements* – Art. 77 to 79
Main simplifications proposed for all programmes:

- **no** designation process (system roll-over) but early system audits to prevent problems
- simpler eligibility rules, mandatory use of SCOs, more funding based on conditions/milestones
- **risk-based** management verifications (from coverage of every single payment claim today)
- 'accounting function', no additional checks on beneficiaries
- streamlined **audit requirements**, synergies, single audit
- one EU-level sample for all ETC programmes
Simplifying Management and Control post 2020

Further simplifications and proportionate requirements proposed for 'enhanced' proportional package in the following areas:

- National rules apply for management verifications by Managing Authorities
- No system audits
- Fixed sample of 30 operations audited annually for all Member State's programmes concerned
- Commission audits limited to review of the work of audit authorities, not at beneficiaries' level
- Flexible and easy to switch in; joint monitoring
Main advantages of the intended approach:

- Speedier start of the next programming period
- Radical decrease of the control burden on beneficiaries, increased legal certainty
- Less administrative procedures and reporting for programme authorities and reduced cost of controls/audits
- Key features of assurance model maintained, including the calculation of annual residual level of error in annual expenditure
Simplifying Management and Control post 2020

In an effort to streamline the annual accounting function, the Commission also simplified:

- Acceptance of accounts
- Templates for accounts

and increased legal certainty for beneficiaries:

- Clarification of meaning/reporting of financial correction for EU budget
- Period for retention of documents (5 yrs now) – Art. 76.1
- No Commission audits for more than 3 years back; transmission of report within 3 months
Thank you!