

Bureau Position on European Commission's proposal on the Cohesion Policy beyond 2020

Towards a strong Cohesion Policy ready for the future

As the largest independent network of regions in wider Europe, bringing together 150+ regions from 30 countries, the Assembly of European Regions (AER) strives to promote a strong and renewed cohesion policy ready for the future. We have followed with great interest the preparation for the next Multiannual Financial Framework 2021-2027 and its legislative proposals for the new EU cohesion policy published on 29 May 2018. Drawing on our experiences, we would like to offer the following remarks and recommendations on the proposed regulations, including the Common Provisions Regulation (CPR), the European Regional Development Fund (ERDF) and Cohesion Fund, the provision for European Territorial Cooperation (ETC) and European Social Fund Plus (ESF+):

1. We fully support the Commission's proposal for a **cohesion policy for all regions**. To successfully address the major social, economic and environmental challenges the EU currently faces, it is of paramount importance to reduce disparities and enable all regions in Europe to be competitive.
2. We call for a **budget commensurate to the high level of ambition for cohesion policy, one in which every region receives its fair share of means** to achieve tangible results. Therefore, we welcome the Commission's proposal to introduce additional criteria in the allocation of cohesion policy funding, and recommend removing **allocation caps based on the GNI per capita** to account for disparities within Member States.
3. We recognise the value of focusing on a smaller number of policy objectives and **we welcome the coherence that thematic concentration brings** to the instruments of ERDF, ESF+ and the Cohesion Fund. We believe that focusing on a smarter, greener and more connected and social Europe, closer to citizens, is necessary for a cohesion policy ready for the future. However, we are concerned that **determining thematic concentration at the national level will not provide sufficient flexibility**. We therefore call for **regional thematic concentration requirements across the different funds, allowing regions to decide on their investment priorities**.
4. We propose that the partnership principle and multi-level governance approach be strengthened in all the regulations in order to ensure the **meaningful engagement of regional authorities in the design and implementation of cohesion policy programmes**.
5. In light of the above—while we support greater synergies between cohesion policy funds and other EU programmes—we are particularly concerned about the potential for Member States to transfer funds away from ERDF and ESF+ to the centrally managed InvestEU and other EU programmes without following the partnership principle as laid out in Article 6 of the CPR proposal.
6. We support the continuation of Interreg programmes and the Commission's commitment to maximizing synergies between these programs and the EU's external financing instruments. However, we regret its proposition to reduce the European Territorial Cooperation financial envelope, move a considerable amount of funds from shared into indirect management, offer reduced co-financing rates and move maritime cooperation away from the cross-border component. We therefore call for a

budget increase for ETC in order to sufficiently fund its five different components.

7. We welcome the Commission's intention to make the new cohesion policy framework **more flexible and capable of coping with unforeseen events and emerging priorities such as structural reforms**. However, we are deeply concerned by the way in which the proposal **strengthens the link between cohesion policy and the European Semester**. Tying the design of cohesion policy programmes and the reprogramming of funding at mid-term to the Union's economic governance may divert cohesion policy investments away from their long-term objectives. In accordance with the partnership principle, we believe the CPR should ensure **regions are involved at all stages of the European Semester process when the programmes are at stake**.
8. We are fully supportive of **one clear and coherent set of rules for the strategic approach, programming and implementation of the European Structural and Investment Funds**. We therefore welcome the Commission's proposal to create a **single rulebook**. At the same time, we are concerned about the removal of the European Agricultural Fund for Rural Development (EAFRD) from the CPR and the impact this decision may have on the synergies between rural and regional development programmes on the ground. Moreover, it is not clear in the CPR how community-led local development funded through the ERDF, the ESF+ and the EMFF will be coordinated with community-led local development funded through EAFRD. Therefore, we suggest the CPR and EAFRD proposals include **more guarantees for synergies between Operational Programmes and the National Strategic Plans for Agriculture**.
9. We support the continued inclusion of the ESF+ in the CPR. Due to the strong links between regional labour markets and regional development, **strong coordination is needed for optimal result from investments through ESF+, the Cohesion Fund and ERDF**. We therefore want to see **the role of the regions, both as beneficiary and partner, explicitly recognised in the ESF+ regulation** in order to guarantee more effectiveness and to ensure appropriate coordination between the ESF+ and the other cohesion policy funds.
10. We also embrace the proposed simplification measures for a less stringent and more proportionate accounting and control regime. We particularly welcome the introduction of **a single audit system and the use of national audit systems based on track records**.
11. We believe the proposed rules from the European Commission will lower the administrative burden for cohesion policy beneficiaries and simplify delivery mechanisms. However, if we are to ensure the success of cohesion policy, adequate time and support remain critical to the effective delivery of funds. We therefore suggest amending the CPR to **increase the ceiling for technical assistance to 4% and preserve the N+3 decommitment rule**.

We hope the European Institutions take on board these recommendations, and we look forward to engaging further as the new cohesion policy framework is developed. AER, as the largest independent network of regions in wider Europe, remains fully committed to a strong cohesion policy beyond 2020, one that is able to build the smart, sustainable and inclusive Europe that citizens want to see.