

UEAPME¹ position

Proposal for a Reformed Cohesion Policy post 2020

Executive summary

- The ESI funds are the most visible and important EU financial tools to implement EU legislation in SMEs. The financial instruments are one of the most tangible aspects of EU benefits for SMEs. They have proven their effectiveness, despite some necessary improvements. The scenario of regional policy renationalisation bares the risk of deepening divergences between regions and SMEs, of higher distortions of competition and of limiting the implementation of EU policies benefiting SMEs.
- No more than 3 to 4% of small enterprises and microenterprises in Europe have directly benefited from structural funds. Thanks to the Partnership principle (Art 5 CPR) and to the initiatives to reduce administrative burdens, it seems that the number of measures in favour of SMEs and SMEs benefiting of ESI funds rose sharply in 2014/2016. The most successful economic and social development policies have been engaged in regions where an effective partnership between the political decision-makers and the economic and social SME representatives of these regions has been implemented.
- A significant reduction of the EU budget would make a concentration of funds on core priorities and higher flexibility in the choice of thematic priorities and geographic targeting unavoidable. Thematic concentration should be maintained and greater margins of flexibility and responsibility should be given to national and regional authorities for selecting eligible operational measures and defining priority geographical areas in full partnership with economic and social partners. The counterpart of this greater flexibility should be the compulsory establishment of monitoring committees at regional level with a strengthened role.
- Given their specificities, the ESI funds have different characteristics and roles with different management methods and implementation rules. They should therefore not be merged into one single fund but maintained in separate forms under the responsibility of a common monitoring committee at national level while management rules be harmonised. Objectives of each programme should be sufficiently detailed and specified in order to avoid overlaps.
- Coordination between the different funds could be ensured by a joint monitoring committee, equally composed of representatives of public authorities and of economic and social partners with the same voting right. Rules, formalities and procedures must be as similar as possible, irrespective of the national and European managing administrative services.
- In order to ensure a better management of Cohesion policy, UEAPME requests the introduction of a “multilevel and multi-actors governance principle” with a compulsory involvement of economic and social actors at all levels. The article 5 CPR should be adapted accordingly and the partnership should become a binding ex-ante conditionality.
- To overcome new challenges and guarantee a better impact on SMEs, UEAPME proposes to establish a real partnership, better and effective support SME organisations, reduce formalities and controls and avoid gold plating.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](https://ec.europa.eu/transparency/REG_INT/repres/one/wp/55820581197-35)

- The complex rules have become an obstacle in achieving the funds' goals. Simplification should be a top priority and gold plating at all levels should be made impossible. SMEs ask for four major areas of simplification where implementation depends on EU or national level: administrative procedures, financial management, payments, auditing and auditing management with implementation of the "Once-Only" principle of the Small Business Act for Europe.

I-General comments

By providing an essential source of public investment at territorial level and supporting thousands of SMEs, the Cohesion policy is the most important EU investment policy ensuring a balanced and coherent development in the EU at territorial level. Due to their major role in economic development and job creation at the regional and local levels (*see annex 1*), SMEs are directly concerned with the discussions on the future of Cohesion policy launched by EU Commissioner Cretu.

It is more and more obvious that the EU policies have to face new challenges – demographic ageing, migration, unemployment, poverty, sustainable environment, climate change, energy efficiency, low carbon economy, digital revolution – which will have to be implemented at regional level. All regions and all SMEs are affected by these new challenges and the EU initiatives will strongly depend on the regional successful implementation.

The responsibility of implementing the measures decided at European level is raised: should it be delegated to Member States and regions to be implemented under shared management or should it remain within the direct competence of the Commission to be implemented in the form of specific programmes directly managed by the EU services under centralised management?

Probably the two systems must coexist: Cohesion policy is an instrument, but not the only one, to tackle these challenges under the condition that their priorities and conditions of implementation are conceived in real partnership between the European Institutions and the European economic and social partners.

Cohesion policy is one of the most relevant instruments at EU level to support the implementation of EU priorities, strategies and practical measures in the territories in addition to national and regional instruments. It provides powerful incentives for the Member States to comply with European rules.

Cohesion policy should not be considered as an instrument focusing only on less developed regions. The Cohesion policy already supports actions of cooperation between all regions and creates opportunities of benchmarking of smart specialisation strategies; Community led local development, Interreg, which would not be feasible or easily achievable without European support.

For many national and regional SME organisations, the ESIF can be considered as the most visible and important EU tools and source of finance to implement the EU legislation having an impact on enterprises. The financial instruments more and more supporting SME investments, notably in innovation, access to markets, are one of the most tangible concretisation of the EU action. UEAPME considers that the ESIF have proven their effectiveness and have a real added value at regional and national level even if it requires further improvement. The renationalisation of regional policy could deepen divergences between regions and SMEs worsen distortions of competition and limit the implementation of other EU policies having an impact on SMEs.

Many EU citizens, and small enterprises, have a negative perception of the EU which imposes inadequate legislation without sufficient consultation. By supporting the specific regional needs, the bottom-up approach supported by the Cohesion policy should regain a positive assessment of European citizens and contradict the arguments of the populist groups. Due to the lack of visibility of results and the insufficient communication with citizens and economic and social actors, the positive effects of EU support are too often unknown. For many SME organisations, it can be due to insufficient proactive strategy of information at EU and national level, too general information and inadequate data on the impact of EU policies, in particular on SMEs.

II-The lessons of the previous territorial policies.

The Structural Funds have provided decisive support in national policies for economic development and integration in complement with public funding from national and territorial authorities. According to different sources, they have enabled

strengthening and the extension of national and territorial actions and co-financing of new innovative measures, in particular for SME development, their market positioning, vocational training and integration.

Since the creation of the ESF in 1957 and of the rural development policy in 1962 and of ERDF in 1975, no more than 3 to 4% of small enterprises in Europe have directly benefited from Structural funds. The UEAPME study of March 2010 "Proposal for simplification measures of the administrative rules and the financial management of structural funds" explained the reasons for this situation, due principally to the administrative burdens, the methods of management of Structural funds at national and territorial level, the lack of entrepreneurial culture and the lack of partnership, which have led many enterprises and SME organisations to lose confidence in Structural funds.
http://www.ueapme.com/IMG/pdf/100316_pp_simpl_admin_en.pdf

However, this reality must be nuanced according to regions: many of them have introduced measures of varying importance for SMEs. According to analyses carried out by national SME organisations, the most successful economic and social development policies have been engaged through an effective partnership between political decision-makers and economic and social representatives of those regions.

Thanks to the Partnership principle (Art 5 CPR), and to the important initiatives to reduce administrative burdens, it seems that the proportion of measures in favour of SMEs and number of SME beneficiaries in the regions rose sharply in 2014/2016. However, if the Partnership Principle and the Code of conduct are essential to allow an easier access to funding for SMEs, the EU Social partners' survey from July 2014 assessed that it was insufficiently implemented from the point of view of national economic and social partners. The final report of the Commission study "Implementation of the partnership principle and multilevel governance in 2014-2020 ESI Funds" (July 2016) confirmed this situation.

If medium-size enterprises have sufficient internal means to comply with ESI Funds procedures, small and micro-enterprises (more than 92% of EU enterprises) have neither the human and financial resources nor the competences for using ESI Funds by themselves. Almost all small and micro-enterprises can benefit from cohesion policy funds, but this only happens through coaching and mentoring actions by their professional and/or sectoral economic intermediary organisations which are an essential link with the political and administrative authorities at local and regional level.

The quality of information and communication to SMEs, concerning particularly the smallest ones, both on the opportunities and benefits offered by ESIFs is essential. However, the information provided by public bodies at EU and national level does not sufficiently target SMEs. It has to be adapted by SME organisations to meet their specific needs. On the one hand, EU reference texts and rules are often not translated into the various EU languages despite their complexity which favours an "interpretation chain" by national and regional administrative authorities as well as gold plating practices.

http://www.ueapme.com/IMG/pdf/UEAPME_comments_and_proposals_on_Gold_Plating.pdf

On the other hand, communication requires economic analysis, not merely statistical data, on the impact of structural funds and other funds of ESIF in terms of competitiveness and job creation according to the professional sectors and categories of SMEs. Unfortunately, this data does not exist or is not accessible.

III - The four questions of the EU Commission

1 -Flexibility of the EU budget: reconciling need for stable investment framework in the medium term, while remaining responsive to new emerging challenges.

In the context of budgetary uncertainty, the new priorities facing the EU and the political constraints resulting in particular from the Brexit, the Union's budgetary question must not only be seen in quantitative terms. It is as much a matter of quality and effectiveness of the financing and the use made of it as of the overall amount of the cohesion policy.

UEAPME considers that Cohesion's policy cannot be neglected in the context of the new budget and of priorities chosen, as Cohesion's policy plays an essential role in implementing these priorities in EU territories. It is also necessary to engage in better and more effective management of the funds allocated to cohesion policy, as well as to all European funding.

Concerning the investment priorities of the future cohesion policy, the eleven thematic objectives (TO) of the current 2014-2020 programming period are still valid. They correspond to the needs of the national/regional actors and should be

maintained. However, the possibility of a significant budget reduction requires a concentration of funds on core priorities and an increased level of flexibility in the choice of thematic priorities and geographic targets.

- *On the thematic priorities*, the new thematic objectives should be more selective and respond to the priorities defined by the EU level and Member States in full partnership with and genuine involvement of the EU economic and social partners. In order to take better into account realities and specific needs of territories, greater flexibility and responsibility should be given to national and regional authorities to select eligible operational measures. Concerning thematic concentration, it guarantees that a certain amount of the funds is allocated to SMEs and innovation. UEAPME asks for a continuation of a minimum allocation of 20% of ERDF-resources to SMEs and 20 % to innovation-projects;

- *With regard to geographical targeting*, the current system of categorisation of regions aimed at fixing the level of co-financing seems no longer appropriate, since all territories face new challenges with different means. Greater flexibility should be given to national and regional authorities, in partnership with economic and social partners, to define geographical priorities as well as to select priority areas event in a not eligible region or most advanced regions.

The counterpart of this greater flexibility could be the compulsory establishment of monitoring committees at regional level and to give them stronger role as well as to national monitoring committees. Up to now, if European regulations require the setting-up of a national monitoring committee, the Code of Conduct on Partnership is limited only to advising the setting up of regional monitoring committees. Moreover, Member States limit most of the time the activity of national monitoring committee to a simple consultation of partners without any obligation to take their requests into account.

On the current Thematic Objective 11 on technical assistance, the implementation problems encountered do not come from its definition but from internal conditions and way it is implemented in and by the Member States. Technical assistance might be open direct way to all non administrative partners targeted by Article 5 CPR, and not solely reserved to national and regional managing authorities. Technical assistance projects could be directly concluded between the Commission and the stakeholders Art 5 CPR at European and national level.

Concerning the financial instruments UEAPME has always lobbied for a better use of ESIF because they have a higher leverage and are less distortive for competition and welcomes the progress made so far. Therefore: the access of SMEs to financial instruments in the framework of ESIF post 2020 should be strongly encouraged and developed.

Grants to enterprises especially for business activities which have positive external effects like R&D, eco-investments and training are justified and needed. Furthermore due to the specific situation of SMEs in general and micro enterprises in particular, grants should also developed for actions such as

- Collective actions, in particular aimed at integration and economic and social development such as coaching and mentoring by intermediary and advisory organisations, initial and continuous training, information, access to new technologies, employment and integration,
- Support for the organisation and management of cooperative actions benefiting a given territory, notably in infra-territorial or supra-territorial areas, in particular the LEADER, CCLD, European territorial cooperation groups, macro-regions,
- Cooperation and partnership between the economic and social actors of different territories,
- Strengthening the training and capacity building measures for these actors.

The rules relating to the rates and conditions of financing applicable according to the categories of regions, ranging from 50% to 85%, and between the different ESIF programs should be harmonised with the rules on State aid.

UEAPME sees the need to rationalise the financing of certain types of activities and avoid financing the same activities several times in a single region, while cooperation could be established within the same region and between several regions, in particular in the form of Smart specialisation strategies.

2- Performance and delivery of results: building on the strong focus on results and performance introduced for 2014-2020 (intervention logic, performance framework and reserve)

The principle of performance raises the question of simplification of programming and coordination between the different programmes. Several hypotheses have been put forward from the grouping of all the funds to the form of a single European territorial development fund ETDF, integrating rural development or maintaining the existing situation. Given their specificities but also their complementarity, UEAPME is of the view that the funds have different characteristics and role, with different management methods and implementation rules, as well as often specific audit and control rules. They must therefore be maintained in a separate form. They are also managed at European and national level by different administrative and management authorities who do not always cooperate with one another. The establishment of a single fund does not appear to be feasible, but:

- The management rules should be harmonised/unified to reduce the financial and administrative constraints imposed on beneficiaries;
- The CPR has introduced new positive priorities and rules that will only take effect over time. The five existing programmes could be maintained but adapted to new challenges by changing the shared management method. It will require strengthening the partnership principle, the role of economic and social actors, the decision-making power of the regions as well as strengthening territorial cooperation initiatives such as the Smart Specialisation Strategies S3;
- If the five programmes are maintained, their objectives must be clarified and detailed in order to avoid overlapping. The rules, formalities and procedures must be as identical as possible for all, irrespective of the National and European administrative services in charge of the programme;
- Rules and formalities should be simplified to the minimum and the "Only Once" principle" of the Small Business Act might be fully applied;
- If necessary, a "one stop shop" system could be set up at the territorial level to help actors to formalise their projects without worrying about the source of funding.

The coordination between the different funds could be ensured by a national joint monitoring committee for all funds, composed equally of representatives of the public authorities and all non administrative partners, in particular economic and social partners, with the same voting right and which should be completed with a management committee specific to each fund.

If the results have most often been measured by the managing authorities in purely accounting terms, the new approach to results-based evaluation is no longer based solely on the expenditure of EU credits. But if the results of a material investment supported by ERDF and the number of hours of training in ESF are measurable in the short term, those relating to support to SMEs, training, integration, or research and innovation, eco-environment... are only measurable in the medium or long term. Concerning SMEs, UEAPME asks results analysis to take into account qualitative effects in terms of competitiveness and job creation and points out that up to now no complete and detailed analysis has been carried out on the impact of the Structural Funds on the different categories of SMEs in terms of competitiveness and employment.

3 - Governance and structural reforms: strengthening the relationship between cohesion policy and economic governance

Concerning economic governance, UEAPME considers that the framework of Cohesion policy in Member States as well as the definition and implementation of national partnership agreements and operational programmes should consider other aspects than the National reforms programmes. On the one hand, there is an obvious link between the European Semester, the future post 2020 European Strategy and other economic governance instruments. On the other hand, facing the important differences between regions and within the same region as well as the necessity to develop the transnational and cross-border forms of territorial cooperation, the implementation of Cohesion policy and of ESIF cannot be considered only at national level with a single process valid at the whole national level. Synergies between ESIF and EFSI should be reinforced-if EFSI are extended after 2020.

Taking into account that the EU economic governance has to be implemented at all levels, realities and specificities of the territories have to be better respected:

- Local and regional authorities should be better involved in discussions on the definition and implementation of the economic governance having an impact on territorial policies,
- Economic and social partners at all levels should be better involved in the decision process,
- Cooperation and partnership between economic and social actors with the local and regional authorities should be strongly reinforced.

With Article 5 on Partnership, the Code of Conduct on partnership and the rules on the national and regional Monitoring Committees, the CPR 2014-2020 has already proposed the practical instruments to ensure synergies between economic governance and Cohesion policy. But up to now, the EU social partners and several Commission studies have shown the difficulty to put in place these instruments, despite the fact that this partnership has proven to be the basis for the success of cohesion policy and, consequently, for the effective implementation of economic governance.

Concerning the question of Gross Domestic Product-(GDP), it can be considered as the less contested criteria to determine the classification of regions into less developed and most advanced ones. But in reality, the difference in

economic and social development and well-being between areas in a single region can be very important. Due to the fact that the consequences of economic crisis and the new challenges as migration affect all the regions and areas independently of their GDP, it is therefore important to recognise specifically “intra territorial areas” in all regions, even the most advanced, and to adopt new criteria and measures which better reflect the reality, e.g. ageing population, desertification and demographic exodus, urban imbalances, quality of public services, level of vocational training, situation of small and microenterprises...

Concerning the definition and implementation of governance in ESIF, the strategy was to set up multilevel governance between the EU, national and regional level in order to respect the principle of “vertical subsidiarity”.

This restrictive notion of subsidiarity, in which power and decision-making capacity essentially or solely depend on public authorities had perverse effects in many Member States and regions, in particular by the systematic use of gold plating, - notably for selection of priorities, allocation of funding, control and audit, conditions of payment - and by leaving the whole margin of decision to the administrative and management authorities alone.

http://www.ueapme.com/IMG/pdf/UEAPME_comments_and_proposals_on_Gold_Plating.pdf
 UEAPME requests the introduction of a “multilevel and multi-actors governance principle” guaranteeing a “horizontal subsidiarity” next to the existing vertical subsidiarity, by involving and not only consulting-economic and social actors at all level. The article 5 CPR should be changed accordingly and this “involving partnership” should become a really binding ex-ante conditionality.

This principle “multilevel and multi-actors governance” should ensure a better management of Cohesion policy and regional instruments thanks to a more integrated approach.

4-- Simplification: further simplification and a more result oriented approach.

Several important measures have been adopted in ESIF texts and rules, in particular Simplified Costs Options, e-Cohesion and the Result based principle, but their implementation differs considerably according to Member States and regions. While they should simplify national and regional rules and facilitate the implementation of EU funds, the impact on SMEs at national and regional level is not fully satisfactory.

Practice has shown that managing authorities, auditors and controllers at national level then after at regional level often implement texts according to personal interpretation and criteria. This “interpretation chain” leads to misunderstandings, wrong and false information creating overwork for project managers and longer delays for procedures and payments or even disputes. This discourages many SMEs organisations to propose actions to be financed by the ESI Funds as it was the case in the previous programming period.

Sadly, many Member States and regions continue to apply their specific own rules, overload procedures and interpret differently the EU texts despite the EU Commission’s efforts to improve the quality and clarity of EU texts and to apply the same obligations regardless of the size and amount of projects.

This practice should be avoided. It must be kept in mind that overloading of administrative procedure as well as delay of payment, are the first reasons of the non-use of SMEs and intermediary organisations of structural funds during the previous programming periods.

UEAPME highlights the importance of the High Level Group Monitoring simplification for beneficiaries of ESI funds and calls for the results of its work to be taken into account in future legislative proposals.

UEAPME has identified four major areas of simplification whose implementation depends on EU or national level.

- Administrative procedures: they concern initial request, presentation and negotiation of projects proposals, problems due to gold plating, forms of reporting, annual execution report and final accounts, implementation of e-Cohesion with problems of electronic transmission and archiving of documents.
- Financial management: it concerns flat rates for indirect expenses, expenses and eligible costs, overhead expenses, costs of auditing;
- Payments: it concerns the obligation of guarantees, pre-financing and pre-payment systems, advance payments, intermediary payments and possibility of credits/bridge loans, deadline to receive final payment ;
- Auditing and auditing management: it concerns lack of implementation of proportionality principle and the “Only once” principle of the Small Business Act for Europe, unclear rules for auditing, evaluation, auto-controlling, post random controls.

The detailed proposals can be read in

- http://www.ueapme.com/IMG/pdf/UEAPME_note_on_SME_access_to_ESIF_-_HLG_simplification_meeting.pdf

[http://www.ueapme.com/IMG/pdf/Annexe to UEAPME note on SME access to ESIF - LG simplification meeting.pdf](http://www.ueapme.com/IMG/pdf/Annexe_to_UEAPME_note_on_SME_access_to_ESIF_-_LG_simplification_meeting.pdf)

IV -As a conclusion

It is clear that the role of SMEs will be decisive in ensuring the success of the economic and social aspects of post-2020 cohesion policy. To guarantee a better involvement of SMEs, UEAPME considers that four key measures have to be put in place (see details in annex 2):

- *Establish a real partnership*: partnership principle article 5 CPR can be considered as the most important innovation and a revolution by asking stakeholders to be involved in the legislative process of Cohesion policy. Although it has been demonstrated that the best results are obtained in regions where an active and effective partnership has been established, various analyses have also shown that many Member States and regions refuse to implement it or to take in account the proposals of the partners listed in Article 5 CPR.

- *Play the card of the intermediary SME organisations*: it is well known that only the largest SMEs can directly apply to ESIF: the vast majority cannot access to ESIF without the support of their SMEs intermediary organisations. As they are considered one of the most important “gravity centre” of the Cohesion policy, UEAPME considers that it is necessary to support their activities towards SMEs, in particular small and micro-enterprises.

- *Reduce formalities and controls to the strict necessity*: the reduction of formalities is one of the key conditions to increase the involvement of SMEs in the Cohesion policy.

- *Avoid gold plating*: the EU texts are often very complex, which allows various interpretations. Generally they are written for managing authorities and not for stakeholders. It's necessary to prevent wrong interpretation of EU texts by national and regional authorities and to break this “interpretation chain”.

Brussels, 31.05.2017

Annex 1.SMEs in EU regions

SMEs are presented as the backbone of the EU economy. They count for 98% of all European enterprises and represent a large diversity of enterprises. 92% of EU enterprises have less than 10 employees and 50% have no employee which however represent an important innovation and job creation potential at local level.

They are active in all fields of EU economic and social strategy, in all territories and in all types of market including at international level. Small enterprises are often the only activities in remoted areas, sensible urban areas and regions with handicaps where they contribute to maintain an economic and social balance. If the majority of SMEs work in and for local/territorial markets, a large number active on international markets play also an important role at territorial level by using local products, know-how, skills and jobs.

Due to this diversity, medium, small, micro enterprises have different needs. According to the EU Parliament study from February 2013, while most medium-size enterprises require an easier access to finance, small and micro enterprises are asking for accompanying measures, coaching and mentoring. If medium-size enterprises have sufficient internal means for complying with ESI Funds procedures, small and micro-enterprises have neither the human and financial resources nor the competences for using ESI Funds by themselves.

According to the Committee of the Regions –COR, regions are responsible for the implementation of more than 85% of EU legislation. The EU texts having an impact on SMEs are in most cases implemented in enterprises with the support of the economic and social representatives of SMEs, often in the framework of the territorial policies.

According to the communication “Investing in jobs and growth - maximising the contribution of European Structural and Investment Funds“ COM(2015) 639 final, by 2023 the ESIF will deliver a critical mass of investment in key EU priority areas, to respond to the needs of the real economy by supporting job creation and by getting the European economy growing again in a sustainable way. The Member States have committed to support more than 2 million enterprises across the funds to increase their competitiveness, develop products, find new markets and create new jobs and to invest in the skills and adaptability of Europe’s workforce, giving millions of people, including young people, refugees and legal migrants, the opportunity to (re)train or start a businesses. The reality is that the only way to achieve these objectives

depends on the crucial role of territorial SME organisations which are in practice one of the main actors of structural reforms in Member states.

Annex 2- SMEs Key factors for post 2020

It is clear that the role of SMEs will be decisive in ensuring the success of the economic and social aspects of post-2020 cohesion policy. To guarantee a better involvement of SMEs, UEAPME considers that four key measures have to be put in place:

1- Establish a real partnership.

Partnership principle article 5 CPR can be considered as the most important innovation and a revolution by asking stakeholders to be involved in the legislative process of Cohesion policy. Although it has been demonstrated that the best results are obtained in regions where an active and effective partnership has been established, various analyses have also shown that many Member States and regions refuse to implement it or to take in account the proposals of the partners listed in Article 5 CPR.

UEAPME asks the future territorial Cohesion policy post 2020:

- Maintain and strengthen the partnership principle of Article 5 CPR;
- Amend Article 5 CPR by clarifying that economic and social representatives of SMEs stakeholders “must” instead of “should” be involved in the decision process and introduce it as a binding ex-ante conditionality for EU, national and territorial authorities;
- Create mandatory monitoring committees at territorial level with the involvement of economic and social partners and provide them with training, capacity building measures and technical assistance.

2-Play the card of the intermediary SME organisations

It is well known that only the largest SMEs can directly apply to ESIF: the vast majority cannot access to ESIF without the support of their SMEs intermediary organisations. As they are considered one of the most important “gravity centre” of the Cohesion policy, UEAPME considers that it is necessary to support their activities towards SMEs, in particular small and micro-enterprises. UEAPME asks the future Cohesion policy to:

- Support the activity of coaching and mentoring of SME organisations,
- Facilitate collective actions beneficial to a large number of small and microenterprises,
- Dedicate capacity building measures to them and give the possibility to access to technical assistance of the Technical Objective eleven –TO 11,
- Involve SMEs intermediary organisations in the ESIF process at all levels and put in place “SME Helpdesks” where necessary to help them to conceive and manage projects.

3-Reduce formalities and controls to the strict necessity

The reduction of formalities is one of the key conditions to increase the involvement of SMEs in the Cohesion policy. UEAPME asks for:

- The compulsory application of the “Only once principle” of the EU Small Business Act –SBA: one single declaration, audit and control which will be available for territorial, national and EU managing authorities;
- The harmonisation of administrative formalities between the different ESIF, the development of e-Cohesion and the use of electronic formalities;
- The adoption of a “de Minimis” procedure: more reduced formalities for smaller projects based on results; if the result of the project is a success which fulfil the initial requirements, it should be considered that no formality must be required ;
- The implementation of a “continuous control system” to avoid or reduce heavy final controls.

4-Avoid gold plating

The EU texts are often very complex, which allows various interpretations. Generally they are written for managing authorities and not for stakeholders. In order to prevent wrong interpretation of EU texts by national and regional authorities and to break this “interpretation chain”:

- The EU texts should be clearer and translated into all languages,
- Draft “SME friendly notes” and vade-mecum summarising the information in texts which are relevant for SMEs,
- Put in place systems to solve litigations between managing authorities and beneficiaries caused by misinterpretation of EU Texts, such as the EU Alternative Dispute Resolution system.