



Thinking ahead for Europe



**EFSI AND ESIF
PILLARS TO RETHINK THE BUDGET**
From this financial regulation reform to the next

Jorge Nunez Ferrer
CEPS



[CEPS_thinktank](#)



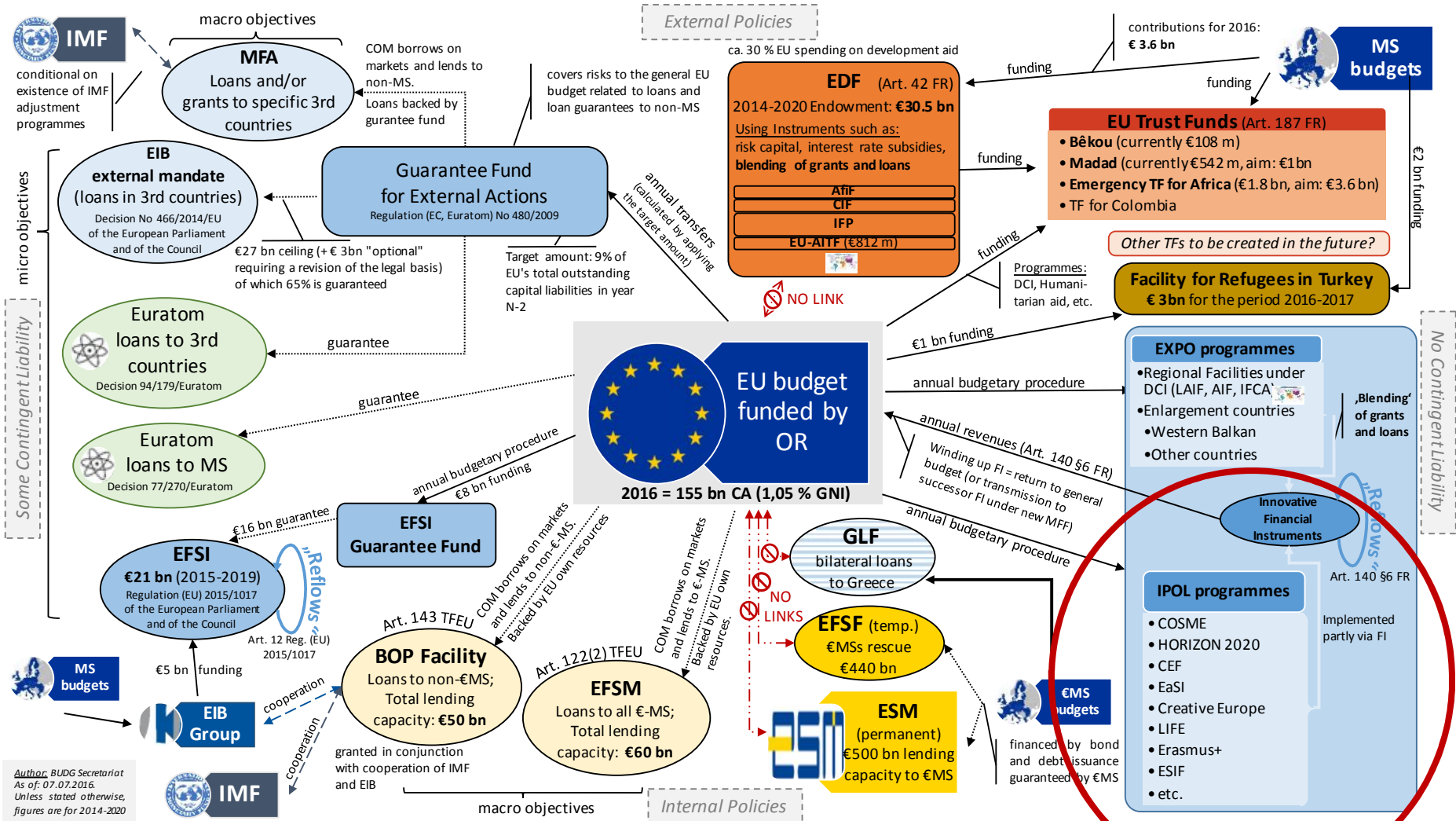
www.ceps.eu



BACK TO BASICS



A despairing complexity....



WE HAVE THE WRONG STRUCTURE



- We have made out of objectives instruments:
 - Cohesion policy
 - Connecting Europe Facility
 - Horizon
 - Rural development
 - Fisheries funds
- With its own rules and own funds
- But we actually have only TWO KINDS OF INSTRUMENTS and MANY OBJECTIVES
- We divide the instruments by objective, region, group diluting value added and leverage of budget



Against the instincts of many necessity is driving us...

- We have simplification HLG
- Own Resources HLG
- Budget for results
- Flexibility
- and ever growing needs
- ... and *Brexit*
- Leading us to **flexible grants and big EU wide financial instrument – enhancing effectiveness, good allocation of resources and leverage**



IN REALITY WE HAVE ONLY TWO GROUPS OF INSTRUMENTS (I focus on internal EU)

GRANTS

(policy driven)
ERDF, Horizon,
ESF....

FINANCIAL INSTRUMENTS

(demand driven)

EFSI, ESIF financial instruments



FROM A BASIC CONCEPT



GRANTS

INFRASTRUCTURES

CAPACITY BUILDING

SOCIAL
DEVELOPMENT

Environment

R&D

FINANCIAL INSTRUMENTS

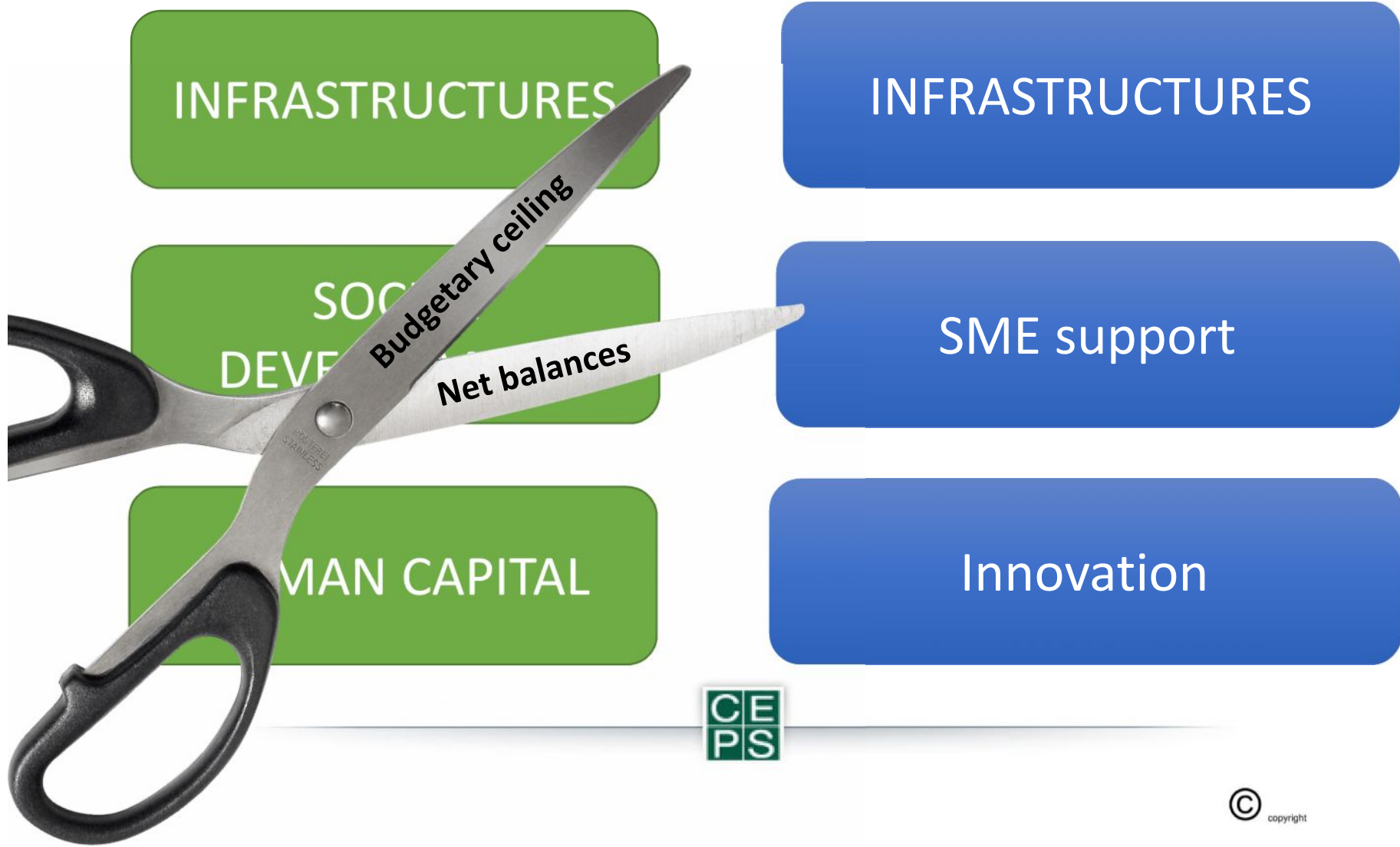
INFRASTRUCTURES

SME support

Innovation



But the situation is messy



Causes complexity and overlap

Funds

- Divided in objectives
- Divided in regions
- Divided in sectors
- Divided into subdivisions

SHARED

CENTRAL

INFRASTRUCTURES

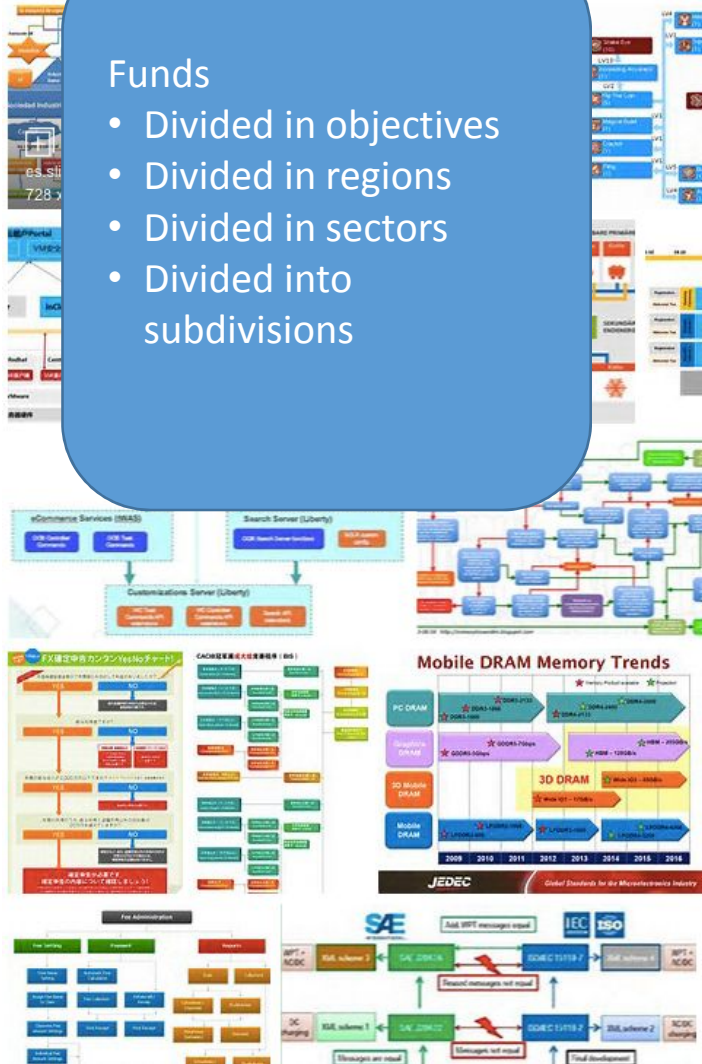
INFRASTRUCTURES

SME support

SME support

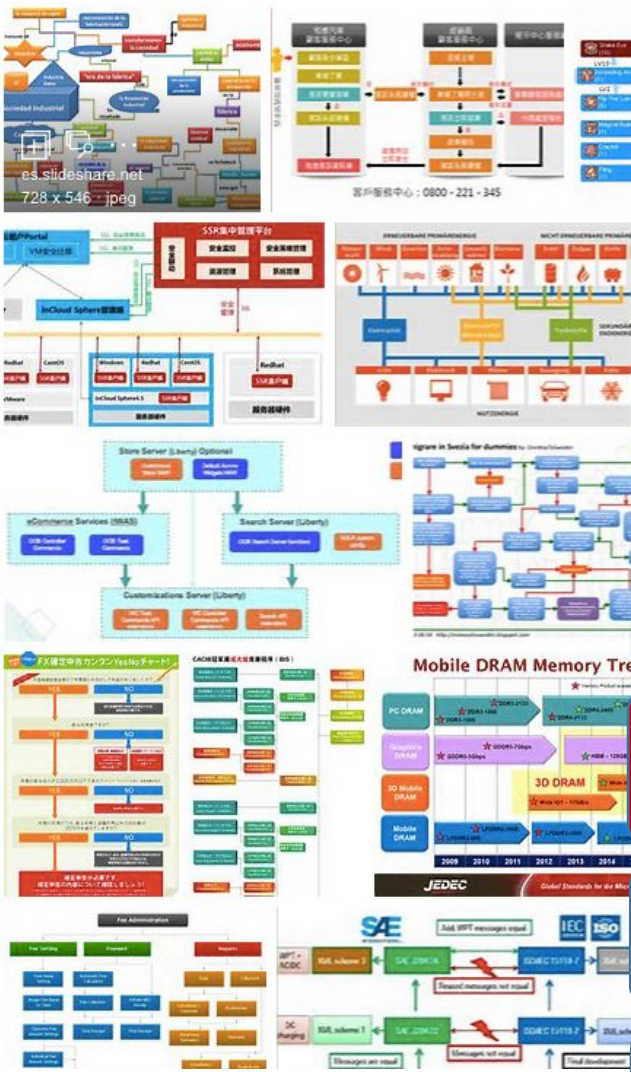
Innovation

Innovation



Reforms

Mid-Term Rev...
Brings us to 2020



Flat rate financing

Performance based budget

Simplification & Harmonisation
Audits, calls, rules

Help combine ESIF and EFSI

Complementarity and synergies

Flexibility

Internal Trust Funds

CT

ort

n

CENTRAL

INFRASTRUCTURES

SME support

Innovation

Improvement but not optimal



- We need seamless use of grants in different areas, further aligning rules
- Allocation based on needs and quality of programmes (there are some advances here)
- Reduce the growing complexity of financial instruments: *These are demand driven, not only objective driven.*
- Creating restricted subgroups kills the instruments. Small funds kills the risk spread and thus reduces operational use and leverage.
- All financial instruments should originate from one pot, eligibility, focus and additionality rules by sector and risk.
- Many procedures are obsolete and need an overhaul



Moving to a SIMPLIFIED BUDGET

