



**European Committee
of the Regions**

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OPINION

The future of Cohesion Policy beyond 2020

"For a strong and effective European cohesion policy beyond 2020"

THE EUROPEAN COMMITTEE OF THE REGIONS

- points out that the policy for strengthening economic, social and territorial cohesion is one of the most important and comprehensive EU policies, making a significant contribution in terms of solidarity to strengthening the EU as a whole and considerably strengthens the European added value that is tangible for each EU citizen;
- is of the opinion that the basic structure of cohesion policy with its three categories (most developed regions, transition regions and less developed regions) is tried and tested and should therefore be retained;
- calls for cohesion policy to become more flexible in the next funding period, without impacting on the strategic focus and planning certainty of multi-annual programmes for regional and local authorities. It is also important that cohesion policy has adequate funding at its disposal, which means that the percentage share of the budget allocated to cohesion policy in the next MFF should remain the same;
- considers it essential to guarantee the functioning of multi-level governance and the bottom-up approach through shared management and in full compliance with the subsidiarity principle;
- considers that a comprehensive review of the requirements for ESIF management and control systems is urgently needed;
- calls for substantially increasing the visibility of cohesion policy measures through appropriate communication actions, as they are one of the indisputable advantages of EU integration for people at local level.

Rapporteur

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Reference document

**Opinion of the European Committee of the Regions –
The future of Cohesion Policy beyond 2020**

"For a strong and effective European cohesion policy beyond 2020"

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Pillar of European integration

1. points out that the policy for strengthening economic, social and territorial cohesion is one of the most important and comprehensive EU policies, since it is aimed at everyone living in the EU and important aspects of their daily lives. This policy is also an essential component of the Treaties and a pillar of the European integration process and of Europe's economic growth – just like the internal market or the economic and monetary union. Cohesion policy creates a level playing-field as an essential counterpart to the internal market rules and helps to protect existing jobs and create new ones through strategic investments in the real economy, especially where the traditional market is failing. It ensures that the less developed Member States, regions and municipalities are able to benefit from the advantages offered by EU integration. As a result, cohesion policy makes a significant contribution in terms of solidarity to strengthening the EU as a whole and considerably strengthens the European added value that is tangible for each EU citizen;
2. since the outbreak of the economic crisis in 2007 the disparities among regions have increased again in a much more disproportionate way than the disparities among countries. This trend has been analysed in the 6th Cohesion Report and further confirmed by the latest figures provided by the OECD; therefore cohesion policy in all its three aspects - economic, social and territorial - remains more topical than ever. At the same time, cohesion policy also requires renewed momentum, so that the specific challenges of individual regions can be tackled more effectively by adopting a territorial approach;
3. also considers that the future cohesion policy should form part of a shift towards greater solidarity for the benefit of citizens, to reinvigorate the EU's ailing legitimacy. Mistrust, intolerance and identity-based inward-looking attitudes are eating away at our societies and must be tackled by reducing the inequalities of every kind experienced on a daily basis by ordinary Europeans. Cohesion policy is the standard bearer of the type of coordinated, multi-level action needed to fight against these inequalities and preserve decent living conditions and respect for human rights. Cohesion policy must not only be used to seize the opportunities arising due to technological developments or climate change, it must also allow local and regional authorities to create opportunities for their communities;
4. notes that in many regions of the EU the strategic implementation of the European Structural and Investment Funds (ESIFs) using a devolved bottom-up approach has made a significant contribution to positive economic, social and territorial development. Numerous surveys demonstrate the added value and the role of the ESIFs in creating jobs, sustainable growth and

modern infrastructure, overcoming structural barriers, boosting human capital and improving quality of life. The regional and local authorities assisted by cohesion policy also help to achieve pan-European growth targets and to demonstrate the positive effect of European integration through their positive development and the achievement of the strategic objectives agreed in their respective ESIF programmes;

5. is convinced that the results of using the ESIFs confirm that cohesion policy is capable of responding flexibly to the Europe 2020 objectives, or new challenges, such as those currently emerging in the areas of energy security, demographics, migration and external borders or as a result of receiving refugees. At the same time, a strong and effective cohesion policy is a prerequisite for overcoming crises. In order for this to remain the case, a new development strategy must serve as a framework for the next programming period. Moreover, it must in future be ensured that cohesion policy continues to offer long-term programming certainty for regions and local and regional authorities in order to retain its strategic function as a stable investment framework, and that, at the same time, it incorporates the possibility of modifying operational programmes to better suit economic, social and environmental developments. It is also important that cohesion policy has adequate funding at its disposal. That means that, even after the United Kingdom leaves the European Union, the percentage share of the budget allocated to cohesion policy in the next multiannual financial framework should remain the same;
6. stresses that, in order to strengthen the planning certainty of cohesion policy beyond 2020, it is also important to have a strategic approach that can serve as a reference point for sustainable progress in achieving economic, social and territorial cohesion and also, if this appears necessary, takes account of the international context (such as, e.g. the United Nations Sustainable Development Goals and the UN Habitat III agreement) and the needs of regional and local authorities in order to ensure a territorial approach;
7. is convinced that the future of cohesion policy is inextricably linked to the future of the EU as a whole. A strong and effective European cohesion policy and effective communication of its results to EU citizens are vital for a strong and effective European Union. Cohesion policy has a concrete and tangible impact on citizens' quality of life, as demonstrated by the hundreds of thousands of successful ESI Fund projects implemented all over Europe, including by meeting the specific needs of regions and municipalities and contributing to cushioning the crisis' impact. The CoR is therefore also strongly in favour of securing the important role of cohesion policy in the EU beyond 2020 and encourages the development of a strong alliance of all relevant actors at EU, national, regional and local level to achieve this objective;
8. believes that the upcoming reform of cohesion policy hinges on striking a balance between continuity and the need for renewal. Building on the experience of previous funding periods, it is necessary to determine the strengths and weaknesses of current cohesion policy and to identify ways to increase its effectiveness. Fulfilling the Treaty obligations and focusing on the long-term strategic objectives of smart, inclusive and sustainable growth are both of key importance in this connection. The flexible implementation of cohesion policy in local and regional authorities is designed to increase their effectiveness and proximity to local people and raise the profile of the EU at local level. It is through flexible implementation in local and

regional authorities that cohesion policy must continue its role as one of the most visible of the EU's policies. The report of Fabrizio Barca on "An Agenda for a Reformed Cohesion Policy" on the territorial approach remains still valid;

9. sees the special importance of cohesion policy as being the fact that it combines strategic targets for addressing the challenges at the European and global levels with long-term development strategies at regional and local level within the Member States and their implementation on the ground. As such, cohesion policy – unlike national structural policies – is the expression of genuine European solidarity and provides for the harmonious territorial development of the EU as a whole;
10. is of the opinion that the essential roles and fundamental objectives of cohesion policy set out in the European Treaties and the description of the European structural and investment funds given there retain their relevance, enable the continued fulfilment of cohesion policy-related tasks in the future and secure improved legal consistency and coordination of substance for the achievement of synergies, avoidance of gaps, overlaps and inconsistencies and the harmonious development of all urban and rural areas; the integrating role of the common framework regulation must be improved to serve this purpose (see point 71);
11. is of the opinion that rural development under the CAP must be better aligned with the ESIF to ensure a balanced treatment of territorial dimensions to the benefit of the public and at the same time take into account the interactions between the various areas;

Planning certainty through a long-term strategic approach

12. takes the view that cohesion policy is not limited to redressing regional disparities and underdevelopment, although this will remain a priority task in line with Article 174 TFEU (reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions). Instead, it must also be a strategy for promoting innovation, competitiveness and sustainable growth in the less-developed regions, the transition regions and the stronger regions of Europe. Through comprehensive investments in the economic and social future of the regional and local level, it is supposed in future also to contribute to employment, productivity, sustainability and social cohesion in the EU. The priorities pursued under the Europe 2020 strategy contribute to the thematic concentration in the current funding period and help increase cohesion policy's focus on results. It is important that a European framework exists. Using the ESIFs effectively in the future will continue to require a strategic approach that guarantees the planning certainty of cohesion policy and serves as a framework for ESIF programming to the benefit of local and regional authorities. For this reason, the programming period for cohesion policy should continue to be seven years if this corresponds to the period of the next Multiannual Financial Framework;
13. points out, however, that the strategic approach at EU level must not be too rigid or lead to a one-sided focus on European objectives that do not address the real challenges on the ground in each and every territory. Rather, cohesion policy must in future also be able to offer integrated, flexible and differentiated solutions on the ground at regional and local level, cutting across individual policy areas and issues, not least in order to be able to react to new challenges. Like

all EU policies, cohesion policy must contribute to key EU objectives as mandated by the Treaties. Conversely, other EU policies must also make a contribution to achieving cohesion policy Treaty objectives set out in the Treaties. To this end, a dialogue of cooperation on how the planned approaches can be combined should be held between authorities responsible for implementing regional policy and the sectoral policies (with particular regard to synergies with sectoral EU programmes such as Horizon 2020 and COSME) in good time prior to the start of a new funding period in order to strengthen the territorial approach in line with multilevel governance;

14. calls for the development of a new Common Strategic Framework covering all EU policies and funds having a territorial dimension. This mostly concerns the ESI funds but also the successors of Connecting Europe Facility, LIFE and Horizon 2020, as well as loan instruments, notably EFSI and the EIB lending policies. This Framework should ensure strategic consistency of aims and investments as to avoid duplication and lack of coordination of these interventions at both EU and national level;
15. is of the opinion that the right balance between cohesion policy's various goals, targets and tools must ultimately be located within the framework of a genuine three-way partnership, in which the Commission, the Member States and regions and local authorities come together in search of the best solutions based on shared management. The room for manoeuvre for regional and local authorities set out in the regulations must be used in the best possible way and must not be restricted during the approval process. Furthermore, the relationship between the managing authorities and the Commission needs to be designed in such a way as to create a genuine contract of confidence between the two parties. The CoR calls for the Commission to take a more active role in the shared management; it must become a fully-fledged partner in the implementation of cohesion policy and not confine its role to merely monitoring the managing authorities;
16. calls for the programming process to develop into a partnership between the Commission, the Member States, the regional and local authorities which act as operational programme managing authorities in line with the principle of subsidiarity. This requires a right to a say for competent levels of public administration in the negotiations on funding objectives and priorities. The elements contained with the Code of Conduct on Partnership should thus form a legally binding part of the future regulations, and be included within those regulations rather than as a separate "code of conduct" which leads to questions over its legal status;

Contribution to economic policy coordination

17. recognises that the stabilising effects of cohesion policy are of great strategic importance, particularly for supporting key efforts to invest in sustainable growth, employment and innovation, which affect all Member States;
18. therefore believes, as a matter of principle, that EU funds, in addition to tackling important pan-European challenges such as, currently, migration, should, in order to improve structural effectiveness, be targeted towards implementing the objectives of the long-term policy strategies agreed in partnership with the Member States and regions and local government. However, the

CoR reiterates that the annual process of issuing country-specific recommendations to the Member States under the European semester has not complied with the medium and long-term programming approach required by the ESIFs. What is more, in many cases the country-specific recommendations are not objectively linked to ESIF programmes;

19. is convinced, therefore, that the inclusion of cohesion policy in national reform programmes must, starting from the European level, be redesigned in such a way that maintains the territorial dimension and the partnership-based, decentralised approach. A starting point could be an annual "structural dialogue on the state of cohesion in Europe" to be integrated into the European semester. The involvement of local and regional authorities and social partners must be ensured, as must flexibility when implementing the ESIFs on the ground. This also applies to deadlines, the chosen voting procedures and legal certainty for approved plans and programmes. The CoR reiterates its firm opposition to the negative idea of macro-economic conditionality which – as a result of the link between the ESIFs and economic governance – involves "taking cities and regions hostage" because of failings of national governments. Cohesion policy must not be subject to conditionalities that cannot be influenced by local and regional authorities and other beneficiaries;
20. asks the Commission to report on the inclusion of cohesion policy under economic governance, as there is currently insufficient evidence as to whether and to what extent the operational programmes are being successfully coordinated with national reform programmes;

Flexibility for future challenges

21. is convinced that decisions on the future of the EU, the deepening of the economic and monetary union, economic governance, the financing of the EU and other issues will affect future cohesion policy just as much as the ongoing discussions on issues such as subsidiarity, better regulation, value for money and impact assessment. There are also challenges relating to dealing with crises, globalisation, migration, demographic developments and changes in the economy, employment and education, for instance due to the ongoing process of digitalisation;
22. calls therefore for cohesion policy to become more flexible in the next funding period, without impacting on the strategic focus and planning certainty of multi-annual programmes for regional and local authorities. It is also supposed to be possible, for managing authorities that so wish, to respond flexibly to crises and unforeseen events in the short term, without abandoning the strategic focus;
23. stresses that greater flexibility in the EU's multi-annual financial framework must not lead to funds being redeployed or to new initiatives being financed at the expense of programmes that have already been approved. The Committee rejects the use of cohesion funds to cover short-term financing needs outside the area of cohesion policy in particular with regard to security, combating terrorism, managing migration, border control, etc.;
24. is of the view that in order to increase cohesion policy's flexibility and its capacity to react it will be crucial for an effective step forward to be taken with a view to effectively simplifying procedures for managing, monitoring, evaluating, verifying and controlling the Structural

Funds, avoiding the excessive regulation imposed on them. Accordingly, there is a need for simplified procedures for amending operational programmes, schemes (ITI etc.) and instruments. This requires a relationship based on partnership and trust between those responsible for the programmes, schemes or instruments at the various levels. Future plans and programmes are also supposed to include a reserve fund dedicated to pilot or experimental measures and unforeseen tasks, with decisions about how it will be used to be made during the funding period, provided they are for meeting cohesion policy requirements;

25. asks the Commission to propose a simplified revision procedure for plans and programmes for the next funding period that makes it easier to respond to crises in a flexible, target-oriented way and in particular that facilitates and speeds up coordination within the Commission;
26. considers it essential to guarantee the functioning of multi-level governance and the bottom-up approach through shared management even in the context of new challenges and unforeseen developments and in full compliance with the subsidiarity principle, and to counteract shifts towards centralisation, in order to be able to develop efficient and appropriate solutions on the ground;

Effectiveness and efficiency for results-oriented implementation

27. points out that for a long time cohesion policy has been one of the most accurately measured and best analysed EU policies. The Commission's regular reports set out very clearly the achievements of cohesion policy. The Committee points to the many regions which, thanks to ESIF funding, are overcoming their individual underdevelopment, have managed to catch up with the EU average and been withdrawn from the highest funding category due to their positive development. The fact that cohesion policy is successfully meeting its objectives was also confirmed by the ex-post evaluation of the ERDF and Cohesion Fund in the period 2007-2013;
28. is of the opinion that the basic structure of cohesion policy with its three categories (most developed regions, transition regions and less developed regions) is tried and tested and should therefore be retained. It is precise and at the same time flexible enough to allow for new challenges, priorities, tools and indicators. The classification of regions into categories corresponds to cohesion policy's mandate to combine support for least-developed and troubled areas with an offering to all regions, in order to promote the harmonious development of the EU as a whole;
29. therefore reiterates its opinion that the least developed and most disadvantaged regions and the outermost regions continue to require higher levels of funding in order to eliminate their structural and economic development deficits in the medium to long term. The focus will continue to be on using the ESIFs. At the same time, there is a need to provide appropriate arrangements in the transition category for regions no longer eligible for maximum funding, so as not to jeopardise the achievements made. A solution should be looked for which would prevent a dramatic change in the scale of cohesion policy interventions for the regions that slightly pass the threshold for the transition category. The role of more developed regions as economic hubs in regional development must be strengthened and further promoted, so that these regions can also continue to exploit the opportunities available to them and compete

globally. The overall model should thus be one which supports a balanced relationship based on cohesion, convergence and competitiveness;

30. draws attention, with reference to its own opinions and the Commission's work on the subject "Beyond GDP", to the need to plan and implement cohesion policy based on reliable, comparable and robust statistics. Regional gross domestic product, measured in purchasing power parities in relation to the EU average, has proven its worth as the main indicator for classifying regions and should be retained. The CoR has therefore stressed the need for including GDP-complementing measures in the setting up of the new generation of European Structural and Investment Funds in the next multiannual financial period. Here, more account should be taken in cohesion policy beyond 2020, on the basis of additional harmonised and consistent criteria, of the demographic challenges at regional and local levels and further special challenges (e.g. social, environmental, geographical and natural), as stipulated in the Treaty on the Functioning of the EU;
31. points out that purely statistical effects, such as those which would arise from the United Kingdom leaving the EU, should not lead to any EU27 region losing its classification as a less - developed or transition region, as the socio-economic situation in these regions remains unchanged in reality. The European Commission should therefore include robust statistical effect or "safety net" proposals in its regulations governing ESIF post 2020;
32. draws the attention that often the regional eligibility at NUTS II level does in some countries hide socio-territorial, intra-regional and even supra-regional inequalities. It is necessary that EU maps do have the appropriate scale that reflects the problems on the ground so that they help targeting support to these areas;
33. calls on the UK and the EU to agree that UK regions and local authorities be allowed to continue to participate in European Territorial Cooperation and other EU-wide programmes in a similar way that non-EU Member States such as Norway or Iceland do;
34. insists on the need for thematic concentration to ensure European added value and real impact on the ground. However, the specific choice of thematic objectives need not be uniform across the EU to ensure that they are relevant and tackle the real challenges on the ground in each and every territory and the needs of cross-border cooperation;
35. insists on the "place-based" approach as the basis of ESI Funds. EU policy and interventions should focus on the problems on the ground regardless of whether an area is urban, rural or has any other geographical feature, or is a region, such as the outermost ones, whose structural social and economic situation warrants adoption of specific measures under the terms of the TFEU;
36. recalls that one key barrier for the success of ESI programmes in many local and regional authorities is the lack of sufficient capacity and robust governance. For that reason the CoR calls for a new approach to capacity-building for all ESI funds that is available to any individual authority that will be entrusted with the management or delivery of ESI Funds. This will ensure

that there is sound financial management, that public procurement, state aid rules are properly applied and will also facilitate knowledge transfer between managing and delivery bodies;

37. recognises that in future too the effectiveness and efficiency of using the ESIFs must also be increased. The CoR is in favour of maintaining the thematic concentration. The thematic objectives to be decided upon for cohesion policy beyond 2020 should not preclude financial support for infrastructure within the priority areas where necessary and are supposed to reflect the required flexibility, particularly new challenges, the strengthening of the territorial dimension of cohesion and multi-level governance when designing programmes. This should help make decisions regarding project eligibility comprehensible to members of the public;
38. calls for the effectiveness of the ESIFs to be measured in a way that gives precedence to the criteria agreed on in the funds' regulations and applicable throughout the Union. In order to prepare and implement plans and programmes, a clear set of economic, social and environmental indicators and selected ex-ante conditionalities should be developed well before the start of the new funding period together with those responsible for using the ESIFs. These should be able to adequately demonstrate progress in cohesion policy and the achievements made in implementing the programmes so as to guide the new programming choices on the basis of the "lessons learned" in the preceding cycle. Not only national but also the various local and regional conditions must be taken into consideration in this process; the Committee refers in this context to the Commission's current report (SWD(2017) 127 final), according to which 86% of the ex-ante conditionalities have been fulfilled and have brought considerable added value to the implementation of necessary reforms and have improved the use of funding;
39. recommends developing operational programmes based on indicators and following the outcome of the negotiation process. As a priority, these should be similar in nature to strategic documents. The Commission should in future support the implementation of these programmes through a strategic, partnership-based dialogue with the regional and local authorities, with the accent on setting binding targets and related indicators and allowing the regional and local authorities to choose and implement the most suitable measures in line with the principle of multilevel governance;
40. welcomes the "lagging regions" initiative launched by the European Commission aimed at bringing these regions up to speed by providing assistance in overcoming obstacles and unlocking their growth potential; encourages such initiatives to be considered in the new programming period;

European added value as a criterion for using EU funds

41. recognises that European added value is without doubt one of the key criteria for the successful use of EU funds and thus also for the success of cohesion policy. However, as yet there is no uniform definition for this. It would therefore be beneficial if the specific criteria against which the European added value of cohesion policy is to be measured were to be discussed and approved together with the funds' regulations;

42. in order to reduce bureaucracy, urges the Commission to relieve managing authorities of responsibility for checking the ex-ante conditionalities, to give greater weight to subsidiarity and proportionality, and also to develop a more results-focused approach;
43. argues, therefore, for the development of an agreed approach for measuring the European value added of cohesion policy and points to its study on "The EU Added Value Test to Justify EU Spending: What Impact for Regions and Local Authorities?"¹. Key criteria could be the stimuli attainable through the use of EU funds for achieving the cohesion objectives mandated by the Treaties, for sustainable growth, employment and social cohesion, as well as their contribution to addressing common challenges. It should also be taken into consideration that the local and regional approach is more effective in pre-defined areas and provides added value through its decentralised approach, compared to sectoral or central funding and financing tools;
44. suggests, in this context, that this concept take the strengthening of cohesion policy as its starting point. The CoR understands these to include the overcoming of socio-economic disparities; the counter-cyclical effect for stabilising and stimulating growth and tackling crises through public investment; the important role in achieving common EU objectives; the results-oriented incentives and mechanisms; the positive impact on the quality of administrative capacities on the ground; the European and cross-border dimension; and its implementation through multi-level governance and the bottom-up approach;
45. points out that the territorial dimension of cohesion policy facilitates the implementation of measures that, in line with the subsidiarity principle, cannot be adequately achieved by the Member States, regions and local authorities alone, such as cross-border, transnational and interregional cooperation;
46. notes that the increasing complexity of the regulatory requirements imposes a major burden on stakeholders, including project promoters. The CoR recommends that cohesion policy management should focus on performance and results. It also has reservations concerning the usefulness of the performance reserve, as the procedures for implementing it do not take account of long-term results and impact;
47. reiterates, in this context, its view that it is by using cohesion policy tools that less developed Member States and regions are able to unlock the European added value of integration, at the same time equipping the stronger ones to respond to global challenges in an optimum manner. Through cohesion policy local and regional authorities become more closely linked to the European project, and cohesion policy gives the EU legitimacy at local and regional level;
48. calls, therefore, for substantially increasing the visibility of cohesion policy measures through appropriate communication actions, as they are one of the indisputable advantages of EU integration for people at local level. Regions and towns can also make a great contribution to this. Economic, social, spatial, environmental, cultural and political achievements of cohesion policy need to be highlighted and its potential to overcome the EU identity crisis should be used since there is strong evidence on the long-term results and added value of this policy;

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<http://cor.europa.eu/en/documentation/studies/Documents/eu-added-value-test-to-justify-eu-spending.pdf>.

Territorial dimension and multi-level governance to strengthen the role of local and regional authorities

49. points to the fact that, through its local and regional approach, cohesion policy supports European regions and municipalities with future-oriented investments to strengthen competitiveness, employment and lifelong learning, as well as with networking, interregional cooperation and the exchange of experience across Europe. It is the only EU policy with a regional focus based on multi-level governance. The territorial dimension of cohesion policy and the role of regional authorities in managing it must therefore be further strengthened;
50. takes the view that strengthening cohesion at the regional and local level – including across borders – requires a wider range of options for developing appropriate solutions on the ground. Cohesion policy must include a flexible range from which the intended beneficiaries can choose the most effective solutions for their region or municipality under European rules;
51. insists on the need to continue and simplify the promotion of cross-border, transnational and interregional cooperation as part of the objective of European Territorial Cooperation, including the promotion of the existing and future macro-regional and maritime strategies, islands, maritime border regions and the outermost regions. The European added value is particularly visible here. It is a result of the direct achievement of integration policy objectives and the promotion of good neighbourly cooperation. Joint efforts between partners from different Member States, the possibility of knowledge exchange across the EU and the shared development of new solutions to optimise public administration and private sector development are important elements of EU integration. Given its visible European added value, support for territorial cooperation should be strengthened within the appropriate budget;
52. draws attention to the important role of smart specialisation in strengthening regional innovation systems, for knowledge exchange between regions and for boosting synergies, particularly with European research funding, and also refers to its opinion on Smart Specialisation Strategies (RIS3): impact for regions and inter-regional cooperation (SEDEC-VI/021);
53. recognises the need to step up support for cooperation at the external borders of the European Union in the form of interaction between the territorial dimension of cohesion policy and the EU's neighbourhood policy. Cooperation along the EU's external borders should be funded by the neighbourhood policy in accordance with the cohesion policy's rules;
54. believes, in this respect, that macro-regional and maritime strategies for the participating regions and those who live there constitute significant added value, provided that the existing and future funding tools can be used for the strategies in a coordinated way, and therefore calls on the European institutions to ensure that the objectives of macro-regional strategies are coordinated with the future cohesion policy funding tools and other EU funding tools (CEF, Horizon 2020, EFSI);
55. recommends that key challenges for local authorities (e.g. environmental protection, social inclusion, migration, digital transformation, sustainable transport, climate change and

regeneration) continue to be specifically addressed under cohesion policy and that cohesion policy be the main European tool for stimulating cooperation to promote growth, a liveable environment and innovation in Europe's municipalities, for creating the necessary conditions such as in the area of broadband infrastructure or the circular economy, and for making the best use of municipalities' growth potential. Provision should be made for the widest possible range of funding options for sustainable local development, from which the best packages of measures can be developed locally. Alongside cities, these challenges affect all local authorities in different ways. Integrated concepts (e.g. CLLD, ITI) should therefore also be able to be used in the future to develop tailored solutions. However, this requires sufficient space to be created in the programming process for them to have their own, flexible configuration;

56. with a view to harmonious territorial development, calls for the role of metropolitan regions and cities to be strengthened, which face many concrete problems, for example in the areas of quality of the environment, urban sprawl, social exclusion, transport and housing. In order to help improve rural-urban links, it must also be possible to include smaller towns and rural municipalities. Furthermore, the relevant rules must be radically simplified. As stated in its opinion on the EU Urban Agenda (COTER-VI/010), the CoR points out that EU policies must not encourage a competitive relationship between urban, coastal and rural dimensions. It is important to insist on a holistic territorial vision of urban and rural areas as complementary functional spaces. In connection with community-led local development financed using various European funds, there must be better integration between the different funds;
57. calls for the new tools for strengthening the bottom-up approach and multilevel governance, such as Community-led Local Development (CLLD) and Integrated Territorial Investment (ITI), to be stepped up and simplified, with the aim of further boosting integration at local and regional level with a view to ensuring an integrated and holistic approach to regional development. Achieving this objective requires a corresponding shift in decision-making authority as well as the broad involvement of all relevant parties on the ground;
58. recommends supporting the development of rural areas and promoting comprehensive policies to boost these areas by improving connectivity in terms of both transport and digital broadband, balanced with environmental protection, as stated in the Cork 2.0 Declaration. Repeats its call, made in its opinion on Innovation and modernisation of the rural economy (NAT-VI/004), for a white paper on the countryside to be drawn up addressing the challenges facing rural areas and promoting their potential, with the aim of safeguarding the rich cultural, architectural, natural, social, culinary and economic heritage that their inhabitants preserve for the enjoyment of European society as a whole;
59. calls for specific treatment for outermost regions to be envisaged as part of post-2020 cohesion policy, taking into account these regions' particular constraints, unique in Europe. It would draw attention to the fact that the TFEU recognises these constraints in Article 349 and makes express provision for the adoption of specific measures to help these regions, particularly in respect of the conditions of access to structural funds;
60. also recognises that balanced territorial development must provide adequate support for rural and peri-urban areas in the hinterland, as well as disadvantaged areas (e.g. mountainous, border

areas or other areas with natural or demographic disadvantages), in order to secure the necessary investments in growth, jobs, social inclusion and environmental sustainability. The regions affected should play a role in designing territorial instruments, which set the prerequisites for efficient multi-sector undertakings leading to a stronger integration of urban and rural functional areas into regional economies;

61. in view of the requirements and demands of depopulated areas for greater visibility, a European-level forum should be set up, that could meet yearly, allowing them not only to follow up on the implementation of specific policies in these areas, but also to formulate proposals and exchange best practices between themselves. This would serve not only to lend them greater visibility, but would also break the isolation they experience and ensure that their voices are heard directly in the European institutions. Any such forum should recognise the specific characteristics of each region and guarantee fair representation;
62. is of the view that future cohesion policy must also be the main instrument for securing sustainable development of areas which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density and island, cross-border and mountain regions, through specific measures on the basis of an integrated territorial approach, to offset the cost differentials connected with the difficult conditions for human settlements and businesses. By guaranteeing the availability of essential services and high quality infrastructure, this would also combat the trend towards depopulation. Particular attention must be paid to strengthening agriculture, an activity that is pivotal to sustaining other economic activities in mountainous regions and safeguarding areas facing hydrogeological risks, something that will also benefit lowland areas;
63. calls for more precise measures to strengthen the local and regional accountability and visibility of ESI funds on the ground including ensuring democratic scrutiny, at the applicable level, of regional or national ESI programmes;

Sufficient funding for effective policies

64. recognises that in the long term there will be a greater need for Union funds at EU level in order to boost investment. The funding available for this purpose will in future continue to find itself caught up in the tensions surrounding national budget consolidation and the willingness of the Member States to finance EU tasks. It will be important for cohesion policy to fulfil its task of strengthening economic, social and territorial cohesion in such a way that it makes a convincing contribution to strengthening European regions and the EU as a whole, and that the funds are used effectively. In this respect, it is absolutely essential that sufficient resources are allocated to cohesion policy and that they are allocated via an approach that takes into account the specific requirements of regions and municipalities. In addition, the CoR draws attention to the negative impact of Brexit on the EU's budget. In order to best safeguard the European budget, and particularly the budget for cohesion policy, the Committee reiterates its call for the United Kingdom to meet all its legal obligations under the current medium-term financial framework. It points in this connection to its resolution of 22 March 2017 (RESOL VI/022) and urges the Commission to further develop the proposals made by the High Level Group on own resources in the report on the future financing of the EU;

65. points out that the ESIFs are not comparable with centrally managed initiatives such as the EFSI. While the EFSI generates investments at European and national level in the form of individual projects, without any territorial component, the use of ESIFs in connection with the regional innovation strategies provides for the sustainable strengthening of economic, social and territorial cohesion within regional and local authorities, ensuring the balanced and harmonious development of the EU as a whole. This specific feature of the ESIFs should be further strengthened through a strategic, synergy-boosting approach that creates clear incentives for efficiency and impact by means of an adequate monitoring and evaluation system and targeted selection methods. Both tools – the ESIFs and EFSI – are mutually complementary and must not conflict with each other; the latter cannot replace the former either;
66. also refers in this connection to its opinion on EFSI 2.0 of 7/8 December 2016 (COTER-VI/019);
67. is of the opinion that financial tools are useful and may constitute an alternative or complement to grants and can help to increase the effectiveness of cohesion policy due to their leverage effect. However, this must not lead to a phasing out of ESIF grant funding in favour of loans. Given the high administration costs associated with them, financial tools should only be used where it is deemed to be useful on the ground. In the case of public bodies and especially regions, cities and municipalities, resorting to the increased use of financial instruments must not threaten their financial stability. The CoR therefore rejects any obligation to further increase the share of financial tools in the next funding period. The provisions concerning the use of the ESIFs in the financial tools are exacting and complex, and indicative of difficulties in the implementation of financial tools. The relevant rules on how they are implemented compared to the 2014-2020 period, should therefore be radically simplified. The CoR also believes that the synergies between grants and financial tools should be made more attractive and that the operating conditions of financial instruments should be aligned as far as possible with market economy conditions;
68. advocates strengthening mutual synergies between cohesion policy and other funding tools and programmes through common strategic objectives and assessment criteria. Without watering down the various objectives of the tools, it would be possible to better coordinate the procedures and requirements for management and control systems, in order to optimise transparency and access to the various funding opportunities. This should also be taken into account when revising the EU Financial Regulation, so that, for instance, the evaluation of research projects under Horizon 2020 will give more points to those that involve a European partnership and use Structural Fund resources to secure better integration between the various European programmes;
69. also refers, with respect to the proposals for a revision of the EU Financial Regulation, to its opinion on Financial rules applicable to the general budget of the Union of 11/12 May 2017 (COTER VI/20);

Subsidiarity and proportionality for simplifying administration and reducing bureaucracy

70. is concerned that cohesion policy is jeopardising the achievement of its own objectives in that the complexity of the management and control system is no longer proportionate to the added value of planning. As a result, there is a danger that cohesion policy will no longer be perceived by beneficiaries and the public as being a key to success but rather as yet another symbol of the EU's alleged remoteness from ordinary people. It is in everyone's interest to avoid this. Unnecessary bureaucratic/administrative burdens associated with programming, management, control and implementation must be radically reduced, both for regional and local authorities as well as for final beneficiaries;
71. is in favour of any future reform process including a focus on removing administrative barriers, both in terms of the design of the general cohesion policy rules as well as for implementing and carrying out individual programmes and projects. It is particularly worth pointing out that all the Commission directorates-general and services involved should contribute to simplifying cohesion policy. In doing so, the principle of subsidiarity shall be applied more consistently than has previously been the case. Important aspects in this respect include the timely presentation of the new legal framework prior to the start of the new funding period, by mid-2019 at the latest, moves to no longer apply new standards retroactively, the development of stable and established legal practice, a focus on essential, accurate and reliable rules while at the same time drawing on national standards wherever possible. This should counter the difficulties faced by managing authorities at the start of each programming period, in the interests of greater consistency and better continuity and so as to prevent late payments. In order to increase transparency and reduce the complexity of the legislation, under the various EU funds the same rules should apply to similar situations and, as far as possible, there should be a common set of provisions. The countless downstream acts and guidelines should be reduced. In the interests of legal certainty, approvals must remain valid throughout the entire period;
72. points out that the administrative requirements for cooperation projects in connection with European territorial cooperation need to be reduced significantly, in order to encourage cooperation instead of discouraging it. This will require a separate Regulation in future too. However, it will need to be based much more on trust and partnership between the Commission and the regions, and less on monitoring and error prevention. In addition, the multilateral nature of ETC means that ex ante conditionalities should be avoided. It should also be borne in mind, when developing specific criteria for measuring the European added value of cohesion policy, that, thanks to the close cooperation it involves, ETC already contributes in itself to cohesion between EU Member States and between the Member States and regions outside the European Union;
73. calls on the European Commission to propose a comprehensive territorial impact assessment of future proposals for the design of cohesion policy, which also includes measuring administrative burdens and offers its cooperation in this area on the basis of point 23 of the Protocol on Cooperation between the European Commission and the Committee of the Regions;
74. also draws attention to the fact that the implementation of cohesion policy is heavily overregulated due to the intertwining of European and national legal systems, and that the limit

of what can be considered a reasonable control and administrative burden for implementing the operational programmes has already been exceeded. As a result, the balance between, on the one hand, the positive effects of the ESIFs and, on the other hand, the costs of implementation is constantly decreasing;

75. therefore considers that a comprehensive review of the requirements for ESIF management and control systems is urgently needed. There is also a need for greater legal certainty and clarity and the prevention of goldplating when implementing the ESIFs. In this regard, the CoR welcomes any initiative to simplify funding, as well as the High Level Group of independent experts on simplification, which has been convened in this context. For example, the CoR suggests reducing the requirement for monitoring, reporting and evaluation. It is also necessary to develop a relationship of trust between the Commission and the managing authorities, in order to better adapt the checks and give managing authorities and project promoters greater security. To this end, it is essential to introduce a principle of differentiation in common management, to distinguish between fraud and unintentional errors, and to increase the acceptable error rate to 5%;
76. points out that coherent application of the subsidiarity principle requires not only reduced administrative burdens and less complex legislation, but also support for local and regional authorities geared towards building up their administrative and programme management capacity and implementing related initiatives and projects;
77. also points out, however, that previous attempts to identify and consistently address the causes of complexity and excessive administrative and control costs have in some cases actually brought about additional complications for administrations and beneficiaries. Calls for greater legal certainty have often lead to additional implementing rules, measures and guidelines being adopted by the Commission and the Member States and thereby ultimately made implementing the programme even more complex. The likelihood of errors and error rates have in turn increased;
78. therefore suggests exploring whether it would be possible to fundamentally change how the programme is planned and implemented.- In future, Member States and managing authorities should be allowed to choose to conduct the administrative implementation of their programmes based either purely on European or national law. These corresponding rules should be included in the EU Financial Regulation. This would eliminate the commingling of national and European rules;
79. calls, furthermore, for a consistent approach in future to coordinating control and audit procedures, in order to avoid multiple checks and duplicate controls asking beneficiaries for the same information more than once, prevent conflicting assessments between audit authorities and reduce costs. Checks by the EU institutions should be limited to the achievement of objectives and the fight against fraud and corruption;
80. advocates, in view of the future state aid scheme, explaining that the ESIFs conform with state aid rules by definition, extending the non-applicability of Articles 107 et seq. of the Treaty recognised in the EAFRD and the EMFF to all funds or, failing that, greatly simplifying the

application of state aid rules to the use of ESIFs, for example by introducing state aid compatibility, linked to simple criteria (e.g. conformity with approved operational programmes), for ESIF funding. The unequal treatment of directly managed EU funds such as the EFSI, the Connecting Europe Facility and Horizon 2020, and the ESIF in the area of state aid, is unjustified, increases the administrative burden and impedes synergies between these tools, while also generating legal uncertainty over the absence of uniform criteria with regard to key topics such as the incentive effect;

81. considers that legislative encouragement of and incentives for joint programming involving more than one managing authority are needed in order to facilitate macro-regional and trans-European initiatives, including macro-regional maritime areas;
82. also calls for the Commission to consider simplifying public procurement using financing from the EU budget. Such a measure would facilitate end users' access to public procurement, while simplifying the procurement process and case-law;
83. calls, with regard to programming requirements, for ESIF implementation and control to be carried out in future according to the differentiation principle, as fundamentally different conditions also require different structures for implementation. In particular, the volume of the programme, the risk profile, the quality of the administration, the share of public expenditure and the level of own financing could be key criteria that should be taken into account in the discussions on the proportionate and differentiated design of management and control systems beyond 2020. This also applies in particular to territorial cooperation;
84. on simplifying administrative procedures and implementation, also refers to the opinion on Simplification of ESIF from the perspective of local and regional authorities of 10/12 October 2016 (COTER VI/012).

Brussels, 11 May 2017

The President
of the European Committee of the Regions

Markku Markkula

The Secretary-General
of the European Committee of the Regions

Jiří Buriánek

II. PROCEDURE

Title	The future of Cohesion Policy beyond 2020 – For a strong and effective European cohesion policy beyond 2020
Reference(s)	–
Legal basis	Article 307(4) TFEU
Procedural basis	Rule 41(b)(ii) RoP
Date of Council/EP referral/Date of Commission letter	–
Date of Bureau/President's decision	6 April 2016
Commission responsible	Commission for Territorial Cohesion Policy and EU Budget (COTER)
Rapporteur	Michael Schneider (DE/EPP) State Secretary, Representative of the Land of Saxony-Anhalt to the Federal Government
Analysis	14 July 2016
Discussed in commission	31 May 2016 and 29 September 2016
Adoption by commission	2 March 2017
Result of the vote in commission (majority, unanimity)	Majority
Date of adoption in plenary	11 May 2017
Previous Committee opinions	EFSI 2.0 – CDR 5690/2016 ² Mid-term revision of the multi-annual financial framework (MFF) – CdR 9/2016 ³ Simplification of ESIF from the perspective of local and regional authorities, CdR 8/2016 ⁴ Indicators for territorial development – GDP and beyond – CDR 4287/2015 ⁵ Financial instruments in support of territorial development – CdR 1772/2015 ⁶ Investment Plan and European Fund for Strategic Investments – CDR 943/2015 ⁷ Outcome of the negotiations on the partnership agreements and operational programmes – CDR 6248/2014 ⁸

² Not yet published in the Official Journal of the European Union.

³ [OJ C 17, 18.1.2017, p. 20.](#)

⁴ OJ C 88, 21.3.2017, p.12.

⁵ [OJ C 120, 5.4.2016, p. 16.](#)

⁶ [OJ C 423, 17.12.2015, p. 35.](#)

⁷ [OJ C 195, 12.6.2015, p. 41.](#)

⁸ [OJ C 313, 22.9.2015, p. 31.](#)

	<p>Guidelines on the application of the measures linking the effectiveness of the European Structural and Investment Funds (ESIF) to sound economic governance – CDR 6247/2014⁹</p> <p>Sixth report on economic, social and territorial cohesion – CDR 4896/2014¹⁰</p>
Date of subsidiarity monitoring consultation	–

⁹ [OJ C 140, 28.4.2015, p. 28.](#)

¹⁰ [OJ C 19, 21.1.2015, p. 9.](#)