RegioneLombardia

EUROPEAN COHESION POLICY IN 2021-2027

Position Paper of Lombardy Region on the legislative proposals presented by the European Commission in May 2018

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INTRODUCTION

The European budget proposal for the 2021-2027 period, presented by the European Commission on 2 May 2018[1], confirmed the central position of the **cohesion policy** as a strategic lever for harmoniously developing the territories of the European Union and as an instrument to support public investments. The financial resources allocated will amount to just under one third of the European budget[2], within the expenditure heading defined "Cohesion and Values".

The importance of these resources is justified both by the need to confirm public investments aimed at guaranteeing growth, employment growth and social inclusion, and for reaffirming the centrality of regional policy among European drivers. For this reason, cohesion policy, which can rightly be considered the most important investment policy at the European level, can and must make the difference.

The budget proposal draws an evolving Europe: current and future challenges require taking into account the changes occurring in a "liquid modernity"[3] that is subject to exponential changes. In such a context even the needs of people are transformed and influenced by global megatrends that, by their nature, have a lasting and deep impact on people's life.

In this scenario, new public intervention is clearly necessary, as in the case of the priorities linked to security, defence and integration of migrants. Alongside these new areas of intervention, the European Commission has reiterated the centrality of investment in research and innovation, in the fight against climate change, as well as in human capital.

It is, anyway, essential to confirm that Europe can only progress by taking into consideration the institutions that are closest to the citizens, such as Regions: the latter are, together with the European Commission and the Member States, the "main characters" of cohesion policy. This is the only way, in line with the application of the **principle of subsidiarity**[4] and while aware of the fact that strategic and targeted interventions result from the knowledge of territorial

[1] Communication of the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, *A Modern Budget for a Union that Protects, Empowers and Defends. The Multiannual Financial Framework 2021-2027*, COM(2018) 321, 02/05/2018.

[2] The budget for cohesion policy amounts to € 373 billion (in current prices) against an overall budget of € 1,279 billion. The amount includes the resources allocated to the European Development Fund Regional (€ 226.3 billion), the Cohesion Fund (€ 46.7 billion) and the European Social Fund (€ 100 billion).

[3] Zygmunt Bauman, *Modernità liquida*, Editore Laterza, 2002.

[4] See the recommendations of the *Task Force on subsidiarity, proportionality and doing less much more* efficiently(https://ec.europa.eu/commission/priorities/democratic-change/better-regulation/task-force-subsidiarity-proportionality-and-doing-less-more-efficiently_it#_report).

contexts, to make European citizens rediscover values and advantages of European solidarity.

COHESION POLICY

Economic and social cohesion is one of the objectives of EU policy since the Single European Act of 1986, to an extent requiring the Union to intervene for "reducing disparities between the various regions and the backwardness of the least-favoured regions". The importance of this policy was further confirmed by the 2007 Lisbon Treaty, which added a third dimension, in order to design a policy aimed at "economic, social and territorial cohesion".

Public support made available by European funds is not merely a subsidy; on the contrary, cohesion policy has ensured the use of resources in such a way to represent a lever of public and private investment, so as to guarantee the availability of additional funding.

30 years after its launch, cohesion policy is still **relevant and necessary** and today more than ever the different territories still need support. The objective is unchanged: to maintain and increase the level of competitiveness of the territory, by supporting companies and people with appropriate tools to "react" to changes in the socio-economic context. Therefore, Lombardy Region agrees with the European Commission's choice to confirm **cohesion policy for all the Regions**.

Equally, the intent of the Commission of **modernising cohesion policy** should be welcomed. Overstating its topicality, Lombardy Region agrees that cohesion policy needs to "change" by better meeting current challenges, with the right "toolbox". In this logic, therefore, procedural simplification is welcomed with satisfaction. However, Lombardy Region considers extremely necessary that the effort of the 2021-2027 period being concentrated, as well as on rules simplification, on a structure focusing even more attention on results.

The key for cohesion policy to be an effective tool close to citizens is to make it able **to achieve concrete, measurable, visible results meeting the needs of people.** These needs must be the core of all choices, especially in a global context characterised by the increasingly rapid succession of disruptive innovations affecting economic and social life areas.

To achieve this, the Authorities responsible for planning and managing cohesion policy must be enabled to dedicate human, financial and procedural resources to "what is done and what is achieved", rather than focusing on "how to do it". Without averting the eyes from cost targets, its regularity and the due checks, it is now more than ever necessary to allow Member States and Regions using the resources, bearing in mind that they will be judged on what was produced for the welfare of their territories and not only on the compliance with the regulatory parameters.

In other words, cohesion policy must be able to evolve towards an easily usable instrument, in order to allow promoting investments, not frustrating the beneficial effect on the economy and on the quality of life of citizens by administrative and control burdens that sometimes are too high compared to the actual aid granted.

It is important, in this respect, **to confirm the shared management of cohesion policy**: by considering the territorial character of strategy and interventions, it is essential for Regions, together with the Member States, to share the planning and operational and practical management of Programmes financed by the Funds.

It is to be welcomed that the **European Social Fund Plus (FSE+) is still a fundamental part of the cohesion policy** within the proposals of the European Commission. This issue must be maintained in order to allow the levels of government closer to the citizens, such as the regional one, to react effectively to social and economic challenges, by following a bottom-up approach with interventions adapted to the needs of the beneficiaries, without forgetting the general economic context.

GOVERNANCE

The legislative proposals[5] of the European Commission confirm also for the 2021-2027 period the **shared and multi-level governance model.** However, the role of the Regions does not appear to be sufficiently clear. The proposal on the Common provisions does not highlight the general principle according to which Programmes are prepared and implemented by the Member State on the *"appropriate territorial level and in accordance with its institutional, legal and financial framework"*, as required by Regulation (EU) No. 1303/2013 currently in force.

[5] This document takes into account the following legislative proposals:

- *Proposal for a Regulation of the European Parliament and of the Council laying down the common provisions applicable to the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the European Maritime and Fisheries Fund and the financial rules applicable to those funds and the Asylum and Migration Fund, the Internal Security Fund and the Border and Visa Management Tool*, COM(2018) 375, 29/05/2018;
- *Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and the Cohesion* Fund, COM(2018)372, 29/05/2018;
- *Proposal for a Regulation of the European Parliament and of the Council concerning the European Social Fund Plus (ESF +)*, COM(2018) 382, 30/05/2018;
- *Proposal for a Regulation of the European Parliament and of the Council laying down specific provisions for the "European territorial cooperation" objective (Interreg) supported by the European Regional Development Fund and external financing instruments*, COM(2018) 374, 29/05/2018.

Therefore, Lombardy Region, while appreciating the confirmation of the shared management of the Programmes, believes that **the contribution of the Regions in all the phases of the 2021-2027 period should be enhanced**, since Regions still represent the more appropriate and effective institutional level for implementing intervention strategies.

According to this approach, the role of the Regional Operational Programmes (ROP) should be strengthened, with advantages linked to the "mediation" with local partnership, by involving private sector, civil society and associations, and to the knowledge of the different territorial realities. Emerging needs could find the best solutions only through the cooperation with the local socio-economic "ecosystems".

EUROPEAN SEMESTER

As far as the strengthening of the link between cohesion policy and the European semester of coordination of national economic policies is concerned, it is important that this aspect:

- takes into account the **territorial context** and broadly involves the different government levels in order to make it much more effective and to improve its legitimacy;
- **does not represent a further restriction** to the implementation of funds and does not reduce the ability of the Regions to respond to specific territorial issues. In this way it would be possible for them to maintain their autonomy in choosing intervention priorities.

On the other hand, the proposal according to which FSE+ planning under shared management is to be linked to country-specific recommendations gives grounds for concern. It is important to preserve the certainty and consistency of multi-year investments made in the territory, even in terms of human capital, regardless of the pursuit of objectives indicated by the European Commission to Member States at the national level.

RESULT ORIENTATION AND THEMATIC CONCENTRATION

Lombardy Region shares the **result-oriented approach** and the **confirmation of the thematic concentration principle** towards strategic objectives, such as research and innovation, the development of human capital and the fight against climate change, which are the principles behind the current 2014-2020 period. In fact, the thematic concentration channels not only the interventions on a limited number of objectives to support policies in priority sectors, but the approach based on result orientation stimulates also investments that contribute to the **sustainability of development** by producing measurable, concrete and as lasting as possible effects on people, competitiveness and environment.

The result orientation, which inspired the current 2014-2020 period, **must be strengthened by focusing on what is financed and on the added value for citizens**, instead of on the expenditure checks system.

According to this approach, Lombardy Region agrees with the use of forms of financing not related to costs, but aiming at achieving results in such a way to obtain not only bureaucratic simplifications, but also a wider involvement of beneficiaries in implementing interventions and a greater synergy among the objectives.

It is worth stressing, however, that while the thematic concentration is an element of simplification by reducing the number of objectives (from 11 to 5), on the other hand it reduces the room for manoeuvre of the Regions. In fact, the legislative proposals referring to the Structural Funds (such as ERDF and ESF+) provide for significant constraints in terms of minimum percentages of allocation of Programmes' resources. In this regard, it is important to restate the necessity that Regions are able to meet the needs of their territory and of their "fabric of society" through a **greater autonomy in the choice**, while respecting a general constraint of thematic concentration.

ENABLING CONDITIONS AND SOUND ECONOMIC GOVERNANCE

As it is currently in the 2014-2020 period, the proposal concerning the Common Provisions envisages a series of enabling conditions (the current *ex ante* conditionalities) to ensure the effective and efficient implementation of the Programmes.

This mechanism is shareable, as apparently it strengthens the administrative capacity of the management bodies involved in the implementation of the Programmes. However, these conditions should concern the areas directly influenced by Regions and should involve them in defining the methods of fulfilment.

In consideration of this, it is appropriate to make clear immediately who is responsible for their fulfilment. **Enabling conditions should not increase constraints**, but should identify those steps that could favour a proper and consistent implementation of the Programmes.

With reference to the sound economic governance and as already expressed by the Italian Regions during the current 2014-2020 period, Lombardy Region believes it to be necessary to abandon the principle according to which local and regional Authorities have the same responsibilities of central governments as for macroeconomic stability. As a result, it is preferable to introduce **rewarding mechanisms in favour of the Regions achieving good results** rather than sanctioning tools that, in order to hit a non-compliant State, risk undermining the efforts of virtuous Regions.

SIMPLIFICATION

Administrative simplification is an essential objective to reduce both the burdens on Programme management bodies and on beneficiaries, and the complexity and fragmentation of the rules between the Funds.

In general, legislative proposals seem to be inspired by the principle of simplification. However, this principle must be reflected in the implementation phase, when the succession of interpretative documents generally generates complexity.

To reduce legal uncertainty in the implementation phase, it is certainly necessary to avoid the proliferation of rules at different levels and to reduce the regulation overlapping. The proposal to include in the legislative package (in the Regulations on Common Provisions or in the Specific Regulations of each Fund) all the legislative provisions necessary for timely launch the implementation of the next period certainly aims at creating certainty of the legal implementation framework.

On the contrary, the terminological innovations do not seem to lead to simplification: even if they do not change meaning, some elements change the term, while others, keeping the same denomination, change content and function.

Lombardy Region welcomes the changes introduced by the legislative proposals aiming at the simplification, as the deletion of the procedure for designing Programme Authorities. Furthermore, the prevision of maintenance of the existing management and control systems and the possibility of moving a limited amount of resources within the Programmes without using the revision procedures have considerable benefits. With reference to this last aspect, the **flexibility of Programmes** seems to be growing stronger, to respond promptly to the needs that may occur.

In consideration of the experience gained, Lombardy Region is in favour of **a more proportionate approach to checks and audits** extending the principle of the single audit and of the reduction of the number of checks for “low error rates” Programmes. In light of this, it is essential to confirm the European Commission's proposals to reduce the burden on beneficiaries and the administrative costs related to checks.

Other relevant aspects are the **deletion of the performance reserve** and the proposal of maintaining the performance framework, which will be much more oriented towards the evaluation of the results achieved by the Programmes.

Finally, Lombardy Region expresses its appreciation regarding the possibility of increasing the implementation of **simplified cost options,** in order to reduce both the charges for beneficiaries and the complexity of the expenditure reporting and verifying process. It also shares the possibility to make the Programmes use simplified calculation methods already used in the 2014-2020 period, in order to avoid unnecessary duplication and to favour the fast launch of the future Programmes.

On the contrary, Lombardy Region has **doubts about the proposal of the mid-term review** of the Programmes as a tool and moment of allocation of the financial resources related to the last two years (2026 and 2027). While recognising the need to submit the Programmes to mid-term review and to ensure due flexibility, the mid-term review seems to undermine the possibility of planning strategic interventions that, by their nature, may require medium-long term implementation times.

There are concerns also about the confirmation of the annual accounts, which are difficult to apply on multi-year projects and which in the current period are arising several difficulties and complications in managing the Programmes.

As far as **state aids** for the 2021-2027 programming period are concerned, Lombardy Region requires the promotion of measures aimed at simplifying and reducing administrative burdens both for public administrations and for beneficiaries. This is highly probable if we consider the European Territorial Cooperation (ETC), which mainly finances projects for the exchange of good practices.

More generally, defining a much more homogeneous framework of rules and criteria between the different European Programmes could create not only effective synergies between the Structural and directly managed funds, but would also represent a significant source of simplification.

Finally, while reviewing both state aid rules and cohesion policy legislation, would be advisable to make them much more coherent in order to provide uniform rules and legal certainty.

CO-FINANCING RATE

The European **co-financing rate** is reduced compared to the 2014-2020 period and is re-aligned with the rate in force before the economic and financial crisis.

This reduction is linked to the decision to confirm the validity of the cohesion policy for all the European regions by reconsidering the aid intensity from European funds, based on the need to cope with the consequences of Brexit on European budget and with new challenges to face. In particular, the Commission has chosen to adopt the "Support Scenario to all European regions" outlined in its contribution to the informal meeting of Heads of State and Government of 23 February 2018[6].

Because of the reduced European contribution, which amounts to 40% for more developed regions, Lombardy Region asks for **national and regional co-financing to be separated from budget constraints**, in order to let cohesion policy resources to be spent in a quicker manner.

The same approach should also be applied to the European Territorial Cooperation Programmes.

EUROPEAN TERRITORIAL COOPERATION

The European Territorial Cooperation (ETC), financed by the ERDF, is a tool that has brought significant added value in previous programming periods, by creating synergies between the different European territories and opportunities to develop new solutions and to renew policies at European, national and regional level.

In this regard, Lombardy Region wants to enhance the ETC in the 2021-2027 period aiming at developing increased synergies and complementarity between the territories of the European Union and improving competitiveness and resilience of the Regions in facing present and future challenges.

In the current role of Managing Authority of the Interreg V-A Italy-Switzerland Cross-Border Cooperation Programme, Lombardy Region wishes for the growth of opportunities for cooperation with the neighbouring third countries of the EU, in particular with institutions and other actors of the Swiss Ticino and Grisons Cantons and, on a transnational level, with the Swiss Confederation.

However, the importance and the relevance of the ETC objectives are to be accompanied by an appropriate updating of the contents and operating methods, to simplify implementation and achievement of results.

[6] Communication from the Commission to the European Parliament, the European Council and the Council, A *new and modern multi-year financial framework for a European Union able to achieve efficiently its post-2020 priorities. Contribution of the European Commission to the informal meeting of the leaders of 23 February 2018*, COM(2018) 98, 14/02/2018.

For this reason, Lombardy Region considers important:

- a **greater strategic orientation of the Programmes**, especially through greater coherence with political priorities at different levels;
- a **closer cooperation between** subjects managing **Structural Funds** and the managers of the **macro-regional Strategies**, to make the ETC being a preparatory tool for developing common, broader, shared and better managed projects in the related impacts;
- the **strengthening of the active participation of the Member States**, by enhancing the role of the Regions as it happens in the Italian governance model;
- a careful **assessment of the territorial aspect**, by involving the appropriate levels of government;
- further strengthening of the participation of the social partners and civil society;
- a significant **simplification of procedures**;
- freedom to choose objectives and to create the Programmes in order to give a better answer to the real needs of the territories;
- greater flexibility of the Programmes to cope with emerging challenges to situations that were unexpected in the planning phase.

In view of the **definition of future cooperation areas**, Lombardy Region considers essential to pay attention to the following elements:

- while agreeing in confirming the cross-border (component 1) and trans-national (component 2) areas, it is necessary, on one hand, to clarify the mutual role of the two components and the type of projects that can be financed and, on the other hand, to guarantee an appropriate territorial dimension. Indeed, experience has shown that the solution of territorial problems occurring in a restricted area may require the involvement of a larger portion of territory;
- in line with what has just been said on the link between cross-border and transnational Programmes, the Region is particularly interested in the Alpine area, which has a long tradition of cooperation, resulted in the Alpine EUSALP[7] macro-regional strategy with the accession of the Swiss Cantons. For this reason, in order to support cooperation in these territories, it is essential to increase the resources dedicated to the Programmes involving this area. In particular, regardless of the geographic and institutional configuration that the Alpine Space Transnational Programme and the cross-border Programmes with Switzerland will have, Lombardy Region considers fundamental the improvement of the opportunities for cooperation between Lombard and Swiss institutions and

[7] EU Strategy areas for the Alpine Region.

stakeholders, so as to promote also concrete instruments to implement the EUSALP strategy;
- some strategic issues, such as water quality of the sea basins and commercial maritime mobility that are currently the subject of intervention by Programmes such as ADRION and MED, should be faced at a wider territorial scale, also involving Regions not currently included in the cooperation area;
- while recognising the function of the interregional area (component 4) and interregional investments for innovation (component 5), the Region considers fundamental that the participation and ownership of the related Programmes being maintained by States and Regions, in order to guarantee concreteness and effectiveness as well as a real involvement of the territories. According to this approach, it is considered necessary to maintain the *shared management* model adopted for the whole ETC;
- with reference to the ESPON Programme (component 4), the experience of creating a European Grouping of Territorial Cooperation (EGTC) gave positive overall results, which should be enhanced by strengthening the role of the Monitoring Committee.

A further element of particular importance concerns **territorial eligibility criteria**[8]. In particular, Lombardy Region asks for:
- the deletion of the criterion of cross-border Programmes (component 1) including, for the purpose of allocation of resources, the resident population in a range of 25 km from the border. In fact, this seems to favour intensively urbanised areas at the expense of the more peripheral ones. It is therefore proposed to refer to the NUTS 3 areas (Provinces) and to include also the non-neighbouring areas justifiably involved in previous Programmes such as the Province of Lecco;
- for the transnational maritime Programmes (component 2B), the application of the territorial framework NUTS 2 (Regions) instead of NUTS 3 in order to allow an adequate development of the relations between coast and hinterland. Furthermore, it is proposed to maintain Lombardy among the territories eligible for these Programmes;
- the participation, with own resources, of non-EU countries for interregional investments for innovation (component 5) in analogy to component 4.

Furthermore, Lombardy Region welcomes component 5 in supporting strategic interregional investment innovation projects aimed at removing obstacles to the development of globally competitive European value chains. Likewise, the ETC

[8] Fiche 14 of 15 June 2018 of the services of the European Commission, *Working document of the Commission services -Subject: Regional Eligibility under the European Investment Territorial Cooperation (Terrestrial and Maritime Cross-Border Cooperation)*.

should support the development of interregional and transnational cooperation linked to European value chains.

Lastly, Lombardy Region believes that the ETC must include the principle of simplification of the rules (including the criteria for admitting subjects from countries not included in the cooperation area) and proportionality of checks. In particular, the Programmes should use standard rules and procedures, allowing interested parties to participate more easily and to create synergies between them.

MACRO-REGIONAL STRATEGIES

Macro-regional Strategies have become an integral part of the EU strategic framework: they reinforce synergies between different policies and instruments of the Union and they are a fundamental part of cohesion policy. Furthermore, they are the instrument through which Regions of different Member States can cope together in a more efficient way, with common challenges and interests.

Among the four existing Strategies, Lombardy Region is interested in the Alpine area (EUSALP) and the Adriatic-Ionian area (EUSAIR[9]).

In the light of the experience gained in the 2014-2020 period, Lombardy Region believes that these Strategies must be strengthened, linked to concrete results and supported by adequate monitoring and evaluation processes. In particular, it is necessary to consolidate and enhance the potential of the Strategies, by making larger use of the ETC, which can therefore play a key role in financing macro-regional projects.

Furthermore, macro-regional Strategies should be fully embedded within the 2021-2027 European legislative framework – by defining a dedicated funding – and a clear and relevant definition from the political point of view should be provided[10].

SYNERGIES BETWEEN FUNDS

The effective synergy between direct and Structural Funds is a significant factor to increase the effectiveness of public intervention and its impact.

The experience gained in the 2014-2020 programming period shows how different forms of investment and management effectively contribute to the achievement of common strategic objectives, especially in environment,

[9] EU Strategy for the Adriatic-Ionian Region.
[10] In this regard, please refer to the Position Paper "*Embedding Macro-regional Strategies in the Regulatory Framework post 2020*", promoted by Bavaria and signed by 14 European Regions on 06/04/2017 (including 8 Italian Regions belonging to EUSALP, including Lombardy).

research and innovation areas. These synergies could be implemented by ensuring greater coherence between the rules applicable to different European funds. In particular, in the field of research and innovation, increased convergence between Structural Funds and the future Horizon Europe Programme would allow the development of a coherent set of intervention tools along the entire value chain of innovation (from fundamental research to marketing of innovative products and services) as well as to activate the appropriate complementarities with territorial dimension.

This assumes that, while respecting specificities and purposes of each Fund, there is a shared vision, between the different institutional levels, on strategic objectives and possible synergies, to which the consequent respective regulation should be addressed. In fact, the "Seal of Excellence" initiative highlighted all the limits linked to the implementation of concrete synergies from different contexts and regulatory and procedural areas whilst having the advantage of stimulating the identification of convergent use of Structural Funds with the Horizon 2020 Programme. In particular, the discipline of state aid is a strong constraint, since it is differently defined according to the instrument applied (Structural Funds or direct funds such as Horizon 2020).

On the other hand, the "Seal of Excellence" has enabled financial support to excellent projects not funded by Horizon 2020. With a view to further development of the tool, it would be appropriate to provide that Horizon Europe could allocate resources to excellence projects born within the ETC showing an important potential impact for the development of European value chains.

Similarly, the synergy of the "Seal of Excellence" could be explored with other direct funds, such as Erasmus+, LIFE and Digital Europe.

Finally, by fully sharing the objective of greater complementarity between the different sources of funding, Lombardy Region considers it appropriate to pay attention to the concrete modalities of "dialogue and exchange" and strategic planning between Funds, Programmes and different selection mechanisms.

FINANCIAL INSTRUMENTS

The Financial Instruments (FIs) represent a way to implement Structural Funds characterised by a multiplier effect determined by the ability to associate different forms of public and private resources in support of public policy objectives, by making such support much more sustainable in the long term.

However, the experience of past programming periods has shown a greater complexity in managing FIs compared to other forms of financing. On one hand, the combination of rules relating to different areas such as, for example, state aid and national legislation on financial intermediary bodies; on the other hand, the prevision of significant administrative obligations that has impacted on the possibility of adding additional resources to the private sector.

Against this background, the Region considers it appropriate to structure the FIs in order **to maximize the participation of private and financial investors**, without losing sight of the public purpose of the interventions, based on a division and sharing of risks, and avoiding obstacles for potential beneficiaries.

The proposed Regulation on Common Provisions introduces positive innovations, meeting the needs of change already emerged and perceived in the current programming period:

- **simplification principle**, which finds room already at the level of definition, as there is no distinction between the financial instrument and the repayable subsidy/assistance, restoring the so-called "soft loans" among the financial instruments, as for the 2007-2013 programming period. Furthermore, with reference to the investment targets, the proposed regulation provides a very broad scope of intervention without following a logic of listing activities that can be financed;
- ***ex ante* evaluation** (exAE): while remaining a prerequisite for choosing the financial instrument, the drafting is simplified and quicker, with the possibility of using an exAE adopted in the 2014-2020 period, appropriately updated;
- **financial instruments combined with grants** within a single operation with the consequent application of the FIs rules. This approach will facilitate the single management of the components of financial and contribution instrument, whether have been met, without substantial increases in terms of effort of the credit chain and, therefore, also to more favourable operating cost overall conditions.

On the other hand, some equally unresolved critical issues remain, with the addition of some innovations that could potentially lead to further problems in managing the FIs:

- **expenditure certification**, which could result in delays compared to current situation, since expenditure statement to the European Union (with the exception of a first instalment) should be based on actual expenditure. In addition, the structure for management fees, as outlined in the proposed regulations, could result in critical issues, while not remunerating the initial activities of planning and activating FIs;
- **management and audit verifications**, in particular for guarantee funds, since controls on the financing banks could give rise to an administrative burden and probable damage in terms of attractiveness for the intermediaries and potential reduction of the leverage effect intended to

be activated. For this purpose, the principle of proportionality of controls and audits should be applied for administrations guaranteeing a low error rate, so as to reduce administrative costs;

- **bi-monthly reporting on FIs progress**, which could entail additional costs of collection and production of information, *inter alia* with possible problems of mismatch with the frequencies typical of the internal reporting of the subjects involved;
- **lack of information** on the rules concerning the activity of reporting expenses for measures implemented with FIs and synergies created with directly managed Programmes, with the exception of synergies that can be activated with InvestEU.