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**Commission for
Territorial Cohesion Policy
and EU Budget**

COTER

Comparative Analysis of the annexes to the Proposal for a Common Provisions Regulation (COM(2018) 375) and the CPR's annexes currently in force

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**This file note was written by Bernd Schuh, Daniela Fessler (ÖIR GmbH)
and Sanja Brkanovic (RegioGro).**

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Executive Summary

The upcoming programming period, 2021-2027, is marked by shifts in funding objectives to focus on impending opportunities and challenges in the EU. One shift, observed across policy areas, is an increased effort to promote more simplified programming both for end users and administering authorities.

On May 2nd the European Commission adopted a proposal for the upcoming multi-annual financial framework. This framework repeatedly highlights the importance of administrative simplification in EU finances. Following this, on May 29th 2018, the European Commission presented, among other legislative proposals, the Proposal for the Common Provisions Regulation (COM(2018) 375), hereinafter the CPR Proposal. Similarly, the CPR Proposal contains a significant focus on administrative simplification, taking point from the ex post evaluations of the current funding period, interim evaluations of the additional funds in the proposal, and the findings from related consultation processes. As stated in the explanatory memorandum of the CPR Proposal: *“experience suggests that the rules are over-complex and fragmented between funds and forms of finance, leading to an unnecessary burden on programme managers and final beneficiaries”*. With this in mind, this file note presents a comparative analysis of the Annexes of the Proposal for the Common Provisions Regulation (COM(2018) 375), and the Annexes of the CPR currently in force.

The comparative analysis of the Annexes of the CPR Proposal with the Annexes of the Current CPR demonstrates the introduction of several, systematic, and relatively comprehensively designed templates for programming and reporting with the aim of increasing simplification. These templates address the Transmission of Data, Description of the Management and Control System, the Partnership Agreement, the Programmes Supported under the Funds, the Management Declaration, the Audit Opinion, the Annual Control Report, the Audit Strategy, Payment Applications and Accounts. These templates are a new main feature of the CPR Proposal Annexes, not included in the current CPR. In response to the ex post and other evaluation findings of the current programming period, the aim of the templates is to simplify procedures for implementing, monitoring, and reporting and to reduce related administrative burden, both for administrative authorities and beneficiaries. Moreover, the templates aim to simplify monitoring and evaluation and increase comparability of programming data across Member States. In parallel with this, the template structure is designed to promote an increased alignment with EU programming intervention logic, and contain reporting that incorporates MMF headings and ties in more closely with the European Semester process. Further, an aim of the CPR Proposal, both the annexes and the body of the regulation, is to set out the tasks

and responsibilities of the different administrative bodies in a clearer way, and where necessary, reduce overlap or duplication of processes. This is demonstrated through Annex X “Key Requirements of Management and Control Systems and Their Classification” of the CPR Proposal. Unlike the related annex in the Current CPR, Annex X does not have designation procedures. Further, Certifying Authorities are replaced with Accounting Functions, in order to simplify auditing procedures. Simplification and more targeted programming can also be observed through the introduction of enabling conditions in the CPR Proposal, as opposed to ex ante conditionalities in the Current CPR. The enabling conditions listed in Annex III and Annex IV of the CPR Proposal are lesser in number and aim to be more focused in nature so as to promote setting more targeted goals and promoting the selection of better aligned programmes for funding within the upcoming programming period. In addition, a staple update of the CPR Proposal, reflected in the Annexes as well, is reporting on a schedule of every second month, and real time electronic posting of the results of the reporting. The purpose is to have both beneficiary and operations data available electronically via a website run by the Managing Authority, that can be accessed by the public. Finally, although the page length of the CPR Proposal Annex is significantly longer than that of the Current CPR, the word count is only approximately 30% higher. This is due to the fact that much of the length of the Annexes in the CPR Proposal is taken up by structured templates which aim to increase simplification.

Overall, the CPR Proposal includes some significant updates, which have meaningful and substantial implications on the following programming period. Although somewhat longer, many of the Annexes of the CPR Proposal are structured along templates, aiming to provide clear and concise reporting requirements, which appear to be requesting a reasonable depth of information. This structure has the potential to lighten the load for programming authorities and beneficiaries, while the continuous reporting should enable local and regional authorities to better monitor, plan, and compare, programme performance. This having been said, both the Annexes and the body of the text of the CPR Proposal warrant close inspection and considerable dialogue, in order to adequately bring to light the diversity of potential impacts introduced through the numerous updates.

Introduction

The Common Provisions Regulation (EU) No 1303/2013, of December 17th 2013, currently in force, sets out the shared principles, rules, and requirements for the implementation of the five European Structural and Investment Funds (ESIF)¹. For the upcoming EU budgetary period, 2021-2027, the European Commission has proposed updates to the Cohesion Policy including proposing an updated Common Provisions Regulation, which defines the common principles, rules, and requirements for seven funds².

This file note is undertaken with the aim of assessing the implications and comprehensiveness of the proposal for the Common Provision Regulation (COM(2018)375) Annexes, with respect to the Common Provision Regulation (EU) No 1303/2013 Annexes currently in force. The simplification proposals and other important updates to the CPR Annexes will be analysed, and their implications on programme implementation for authorities and beneficiaries will be highlighted where relevant.

The Proposal for a Common Provision Regulation (COM(2018)375) will hereinafter be considered the *CPR Proposal*. Whereas, the CPR currently in force (Regulation (EU) No 1303/2013) will herein after be considered the *Current CPR*.

The methods undertaken are a document analysis and the performance of a detailed comparative analysis between the Annexes of the Current CPR and the Annexes of the CPR Proposal. The comparative analysis was performed by assessing and comparing every Annex and subsection of the CPR Proposal, with the Annexes and the body of the regulatory text of the Current CPR. The body of the regulatory text of the CPR Proposal was also analysed, and considered, in order to enable an appropriate and comprehensive examination of the differences present between the two legislative documents, as well as their implications. A document analysis served to complement the primary comparative analysis. The document analysis consisted of reviewing the pertinent ex ante analyses of the funds included under the CPR, and other programming documents of relevance, in order to provide insight into the reasoning behind, and possible implications of, the changes observed in the CPR Proposal Annexes. The performance of both methods was undertaken with the

¹ The European Social Fund (ESF); The European Regional Development Fund (ERDF); the European Agricultural Fund for Rural Development (EAFRD); The Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF).

² The European Social Fund Plus (ESF+); The European Regional Development Fund (ERDF); The Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF); Asylum and Migration Fund (AMIF), Border Management and Visa Instrument (BMVI), Internal Security Fund (ISF).

aim of identifying the main elements of, and difference between, the CPR Proposal Annexes that are most likely to influence the programming, implementation and monitoring of the funds in question. In addition, a consideration of the consequences of the Annexes of the CPR Proposal, on Managing Authorities, Local and Regional Authorities, Beneficiaries, and Programming Authorities of the Funds, is intertwined throughout this approach.

The analysis has resulted in the production of a comparative table grouped along three columns. The first two columns present the Annexes in question, in which the CPR Proposal is the comparative starting point, and the third column presents the main similarities and differences observed, with a consideration of their potential implication on the upcoming programming period.

Comparative Analysis Table

CPR Proposal Annex	Current CPR Annex	Comments
<p>Annex I Dimensions And Codes For The Types Of Intervention For The ERDF, The ESF+ And The Cohesion Fund – Article 17(5)</p>		<p>These codes are not defined in either the annex or the text of the old regulation. The codes, objectives and coefficients are likely to simplify the planning process, as well as the monitoring and evaluation process.</p> <p>This approach is in line with the results of the ex-poste evaluations, stakeholder consultation and impact assessment of the funds. Namely:</p> <ul style="list-style-type: none"> • ERDF and the Cohesion Fund Ex-post Evaluations • ESF Evaluation • EMFF Evaluation • AMF, BMVI and ISF Interim Evaluations
<p>Annex II Template For Partnership Agreement – Article 7(4)</p>		<p>In the body of the text of the Current CPR Article 15 sets out the content of the Partnership Agreement. On the other hand, in the body of the text of the CPR Proposal, Article 8 sets out the content of the Partnership Agreement.</p> <p>Therefore, with respect to the body of the text of the Current CPR and CPR Proposal, Partnership Agreement requirements are addressed in both, with respective content differences that are not discussed in detail within the scope of this file not.</p> <p>However, when investigating the Annexes, the main difference is the inclusion of a Partnership Agreement template within in the CPR Proposal. This template aims to simplify the development of the Agreement. The template contains reporting elements that, inter alia, requires specification of the category of regions, policy objectives and programmes selected, according to each fund. Annex II of the CPR Proposal contains a total of 7 sub sections:</p> <ol style="list-style-type: none"> 1. <i>Selection of policy objectives</i> 2. <i>Policy choices, coordination and complementarity</i>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>3. Contribution to the budgetary guarantee under InvestEU with justification</p> <p>4. Transfer between categories of region with justification</p> <p>5. Preliminary financial allocation by policy objective</p> <p>6. List of programmes</p> <p>7. A summary of actions to be taken to reinforce administrative capacity</p> <p>In addition, one general introduction section includes a table requiring information on: CCI, Title, Version, First year, Last year, Commission decision number, Commission decision date</p> <p>The template is systematic, and appears to be comprehensive. Templates are a new main feature of the CPR Proposal Annexes. In response to the ex-post and other evaluation findings of the current programming period; the aim of the templates is to simplify reporting procedures and reduce related administrative burden. Moreover, templates aim to simplify monitoring and evaluation and increase comparability of programming data across Member States.</p>
Annex III Horizontal Enabling Conditions – Article 11(1)	Annex XI Ex Ante Conditionalities	<p>The information provided in Annex III and Annex IV of the CPR Proposal is addressed in Annex XI of the Current CPR.</p> <p>As stated in the CPR Proposal “Explanatory Memorandum” subsection 3 “Results of Ex-Post Evaluations, Stakeholder Consultations and Impact Assessments”:</p>
Annex IV Thematic Enabling Conditions Applicable To ERDF, ESF+ And The Cohesion Fund – Article 11(1)		<p><i>“By introducing an enabling condition to ensure the respect of the Charter of Fundamental Rights of the EU, this Regulation will have a positive impact on the respect and protection of all fundamental rights in the managements of all seven funds,” as well as ‘Setting more meaningful enabling conditions that need to be maintained throughout the implementation period.’ and ‘Ex ante conditionalities’ in the 2014-2020 period are replaced by ‘enabling conditions’. These are fewer, more focussed on the goals of the fund concerned and – in contrast to the 2014-2020 period – monitored and applied throughout the period. The principle will be strengthened: Member States will not be able to declare expenditure related to specific objectives until the enabling condition is fulfilled. This will ensure that all co-financed operations are in line with the EU policy framework”</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>In the Current CPR, Ex Ante Conditionalities are structured along two Parts. Part I “Thematic Ex Ante Conditionalities” and Part II “General Ex Ante Conditionalities” pages. Part I consists of one table, structured along four columns (Thematic objectives, Investment priorities. Ex ante conditionality, Criteria for fulfilment). Part II consists of one table, structured along three columns (Area, Ex ante conditionality, Criteria for fulfilment). The areas included in Part II are: 1. Anti-discrimination; 2. Gender; 3. Disability; 4. Public procurement; 5. State aid; 6. Environmental legislation relating to Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA); 7. Statistical systems and result indicators.</p> <p>In the CPR Proposal, two annexes exist covering Enabling Conditions. According to Article II in the body of the text of the CPR Proposal Annex III “lays down horizontal enabling conditions applicable to all specific objectives and the criteria necessary for the assessment of their fulfilment”, on the other hand, Annex IV “lays down thematic enabling conditions for the ERDF, the Cohesion Fund and the ESF+ and the criteria necessary for the assessment of their fulfilment”.</p> <p>In the CPR Proposal, Annex III, via one short table (spanning 1.5 pages), four enabling conditions applicable to all specific objectives are listed, as are their fulfilment criteria. The names of the enabling conditions are as follows:</p> <p><i>“1. Effective monitoring mechanisms of the public procurement market; 2. Tools and capacity for effective application of State aid rules; 3. Effective application and implementation of the EU Charter of Fundamental Rights; 4. Implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in accordance with Council Decision 2010/48/EC”.</i></p> <p>In the Current CPR, the enabling conditions listed in points 1 through 4 are included in table II areas 1., 3., 4., 5. Whereas, in area 1 the EU Charter of Fundamental Rights is not cited, but rather, the following is stated:</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p><i>“The existence of administrative capacity for the implementation and application of Union anti-discrimination law and policy in the field of ESI Funds”</i></p> <p>In the CPR Proposal, Annex IV contains one table that is structured along four columns (Policy objective, Specific objective, Name of enabling condition, and Fulfilment criteria for the enabling condition). The first column being the corresponding programming period EU Policy Objectives:</p> <ol style="list-style-type: none"> <i>1. A smarter Europe by promoting innovative and smart economic transformation</i> <i>2. A greener, low carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management</i> <i>3. A more connected Europe by enhancing mobility and regional ICT connectivity</i> <i>4. A more social Europe by implementing the European Pillar of Social Rights</i> <p>Overall, Annex III and IV in the CPR Proposal, together, are shorter than Annex XI in the Current CPR. By point of comparison, the total word count for Annex XI in the Current CPR is approximately 5800, while in the CPR Proposal Annex III and Annex IV, together, contains around 3000 words.</p>
Annex V Template For Programmes Supported From The ERDF (Investment For Jobs And Growth Goal), ESF+, The Cohesion Fund And The EMFF – Article 16(3)		<p>The body of the text of the CPR Proposal Article 16(3) states:</p> <p><i>“Member States shall prepare programmes in accordance with the programme template set out in Annex V. For the AMIF, the ISF and the BMVI, the Member State shall prepare programmes in accordance with the programme template set out in Annex VI.”</i></p> <p>Overall, Annex V of the CPR Proposal pulls on the specifications stated in Title III “Programming”, Chapter I.</p> <p>“General provisions on the Funds” Article 16, Article 17 and Article 19 primarily, and for some aspects Article 10, Article 29, Article 30, Article 31, Article 88 and Article 89.</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>The body of the text of the Current CPR correspondingly has, Title III “Programming”, Chapter I “General provisions on the ESI Funds”, Article 26 to Article 31. However, in the Current CPR body of the text, no such statement as Article 16(3) is present. Rather, in the Current CPR, body of the text, Article 26 “Preparation of Programmes” and Article 27 “Content of Programmes” primarily address the aspects which have been transformed into a template format in the Annex V of the CPR Proposal (to some degree, they are also addressed in inter alia Article 28). Therefore, while the source of information applied in developing the template is present in the body of the text of the Current CPR, with clear differences not discussed within the scope of this study, a template of this nature is not included in the Current CPR Annexes, nor in the body of the text of the Current CPR.</p> <p>Annex V of the CPR Proposal aims to collect information in a systematic manner, including general administrative information (CCI, Version, Member State Amending Decision Number, among many others), and information along eight subsections and four appendices: <i>1. Programme strategy: main development challenges and policy responses; 2. Priorities other than technical assistance; 3. Financial plan; 4. Enabling conditions; 5. Programme authorities; 6. Partnership; 7. Communication and visibility; 8. Use of unit costs, lump sums, flat rates and financing not linked to costs; Appendices (i. Reimbursement of eligible expenditure based on unit costs, lump sums and flat rates (Article 88 CPR); ii. Financing not linked to costs (Article 89 CPR); iii. EMFF action plan for small-scale coastal fishing; iv. EMFF action plan for each outermost region)</i></p> <p>The template is systematic, and appears to be comprehensive. As mentioned above, the provision of templates is a main new feature of the CPR Proposal Annexes. Templates are introduced in response to the ex-post and other evaluation findings. The provision of templates aims to simplify reporting procedures and reduce related administrative burden. These templates further aim to simplify monitoring and evaluation and increase comparability across Member States.</p>
Annex VI Template Of A Programme For The		<p>The body of the text of the CPR Proposal Article 16(3) states:</p> <p><i>“Member States shall prepare programmes in accordance with the programme template set</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
AMIF, The ISF And The BMVI – Article 16(3)		<p><i>out in Annex V. For the AMIF, the ISF and the BMVI, the Member State shall prepare programmes in accordance with the programme template set out in Annex VI.”</i></p> <p>However, the contents and themes of this annex are not contained in the Current CPR Annex, nor the body of the text. The inclusion of AMIF, The ISF And The BMVI funding is unique for the CPR Proposal.</p> <p>Annex VI of the CPR Proposal follows an identical line of thought, and similar structure, to Annex V of the CPR Proposal above. The difference is in the funds that are addressed, and according to the different specificity of these funds, the information that is requested in the template.</p> <p>This annex presents the details for funds not included in the current CPR.</p> <p>The template is systematic, and appears to be comprehensive. As mentioned above, the CPR Proposal Annexes contain several templates. The provision of templates is a main difference from the Current CPR Annex and text. The aim of these templates is to respond to the ex-post findings for the current programming period by simplify reporting procedures. Dependent on the quality of the adoption of template, and the information provided, such templates should simplify monitoring and evaluation and increase comparability across Member States.</p>
Annex VII Template For The Transmission Of Data – Article 37 And 68(1)(g)	Annex XII Information And Communication On Support From The Funds	<p>Annex VII contains the template for the transmission of data, according to Article 37 and Article 68(1)(g) of the body of the text of the CPR Proposal.</p> <p>In the body of the text of the CPR Proposal, Article 37 “Transmission of Data” addresses the details of the data transmitted from the Managing Authority to the Commission, including transmission dates (at the end of every second month) and data specificity (i.e. that the data should be broken down per priority, specific objective, and category of region), and details required for financial instruments.</p> <p>Annex VII of the CPR Proposal pulls these requirements together into a template format. There</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>is no such template in the Current CPR Annex, nor in the body of the text. The aim on this template is to increase simplification and comparability across Managing and other Programming Authorities.</p> <p>Some overlap between Annex VII of the CPR Proposal, and Annex XII of the Current CPR exists. Although the thematic areas are aligned, Annex VII in the CPR Proposal contains a greater level of detail, than what is included in Annex XII of the Current CPR. Annex VII of the CPR Proposal contains eight tables presenting templates required from the transmission of electronic data, covering very specific programming details.</p>
<p>Annex VIII Communication And Visibility – Articles 42 And 44</p>		<p>Some overlap between Annex VIII of the CPR Proposal, and Annex XII of the Current CPR exists. Annex XII of the Current CPR contains some information covered in Annex VIII of the CPR Proposal, under subsection 2.1. “Responsibilities of the Member State and the Managing Authority” and subsection 2.2. “Responsibilities of the Beneficiaries”. However, Annex VIII of the CPR Proposal contains a greater amount of specific detail on the communication and visibility requirements. This includes, inter alia, size and colour of fonts, symbolic descriptions, heralding descriptions, monochrome reproduction, coloured reproduction, reproduction on a coloured background, geometric descriptions.</p> <p>This greater specificity, described above, aims to achieve a higher degree of standardisation with respect to communication and visibility. In addition, it increases simplification through requiring straightforward, and comprehensive, communication and visibility components.</p>
<p>Annex IX Elements For Funding Agreements And Strategy Documents – Article 53</p>	<p>Annex IV Implementation Of Financial Instruments: Funding Agreements</p>	<p>Annex IX and Annex IV are very similar apart from some minor differences. In the Current CPR, one point under FIs not included in the CPR Proposal is “(j) provisions regarding the use of resources attributable to the support of the ESI Funds after the end of the eligibility period in compliance with Article 45 and an exit policy for the contribution from the ESI Funds out of the financial instrument”. In the CPR Proposal, two points, not included in the current CPR are “(m) other terms and conditions for making contributions from the programme to the financial instrument” and “(n) appraisal and selection of bodies implementing the financial instruments, including calls for expression of interest or public procurement procedures (only where financial instruments are organised through a holding fund)” Apart from this, small differences in the</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>terminology, and references to the corresponding articles in the body of the text exist. All of the differences are listed.</p> <p>In the Current CPR Annex IV(1) is longer, more descriptive of the process of FI implementation, and therefore contains different wording. However, the principle meaning is the same. The subsections of the Current CPR Annex IV(1) and the CPR Proposal Annex IX(1) are compared below:</p> <ul style="list-style-type: none"> • Annex IV(1)(a) and Annex IX(1)(a) are identical. • Annex IV(1)(b) references Article 37(2) in the Current CPR. Annex IX(1)(b) references point (a) of Article 52(3) in the body of the CPR Proposal. • Annex IV(1)(c) and Annex IX(1)(c) are identical. • Annex IV(1)(d) states "... to the fund of funds and/or the managing authority to ensure compliance with Article 46" while Annex IX(1)(d) states "... to the holding fund and to the managing authority to ensure compliance with Article 37". • Annex IV(1)(e) states: "... in compliance with Article 37(1)(7) and (8) (where applicable)..." and "... in accordance with Article 40" while Annex IX(1)(e) states "... in compliance with Article 52 (where applicable)..." and "... in accordance with Article 76". • Annex IV(1)(f) states "... managing the phased contribution provided by the programme in accordance with Article 41 and for the forecast of deal flows, including requirements for fiduciary/separate accounting as set out in Article 38(6)" while Annex IX(1)(f) states "... managing the contribution provided by the programme in accordance with Article 86 and for the forecast of deal flows, including requirements for fiduciary/separate accounting as set out in Article 53". • Annex IV(1)(g) states "... referred to in Article 43 ..." while Annex IX(1)(g) states "... as referred to in Article 54 ..." • Annex IV(1)(h) states "... fees of the financial instrument." while Annex IX(1)(h) states "... fees of the financial instrument in compliance with Article 62". • Annex IV(1)(i) states "... re-utilisation of resources attributable to the support from the ESI Funds until the end of the eligibility period in compliance with Article 44" while

CPR Proposal Annex	Current CPR Annex	Comments
		<p>Annex IX(1)(i) states "... the re-use of resources attributable to the support from the Funds in compliance with Article 56 and an exit policy for the contribution from the Funds out of the financial instrument."</p> <ul style="list-style-type: none"> • Annex IV(1)(j) is not included in the CPR Proposal. Its states: "provisions regarding the use of resources attributable to the support of the ESI Funds after the end of the eligibility period in compliance with Article 45 and an exit policy for the contribution from the ESI Funds out of the financial instrument". • Annex IV(1)(k) and Annex IX(1)(j) are identical. • Annex IV(1)(l) and Annex IX(1)(k) are identical. • Annex IV(1)(m) and Annex IX(1)(l) are identical. • Annex IV(1) does not contain Annex IX(1)(m) which states: "other terms and conditions for making contributions from the programme to the financial instrument". • Annex IV(1) does not contain Annex IX(1)(n) which states: "appraisal and selection of bodies implementing the financial instruments, including calls for expression of interest or public procurement procedures (only where financial instruments are organised through a holding fund)". • A statement after the subsections is included in the Current CPR, while not in the CPR proposal. It states: "In addition, where financial instruments are organised through a fund of funds, the funding agreement between the managing authority and the body that implements the fund of funds must also provide for the appraisal and selection of bodies implementing the financial instruments, including calls for expression of interest or public procurement procedures". <p>In the Current CPR Annex IV(2) is a slightly longer as it references a larger number of corresponding articles. In the CPR Proposal IX(2) references Article 53, whereas the Current CPR IV(2) references Article 38(8) and Article 38(4). The subsections of the Current CPR Annex IV(2) and the CPR Proposal Annex IX(2) are compared below:</p> <ul style="list-style-type: none"> • Annex IV(2)(a) and Annex IX(2)(a) are identical. • Annex IV(2)(b) states "... referred to in Article 37(2)." while Annex IX(2)(b) states "...

CPR Proposal Annex	Current CPR Annex	Comments
		<p>referred to in Article 52”.</p> <ul style="list-style-type: none"> • Annex IV(2)(c) states “... of the ESI Funds in accordance with Articles 43, 44 and 45.” while Annex IX(2)(c) states “... of the Funds in accordance with Articles 54 and 56”. • Annex IV(2)(d) states “... compliance with Article 46.” while Annex IX(2)(d) states “... compliance with Article 37.”
<p>Annex X Key Requirements Of Management And Control Systems And Their Classification – Article 63(1)</p>	<p>Annex XIII Designation Criteria For The Managing Authority And The Certifying Authority</p>	<p>Annex X of the Current CPR contains the key requirements of the management and control systems and their classifications.</p> <p>In the body of the text of the CPR Proposal Title VI “Management and Control” Article 63 “Responsibilities of Member States” has inherent differences in its approach with that of the Current CPR. Title VI is structured around provisions enabling the continuance of existing systems, while introducing simpler rules for identifying new relevant bodies. As such, in contrast to the Current CPR, there are no requirements to undertake the designation process. Furthermore, post-2020, Certification Authorities (of which there are 210 currently), and for which the rules and responsibilities are outlined in the Annex XIII of the Current CPR, will be replaced by Accounting Function, as described in Annex X and Annex XIV of the CPR Proposal. Article 63 of the CPR Proposal references Annex X, Annex XI, Annex XII, Annex XIII, Annex IV, as they relate to the responsibilities of the Member States in management and control. In Annex X, point 6 of Table 1 “Key Requirements of Management and Control System”, is novel with respect to the degree of detail it contains in relation to the electronic system for data exchange. Finally, in Annex X Table 2 "Classification of Management and Control Systems with Regard to their Effective Functioning" is novel to the CPR Proposal. The categories are as follows:</p> <p><i>“Category 1 Works well. No or only minor improvement needed. Category 2 Works. Some improvement needed. Category 3 Works partially. Substantial improvement needed. Category 4 Essentially does not work.”</i></p> <p>The aim of simplifying administrative processes in this regard and the introduction of a classification of the Management and Control systems has the potential to reduce administrative</p>

CPR Proposal Annex	Current CPR Annex	Comments
		burden, increase comparability between regions and member states enabling knowledge exchange, and possibly increase accountability between Managing and other Programming Authorities and Local and Regional Authorities.
Annex XI Elements For The Audit Trail – Article 63(5)		<p>This Annex describes the required elements for the audit trail. The elements are listed in significant detail, according to the following subsections: I. Obligatory elements of audit trail for grants; II. Obligatory elements for audit trail for financial instruments; III. Obligatory elements of audit trail for simplified cost options to be kept at the level of the managing authority/intermediate body; IV. Obligatory elements of audit trail for financing not linked to costs to be kept at the level of the managing authority/intermediate body.</p> <p>The body of the text of the CPR Proposal Article 63(5) reads:</p> <p><i>“Member States shall have systems and procedures to ensure that all documents required for the audit trail as set out in Annex XI are kept in accordance with the requirements set out in Article 76.”</i></p> <p>In the Current CPR, responsibility over the completion and content of the audit trail is included under Annex IV and Annex XIII(3), additional relevant concepts are addressed in Annex XIII(4). This split between Annex IV and Annex XIII in the Current CPR is due to the manner in which the programming of Financial Instruments is presented in the Current CPR. Annex IV addresses, among other FI related aspects, the audit trail for FIs.</p> <p>As stated in Article 125(9) “Functions of the Managing Authority” of the Current CPR:</p> <p><i>“The Commission shall be empowered to adopt delegated acts, in accordance with Article 149, laying down the detailed minimum requirements for the audit trail referred to in point (d) of the first subparagraph of paragraph 4 of this Article in respect of the accounting records to be maintained and the supporting documents to be held at the level of the certifying authority, managing authority, intermediate bodies and beneficiaries.”</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>Overall, the Annexes of the Current CPR, nor the body of the text of the Current CPR, contain the level of detail and specificity on the elements of the audit trail as provided in Annex XI of the CPR Proposal. Rather, in the current CPR, this is aimed to be addressed via Commission delegating acts, as required, as stated in Article 125(9).</p>
<p>Annex XII E-Cohesion: Electronic Data Exchange Systems Between Programme Authorities And Beneficiaries – Article 63(7)</p>		<p>This Annex describes the allocation of responsibilities with respect to electronic data exchange between programme authorities and beneficiaries.</p> <p>The body of the text of the CPR Proposal Article 63(7) reads: <i>“Member States shall ensure that all exchanges of information between beneficiaries and the programme authorities are carried out by means of electronic data exchange systems in accordance with Annex XII.”</i></p> <p>An Annex containing information of this nature and detail is not included in the Current CPR Annex, nor in the body of the text of the Current CPR.</p> <p>However, the Current CPR does discuss the principles and basic requirements related to electronic data exchange between Managing Authorities and Beneficiaries, as well as the public. In the body of the text of the Current CPR this is mentioned in Articles (15), (59), (74), (112), and (140). Furthermore, in Annex XII of the Current CPR “Information and Communication On Support from the Funds” subsection 2 “Information and Communication Measures for the Public”, and subsection 3 “Information Measures for Potential Beneficiaries and Beneficiaries”, information on the requirements for the electronic publishing of data, and electronic communication, is presented. However, these deal fundamentally with access to data, while Annex XII in the CPR proposal describes detailed specifics of data functionality, characteristics, and exchange.</p> <p>Overall this Annex of the CPR Proposal is novel. Although this annex is clear and concise as per the aim of simplification, given the nature of the topic, it is likely that a given degree of effort and interpretation would be required in its implementation.</p>
<p>Annex XIII</p>		<p>This Annex describes the allocation of responsibilities with respect to electronic data exchange</p>

CPR Proposal Annex	Current CPR Annex	Comments
<p>Sfc2021: Electronic Data Exchange System Between The Member States And The Commission – Article 63(8)</p>		<p>between Member States and the Commission.</p> <p>The body of the text of the CPR Proposal Article 63(8) reads: <i>“Member States shall ensure that all official exchanges of information with the commission are carried out by means of an electronic data exchange system in accordance with Annex XIII.”</i></p> <p>The body of the text of the Current CPR also has this requirement under Article 74, stating that: <i>“all official exchanges of information between the member state and the commission shall be carried out using an electronic data exchange system. The commission shall adopt implementing acts establishing the terms and conditions with which that electronic data exchange system is to comply. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 150(3).”</i></p> <p>However, these statements are of a more general nature, and they do not delineate which body bears the responsibility over which aspects of the electronic data exchange, as is the case in Annex XIII of the CPR Proposal.</p> <p>Annex XIII of the CPR Proposal states that the responsibility of the Commission is: <i>“Ensuring the operation of an electronic data exchange system (‘SFC2021’) for all official exchanges of information between the Member State and the Commission. SFC2021 shall contain at least the information specified in the templates established in accordance with this Regulation.”</i></p> <p>It includes information according to the following subsections: 1. Responsibilities of the commission; 2. Responsibilities of Member States; 3. Joint responsibilities of the commission and the member states.</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>The Annex of the Current CPR does not mention electronic exchange. Annex XIII of the CPR Proposal is detailed, and defined responsibilities as per the Member State and the Commission. Furthermore, it requires that the information collected via the various templates in the CPR Proposal are reported on applying the requirements of Annex XIII.</p>
<p>Annex XIV Template For The Description Of The Management And Control System – Article 63(9) Subsection (2)</p>	<p>Annex XIII Designation Criteria For The Managing Authority And The Certifying Authority</p>	<p>This Annex describes the template requirements for the description of the management and control system. Annex XIV of the CPR Proposal contains four subsections: (1) General; (2) Managing Authority; (3) Body Carrying Out The Accounting Function; (4) Electronic System.</p> <p>The introduction of templates describing required information is novel to the CPR Proposal. Unlike in the related annexes of the Current CPR, Annex XIV does not delineate requirements for the provision of procedures related to the management and control system. Rather, it more simply, presents a list of required information to be included when a Managing Authority is describing its management and control system. This approach is linked to simplification efforts, and is novel to the CPR Proposal.</p> <p>Annex XIII of the Current CPR contains four subsections: (1) Internal Control Environment; (2) Risk Management; (3) Management and Control Activities; (4) Monitoring. These subsections have overlap with the CPR Proposal, primarily with Annex X “Key Requirements of Management and Control Systems and their Classification” and with Annex XIV “Template For The Description Of The Management And Control System”. Overlap with Annex XI “Elements for the Audit Trail” of the CPR Proposal also exists, however they will not be discussed in this section, as they are not primary overlaps.</p> <p>The main differences are due to some of the novelties related to simplification in the CPR Proposal. In particular, the removal of designation procedures, the replacement of Certifying Authorities with Accounting Functions, and the overall reshuffling of the structure of the Annexes to focus on templates.</p>
<p>Annex XV Template For The Management</p>		<p>This Annex describes the template requirements of the management declaration. The inclusion of a template for the management declaration [related to article (1) (f)] is novel to the CPR Proposal.</p>

CPR Proposal Annex	Current CPR Annex	Comments
Declaration – Article 68(1)(f)		<p>According to Annex XIII(3)(A)(viii) of Current CPR “Addressing Management and Control Activities Under the Responsibility of the Managing Authority” it is the responsibility of the Member State to develop:</p> <p><i>“(VIII) procedures to draw up the management declaration of assurance, report on the controls carried out and weaknesses identified, and the annual summary of final audits and controls.”</i></p> <p>As per the description, no template for the management declaration, listing the requirements or details to be included, exists in the Current CPR.</p>
Annex XVI Template For The Audit Opinion – Article 71(3)(a)		<p>This Annex describes the requirements, in template format, of the Audit Opinion.</p> <p>According to the body of the text of the CPR Proposal, Article 71 “Functions of the audit authority” subsection (3)(a) states that the authority shall draw up and submit to the Commission:</p> <p><i>“(a) an annual audit opinion in accordance with Article [63(7)] of the Financial Regulation and with the template set out in Annex XVI and based on all audit work carried out, covering the following distinct components: (i) the completeness, veracity and accuracy of the accounts; (ii) the legality and regularity of the expenditure included in the accounts submitted to the Commission; (iii) the effective functioning of the management and control system.”</i></p> <p>Correspondingly, in the body of the text of the Current CPR, Article 127 “Function of the Audit Authorities” described many of the same aspects and reference to the Financial Regulation Article 59 (with differences accordingly). Further, Article 127(6) states:</p> <p><i>“6. The Commission shall, in order to ensure uniform conditions for the implementation of this Article, adopt implementing acts laying down models for the audit strategy, the audit opinion and the control report. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 150(2)”</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>In the Current CPR, both in the body of the text and in the annex, there is no template for the Audit Opinion. In the CPR Proposal Annex XVII, a template is included, which aims to simplify the process of adopting the implementing acts laying down models for the Audit Opinion, as per the body of the text of the Current CPR Article 127(6).</p>
<p>Annex XVII Template For The Annual Control Report – Article 71(3)(b)</p>		<p>This Annex describes the requirements in a template for the Annual Control Report.</p> <p>According to the body of the text of the CPR Proposal, Article 71 “Functions of the audit authority” subsection (3)(b) states that the authority shall draw up and submit to the Commission:</p> <p><i>“(b) an annual control report fulfilling the requirements of Article [63(5)(b)] of the Financial Regulation, in accordance with the template set out in Annex XVII and, supporting the audit opinion referred to in point (a) and setting out a summary of the findings, including an analysis of the nature and extent of errors and deficiencies in the systems as well as the proposed and implemented corrective actions and the resulting total error rate and residual error rate for the expenditure entered in the accounts submitted to the Commission.”</i></p> <p>Correspondingly, in the body of the text of the Current CPR, Article 127 “Function of the Audit Authorities” described many of the same aspects and reference to the Financial Regulation Article 59 (with differences accordingly). Further, Article 127(6) states:</p> <p><i>“6. The Commission shall, in order to ensure uniform conditions for the implementation of this Article, adopt implementing acts laying down models for the audit strategy, the audit opinion and the control report. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 150(2)”</i>.</p> <p>In the Current CPR, both in the body of the text and in the annex, there is no template for the Annual Control Report. In the CPR Proposal Annex XVII, a template is included, which aims to simplify the process of adopting the implementing acts laying down models for the control report, as per the body of the text of the Current CPR Article 127(6).</p>
<p>Annex XVIII</p>		<p>This Annex describes the requirements in a template for the Audit Strategy.</p>

CPR Proposal Annex	Current CPR Annex	Comments
<p>Template For The Audit Strategy – Article 72</p>		<p>According to the body of the text of the CPR Proposal, Article 72 “Audit Strategy” states:</p> <p><i>“1. The audit authority shall prepare an audit strategy based on a risk assessment, taking account of the management and control system description provided for in Article 63(9), covering system audits and audits of operations. The audit strategy shall include system audits of newly identified managing authorities and authorities in charge of the accounting function within nine months following their first year of functioning. The audit strategy shall be prepared in accordance with the template set out in Annex XVIII and shall be updated annually following the first annual control report and audit opinion provided to the Commission. It may cover one or more programmes. 2. The audit strategy shall be submitted to the Commission upon request.”</i></p> <p>Correspondingly, in the body of the text of the Current CPR, Article 127(4) “Function of the Audit Authorities” describes many of the same aspects as are (with differences accordingly). Further, Article 127(6) states:</p> <p><i>“6. The Commission shall, in order to ensure uniform conditions for the implementation of this Article, adopt implementing acts laying down models for the audit strategy, the audit opinion and the control report. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 150(2)”</i></p> <p>In the Current CPR, both in the body of the text and in the annex, there is no template for the Audit Strategy. In the CPR Proposal Annex XVII, a template is included, which aims to simplify the process of adopting the implementing acts laying down models for the Audit Strategy, as per the body of the text of the Current CPR Article 127(6).</p>
<p>Annex XIX Template For Payment Applications – Article 85(3)</p>		<p>Annex XIX of the CPR Proposal provides a template that spans approximately 15 pages, containing the information required to submit a payment application, including expenditure broken down by priority and category of regions, expenditure broken down by specific objective and information on programme contributions paid to financial instruments.</p>

CPR Proposal Annex	Current CPR Annex	Comments
		Including a template of this nature is novel to the CPR Proposal.
Annex XX Template For The Accounts – Article 92(1)(a)		<p>Annex XX of the CPR Proposal contains a template for the accounts on the accounting year. It contains requirements for information on the amounts entered into the accounting systems of the accounting function/managing authority, amounts withdrawn during the accounting year, and amounts of programme contributions paid to financial instruments, reconciliation of expenditure.</p> <p>Including a template of this nature is novel to the CPR Proposal.</p>
Annex XXI Determination Of The Level Of Financial Corrections: Flat-Rate And Extrapolated Financial Corrections – Article 98(1)	Annex X Additionality	<p>The information contained in Annex XXI in the CPR Proposal, has overlap with Annex X(3) on Financial Correction Rates. The remaining subsections of Annex X do not have such overlap.</p> <p>Annex X(1) “Public or Equivalent Structural Expenditure” in the Current Annex does not have overlap in the CPR proposal. This subsection (1) includes special provisions for less developed regions with the following percentages in relation to the total population:</p> <ul style="list-style-type: none"> • between 15% and 65% (of less developed regions) and <i>“The figure to be used shall be that reported in the context of the general government balance and debt and related to general government budgetary prospects and shall be presented as a percentage of GDP.”</i> • 65% and more (of less developed regions). <i>“... the total figure on gross fixed capital formation in the less developed regions will be used to determine public or equivalent structural expenditure.”</i> <p>Annex X(2) “Verification” in the Current Annex does not have overlap in the CPR proposal. In this subsection (2) the detailed rules relating to the verifications of additionality are set out. Verification of Additionality is described in Article 95(5) as follows:</p> <p><i>“The verification of whether the level of public or equivalent structural expenditure under the Investment for growth and jobs goal has been maintained shall take place at the time of submission of the Partnership Agreement (the ‘ex ante verification’), in 2018 (the ‘mid-term</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p><i>verification'), and in 2022 (the 'ex post verification')."</i></p> <p>Annex X(3) "Financial Correction Rates Following Ex Post Verification" in the current CPR has overlap with Annex XXI "Determination Of The Level Of Financial Corrections: Flat-Rate And Extrapolated Financial Corrections" in the CPR Proposal. In the Current CPR, Annex X(3) relates to Article 95(6) in the body of the text.</p> <p><i>Annex X(3): "Where the Commission decides to carry out a financial correction in accordance with Article 95(6), the rate of financial correction shall be obtained by subtracting 3 % from the difference between the reference level in the Partnership Agreement and the level achieved, expressed as a percentage of the reference level, and then dividing the result by 10. The financial correction shall be determined by applying that rate of financial correction to the Funds' contribution to the Member State concerned for the less developed regions for the full programming period. If the difference between the reference level in the Partnership Agreement and the level achieved, expressed as a percentage of the reference level in the Partnership Agreement, is 3 % or less, no financial correction shall be made. The financial correction shall not exceed 5 % of the Funds' allocation to the Member State concerned for the less developed regions for the full programming period."</i></p> <p><i>Article 95(6): "If it is established by the Commission in the ex post verification that a Member State has not maintained the reference level of public or equivalent structural expenditure under the Investment for growth and jobs goal set out in the Partnership Agreement and as set out in Annex X, the Commission may, in relation to the degree of non-compliance, carry out a financial correction by adoption of a decision by means of implementing act. In determining whether to carry out a financial correction the Commission shall take into account whether the economic situation of the Member State has significantly changed since the mid-term verification. The detailed rules relating to financial correction rates are set out in point 3 of Annex X."</i></p> <p>In the CPR Proposal, Annex XXI relates to Article 98(1) in the body of the text.</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>Annex XXI: <i>“Where extrapolated financial corrections are to be applied, the results of the examination of the representative sample are extrapolated to the rest of the population from which the sample was drawn for purposes of determining the financial correction.</i></p> <p><i>Elements for consideration when applying a flat rate correction:</i></p> <p><i>(a) gravity of the serious deficiency(-ies) in the context of the management and control system as a whole; (b) the frequency and extent of the serious deficiency(-ies); (c) the degree of financial prejudice to the Union budget.</i></p> <p><i>The level of flat rate financial correction is determined as follows:</i></p> <p><i>(a) where the serious deficiency(-ies) is so fundamental, frequent or widespread that it represents a complete failure of the system that puts at risk the legality and regularity of all expenditure concerned, a flat rate of 100 % is applied; (b) where the serious deficiency(-ies) is so frequent and widespread that it represents an extremely serious failure of the system that puts at risk the legality and regularity of a very high proportion of the expenditure concerned, a flat rate of 25 % is applied; (c) where the serious deficiency(-ies) is due to the system not fully functioning or functioning so poorly or so infrequently that it puts at risk the legality and regularity of a high proportion of the expenditure concerned, a flat rate of 10 % is applied; (d) where the serious deficiency(-ies) is due to the system not functioning consistently so that it puts at risk the legality and regularity of a significant proportion of the expenditure concerned, a flat rate of 5 % is applied.</i></p> <p><i>Where, due to a failure of the responsible authorities to take corrective measures following the application of a financial correction in an accounting year, the same serious deficiency (-ies) is identified in a subsequent accounting year, the rate of correction may, due to the persistence of the serious deficiency(-ies) be increased to a level not exceeding that of the next higher category.”</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p>Article 98(1): “1. The Commission shall make financial corrections by reducing support from the Funds to a programme where it concludes that:</p> <p>(a) there is a serious deficiency which has put at risk the support from the Funds already paid to the programme; (b) expenditure contained in accepted accounts is irregular and was not detected and reported by the Member State; (c) the Member State has not complied with its obligations under Article 91 prior to the opening of the financial correction procedure by the Commission.</p> <p>Where the Commission applies flat-rate or extrapolated financial corrections, this shall be carried out in accordance with Annex XXI.”</p>
Annex XXII Methodology On The Allocation Of Global Resources Per Member State – Article 103(2)	Annex VII Allocation Methodology	<p>Annex VII of the current CPR Annex is well comparable with Annex XXII. The subsections and their changes are analysed as follows:</p> <ul style="list-style-type: none"> • Annex VII (1) of the current CPR – Allocation method for the less developed regions eligible under the Investment for jobs and growth goal – Article 102(2)(a) is similar to Annex XXII CPR Proposal – Allocation method for the less developed regions eligible under the Investment for growth and jobs goal, referred to in point (a) of the first subparagraph of article 90(2). In the current CPR Annex this section contains the enumerations a) to c) under paragraph (1). In the CPR Proposal Annex has remained with a few minor changes in a) to c) and has been supplemented by additional points d) to g). These supplemented enumerations describe in which way additional premiums for young unemployed persons between 15 and 24 years, for persons between 25 and 64 years and additional amounts of EUR 1 per tonne of CO2 equivalent per year and a premium should be applied. The calculation of the sum of the allocations is more elaborated and detailed. • Annex VII (2) of the current CPR – Allocation method for transition regions eligible under the Investment for growth and jobs goal, referred to in point (b) of the first subparagraph of Article 90(2) is similar to Annex XXII CPR Proposal – Allocation method for transition regions eligible under the Investment for jobs and growth goal – Article 102(2)(b). In this subsection there are the same changes as in the previous section.

CPR Proposal Annex	Current CPR Annex	Comments
		<p>In the current CPR Annex this section contains the enumerations a) to c) under paragraph 2. In the CPR Proposal Annex has remained with a few minor changes in a) to c) and has been supplemented by additional points d) to g). These supplemented enumerations describe which additional allocations should be applied – same method as in the point above. The calculation of the sum of the allocations is more elaborated and detailed.</p> <ul style="list-style-type: none"> • Annex VII (3) and (4) of the current CPR Allocation method for the more developed regions eligible under the Investment for growth and jobs goal, referred to in point (c) of the first subparagraph of Article 90(2) is similar to Annex XXII (3), (4), (5) and (6) of CPR Proposal – Allocation method for the more developed regions eligible under the Investment for jobs and growth goal – Article 102(2)(c). The amounts and percentages changed in the paragraphs 3 and 4. And the content is expanded by two paragraphs 5 and 6 in the CPR Proposal Annex : <p style="padding-left: 40px;"><i>“5. To the amounts by NUTS level 2 region obtained in accordance with point (4) is added, if applicable, an amount of EUR 1 per tonne of CO2 equivalent per year applied to the population share of the region of the number of tonnes of CO2 equivalent by which the Member State exceeds the target of greenhouse gas emissions outside the emissions trading scheme set for 2030 as proposed by the Commission in 2016.</i></p> <p style="padding-left: 40px;"><i>6. To the amounts by NUTS level 2 region obtained in accordance with point (5) is added, an amount resulting from the allocation of a premium of EUR 400 per person per year, applied to the population share of the region of net migration from outside the EU to the Member State since 1 January 2013.”</i></p> <ul style="list-style-type: none"> • Annex VII (7) of the current CPR – Allocation method for the Member States eligible for the Cohesion Fund under Article 90(3) is similar to Annex XXII (5) of CPR Proposal – Allocation method for the Member States eligible for the Cohesion Fund – Article 102(3). This subsection is shortened in the CPR Proposal Annex to one paragraph (7). • Annex VII (8) of the current CPR – Allocation method for the European territorial cooperation goal referred to in Article 4 of the ETC Regulation is similar to Annex XXII

CPR Proposal Annex	Current CPR Annex	Comments
		<p data-bbox="904 252 2069 395">(8) – Allocation method for the European territorial cooperation goal – Article 9. This subsection is still defined in one paragraph (8). In the CPR proposal Annex it is longer – the sums of the allocation shares are weighted on the basis on criteria, which is not in the current CPR Annex:</p> <p data-bbox="958 440 2069 842"> <i>“a) total population of all NUTS level 3 land border regions and of other NUTS level 3 regions of which at least half of the regional population lives within 25 kilometres of the land border (weighting 36%); b) population living within 25 kilometres of the land borders (weighting 24%); c) total population of the Member States (weighting 20%); d) total population of all NUTS level 3 regions along border coastlines and of other NUTS level 3 regions of which at least half of the regional population lives within 25 kilometres of the border coastlines. (weighting 9.8%); e) population living in the maritime border areas within 25 kilometres of the border coastlines (weighting 6.5%); f) total population of outermost regions (weighting 3.7%).”</i> </p> <ul data-bbox="846 887 2069 1369" style="list-style-type: none"> <li data-bbox="846 887 2069 1066">• Annex VII (9) – Allocation method of the additional funding for regions referred to in point (e) of Article 92(1) is identical to Annex XXII (9) – Allocation method for the additional funding for the outermost regions identified in Article 349 TFEU and the NUTS level 2 regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession – Article 104(1)(e) <li data-bbox="846 1075 2069 1254">• Annex VII (10), (11), (12) and (13) – Maximum level of transfers from funds supporting cohesion is similar to Annex XXII (10), (11), (12) and (13) – Minimum and maximum levels of transfers from the funds supporting economic, social and territorial cohesion. This subsection still consists of 4 paragraphs, the content changed as there are mentioned as well the minimum levels of transfers from the funds. <li data-bbox="846 1264 2069 1331">• Annex VII (14) to (20) – Additional provisions is similar to Annex XXII (14), (15) and (16) – Additional provisions. This section is shortened in the CPR Proposal Annex. <li data-bbox="846 1340 2069 1369">• Annex VII (21) of the current CPR – Additional adjustments in accordance with Article

CPR Proposal Annex	Current CPR Annex	Comments
		<p>92(2) No additional adjustments are described in the CPR Proposal Annex; instead there is an example table for the application of the 16 paragraphs in this section in the section of the Annex.</p>
	Annex I Common Strategic Framework	<p>In the Current CPR Annex 1 presents an introductory and descriptive section for the Common Strategic Framework. In the CPR Proposal such a section does not exist —neither in the body of the text nor in the Annexes.</p>
	Annex II Method For Establishing The Performance Framework	<p>This is a relatively short section, covering approximately one page. It describes the method for establishing the performance framework in a general sense, providing one table which serves as a template for the Standard Format for the Performance Framework. This template requires the reporting of the Priority, Indicator and Measurement Unit, Milestone for 2018, and Target for 2023. It also defines Milestones and how to appropriately link these to Indicators and Priorities. In the CPR Proposal, this section is not contained in the annexes. However, it is stated in the body of the CPR Proposal in Article 13 “Methodologies for the Establishment of the Performance Framework” as follows:</p> <p><i>“1. The methodologies to establish the performance framework shall include:</i></p> <ul style="list-style-type: none"> <i>(a) the criteria applied by the Member State to select indicators;</i> <i>(b) data or evidence used, data quality assurance and the calculation method;</i> <i>(c) factors that may influence the achievement of the milestones and targets and how they were taken into account.</i> <p><i>2. The Member State shall make those methodologies available upon request by the Commission.”</i></p> <p>Furthermore, the consideration of the performance framework in the CPR Proposal “Summary of the Content of the Regulation” include the following:</p> <p><i>“To build on the good practice of performance orientation it is proposed to maintain the performance framework in a streamlined, clearer manner. Conditionality linked to the European Semester is similarly maintained but simplified. In particular, Country-Specific Recommendations (CSRs) will be taken into account in programming at least on two</i></p>

CPR Proposal Annex	Current CPR Annex	Comments
		<p><i>occasions: at the beginning of the programming and during the mid-term review.” And “The CPR creates flexibility for the ERDF, ESF+ and the Cohesion Fund. Only the first 5 years will be programmed initially. Allocations for the last 2 years will be made on the basis of a substantial and in-depth mid-term review leading to corresponding reprogramming in 2025. The review will revisit the initial priorities and objectives of the programmes taking account of: progress in achieving objectives by end-2024; changes in the socio-economic situation; new challenges identified in country specific recommendations. This builds on the concept of the performance framework and the performance reserve and further reinforces the performance angle of the policy including through reprogramming. The performance reserve is however discontinued.”</i></p> <p>In the CPR Proposal, Member States are further expected to make performance frameworks according to each programme, including all indicators, milestones and targets. This aims to allow monitoring, reporting and evaluation of the performance of a given programme.</p>
	<p>Annex III Provisions For Determining The Scope And The Level Of Suspension Of Commitments Or Payments Referred To In Article 23(11)</p>	<p>In the Current CPR, Annex III describes the provisions for determining the scope and level of suspension of commitments or payments as referred to in Article 23(11). These commitments or payments are defined in the body of the Current CPR:</p> <p><i>“... shall be proportionate, respect the equality of treatment between Member States and take into account the economic and social circumstances of the Member State concerned, in particular the level of unemployment of the Member State concerned in relation to the Union average and the impact of the suspension on the economy of the Member State concerned. The impact of suspensions on programmes of critical importance to address adverse economic or social conditions shall be a specific factor to be taken into account.”</i></p> <p>In the CPR Proposal, this section is not contained in the Annexes. However, this section is contained in the body of the CPR proposal in Chapter III “Measures Linked to Sound Economic Governance” Article 15 “Measures Linking Effectiveness of Funds to Sound Economic Governance”. The approach to the Suspension of Commitments is different between the Current CPR and the CPR Proposal. In a general sense, in the CPR Proposal Suspension of Commitments</p>

CPR Proposal Annex	Current CPR Annex	Comments										
		<p>are elaborated in a greater detail. In the CPR Proposal body of the text, the approach of the Commission on requesting a Member State to review and propose amendments to relevant programmes, where this is necessary, is described. This request “[...] shall be justified, with reference to the need to support the implementation of the relevant recommendations and shall indicate the programmes or priorities which it considers are concerned and the nature of the amendments expected.” If the Member State is not able to submit a proposal to amend, “the Commission may suspend all or part of the payments for the programmes or priorities concerned in accordance with Article 91.” It is described in which cases the Commission shall lift or suspend part of the commitments or payments</p> <p>Further, this procedure is described precisely, which is not in the Current CPR. In the current CPR Annex levels of suspension and programmes and priorities which shall be excluded from the scope of the suspension are defined.</p>										
	Annex V Definition Of Flat-Rates For Net-Revenue Generating Projects	<p>This section contains a very small amount of text listing the flat rates for: Road, Rail, Urban transport, Water, and Solid waste:</p> <table data-bbox="846 858 1285 1043"> <tr> <td>1 ROAD</td> <td>30 %</td> </tr> <tr> <td>2 RAIL</td> <td>20 %</td> </tr> <tr> <td>3 URBAN TRANSPORT</td> <td>20 %</td> </tr> <tr> <td>4 WATER</td> <td>25 %</td> </tr> <tr> <td>5 SOLID WASTE</td> <td>20 %</td> </tr> </table> <p>In the body of the text of the Current CPR, flat rates are mentioned throughout, including in Article 68, <i>Flat rate financing for indirect costs and staff costs concerning grants and repayable assistance</i>.</p> <p>This is not contained in the CPR Proposal. As per Title V Financial Support of the Explanatory Memorandum, Summary of the content of the legislative proposal in the CPR Proposal:</p> <p><i>“Financial instruments will be a key delivery mechanism for 2021-2027 investments</i></p>	1 ROAD	30 %	2 RAIL	20 %	3 URBAN TRANSPORT	20 %	4 WATER	25 %	5 SOLID WASTE	20 %
1 ROAD	30 %											
2 RAIL	20 %											
3 URBAN TRANSPORT	20 %											
4 WATER	25 %											
5 SOLID WASTE	20 %											

CPR Proposal Annex	Current CPR Annex	Comments
		<p><i>generating revenue or costs savings; the provisions for their use have been streamlined and updated to ensure better and easier implementation as well as quicker set-up. ...</i></p> <p><i>Further simplifications include:</i></p> <ul style="list-style-type: none"> • <i>The combination of different funds – and of financial instruments and grants – is codified in simple rules;</i> • <i>There will no longer be specific rules for revenue generating investments;</i> • <i>There will be no major project process (instead, strategic projects will be followed by the monitoring committee).</i> • <i>Funding will be simplified, for example through the seal of excellence approach.”</i>
	<p>Annex VI Annual Breakdown Of Commitment Appropriations For 2014 To 2020</p>	<p>This is a very short Annex presenting the annual breakdown of commitment appropriations for 2014 to 2020, in EUR2012 prices.</p> <p>In CPR Proposal Annex V “Template For Programmes Supported From The ERDF (Investment for Jobs and Growth Goal), ESF+, The Cohesion Fund and The EMFF” and Annex VI “Template of a Programme for The AMIF, The ISF and The BMVI” contain tables in their subsections which have blank cells where financial appropriations are intended to be entered. These subsections include Annex V (3.1) “Financial Appropriations by Year”, Annex V (3.2) “Total Financial Appropriations by Fund and National Co-Financing”, Annex VI (3.1) “Financial Appropriations by Year” and Annex VI (3.2) “Total Financial Appropriations by Fund and National Co-Financing”. However, the cells in these tables are blank, there is no mention of commitment appropriations.</p>
	<p>Annex VIII Methodology Concerning The Specific Allocation For The YEI Referred To In Article 91</p>	<p>Annex VIII in the current CPR Annex is presenting the determination of the breakdown of the specific allocation for the YEI in three steps (Identification of young unemployed persons between 15 and 24, calculation of the allocation; sum of the allocations per region = total allocation for the Member State). The capping rules described in the Annex VII of the current CPR Annex are not applied to this specific allocation.</p> <p>There is no mention of YEI in the CPR proposal Annex.</p>

CPR Proposal Annex	Current CPR Annex	Comments
		<ul style="list-style-type: none"> • Youth Employment is defined as a Code for the types of intervention for the ERDF, the ESF+ and Cohesion Fund in Annex I (p.6). • Further mentioned as a specific objective in the table of Annex IV (p. 25) and in the template for programmes supported from the ERDF (p. 31) and in Annex XXII (p.161,162).
	Annex IX Methodology For Determining Minimum Share Of The ESF	<p>Annex IX of the current CPR Annex includes the methodology for determination of the additional percentage share allocated in a Member State to the ESF which corresponds to the share of that Member State on the basis of employment rates, e.g.:</p> <p><i>“— where the employment rate is 65 % or less the share shall be increased by 1,7 percentage points; — where the employment rate is above 65 % but not higher than 70 % the share shall be increased by 1,2 percentage points; — where the employment rate is above 70 % but not higher than 75 % the share shall be increased by 0,7 percentage points; — where the employment rate is above 75 %, no increase shall be required.”</i></p> <p>In the CPR Proposal Annex there are no calculations of the minimum share of the ESF based on employment rates.</p>
	Annex XIV Correlation Table	This Annex consists of a comparison of articles from Regulation (EC) No 1083/2006 and the current Regulation in the form of a table. The CPR Proposal Annex does not contain any table like this.

Conclusions

Understanding the differences between the Annexes of the Current CPR and the CPR Proposal must be considered within a wider regulatory context. The bodies of the legislative texts of the Current CPR and CPR Proposal, the multi-annual financial framework proposals, supporting documents and relevant ex ante analyses, all contain important information enabling the interpretation of the proposed updates to the CPR Annex. With this in mind, the comparison performed between the Current CPR and CPR Proposal Annexes demonstrates various differences in the nature of the proposed programming updates. The CPR Proposal Annexes contain templates, definitions, and descriptions throughout, which are novel to this programming period, and aim to increase the simplification of processes, promote more targeted programming, strengthen monitoring and reporting and subsequent evaluation efforts, and increase the comparability of results between regions and Member States. These efforts are clearly observable when examining the updates present within the Annex of the CPR Proposal. This having been said, the degree to which the Annexes of the CPR Proposal, and the body of the text of the regulation, will be successful in achieving these aims is a complex subject matter. Even small changes in legislative documents that are as fundamental as the CPR, can introduce wide-ranging effects throughout the programming period. Therefore, while the results of this file note suggest that the CPR Proposal Annexes aim to increase simplification and improve monitoring and reporting, the CPR Proposal as a whole continues to warrant close inspection and comprehensive dialogue to ensure that the variety of potential effects have been adequately considered.

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Rue Belliard/Belliardstraat 101 | 1040 Bruxelles/Brussel | BELGIQUE/BELGIË | Tel. +32 22822211
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