

Renewed Cohesion Policy: smarter, greener, reaching people

October 2012

EPP Group REGI-COTER



FOREWORD

The comprehensive legislative package of the regulations on cohesion policy in the next Multiannual Financial Framework 2014-2020 is the cornerstone of European Union preparations of its activities in our crucial decade. It comprises practically entire investment expenditure of the EU towards the objectives of Europe 2020 strategy, underpinned by the growth and employment objective of the cohesion policy. Its territorial co-operation objective (consisting of cross-border, transnational and interregional strands) is also to remain important, strengthening one of the three dimensions of the cohesion policy, which ought to always remain economic, social and territorial.

This is supplemented by the bold policy statement made by the European Parliament Regional Development Committee (REGI) in its interim opinion on the shape of the future MFF itself, pleading for the maintenance of the level of financing for this crucial Europe-wide policy. The ultimate prospect is a sound, integrated, simplified but flexible (without the need for many broad macroeconomic conditionalities envisioned, though), well-funded and well-managed, as well as multilevel-governance and partnership-oriented cohesion policy. This is to be undertaken within the Common Strategic Framework (CSF), covering not only cohesion policy, but also rural development and fisheries funds, so as to set the stage for subsequent conclusion of partnership contracts between the European Commission and the EU Member States, in turn paving the way for specific operational programmes.

At this time, in the autumn of 2012, the aforementioned EU cohesion policy regulations are, on the basis of a mandate adopted by REGI in July, in the informal first reading negotiations between the European Parliament and the Council of the European Union. Members of the Parliament as well as representatives of Member States will strive to assure, that the cohesion policy receives a fair treatment in the next financial programming period. As the chair of these negotiations I will do my utmost to achieve this result.



Danuta Maria Huebner MEP (Poland)
Chairwoman of the Committee on Regional Development

COMMON PROVISIONS REGULATION A STRONG, SOUND AND INTEGRATED COHESION POLICY AFTER 2013...



Lambert Van Nistelrooij MEP (The Netherlands),
EPP Group Coordinator, CPR Rapporteur

On the 11th of July, the Committee on Regional Development in the European Parliament adopted the mandate for opening inter-institutional negotiations on the Commission Proposal for a Common Provisions Regulation on Structural and Cohesion Funds, providing for the next term architecture and orientation of cohesion policy.

The clear objectives of improving competitiveness, achieving higher sustainable growth rates and ensuring in the same time convergence between EU's regions imply several redlines that have to be pursued during the negotiation process.

First and foremost, cohesion policy must remain accessible to all European regions. Its proved added value throughout the crisis makes it a strong instrument for achieving the EU growth agenda. The Common Strategic Framework should constitute an instrument to coordinate and balance

priorities to achieve objectives and targets of the EU 2020 and to establish mechanisms for ensuring coherence and consistency of programming between cohesion policy and rural and fisheries funds.

Therefore, cohesion policy has to contribute in a concrete and measurable way to the Europe 2020 goals of smart, sustainable and inclusive growth and needs an adequate budget, of at least the same level as the one from the current programming period, in order to deliver maximum results in this sense.

REGI Committee strongly supports a solid multilevel governance and an enhanced partnership principle. We strengthen the role of the regional and local authorities in defining and implementing programmes through the proposed partnership agreement within the Partnership Contract.

Thematic concentration is also largely supported, allowing nevertheless for a certain degree of flexibility and adaptation of programmes to special characteristics. The Rapporteurs and the committee reject the macro-economic conditionality, as the policy should not become a punishment tool, but support the ex-ante conditionalities, which have to be directly linked to the effective implementation of policy.

Creating a more result oriented policy and ensuring simplification are other key points which will be pursued during the negotiations. The territorial focus of cohesion policy should be enhanced through increased attention to urban and rural dimensions, community-led local development and through better coordination with macro-regional and sea basin strategies.

During the negotiations with the Co-Legislator and the Commission, the positions endorsed through the mandate given in July will be firmly supported and defended by the Rapporteurs and the negotiating team with a view to ensure the appropriate policy framework which will allow it to meet the challenges and expectations and provide each time an adequate and flexible solution. The EPP supports this approach. The revised Regional Policy is the main EU instrument to reach the citizens. This is a crucial factor for the EU 2014 European Parliament elections.

... AND AN ASSET FOR THE LONG TERM EU COMPETITIVENESS

One of the EPP's main values is solidarity and the EU's Cohesion Policy is the most explicit and most visible expression of solidarity within the EU. But does this implicitly mean that it is just a charity policy? Not at all! Cohesion policy is an investment and development policy for the EU regions and cities. It contributes greatly towards reducing the gaps between regions and connecting them to the EU Single Market. The involvement of regions and cities is crucial to this process.

The Lisbon Treaty recognises territorial cohesion as a cross-cutting objective of the EU. The investment priorities of cohesion policy also correspond to the legal competences of regional and local authorities. This means that local and regional authorities can effectively co-finance Structural Fund programmes and jointly manage the policy, alongside central governments. We, the EPP Group in the CoR, therefore consider the initial proposals of the EC as a good starting point.

I would also like to make a special reference to the recognition of multilevel governance and partnership. However, this can go further. Given the legal competences of local and regional authorities, we propose that they should be fully involved in the Partnership Contracts. Regional and local authorities must be treated as equal partners with national authorities in planning, managing and supervising the funds.

In previous opinions, the CoR called for the creation of a new category for regions no longer eligible for full convergence support. This safety net has seen the light of day through the "transition regions" category and I am pleased that the Commission took our recommendation on board.

The investment priorities should broadly correspond to the Europe 2020 Strategy's objectives.

I would therefore propose minimum thresholds to be laid down in the specific regulations and flexibility towards thematic concentration. A more results-oriented approach would lead to a greater emphasis on delivery, quality and efficiency in the use of funds.



Marek Woźniak (Poland),
Chair of the COTER Commission of the Committee of the Regions and Marshal of the Wielkopolska Region

Finally, in the present period of tightened budgets, the Committee of the Regions favours internal conditionality. However, we are adamant that cohesion policy is no place for macro-economic conditionality.

I believe that more EPP political synergies can be created in order to communicate the impact of EU policies in our cities and regions and in particular regarding cohesion policy. Especially in view of the forthcoming European elections of 2014, this matter is of political strategic importance for the EPP, as it concerns our democratic values. I therefore welcome this joint endeavour with the EPP Group in the Parliament and the EPP resolution on regional policy that will be adopted by the EPP Congress.

EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF) AN ESSENTIAL INSTRUMENT TO ENHANCE REGIONS' GROWTH...



Jan Olbrycht MEP (Poland),
Vice-Chairman of the EPP Group, ERDF Rapporteur

Before the summer break, the Regional Development Committee at the European Parliament voted the report on the proposal for a European Regional Development Fund regulation for the new programming period starting in 2014. The adopted amendments to the initial Commission's proposal constitute the Parliament's mandate for the negotiations with the Council and the Commission.

The Parliament's position aims to ensure more flexibility for member states, regions and final beneficiaries. For this purpose, the scope of actions to be supported by the ERDF was enlarged - the eligibility of productive investments for bigger enterprises and also of cultural, sport and tourism infrastructure was added; the REGI Committee voted moreover in favour of allowing investments in infrastructure providing basic services to citizens in the areas of environment, transport and ICT also in more developed regions.

The provisions concerning the thematic concentration were modified by adding some special provisions for transition regions and capital regions, and the introduction of an additional fourth, "free" thematic objective included in the thematic concentration. Furthermore, the list of investment priorities was amended to broaden the types of investments to be supported by the ERDF.

Special provisions concerning for example culture related investments, energy efficiency, links with Horizon 2020, revitalisation of cities and urban mobility were introduced in this respect. Last but not least, the whole concept of the urban dimension was revised focusing the 5% of the ERDF resources on functional urban areas rather than just cities, and adapting it more to the needs and specificities of local governments across Europe.

... AND INCREASE EU COMPETITIVENESS

The European Regional Development Fund (ERDF) is designed to give particular attention to specific territorial characteristics, which are on the increase in Europe today. Within this context, I believe the Commission proposal provides a good basis for further negotiations on the ERDF. However, the EPP Group in the CoR highlights further measures to support development in regions that are lagging behind and those with natural or demographic handicaps. I am particularly concerned that the excessive limitations in the Commission proposal will have an impact on strategic choices. As such, I have repeatedly called for greater flexibility to strengthen regional competitiveness.

I am also convinced that greater account should be taken of the principles of subsidiarity and proportionality in the ongoing negotiations. In my view, there is significant scope for better links between the Horizon 2020 programme and the structural funds. Moreover, in view of limited public budgets, private sector initiatives could assume greater importance for the future. ERDF support should be available to promote public and private research as well as innovation bodies.

We have heard many times that SMEs are the lifeblood of the economy. I therefore see great potential within the thematic objective of “enhancing the competitiveness of SMEs” whilst also supporting larger enterprises.

Finally, the proposal to place sustainable urban development in the list of priorities is welcomed by the CoR. I look forward to working towards a stronger political dialogue on urban development plans and cooperation between urban and rural territories in Europe.



Michael Schneider (Germany),
CoR Rapporteur on the ERDF and President of the EPP
Group in the Committee of the Regions, State-Secretary
representing Saxony-Anhalt to the Federal Government

COHESION FUND (CF) A RELIABLE INSTRUMENT FOR REDUCING REGIONS DISPARITIES...



Erminia Mazzoni MEP (Italy),
EPP Group Shadow Rapporteur Cohesion Fund

The vote the Committee on Regional Development held in July on the legislative package dossiers for the next programming period resulted also in a mandate for opening inter-institutional negotiations on the European Commission Proposal on the Cohesion Fund regulation.

The mandate endorses in general lines the orientation of the Proposal, but it goes further than that, introducing several new ideas: the extension of the Fund's scope, in order to also address the promotion of energy efficiency and renewable energy use for the housing sector, as well as high efficiency cogeneration and district heating and cooling, financing of transport infrastructure projects of European added value provided for by the Regulation on Connecting Europe Facility. It also introduces more flexibility within the investment priorities and promotes increased synergies between Cohesion Fund and other EU instruments and programmes, especially in the context of European territorial cooperation goal. Conditionality provisions deriving from the Growth and Stability Pact should apply to the Fund in relation to the fulfilment of economic governance conditions.

The Committee on Regional Development also decided that the list of common indicators should be adopted by the Commission by means of implementing acts. With a strong mandate, the negotiating team is ready to play a full role in the inter-institutional process, in order to provide a strong, sound, result oriented and user-friendly instrument.

... AND FOR DELIVERING EFFECTIVE ECONOMIC AND TERRITORIAL COHESION

Cohesion Fund-driven investment has been proven to deliver a very high level of European added value over the years.

However, there are still major disparities in the EU. At this time of financial uncertainty, we need to improve the effectiveness and efficiency of the EU cohesion fund through better partnerships and multi-level governance.

A particular challenge from the Committee's point of view will be the Connecting Europe Facility. We do not argue that smart, sustainable and fully interconnected transport, energy and digital networks are vital for a functioning single market. However I am concerned about the "first come first served approach" and significant steps need to be made to ensure that the allocations are both fair and regulated.

We also believe that, in order to maximise the European added value, the ERDF, the Cohesion Fund, Trans-European Networks and the CEF must be planned in close cooperation. This would ensure that different types can be provided for in the most efficient way.



Ivan Žagar (Slovenia), EPP/COTER Political Coordinator and Mayor of Slovenska Bistrica, Rapporteur on Connecting Europe Facility

THE EUROPEAN TERRITORIAL COOPERATION (ETC) SHARING THE BORDERS TO GROW TOGETHER...



Marie-Thérèse Sanchez-Schmid MEP (France),
EPP Group Shadow Rapporteur ETC

Nearly 40% of the EU population live in the border regions. For 196 million of our citizens, from the Danube to Pays Basque, passing by the Rhine, the borders are not barriers but crossing points, passages: for work, for being trained or getting healed, or simply for tourism.

This is a significant added value of the EU, which unfortunately, continues to face many obstacles: lack of bridges and ruptures of network of transport, administrative complexities in terms of care and social protection, different telephone rates and surcharges, etc. Transforming these disadvantages in assets represents the whole meaning of territorial cooperation.

Taking into consideration the great value of territorial cooperation as an instrument for deepening the European integration and for creating new economic opportunities, the last 11th of July, the Committee on Regional Development, has requested a substantial increase in the budget for the period 2014-2020. Marie-Thérèse Sanchez-Schmid, Shadow Rapporteur of the EPP Group, comments: “We have asked for an increase of the budget for territorial cooperation to 7% of the overall cohesion policy envelop, instead of 2.5 % proposed by the Commission.

This budget will allow us to meet the significant needs of border areas”. Another important point raised is the allocation of funds for programs, rather than for Member States: “Experience has shown that some Member States spent the funds for projects without any real cooperation, or European added value. It was therefore necessary to ensure that the allocation of funds is done, not per Member State, but per each program of cooperation.”

EUROPEAN GROUPING OF TERRITORIAL COOPERATION (EGTC) ...INCREASING THE EUROPEAN ADDED VALUE...

In July, the Report on amendment of the regulation (EC) No 1082/2006 on a European grouping of territorial cooperation European Grouping of Territorial Cooperation (EGTC) was unanimously adopted by the Committee on Regional Development in the European Parliament. This constitutes a clear mandate for us to quickly start negotiations with the Council in order to have all the new and revised provisions introduced into this legislative act. We will thus provide legal certainty for existing EGTCs as well as create stronger incentives for future partners to intensify their cooperation across regions.

I especially welcome the significant reduction of administrative burdens EGTCs have had to carry, notably in the procedures for their approval, establishment and execution of their tasks. The widened scope of EGTCs (including e.g. undertakings entrusted with the operation of services of general economic interest) and the simplified creation of EGTCs with partners from non-EU countries are not less worth campaigning for.

To make these improvements efficiently and rapidly available to our partners in the regions, I strongly plead for an advanced negotiation strategy, taking into consideration especially the non-financial character of the regulation and hence its autonomy from the Multiannual Financial Framework.



Joachim Zeller MEP (Germany),
EPP Group Vice-Coordinator, Rapporteur EGTC

.... AND ENHANCING THE INTEGRATION



Herwig Van Staa, (Austria) CoR Coordinator on the EGTC and President of the Tirol Regional Assembly

I warmly welcome the separate approach to European territorial cooperation (ETC) and its increased financial resources. As the ETC promotes European integration and territorial cohesion through cross-border, transnational and interregional projects, I cannot support a strong thematic concentration. I fear that if the ETC were to be solely focused on the core priorities of the Europe 2020 strategy, it would be incapable of fulfilling its distinct and unique role. For example, some regions offer suitable conditions for the creation of research and development facilities, whereas other neighbouring regions may not have the necessary infrastructure. In the CoR opinion, which was adopted in July 2012, we therefore recommend increasing the number of thematic objectives from 4 to 5 and extending the list of investment priorities. We also call for the thematic objectives to be extended to cover other topics.

In my view, European territorial cooperation should be geared towards creating and improving the conditions for the Europe 2020 Strategy's implementation rather than the specific flagships. With this in mind, the coordination of funds is of great importance. From a technical point of view, we believe that this new regulation is too demanding, complicated and detailed, particularly for small cross-border cooperation programmes.

The EPP Group in the CoR therefore questions whether such small programmes must necessarily be subject to all the provisions of the regulation. If maximum effectiveness is to be achieved, the same demands cannot be made of both small and large programmes and projects. This should be clarified before the next programming period begins in 2014.

THE EUROPEAN SOCIAL FUND (ESF) A LEVERAGE OF COUNTERBALANCING THE CRISIS EFFECTS...



Elżbieta Łukacijewska MEP
(Poland) EPP Group Shadow
Draftswoman REGI ESF
Opinion

Created with the Treaty of Rome in 1957, the European Social Fund (ESF) is the oldest Structural Fund, representing an essential tool to reduce the economic disparities between Member States and regions, and to promote the economic and social cohesion. It also contributes to strengthen education and ongoing training.

At times of crisis and uncertainty, many European citizens are more vulnerable, particularly young people and the long-term unemployed. The European Social Fund for the period 2014-2020, is structured to respond to these challenges and aims for the improvement of skills, the elevation of the level of employment and the support of the mobility of workers. It should represent at least 25% of the budget allocated for the cohesion policy.

For Elżbieta Łukacijewska, EPP Shadow Rapporteur for the Regional Development Opinion on the European Social Fund, one capital point is the refusal to bind the allocation of funds to the respect of the Stability and Growth Pact, as such a mechanism would be, neither more nor less than a double penalty for regions which have, in addition, economic and budgetary difficulties.

... AND AN EFFECTIVE INSTRUMENT FOR ACHIEVING ECONOMIC AND SOCIAL COHESION

Since its inception, the European Social Fund has been a particularly useful and effective instrument for achieving economic and social cohesion. The Commission proposal contains many positive elements, which were endorsed by the CoR. However, there are a number of points on which reservations were expressed or that the EPP Group in the CoR opposed.



Constance Hanniffy, (Ireland)
EPP/CoR Europe 2020
Coordinator responsible for
the agenda for new skills and
jobs and
Offaly County Councillor

Even with the proposal to make more funding available for the ESF, we have our doubts whether the budget can support the ambitious goals that have been set. Moreover, the full alignment of the ESF with the objectives of the Europe 2020 strategy has raised concerns.

It is important that the ESF can continue to fight against poverty and support the general cohesion policy objectives. Finally, we are opposed to the lack of flexibility towards the specific needs and priorities of each region. A better solution would be concentrated funding, which is drawn up with cooperation from all levels of government.

MULTIANNUAL FINANCIAL FRAMEWORK THE EU BUDGET - A STRONG TOOL TO INCREASE STRATEGIC INVESTMENT...



Andrey Kovatchev MEP (Bulgaria)
EPP Group Draftsman of the REGI MFF Opinion

On 18 September the Commission on Regional development (REGI) of the European Parliament adopted by a large majority the opinion of Andrey Kovatchev MEP (EPP/Bulgaria) on the Multiannual Financial Framework regulation (2014-2020). The text outlines a recommendation for a position of the European Parliament when negotiating the amount of Cohesion policy resources in the next programming period.

In its opinion the REGI Committee underlines that the EU budget, and specifically Cohesion policy expenditure, represents a strong tool to increase strategic investment with a proven added value. The EU Cohesion policy is reaffirmed to be a mechanism contributing to the proper involvement of all EU regions within the single market, which is the EU's

main response to the persisting economic, social and territorial disparities among its regions.

Furthermore, the Members of the REGI Committee view the MFF for 2014-2020 as the main EU instrument to deliver the EU 2020 goals but also insist that it should translate these goals into real and concrete actions. Therefore the MEPs call upon the current negotiations escape from the crisis-based mentality and strive for a sound and rational budget that will guarantee growth and employment.

The REGI Committee agrees on the need of Cohesion policy reforms aimed at giving fair access to resources and respond to the real development needs of all EU regions which require also flexibility to address the regions' specific needs in the establishment of objectives and investment priorities. Moreover, all these challenges can be effectively met only if Cohesion policy relies on a stable, solid and sustainable financial framework.

Thus the REGI committee recommends that the Committee on Budgets include in its Interim report the amount of EUR 354.815 billion in 2011 prices (excluding the Connecting Europe Facility) as an absolute minimum level of sound funding for Cohesion policy and stipulate that it constitutes a red line in the future negotiating position of the Parliament.

¹ Interim report in the interests of achieving a positive outcome of the Multiannual financial Framework 2014-2020

... AND TO LEAD EUROPE OUT OF CRISIS

The EU budget must be an effective tool to lead Europe out of the crisis. Regions and cities are key players in the implementation of EU growth strategy; from improving the competitiveness of local economies and fighting poverty and social exclusion to re-launching public and private investment. They can also make a significant contribution to financial consolidation. The Committee of the Regions is ready to cooperate intensely with all EU institutions to make sure that the Europe 2020 Strategy can be put into practice at all levels. In this way, we aim to bring concrete benefits to those citizens who are dealing with and suffering from the crisis.

The Committee of the Regions has a vital role in delivering European Union policies on the ground. It can therefore contribute to a better delivery of the EU budget. Through cooperation with local and regional authorities, the decisions made at EU level – as well as the Union's common goals and values – can easily be explained to citizens. This will prevent disinformation and populism.

Regarding the current negotiations on the Multi Annual Financial Framework 2014-2020 (MFF), we insist that the cohesion policy is the key investment tool for development at regional level. We cannot afford for the budget to be cut! Any reduction in the budget for cohesion, especially in the current financial crisis, would undermine the chance of recovery in the territories. Negotiations on the Multiannual Financial Framework must lead to a budget that can respond to needs of European citizens.

The CoR is committed to an effective and coherent use of public money, which exploits the shared aims of EU instruments and those at national and regional level. Within this context, the CoR will hold a high-level conference on public and private finance with a view to ensuring quality investment in local and regional authorities.



Michel Lebrun, 1st Vice President of the EPP/CoR Group, Member of the Walloon Parliament (Belgium), Chair of the CoR Commission for financial and administrative affairs.



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