

FIT FOR FUTURE Platform Opinion

Topic title	Evaluation of the European Social Fund Plus (ESF+)
	AWP 2024
	<p>Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+)</p> <p>Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (Common Provisions Regulation)</p> <p><i>Legal reference</i></p>
Date of adoption	17 October 2024
Opinion reference	2024/5
Policy cycle reference	<input type="checkbox"/> Contribution to ongoing legislative process
	- <i>Commission work programme reference</i>
	<input checked="" type="checkbox"/> Contribution to the (ongoing) evaluation process
	ESF+ mid-term evaluation <i>Title of the (ongoing) evaluation</i>
	<p>Article 45 of the Common Provisions Regulation requires the Commission to carry out a mid-term evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of each fund by the end of 2024.</p> <p>Article 34 of the ESF+ Regulation stipulates that the Commission shall carry out, by 31 December 2024, a mid-term evaluation of the EaSI strand, on the basis of sufficient information available about its implementation.</p> <p>The mid-term evaluation, amongst others, could serve as a basis for adjusting the legislation (on the basis of a Commission</p>

proposal) or adjusting ESF+ programmes or their implementation, as appropriate.

The Platform’s opinion can contribute to this evaluation with an in-depth and first-hand feedback from stakeholders involved in the management and implementation of ESF+, including local and regional authorities, which could serve as an opportunity to find ways how to accelerate their use and reduce administrative burden for beneficiaries.

Included in Annex VI of the Task force for subsidiarity and proportionality

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Other

Please specify

**Have your say:
Simplify!**

No relevant suggestions on this topic have been received from the public.

SUGGESTIONS SUMMARY

- Suggestion 1:** Address fragmentation of funds
- Suggestion 2:** Increase flexibility as regards resource allocations, while preserving the long-term economic development objectives of cohesion policy
- Suggestion 3:** Support more extended use of simplified cost options and financing not linked to costs
- Suggestion 4:** Support broader roll-out of e-cohesion
- Suggestion 5:** Further reduce the audit burden on cohesion policy stakeholders
- Suggestion 6:** Reduce the burden of reporting requirements, while increasing their relevance in respect of communication, transparency and accountability
- Suggestion 7:** Further strengthen the application of the partnership principle, shared management, decentralisation and Multi-Level Governance (MLG)
- Suggestion 8:** Review and simplify enabling conditions
- Suggestion 9:** Lead a collective and concerted effort on simplification

SHORT DESCRIPTION OF THE LEGISLATION ANALYSED

The European Social Fund+ (ESF+) is the EU's main instrument for investing in people and supporting the implementation of the [European Pillar of Social Rights](#). With a budget of almost EUR 99.3 billion for the period 2021- 2027, the ESF+ provides an important contribution to the EU's employment, social, education and skills policies, including structural reforms in these areas. The ESF+ brings together four funding instruments that were separate in the programming period 2014-20: the **European Social Fund (ESF)**, the **Fund for European Aid to the most Deprived (FEAD)**, the **Youth Employment Initiative (YEI)** and the **European Programme for Employment and Social Innovation (EaSI)**. The ESF+ consists of two strands: (1) the shared management strand and (2) the employment and social innovation strand under direct and indirect management.

The ESF+ has **2 general objectives**, accompanied by several specific objectives (Art. 4 of the ESF+ Regulation):

- (1) To help EU Member States and regions achieve high employment levels, fair social protection and a skilled and resilient workforce ready for the future, as well as inclusive and fair societies that aim to eradicate poverty and deliver on the principles set out in the European Pillar of Social Rights;
- (2) To support, complement and add value to the policies of Member States to ensure equal opportunities, equal access to the labour market, fair and quality working conditions, social protection and inclusion.

Sources:

[Regulation \(EU\) 2021/1057](#)

[Regulation \(EU\) 2021/1060](#)

PROBLEM DESCRIPTION

The ESF+ is of enormous importance for the local and regional levels, and local and regional authorities are to varying degrees responsible for its implementation, with the precise nature of their role varying from one Member State to another, depending *inter alia* on funding allocations, thematic scope, governance and capacity issues.

The legislation related to the ESF+ in the 2021-2027 programming period (the Common Provisions Regulation and Regulation (EU) 2021/1057) introduced a number of measures aiming at simplification, digitalisation and burden reduction compared to the 2014-2020 period.

In the context of the mid-term evaluation on ESF+ currently carried out by the European Commission, this opinion of the Fit for Future Platform is a good opportunity to collect evidence from the ground, helping the Commission to examine to what extent the legislation is working in relation to aspects such as the legislative framework / architecture of funds, programming and resources allocation, Simplified Cost Options (SCOs) and Financing Not Linked to Costs (FNLC), use of e-cohesion tools, audit and reporting requirements, and principles of partnership and multi-level governance.

Sources:

- Consultation of the CoR network of regional hubs (RegHubs) between 21 February and 9 April 2024: 22 contributions were received on ESF+ (from 9 Member States)¹;
- CoR opinion "[The future of cohesion policy post-2027](#)" (November 2023);
- CoR opinion "[Review and proposal for the revision of the MFF 2021-2027](#)" (October 2023);
- CoR opinion "[Effectively engaging local and regional authorities in the preparation of the Partnership Agreements and Operational Programmes for the 2021-2027 period](#)" (October 2021);
- CoR study on "[Application of the principles of partnership and multi-level governance in Cohesion Policy programming 2021-2027](#)" (2021);
- CoR opinion "[Common Provisions Regulation](#)" (December 2018);
- CoR opinion "[European Social Fund Plus](#)" (Dec 2018);
- CoR study on "[Simplification measures on the Cohesion policy proposal for 2021-2027 and impact of the CoR political work](#)" (2018);
- CoR opinion on "[Simplification of ESIF from the perspective of Local and Regional Authorities](#)" (2016).

¹ See RegHub report in Annex;

The Fit for Future Platform has acknowledged the issues raised by the legislation concerned as follows:

- The **complexity of the legislative framework** for cohesion policy in the 2021-2027 programming period, including the separation out of the Common Provisions Regulation (CPR) framework of the European Agricultural Rural Development Fund (EAFRD) and the late introduction of the Just Transition Fund (JTF) under the CPR framework but with specific rules, leads to difficulties in implementation. Despite some simplification measures, fragmentation persists and there are still various funding instruments investing in similar areas under different rules.
- While programming has been facilitated by the consolidation of thematic objectives, there are concerns with the option to calculate thematic concentration at national level and the ESF+ thematic concentration requirements; other **challenges for programming** include excessive data collection and limitations imposed by thematic concentration.
- **Simplified Cost Options (SCOs)** have been more widely used, with benefits in terms of reducing errors and administrative burden (yet to be assessed). The new option of **Financing Not Linked to Costs (FNLC)** is underutilized due to complexity and perceived risks linked to subsequent audits.
- **E-cohesion tools** are widely used and their accessibility has improved but challenges remain regarding lengthy data entry, compatibility with national regulations, interoperability with national systems and the efforts needed to develop and adapt information systems.
- Regarding **audit**, simplification measures have been welcomed by stakeholders, although their concrete impact cannot be assessed yet; concerns have been expressed by the stakeholders that the risk-based approach is not implemented all the way down the chain for audits (with external audits continuing to apply the verification of all expenditure), which poses financial risks for the managing authority.
- Regarding **reporting requirements**, simplification measures have been welcome, but some stakeholders have reported that, compared with the previous annual reports, the more frequent transmission of data has less explanatory power and is in fact time-consuming. There are also issues with common indicators proving challenging for beneficiaries and/or the Managing Authority to follow in practice, and too much emphasis put on quantitative aspects in evaluations.
- The **principles of partnership and multi-level governance** are not fully applied². Local and regional authorities often feel under-represented or not listened to in preparatory processes; a more active engagement of more stakeholders requires training them on EU rules and programmes but this requires capacity at local/regional level. All levels of governance are not always coordinated.
- **Communication efforts** are essential to inform the public and beneficiaries about EU projects and funding procedures.

² See [Application of the principles of partnership and multi-level governance in Cohesion Policy programming 2021-2027 \(europa.eu\)](#) and RegHub report in Annex;

- Concerns exist regarding the relevance and administrative burden of **enabling conditions** at the programme level.

Finally, evidence shows³ that all levels of authorities (Member States, European Commission, local or regional authority) share responsibility for addressing complexities and promoting simplification, with the national level being held primarily responsible for dealing with additional rules they impose.

SUGGESTIONS

Suggestion 1: Address fragmentation of funds

Description: The legislation for 2021-2027 introduced an overall shorter, more unified legal framework, aspiring to provide clarity and consistency for programme preparation and implementation across the shared management funds. Measures included:

- Almost all shared management funds covered in a single framework, under the Common Provisions Regulation (CPR);
- Merger of ESF (with YEI) and FEAD to create ESF+;
- Changes in the structure of the CPR and significant reduction of its length;
- Significant reduction in the number of empowerments (from 50 in 2014-2020 to 9 in 2021-2027);
- Common templates available upfront (e.g. template for the partnership agreement).

The majority of stakeholders consulted in the RegHubs consultation considers the simplification measures introduced generally have had a positive impact, especially the placing of almost all EU funds implemented under shared management under the CPR, the provision of common templates as annexes to the CPR and the merger of ESF, FEAD and YEI to create ESF+.

However, feedback from RegHubs and other stakeholders demonstrates that there is still room for improvement, particularly in terms of decentralisation, while they still experience complexity and fragmentation due to different funding instruments and rules:

- The separation out of the CPR framework of the European Agricultural Rural Development Fund (EAFRD) is seen as mainly negative⁴;
- The differences between ERDF and ESF+ regulations sometimes make it difficult to finance integrated place-based and people-based approaches (in a specific geographic area) linking ERDF and ESF+ financing under policy objective 4;
- A plethora of funding instruments managed centrally at EU level but investing in similar areas under different rules and conditions, and in some countries on a different level of government, continues to exist. For example, the introduction of the Recovery and

³ See RegHub report in Annex;

⁴ See Annex and CoR opinion "[Common Provisions Regulation](#)";

Resilience Facility in the midst of the programming for 2021-2027, with different rules and governance but intervening in similar or even identical thematic areas, contributed to slowing down both implementation of 2014-2020 and negotiation of 2021-2027 programmes under cohesion policy;

- The implementation of measures managed directly or indirectly by the European Commission in the "Employment and Social Innovation" component (EaSI strand of ESF+), and for which there are no significant synergies with the implementation of the ESF+, has proven to be challenging in some cases.

In this light, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures to address the fragmentation of funds:

- Introduce a single strategic framework for all EU funding streams at EU and Member State level, under shared management. For the period 2021-2027, this could be launched as a Commission communication and for post 2027, it should be reflected also in legislative terms (e.g. introduction of a common strategic framework under the Multiannual Financial Framework covering all funds and all policy areas, and for all shared management funds to be included under the CPR in view of enabling a single set of rules for these funds)⁵;
- When doing so, take into account the specific circumstances of the merged funds, in particular of the ESF+ Programme to fight material deprivation;
- Make support for capacity building a horizontal objective for programming of the relevant funds in the next period, as good governance and administrative capacity at all levels are key for strategic planning, efficient implementation of programmes and structural reforms;
- Reinforce coordination mechanisms at national, regional and local levels between ESF+ and other funds under shared management, in all types of territories;
- Explore the scope for coordinated guidance and training to optimise efficiency and effectiveness of current support, addressing ESF+ and other shared management stakeholders together;
- Ensure effective synergies between different CPR funds, in particular when targeting the same group or thematic area (e.g. policies related to the integration of minorities can be funded by both and ESF+ and ERDF), taking every possible precaution to avoid duplication of interventions;
- Assess the pertinence, for the next programming period, of proposing legislative changes to simplify and speed up implementation of the Just Transition Fund (JTF) by merger back under the rules appertaining to ERDF/ESF+, while respecting territorial allocations and ensuring dedicated funding is made available to deliver on a just transition, in particular addressing the interplay between climate change and mitigation with the need for social cohesion and inclusion;
- Avoid overlaps between the European Globalisation Adjustment Fund for Displaced Workers (EGF) and ESF+ by merging funds;

⁵ e.g. currently the EAFRD is not included under the CPR, and some of the other shared management funds only partially; this situation results in multiple 'rulebooks' and complexity;

- Support and strengthen the tools and governance capacity of the funds that ensure the respect and promotion of the horizontal principles in order to empower the competent authorities involved in the policy areas relevant to such principles (e.g. equal opportunities);
- Bring the different rules for managing calls for projects (for funds under direct and indirect management and funds under shared management) managed by the EC and European funds closer together by using the simplest rules as relevant (e.g. on State Aid);
- Take into account the needs and capacities of small beneficiaries and entrepreneurs and assess, when drafting the legislation for the next programming period, the extent to which they have benefited from this programming period in particular with regard to the amount of eligible costs, rules on access to funding and reporting procedures;
- Detail rules regarding the interaction of Cohesion Policy regulations with funds under direct management.

Expected benefits: Future policy decisions will have the necessary evidence-base to enable stakeholders at all levels to operate under a less complicated legislative and funding framework, speeding up implementation of programmes and reducing risk of error as a result of mixing rules from different funding instruments.

Suggestion 2: Increase flexibility as regards resource allocations, while preserving the long-term economic development objectives of cohesion policy

Description: The 2021-2027 policy and legislative framework aimed to introduce a streamlined framework for easier programming, including innovations such as the consolidation of 11 thematic objectives into 5 policy objectives, option to calculate thematic concentration at national level, giving Member States more flexibility and choices at regional level. ESF+ thematic concentration requirements in the areas covered by relevant Country Specific Recommendations (CSRs), youth and addressing material deprivation are adjusted to Member States' needs.

Stakeholders consulted in the RegHubs consultation largely consider the consolidation of 11 thematic objectives in 2014-2020 into 5 policy objectives has had a positive impact. The perception is however mixed regarding the ESF+ thematic concentration requirements in the areas covered by relevant CSRs⁶.

Feedback from stakeholders so far in the context of CoR opinions and RegHubs points to a number of difficulties already at this early stage of 2021-2027 programme implementation:

- The focus at Member State level - at least in some Member States – does not leave enough role for the regional and local level in determining and deciding needs as regards thematic concentration;
- While quotas can be helpful to ensure targeted support, the current approach to thematic concentration can be perceived as a) not focused enough in terms of impact due to

⁶ See Annex p. 23-24;

fragmentation into too many sub-areas, and b) leading to a static and inflexible commitment of a significant part of the ESF resources due to fixed quotas;

- As for 2014-2020, it is already proving too easy for the EU to introduce changes which divert cohesion policy funds from their key objectives and which introduce instability into the work of programme authorities and beneficiaries alike. For instance, the Commission's proposal to set up a Strategic Technologies for Europe Platform (STEP) included an adaptation of cohesion policy instruments and rules to facilitate and encourage funding for STEP projects (e.g. maximum co-financing rate of 100%, which benefits considerably more the more developed regions in comparison to transition and less developed regions);
- The focus on poverty could be lost in the broad framing of policy objective 4 – it was very difficult to distinguish which projects were specifically directed at tackling poverty (e.g. every employment project related to someone unemployed could be considered an anti-poverty measure);
- The delayed adoption of the applicable legal framework and the delayed programme approval in some cases has hindered implementation⁷;
- There is a perception that there are too many fields required for programming, and that some pieces of data are collected which are not necessary for reporting or payment purposes⁸.

In this light, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures to increase flexibility as regards resource and territorial allocations, while preserving the long-term economic development objectives of cohesion policy:

- Continue for the next programming period with the efforts to simplify and unify the rules for individual funds as much as possible to enable the practical implementation of integrated measures and territorial strategies;
- Encourage within Member States the establishment of a dialogue with all the national, regional or local authorities concerned in order to identify the national rules which are over-regulated (gold-plating) or which create obstacles to the implementation of European funds, in order to progressively remove them;
- Consider integrating minimum territorial earmarking clauses, including for urban areas, following the model of art.11 of the ERDF regulation, linked to relevant objective social indicators, to favour a more place-based approach to deploying ESF+;
- Launch a survey of cohesion policy stakeholders in all Member States on which basis to consider possible legislative modifications to adjust thematic concentration requirements at mid-term review in view of providing more flexibility, for example as regards percentage limits, should the feedback support such proposal;
- As part of such survey, also investigate the possibilities to make a clearer distinction for anti-poverty measures under policy objective 4;

⁷ See Annex, p. 23;

⁸ See Annex, p. 23. Last minute amendments to the expected content of the legal framework due to the final shape of the agreement on the Multi-annual Financial Framework were also problematic;

- Consider what elements of the current legislative framework could be rolled over to the next period, as consistency and stability are an important aspect to facilitate the work of the different stakeholders involved;
- Evaluate the impact of increasingly using cohesion policy as a crisis-response mechanism for simplified implementation options or as a funding pot to address any latest new priority at EU level, bearing in mind the inherent risks linked to redirection of funding away from existing cohesion priorities. In principle, the ESF+ is designed to support longer-term structural policy reforms in line with the objectives defined as part of economic policy coordination and its longer-term planning and financing security of projects and measures is a major advantage. Lessons learned from the increasing use of the ESF as a crisis intervention instrument in recent years should be analysed in more detail;
- Consider establishment, for the next programming period, of a comprehensive mechanism for the use of funds in the event of exceptional or unforeseen circumstances by means of guiding provisions on its scope, funding availability, governance and application; such a mechanism, building on Article 20 of the current regulation, should prevent the need for successive and targeted revisions of the legislation in the face of negative shocks, as occurred several times in the 2014-2020 period;
- Adopt the applicable legal framework well ahead of the start of the new period in the future to give more time for consultation and drafting of regional programmes;
- Narrow the list of information fields requested in relation to each (operational) programme.

Expected benefits: These measures would introduce more flexibility where this is necessary to address the needs of specific territories and populations, while preserving the policy's focus on long-term objectives and providing a fitting framework for the whole of the programming period. This can also lead to a clearer distinction between measures aimed at tackling poverty from broader support measures.

Suggestion 3: Support more extended use of simplified cost options and financing not linked to costs

Description: The legislation for 2021-2027 aimed to encourage the use of simplified costs options (SCOs) and financing not linked to costs (FNLC), *inter alia* by attaching special templates to the programme model in CPR, as SCOs and FNLC can significantly simplify administrative procedures, reduce red tape and enhance efficiency of project implementation (e.g. the use of SCOs has been estimated to reduce the total administrative costs by up to 25%⁹).

There is also a heightened interest in the relevance and application of these tools due to the advent of the Recovery and Resilience Facility (RRF), whose implementation is portrayed as following the FNLC model.

⁹ See CoR study "[Simplification measures on the Cohesion policy proposal for 2021-2027 and impact of the CoR political work](#)" (2018);

Feedback from the RegHubs¹⁰ demonstrates that SCOs have been used more widely in programmes compared to the previous programming period but that the new option of FNLC is not much used. The majority of stakeholders consulted consider that, at this stage of implementation, it is too early to see if this has led to a reduction of administrative costs or a reduction of errors¹¹.

Stakeholders reported experiencing the following issues with SCOs and FNLCs¹²:

- Complex and time-consuming development and use; in particular, elaborating SCOs for projects below 200.000 EUR (an obligation) actually generates more administrative burden than using real costs;
- Limited guidance materials/studies that would help implement SCOs and FNLCs and provide legal certainty (e.g. lack of delegated regulations establishing SCOs at Union level) and lack of applicants' knowledge and competences on SCOs;
- (Perceived) risks of use linked to subsequent checks and audits: potential non-alignment with the practices of the Audit Authority or with the rules imposed on public bodies by the Court of Auditors.

In this light, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to continue implementing, monitoring and further strengthening measures to support more extended use of SCOs and FNLCs in terms of:

- Clear and consistent communication about the effects of simplified cost options and financing mechanisms not linked to costs, while avoiding misrepresentation of these as a panacea as they are not necessarily always the right tool for all circumstances;
- Expansion of the set of off-the-shelf SCOs in the CPR that are directly applicable to the different types of intervention/action, including actions for smaller amounts, with enough flexibility allowing for experimentation;
- Technical assistance and support services, to help stakeholders at all levels (including public authorities and beneficiaries) navigate and implement these tools – provide guidance and training programmes as well as assistance with project design, financial management, and reporting. Such assistance and support services and other instruments need to be easy to access and understandable for stakeholders;
- Ways to showcase successful implementation and encourage wider adoption, while facilitating peer learning and exchange programmes to share experiences, challenges, and good practices;
- Regular mapping of the most common SCO/FNLC schemes across Member States, in order to identify measures that can be used as a reference for establishing similar schemes elsewhere, and dissemination thereof;

¹⁰ See Annex, p. 24-26;

¹¹ See ECA [Review 03/2024: An overview of the assurance framework and the key factors contributing to errors in 2014-2020 cohesion spending \(europa.eu\)](#): while the ECA found that every 24th transaction involving SCOs was affected by error, compared to every fifth transaction based on reimbursement of actual costs, it also underlined the limited uptake of SCOs in the 2014-2020 period due to legal uncertainty and the additional administrative burden entailed by using them in parallel with traditional national and regional systems based on the reimbursement of actual costs;

¹² See Annex, p. 24;

- Incentives, such as simplified procedures for future projects, for beneficiaries that successfully implement projects using SCOs or FNLCs and including more complex examples of Unit Cost calculation and also approaches for data analysis when drafting the simplified cost methodologies;
- Specific funding streams dedicated to projects using SCOs or FNLCs;
- EU, national or sub-national regulations that need to be reviewed and, if necessary, revised, should they constitute a barrier to the effective use of SCOs or FNLCs, with a view to providing clear and harmonised rules;
- Monitoring, evaluation and stakeholder feedback mechanisms to assess the impact of SCOs and FNLCs and use these to refine policies/methodologies, address challenges and improve the overall effectiveness of these approaches;
- Involvement of the audit authorities in the design of simplified cost models;
- Feasibility of proposing legislative changes to further incentivise or oblige the use of SCOs and FNLCs under cohesion policy. Incentives could include higher co-financing rates or extension of automatic decommitment rules while potential obligations could involve minimum percentages, or potential obligation for certain policy interventions to only use SCOs or FNLCs, as appropriate;
- Consolidation of EC delegated acts related to SCOs and FNLCs into a single provision;
- Establishment of flat rates, lump sums and unit costs to avoid differentiation and risk of error.

Expected benefits: when implemented correctly, SCOs and FNLCs can bring about simplification and increased efficiency (reducing paperwork, reporting requirements, and reduced frequency of errors, etc.) and better overall management of funds (more focus on outcomes and results).

Suggestion 4: Support broader roll-out of e-cohesion

Description: "e-cohesion" refers to the use of digital technologies and tools to enhance and streamline the implementation of cohesion policy.

Feedback from the RegHubs demonstrates that e-cohesion tools are massively used and are largely considered to have made life easier¹³.

However, there is still room for improvement:

- There is a lack of compatibility between systems used or with national regulations and data mismatch or not consistently transmitted; this means parallel exchanges of information (such as e-mail, paper, etc.). Ensuring interoperability beyond the programme-level to the national and the EU level is also important.
- The data entry can be lengthy for beneficiaries (many attachments to upload and data to be filled in).

¹³ See Annex, p. 26-27;

Also, the significant efforts of the development, testing, customisation and maintenance of information systems should be considered; generally, a further simplification of rules and processes in the future would limit the IT programming effort.

In this light, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures conducive to the broader roll-out of e-cohesion in terms of:

- Robust and widespread digital infrastructure, including high-speed internet access, to facilitate the adoption of e-cohesion tools across all regions;
- Training programmes for public officials, local authorities and other stakeholders to enhance their digital skills and understanding of e-cohesion tools;
- Common standards and interoperability frameworks to ensure that e-cohesion tools can seamlessly integrate across different levels of government and various sectors;
- Strong data privacy and security measures to build trust in the use of e-cohesion tools and to comply with relevant regulations such as the General Data Protection Regulation (GDPR);
- Awareness campaigns to inform stakeholders about the benefits of e-cohesion, share success stories and address concerns to encourage widespread adoption;
- Funds allocated specifically for the development and implementation of e-cohesion initiatives. Financial incentives can encourage local and regional authorities to adopt and effectively use digital tools;
- Pilot projects in specific regions aimed at demonstrating the effectiveness of e-cohesion tools in practice. These pilot projects can serve as models for broader implementation;
- Greater collaboration between the EU, Member States, local governments, private sector entities and non-governmental organisations to pool resources and expertise for the successful implementation of e-cohesion;
- Make full use of opportunities provided by digital technologies (i.e. Implementation and facilitation of digital billing and digital accounting, introduction of digital audit trail etc);
- Design of user-friendly interfaces for e-cohesion tools to ensure that even those with limited technical expertise can easily navigate and use the platforms;
- Ensure robust monitoring, evaluation and stakeholder feedback mechanisms to assess the impact of e-cohesion initiatives and improve them;
- Explore the potential of Artificial Intelligence (AI) if incorporated into the e-Cohesion tools as it can provide for advanced quality control mechanisms, risk assessment and fraud detection, supporting users in their processes.

Expected benefits: Increased efficiency and streamlined processes, reducing paperwork and manual tasks; cost savings; reduced errors and improved data accuracy; faster access to relevant data and information for all stakeholders; increased transparency; facilitation of coordination.

Suggestion 5: Further reduce the audit burden on cohesion policy stakeholders

Description: The legislation for 2021-2027 aimed to reduce the management, control and audit burden by introducing a simpler and proportionate approach and relying more on national systems. Measures included:

- A more proportionate approach: risks-based management checks (instead of covering 100% of operations) and simpler and less audit requirements for programmes with good track record and proper functioning of the management and control systems;
- Single audit arrangement: the Commission will audit only the audit authority if the opinions issued by that audit authority are deemed to be reliable and the Member State is part of the collaboration with the European Public Prosecutor's Office;
- Simpler template for accounts and payment application;
- Clear (and shorter) document retention period for beneficiaries.

The majority of stakeholders consulted in the RegHubs consultation expect the simplification measures introduced to have a very positive impact¹⁴; due to delayed start of implementation in the period 2021-27, there is at the moment only limited factual evidence on the functioning of the current audit system.

However, feedback already suggests that:

- The number of audits has been reduced, but the content is still complex;
- The risk-based approach for management checks simplifies and speeds up the processing of files; however, the fact it is not implemented down the chain for audits (with external audits continuing to apply the verification of all expenditure) poses financial risks for the managing authority (which may then be tempted not to fully apply the risk-based approach), especially since extrapolation rules continue to apply and the additional flat-rate financial correction threshold remains set at the low level of 2 %;
- Similarly, the retention of documents for a shorter period of time is positive in theory, but it runs the risk that project documents will no longer be kept long enough for subsequent audits, putting the beneficiary and the managing authority in difficulty at a later stage.

However, one should take into consideration the following parameters:

- Simplifying audit and control rules by establishing channels of communication between the European Commission and the managing authorities, which go beyond the standard questionnaires and whose timeframes take on board the workload of managing authorities in order to avoid that these authorities have to put in place new programmes, finish old ones and get audited at the same time;
- Making sure that the audits performed by the national audit authority, even when externalised, take fully on board the purpose and objectives of cohesion policy in order

¹⁴ See Annex, p. 28-29;

to avoid overcontrol which may demotivate small and medium stakeholders to apply for ESF+ financing;

- Making audits more transparent, efficient, cost-effective and available to managing authorities;
- Making the control of public procurement within the ESF+ in particular and cohesion policy in general more flexible. A generalisation of the ongoing simplification identifying reliable beneficiaries of public procurement who, due to positive records, are exempted from controls, could be a good solution;
- Audit and control checks should be timed in a way that they do not interfere with the setting-up or conclusion of projects in order to avoid adding additional pressure and workload on the relevant authorities.

In view of the above, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures to further reduce the audit burden on cohesion policy stakeholders, as follows:

- Consider a “confidence bonus” for programmes without relevant audit findings, leading to fewer reporting obligations, including for the certification exercise at the beginning of the programming period;
- Commission to transmit the preliminary audit findings and the audit report in at least one official language of both the EU and the Member State concerned (not one of the official languages of the Union) to speed up implementation;
- Commission to strengthen working level meetings to clarify and discuss open questions, in order to avoid relying heavily on written reporting procedures;
- Explore the benefits of adopting a separate regulation on management and control applicable across periods and mirroring, not increasing, the requirements of the financial regulation to reduce legislative confusion and speed up delivery;
- Encourage preventive controls at the start of programming with a view to prevention rather than punishment;
- Apply the principle of proportionality in the risk assessment. The risk assessment should consider the financial amount of the projects, in addition to factors such as the number, type, size and content of operations implemented;
- Reintroduce a clear distinction between the concepts of error and fraud and adapt the respective application of the concepts of error and fraud;
- Explore the possibility of applying the risk-based approach, including consideration of the principle of “right to error”, more comprehensively, up to the end of the processing chain;
- Re-examine the error rate threshold and extrapolation rules as they cause excessive controls and risk-prevention measures (for example, increase the error rate threshold from 2% to 3%);
- Provide clear guidance, available in one place, regarding the various aspects such as implementation, control etc.;
- Consider applying prediction models for the error rate based on historical data (machine learning techniques) and using sampling techniques based on risk. Such

measures could potentially contribute to reducing the number of audits, whilst increasing at the same time the accuracy of the error rate estimation;

- Generally, identify and avoid gold-plating, including audit bodies, to make single audit arrangement a reality on the ground. National and regional auditors should apply simplification measures proposed by ESIF regulations, and national regulations should be further simplified;
- For the next period, build on the initiative taken by the EAFRD early 2024 and introduce a threshold below which projects would be exempted from external audit.

Expected benefits: increased trust, reduction of administrative burden, reduced error rate.

Suggestion 6: Reduce the burden of reporting requirements, while increasing their relevance in respect of communication, transparency and accountability

Description: The legislation for 2021-2027 aimed to reduce the burden of monitoring and evaluation requirements by having more frequent but lighter reporting. Measures included:

- Option (no obligation) to conduct an ex-ante evaluation of future programmes;
- Regular electronic data transmission instead of annual implementation and progress reports;
- A common set of output and result indicators that cover a high share of programme interventions.

The majority of stakeholders consulted in the RegHubs consultation considers the simplification measures introduced generally have had a positive impact¹⁵.

However, some issues remain:

- Whilst the transfer of electronic data several times a year provides more up-to-date information, it also triggers a certain administrative burden as the data often has to be consolidated and imported (with significant manual effort and risk of errors);
- Electronic data transmission does not have the same level of explanatory power as annual implementation reports, which used to provide a useful assessment on the implementation progress and was also a useful communication measure;
- While common indicators allow compiling data at EU level, in practice many common indicators prove challenging for beneficiaries and/or the managing authority to follow in practice (high complexity or lack of reliability of overall data);
- The new reporting system takes into consideration only quantitative aspects and not qualitative ones, which means that creative and pilot projects/support measures are increasingly difficult to accommodate in the programmes.

In view of the above, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures to reduce

¹⁵ See Annex, p. 29-30;

the burden of reporting requirements, while increasing their relevance in respect of communication, transparency and accountability, in terms of:

- Standardisation and streamline reporting templates and procedures, including a clear description of the content required, to make them more user-friendly; more templates/import options for the transmission of data could be provided;
- Training and support to stakeholders involved in the reporting process and foster a culture of continuous improvement by sharing good practices and lessons learned. In addition, the current System for Fund Management in the European Union (SFC) has to become more user-friendly and should be further developed with the involvement of the managing authorities; more templates/import options for the transmission of data could be provided;
- Involvement of relevant stakeholders, including beneficiaries, in the design of reporting requirements to ensure their practicality and relevance, limiting data collection to what is absolutely necessary, and set up feedback mechanisms to continuously refine reporting processes based on user experience;
- Embedding of reporting requirements into the project management process from the outset;
- Alignment of reporting timelines with project milestones to avoid additional administrative burden;
- Assess the administrative burden associated with financial data submissions to the Commission and consider a regulatory amendment to align with regular reporting intervals, (e.g. semi-annual indicators and quarterly financial data);
- Definition of common gender indicators from the outset and further support to stakeholders' capacity for gender data collection, analysis and reporting;
- Dissemination of communication tools and contents to direct and indirect stakeholders on topics related to the horizontal principles also applying to sectoral policies.

Expected benefits: reduction of administrative burden, increased focus on results.

Suggestion 7: Further strengthen the application of the partnership principle, shared management, decentralisation and Multi-Level Governance (MLG)

Description: The partnership principle, shared-management, decentralisation and multi-level governance are key features for the programming and implementation of cohesion policy. Indeed, stakeholder involvement enhances the delivery of European programmes by providing ownership and making investments place-based. The 2021-27 regulatory framework kept similar references to the partnership principle as the 2014-20 regulations.

However, the CoR has underlined in various studies¹⁶ and opinions that, while cohesion policy outstrips other EU policies in its attention to and respect of the partnership principle, there

¹⁶ See [study report](#) "Application of the principles of partnership and multi-level governance in Cohesion Policy programming 2021-2027";

remains room for improvement. The RegHub consultation confirms that respondents experienced some challenges¹⁷:

- Almost half the respondents to the RegHub consultation consider that mistakes in project planning or bureaucratic faults would have been avoided by more active engagement of the partnership and/or application of the multi-level governance principle;
- Although regions are more aware of the territorial challenges, they often lack decision-making power or they may be only involved in the preparation of the Partnership Agreement for its initial version (not during the subsequent negotiations with the Commission);
- It is difficult to mobilise partners when the implementation of EU funds is very technical; also, regions do not have the capacity to enhance stakeholders' knowledge of EU programmes and funds;
- Likewise, for NGOs, despite measures aimed at simplification and reduction of administrative burden, the level of complexity for participation remains high, allowing only the most expert and resourceful organisations to participate;
- It is difficult and time-consuming to reconcile all interests, especially when partners are not willing to compromise and have unbalanced powers;
- The European Code of Conduct on Partnership is too detailed while each managing authority is best placed to decide how to involve relevant partners, and it puts the region on the same level as other actors who do not have the same knowledge of cohesion policy mechanisms.

Furthermore, access to ESF+ by local authorities (such as cities and metropolitan areas) who often act as ESF+ managing or intermediate authorities, as well as by social and anti-poverty NGOs is still quite limited in several Member States. In addition, the full implementation of the partnership principle should be ensured through the involvement of relevant subnational authorities in the definition of the National Operational Programmes.

In view of the above, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures to strengthen the application of the partnership principle and MLG, notably through:

- Identifying good practices of concertation and applying mandatory consultation of local and regional authorities at an early stage and their active involvement and representation throughout the implementation process to ensure broad and meaningful participation of the partnership in the preparation and implementation of programmes. This is important to ensure ownership of the new European objectives and to ensure the democratic design and territorial representativeness of partnership agreements and operational programmes;
- Continuing to carry out surveys and assessments as to the participation of various partners and various levels of governments and to take action to address low or non-participation of certain stakeholders;

¹⁷ See Annex, p. 31-32;

- Pursuing training and capacity-building of partners, especially those with lower capacity or resources to engage in the governance and / or implementation of programmes;
- Analysing application with a view to review and revise the European Code of Conduct on Partnership as appropriate and, for future legislative changes/legislation, include it within the CPR;
- Establishing compliance with the partnership principle as an ex-ante condition for receiving cohesion policy (to be evaluated externally);
- Streamlining the complex terminology surrounding cohesion policy, making it more user-friendly for the beneficiaries, the managing and audit authorities and EU citizens at large;
- Developing strategies for proactive outreach to involve partners early on in the decision-making process so that they can participate throughout the lifecycle of the funding;
- Basing any future investment policy instrument, including a possible follow-up instrument to the RRF, on these principles and implementing them under shared management in line with the principles of subsidiarity and shared multilevel governance;
- Further decentralising the management of the ESF+ and encouraging regionalised ESF+ allocations to allow for a better territorial distribution of ESF+ envelopes and foster synergies with the ERDF;
- Strengthening the coordination mechanisms at all levels: EU, Member State and sub-national, as relevant;
- Supporting and strengthening the tools and governance capacity of the funds that ensure the respect and promotion of the horizontal principles, to empower the competent authorities in the policy areas of the aforementioned principles, with special attention given to the issue of gender equality;
- Further embedding the application of the horizontal principle of gender equality within the partnership principle, also fostering the participation of NGOs, CSOs, public and private organizations active in the field of gender equality;
- Further developing and implementing tools and solutions for competent authorities on horizontal principles (e.g. equal opportunities).

Expected benefits: enhanced ownership, improved effectiveness and accountability, positive spill-over effects (e.g. capacity-building), increased social cohesion; sustainability of investments.

Suggestion 8: Review and simplify enabling conditions

Description: Enabling conditions should be further simplified with the aim to reduce administrative burden.

For the 2021-2027 programming period, there are 20 enabling conditions which must be fulfilled for a reimbursement of expenditure to be made by the Commission (compared with 36 conditions with different parameters in the previous period). The aim of these enabling conditions is to ensure that the necessary conditions for the effective and efficient use of the Funds are in place from the beginning of the programming period.

The majority of RegHubs reported that the change of requirements linked to enabling conditions for 2021-2027 had a positive or neutral impact on their work.

However, the following issues were reported:

- The presence of some conditions at programme level is problematic because they are related to the Member State, not always to what the region can do, which risks slowing down development and implementation of programmes.
- For some hubs, the documents fulfilling the enabling conditions represent a significant administrative burden.

In this light, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to analyse and consider measures to reduce and further simplify enabling conditions, notably by regularly organising checks of enabling conditions and dialogue at the appropriate level and, in the case that this is at Member State, to avoid impacting the programmes implementing the funding. Furthermore, the Commission and Member States are invited to regularly monitor and evaluate the impact of the implementation of the enabling conditions.

Expected benefits: burden reduction with a concurrent speeding up of the whole process.

Suggestion 9: Lead a collective and concerted effort on simplification

Description: Authorities at all levels should be committed to simplification.

Feedback from the RegHubs demonstrates that simplification concerns all authorities¹⁸. Generally, when asked who imposes additional rules on top of the agreed legislative framework and who should do more in order to promote simplification, RegHubs first chose the Member States, then the European Commission (close behind) and then regional authorities.

One hub specified that all authorities are responsible at their own level:

- The European Commission, which drafts the legislation and sometimes opts for a more restrictive approach during negotiations with the Member States or the managing authorities;
- The Member State, which complicates the process by adding intermediaries and controls (e.g. national audit authority for European funds);
- The Managing Authority, which implements more stringent controls than are necessary to maintain an acceptable error rate.

In this light, the Commission and Member States are invited, within and beyond the framework of the mid-term evaluation of the ESF+, to lead a concerted approach to simplification, involving all stakeholders throughout the chain, with a dialogue between all actors: from the beneficiary to the European audit bodies and national audit bodies.

¹⁸ See Annex, page 33-34;

In addition, based on feedback from RegHubs, the Commission is invited to look into the following actions which could facilitate the work of managing authorities:

- Amend the legal bases as little as possible during the programming period;
- All stakeholders to prepare documents relevant to expenditure eligibility in parallel with the negotiations on the Partnership Agreement (not later) so as to avoid risk of operations on the basis of old rules and risk of illegality;
- For the programming template, take into account the characteristics of different official languages to set high enough character number limits¹⁹;
- For small projects highly depending on volunteer work, consider volunteer costs as personnel costs²⁰.

Expected benefits: reduction of administrative burden; increased trust; improved stakeholder involvement.

¹⁹ See Annex, page 23;

²⁰ See Annex, page 24.

To collect feedback on how the European Social Fund Plus (ESF+) as well as the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund are being implemented in the 2021-2027 programming period and on how they could be improved, the European Committee of the Regions consulted its network of regional hubs (RegHubs) between 21 February and 9 April 2024.

Out of the total 27 contributions received, 22 contributions came from respondents involved in the management of ESF+ (from 9 Member States). While the main results of the consultation are included in this opinion, this annex presents a more detailed synthesis of the contributions; it is organised according to the sections of the questionnaire, with links made to the relevant suggestion in the opinion.

1. LEGAL FRAMEWORK & COORDINATION OF FUNDS (linked to Suggestion 1)

- **The simplification measures introduced are generally considered to have had a positive impact**, especially the placing of almost all EU funds implemented under shared management under the CPR and the provision of common templates as annexes to the CPR;
- **The merger of ESF, FEAD and YEI to create ESF+ is seen as largely positive;**
- One hub indicated a lack of coordination between the relevant EU Directorates-General;
- Another hub called for more detailed rules regarding the interaction of cohesion policy regulations with other directly managed funds, notably with Horizon Europe.

When it comes to the current or next programming period:

- **The hubs largely support the following:**
 - Single strategic framework for all EU funding streams at EU and Member State level;
 - One-stop-shops to help beneficiaries handling EU funds under different management modes in parallel;
 - For the next period: Number of funds reduced, for instance merging JTF under ERDF or ESF+.
- **On the convergence of funds and rules**, some hubs commented that:
 - In principle, reducing the number of funds is a good idea but only on the basis of a number of conditions: a stable level of resources, clear and common rules and ambitions, choice of the most functional rules;
 - It is important to continue to converge the strategic frameworks and the types of funds, in order to simplify their implementation and financial management and to facilitate access to finance for project managers;
 - It would be useful to bring the different rules for managing calls for projects (for funds under direct and indirect management and funds under shared

management) closer together by using the simplest rules as relevant (e.g. on advance payments, on State aid).

- An issue was reported on the programming template in Annex V of RDC 1060/2021 which establishes the number of characters per field that must be filled out: it takes more characters/words to explain a project in Spanish than in English.
- For future programming periods, it was suggested to:
 - Detailed rules regarding the interaction of Cohesion Policy regulations with funds under direct management;
 - For the programming template, set different character numbers based on the characteristics of different official languages;
 - Promote a strategic approach at regional and decentralised level, allowing to take into account the real needs of a territory, different in nature from those of a neighbouring territory, and to converge the strategy of the programme with all the regional planning and development strategies of the territory already in operation, in all the areas of intervention of the cohesion policy funds;
 - Amend the legal bases as little as possible during the programming periods;
 - Continue to have a separate Regulation for European Territorial Cooperation (ETC).

2. PROGRAMMING (linked to Suggestion 2)

- The consolidation of 11 thematic objectives in 2014-2020 into 5 policy objectives is very largely considered as having had a positive impact;
- **The perception is more mixed regarding the ESF+ thematic concentration requirements in the areas covered by relevant CSRs.** One hub reported that indicating thematic concentration for support ensures that minimum financial requirements apply to priority areas; however, from the point of view of programme management, such limitations make it difficult to plan the allocation of financial resources and make changes. Another hub indicated that concentration can create problems if the territory does not present the specific expected conditions.
- The menu set out in the Regulation should remain fully accessible to all European territories and that it is the needs analysis which should then guide the choice of objectives to be deployed in the territory concerned.
- Several other issues were reported:
 - For some programmes, delayed programme approval has hindered implementation;
 - The high number of fields and pieces of collected data which are not necessary for reporting or payment purposes;
 - Article 93(5) of CPR can lead to not fully using the funds.

When it comes to proposals for the current or next programming period:

- The hubs largely support the tackling of unnecessary additional rules and gold-plating, which impede the implementation of EU funds;
- It was suggested to:

- Maintain the CPR in principle and amend it for post 2027 only on a very targeted basis so that existing systems such as IT can be maintained to a large extent, reducing implementation costs;
- Narrow the list of fields (currently 142, to be reduced down to 113 as before);
- Publish rules earlier in the future to give more time for consultation and drafting of regional programmes;
- Provide additional opportunities to programme and invest according to a specific policy objective, and to ensure continuity with previous strategies;
- Apply to funds under shared management the same rules on state aid as for funds under direct management, or better align state aid law with cohesion policy;
- For small projects highly depending on volunteer work, consider volunteer costs as personnel costs;
- Simplify output and result indicators (although how was not specified by the respondents).

3. SIMPLIFIED COST OPTIONS AND FINANCING NOT LINKED TO COSTS (linked to Suggestion 3)

- **SCOs have been used more widely in programmes** compared to the previous programming period according to almost all respondents;
- Most respondents cannot tell yet if this has led to a reduction of administrative costs or a reduction of errors at this stage of implementation. 37% of 27 respondents consider that SCOs have reduced errors and 44% that they have led to a simplification of administrative procedures and/or reduction of administrative costs.
- Two hubs indicated that the initial set-up of SCOs takes time; one of them stated they are beneficial to stakeholders (more secure and rapid, simpler) and to the Region, which has to check less and can concentrate on more qualitative rather than administrative controls.
- The reasons given for not using SCOs were:
 - The lack of applicants' knowledge and competences on simplified cost options and the lack of available materials/studies that would help implement SCOs (e.g. related to inconsistencies between SCO provisions in cohesion policy vs. public aid, lack of delegated acts of the European Commission ensuring legal certainty of the Managing Authority when implementing SCOs, high inflation...);
 - Unchanged rules in the sampling methodologies by the Audit Authority and potential non-alignment with the rules imposed on public bodies by the Court of Auditors.
- Among the hubs that are using SCOs, several hubs have reported issues or risks:
 - The development of SCOs can be complex and time-consuming, with exchanges with the stakeholders involved and with the audit authority. It can be difficult to determine standard unit costs and to apply the flat rates provided for in the CPR. The national accounting system may not have structured accounting in direct and indirect costs.

- The obligation to find SCOs for all projects below the 200,000 EUR threshold is problematic. It is not because a project is of lower value that it is suitable for SCOs. For operations of modest economic size, real-cost reporting often requires a lower administrative burden than the elaboration of budgeting methodologies/projects developed ad hoc for the type of operation;
- It is difficult to draw up SCOs while trying to match the aid received by the final recipient with the contribution reimbursed by the Union for a programme and the fact there are no more delegated regulations establishing SCOs at Union level.
- As for **the new option of FNLC, it is not much used** (used by 15%, not used by 63%). Two hubs out of the four using it reported that it has led to simplified procedures (the other two did not provide any assessment).
- The reasons given for not using the option were:
 - The complexity of use (in particular, ex-ante analysis requiring expert human resources and historical data on similar intervention devices) and lack of guidance, combined sometimes with the need to start the programme implementation quickly;
 - The perceived risks of use linked to subsequent checks and audits;
 - A request from the European Commission to limit this formula to some elements, for example, not to use it in the case of technical assistance at regional programme level as this is only foreseen for use at national programme level.

When it comes to proposals for the current or next programming period:

- The hubs largely support the following:
 - Technical assistance and support services to help stakeholders at all levels (including public authorities and beneficiaries) navigate and implement these tools;
 - Clear and consistent communication about the (dis-) advantages of simplified cost options and financing mechanisms not linked to costs;
 - Continued use of pilot programmes which can serve as models and peer learning and exchange programmes to share experiences, challenges and good practices;
 - Incentives for beneficiaries for the use of SCOs or FNLCs;
 - Evaluation and, if necessary, revision of EU, national or sub-national rules that constitute a barrier to the effective use of SCOs or FNLCs;
 - Robust monitoring, evaluation and stakeholder feedback mechanisms to assess the impact of SCOs and FNLCs and improve the overall effectiveness of these approaches;
 - Legislative changes (in the current period) to further incentivise or oblige the use of SCOs and FNLCs under cohesion policy - One hub considers the incentive to be more appropriate than taxation.
- For the future programming period, the hubs suggested to:
 - Provide off-the-shelf SCOs in the CPR that are directly applicable to the different types of intervention/action, including actions for smaller amounts;
 - Simplify the approval process of SCOs submitted within programmes (Art 94 CPR);

- Revisit and assess the provisions concerning certain obligatory use of SCOs;
- Enable consultations of Member States with the European Commission on practical aspects of SCO implementation;
- Launch a timely evaluation of EU methodologies for the implementation of SCOs and their possible revision of methodologies;
- Involve the audit authorities in the design of simplified cost models;
- Continue adopting EC delegated acts in areas where they do not exist, taking into account the legal security that they provide and the reduction of irregular spending, and consolidate delegated acts into a single provision allowing the continuity of those approved in the current period;
- Encourage the exchange of SCO methods and simplification models;
- Establish flat rates, lump sums and unit costs to avoid differentiation and risk of error;
- Continue keeping a library of SCOs used in different countries, with the specific methodology used in designing SCOs and with a description of the types of activities for which they are used.

4. E-COHESION (linked to Suggestion 4)

- **E-cohesion tools are massively used and are considered to have made life easier for 85% of respondents;**
- Some issues have been reported:
 - **Lengthy data entry for beneficiaries** (many attachments to upload and data to be filled in); one hub considered that many pieces of data are required for audit purposes and that focussing audits solely on eligibility of expenditure would reduce the amount of data that is entered into the system;
 - Obligation of a high electronic signature standard, leading to additional costs for the beneficiary or for the managing authority;
 - Lack of effectiveness of the 'e-synergie' tool in management of cohesion policy programmes;
 - **Significant efforts required for the development, testing, customisation and maintenance of the information system** (including to adapt to changes in the Regulations);
 - **Lack of compatibility** between systems used or with national regulations and data mismatch or not consistently transmitted;
 - Lack of an IT tool common to all intermediate bodies prior to the start of programme implementation;
 - Forms and processes not standardised;
 - Unclear practical application of SCOs and FNLCs;
 - Limits in attachment sizes or in memory to introduce documents into the system when applying for certain projects;
 - Occasional problematic internet connection for applicants or beneficiaries and obstacles to signing;
 - Modules of the SFC platform often available too late;

- High programming effort for individual projects;
- Information systems not always in line with the stakeholders' needs;
- Limited access from regions to all the information concerning them in the SFC2021 application (only accessible to the central government, which makes the process very tedious).

When it comes to proposals for the current or next programming period:

- The hubs largely support the following:
 - Training programmes for public officials, local/regional authorities, and other stakeholders to enhance their digital skills and understanding of e-cohesion tools;
 - Common standards and interoperability frameworks to ensure that e-cohesion tools can seamlessly be integrated across different levels of government and various sectors;
 - Awareness campaigns to inform stakeholders about the benefits of e-cohesion, share success stories and address concerns to encourage widespread adoption;
 - Funds specifically allocated for the development and implementation of e-cohesion initiatives;
 - Pilot projects in specific regions to demonstrate the effectiveness of e-cohesion tools in practice;
 - Collaboration between the EU, Member States, local and regional governments, private sector entities and non-governmental organisations to pool resources and expertise for the successful implementation of e-cohesion;
 - User-friendly interfaces for e-cohesion tools to ensure that even those with limited technical expertise can easily navigate and use the platforms;
 - Robust monitoring and evaluation systems to assess the impact of e-cohesion initiatives, identify areas for improvement, and make necessary adjustments;
 - Mechanisms to gather feedback from users and stakeholders to continuously improve e-cohesion tools and address any issues or challenges that arise.
- It was also suggested to:
 - Make the e-synergie interface even simpler;
 - Provide requirements to the managing authorities in advance in order to start the programming period with the information systems in place, as development and testing are time-consuming;
 - Provide practical application guidelines on SCOs and technical annexes to the CPR (e.g. Annex on Information Systems) to allow regions to properly understand the technical and practical aspects of implementation;
 - Give access to regions to all information in the SFC2021 application (in read-only);
 - Generally, **conduct a major simplification effort for the next programming period** to simplify the tools and processes for beneficiaries, **as the IT tools reflect the rules in place**. The number of data to be entered for each project should be reduced to limit the IT programming effort as well as the administrative burden for beneficiaries.

5. MANAGEMENT, CONTROL AND AUDIT (linked to Suggestion 5)

- **The simplification measures introduced are assessed as having a very positive impact**, although some hubs have not yet seen their concrete implementation as too early in the programming period.
- However, several issues are reported:
 - The risk-based approach for management checks simplifies and speeds up the processing of files; however, the fact that it is not implemented down the chain for audits (with external audits continuing to apply the verification of all expenditure) poses financial risks for the managing authority (which may then be tempted not to fully apply the risk-based approach), especially since extrapolation rules continue to apply and the additional flat-rate financial correction threshold remains set at the very low level of 2 %.
 - Similarly, the retention of documents for a shorter period of time is positive in theory, but it runs the risk that project documents will no longer be kept long enough for subsequent audits, putting the beneficiary and the managing authority in difficulty at a later stage.
 - The risk-based controls by the managing authority are unlikely to be carried out on a sample basis due to state accounting rules.
 - One hub indicated that the administrative burden for the managing authority and intermediate bodies for their own checks and for the audit by the audit authority has increased; it considers that the mandatory introduction of the ARACHNE tool has increased the administrative burden for Member States;
 - In one case, audits/controls request actual cost documentation even though SCOs are used.

The hubs had the following proposals for the current and next programming period:

- In the new system of risk-based management checks, audit bodies should focus on the proper application by the managing authority of the risk verification system and focus their eligibility audits on the checks strictly carried out by this authority; the risk-based approach should be extended to the end of the processing chain, including external audits;
- The work on identifying unnecessary gold-plating and rules should be done at all levels (by each Member State and managing authority and also at European level) and should include audit bodies; the fear of audits and protection against financial risk contribute to additional rules and gold-plating;
- Re-examine the error rate threshold and extrapolation rules as they lead to excessive controls and risk-prevention measures, a situation which ultimately weighs on the beneficiary; focus on the risks of fraud rather than on irregularities;
- The European Commission should carry out an analysis to determine what expenditure is at risk and what controls should be reduced, and then ensure that these choices are applied by all, in particular the national audit authorities; having common management, control and audit rules would save time for each managing authority and would ensure equal treatment of applicants.

- The audits carried out by the European Commission, the national Court of Auditors and the European Court of Auditors should be carried out in line with the controls (single audit) by the local audit authority;
- Coordinate audit programmes of the programme authorities and review the method for selecting files to be checked to avoid checking the same file several times;
- Provide document templates for the selection of the operation (e.g. request for financing) common to managing authorities;
- Ensure that the audit schedule is consistent with the document retention period so as not to put the beneficiary and the managing authority in difficulty at a later stage; consider further reducing the document retention period;
- Focus on the achievements of results rather than the management of expenditure, which is already audited by the control bodies of each region;
- Focus audits on the eligibility of expenditure of the funded project and carry out more structural audits (e.g. relating to general public procurement rules, the application of Community thematic legislation, etc.) at national level, to facilitate access to finance for all types of project promoters;
- For the next period, build on the initiative taken by the EAFRD in early 2024 and introduce a threshold below which projects would be exempted from external audit;
- For the next period, the eligibility of expenditure should be proposed by the Member State and agreed with the European Commission, so that different state tax and tax rules across Member States are taken into account.

6. MONITORING AND EVALUATION (linked to Suggestion 6)

- **The simplification measures introduced are largely assessed as having a positive impact.** Concerning the more frequent electronic data transmission instead of annual reports, a slight majority of respondents consider it positive but one third assess it as neither negative nor positive.
- Issues reported:
 - Several hubs indicated that **the more frequent transmission is in fact time-consuming** as the data has to be consolidated and imported (with significant manual effort and risk of errors); also, electronic data transmission **does not have the same level of explanatory power as annual reports**, which provide a useful assessment and explanations for data;
 - While common indicators allow compiling data at EU level, in practice many common indicators prove challenging for beneficiaries and/or the managing authority to follow, which means high complexity or lack of reliability of overall data;
 - On evaluation, only quantitative aspects count, not qualitative aspects, which means that creative and pilot projects/support measures are increasingly difficult to accommodate in the programmes.
- A slight majority of RegHubs are rather satisfied with the current availability of regional data (NUTS I, NUTS II, NUTS III and NUTS IV); 19% of 27 respondents are

unsatisfied. When asked what regional data would be helpful to improve the efficiency and effectiveness of implementation of the ERDF/CF/JTF/ESF+, the hubs mentioned: data on environment, green transformation and waste management, data on innovation, entrepreneurship, unemployment, poverty; regional data to assess the impact of the use of funds and policies, data allowing to detect developments traps which may not show at NUTS 2 level.

When it comes to proposals for the current or next programming period:

- The hubs generally support the following:
 - Training and support to stakeholders involved in the reporting process;
 - Standardised and streamlined reporting templates and procedures and develop SFC to allow export and import of all required data according to adopted reporting templates;
 - Sharing of good practices and lessons learned;
 - For the next period: Involvement of relevant stakeholders, including beneficiaries, in the design of reporting requirements;
 - For the next period: Reporting requirements embedded into the project management process from the outset;
 - Reporting timelines aligned with project milestones to avoid additional administrative burden;
 - For the next period: Risk-based approach to reporting, focusing on areas with the highest potential impact or risk of error - However, this proposal drew some negative comments (according to which, this creates confusion between the evaluation exercise and the audit exercise).
- It was also suggested to:
 - Reduce the frequency and timing of reporting (semi-annual indicators; financial data at most quarterly);
 - Provide more templates/import options for the transmission of data;
 - Assess the operational nature of indicators listed by the Commission with managing authorities from the outset;
 - Provide a list of output and result indicators with common definitions, to save time, while maintaining the possibility of adapting certain indicators to local conditions/ambitions;
 - Competent authorities should take greater responsibility for the evaluation of projects and programmes;
 - Provide common definitions/explanations of policy areas;
 - Establish working groups and define a consistent way to apply rules for calculating performance indicators follow-up;
 - Simplify reporting templates and procedures and provide training to build a culture of accountability and more focus on performance;
 - Do not introduce additional reporting requirements; they would constitute a disincentive for project leaders to take part in the monitoring and evaluation exercises, which is essential to demonstrate the concrete added value of EU action.

7. PARTNERSHIP PRINCIPLE AND MULTI-LEVEL GOVERNANCE (linked to Suggestion 7)

- Almost half of the RegHubs consider that mistakes in project planning or bureaucratic faults would have been avoided by a more active implementation of the partnership principle and/or application of the multi-level governance principle. One hub would have appreciated greater information/participation in the process of preparing the Partnership Agreement, not just for its initial version but during the subsequent negotiations with the Commission, with the final determination of which types of interventions are eligible for funding and which are not.
- Two hubs called for a stronger consultation of regions and managing authorities in the design of the EU regulation to give input on the operational implementation of the draft texts.
- The engagement of more stakeholders would be useful to turn good ideas into good projects. However, this requires enhancing the stakeholders' and partners' knowledge of EU programmes, which could be done through training and real dialogue. However, a subsequent increase in the region's administrative burden would need to be addressed.
- Several challenges regarding the principles of partnership and multilevel governance were reported:
 - Lack of decision-making capacity of the regions in the governance, although they are more aware of the challenges to be faced due to their greater proximity to the territory;
 - Limited involvement of a provincial council (second level local administration with long experience in supporting local authorities in its territory) and absence of consideration of its contributions;
 - Lack of recognition of the specific role of municipalities in cohesion policy: in the Monitoring Committee, municipalities cannot always be represented at the same level as many other actors;
 - Disparity in implementation capacities and levels of awareness and of usage of funds at regional and local levels;
 - Very technical nature of some subjects in the mandatory scope of the Monitoring Committee, giving a technocratic image of the implementation of EU funds while the partnership aims to mobilise partners and motivate them to promote EU funding and action on the territory;
 - Lack of partners' knowledge of detailed implementation rules of cohesion policy, with frequent requests for measures not authorised by the rules;
 - Difficulty to reconcile all interests and longer time needed for collegiate decision-making (although it is very useful);
 - Imbalance of power and lack of cooperation / willingness to compromise between partners. Non-compliance with the principles of transparency and inclusiveness;
 - Lack of coordination between different levels of governance.
- Other issues were reported:
 - Too detailed European Code of Conduct on Partnership, while each managing authority is best placed to choose and decide how to involve relevant partners;

- In the Code of Conduct, regions are put on the same level as other actors such as private partners, who do not have the same knowledge of cohesion policy mechanisms;
- No available information about the calls to be opened, which limits the ability of local and regional governments to plan ahead.

When it comes to proposals for the current or next programming period:

- The hubs largely support the following:
 - Good practices of concertation to ensure broad and meaningful participation of the partnership in the preparation and implementation of programmes;
 - Investment in training and capacity-building of partners, especially those with lower capacity or resources to engage in the governance and/or implementation of programmes;
 - For the next programming period: Any future investment policy instrument, including a possible follow-up instrument to the Recovery and Resilience Facility (RRF), to be based on the partnership principle;
 - For the next programming period: More decentralised management of the ESF+.

- It was also suggested to:
 - Establish as an ex-ante condition for receiving cohesion policy funds the compliance with the partnership principle, which should be evaluated externally;
 - Better coordinate the Partnership Agreement and the Programme to avoid risk of overlaps/displacements between state and regional interventions;
 - Maintain the possibility for managing authorities to rely on existing forums for dialogue with partners on the regional territory in order to be more effective in mobilising partners;
 - Draw up documents on expenditure eligibility at the same time as the Partnership Agreement and not later to avoid risk of operations being carried out on the basis of old rules and risk of illegality;
 - Reconsider the selection of the members of the monitoring committee.

8. EFFECTIVENESS OF POLICY IMPLEMENTATION

- In terms of effectiveness of policy implementation, several hubs considered it was too early to assess policy delivery. For those who did, a majority of respondents assess the **policy delivery as rather effective** for all funds, POs and Specific Objectives.
- For ESF+: One hub underlined that actions implemented at the regional level must always remain within the limits of the law defined at the national level and regions cannot introduce changes in the education system or the labour market.

9. ENABLING CONDITIONS (linked to Suggestion 8)

- The majority of RegHubs reported that the change of requirements linked to enabling conditions for 2021-2027 had a positive or neutral effect on their work: 40% of 27 respondents considered it had a positive effect, 33% considered it had neither facilitated nor jeopardised their work and about 20% said it had a negative effect.
- The following issues were reported:
 - One hub considered it very positive to motivate the Member State to take action (e.g. reforms in the legal system regulating individual areas of support), but **several hubs questioned the presence of some of these conditions at programme level**, precisely because they are sometimes related to the Member State, not always to what the region can do on the intervention of EU funds in the territory. The risk is to slow down development of programmes on sectors that would be problematic.
 - One hub also considered that, except for smart specialisation strategies, the documents justifying enabling conditions to the implementation of projects are meaningless and correspond to over-regulation;
 - The state documents fulfilling the enabling conditions are too long and represent a significant administrative burden.
- It was suggested to:
 - Organise checks of enabling conditions and dialogue with Member States, regardless of the programmes implementing the funding;
 - Further reduce and simplify enabling conditions;
 - Better support and educate programme participants to help them understand the enabling conditions and how to meet them;
 - Regularly monitor and evaluate the impact of the implementation of the enabling conditions;
 - Increase transparency in the process of implementing the enabling conditions.

10. OTHER ASPECTS (linked to Suggestion 9)

- Communication efforts are still needed:
 - Towards the public to inform about EU projects;
 - Towards beneficiaries and participants to help them find the best European funding sources and to educate them on procedures for the use of EU funds.
- Simplification is a matter of concern for all authorities. Generally, when asked **who imposes additional rules** on top of the agreed legislative framework and **who should do more in order to promote simplification**, RegHubs first chose **the Member States**, then the European Commission (close behind) and then regional authorities.
- One hub specified that all authorities are responsible at their own level:
 - The European Commission, which drafts the legislation and sometimes opts for a more restrictive approach during negotiations with the Member States or the managing authorities;

- The Member State, which complicates the process by adding intermediaries and controls (e.g. national audit authority for European funds);
- The managing authority, which implements more stringent controls than necessary to maintain an acceptable error rate.

It was recommended for all authorities involved under shared management:

- To be willing to simplify, taking into account the European Commission proposals for simplification arising from experience in the field;
- To lead a concerted approach to simplification, systematically involving all stakeholders throughout the management chain: from the beneficiary to the European audit bodies and national audit bodies;
- To give more responsibility to regions, placing more trust in them.