



## Committee of the Regions

COTER-V-052

109th plenary session, 3-4 December 2014

## OPINION

## Sixth report on economic, social and territorial cohesion

## THE COMMITTEE OF THE REGIONS

- reiterates its request that public spending by Member States and local and regional authorities as part of Structural and Investment Fund co-financing not be included among national or equivalent structural expenditure as defined within the **Stability and Growth Pact**. Such a shift would free up resources for investment, selected on the basis of European interest;
- considers important to look in more depth at the role of the **European Investment Bank (EIB) and the European Investment Fund** with a view to broadening their remit and bolstering their capital. The Committee points out that the launch of the programming period might be an appropriate time to establish EIB funding specifically for regional development;
- points out that the indicators used under the **macroeconomic imbalance** procedure introduced in the "six-pack" legislative package are exclusively economic. The Committee recommends that social, environmental and territorial indicators in line with the Europe 2020 strategy's headline targets should also be taken into account in the scoreboard used by the Commission to decide whether to issue a preventive recommendation to a Member State or, in more severe cases, to launch the macroeconomic imbalance procedure. The Committee believes that the close link between financial and fiscal objectives and cohesion policy could weaken the implementation of territorial cohesion measures;
- points out that there has been a decline in public and private investment in recent years. Tight budgets and spending cuts have seriously compromised investment in sectors capable of stimulating economic growth. In this respect, the Committee calls on the Commission to carefully assess – taking into account possible repercussions on growth and jobs – the cases involving **financial corrections or suspension** of payments;
- in order to ensure rapid implementation of the programmes, encourages the adoption of measures to **simplify and streamline** the procedures for accessing EU funding, project management and the oversight arrangements, to achieve greater efficiency;
- calls on the Commission to adopt the measures required to expedite the approval of operational programmes so that the new programming period can be launched as soon as possible;
- recommends the **creation of a "Cohesion Policy Council"**. The Committee feels that this could raise the profile of cohesion and ensure ongoing political debate. The Committee would be willing to play an active role in the political discussions on the creation of such a structure with a view to ensuring that the point of view of local and regional authorities is fully taken on board.

Rapporteur

Nicola Zingaretti (IT/PES), President of the Lazio region

Reference document

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Sixth report on economic, social and territorial cohesion: investment for jobs and growth  
COM(2014) 473 final

## Opinion of the Committee of the Regions – Sixth report on economic, social and territorial cohesion

### THE COMMITTEE OF THE REGIONS

#### I. GENERAL COMMENTS

*A central policy for Europe in the midst of globalisation*

1. considers **cohesion policy to be one of the hallmarks of the European model** and the policy most suited – given its potential to reform economies and administrations and its far-reaching and multilevel influence – to contributing to a system that can enable the EU and its regions to address the major challenges of our time, from globalisation to climate change, energy supply and sustainable development.

*... which has proven its worth during the crisis ...*

2. highlights how, during the economic crisis, cohesion policy has demonstrated its **contribution to maintaining public investment levels in various Member States**, in terms of both quantity and quality, on account of selection mechanisms that ensure consistency with EU strategies.

*... helping the regions to tackle the crisis ...*

3. believes that **local and regional authorities often have primary administrative responsibility for public spending on investment**, and that cohesion policy, which is a vital tool enabling those authorities to play a key role in the EU, ought to increase their ability to offer quality services to the public.

*... and which must be continuously adapted to tackling the new challenges.*

4. considers that the impact of the financial and economic crisis on public finances across Europe has increased **the need to relaunch sustainable public and private investment** and to pay more attention to the spending processes involved so as to ensure their efficiency, regularity and promptness;
5. stresses the need to improve the coordination between cohesion policy and the Europe 2020 strategy, for which the mid-term review will take place in 2015. In practice, this could involve including a chapter on economic, social and territorial cohesion in the Annual Growth Survey presented every September at the beginning of the European Semester, to replace the progress reports on cohesion published in the past between cohesion reports;

6. believes that **cohesion policy has a central role to play** at a time when the balance between austerity and growth measures and the framing of a new development model that responds to the pressures of globalisation are crucial issues on the EU's agenda. It is against this backdrop – and in the context of pressure on public finances – that EU intervention here must continue to support growth, direct action towards strategic goals for the individual regions and the European economy and build an effective European administrative system for tackling the challenges of globalisation. To this end – and specifically to coincide with the launch of the 2014-2020 programming period – feels that it would be useful to reflect on how to maximise the role of cohesion policy, tap into its synergies with other instruments and increase awareness of it among the public;
7. **welcomes the Sixth report**, considering it to be an important source of information on the state of cohesion policy, its results and operational difficulties, the problems it is required to tackle in the coming years and the possibilities opened up by its effective use.

## II. PREREQUISITES FOR A MORE EFFICIENT COHESION POLICY

*Good governance – at EU and national levels – as a prerequisite ...*

8. underlines that properly functioning **multilevel governance**, combined with an effective set-up for responding to the requests of the public and business, and transparent and innovative public procurement, is crucial to enhancing the impact of cohesion policy. To that end, and in line with the Sixth report, the Committee recommends that the resources and knowledge made available by cohesion policy be used to significantly bolster administrative capacity, including through greater use of new technologies and a drive for more streamlined procedures;
9. thinks that, in order to enhance the **quality of public spending**, beyond focusing on effectiveness in resource allocation, consideration should be given to regional differences and specific features that could impede growth, the effects of these on spending should be analysed and that spending adapted so as to increase the impact of cohesion policy<sup>1</sup>;
10. stresses that, given the specific vulnerabilities of many economies in the current crisis, public policies should concentrate on the ability to **rapidly and effectively respond** to economic shocks. The Committee believes that the Structural Funds, which were designed for long-term structural and economic adjustment, should be accompanied by short-term stimulus measures;
11. underscores, as pointed out in the Sixth report, that the development of new entrepreneurship depends partly on the **ease of doing business** and that this varies considerably within the Member States. On this point, the Committee feels that further action is needed on

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<sup>1</sup> CDR\_3609-2013\_00\_00\_TRA\_AC.

simplifying rules and instruments, cutting red tape and enhancing the framework conditions for investment and encouraging entrepreneurial skills in the spheres of education and training.

*... for smart, inclusive and sustainable growth*

12. agrees on the importance of smart growth as an opportunity to promote **more competitive regional economies** that are less vulnerable to external shocks. The Committee thus encourages regions and cities to develop consistent, ongoing initiatives for **stimulating enterprise** in innovative sectors and to focus their investment on sectors "of the future", such as the agri-food sector (agricultural, veterinary and food technologies), the green economy, the creative industries, e-Health initiatives, tourism, the social services, and the so-called silver economy. To that end, the Committee calls on the Commission to support regional authorities so as to ensure that the "smart specialisation strategies" that they devise in accordance with the EU framework are implemented effectively at regional level;
13. believes that changes linked to the globalised economy are having a massive impact on the world of work, and that this should focus attention on **modernising the labour market** to help Europeans find employment and on gearing training to creating the skills required by the new challenges facing the economy. The Committee would highlight here the central role of the European Social Fund (hereinafter referred to as the ESF) in supporting active policies and, in particular, policies aimed at enhancing workers' knowledge and helping them adapt to social, technological and cultural changes;
14. notes that cohesion policy allocates a share of its funding to initiatives in the field of education and training, and points out that one of the effects of the crisis has been the sharp increase in **youth unemployment**. The Committee would highlight the key role played by local and regional authorities in this field, and considers it necessary to strengthen the links between the Youth Employment Initiative<sup>2</sup> and the activities funded by the ESF, with specific regard to the Youth Guarantee and facilities for gaining access to employment;
15. considers that, in the light of the growing poverty and social exclusion across Europe, public policies should **bolster the tools available to support the most deprived people in society**, including through the use of EU-level initiatives and cohesion resources;
16. endorses the fact that urban issues are high on the Sixth report's agenda, given the importance of cities in the globalised economy and the potential impact in terms of sustainability, but is disappointed that the major gaps in development between rural and urban areas are not given greater attention, and therefore maintains the need to promote **growth that is polycentric and geographically balanced between the various regions**, inter alia through action to decisively tackle the digital divide and a sustainable transport policy underpinned by a strategy that is differentiated to take account of specific regional features;

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17. points out the importance of growth that creates new economic opportunities through the **development of clean and efficient energy**. The Committee welcomes the fact that local and regional and local authorities have increased public investment in the environmental sector in recent years, and notes the commitment of European regions and cities to making the transition to greener growth. In this regard, the Committee calls for the Covenant of Mayors to be strengthened in order to increase and enhance the commitment of local and regional authorities to combating climate change.
18. recommends that EU cohesion policy, with its objectives of economic, social and territorial cohesion, should continue to make a significant contribution to implementing the Europe 2020 strategy's goals in future. By strengthening the links between targets for growth and convergence, cohesion policy can help to reduce disparities within the European Union with a view to achieving the strategy's headline targets, and thus to achieve long-term gains in prosperity throughout Europe. This potential needs to be exploited systematically, by using the partnership-based approach to cohesion policy to ensure that strategies established at regional level specifically address local circumstances and potential;

### III. POLICY RECOMMENDATIONS

*Increase resources for growth and regional balance ...*

19. reiterates its request that public spending by Member States and local and regional authorities as part of Structural and Investment Fund co-financing not be included among national or equivalent structural expenditure as defined within the **Stability and Growth Pact**. Such a shift would free up resources for investment – selected on the basis of European interest – and speed up expenditure procedures;
20. underlines, as pointed out in the Sixth Report, that the guidelines for developing the Trans-European Transport Network set the goal of having a genuine multimodal network at EU level - which must include the railways - by creating a new infrastructure, but also by upgrading the existing infrastructure. On this point, the Committee considers it necessary to have sustainable, competitive, energy-efficient and more environment-friendly means of transport, to encourage intermodality, the complementary use of different modes of transport and to carry out infrastructure projects in the least developed regions (such as the outermost and mountain regions) which are up against physical barriers to the Internal Market and are experiencing territorial cohesion problems;
21. in order to increase and enhance the volume of investment directed at growth, would like to see better synergies between the budgetary instruments of the various tiers of government in the Member States and the **EU's financial instruments**. Here, the Committee would consider it a priority to look in more depth at the role of the European Investment Bank (EIB) and the European Investment Fund with a view to broadening their remit and bolstering their capital.

The Committee points out that the launch of the programming period might be an appropriate time to establish EIB funding specifically for regional development, with durations and conditions designed to meet the needs of spending administrations. In addition, the possibility should be explored of giving the EIB an oversight role over certain investments initiated by local and regional authorities. In particular, the EU's financial institution could assess the quality of those investments and whether they are in keeping with Europe's major strategic choices, partly in order to obtain preferential treatment for the loans needed to implement them under the Stability Pact.

*... compatible with the EU's desired balance between austerity and cohesion ...*

22. reiterates its concern that macroeconomic conditionality might cause the effectiveness and usefulness of the Structural and Investment Funds to be compromised by Member States' macroeconomic policies;
23. calls on the Commission to evaluate the extent to which requirements in the area of ex ante conditionality contributed to the considerable delays in concluding the partnership agreements and operational programmes;
24. points out that the indicators used under the **macroeconomic imbalance procedure** introduced in the "six-pack" legislative package are exclusively economic. The Committee recommends that social, environmental and territorial indicators in line with the Europe 2020 strategy's headline targets should also be taken into account in the scoreboard used by the Commission to decide whether to issue a preventive recommendation to a Member State or, in more severe cases, to launch the macroeconomic imbalance procedure. The Committee believes that the close link between financial and fiscal objectives and cohesion policy could weaken the implementation of territorial cohesion measures;
25. calls for better respect to be given to Article 174 of the Treaty on the Functioning of the European Union (TFEU) on territorial cohesion, in particular in rural areas, areas affected by industrial transition, and regions that suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with low population density and island, cross-border and mountain regions. Consideration should also be given to other demographic challenges that have a major impact on regions, such as depopulation, an ageing population and highly dispersed populations. The Committee of the Regions asks the Commission to pay particular attention to the most geographically and demographically disadvantaged areas when implementing cohesion policy;
26. underscores the essential support that cohesion policy provides as a vector for growth and change to the least developed regions that require sustained long-term efforts;

27. also calls for greater attention to be focused on the specific features and constraints of the outermost regions, as identified in Article 349 TFEU, when framing and applying cohesion policy.

*... through a genuinely bottom-up policy...*

28. considers that, given the discrepancies that have emerged with regard to levels of innovation, the **territorial dimension** should be given full consideration in the framing and implementation of the Europe 2020 strategy. To this end, believes that bestowing a greater role on local and regional authorities would increase their level of accountability, fostering more effective decision-making as regards priority investments, and would suggest that regional indicators be introduced to monitor progress made;
29. regrets that the Sixth cohesion report does not include an explicit assessment of the regional impact of EU sectoral policies on cohesion policy. In view of the links between cohesion policy and the other sectoral policies, the Committee suggests that the Commission include a specific chapter on this aspect in the report, as used to be the case in the past and in line with the provisions of the TFEU, which require EU policies to promote cohesion in Europe;
30. points to the importance of adopting instruments for **assessing the territorial impact** of policies, the main objective of which being to consider the territorial impact of EU policies on local and regional authorities and to draw greater attention to that impact in the legislative process;
31. calls, therefore, for a priority **territorial dimension** within operational programmes, incorporating the issues linked to the Europe 2020 strategy, so that territorial cohesion can secure a balanced territorial structure able to ensure regional interdependence;
32. reminds the European Commission of its previous work on beyond GDP and on the need to look at regional challenges in a more acute way (such as how ICT and high speed broadband projects could be supported using the ERDF); considers that reliance on a region's GDP has a number of weaknesses which undermine the credibility of Cohesion Policy, particularly in terms of classifying regions and allocating ESIF resources.

*... with a strong focus on administrative efficiency and assessment of results ...*

33. in order to ensure rapid implementation of the programmes, encourages the adoption of measures to **simplify and streamline** the procedures for accessing EU funding, project management and the oversight arrangements, to achieve greater efficiency;



34. urges the relevant authorities to make a special effort to harmonise and properly transpose the basic cross-cutting rules which form the basis for managing cohesion policy resources, and particularly the rules governing procurement<sup>3</sup>;
35. considers that the Commission should ensure that unnecessary red tape does not hinder the effectiveness of measures; urges the Commission to review the practice whereby more efficient operational programmes are subject to the same administrative burdens as programmes characterised by a high incidence of errors or fraud. Moreover, the Committee of the Regions calls on the Commission to adopt the measures required to expedite the approval of operational programmes so that the new programming period can be launched as soon as possible;
36. agrees with the report on the need to concentrate the Structural and Investment Funds on a limited number of objectives so as to maximise their impact on the ground. However, the Committee expresses its concern regarding the **lack of flexibility** as to the choice of thematic objectives, which should instead be established on the basis of the specific nature and needs of the various regions;
37. is concerned about the weakening of the principle of additionality for the 2014-2020 period, where verification is required in only 14 Member States, and would ask the Commission to assess the application of this principle across the EU, in order to avoid the ESIFs being used to substitute Member State investments;
38. does not endorse the creation of an EU performance reserve at national level, as it feels that such an arrangement might lead to the setting of easily achievable objectives with modest results. The Committee considers that one of the biggest challenges regarding the **performance framework** is that of setting targets and indicators that are ambitious but at the same time achievable;
39. points out that there has been a decline in public and private investment in recent years, reaching negative spikes in some Member States. Tight budgets and spending cuts have seriously compromised investment in sectors capable of stimulating economic growth. In this respect, the Committee would call on the Commission to **carefully assess** – taking into account possible repercussions on growth and jobs – **the cases involving financial corrections or suspension of payments**;
40. urges the Commission and Member States to speed up negotiations and adoption procedures for the partnership agreements and operational programmes, highlights how important the European Structural and Investment Funds are to investment activities in local and regional authorities, and therefore calls on the Commission and Member States to work in close

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<sup>3</sup> CDR 3609-2013\_00\_00\_TRA\_AC

cooperation to guarantee the quality of these procedures and to minimise the negative impact of further delays in the run-up to the new funding period;

41. calls on the Commission to define **forms of administrative assistance** on key issues such as setting targets for initiatives, assessing their results through appropriate indicators and determining the next steps to be taken. The aim is to ensure that this is done in a uniform manner by the various authorities involved and to help to establish an administrative culture based on monitoring and evaluation across the EU. On a similar note, the Committee considers it important to ensure assistance to local and regional authorities on "financial engineering" initiatives, which are crucial to increasing resources and investments, and on public procurement, which should increasingly feature as a public administration tool for spurring innovation and creativity.

*... greater participation of stakeholders and the public ...*

42. is convinced that the **Code of code of conduct on partnership** will strengthen participation in programming in the regions, in form and substance, and has a fundamental role to play in boosting the effects of cohesion policy and consolidating its impact. The Committee calls on the Commission to monitor how the Code is implemented in the individual legal systems so as to ensure broad and transparent participation of local stakeholders, given that, unless they are fully involved in drafting the programming documents, their participation will be less effective at the implementation stage, particularly when it comes to the instruments that require participatory programming by the various tiers of government;

43. at a time when, with a view to fully justifying the policy and deepening EU integration, public awareness ought to be raised and the people informed about the results of projects funded by the Structural Funds and the effects of EU policies in their area, the Committee would point out that there is no specific focus in the Sixth report on **communication and information**. On this point, and in order to maximise efforts to raise public awareness of cohesion policy, the Committee calls on the Commission and the Member States to give local and regional authorities greater involvement in communication campaigns. At the same time, the Committee sees a need to give full effect to provisions that require transparency regarding the allocations made and the outcomes expected from the measures, inter alia by making full use of IT tools, and to enhance the use of the data collected (Open Data) for the purposes deemed most useful and efficient for the public.

*... ever closer interaction between the authorities of the various Member States and with neighbouring countries ...*

44. thinks that the cohesion report pays insufficient attention to **European territorial cooperation**, given that this has been a fully-fledged cohesion policy objective since the 2007-2013 programming period. Its cross-border cooperation component, in particular, influences the cohesion of cross-border regions. The Committee therefore proposes that the

report should in future include an assessment of the cohesion of Europe's cross-border regions, including an analysis of their key problems, as well as an assessment of the impact of cross-border cooperation operational programmes. This instrument should be given greater attention not least because it promotes cooperation and pools experience between authorities across the Member States and moves towards an administrative system that is increasingly based on shared values and operating methods;

45. regrets that the essential role of cohesion policy in supporting **macro-regional strategies** has not been further developed in the Sixth report on cohesion;
46. calls for **closer coordination between cohesion policy and EU neighbourhood policy** and for better assessment and dissemination of the results of projects.

*... and greater political "weight" in the European debate.*

47. recommends the creation of a "**Cohesion Policy Council**" comprising the ministers responsible for cohesion policy at the relevant level of government in the Member States. The Committee feels that this could raise the profile of cohesion and ensure ongoing political debate on the issue. The Committee would be willing to play an active role in the political discussions on the creation of such a structure with a view to ensuring that the point of view of local and regional authorities is fully taken on board<sup>4</sup>.

Brussels, 3 December 2014

The President  
of the Committee of the Regions

Michel Lebrun

The Secretary-General  
of the Committee of the Regions

Jiří Buriánek

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CDR\_2233-2012\_00\_00\_TRA\_RES (rapporteur: Marek Woźniak (PL/EPP)).

#### IV. PROCEDURE

<b>Title</b>	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Sixth report on economic, social and territorial cohesion: investment for jobs and growth
<b>References</b>	COM(2014) 473 final
<b>Legal basis</b>	Article 307(4) TFEU
<b>Procedural basis</b>	Rule 41 b) RP
<b>Date of Council/European Parliament referral/Date of Commission letter</b>	n/a
<b>Date of the CoR Bureau decision</b>	
<b>Commission responsible</b>	Commission for Territorial Cohesion Policy (COTER)
<b>Rapporteur</b>	Nicola Zingaretti (Italy/PES) President of the Lazio region
<b>Analysis</b>	5 September 2014
<b>Discussed in commission</b>	
<b>Adopted by commission</b>	22 October 2014
<b>Result of the vote in commission (majority, unanimity)</b>	Majority
<b>Date adopted in plenary</b>	3 December 2014
<b>Previous Committee opinions</b>	<ul style="list-style-type: none"> <li>– <i>Contribution of cohesion policy to the Europe 2020 strategy</i> (CdR 223/2010 fin)<sup>5</sup></li> <li>– <a href="#"><i>Fifth cohesion report</i></a> (CdR 369/2010 fin)<sup>6</sup></li> <li>– <a href="#"><i>The future of the European Social Fund after 2013</i></a> (CdR 370/2010 fin)<sup>7</sup></li> <li>– <a href="#"><i>Proposal for a regulation on the ERDF</i></a> (CdR 5/2012 fin)<sup>8</sup></li> <li>– <a href="#"><i>Proposal for a regulation on the European Social Fund</i></a> (CdR 6/2012 fin)<sup>9</sup></li> <li>– <a href="#"><i>Proposal for a regulation on the Cohesion Fund</i></a> (CdR 7/2012 fin)<sup>10</sup></li> <li>– <a href="#"><i>Revising the TEN-T legislative framework</i></a> (CdR 8/2012</li> </ul>

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5 [OJ C 15, 18.1.2011, p. 10.](#)

6 [OJ C 166, 7.6.2011, p. 35.](#)

7 [OJ C 166, 7.6.2011, p. 45.](#)

8 [OJ C 225, 27.7.2012, p. 114.](#)

9 [OJ C 225, 27.7.2012, p. 127.](#)

10 [OJ C 225, 27.7.2012, p. 143.](#)

	fin) <sup>11</sup> – <a href="#">Code of Conduct on Partnership</a> (CdR1683-2012_00_00_TRA_AC) <sup>12</sup> – <i>Community-led local development</i> (CdR 1684-2012_00_00_TRA_AC) <sup>13</sup> – <a href="#">Recommendations for better spending</a> (CdR 3609-2013_00_00_TRA_AC) <sup>14</sup> – <a href="#">Towards</a> <i>an integrated urban agenda for the EU</i> (CdR-2013-06902-00-00-AC)
<b>Date of subsidiarity monitoring consultation</b>	n/a

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<sup>11</sup> [OJ C 225, 27.7.2012, p. 150.](#)

<sup>12</sup> [OJ C 17, 19.1.2013, p. 13.](#)

<sup>13</sup> [OJ C 17, 19.1.2013, p. 18.](#)

<sup>14</sup> [OJ C 356, 5.12.2013, p. 3.](#)