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ANNEX 1

ANNEX

MAIN POINTS OF THE SCOREBOARD IN ALL POLICY AREAS

to the

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

Final Simplification Scoreboard for the MFF 2014-2020

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Final Simplification Scoreboard for the MFF 2014-2020

TOPIC	ISSUE	FIRST SCOREBOARD	SECOND SCOREBOARD	FINAL RESULT
Reduction of numbers of programmes	Coherence between the common rules and the sector specific rules <i>(Article 1 of the CPR– now ESI Funds)</i> <i>(COM(2011)615 final)</i>	The Council proposal concerning the Structural Funds Regulation (CPR) may give rise to multiple derogations in the sector specific rules. The Commission considers that derogations from the common rules in sector specific rules should be kept to the minimum necessary; otherwise, there is a risk to undermine the designed harmonization by inserting multiple derogations in the sector specific rules. In this respect, the Commission supports the UK Statement to seek enhanced harmonization of the rules on the Funds covered by the Common Strategic	Still outstanding: discussions are on-going with a view to achieving a common stand.	Issue was solved. The Commission's position was accepted by the co-legislator, thereby ensuring coherence between the common rules and the sector specific rules is ensured since Article 1 of the CPR sets out that in case of doubt the common provisions prevail over the Fund-specific rules and the Fund specific Regulations. Moreover, derogations from common rules must be explicitly allowed.

		Framework.		
	"FISCUS" programme (COM (2011)706 final)	The Council and the European Parliament proposed to split the integrated programme proposed by the Commission for customs and taxation. The Commission maintains that an integrated "FISCUS" programme would ensure robust simplification, boost synergies and safeguard coherence in implementing modalities, without affecting the distinctive features of the two sectors.	The Programme has been split into two separate programmes: "FISCALIS 2020" and "CUSTOMS 2020"	The Programme has been split into two separate programmes: "FISCALIS 2020" and "CUSTOMS 2020"
Single sector framework	Code of conduct (Article 5 of the ESI Funds)	The deletion by Council of the Code of conduct would diminish the multi-governance approach designed for more effectiveness of the cohesion policy.	The Code of conduct has been restored by the co-legislators.	The European code of conduct on partnership has been restored in Article 5 of the CPR.
	Common Strategic Framework (Article 12 of the ESI Funds)	The use of a delegated act for the definition of the non-essential elements of the common strategic framework has been rejected by Council and Parliament; they propose to include these elements in	The Commission has submitted a modified proposal to include the common strategic framework in an	According to Article 10 of the CPR, a Common Strategic Framework is established as set out in Annex I to the CPR. The Commission may amend specific sections of the CSF by delegated acts

annex to the legislative act, even if it believes that this framework concerns non-

		the Annex to the legislative act. The Commission has accepted to follow this approach but insists to be empowered to adopt a delegated act to complete the Annex with the more technical non-essential elements of the common strategic framework and to amend the Annex. This is necessary in order to allow for some flexibility in adjusting the relevant elements to take account of practical experience.	essential elements of the legislative act. The delegated act for some complementary technical elements and for modification of technical elements in the Annex is still opposed by the Council.	(coordination, cooperation activities).
	Common rules for External financial instruments <i>(COM (2011) 842 final)</i>	The Council and the European Parliament rapporteurs want to include into the sector specific external financial instruments parts of the Common Implementing Rules Regulation applicable to all external financial instruments. The Commission will work to maintain the integrity of the Implementing Regulation, whilst ensuring a sound legal approach.	Issue not solved.	The issue is solved. The Common Implementing Rules for external financial instruments have been agreed by the co-legislators on 3 December 2013 and confirmed by the subsequent vote of the European Parliament on Wednesday 11 December 2013
	<i>Definition of priority axis in Cohesion Policy</i>	The Council and the European Parliament have agreed to combine investment priorities from	Issue not solved: the Commission considers that this undermines concentration, (the result	Where appropriate and in order to increase their impact and effectiveness through a

(Art. 87 ESI Funds)

		more thematic objectives, without any limitation in the programme. The Presidency, supported by the European Parliament, allows multi-fund priority axes and multi-category of regions priority axes without requiring all the information per Fund and category of regions.	oriented approach) and complicates implementation. It also creates legal uncertainties because such possibilities require adaptation of many legal provisions.	thematically coherent integrated approach, multi-fund priority axes and multi-category of regions priority axes are possible. In duly justified cases investment priorities from more than one thematic objectives are allowed.
	General rule on technical assistance of Member States <i>(Article 109 ESI Funds)</i>		The Council has proposed arrangements which consist of a general rule as regards the ceiling for the technical assistance allocation, and of a series of derogations which to a large extent render the general rule void, as well as create difficulties in interpretation. Issue not solved: the Commission considers that multiple rules and derogations introduced in Council entail extreme complexity in management.	Derogations from the general rule introduced by the Council in Art. 119 (ex-Art.109) of the CPR have been maintained.
	Single paying agency in CAP <i>(Article 7 in horizontal CAP</i>	The Council Presidency proposes to limit the number of paying agencies	Issue not solved: for the Commission, the approval of the Council's proposal	Member States are allowed to maintain the number of Paying Agencies which have been

	<i>Regulation)</i> <i>(COM (2011)625 final 2)</i>	per Member State to "the minimum necessary". The reduction to one paying agency per Member State or per region has been proposed by the Commission in order to ensure further harmonization and simplification of the CAP management notably by reducing administrative burden and improving audit efficiency.	would be a missed opportunity to simplify management and reduce administrative costs.	accredited before the entry into force of the Horizontal Regulation. <i>(Article 7 of Regulation (EU) No 1306/2013 (Horizontal Regulation))</i>
	Single coordinating national agency in "Erasmus for all" (renamed Erasmus+) <i>(Article 21)</i> <i>(COM (2011)788 final)</i>	The Commission proposal for a single national agency per Member State is questioned in the European Parliament competent Committee. The Commission does not agree with this approach, which reflects the current legal situation, as this would reduce the flexible use of the EU funds within the Member States and entail additional administrative work and costs.	Issue not solved: The Council and the EP CULT Committee have introduced the possibility to have more than one national agency in accordance with national legislation and practice.	The possibility to have more than one national agency in accordance with national legislation and practice has been introduced.
	Three sector under one single instrument in the Connecting Europe Facility <i>(COM(2011) 665</i>	The integrated approach of the Connecting Europe Facility was supported by	The Council and the competent Committee in the European Parliament have	The Council and the European Parliament have accepted the single structure proposed

	<i>final 2)</i>	the Council in the Partial General Approach of 7 June 2012. The Parliament, working under a joint TRAN-ITRE Committee on this file, shows signs of broad support to the instrument.	accepted the single structure proposed by the Commission	by the Commission
Synergies/Mainstreaming	Greening of direct payments in CAP <i>(Articles 29-33 of the Direct Payments Regulation)</i> <i>(COM (2011)625 final)</i> <i>(Article 65 of the Horizontal Regulation)</i> <i>(COM (2011) 628 final)</i>	Tendencies in Council are emerging which risk watering down the Commission proposals. Both the Council and the rapporteur in the European Parliament have suggested amendments aiming at limiting the scope of the greening requirements by for instance raising thresholds and widening definitions. According to the amendments suggested by the rapporteur of the European Parliament to the proposal to the horizontal CAP regulation, the non- respect of the greening requirements should not affect the basic direct payment. This would de facto render greening voluntary for farmers. Whilst certain adaptations of the	Issue not solved: the revised Presidency text sets out a plethora of different derogations, exemptions, approval procedures, weighing of (ecological focus) areas, etc. aiming at limiting both the scope and the impact of the greening requirements. Although exceptions/particular cases would limit the	Member States are allowed extensive flexibility when implementing the greening requirements, including the possibility to introduce various thresholds, exemptions and options. In this context, a Member State can decide to let farmers use practices that are deemed to be equivalent to the three greening practices established in the regulation. They may also decide to allow farmers to fulfil some of the greening requirement to have Ecological Focus Areas (EFA) at regional or collective level, instead of individually. It is maintained that 30 % of the direct payments shall be linked to the green practices. The principle of "no double funding" is also

compliance costs of some farmers, they will add to the complexity of the legislation, in particular in terms of managing and

		Commission technical proposals may be negotiated, the mechanisms for greening should remain credible in order to safeguard the objective of linking 30% of direct payments to environment and climate friendly practices.	compliance shall be of consequence only for the green payment, without any further reductions of other direct payments. Moreover, according to the COMAGRI amendments, greening shall be excluded from the baseline for agri-environmental-climate measures under rural development. This means that funding under the EARDF could be used for farming practices that are already covered by the green payment ("double funding"). The European Council has endorsed the Commission approach of greening and the use of 30% of the national ceiling for greening practices. It has recognized the need for a clearly defined flexibility for the Member States with regard to the choice of measures. The Commission, whilst accepting the need for flexibility, is against a tailor-made approach per Member State and numerous derogations which	maintained. When a farmer is found non-compliant, he may lose a maximum corresponding to his greening payment in the first two years of implementation. For the 3rd year, a penalty is foreseen, corresponding to 20% of what he claimed for could be applied on top. This percentage will increase to 25% from 2018. <i>(Articles 43 – 47 of Regulation (EU) No 1307/2013 on direct payments)</i> <i>(Article 77 of Regulation (EU) No 1306/2013f (Horizontal Regulation))</i>
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			would complicate implementation	
	Mainstreaming of horizontal principles (Articles 7, 8, 48, 87 of ESI Funds)	Council and Parliament are supportive of reinforced mainstreaming of the horizontal principles of equality of treatment, non-discrimination, sustainable development and climate change. However, Council's proposal to give the Member States the power to assess their relevance in operational programmes would weaken mainstreaming.	The Council and the European Parliament have agreed on the approach that empowers the Member State to decide whether a horizontal principle is relevant for a particular operational programme under cohesion policy, but that their assessment has to be duly justified. The Commission does not accept this approach.	Member States may assess the relevance of the respective horizontal principles for a particular programme under cohesion policy, but this assessment has to be duly justified.
	CAP - Rural development programme (COM (2011) 627 final)		Issues not solved. The Council Presidency has proposed to exclude the EARDF from the scope of the general ex-ante conditionalities set out in the ESI Funds. This could result in different ways of assessing relevance of conditions, thus diminishing the efficient and effective use of the EU funds. Both the EP COMAGRI and the Council Presidency have proposed to allow	The EARDF is covered by the scope of the general ex-ante conditionalities established for the ESI funds. Member States are allowed to have national and regional programmes in parallel. (Regulation (EU) No 1305/2013 on rural development)

			Member States to submit simultaneous national and regional programmes. This could lead to an overly complex management, including problems from a financial perspective.	
	CAP - Single Common Market Organisation (Single CMO) <i>(COM (2011) 626)</i>		The amendments adopted by the EP COMAGRI maintain or extend the application of certain redundant or outdated market instruments and adds new market regulation tools. This means either a perpetuation or an increase in administrative costs and burdens for both operators and national administrations.	A number of minor or unused aid schemes are abolished. The co-legislators however decided to maintain the aid for hops. Milk quotas will expire in 2015 and sugar quotas will expire in 2017. The co-legislators however rejected the proposal to abolish the planting rights for vine. The planting rights have instead been replaced by a new authorisation system. <i>(Regulation (EU) No 1308/2013 on the single CMO)</i>
Clear priority objectives and indicators (result oriented)	Minimum allocation to the ESF (Art.84 of ESI Funds)	Council position in the CPR to delete the minimum allocation to the European Social Fund (ESF) would weaken the focus on Europe 2020 priorities for growth and jobs. The Commission	Negotiations are on-going on this point. The European Parliament supports the Commission proposal and has tabled amendments to increase flexibility between regions.	It was agreed. According to Article 92 (4) CPR the ESF minimum share has been fixed at not less than 23, 1% of cohesion policy Funds.

		insists on the need for the ESF to have a predictable budget through a minimum share in cohesion policy. This is a key to guarantee the necessary level of investments in people in order to deliver ambitious employment objectives, especially in view of the need to tackle levels of unemployment, especially youth unemployment, and to fight poverty and social exclusion. The Employment Committee in European Parliament strongly supports all of the above Commission proposals.	This could be accepted by the Commission. The European Council has stressed that the necessary support to human capital development will be ensured through an adequate share of the ESF in cohesion policy	
	Financing of basic infrastructures in more developed regions <i>(Article 5 of the ERDF)</i>	The Council proposes to open financing to basic infrastructures to more developed regions in the areas of environment, transport and ICT. The Commission considers that making use of the small amounts available under the European Regional Development Fund (ERDF) in more developed regions which are already well endowed would provide little economic benefit.	Issue not solved. The Council and the European Parliament appear in agreement in broad terms.	Investments in infrastructure providing basic services to citizens in the areas of environment, transport and ICT will be eligible also in more developed regions.

		This money is much more effectively used to directly stimulate growth and jobs in the less developed regions in need.		
	Thematic concentration in the ESF <i>(Article 4 of the ESF)</i> <i>(COM (2011) 607 final 2)</i>	The Council proposes to change the concentration mechanism of the European Social Fund (ESF) on the objective "promoting social inclusion and combatting poverty". A derogation proposed by the Council allowing to count ERDF amounts towards the objective of 20% of the ESF allocated to this thematic objective, would make the concentration mechanism irrelevant. The ERDF amounts alone, especially in the less developed regions could represent by themselves 20% of the ESF resources.	Issue not solved. The European Parliament strongly supports the Commission proposal.	It was agreed that 20% of the total ESF resources in each MS shall be allocated to the thematic objective "promoting social inclusion, combating poverty and any discrimination". The thematic concentration shall be applied thanks to an allocation on up to five of the investment priorities of 60 to 80% of the ESF allocation to each operational programme depending on the type of region covered.
	Performance framework in ESI Funds <i>(Article 20 and Annex I of ESI Funds)</i>	The Council has introduced changes to provide more flexibility to the Member States and sufficient safeguards to alleviate fears with regard to negative	The Council partially accepts the Commission's proposal The European Parliament opposes the Commission proposal to apply financial corrections in	The main principles of the Commission's proposal have been kept. Suspensions and financial corrections may be applied by the Commission in cases of serious failure to achieve

		incentives (suspension of payments and financial corrections). The Commission can accept these proposals, but it will not accept to delete or weaken the negative incentives in order to discourage poor performance and unrealistic target setting.	cases of serious failure to achieve the targets agreed	the agreed milestones and targets.
	New objectives and indicators	This is a horizontal issue. In many Commission proposals the European Parliament rapporteurs and in some cases the Council suggest adding multiple detailed objectives and new indicators, which are less specific or less-relevant thus weakening the focus on results.	The issue is not solved. For examples of developments in sectorial programmes, see below.	New objectives, thematic priorities and additional indicators have been introduced in many programmes For Cohesion policy, common output indicators have been set in the respective annexes to the Fund-specific regulations (ERDF, CF, ESF, ETC)
	Erasmus for All (renamed Erasmus+) (Articles 4,5 and 11 COM (2011) 788 final)	In the Council partial general approach all indicators have been removed. The Council proposes to define the indicators in an implementing act. This is not consistent with the other programmes. Indicators are normally a component of the legislative act, or	Indicators remain an open issue between the European Parliament and the Council, as the Council has deleted them from the legal basis. The EP CULT Committee has proposed to include the indicators in an annex to the legislative act modifiable by a	Indicators have been maintained in annex to the basic act.

		should be defined through delegated acts.	delegated act. On objectives, the EP CULT Committee has added additional objectives not always consistent between themselves and adding complexity.	
	"Creative Europe" programme (Article 14 COM (2011) 785 final)	The Council proposes to define the indicators in an implementing act. This is not consistent with the other programs. General indicators of the programme as a whole are a component of the legislative act. This is why the basic indicators are defined in the legislative text itself and they can be detailed in delegated acts.	Issue not solved. The Commission maintains its objection to the use of implementing acts because they lack the necessary visibility and transparency, which are key elements to ensure full awareness by the stakeholders.	Indicators have been maintained in the basic act, modifiable by delegated act.
	Health programme (Articles 2 and 7 COM (2011) 709 final)	The objective of the programme and the indicators are made much broader and less result-oriented and as such lacking a direct link with the financial and operational capacities of the programme. The decision in the Council general approach to generalize the co-financing rate up to 80% for so-called 'joint actions' between the Member States	Issue not solved: Council still proposes to increase co-financing for all Member States; the Commission proposed to limit it to Member States with GNI less than 90% of the EU average in order to increase their participation in joint actions and to take account of the small budget for this programme.	Increased co-financing has been introduced for Member States whose GNI is less than 90% of the EU average, provided that bodies from at least 14 countries, out of which at least 4 in the above-mentioned condition, participate in the action.

		(see below) and the contradictory extension of the objectives covered contribute to a likely dilution of the Programme's impact as fewer actions will be able to be financed.		
	Maritime and Fisheries Fund (EMFF) <i>(Article 72 COM (2011) 804 final)</i>	The Council has added new priorities; in particular, the inclusion of the reference to processing would reduce effectiveness, given the small size of the program compared to other structural instruments, the EMFF proposal should focus on core areas in the fisheries and aquaculture sectors.	The Council persists in its position.	A compromise solution has been agreed: support will be provided to some types of processing activities
Flexible decision-making procedures	Delegation of powers to Commission is deleted or restricted, examples: 1. In cohesion policy the criteria for designation of managing authorities have been included by Council in the legislative act (whereas	These are horizontal issues encountered in many changes suggested by the Council and the European Parliament to the Commission proposals. The Council and in some cases the European Parliament have proposed to remove or restrict the scope of the delegation of	The Commission has maintained its position to adopt or modify non-essential elements by delegated act. In particular, the Commission considers that the amendment of annexes of a technical nature should be possible by delegated act and that the possibility of objection provides	The possibility to modify non-essential elements by delegated act has been maintained, but not in all areas proposed by the Commission (example: Horizon 2020). In cohesion policy the co-legislators have, but not in some cases opted to include legal text in the basic act instead of empowering all areas proposed by

	delegated acts have been accepted by the Council in EMFF and the EAFRD). 2. In ESI Funds, delegated acts are refused by Council in relation to the Common Strategic Framework. 3. In LIFE (criteria for geographical balance), Horizon 2020 (for performance indicators and, partly, for access to finance). The Council also seeks to restrict the empowerment of the Commission to amend even technical annexes in the form of a delegated act, ex; RELEX, CEF (financial instruments). Moreover, in the RELEX financial instruments, the flexibility introduced	powers to the Commission to adopt delegated acts for non-essential elements of the legislative act; they have suggested to include these elements into the legislative act. This approach burdens the legislative texts with too many technical details which complicate the readability of the texts, affect the accessibility of stakeholders and curtails the operational management flexibility which is necessary for a sound and effective financial management of EU funds or imposes lengthy decision making. The need for operational flexibility is particularly important for the RELEX financial instruments, given the unpredictability of events in this area and the need for swift response. Depending on the outcome of the negotiations on delegated acts, the lack of flexibility in decision-making could render the EU	the co-legislators with necessary safeguards.	the Commission to adopt delegated or implementing acts (e.g. criteria for designation of managing authorities, criteria for ex- ante assessment of financial instruments).
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	by the Commission proposals concerning the use of unallocated funds, the non-substantial modifications to programming documents and financing decisions, and the thresholds for applying comitology, have been severely limited by the Council	action ineffective.		
	Delegated acts vs. implementing acts	Council has proposed in many cases, especially in the shared management areas (CAP, Cohesion Policy, Maritime and Fisheries Fund, Home Affairs Funds), the conversion of delegated acts into implementing acts ensuring the right of control by Member States (through comitology procedures). This raises questions on the scope and the nature of acts covered by Articles 290 and 291 of the Treaty (TFEU) and has important institutional consequences. On the contrary, the European Parliament often proposes the conversion of implementing acts into delegated acts which place it on equal footing with the Council. Such proposals	Issue not solved. Issue not solved.	Delegated acts have been maintained to modify non-essential elements; implementing acts to implement the exhaustive provisions in the basic act The EP has withdrawn its request of delegated acts for programming documents

Replacement of implementing acts with delegated acts for programming documents or parts of them is

		are totally inappropriate with regard to annual work programmes which need to be adopted and subsequently be adapted swiftly to allow for timely reaction to changing circumstances and effective implementation of the programmes. Such delegated acts would not be in compliance with the Treaty and would considerably hamper operational implementation and lengthen "the time to grant and time to pay". They would also be totally inappropriate for programming documents under the Relex instruments, which require in most instances to be discussed and accorded with the beneficiary third countries. It has to be recalled that programming documents are made for implementing, not regulating, the relevant legal instruments and thus lack all the legal characteristics (i.e. the setting of general and binding rules within the EU		
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		legal order) which are required for defining a "delegated act".		
	Restrictions of the budgetary powers of the Commission	Council and in many cases the European Parliament suggest further breakdown of the budget in sub-ceilings for the different activities and/or actions and for technical assistance of the programmes and to fix it on the level of the legislative act. Such proposals restrict the Commission capability to manage the budget as they deprive it of the operational flexibility which is necessary for the proper day-to-day management of budget. They are totally inappropriate for programmes with small financial envelopes and disproportionately rigid for the annual work programmes.	Issue not solved. The detailed breakdown of budget, often reproducing structure of previous programmes now merged, or earmarking parts of the budget or transferring elements from the legislative Financial Statement into the legal act itself, occurs particularly in the following programmes: 1. Erasmus for All 2. Consumer 3. Health for Growth 4. Programme for Social Change and Innovation 5. Horizon 2020 6. Programme for Competitiveness of enterprises and Small and Medium Enterprises	A detailed breakdown of the budget of the programme as well as instances of budget earmarking has been introduced in many programmes, as a means by the EP to have greater control over the implementation of the programme itself (and the allocation of funds) by the Commission. This has been the case, for example, in: 1. Erasmus + 2. Employment and Social Innovation Programme (former PSCI) 3. Horizon 2020 4. Programme for Competitiveness of enterprises and Small and Medium Enterprises (COSME) 5. Galileo; 6. Justice programme 7. Rights, Equality

			(COSME) 7. Galileo	and Citizenship programme
	ETC <i>(Article 20 COM (2011) 610 final)</i>	In the case of European Territorial Cooperation (ETC), the Council has proposed that the combination of managing and certifying authority functions be made optional. The Commission has not agreed to it and has maintained that this should be mandatory, to ensure proportionate management structures for comparatively small programs under the European Territorial Cooperation and avoid duplication of tasks.	Issue not solved	According to Article 21 ETC Regulation the combination of managing and certifying authority functions is optional.
Comitology	Comitology procedures added by the Council, whereas not foreseen in the Commission's proposals (examples): 1. Project selection and individual legal commitments (including award decisions): Connecting Europe Facility,		Issue not solved	Comitology procedures added by the Council, whereas not foreseen in the Commission's proposals (examples): 5. Project selection and individual legal commitments (including grant decisions):

	Horizon 2020; 2. Emergency assistance – work programmes (Home Affairs Funds) More burdensome comitology procedure than in the Commission proposals 3. "No opinion-no act" clause (examples): (Home Affairs Funds COSME, CAP) 4. Advisory committee procedure is replaced in many areas by the more restrictive examination procedure Examples: Structural Funds, CAP, Horizon 2020)			Connecting Europe Facility, Horizon 2020; 6. Emergency assistance (Home Affairs funds, Food & Feed Safety) 7. Horizon 2020 - Euratom Programme More burdensome comitology procedures than in the Commission proposals 8. "No opinion-no act" clause (examples): (Home Affairs funds COSME, CAP, Health) Advisory committee procedure replaced by the more restrictive examination procedure Examples: European Structural and Investment (ESI) funds, CAP, Horizon 2020
Eligibility rules	Quality of projects vs. national allocations (LIFE Programme)		The issue is not solved: the Commission proposes to allocate funds on the basis of the quality of projects exclusively. The Council wants to re-introduce indicative national	National allocations will be progressively phased-out and will completely disappear in 2018. Technical assistance will be provided by the Commission to those Member

			allocations for EU funds. The European Parliament proposes to set a register with indicative national allocation of funds, to trigger capacity-building projects.	States that have particular difficulties in drawing up projects of adequate quality to be co-financed
	VAT in infrastructure projects: <i>(Article 8 in "CEF" COM (2011) 665 final),</i> <i>(Article 59 in ESI Funds)</i> <i>(Article 20 in the "LIFE" programme)</i> <i>(COM (2011) 874 final)</i>	Following agreement on the Financial Regulation (FR), providing for the eligibility of VAT cost, provided that it is not recoverable and has been paid by a beneficiary other than a non-taxable person within the meaning of Article 13 (1) of the VAT Directive, the sector specific proposals, contained in the Connecting Europe Facility (CEF), the CPR for the Structural Funds, and the LIFE Programme, which exclude the eligibility of VAT are being questioned in the Council and the European Parliament. The Commission believes that the non-eligibility of VAT in particular in infrastructure projects is appropriate and thus should be maintained in the relevant sector	The European Council has pronounced itself for the eligibility, under the conditions of national VAT legislation, of non-recoverable VAT amounts incurred in relation to ESI Funds and the EUR ten billion contribution from the Cohesion Fund to the Connecting Europe Facility. In LIFE programme, it has been agreed to align provisions on VAT costs eligibility with the Financial Regulation. New issue: Some Member States in Council have questioned the non-eligibility of VAT costs incurred by public authorities acting as such, under the Justice Programme and Home Affairs Funds.	Non-recoverable VAT amounts incurred under ESI Funds and the EUR 10bn contribution to Connecting Europe Facility (CEF) will be eligible for refund. In LIFE, VAT costs' eligibility has been aligned with the Financial Regulation In the Justice Programme and the Home Affairs funds, the VAT costs' eligibility has been aligned with the Financial Regulation as regards direct management and with the CPR as regards shared management

		specific legislative acts. Otherwise, the European Union budget will be used to finance the national budgets, instead of financing more projects, which could be considered as in contradiction with the objectives and purpose of the financing instruments concerned.		(Home Affairs Funds only)
	Marketing measures in (EMFF) <i>(Article 71 in "EMFF")</i> <i>(COM (2011) 804 final)</i>	Council suggests the deletion of the reference to support for "direct marketing of fishery products for small scale coastal fishermen" in the Commission proposal concerning the European Maritime and Fisheries Fund (EMFF). The European Parliament has indicated its support to the Commission proposal. The Commission disagrees with the Council proposal as support for small-scale fishing vessels is important as they often lack the experience, knowledge or financial means to engage in direct marketing.	Issue not solved	
	Single funding rate in "Horizon 2020" <i>(Articles 22 and 24 of the Rules of Participation)</i> <i>(COM(2011) 810</i>		Issue not solved: the European Parliament still questions the single funding rate; the Council supports the principle of a single rate but	The single funding rate has been maintained, with the exception of non-profit legal entities in innovation actions

	<i>final)</i>	The single reimbursement rate per project as well as the single flat rate for indirect cost are being questioned by the European Parliament rapporteur. In addition, the Council has introduced an exception to the single reimbursement rate for non-profit legal entities. The Commission insists on its proposals contained in the Rules for participation in Horizon 2020, as these issues are two cornerstones of the simplified funding rules in Horizon 2020; they represent the Commission's efforts to reduce administrative burden on beneficiaries and "error rates, allow" a lighter control strategy and speed up the time to grant in the interest of beneficiaries.	introduces exceptions. The European Parliament opposes the single flat rate for indirect costs and proposes the reintroduction of the actual cost method as an option, but the Council has accepted it. The European Council has underlined the particular importance of simplification in in the EU's research, education and innovation programmes in delivering a substantial and progressive enhancement of the efficiency of the relevant policies	The single flat rate for indirect costs has been maintained
	Threshold for loan guarantees in COSME and Horizon 2020 <i>(Annex II COM(2011)834 final</i>		For COSME, the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises, and Horizon 2020, regarding SME	The modified threshold (EUR 150,000) for research-oriented projects by SMEs has been maintained

			loan guarantees, the demarcation line between the two programmes have been modified by co-legislators. This change leads to an overlap in the scope of both programmes (loan guarantees below € 150,000 for research and innovation-oriented SMEs would be eligible under both programmes) and would result in significant administrative burden for SMEs, and dilution of budgetary support and loss of focus on the programme's objectives since a lower number of smaller SMEs would be supported.	
Support for knowledge transfer or information action	Definition of the beneficiary <i>(Article 15 of the EAFRD)</i>		The revised Presidency text reintroduces a reference to the participant in the training as a beneficiary of support, thereby limiting the scope for reducing administrative burdens. The Commission considers that provider of the training or other knowledge transfer should be the sole beneficiary of the	The provider of the training shall be the beneficiary of the support. <i>(Article 14 of Regulation (EU) No 1305/2013 on rural development)</i>

			support.	
Simplified cost methods	Average working time (<i>ESI Funds, (Article 58)</i>)	A new option has been proposed by Council for the simplified calculation of staff costs by dividing the annual gross employment cost by 1650 hours. Commission has remained reserved as regards this proposal in the absence of underlining method supporting it.	Issue not solved	The simplification rule was adopted but the simplified calculation was amended (staff costs has been introduced by dividing the annual gross employment costs by 1720 hours instead of 1650 (Article 68 CPR). Article 18 Horizontal Regulation for the Home Affairs Funds).
	Compulsory use of simplified costs for small projects (<i>ESF, (Article 14)</i>)	In the case of ESF, Council has proposed that operations below 50.000 Euros could also use flat rates in addition to lump sums and unit costs. The Commission would prefer the mandatory use solely of lumps sums and unit costs due to the greater potential for simplification.	The Council has accepted the mandatory use of lump sums or unit costs for small projects, as proposed by the Commission, and added flat rates thereon. The European Parliament agreed with the Commission's proposal. The Commission can agree with the inclusion of flat rates in addition to other simplified cost options.	In the case of ESF, it was agreed that operations below 50.000 Euros must take the form of a unit cost, a flat rates or a lump.
	Lump sum payment for small farmers (<i>Articles 47 - 51 Direct Payments Regulation</i> <i>Articles 92 Horizontal Regulation</i>) <i>Small Farmer</i>		According to both the Council Presidency revised text and the amendments adopted by the EP COMAGRI, the application of the small farmer scheme (SFS) shall be optional	The application of the Small Farmers Scheme is optional for Member States. The Member States can choose between three different methods for the calculation of the payment. This

	<i>Scheme (SFS)</i>		for Member States. To make the scheme optional would possibly mean a simplification for MS with a very limited number of small farmers, but farmers in the Member States which decide to opt out will be deprived of the simplification benefits of the scheme. In addition to the lump-sum model proposed by the Commission, the Presidency proposes an alternative method for calculating the SFS lump-sum payment, whereby farmers joining the SFS would be paid the amounts that they would normally have received under the other direct payment schemes in 2014. The resulting amount would remain unchanged in the following years. Issue not solved: the proposed method appears to be simple and could result in more farms being covered by the SFS, if kept compulsory for Member States. Financial management	includes the option to pay the amount that the farmer would normally have received under the other direct payment schemes, including annual adjustments. <i>(Articles 61 to 65 of Regulation (EU) No 1307/2013 on direct payments)</i>
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			should however be reconsidered in order to avoid additional complexity.	
	Basic Payment Scheme, (Articles 18 - 28 Direct Payment Regulation)		The Commission has proposed to replace the current models under the Single Payment Scheme (SPS) and the Single Area Payment Scheme (SAPS) by a basic income support in the form of a flat rate model at regional or national level in all MS. There is in the Council a tendency to move towards an approach that would open the door to wide-spread possibilities of differentiating the model and the pace of internal redistribution. This would undermine the objective of having a simple and harmonised approach as proposed by the Commission.	All payment entitlements under the Basic Payment Scheme should have a uniform value at regional or national level by 2019. However, Member States are allowed to choose a different model leading to partial convergence. Member States also have the possibility to introduce an optional redistributive payment. The SAPS is maintained until 2020 for EU-10. (Articles 21 to 29, 36 to 37 and 41 to 42 of Regulation (EU) No 1307/2013 on direct payments)
Proportionate control	Audit methods for ERDF, ESF, CF (Article 140 ESI Funds)	The Council has proposed amendments which limit Commission audit work to an extent that cannot be accepted as it risks undermining the Commission	Issue not solved	The principle of proportionate control of operational programmes has been strengthened while maintaining the necessary means for the Commission to

		capacity to monitor the use of EU budget and its capability to account for it.		monitor the use of EU budget and its capability to account for it (Article 148 of the CPR).
	Audit methods for ERDF, ESF, CF <i>(Article 116 ESI Funds)</i>	The Council has proposed that national audit bodies in cohesion policy may use non-statistical sampling methods. The Commission has not accepted this proposal as it does not necessarily provide reliable and comparable information across Member States and thus undermines assurance at EU level.	Issue not solved	In duly justified cases and under certain conditions non-statistical sampling methods may be used (Article 127 of the CPR).
E-governance	E-cohesion for ERDF, ESF, CF <i>(Article 112 ESI Funds)</i>	The Council proposes to postpone the deadline for the implementation of the E-cohesion from 2014 to 2016 delaying by 2 years what constitutes a major simplification for beneficiaries. The Commission cannot accept this delay.	Issue not solved. The Council insists on implementing e-cohesion from 2016. While the discussions on the implementation deadline of "e-cohesion" are on-going, the co-legislators appear to agree that a shift to electronic data exchange is necessary to bring about a significant simplification for beneficiaries. The Commission insists on the application of e-cohesion no later than 31 December 2014 in view of the great potential for simplification	The implementation of E-cohesion needs to be finalized no later than 31/12/2015 (Article 122 of the CPR)

			of this measure. It is estimated that it would lead to the reduction of 11% of the administrative burden aggregated at EU level.	
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