



## **European Regions and European Funding**

*Improving access, efficiency, and value for money*

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*AER survey on European Regions' access and management of European Funding:  
Recognising benefits and tackling challenges*

January 2011

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## Foreword by the Chair

European funds have always been of paramount importance for European regions, and now more than ever at this crucial time when future funding programmes for the period after 2014 are being planned.

The work undertaken by the Assembly of European Regions (AER) in order to maximise the use of European funds by regions is therefore very timely and important, now and for the future.

That is why the Alsace Region, with its particular position considering its experience in managing European funding and also as the only regional managing authority in France for the ERDF 2007-2013 programme, agreed to chair the AER Working Group on European Funding without hesitation.



The work of the Group goes in the same direction as initiatives implemented in the Alsace Region to help as many regional organisations as possible to participate in European programmes, beyond the sole Structural Funds, and by trying to match each project with the most suitable European initiative.

The survey into the access to and use of European Funds in the regions, undertaken by the AER Working Group on Funding, clearly shows positive as well as negative aspects in these areas. I hope that these findings, based on the practical experience of regional stakeholders, will be taken into account by European decision-makers as they reflect on and prepare the next generation of programmes post 2014.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line extending to the right.

André REICHARDT

**André Reichardt**  
President of the AER Working Group on European Funding  
First Vice-President of Alsace Region

## Key findings

The findings below are derived from the Assembly of European Regions' survey into European funding in the regions, undertaken by the AER Working Group on European Funding, chaired by the Alsace Region (F). Findings are based on answers from 23 regions spanning 14 European countries. These were also complemented by discussions held in a workshop with regions in October 2010

Respondents had a solid experience of EU funding, the majority, 43%, had worked with EU funding for over 10 years and 29% between 4 to 10 years. Only 6% had been working with EU funding for less than 1 year.

### Are there too many EU programmes?

Surprisingly, 51% of respondents thought the number of programmes act as an enabler of engagement with EU funding, and 34% thought their number acted as a barrier.

### EU programmes: the benefits

There are some clear benefits in engaging with EU programmes, and the top three according to regions are:

- ✓ *First:*  
The **stable seven-year funding period & funding innovative initiatives** that would not exist without EU support, both quoted by **23%** of respondents
- ✓ *Second:*  
The opportunity to **develop key regional strategies** - cited by **31%** of respondents
- ✓ *Third:*  
**Learning from and working with other partners in other countries** - by **26%** of respondents.

### EU programmes: the challenges

#### Application, administration and audit

- **Excessive administration reduces the effectiveness of EU funding and its impact on the ground, and also deters regions from applying for the first time:**

*86% of respondents said that complex and bureaucratic application process limited the usefulness of EU funding.*

*71% of respondents found that prohibitive and disproportionate control and auditing processes were also a challenge.*

*68% said that restrictive and inflexible administrative and reporting procedures were also getting in the way of access and efficiency.*

*72% said that the financial management of EU Structural Funds is too complex and 59% said that the overall administration was too complex.*

*33% said that the application process for Sectoral Funds was too complex and 29% said the overall administration of Sectoral Funds was too complex.*

*The administrative burden deters regions from applying for EU funding for the first to some extent according to 66% and a great extent for 14% respondents.*

- **Administrative burden impacts more negatively on other regional stakeholders such as universities and SMES,**

*The administrative burden deters third sector organisations, universities and SMEs from applying for EU funding for the first to some extent according to 46% and a great extent for 48% respondents.*

### **Regions are more engaged with Structural than Sectoral Funds**

The vast majority of respondents had mostly worked with Structural Funds programmes (74%) and only a very small proportion had worked with Sectoral Programmes (6%). Respondents' involvement with Structural Funds was mostly as beneficiary (45%) as opposed to managing authority (27.5%).

This was mirrored in the level of awareness of Structural Funds programmes compared to Sectoral programmes.

100% were aware of European Social Fund (ESF) and European Regional Development Fund (ERDF) and levels of awareness of Sectoral Funds were systematically lower, ranging from 69% for the INTI programme to 91% for programmes such as LIFE+ and FP7.

88% of respondents had generally successfully accessed ERDF programmes and 72% ESF programmes, compared to 47% successfully accessing the EU Lifelong Learning Programme (LLP) and 38% successfully accessing LIFE+ and FP7.

The highest level of bids submitted but unsuccessful was under the Competitiveness and Innovation Framework Programme (CIP), with 13% of respondents applying unsuccessfully.

This revealed there is a clear need for more accessible and transparent information on Sectoral Funds and some targeted support to help regions tap into these programmes in support of regional priorities.

### **Sectoral Programmes are less attractive to regions**

46% of respondents felt that Sectoral Programmes are less attractive than Structural Funds, and 40% found them equally as attractive; No respondents found them more attractive.

The reasons mentioned by nearly a third of respondents were:

- Our organisation is not an appropriate actor in those programmes
- Timescale and process for application
- No guarantee of success (highly competitive)
- Complex and time-consuming to find your way through the various funding programmes

## Top recommendations from regions

The purpose of this survey was not only to flag up key challenges, but importantly to also put forward practical recommendations that could be implemented to alleviate some of the problems and make funding more accessible and efficient post 2013.

### Harmonising rules across EU programmes

This was the top recommendation quoted by 69% of respondents. This straddles application and management processes and procedures and would go a long way in helping regions better engage with and benefit from EU funding.

Regions also reported they were getting differing advice on the same issue depending which EC Directorate General (DG) they spoke to, or which officer within a single DG they spoke to.

DG Officers do tend to favour the safer and most conservative view when faced with a question, which does not provide projects with the flexibility to fit their needs and the room for innovation they may require. This also results in an unequal treatment of applicants.

A way to resolve this would be for the Financial Regulation (FR) and Implementation (IR) to include guidance for DG officers to help them deal with specific cases more consistently and confidently.

### More flexible financial rules

57% said that an increased use of payments through lump sums, unit cost and flat rates as opposed to detailed real cost reporting would make access to and management of funds easier.

In-kind contributions<sup>1</sup> should also be more widely allowed and recognised as eligible co-financing, and harmonised from one programme to the other. This would enable greater access to grant. Indeed, 39% of respondent quoted the difficulty in gaining match-funding as a key obstacle.

Cost based on outputs and outcomes delivered, rather than cost spent, could be considered by the European institutions. This would be a positive development only if, of course, the outputs and performance indicators defined at the start of a project are fair and appropriate. Flat rate accounting could also be generalised for projects below a certain amount, bearing in mind this approach may not be suitable for larger and more complex projects.

### More decentralisation to regions

54% of respondents said that more autonomy and powers for regions to manage EU programmes would make EU funding more accessible.

However, for this to be successful, appropriate resources would need to be identified and deployed at regional level since 50% of respondents quoted the lack of resources within their organisation as a factor limiting access to and usefulness of EU funding.

### Proportionate auditing requirements

49% of respondents thought that proportionate auditing requirements were needed.

There is a need to achieve the right balance between checks and controls, necessary in the

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<sup>1</sup> In-kind contributions are voluntary or pro-bono work or goods and services given by third parties for free

administration of public funds, with need to support healthy risk-taking, which is required to fulfil European ambitions on the global stage, and efficient use of public resources that should be focused on delivering results than unnecessary administration.

A principle of subsidiarity could be applied here in order to avoid multiple audits of one project and organisation. Cost-counting system and auditing rules of the country in which the lead applicant is based could apply.

Bureaucracy is sometimes added by the national level, and regions strongly encourage a dialogue between the EU institutions and the relevant authorities to amend regulations and limit additional bureaucracy.

Regions strongly advocate for efficient auditing and a unification of processes at all levels.

### **Better information systems and pathways**

34% said that a single web-based resource to act as a gateway into information on all EU programmes would go some way in improving access. This would replace the simple gateway that exists today and merely consist of an index that simply redirects people to the Directorate Generals' various websites.

The ability for organisations to create a unique user profile with ID number to save applicants from having to produce the same information over years and to various DG (for instance statutes, bank details, etc) would be welcomed and would save time and unnecessary work for both applicants and Commission services.

In short, the EU should be more customer-focused. Rather than being driven by its institutional structure around DGs, the EC should be driven by the needs of the end users (as it is, a least partially, the case for INTERREG programmes.)

## Introduction

With approximately 350 to 400 calls for proposals issued every year by the European Commission and its Executive Agencies, there are a wide number of European funding resources available for regional actors and their partners across Europe.

However, these resources remain partly untapped or under-utilised due to a variety of internal and external barriers. One of the key issues identified is the level of complexity and red tape associated with these funds, which either prevent regions from accessing funding in the first place, or constitute a hurdle in the efficient and successful implementation of EU funded projects and programmes.

AER and its members fully recognise the need for strict and rigorous financial administration of public funds and understand that the EC also needs to ensure compliance with regulations. However, requirements have grown excessive and disproportionate over the years.

Institutions have recognised this to some degree and we appreciate their commitment to identifying ways of reducing the administrative and financial burdens and to review regulations to allow this.

However, efforts to reduce bureaucracy and simplify the administration of funds in the past have tended to just add new layers of complexity, and there is still a long way to go in ensuring the most effective use of funds and maximum impact.

In the framework of its Working Group on European Funding, set up in 2009, the AER undertook a survey of its members to gather information on their experience of accessing and managing EU funds.

The survey aimed to identify and highlight specific and recurrent challenges faced by regions in Europe when applying for and managing European funds, as well as gathering practical recommendations on how to improve these.

These recommendations will be addressed to institutions and we will urge them to consider these in this crucial period when they are in the process of developing the next generation of EU funding programmes.

There is an opportunity and a need to ensure that these funds work better for Regions in Europe and that they deliver better value for public money.

There is also a critical need to move away from a culture of control to a culture of trust to free up regions' talent and innovation, and let regions focus energy and resources on what matters: delivering the activities and results, not being tied up in unnecessary administration.

This is essential in the post-recession context and if Europe really is serious about harnessing the potential of its funding, regional talent and potential to deliver on the EU2020 ambitions.



## 1. Respondents

This section outlines the profile of respondents in terms of geographical coverage, their level of experience with European Funds and the Funds they have mostly worked with.

### Geographical coverage

The survey was circulated in September 2010 to AER's 270 members spanning 33 countries. There were a total of **35 respondents** from **14 countries** representing **23 regions**. Distribution per country is as follows:

26 %	France
20 %	Sweden
8.5%	Austria
5.5%	Germany; Poland; Romania; Spain; UK
3%	Croatia; Finland; Greece; Italy; Netherlands; Slovakia

*Table 1: respondent by countries (base: 35 respondents)*

### Respondents' involvement with EU funding

The majority of respondents had a practical, hands-on experience of delivering EU funded projects on the ground with **43%** involved in EU projects as **practitioners**, with experience of delivering and administering projects in their region, and a smaller proportion of **31%** being **general managers** with a strategic oversight of EU projects in their region.

Position	Number	%
A) Practitioner (delivering & administrating EU projects)	15	43
B) General Manager (oversight of EU projects)	11	31
C) Both A & B	2	6
D) Other	6	17
E) No answer	1	3
Total	35	100

*Table 2: involvement with EU funding*

### Respondents' experience of EU funding

Respondents had a solid experience of EU funding, which lends credibility to the answers they provided throughout the survey:

A majority (43%) had been working with EU funding for **over 10 years**, and 29% had **4 to 10 years** experience, as shown in the table below.

Only 6% had been working with EU funds for less than 1 year.

Duration of work with EU funding	Number	%
A) Up to 1 year	2	6
B) 1 - 4 years	7	20
C) 4 – 10 years	10	29
D) Over 10 years	15	43
E) No answer	1	3
Total	35	100

*Table 3: level of experience in EU funding*

### Structural Funds versus Sectoral Funds

Interestingly, and perhaps not surprisingly, the vast majority of respondents have mostly worked with **Structural Funds programmes (74%)** and only a very small proportion had worked with **Sectoral Programmes (6%)**.

Questions asked further in the survey offer some possible answers as to some of the reasons behind this.

Type of Funds you have worked with	Number	%
A) Mostly Structural Funds (ESF, ERDF...)	26	74
B) Mostly Sectoral Funds (LLP, Culture, FP7...)	2	6
C) Both Structural and Sectoral Funds equally	5	14
D) Other national or regional public funds	1	3
E) No answer	1	3
Total	35	100

*Table 4: types of funds worked with*

### Role in Structural Funds

We asked respondents about their specific experience of EU Structural Funds, and the majority, **45%**, were **beneficiaries**, whilst only **27.5%** were **managing authority**.

**45%** are project developer and **beneficiary**  
**27.5%** are **managing authority**  
**27.5%** fall in **both** categories

This shows there is still some way to go in decentralising the management of EU funding further to the regions. Regions are keen for this to happen, as demonstrated in the last section of this report (Section 4 – Regions recommendations).

## 2. Regions' overall views on EU programmes

This section explores regions' views and practical experiences of EU funds, positive and negative. Regions can see clear benefits in engaging with EU funding, but also flag up key challenges that prevent them from accessing or utilising funds to their full effect.

## Why engaging with EU programmes?

We asked respondents to tell us which were the 3 main benefits of engaging with EU programmes (in addition to the financial benefit). In order of priorities from the most important benefit to less important benefits, the top 3 answers were:

- ✓ *Most important benefit:*  
The **stable 7 year funding** and **funding innovative initiatives** that would not exist without EU support, were both quoted by **23%** of respondents as the top benefit
- ✓ *Second most important benefit:*  
The opportunity to **develop key regional strategies** was cited by **31%** as the second most important benefit
- ✓ *Third most important benefit*  
**Learning from and working with other partners in other countries** was seen as the third most important benefit by **26%** of respondents.

No one said there was no benefit to EU funding, although one respondent did not complete this question.

The European institutions can take comfort in the fact that the added value of EU funding is recognised and valued by regions, as demonstrated by regions' answers detailed below.

	1 <sup>st</sup> benefit	2 <sup>nd</sup> benefit	3 <sup>rd</sup> benefit
A) Stable 7 year funding	23	3	9
B) Leveraging additional private & public funding	3	14	6
C) Accessing funds for projects not qualifying for national or regional programmes	11	0	14
D) Funding innovative initiatives that would not exist without EU support	23	17	17
E) Developing new multi-sector / multi level partnerships	9	20	14
F) Developing key regional strategies, e.g. economic development, employment, innovation, energy	20	31	3
G) Learning from & working with partners in other countries	9	9	26
H) Other	0	3	3
I) None	0	0	0
J) No answer	3	3	9
Total	100	100	100

*Table 5: Top benefits of engaging with EU funding*

## Are there too many EU programmes?

We asked regions their view on the number of programmes and found that:

**51%** thought **their number** acts as an **enabler** of engagement with EU funding programmes

**34% thought** their number acts as a **barrier** to engaging with EU funding programmes

14 % did not know

This was a surprising result, as it is generally widely accepted that there are too many programmes and these need to be consolidated into fewer schemes.

Further discussions with regions in a focus group run in parallel to the survey (October 2010) ventured the opinion that regions may value the range of targeted and specialised programmes as they provided a clear entry point into funding and an opportunity to engage with specific issues. What was the barrier within this context were more the administrative and management rules that are imposed onto beneficiaries and that also vary from programme to programme, as we will see later in this report, rather than the number of programmes itself.

### General views on thematic programmes

We asked respondents to say whether they thought sectoral or thematic funds accessed competitively across the EU were more or less attractive than structural funds.

Responses here were evenly split, with **40%** finding them **equally as attractive**, and only a slightly higher proportion, **46%**, finding sectoral programmes **less attractive**. No respondent thought they were more attractive to regions than structural funds.

When considering these answers, one needs to bear in mind that 74% of respondents have worked with Structural Funds only and 20% of respondents have experience of sectoral programmes. This may be why respondents found structural funds more attractive than sectoral funds, since the former are the programmes they are most familiar with. The survey explores later on possible reasons why regions do not apply for sectoral funding.

Attractiveness of sectoral funds vs. structural funds	Number	%
A – Less	16	46
B – Equal	14	40
C – More	0	0
D - Don't know	5	14
Total	35	100

*Table 6: attractiveness of sectoral programmes*

### Why are thematic programmes less attractive than structural funds?

We asked respondents to state two main reasons why thematic programmes may be less attractive than Structural Funds.

Nearly **30%** of those who responded cited the four following reasons on an equal ranking:

- Our organisation is not an appropriate actor in those programmes
- Timescale and process for application
- No guarantee of success (highly competitive)
- Complex and time-consuming to find your way through the various funding programmes

The last item above seems to contradict regions' views earlier that the number of programmes is an enabler, as opposed to an obstacle.

**24%** also cited: programmes are not relevant to regional activity, which converges with the first reason listed above.

Note that only 17 respondents provided an answer to this question, and percentages are based on this, rather than the overall 35 respondents base.

Why are thematic programmes less attractive	Number	%
A) Our organisation is not an appropriate actor in those	5	29
B) Timescale and process for application	5	29
C) No guarantee of success (highly competitive)	5	29
D) Funding available nationally and regionally	0	0
E) Programmes not relevant to regional activity	4	24
F) The need to work with transnational partners is intimidating	3	18
G) Complex and time-consuming to find your way	5	29
H) Other	3	18
Total	17	100

*Table 7 (base: 17)*

### Why are thematic programmes more attractive than structural funds?

Although no respondent had answered 'more attractive' to the previous question, 3 respondents who thought Sectoral Programmes are equally as attractive than Structural Funds responded to this question. The answers are provided here for information and completeness, though no statistical analysis can be derived from such a small sample.

- Opportunity to exchange and learn from organisations and peers in other EU countries
- Lighter technical and financial reporting procedures than ESF/ERDF/INTERREG
- More appropriate to our concrete needs

### Region's involvement with key EU programmes since 2007

The survey sought to gauge more precisely the level of regional engagement with the range of EU programmes in the following key areas:

- Regeneration
- Research and Innovation
- Environment and sustainability
- Social issues

We looked at whether regions were aware or not of particular funding programmes, if applications had been submitted and if they were generally successful or not.

If they had not heard of the funding programme at all, we asked regions to answer 'not previously aware'. If they were aware of the programme, but did not know whether their authority had applied for or received funding, we asked them to select 'don't know'.

### **General awareness**

In terms of awareness, there is a clear split between structural funds and thematic funds:

100% of respondents were aware of ESF and ERDF  
97% were aware of EAFRD (European Agricultural Fund for Rural Development) and  
94% were aware of EFF (European Fisheries Fund).

Level of awareness of thematic funds, whilst still high, was systematically lower than for structural funds and ranged from:

91% awareness at its highest (for programmes such as FP7, LIFE+, Natura 2000, DAPHNE) to  
69% at its lowest (for the INTI programme)

Looking into regions' awareness and use of their national contact points for various programmes was outside of the scope of this survey, but in light of the results above, it may be useful for the Commission to undertake some investigation in this area.

### **Access to EU funds**

Funding for regeneration in the form of Structural Funds are the funds that were most commonly accessed by respondents. Within this, ESF and ERDF came out on top with:

88% of respondents stating that their authority had successfully accessed ERDF and  
72% stating their authority had successfully accessed ESF.

91% of regions also stated that they had generally successfully applied for INTERREG funding. INTERREG is funded through ERDF, but the question about the programme was asked separately since some respondents may not have made the distinction between the two.

The proportion of regions having successfully accessed funding in other categories dropped significantly ranging from:

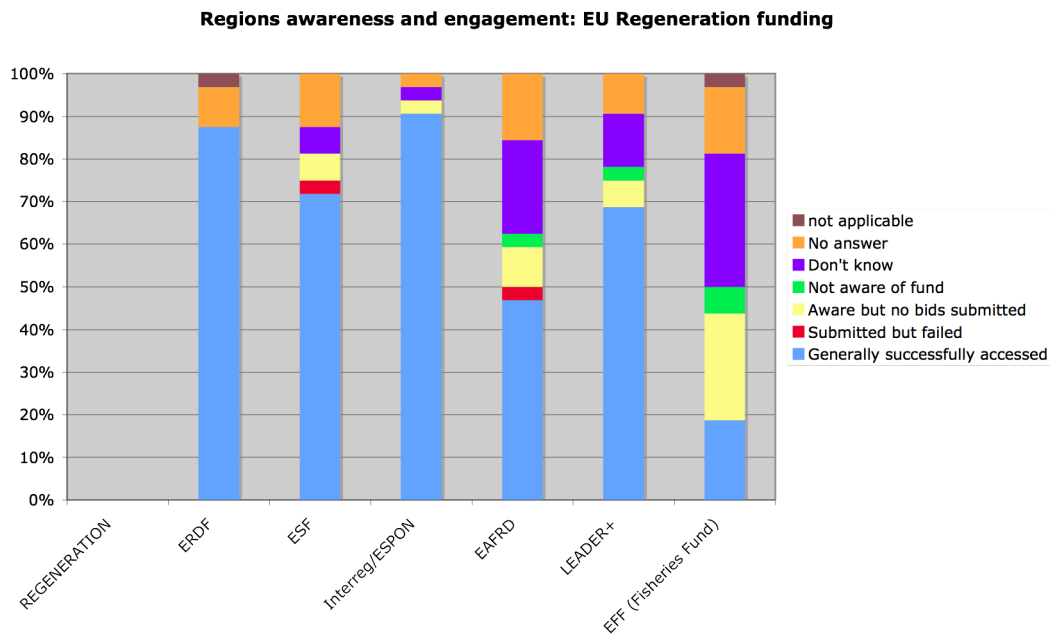
47% regions having successfully accessed funds under the Lifelong Learning Programme (LLP)  
38% having accessed LIFE+ and FP7 and  
3% only having accessed the Refugee Fund or Media programme.

The highest level of bids submitted but unsuccessful was under the Competitiveness and Innovation Framework Programme (CIP), with 13% of respondent applying unsuccessfully.

The programme with the highest level of awareness but no bid submitted was Daphne III with 28%.

Diagrams below show levels of awareness and engagement from regions under the 4 thematic areas explored.

## Regeneration

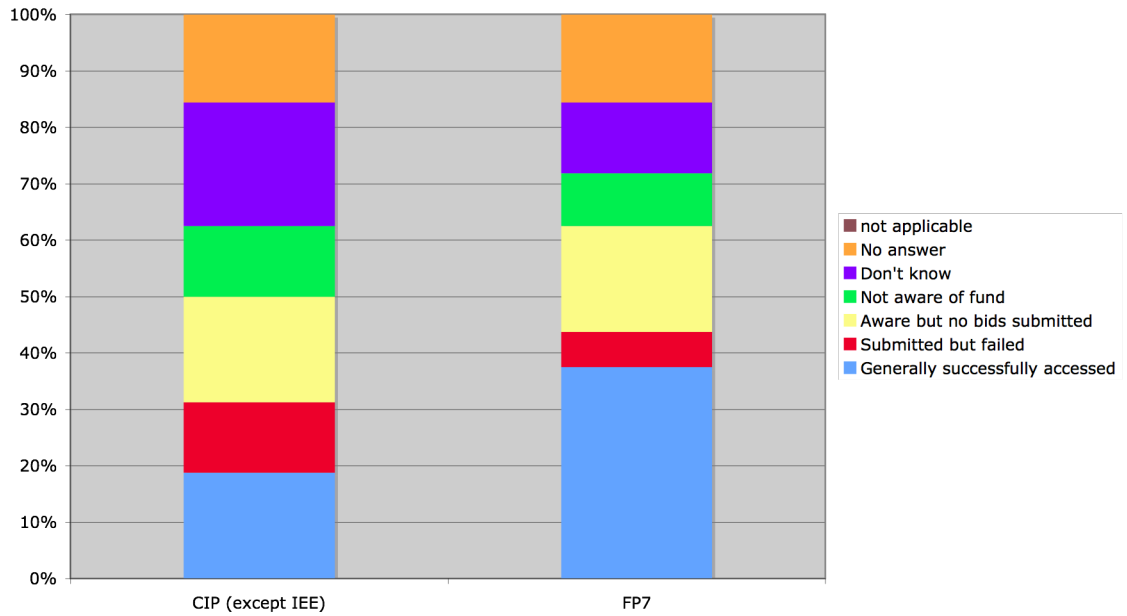


Graph 1

## Research

The 7th Framework Programme for Research and Development (FP7) is more popular with regions than the Competitiveness and Innovation programme, with 38% respondents reporting that their region had successfully accessed FP7, compared to only 19% for CIP. Correspondingly, respondents had a higher awareness of FP7 with 9% saying they were not aware of the programme, compared to 13% not being aware of CIP.

### Regions awareness and engagement: EU for Research & Innovation

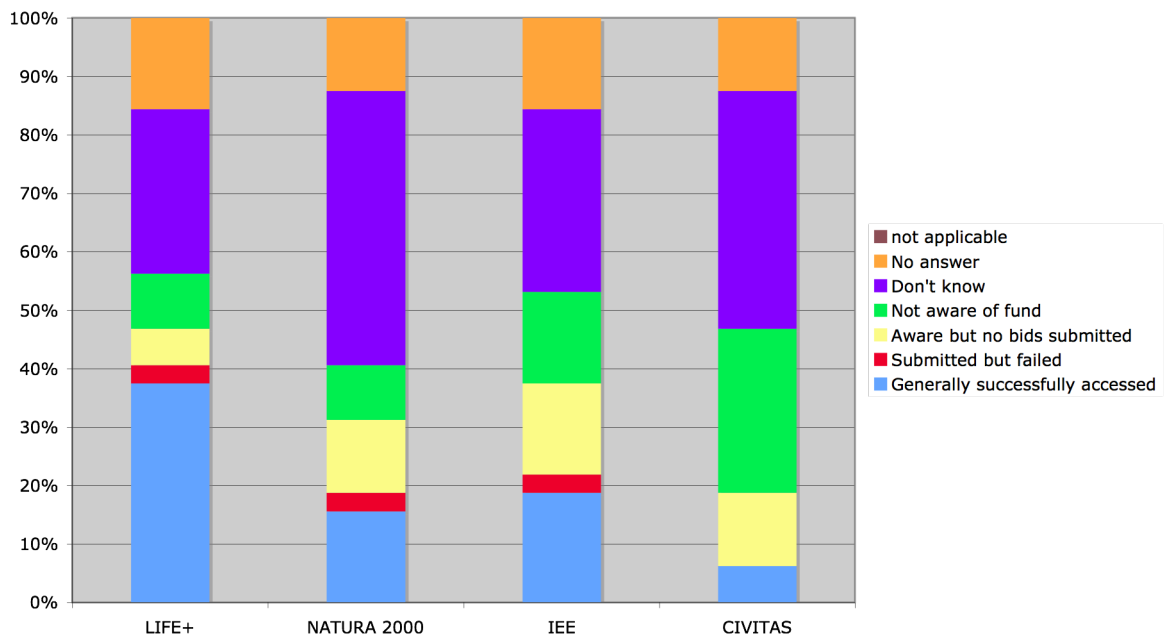


Graph 2

### Environment

The programme mostly accessed by regions was LIFE+ with 38% of respondents stating that their authority has successfully accessed the programme. This was also one of the environmental programme benefiting from the highest level of awareness, with only 9% stating they were not aware of the programme. The programme that regions were least aware of was CIVITAS with 28% not knowing the programme.

### Regions awareness and engagement: EU funding for environment



Graph 3

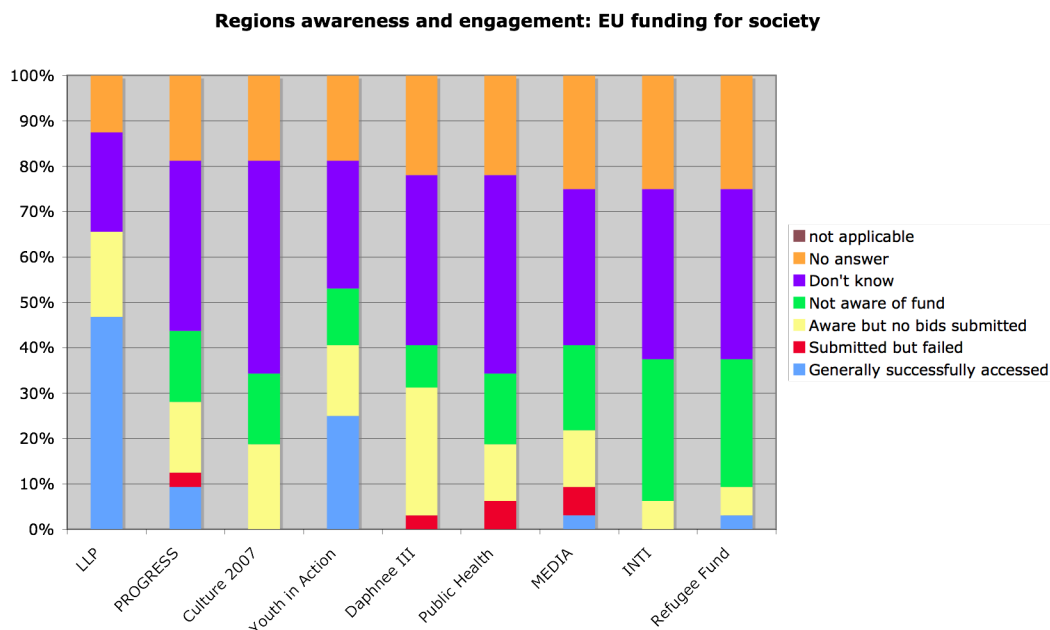


## Society

The programmes mostly accessed by respondents were the Lifelong Learning Programme (LLP) with 47% of respondents reporting that their authority had successfully applied. This also corresponds to 100% of respondents being aware of the fund.

The second mostly accessed programme was the Youth in Action programme with 25% positive answers.

Programmes that no respondents had accessed were: Culture 2007, Daphne III, Public Health Programme and INTI. Accordingly, the levels of awareness of these programmes were lower than for LLP and Youth in Action.



Graph 4

### 3. Application, administration and audit of EU projects

#### EU Structural Funds

We asked respondents with experience of EU Structural Funds since 2007 (ESF, ERDF, INTERREG) to comment on their experience of the various stages of project administration.

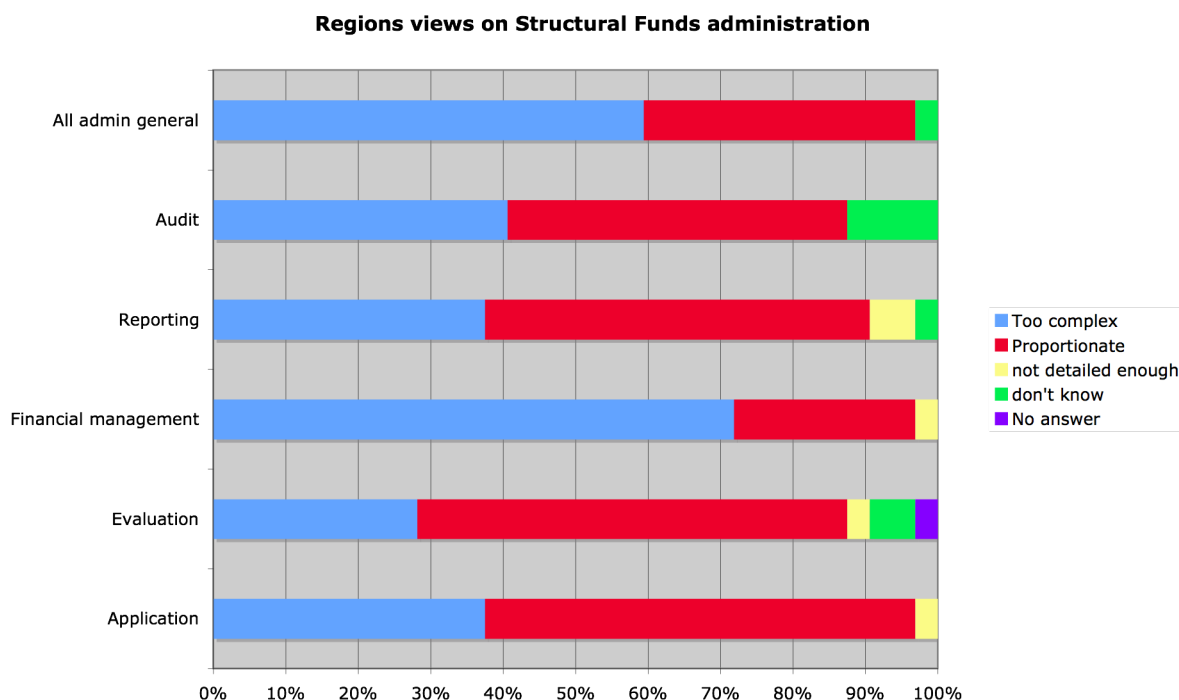
A **large majority** at 72% said that the **financial management** was **too complex**. 59% felt that the **overall administration** in general was **too complex**.

The majority of respondents felt that **the application** requirements and the **evaluation** were **proportionate** to the funds requested (59%).

**Reporting** and **audit** requirements were generally seen as **proportionate** (53% and 47% respectively).

Only a marginal proportion of respondents through that reporting requirements were not detailed enough.

This sends a clear message that further simplifications of certain aspects of administering the funds are required in the next programming period.



Graph 5

## EU Sectoral programmes

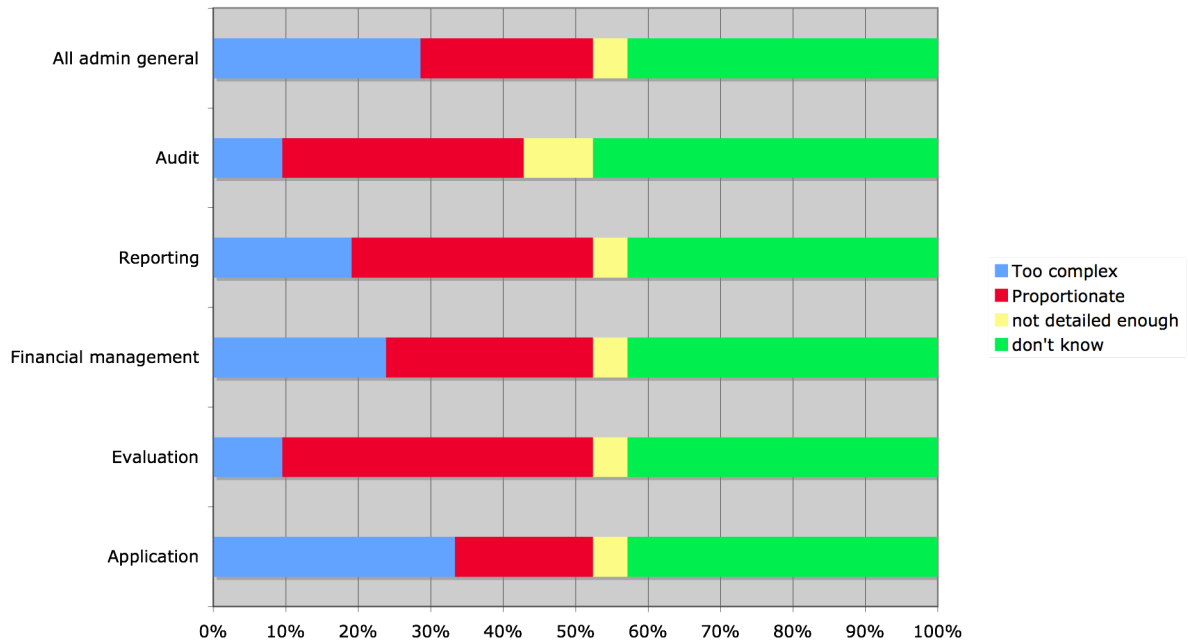
We also asked respondents to give their views on the various aspects of applying for and managing sectoral funds.

The large proportion of “don’t knows” reflect the fact that the overwhelming majority of respondents to the survey have mostly worked with Structural Funds.

For those who responded, the view was generally that all stages were proportionate to the funds required, apart from the application and general administration which were both seen as too complex by around 1/3 of respondents.

Only a marginal proportion of respondents felt that the requirements were not detailed enough across stages.

### Regions views on sectoral funds administration



Graph 6

### Is the administrative burden a real deterrent?

We explored this question and asked regions if administrative burden could:

... discourage third sector and other organisations (Universities, SMEs...) in your area from applying for EU funds for the 1st time?

- 48%** thought to a **great extent**
- 46%** thought to **some extent**
- 3%** thought **not at all**
- 3%** Did **not know**

... discourage regional authority departments from applying for EU funds for the 1st time?

- 14%** thought **to a great extent**
- 66%** thought **to some extent**
- 11%** thought **not at all**
- 9%** did **not know**

This shows that the administrative burden is a deterrent for both regions and their partners, but that regions may have a greater capacity to handle the application process and management, as reflected by the lower numbers of respondents stating the burden is a great deterrent for regions than for other organisations (14% against 48%).

### Are EU programmes flexible enough to quickly adapt to changing local need?

Thinking about EU's ability to respond to the recession or natural disasters for instance, respondents' answers to the question were:

- No respondent** thought programmes were flexible to a **great extent**
- 54%** thought they were **to some extent**

**43%** thought programmes were **not flexible at all**  
**3%** did **not know**

Responses indicate that the EC can do better here and that there is a need to adapt the legislative and operational framework so that programmes are made more flexible and agile to better adapt to changing needs and circumstances.

### **Are programmes aligned with local/regional mechanisms and programmes?**

This question revealed positive views from respondents, whose majority believe EU programmes are well aligned with local/regional programmes, and which shows the added value and additionality of EU funding:

**43%** thought they were to a **great extent**  
**40%** thought they were to **some extent**  
**14%** thought they were **not at all** aligned  
**3%** did not know

### **What limits the usefulness of EU funds?**

We asked respondents to tell us which factors limit the usefulness of EU funds in general, by ranking up to five factors in order of priority (1 = most important to 5 = relatively important).

Looking at overall responses first, without priority ranking, shows that the 5 top responses were:

- 1: Complex and bureaucratic application process (86%)
- 2: Prohibitive and disproportionate control and auditing processes (71%)
- 3: Restrictive and inflexible administrative and reporting procedures (68%)
- 4: Not enough resources within the organisation (50%)
- 5: Difficulty in gaining match-funding (39%)

Looking at responses according to their priority ranking, the five reasons quoted were from most important to less important:

- 1: Complex and bureaucratic application process (28%)
- 2: Prohibitive and disproportionate control and auditing processes & Restrictive and inflexible administrative and reporting procedures (16% each)
- 3: Complex and bureaucratic application process (16%)
- 5: Not enough resources within the organisation (19%)

There is a clear call for a change in culture, moving towards trust and away from disproportionate control.

The negative effects of heavy administration are not proportionate to the number of instances of recorded fraud and most errors in administering EU funds in regions reflect mistakes in adhering to complex and strict administrative procedures rather than deliberate mismanagement. Regions are therefore advocating for unified and efficient auditing.

Also, streamlined audit processes, combined with a change in culture, would help speed up the cash flow, whereby an organisation would not have to wait for months and sometimes for up to one year after a project has completed to receive the money.

#### **4. Regions recommendations**

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The purpose of this survey was not only to flag up key challenges, but importantly to also put forward practical recommendations that could be implemented to alleviate some of the problems.

##### **How could EU funds be made more accessible and more efficient post 2013?**

We asked respondents what steps could be taken to achieve this and to again pick up to five ranking them in order of priority (1 = most important to 5 = relatively important).

Looking at overall responses first, without priority ranking shows that the 5 most popular recommendations from regions are:

- 1: Harmonisation of rules across EU programmes (69%)
- 2: Increased use of payments through lump sums, unit cost and flat rates (57%)
- 3: More autonomy and powers for regions to manage EU programmes (54%)
- 4: Proportionate auditing requirements (49%)
- 5: A single web-based resource as a gateway into information on all EU funds (34%)

Looking at responses according to their priority ranking, the five reasons quoted were from most important to less important:

- 1: More autonomy and powers for regions to manage EU programmes (43%)
- 2: Harmonisation of rules across EU programmes (20%)
- 3: Proportionate auditing requirements & harmonisation of rules across EU programmes (23% each)
- 4: Increased use of payments through lump sums, unit cost and flat rates (29%)
- 5: A single web-based resource as a gateway into information on all EU funds (14%)

With regards to more autonomy being given to the regions, this would only work well in practice if the required resources were also identified and deployed regionally.

Regions generally thought that use of payments through lump sums, unit cost and flat rates as opposed to detailed real cost reporting would make access to and management of funds

easier. In-kind contributions<sup>2</sup> should also be more widely allowed and recognised as eligible co-financing, and harmonised from one programme to the other.

Cost based on outputs and outcomes delivered, rather than cost spent, could be considered by the European institutions. Flat rate accounting could also be generalised for projects below a certain amount, bearing in mind this approach may not be suitable for larger and more complex projects.

Lump sums and flat rates would work well with small projects, but not so well with larger and more complex projects. We recommend that these should be introduced for smaller projects up to a specific threshold. In parallel, real cost charging for larger projects could continue but with a reduced reporting burden (whilst still complying with sound auditing principles).

Performance based grants are a good idea but only if the assessment framework and performance indicators are appropriate, otherwise project promoters may be unjustly penalised.

### How can AER further help regions

When asked what AER could do to further assist its members with EU funding activities, respondents mostly asked for support in finding project partners (41%) and targeted briefing notes.

External Funding Service needed by regions	Number	%
Targeted briefing notes	12	38
Support to find project partners	13	41
Training courses	6	19
Others	1	3
No answer	11	34

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<sup>2</sup> In-kind contributions are voluntary or pro-bono work or goods and services given by third parties for free

## Thanks and acknowledgements

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Alsace (F) – Chair of the Working Group

Andalusia (ES)  
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Balearic Islands (ES)  
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Carinthia (AT)  
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Central Ostrobothnia (FI)  
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Dalarna (SE)  
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Gelderland (NL)  
Hampshire (UK)  
Hesse (DE)  
Kent (UK)  
Krapina-Zagorje County (HR)  
Lower Austria (AT)  
Lower Silesia (PL)  
Norrbotten (SE)  
Puglia (IT)  
Vaesternorrland (SE)  
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