



**European Committee
of the Regions**

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OPINION

Eighth report on economic, social and territorial cohesion

THE EUROPEAN COMMITTEE OF THE REGIONS

- welcomes the publication of the 8th Cohesion Report, which sets out both the main developments and the territorial disparities that European regions have experienced over the last decade, as well as its analysis of the positive impact of cohesion policy for the period 2014-2020 on investment across the regions of the European Union;
- highlights the effectiveness of cohesion policy in addressing the COVID-19 pandemic, notably through the flexibility measures introduced as of April 2020. Considers, however, that it is essential to maintain the focus of cohesion policy on strengthening territorial, economic and social cohesion in Europe;
- calls on the European Commission to define the concept "do no harm to cohesion", which must apply to all European policies in order to reduce the anti-cohesive effect of certain European policies, and to make it a real mechanism for assessing the impact of European policies on cohesion in Europe;
- calls on the Commission to enhance the role of the regions in the management of the Structural and Investment Funds and to strengthen the legislative provisions linked to the partnership, and to start a long-term reflection process involving ESIF managing authorities at regional level in order to simplify management, control and audit rules, leading to a genuine reform with a view to the next cohesion policy legislative package for the post-2027 period;
- notes on the basis of the 8th Cohesion Report that the public investment deficit in the European Union constitutes a hidden debt; therefore reiterates its often-expressed call for a "golden co-financing rule", whereby expenditure by Member States and local and regional authorities on co-financing under the Structural and Investment Funds is not counted as structural, public or similar expenditure as defined in the Stability and Growth Pact, in compliance with the EU co-financing limits that apply to it.

Rapporteur

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Reference documents

COM(2022) 34 final
SWD(2022) 24 final

**Opinion of the European Committee of the Regions –
Eighth report on economic, social and territorial cohesion**

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the publication of the 8th Cohesion Report, which sets out both the main developments and the territorial disparities that European regions have experienced over the last decade, and also lays the foundations for the debate on the future of cohesion after 2027;
2. shares the European Commission's analysis of the historical context in the European Union: the COVID-19 pandemic and what the Cohesion Report describes as major new trends, such as climate change and digital hyperconnectivity, constitute new sources of territorial inequalities and fuel the geography of discontent in Europe;
3. notes that the slow resumption of the convergence process in recent years hides very different trends: several less developed and transition regions in southern and north-western Europe have shown low or negative growth. At the same time, regional growth in the east is still sometimes marked by strong differences between capital regions and other regions;
4. stresses the impact of Brexit on the European economy, in particular on interregional cooperation, research and training ecosystems, and the demography of many European regions;
5. notes the need for cohesion in Europe, accentuated by the war in Ukraine, at the borders of Europe;
6. therefore calls on the Commission for an open and strategic reflection on the role of cohesion policy post-2027 in the European policy mix;

Cohesion policy for long-term development

7. considers that the regional disparities identified in the Cohesion Report fully reinforce the legitimacy of cohesion policy as defined in the Treaties, namely the reduction of disparities in wealth and development between the regions of the European Union;
8. therefore welcomes the Cohesion Report's analysis of the impact of cohesion policy for the period 2014-2020 on investment across the regions of the European Union;
9. notes that cohesion policy has often played a key role in maintaining a sufficient level of public investment in the face of a decline in national investments;
10. points out that the positive impact of investments supported by cohesion policy is proven in the long term, as highlighted in Chapter 9 of the Cohesion Report;

11. also emphasises that the programming arrangements specific to cohesion policy allow certain projects to be financed up to three years after the end of a programming period, making it impossible to compare them with other European programmes under direct management;
12. highlights the effectiveness of cohesion policy in addressing the COVID-19 pandemic, notably through the flexibility measures introduced as of April 2020 (the two Coronavirus Response Investment Initiative (CRII) packages);
13. considers, however, that it is essential to maintain the focus of cohesion policy on strengthening territorial, economic and social cohesion in Europe;

A definition of the concept "do no harm to cohesion"

14. sees the opportunities of the introduction of a new concept in the Cohesion Report aiming to extend a comprehensive approach to cohesion policy to any European public policy with territorial impact;
15. stresses that this concept fully supports the initiative of the European Committee of the Regions to demonstrate the role of economic, social and territorial cohesion as a fundamental value of the European Union;
16. considers that this concept could enable any European policy to take account of the diversity of the different regional realities in the European Union, while increasing its effectiveness and improving the visibility of EU action among citizens
17. opposes, however, the extremely restrictive interpretation of this concept, according to which this principle would only apply to operational programmes and not even to the partnership agreement; reiterates to the European Commission that this principle of “do no harm to cohesion” must apply to all European policies in order to reduce the anti-cohesive effect of certain European policies or programmes;
18. particularly supports the need mentioned in the Cohesion Report for the Recovery and Resilience Facility (RRF) to support cohesion in Europe;
19. calls on the Members States and the European Commission to ensure that the RRF and any possible successor directly incorporates the cohesion policy approach based on multilevel governance and partnership;
20. stresses, furthermore, the need to better align and increase synergies between cohesion policy and Horizon Europe in order to strengthen innovation in all European regions and thereby develop their research and innovation capacities, which allows the EU to compete on a global scale by investing in regional excellence and can be a solution to the development trap of middle-income regions;

21. points out, in this connection, that it is important for these regions in the middle-income development trap to have specific support, either through belonging to the category of intermediate regions or by means of easier access to territorial cooperation instruments in the field of innovation;
22. calls for the consolidation of the approach based on smart specialisation strategies in order to boost competitiveness and the innovation ecosystem on the basis of place-based strategies and enhanced territorial cooperation;
23. calls on the European Commission to define the concept "do no harm to cohesion" and to make it a real mechanism for assessing the impact of European policies on cohesion in Europe; proposes that the rural proofing provided for in the Communication on a long-term vision for the EU's rural areas be included in this mechanism in order to take account of the specific characteristics of these areas; calls on the European Commission to develop specific guidelines on the practical implementation of this concept, including the use of legislation after consulting the European Committee of the Regions;

Cohesion policy at the heart of a long-term European strategy

24. points out that, even though cohesion policy is at the heart of the achievement of the European Green Deal and the European Pillar of Social Rights, it is not part of a long-term European strategy as such, unlike 2014-2020 cohesion policy, which was directly linked to the achievement of the objectives of the Europe 2020 strategy;
25. therefore calls on the European Commission to draw up a new long-term European strategy for 2030 linking the imperatives of the green and digital transitions while strengthening the EU's economic, social and territorial cohesion; stresses that this strategy should encompass all EU policies and funds supporting investment, in line with the "do no harm to cohesion" principle introduced in the Cohesion Report;
26. regrets the lack of mechanisms for coordinating between and linking the RRF and 2021-2027 cohesion policy and the risk of overlaps or crowding out in the absence of a real mechanism to verify the additionality of funding from the RRF;
27. stresses the need to put European investment policies on an equal footing in order to avoid competition between the various European policies on the ground, as state aid rules currently form an obstacle to cohesion policy implementation, as compared to other policies;
28. in this context, calls on the European Commission to carry out a thorough analysis with a view to adapting the European legislative framework on State aid so that projects supported by the various European programmes and funds are subject to the same rules;

Better integrating cohesion policy into the European Semester

29. notes that the Cohesion Report fails to refer to the link between cohesion policy and the EU's economic governance framework, despite the increased role of the European Semester in implementing cohesion policy for the 2021-2027 programming period;
30. welcomes the inclusion of a new section on territorial disparities in the country reports of the spring European Semester package published in May 2022, provided that this inclusion is aimed exclusively at strengthening territorial cohesion in Europe and not at imposing structural reforms completely disconnected from the long-term objectives of cohesion policy;
31. calls on the Commission to continue its efforts to increase the focus on territorial cohesion challenges affecting European areas and regions in the relevant country reports and country-specific recommendations;
32. calls for a more comprehensive reflection aimed at reforming the current framework for economic policy coordination so that the various phases of the European Semester can incorporate the "do no harm to cohesion" principle and better involve local and regional authorities;
33. notes on the basis of the 8th Cohesion Report that the public investment deficit in the European Union constitutes a hidden debt; therefore reiterates its often-expressed call for a "golden co-financing rule", whereby expenditure by Member States and local and regional authorities on co-financing under the Structural and Investment Funds is not counted as structural, public or similar expenditure as defined in the Stability and Growth Pact, in compliance with the EU co-financing limits that apply to it; stresses that public investments, such as those for sustainable ecological, digital and social transition and for maintaining European competitiveness, are important for future generations and should therefore be treated appropriately, including through a change in European accounting rules;
34. reiterates its call from previous opinions¹ for a code of conduct for the input of local and regional authorities in the context of the European Semester. The code of conduct is necessary to make the European Semester more transparent, inclusive and democratic, but also more effective by involving local and regional authorities. This increases ownership at local and regional level, thus improving the implementation of the desired economic reforms in the Member States;

¹ Opinion of the Committee of the Regions: Recovery Plan for Europe in the face of the COVID-19 pandemic: Recovery and Resilience Facility and Technical Support Instrument (COR-2020-03381-AC)
Opinion of the Committee of the Regions: The European Semester and cohesion policy: Aligning structural reforms with long-term investments (COR-2018-05504-AC)
Opinion of the Committee of the Regions: Improving the governance of the European Semester: a code of conduct for the involvement of local and regional authorities (COR-2016-05386-AC)

Towards a new strategic framework for the European Structural and Investment Funds ...

35. notes a certain trend towards the multiplication of investment funds at European level, some of which are under direct management, shared management (such as the European Structural and Investment Funds – ESIF) or with the State in a leading role in their implementation (the national recovery and resilience plans supported by the RRF);
36. is concerned by the current trend to increase the transfer of ESIF funds to other policies or programmes, such as national recovery and resilience plans or directly managed programmes such as Horizon Europe; as such, strongly opposes the transfer of funds from cohesion policy and the European Agricultural Fund for Rural Development (EAFRD) to the RRF; it is the RRF, based on Article 175 TFEU, that aims to complement the efforts of cohesion policy to achieve the objectives of Article 174 TFEU, and not the other way around; furthermore, points out that cohesion policy already represents a major contribution to European green investments and to the EU's energy independence; therefore concludes that the recentralisation of EU funds via the transfer of the aforementioned funds to the RRF is not justified;
37. notes that this trend has a twofold adverse effect, contributing, on the one hand, to reducing the effectiveness of cohesion policy as a long-term development policy and, on the other, to downgrading it to a simple budget line in the European Union's multiannual financial framework;
38. therefore calls on the European Commission to develop a new strategic framework for the post-2027 period focusing on partnership and multilevel governance and making general provision for all EU investment funds with a territorial dimension, i.e. the ESIF, the possible future Social Climate Fund, the EAFRD and the future RRF where appropriate;
39. stresses in particular the need to reintegrate the EAFRD into this new strategic framework;
40. calls also for special attention to be paid to the future of the European Social Fund (ESF) in order to incorporate a stronger territorial dimension and to enhance the role of local and regional authorities in its implementation;

... aimed at genuine simplification in the implementation of the ESIF...

41. notes that the legislative framework for cohesion policy covering the period 2021-2027 contains significant simplification measures, such as the extension of simplified cost options, which will have to be assessed once implemented under the 2021-2027 programming;
42. points out, however, that the proliferation of funds and of rules, deadlines and arrangements for the implementation of funds under shared management has recently led to an increased administrative burden for the managing authorities of the funds, which are often at regional level;

43. notes that this administrative burden leads to delays in the implementation of ESIF funds for which regions are often considered responsible, which undermines the image of cohesion policy as an effective investment policy in the eyes of European citizens;
44. emphasises the crucial role of regions in breaking up silos in the implementation of ESIF funds and linking them to a place-based approach in order to support place-based development strategies;
45. already calls on the Commission to start a long-term reflection process involving ESIF managing authorities at regional level in order to simplify management, control and audit rules, leading to a genuine reform with a view to the next cohesion policy legislative package for the post-2027 period;
46. reiterates the request of the European Committee of the Regions to implement a contract of trust between the European Commission and the managing authorities for cohesion policy to make the ESIF funds attractive for project developers once more and so that programmes with a very low residual error rate in the 2021-2027 programming period can benefit from simplified management, control and audit rules for the next programming period;

... and focusing on a genuine partnership of trust with local and regional authorities...

47. notes a certain centralisation of the 2021-2027 cohesion policy and an undermining of the partnership principle and the role of regional authorities in establishing investment needs as part of operational programmes;
48. welcomes the intention expressed in the Cohesion Report to strengthen multilevel governance and the partnership principle;
49. supports the recent initiative for a European community of practice on partnership 2021-2027, which should lead to significant improvements in the European code of conduct on partnership;
50. highlights the unique approach of cohesion policy, where the ESIF operational programmes are based on an analysis of territorial needs established at local level and follow a fully participatory and democratic process, contrary to the national recovery plans supported by the RRF, which were largely designed without the involvement of the regions;
51. therefore calls on the Commission to enhance the role of the regions in the management of the Structural and Investment Funds and to strengthen the legislative provisions linked to the partnership, particularly in view of the post-2027 period

Cohesion policy as a tool for reversing demographic decline in inland, rural and mountainous areas

52. is concerned about the increasingly ageing population, declining birth rates, and the depopulation of inland areas, especially rural and mountainous areas;

53. notes that economic and social disruptions, most recently caused by the COVID-19 pandemic and the conflict in Ukraine, affect young people's future expectations;
54. highlights the importance of establishing an EU strategy for demography, taking into account in particular the opportunities offered by legal migration flows within the EU, while strengthening coordination on illegal immigration and providing support and protection to refugees;

A special focus on regions with permanent geographical disadvantages

55. regrets that the Cohesion Report only superficially addresses the challenges faced by regions with permanent geographical disadvantages and the outermost regions;
56. calls for a special focus on the regions with permanent geographical disadvantages defined in Article 174 TFEU, namely island regions, regions with very low population density, cross-border and mountain regions, and on the outermost regions in any reform project concerning the future of cohesion policy;
57. emphasises the important work that has been carried out in the European Parliament on the issue of cohesion of islands and recognises the importance of a pact for European islands;
58. with regard to rural areas, welcomes the fact that the Cohesion Report recognises the potentially negative impact of demographic transitions on cohesion in Europe; therefore calls on the European Commission to step up future funding and instruments under cohesion policy and CAP strategic plans, in particular through minimum thresholds taking into account the EU-wide share of population and territory of rural areas, for the regions recognised in Article 174 and cooperation between urban and rural areas, each of which has comparative and complementary advantages with a view to harmonious territorial development;
59. at the same time highlights the positive role metropolitan areas play in ensuring cohesive development through distributing wealth and benefits in a given area and forging more efficient urban-rural links. Reiterates that the GDP per capita does not give the full picture about their level of development and recommends the use of the Social Progress Index methodology to identify the most pressing challenges that need to be financed in the metropolitan areas by Cohesion Policy funds²;

Boosting territorial cooperation

60. points out that the budget allocated to the territorial cooperation component of the 2021-2027 cohesion policy has been significantly reduced compared to the previous period, undermining the EU's capacity to act in order to address significant cohesion challenges in cross-border areas;

² Opinion of the Committee of the Regions: The challenges of metropolitan regions and their position in the future cohesion policy post 2020 (COR-2019-01896-AC)

61. welcomes the reference in the Cohesion Report to strengthening cross-border and interregional cooperation; calls for the growing need to strengthen cohesion, maintain existing cooperation mechanisms between EU regions and respond to the new cooperation challenges emerging in the current context to be fully reflected in the future cohesion policy for the post-2027 period.
62. regrets that the regions most negatively affected by this cut are those listed in Article 174 TFEU, which, because of their natural, permanent handicaps, particularly need to strengthen their territorial, economic and social cohesion with the other regions of the European Union.

Brussels, 12 October 2022

The President
of the European Committee of the Regions

Vasco Alves Cordeiro

The Secretary-General
of the European Committee of the Regions

Petr Bližkovský

II. PROCEDURE

Title	8th report on economic, social and territorial cohesion
Reference(s)	COM(2022) 34 final SWD(2022) 24 final
Legal basis	Article 307 TFEU
Procedural basis	Rule 41(b)(i) of the CoR Rules of Procedure
Date of Council/EP referral/Date of Commission letter	6 December 2021 (Presidency referral)
Date of Bureau/President's decision	16 December 2021
Commission responsible	Commission for Territorial Cohesion Policy and EU Budget
Rapporteur	Nathalie Sarrabezolles (FR/PES), Councillor of the Finistère Departmental Council
Discussed in commission	12 July 2022
Date adopted by commission	12 July 2022
Result of vote in commission (majority, unanimity)	Unanimity
Date adopted in plenary	12 October 2022
Previous Committee opinions	<ul style="list-style-type: none"> – Opinion on <i>Sixth report on economic, social and territorial cohesion</i>³ – Opinion on <i>The cost and risk of non-cohesion: The strategic value of cohesion policy for pursuing the Treaty objectives and facing new challenges for European regions</i>⁴ – Opinion on <i>Equivalent standards of living as a joint challenge for all levels of government in Europe</i>⁵ – Opinion on <i>The role of the EU's cohesion policy with respect to intelligent and innovative economic change in the regions against the backdrop of the coronavirus crisis</i>⁶
Date of subsidiarity monitoring consultation	N/A

³ [OJ C 19, 21.1.2015, p. 9](#)

⁴ [OJ C 247, 13.7.2018, p. 16](#)

⁵ [OJ C 440, 18.12.2020, p. 4](#)

⁶ [OJ C 440, 18.12.2020, p. 54](#)