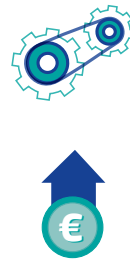




THE NEW FINANCIAL REGULATION CUTS RED TAPE TO IMPROVE EU FUNDING

The EU Financial Regulation is being modernised and simplified to make it more user-friendly for both:

- those receiving EU funds;
- those managing the money.

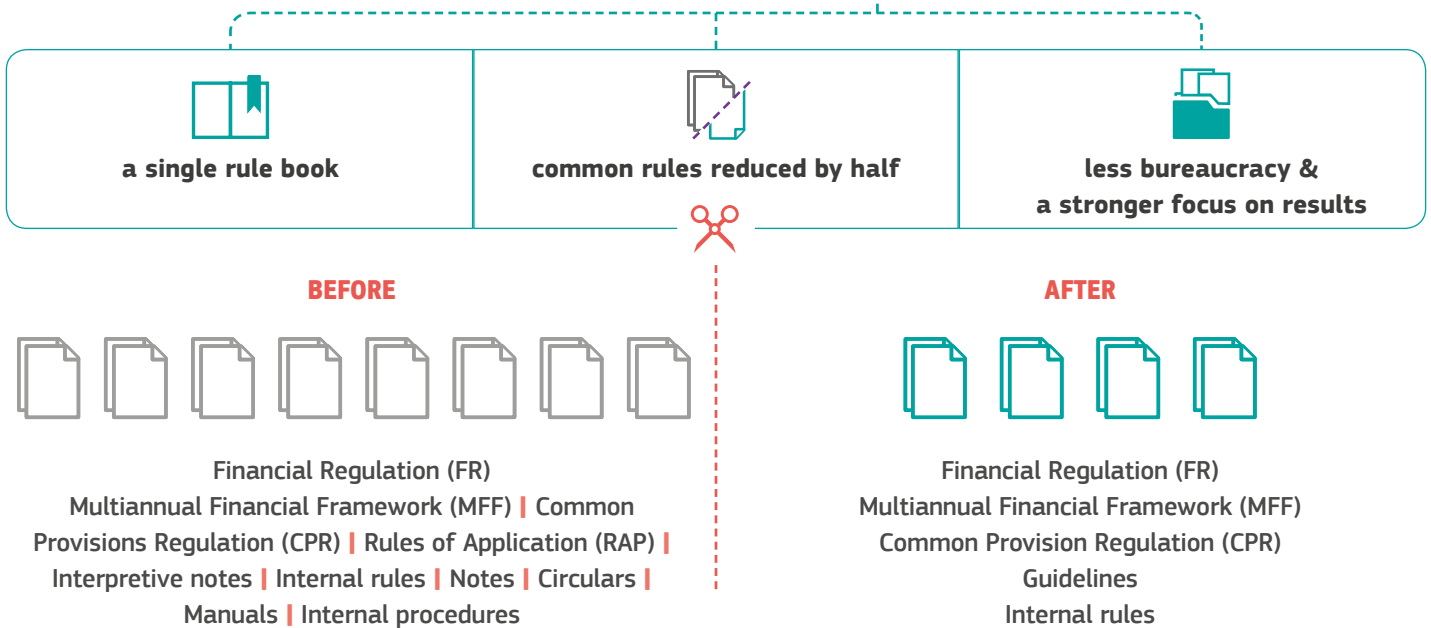


It will lay the groundwork for efficient management of the EU's post-2020 spending programmes.

It will ensure that every euro from the EU budget delivers maximum added value.

FEWER AND SIMPLER HARMONISED RULES

Previous complex rules and procedures that hampered EU funding are now **replaced by**



With the new financial rules we deliver on our promise to simplify, cut red tape and make the access to EU funding easier. This will allow EU Member States, regions, businesses and researchers to make the most of the opportunities given by the EU budget and to focus on the EU added value.

Günther H. Oettinger, European Commissioner for Budget and Human Resources



EASIER ACCESS & SIMPLER IMPLEMENTATION

APPLYING FOR FUNDING:

WHAT WILL CHANGE?



- less information to supply;
- information and evidence provided stays valid for 3 years;
- you can reuse your information;
- you can obtain a 'seal of excellence' certificate.

WHAT ARE THE ADVANTAGES?



- easier access;
- simpler procedures;
- less paperwork;
- greater chance of getting alternative funding.

USING THE FUNDS:

WHAT WILL CHANGE?



- sharper focus on results;
- more use of simplified types of grants such as lump-sum, flat rate, and unit cost payments.

WHAT ARE THE ADVANTAGES?



- focus on quality outputs and results;
- less paper work to obtain payment;
- fewer checks;
- lower risk of errors.

HOW IT WORKS IN PRACTICE



You are running a small-medium sized enterprise with a highly innovative project and you have applied for funding under a centrally managed EU research programme. During the selection phase your project is judged as being of high quality but the budget of the research programme is limited and the competition is fierce — you receive no funding.

Under the old financial rules... you would have to find other sources of public and/or private funding for the project and apply all over again.

Under the new financial rules... your project is given a Seal of Excellence that recognises its worth, makes it stand out and helps you obtain alternative funding.

You can attract the attention of regional, national, private or public funding sources with more confidence. National and regional bodies managing EU structural funds can pick out the project and support it directly, without you having to apply and be vetted again.

HOW IT WORKS IN PRACTICE



You are managing a training centre that runs courses for unemployed people.

Under the old financial rules... you needed to prove all your spending to obtain payment, by presenting invoices.

Under the new financial rules... you can be paid by results — for example, per person successfully completing training, or completing training and finding a job within a given time. The amounts to be paid are set in your agreement signed with the Commission and you don't need to document your costs ex-post.

LEVERAGE FOR EU FUNDING & MORE FLEXIBILITY

WHAT WILL CHANGE?



- one set of rules;
- a 'one-stop shop' for implementing partners, one agreement, one governance structure, one provisioning fund;
- potential to combine EU funds, with standard rules across programmes and more flexible management.

WHAT ARE THE ADVANTAGES?



- transparent framework, no overlaps, reduced administrative burden;
- budgetary guarantees managed in a more efficient way.

HOW IT WORKS IN PRACTICE



You are running a Social Housing Association that intends to launch an intergenerational housing initiative. Your project will offer newly built apartments for families/individuals from less favoured social groups at an affordable price, in exchange of a commitment from neighbours to help each other. You will need financial support for the start-up phase but without a return on investment for some time after the apartments are rented.

Under the old financial rules... you could ask for either a grant (which might not cover the amount you need) or a loan (which might not be affordable), but not both.

Under the new financial rules... you go to a commercial bank with your project and apply for InvestEU financing. After examination of your application, the bank can then offer you a loan where you repay only part of the capital. You agree terms with the bank: the amount, duration, and other conditions, including visibility and communication requirements. The EU largely covers the risk to the bank. The bank reports on both the project's outcome and the funding in one report that reflects its usual practice.

HOW IT WORKS IN PRACTICE



A broader investment fund will provide more flexibility and attract significant private funding using a relatively small amount of public money. A single structure of InvestEU will cover all centrally managed funds inside the EU.



Source: Commission proposal for the Multiannual Financial Framework 2021-2027.

PROPORTIONATE CONTROL & GREATER TRANSPARENCY

WHAT WILL CHANGE?



- 'single audit' approach;
- trusted partners' audits and assessments (national and international) taken into account;
- more attention given to projects not otherwise checked or audited;
- tougher checks where there is a risk of abuse or fraud;
- safeguards against tax evasion and money laundering to prevent the use of shell companies and tax havens;
- conflict of interest rules extended to national and regional authorities implementing EU funds;
- voluntary disclosure of shareholders.

WHAT ARE THE ADVANTAGES?



- simplified checks and audits;
- no duplication of audits;
- less spent on checks;
- more transparency.

HOW IT WORKS IN PRACTICE



You are running an NGO receiving Union funds for a project.

Under the old financial rules... the project might be audited multiple times by different bodies — the European Court of Auditors, a Commission department, the national audit authority, etc...

Under the new financial rules... there should be fewer audits: in principle, each project is audited once only, as each body may rely on audits carried out by other independent auditors (from an international organisation, a Member State authority or another Commission department) provided that:

- there is sufficient evidence of their competence and independence,
- the audit work is based on internationally accepted audit standards, and
- the audits cover the use of EU funds.

PRACTICAL INFORMATION

The new Financial Regulation: <https://europa.eu//dj89dj>

EU budget website: <http://ec.europa.eu/budget>

EU budget on Twitter: https://twitter.com/EU_Budget

EU budget on Facebook: <http://facebook.com/EUbudget>

