

EUROPEAN UNION



Committee of the Regions

The future of EU cohesion policy as seen by regions and cities



Catalogue number: QG-31-12-571-EN-C
ISBN: 978-92-895-0576-5
DOI: 10.2863/47069

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Printed in Belgium

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Foreword



Mercedes Bresso (PES/IT)
President of the Committee of the Regions

Development of our cities and regions, access to high-quality public services for all, attractive living and working conditions, and a climate conducive to innovation, creativity and cooperation to make our businesses – not least, the smallest ones – more competitive: all these objectives lie at the heart of our concerns. Now more than ever, European cohesion policy is a vital tool for helping local and regional elected representatives to achieve these goals.

Furthermore, local and regional authorities are joint managers of this policy, with national authorities, and are also often the main co-financers of Structural Fund programmes. It is thus not surprising that the proposal for the future 2014-2020 cohesion policy is a key political priority for the Committee of the Regions.

Mindful of the way in which the new programming will be devised and implemented, we call attention to the need for a sufficient budget. This is vital for several reasons:

- firstly, to enable all our citizens and all regions to benefit from the single market. This is not a new aim, and it remains the main reason for cohesion policy. However, the current crisis and national austerity measures make it even more legitimate;
- secondly, to carry out the new duties enshrined in the Lisbon Treaty, which recognises territorial cohesion as a cross-cutting objective of the Union. Cohesion policy is not the only agent of this, but it has a special guiding role here, notably as regards territorial cooperation and compensation for natural geographical disadvantages;
- lastly, to explore new avenues for

boosting cohesion within cities and regions and achieving the key components of smart, green and inclusive growth at European level. Aside from the sums allocated, what is important here is the accessibility of the funds, ensured by simplified procedures and appropriate instruments.

The Committee of the Regions is fully aware of the variety and scale of the challenges which cohesion policy – an irreplaceable investment policy for the Union – will have to meet from 2014. This awareness strengthens the determination of all its members to make sure the voice of local and regional authorities is heeded.

This brochure bears witness to that, at a time when the Committee's opinions are being prepared and discussions are taking place between the various institutions, before alliances are forged. I hope that it will help readers to understand more clearly:

- what cohesion policy is: the front-line instrument for European solidarity between regions;
- its main purpose: to secure the development of our regions and produce medium and long-term effects, on the basis of strategic programming, integrated use of the funds, and enough flexibility to adapt to special situations;
- what we see as its strength: the partnership method of co-financing combined with strict quality requirements for public spending, whilst ensuring that the new implementation conditions do not prove counterproductive by creating an excess of red tape or unwarranted delays.

Efficient management and conditionality



Ramón Luis Valcárcel Siso (EPP/ES)
First Vice-President
of the Committee of the Regions

The European Union's cohesion policy demonstrates its added value in the field every day. It is the policy that best represents solidarity and at the same time offers a crucial lever for the economic, social and territorial development of our regions, cities and towns.

In the current context of economic crisis, the structural and cohesion funds are a valuable tool for cooperation in supporting policies that enable the regions to get back on course for economic growth and social development. The added value generated by cohesion policy resources is increasingly visible to the people across the EU who benefit from them, and the continuous improvement in the use and management of European funds clearly has the capacity to boost the leverage effect.

In this setting, any reform intended to enhance the results, efficiency and effectiveness of the cohesion policy is welcome, all the more in the present period of tightened budgets, provided that the proposed reforms do not undermine the ultimate aims of this policy, which seeks a new economic, social and territorial balance.

Some ex-ante conditions were previ-

ously introduced in the rules governing the 2007-2013 period. More will be added in the next period, under the European Commission's proposal, with the aim of ensuring that the Member States meet the targets and objectives of the Europe 2020 Strategy. However, caution must always be the rule when imposing conditions, as they may have the opposite effect to that intended, especially considering that cohesion contributes to the achievement of the Europe 2020 Strategy objectives.

Although any improvement designed to boost the results of cohesion policy is welcome, excessively inflexible management must be avoided: unforeseeable events may require an adjustment of the strategy laid down for a seven-year financial programming period. The differing effects of the current economic crisis on the regions illustrate this.

Similarly, it must be possible to calibrate the scope of EU intervention to the varying economic, social and territorial conditions of each region, rather than being limited to a list of common objectives for the entire EU. This is one of the reasons why the Committee has called for greater flexibility in the European budget.

The Commission envisages greater concentration and conditionality for the forthcoming 2014-2020 period. Any new condition must however improve, and certainly not curtail, the use of EU resources, and must also serve to foster activity on a balanced internal market. In any case, the creation of new obstacles that might jeopardise the use of financial resources that are essential for any European region must be avoided.

The proportionality and subsidiarity principles could be adversely affected by the application of macroeconomic conditionality that takes no account of the territorial environment.

It is hard to grasp the logic of using

cohesion policy in a carrot-and-stick approach to ensure compliance with Stability Pact criteria, because a range of methods for guaranteeing this already exist. What is more, the link between the infringement itself and the target of the penalty may be highly uncertain.

It may be understandable, and even advisable – with a view to increasing the efficiency of EU interventions – to introduce some ex-ante conditions such as transposing EU legislation in areas concerning European financial aid or administrative capacity-building and territorial planning in a given region so as to improve fund management. However such conditions must always be strictly limited to interventions that are co-financed by cohesion policy funds. Any changes that are considered must not entail any further costs or burden for fund managers – indeed, they should have the opposite effect.

Multilevel governance also requires the management of territorial development in keeping with the partnership principle and in the light of familiarity with territorial conditions. The specific institutional arrangements of each country must be taken into account, especially regarding their internal division of powers. Regional and local authorities must be treated as equal partners with national authorities in planning, managing and supervising the funds. It follows that any condition seeking to introduce reserves, such as the performance reserve, must involve local and regional authorities in establishing the allocation criteria: these criteria must, in any case, be based on the inherent objectives of cohesion policy and on the specific local needs of each country. It is both unrealistic and ineffective to believe that a single criterion of measurement will work across the board.

Building Europe is a question of solidarity.

A brief history of cohesion policy

Since the Single European Act of 1986, regional policy has become a cornerstone EU policy and the quintessential expression of solidarity among Member States, regions, territories and ordinary citizens.

In 1957, with the six founding members experiencing very similar levels of development, economic and social cohesion was not a major concern. Nevertheless, the Treaty already set out a vision for cohesion policy as it provided that “the Community shall aim at reducing the disparities between the levels of development of the various regions”. Subsequently, however, successive enlargements brought a steady widening of economic and social disparities and, in response, policies aimed at supporting the common market have been accompanied by a more active development policy to spread the benefits of economic integration. Regional policy has become the “visible hand” of the Union, acting to prevent the widening of disparities between Member States and regions, and to enable every territory to benefit from Europe’s economic integration. In 1989, Jacques Delors, then President of the European Commission, described the situation as follows: “[...] Europe sees its future as strik-

ing a balance between competition and cooperation, collectively trying to steer the destiny of the men and women who live in it. Is this easily done? No. Market forces are powerful. If we left things to their own devices, industry would be concentrated in the north and leisure pursuits in the south. But these market forces, powerful though they may seem, do not always pull in the same direction. Man’s endeavour and political aspiration is to try to develop a balanced territory”. This, then, was the role assigned to cohesion policy in the 1980s.

In 1975 the European Regional Development Fund (ERDF) was set up, initially for a 3-year test period. However, its operations were limited to co-financing predetermined projects in the member states, with little European influence, and member states had to apply for support at project level on an annual basis. The 1980s witnessed a considerable strengthening of European regional policy. In 1988, the European Council allocated ECU 64 billion to Structural Funds over five years and the Council adopted the first regulation integrating the Structural Funds. Between the first programme for the 1989-1993 period and the current 2007-2013 programme, there has been a steady increase in the resources allocated to cohesion policy, to the point where it is now the EU’s largest policy in budgetary terms, with EUR 347 billion allocated to the Structural Funds over seven years. Apart from the increase in the budget, regional policy has also undergone other major reforms, but there has been no change in its primary objective of ensuring balanced, sustainable development for all areas of the European Union, or in the key principles of Programming, Partnership, Concentration and Additionality that were introduced when the policy was reformed in 1988.

The aim of the successive reforms has always been to strengthen these



European Commission President Jacques Delors at the CoR’s inaugural Plenary Session in 1994.

principles. In the case of the concentration of spending, for instance, changes have been directed towards avoiding the pitfalls of dispersing and spreading resources too thinly, by concentrating larger sums on the objectives set by key EU strategies, such as the Lisbon Strategy. On the other hand, the “earmarking” exercise for 2007-2013 highlighted the limits of too much concentration, which would make it impossible for the management authorities to carry out particular development projects that would benefit their regions and contribute to the objectives of economic, social and territorial cohesion. Similarly, the partnership principle has been consolidated over the various programming periods, with local and regional authorities becoming more involved in developing programmes and selecting projects. In this connection, multilevel governance has been recognised by all the institutions as one of the keys to the success of the policy. As far back as the first Cohesion Forum in 1997, Regional Development Commissioner Monika Wulf-Mathies pointed out that “the quality of implementation is determined more and more by the quality of partnership. The success of cohesion policy on the ground depends on a workable partnership bringing together all those involved in economic development in a region.”

The consolidation of regional policy over the years has brought many successes, particularly in terms of narrowing the differences in levels of development between Member States and regions, and strengthening administrative capacity at national, regional and local levels. As a study commissioned by the Committee of the Regions has shown, in addition to financial leverage, the Structural Funds have created three other types of leverage: better strategic planning and government policy making, institutional and administrative



The CoR representatives at the Convention on the Future of Europe in 2003 successfully argued for the territorial cohesion being considered as one of the EU political priorities.

capacity-building and a more cohesive, partnership-based approach to policy-making on the ground¹. Nevertheless, despite repeated demonstrations of the added value of cohesion policy, numerous criticisms have been leveled at its alleged shortcomings and ineffectiveness. The first real attack came in July 2003, with the Sapir report, which called for partial re-nationalisation of regional policy, arguing that it should be concentrated solely on the Union’s “poor” regions, since the “rich” regions could use national public funding to support their development. This proposal was overwhelmingly rejected by the Member States, which stood behind the idea of a cohesion policy for all European regions; it was also opposed by the Committee of the Regions and the European Union’s local and regional authorities, which highlighted the deficiencies of the report, in particular the proposal that Community funding for the “rich” regions be reallocated entirely to innovation and excellence policies, thereby endangering the very objec-

tives of cohesion policy. However, since then cohesion policy – as one of the Union’s key budgetary policies – has continued to be a focus for tensions between the Member States in their discussions on the financial perspectives, with major debates over how it should be reformed to give better results.


In recent years, three important texts have fed into the debate: the Green Paper on Territorial Cohesion (2008), the Barca report (2009) and the Fifth Cohesion Report (2010).

The Committee of the Regions has been an ardent and patient defender of the concept of territorial cohesion, and the pressure it exerted at the Convention on the Future of Europe in 2003 played a key role in the concept being included in the Treaty² as one of the European Union’s political objectives.

Territorial Cohesion has been at the core of policy debates and expert analyses since the publication of the Green Paper in 2008. According to the Territorial Agenda approved by

¹ Cf. *The leverage effect of European Cohesion Policy under the Structural Funds*, ÖIR, Study commissioned by the Committee of the Regions, 22/1/2007.

² Cf. Treaty of Lisbon, ratified in 2007, which entered into force on 1 December 2009 – Article 3 TEU and Article 174 TFEU.



the Member States, it will “help - in terms of territorial solidarity – to secure better living conditions and quality of life with equal opportunities, oriented towards regional and local potentials, irrespective of where people live – whether in the European core area or in the periphery”. Territorial Cohesion can also be defined as meaning “the balanced distribution of human activities across the Union (...) [which] includes fair access for citizens and economic operators to Services of General Economic Interest (SGEI), irrespective of the territory to which they belong” (Article 16 of the TEC)³.


In 2009 the report by Dr Fabrizio Barca commissioned by cohesion policy commissioner Danuta Hübner put forward a series of recommendations aimed at reforming cohesion policy, so as to make it more efficient and adapted to the new challenges facing Europe’s regions. Although the key focus was on striking a better balance between “efficiency” (understood as the search for competi-

tiveness and growth) and “equity” (understood as the combat against social exclusion and the provision of decent living conditions for all citizens), the Barca report also advocated addressing the lack of strategic planning, concentrating funding on a limited number of priorities determined through discussions based on genuine partnership, strengthening the territorial dimension, particularly of the European Social Fund (ESF) (via a “territorialised social agenda”), and continuing to apply the policy across all regions.

Lastly, in 2010 the Commission published its 5th Report on Economic, Social and Territorial Cohesion, whose conclusions set out the broad outlines of regional policy after 2013. Contrary to the concerns that had arisen regarding the future of the policy – facing a considerable decrease in its budget and, de facto, a disappearance of the programmed approach – this report reaffirmed the need to reform cohesion policy in response to the challenges faced

by the European Union, particularly those underpinning the Europe 2020 Strategy: tackling the economic and financial crisis, combating poverty, ensuring a more equitable division of economic activity and wealth and creating a more sustainable, competitive economy to enable Europe to participate more effectively in the process of globalisation. Whilst cohesion policy alone cannot meet these complex challenges, it should enable all Europe’s regions to make better use of their advantages and economic potential and take their place in the knowledge economy, while ensuring sustainable development.

In this connection, the legislative package presented by the European Commission on 6 October 2011, described in detail in the following chapter, is an attempt to address these challenges, taking account of the results of the discussions over recent years on the future of cohesion policy.



³ Cf. *Interim Territorial Cohesion Report (Preliminary results of ESPON and EU Commission)*, DG REGIO, 2004.

The European Commission proposal of 6 October 2011

Investing in Europe's regions: The future of cohesion policy



Johannes Hahn
EU Commissioner for Regional Policy

In 2012, the debate about cohesion policy 2014-2020 is at its peak, with ongoing discussions in the Council, the European Parliament, and the Committee of the Regions. In the context of economic crisis and widespread austerity measures, it is clear that cohesion policy is part of the solution to Europe's economic problems. European stability and prosperity will be at risk if Member States and regions do not work together to deliver growth and jobs.

After 2014, I would like to see cohesion policy delivering the Europe 2020 agenda of smart, sustainable and inclusive growth. This can be achieved by concentrating funding on eleven objectives that will help us to achieve our goals, three of which are particularly important for driving growth: strengthening research, technological development and innovation; enhancing the competitiveness of SMEs; and supporting the shift to a low carbon economy. Another central element of the reformed policy is an increased focus on delivering results. Programme success

will be measured against milestones and targets and, where Member States fail to address weaknesses sufficiently, payments can be suspended. A reserve of 5% of all funds will only be released to Member States in 2019, which will be available solely for programme axes that have performed well.

We have introduced new conditionality provisions that are directly linked to achieving fund objectives. These will incentivise the creation of the right policy environment for the effective investment of the funds, with a possible suspension of payments if conditions, agreed with a Member State beforehand, remain unfulfilled. It has also become clear that we need to link cohesion policy more closely with EU economic governance in order to promote economic stability. Where a Member State is failing to make the necessary progress with reforms asked for by the Council, the Commission may request amendments to relevant programmes. As a measure of last resort, the Commission may suspend funding – while always, of course, acting in a fair and proportionate way.

To support the focus on Europe 2020 and achieving tangible results, the 'Common Strategic Framework' document, covering cohesion policy, rural development and fisheries funds, will provide a comprehensive investment strategy for all funds. It will present 'key actions' for each objective to demonstrate how these can be delivered in practice, and will show how synergies between the funds and wider EU funding instruments can be exploited to increase impact. It will also ensure better coordination with national, regional and local investment programmes.

The Common Strategic Framework will be used to develop a national-

level investment strategy in the form of Partnership Contracts, which will be agreed between Member States and the Commission. These Contracts will be developed with the close involvement of national, regional and local partners from the public, private, and third sectors, and will set out the multi-level governance arrangements for each fund. Member States will have to show how partners will be involved in the design and delivery of programmes. A binding Code of Conduct will also be introduced to provide objectives and criteria for establishing productive partnerships and to facilitate the sharing of best practice between Member States. Partnership increases the legitimacy of investment choices, increases a sense of 'ownership' of the funds at all levels, and improves efficiency by making the most of available expertise.

New instruments to promote a more integrated approach to territorial development will be introduced in 2014. Integrated Territorial Investments will allow the setting up of investment plans that combine funding from different priority axes and/or different operational programmes. The implementation of these plans can be delegated to bodies such as local authorities or NGOs. A territorial approach will also be supported by community-led local development (drawing on the example of rural development's LEADER programme). This will allow a bottom-up approach to policy-making within a given area. Local action groups consisting of representatives from across a community will deliver a local development strategy, and funding will be available to support the preparation of strategies, cooperation activities, and running costs.

Urban areas in particular are centres of innovation, economic opportunity, and

social and cultural diversity, but many also have high rates of poverty, unemployment, and environmental degradation. The new proposals recognise the importance of cities by ringfencing 5% of the European Regional Development Fund for cross-sectoral sustainable urban development, to be managed by cities themselves. Cities will be encouraged to innovate with a fund of around EUR 400 million for piloting new approaches, and the lessons learned from both these new initiatives will be shared via an EU-level Urban Development Platform.

Finally, we have put a strong emphasis on simplifying the new regulations. With

common eligibility rules, easier access to funding, annual rolling closure of programmes and the use of online applications, the bureaucratic burden on all partners will be reduced.

The Commission's 2011 Multiannual Financial Framework proposal allocated EUR 336 billion to cohesion policy. Whatever the final figure, it is clear that we will have to increase the impact of the funds without increasing the budget. Although funding will not increase overall, it will be distributed more equitably. The introduction of a third category of 'transition' regions, those with a GDP per capita of between 75% and 90% of the EU average, will make receipts more

proportional to a region's level of development. Cohesion policy will of course remain a policy for all regions, so that everyone, no matter where they live, benefits from European investment.

This reform is certainly ambitious. I look forward to working closely with the other EU institutions as the proposals continue to develop, and to continuing to exchange views with regional and local partners, whose support is undoubtedly crucial to the success of future cohesion policy.



Mercedes Bresso, President of the Committee of the Regions with Jerzy Buzek, President of the European Parliament, José Manuel Barroso, President of the European Commission, Johannes Hahn, European Commissioner for Regional policy, Danuta Hubner, Chair of the Committee on Regional Development at the European Parliament and Elżbieta Bieńkowska, Poland's Minister for Regional Development, attending in October 2011 the Opening session of the Open Days, the annual joint CoR-EC event on local and regional development.

A Committee of the Regions' overview of the post-2013 cohesion policy reform

On 6 October 2011, the European Commission unveiled its proposals for the future cohesion policy of the European Union (EU) during the next programming period, 2014–2020. The aim of the reform is to align the policy more closely with the objectives of the Europe 2020 strategy, bolster the effectiveness and impact of the Structural Funds, and simplify the implementation and accessibility of the regionally-oriented funds.

The cohesion package

The proposed legislative package comprises: 1) a general regulation laying down common provisions on the three cohesion policy funds (the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund) and on the two other funds with a strong regional dimension: the European Agricultural and Rural Development Fund (EAFRD) and the European Maritime and Fisheries Fund (EMFF). This regulation will enable the use of these funds to be better coordinated. There are then 2) three separate regulations for the ERDF, ESF and Cohesion Fund; and 3) two regulations covering the European territorial cooperation objective and the European grouping of territorial cooperation (EGTC).

The proposed budget

Under the multi-annual financial framework⁴, a total of EUR 376 billion is allocated to «cohesion policy instruments»; of this, some 40 billion EUR would be earmarked for a «new» fund for trans-European infrastructure⁵, which will have a radically different *modus operandi* to the programmes co-financed by the Structural Funds. Therefore, cohesion policy in the strict sense of the term is to be allocated EUR 336 billion. While this constitutes a slight

reduction on the 2007–2013 period⁶, it amounts to just over 32% of the future general budget of the EU (as against just over 35% in the current period) and will continue to cover all European regions (271 in total).

The Commission's proposals envisage the following breakdown of the cohesion budget: 1) EUR 162.6 billion, or 48.3% of the total budget, for the less developed regions (whose GDP per capita is below 75% of the EU average); 2) EUR 53.1 billion, or 15.7% of the total, for the more developed regions (GDP per capita above 90% of the EU average); 3) EUR 39 billion, or 11.6% of the total, for the new category of transition regions (GDP between 75% and 90% of the EU average); 4) EUR 11.7 billion, or 3.48% of the total, for territorial cooperation; and 5) EUR 68.7 billion, or 20.4% of the total, for the Cohesion Fund (of which EUR 10 billion should be ring-fenced for funding trans-European transport networks). A special appropriation of around EUR 1 billion would be provided for the outermost regions and sparsely populated areas; this would also represent a reduction compared to the current period.

The investment priorities retained: towards greater concentration of resources

The general regulation lists the following 11 thematic objectives that the Structural Funds are to support, tying in with the Europe 2020 Strategy, and it is up to the Member States to choose the investment priorities towards which they channel their funding: 1) strengthening research, technological development and innovation; 2) enhancing access to and use of information and communication technologies; 3) enhancing the competitiveness of small and medium-sized enterprises (SMEs); 4) supporting the shift towards a low-

⁴ See COM(2011) 500 final.

⁵ Connecting Europe Facility.

⁶ EUR 347 billion.

carbon economy in all sectors; 5) promoting climate change adaptation, and risk prevention; 6) protecting the environment and promoting resource efficiency; 7) promoting sustainable transport and removing bottlenecks in key network infrastructures; 8) promoting employment and supporting labour mobility; 9) promoting social inclusion and combating poverty; 10) investing in education, skills and lifelong learning; and 11) enhancing institutional capacity and an efficient public administration. Furthermore, to avoid dispersal of the various allocations, minimum rates of investment in some objectives have been set for each category of region. In the case of the more developed regions, for instance, at least 80% of their ERDF allocation is to target three priorities (research, technological development and innovation; SME competitiveness;

and the shift towards a low-carbon economy).

A new category of European regions

European regions are to fall into the following three categories: less developed regions (whose GDP per capita is below 75% of the EU average); transition regions (GDP between 75% and 90% of the EU average); and more developed regions (with GDP per capita above 90% of the average). This classification determines the amount of the Structural Fund allocation for each region.

Thus, a new category of European region is set to come into being after 2013: regions in transition, i.e. all regions whose GDP is between 75% and 90% of the EU average. Within this category, regions phasing out from

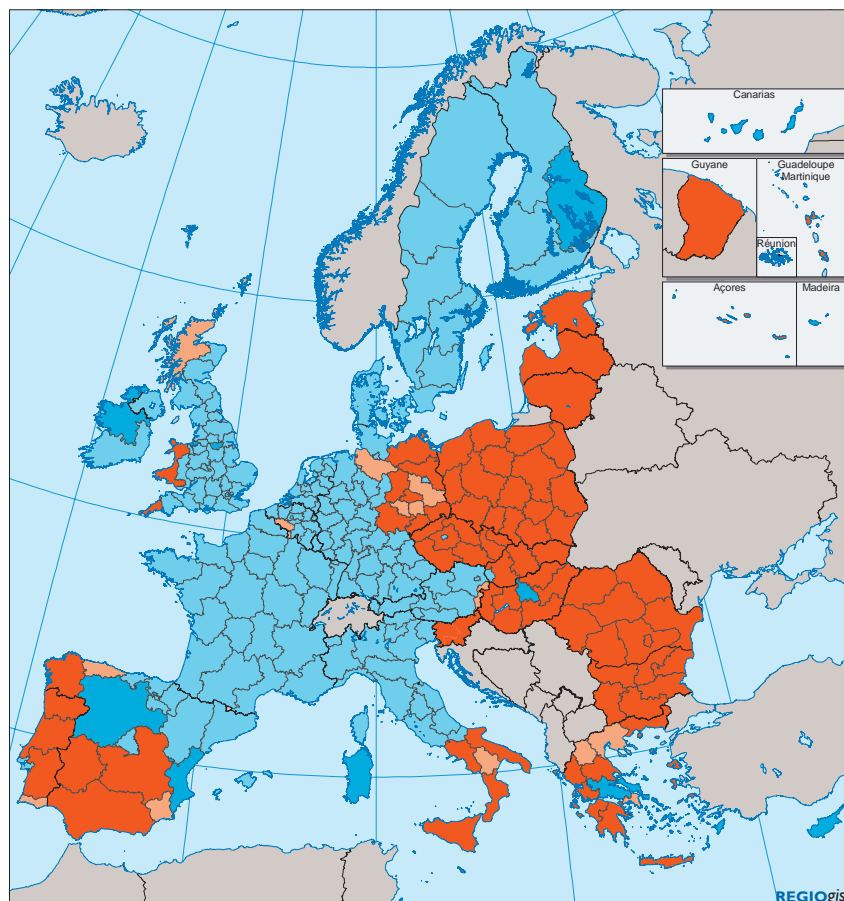
the current “convergence” objective will be guaranteed a minimum level of structural funding, equivalent to two thirds of their current allocation. Overall, the Commission has set aside EUR 39 billion for this new category, slightly over 11% of the total cohesion policy budget. Going on current statistics, 51 regions will fall into this category.

The Common Strategic Framework

As provided for in the general regulation, the Commission has proposed that a Common Strategic Framework (CSF) should include the five Structural Funds covered by the general regulation. The idea here is to improve the consistency and synergies between these different funding sources. The CSF sets out the future general priorities for investment, detailing the types of investment that will serve each of the thematic objectives now included in the general regulation. The CSF, whose legal status remains to be clearly defined⁷, is to be adopted by the European Parliament and the Council in the three months following final adoption of the general regulation.

Partnership contracts with conditionality

Partnership contracts will be concluded between the Commission and each Member State and, like the CSF, will cover all of the funds and focus on an integrated development strategy. These partnership contracts will set the Member States’ investment priorities, which will tie in with the Europe 2020 goals, the national reform programmes and the stability and convergence programmes. The contracts are to be drawn up with the full involvement of grassroots “partners”, including local and regional authorities. In this regard, the general regulation provides for a code of conduct setting out the rules for effective partnership between the tiers of government and organised civil society, and this is to be published in the coming months.



Structural Funds 2007- 2013: Convergence and Regional Competitiveness Objectives

- Convergence Regions (<75% of EU25 average, GDP/head)
- Phasing-out Regions (transitional support for regions <75% of EU15 average, GDP/head)
- Phasing-in Regions (transitional support for regions <75% of EU15 average between 2000 and 2006, GDP/head)
- Competitiveness and Employment Regions (all regions not covered by the above categories)

Based on regional GDP (PPS) data average 2000-2001-2002

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⁷ In its proposal for a general regulation, the Commission proposes to present it as a delegated act, while the European Parliament supports the idea of a legislative act subject to the ordinary procedure (i.e. co decision).

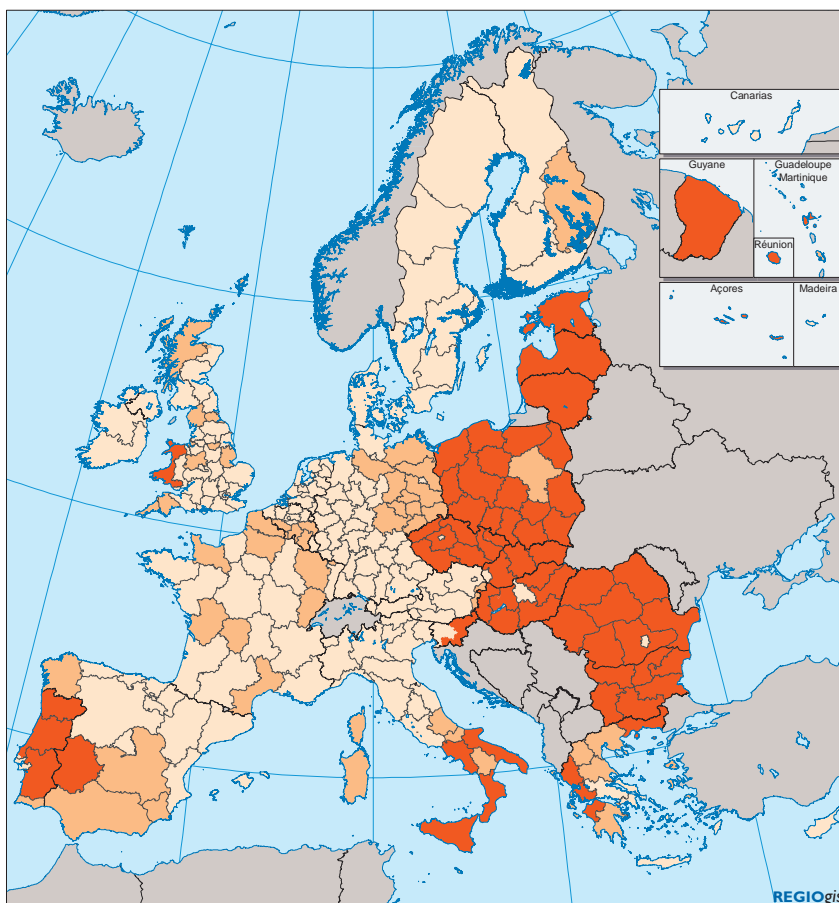
In addition to the investment priorities, the partnership contract will also set out the Member State's commitments as regards meeting the ex ante conditionalities that have to be fulfilled in order to receive the funding, the aim being to optimise the use of the funds, by laying down a series of preconditions to be met, such as the transposition of EU legislation, or clear rules for audits and calls for projects.

Moreover, in order to optimise the results of cohesion policy, the general regulation proposes to put in place a system of ex-post conditionalities to help measure the tangible results of investments made using the Structural Funds. If the quantitative targets are not met, the proposed regulation provides for certain sanctions (including the suspension of funding). On the other hand, the best-performing regions have the possibility of accessing a "performance reserve", containing 5% of the funds for each programme.

The controversial issue of macro-economic conditionality

Among the innovations in the legislative package, macro-economic conditionality has met by far the most resistance. The clearly stated aim of the initiative is to maximise the results of the regional investments. Thus, a Member State that fails to manage its debt, or follow the Commission's recommendations, could well see the disbursement of its funds suspended, initially, or even cancelled, in an extreme case, thereafter. Clearly, this is by far the most controversial aspect of the package. The European Commissioner for Regional Policy has explained that this is a "last resort" measure which would be preceded by many stages and would be applied on a case-by-case basis. He believes it would ensure that funds are disbursed in ideal circumstances so that cohesion policy can really deliver the desired results.

This measure would involve a significant tightening of the current rules, even though it is already possible to suspend or cancel certain funding granted under the Cohesion



Structural Funds 2014- 2020: Eligibility simulation

- Less developed regions (< 75% of EU27 average, GDP/head)
- Transition regions (75-90% of EU27 average, GDP/head)
- More developed regions (>=90% of EU27 average, GDP/head)

Based on regional GDP/head (PPS) data, average 2006-2007-2008

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Fund – and only that fund – for failure to comply with the EU Stability and Growth Pact rules. In the future, this may become an even greater threat, especially since the rules on economic governance have recently been adapted to make sanctions more automatic if something goes wrong.

A strengthened territorial dimension

The proposed general regulation accords considerable importance to the territorial aspect, providing for several new tools:

- local development actions, based on the experience of the LEADER approach, drawing on the EAFRD (rural development), constituting the epitome of the bottom-up territorial approach, based on

local needs and implemented in an integrated manner as it is possible to combine several funds. The innovative aspect of this proposal lies in the fact that local development is no longer solely restricted to rural development, thus enabling the establishment of urban or district local development strategies (urban regeneration, etc);

- integrated territorial investments (ITI): this type of investment concerns integrated projects in urban areas, giving cities the opportunity to manage funds earmarked for integrated urban actions, thus contributing to meeting the objective of territorial cohesion;
- innovative actions in sustainable urban development: in order to identify and pilot new solutions in this area, the proposed regulation

provides for an allocation of 0.2% of the ERDF to such actions; and

- joint action plans, which should allow for a better integrated approach to public policy, insofar as they combine several funds into a large-scale joint operation.

An enhanced role for the European Social Fund

Investment in people is a key component of the Europe 2020 Strategy for smart, sustainable and inclusive growth. The European Social Fund (ESF) is the main instrument through which cohesion policy invests in people. The proposed reforms aim to reinforce the ESF in creating jobs, enhancing social inclusion, tackling youth unemployment and contributing to growth and competitiveness:

- a minimum share of the budget is allocated to each category of region, which is higher than at present (at least 25% for less developed regions, 40% for transition regions and 52% for more developed ones). This share corresponds to at least 84 billion EUR for the ESF, compared to 75 billion EUR at present;

- Member States must concentrate the ESF on a limited number of investment priorities in line with the Europe 2020 Strategy, in order to increase impact and reach a critical mass;

- a minimum share of 20% of the ESF is dedicated to social inclusion actions;

- a greater emphasis is placed on combating youth unemployment, promoting active and healthy ageing and supporting the most disadvantaged groups and marginalised communities such as Roma;

- greater support is provided to social innovation, that is testing and scaling up innovative solutions to address social needs e.g. to support social inclusion;

- the participation of social partners and civil society in the implementation of the ESF is further encouraged, through capacity building, the promotion of community-led local development strategies and simplification of the delivery system. Rules governing reimbursement are simplified, in particular for “small” beneficiaries, who make up at least 50% of recipients of ESF funding;

- equipment linked to investments in social and human capital is eligible for support from the ESF.

A tight procedural timeframe

These proposals are already being discussed by the European Parliament and the Council with a view to their adoption by late 2012 (or early 2013). The aim is for the new generation of cohesion policy programmes to be rolled out on 1 January 2014. Negotiations on the Multiannual Financial Framework (MFF) for the whole EU budget are continuing in parallel. While the Commission has already proposed to allocate EUR 336 billion to cohesion policy for 2014-2020, the fact remains that the final amounts allocated to each Member State and the lists of eligible regions by category will not be agreed until after the final adoption of the legislative package currently on the table. The forthcoming negotiations will be tough as always, and, for the first time, will see the European Parliament on an equal footing with the Council, since all the regulations are to be adopted under the co-decision procedure.



*Lifelong learning supported by the ESF:
Training at the engineering consultancy
Movares in the Netherlands.*

Focus on European territorial cooperation

The proposed regulation on European territorial cooperation stands out as an innovation among the array of instruments for the future EU cohesion policy. There is to be a separate regulation for territorial cooperation, in response, *inter alia*, to calls from a wide range of stakeholders during the consultation that preceded the drafting of the documents. In other words, there will be a separate set of rules to govern programmes that have to be implemented in a multi-national context.

Although the proposed text is underpinned by the same key principles governing the other proposals (strategic integration, concentration of investment, results-oriented approach), adjustments to the general rules are provided for to take account of the particular context in which the programmes are launched and managed. Here are some examples, by way of illustration: firstly, the adjustment of the rule on automatic decommitment, to give more leeway to cooperation programmes compared to other programmes (N + 3 instead of N + 2) in order to take account of the additional difficulties in launching and managing a programme involving multiple regions or territories from across several Member States. Secondly, the adjustment giving increased importance to technical assistance (up to 6% of the total funds allocated to cooperation programmes, as against 4% under the general rules). Finally, future territorial cooperation programmes will be exempt from *ex ante* conditionality and excluded from the system of providing additional funds through a performance reserve. The specific investment priorities, which can be supported by the European Regional Development Fund (ERDF) in the framework of territorial cooperation, have also been adapted to accommodate the specific needs of areas on

either side of a border, in terms of mobility or training, for instance. It is also explicitly stipulated that support for macro-regional strategies is to be an investment priority for transnational cooperation programmes.

The three strands of territorial cooperation

As is currently the case, territorial cooperation programmes will fall under three strands: 1) cross-border cooperation (between areas on either side of the same border, including maritime borders); 2) transnational cooperation (between neighbouring regions in respect of EU strategic priorities); and 3) inter-regional cooperation (not dependent on the geographical location of the areas). Also as at present, it is the cross-border strand that will absorb the bulk of the funds, with an allocation of EUR 8.569 billion for the whole period, or more than 73% of the total territorial cooperation budget, as against EUR 2.431 billion for transnational cooperation (just over 20% of the funds), and EUR 700 million for interregional cooperation (just under 6% of the budget).

Among these major developments, it is worth emphasising the desire of the Commission for the territorial cooperation programmes to be concentrated around a limited number of thematic objectives, in line with what was proposed for the other types of programme. This concentration has by no means always been the prerogative of territorial cooperation programmes, which have tended to be based on very broad strategies, making it quite difficult to get a clear picture of their real impact. Thus, local authorities and Member States are to focus their cross-border and transnational cooperation programmes around a maximum of four out of the eleven thematic objec-

tives listed in the general regulation, while interregional cooperation programmes may cover the full range of those objectives.

The amended EGTC Regulation

Separately from the new specific set of rules now established for territorial cooperation, the proposals adopted on 5 October by the College of Commissioners include, as expected, an amended Regulation on the European Grouping of Territorial Cooperation (EGTC). This is the legal instrument introduced by the EU in 2006 to facilitate cooperation between local and regional authorities across the Member States, particularly cross-border cooperation, but also to overcome existing obstacles hindering broader European territorial cooperation.

It should be pointed out that the proposed text is more an adaptation than a major reform, an adaptation, nonetheless, that is intended to facilitate the creation and functioning of EGTCs and clarify certain existing provisions.

Indeed, although perceived as very useful, the EGTC is still a relatively underused instrument. According to the analysis of the Committee of the Regions, which is closely monitoring its implementation and progress, only 23 EGTCs have been set up since 1 August 2007 when Regulation 1082/2006 came into full effect⁸. While, according to the Committee, around twenty EGTCs are in the pipeline, multiple barriers have been identified over the last few years, chief among them: 1) the length and technical nature of the procedures, 2) the difficulty in involving third country authorities; and 3) the extreme complexity around employment contracts

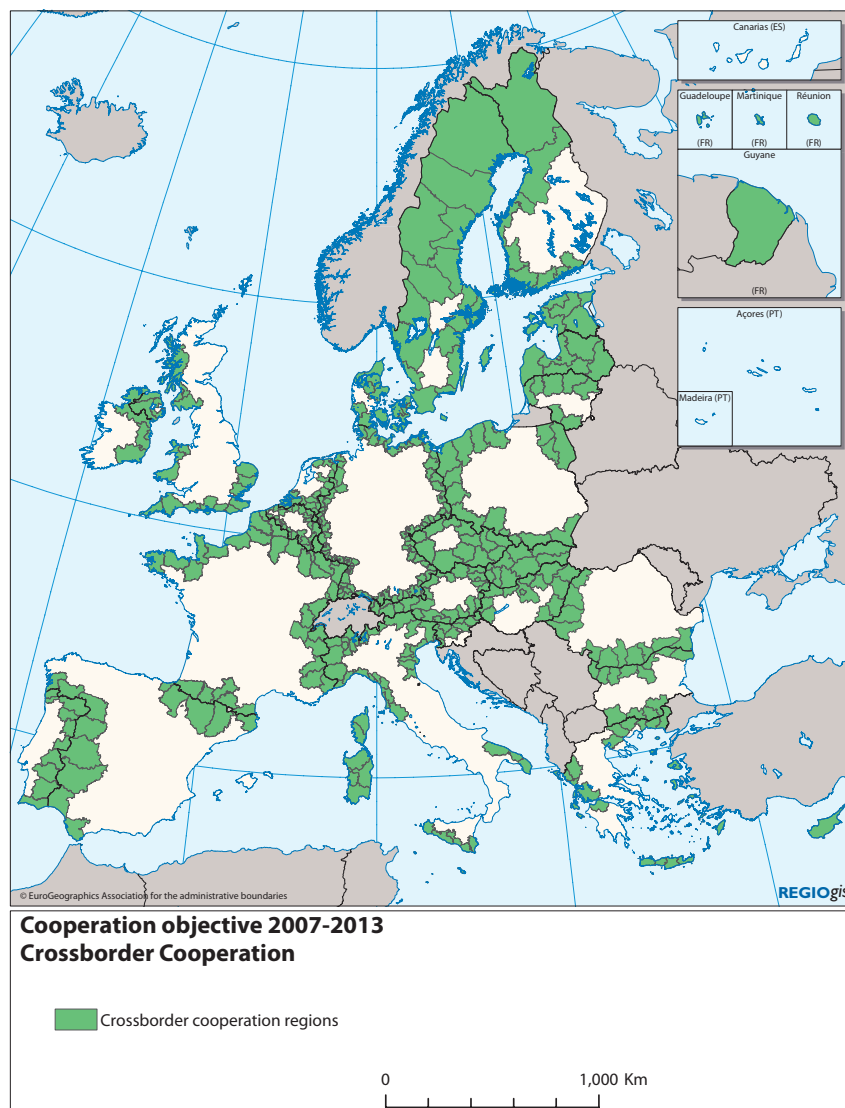
⁸ <http://portal.cor.europa.eu/egtc/en-US/Projects/already/Pages/welcome.aspx>.

applicable to staff from a number of different Member States. On these three aspects, the Commission has tried to propose suitable solutions.

Firstly, as regards procedures, new rules on Member State approval should speed up the establishment of EGTCs. At present, Member States are supposed to formally approve the creation of an EGTC within three months of a request. However, in practice, this has been the exception and formal approval procedures have tended to drag on. The Commission is therefore proposing that the deadline be extended to six months and that, once this time limit is up, in the absence of reasoned objections from Member States, the EGTC will be deemed approved by tacit agreement. This can only encourage Member States to review applications with greater diligence.

Secondly, the participation of third countries or the local and regional authorities of third countries will also be facilitated, since, although this is not expressly prohibited at present (Serbia, for example, participates in an EGTC), there is clearly a lot of room for clarification here. However, and this is indeed something new, it will finally be possible to create an EGTC between only one Member State and a third country, whereas at present the Regulation requires that members of an EGTC be drawn from at least two Member States.

Finally, with regard to the employment law applicable to the staff of



an EGTC, flexibility should prevail as the proposed text indicates explicitly – something that was rather confusing up to now – that this may, for instance, be the law of the country

where the EGTC has its registered office or of the place where one of the statutory bodies of the EGTC is located or carries out its tasks.

The Committee of the Regions' contribution to the cohesion policy

The CoR's political position

The European Commission published its legislative proposals for future European cohesion policy for the period 2014-2020 on 6 October 2011. For the first time since it was established in 1988, the ordinary legislative procedure (co-decision) will be used to adopt the legal texts framing this policy, thereby placing the Council and the European Parliament on an equal footing. Although it is most important that the package be adopted at an early enough stage for programmes linked to the Structural Funds to be up and running on 1 January 2014, thus allowing them to contribute to the development of all Europe's regions and territories, the complexity of intra- and inter-institutional negotiations may extend the timeframe for the adoption of the regulations to the end of 2012, or even to early 2013.

Clearly, this legislative package is an absolute political priority for the Committee of the Regions, as the European Union's local and regional authorities, in addition to being largely responsible for (co-)managing this European policy alongside central government, are both the main recipients of the Structural Funds and its main co-financers. The involvement of local and regional decision-makers is, therefore, key to a successful European regional policy, the interpretation of Community objectives at the level of towns and regions requiring a familiarity with local conditions which only local and regional authorities can provide.

This is at the core of the Committee of the Regions' deep engagement with the main issues at stake for future cohesion policy, which has gained in momentum since the publication of the Green Paper on Territorial Cohesion in 2008, the 5th Cohesion Report in 2010, and the six draft regulations framing cohesion policy in October 2011.

Discussions on the legislative package are underway, including within the Committee of the Regions. However,



A new bridge across the Danube will speed up international traffic and connect Calafat in Romania to Vidin in Bulgaria.

with opinions on the future cohesion policy adopted in 2010 and 2011, the institution has already outlined its position on a certain number of points fundamental to the European Commission's most recent proposals.

The Committee of the Regions, is, first of all, arguing for the European Union to be able to reform and modernise regional policy whilst retaining its scope. More than anything else, this depends on maintaining a generous budget: at stake is Europe's main development policy which allows all regions and citizens to become integrated into the Single Market. It must therefore be equipped with a budget sufficient to ensure that all towns and regions are able to both maximise their development potential and increase their economies' competitiveness, thereby halting growing social and regional inequalities. In regional policy, cohesion and competitiveness go hand-in-hand.

The Committee of the Regions has also advocated:

- An architecture which allows all regions of the European Union, irrespective of their level of development, to be supported through a more progressive and therefore more equal sharing out of allocations.
- Establishing a new category of "transition regions" which brings together all regions at an "intermediate" stage of development, i.e. those with a GDP of between 75% and 90% of the Community average. This new category of regions, which was supported in Michel Delebarre's (PES/FR) opinion on the 5th Cohesion Report⁹ and confirmed by Commission proposals, will allow the present system of "phasing in/phasing out" to be simplified and make it possible to respond more satisfactorily to the needs of many regions: those, for instance, which need to consolidate their recent progression from the convergence objective and others whose GDP per capita remains low and stagnant or, indeed, in some cases, even in decline.
- Smoother coordination with the



Lyon Biopôle: the new infectiology centre received support from the ERDF; Rhône-Alpes, France.

Europe 2020 Strategy advocated in Michael Schneider's (EPP/DE) October 2010 opinion on the *Contribution of Cohesion Policy to the Europe 2020 Strategy*¹⁰. Although the Committee has lent its clear support to this strategy, with its triple objective of smart, sustainable and inclusive growth, it has consistently maintained that, despite cohesion policy making a positive contribution to attaining the strategy's objectives, it is not simply a tool for the latter's implementation. There is a pressing need, therefore, for greater flexibility in the thematic concentration currently proposed by the European Commission which would allow Structural Fund investments to be adapted to differing regional levels of development and regional economic structures. Indeed, trusting to a "one size fits all" solution for all regions, which fails to take account of the diversity of national and regional needs, seems untenable.

- Greater consideration of the Treaty's objective of territorial cohesion, which was enshrined in the Treaty thanks to the Committee of the Regions' strong advocacy at the drafting stage. The legislative package's proposals put forward a number of solutions, in particular the Common Strategic Framework, which responds to the Committee's wish that regional policy should not be considered as the sole policy responsible for territorial cohesion and that all funds intended for regional purposes should be included, such as the fund for rural development or the fund for fisheries and maritime affairs. In addition, the opportunities for fund intervention at various local and regional levels (sub-regional, regional, multi-regional and macro-regional) in line with specific geographical characteristics or functional areas should result in a more integrated policy approach in any given region. This would meet the Committee's concerns expressed

⁹ Cf. CoR 369/2010 fin.

¹⁰ Cf. CoR 223/2010 fin.

by Jean-Yves Le Drian (PES/FR) in his opinion on the *Green Paper on Territorial Cohesion*¹¹.

- Anchoring the European Social Fund within the cohesion policy. This essentially comes down to better integration between social and economic investments, in addition to a true territorialisation of the ESF (instead of national government having the predominant or exclusive say in the use of funds as is the case today), which would allow the specific needs of people living in those regions to be targeted more efficiently. In spite of the doubts which have long surrounded this issue, the European Commission has finally accepted this solution, which was strongly supported in Catuscia Marini's (PES/IT) opinion on the future of the ESF after 2013¹².
- A strengthened partnership with regions, towns and territories with the aim of attaining a truly consolidated model of multi-level governance. To achieve this, the Committee has always advocated the deeper involvement of sub-national levels of government, from preparation to implementation and in the monitoring of regional policy. The "partnership contract" proposed by the European Commission, will be examined in detail in this context.
- Questioning certain forms of conditionality, in particular the "macro-economic conditionality" linked to the Stability and Growth Pact. It is not right for regions and towns to suffer cuts in the Structural Funds

because of the failures of national government. As for other forms of conditionality (ex-ante and ex-post), the Committee must give further thought to reconciling the need to simplify with the objective of increasing the effectiveness of regional policy investment.

Other issues, on which the Committee of the Regions has yet to determine its position, remain open. These include simplifying the implementation of the Structural Funds, for instance, coordination between the different funds (cohesion policy and rural development, in particular) and the place of the urban dimension in cohesion policy, etc. These are all questions on which the Committee rapporteurs will put forward specific proposals in their draft opinions.

These subjects are central to the current interinstitutional debate and will be analysed in detail by all the rapporteurs working on the legislative package: Ms Catuscia Marini on the general regulation, Mr Michael Schneider on the ERDF, Mr Konstantinos Simitsis on the ESF, Mr Romeo Stavarache on the Cohesion Fund, Mr Petr Osvald on territorial cooperation, Mr Michel Delebarre on the EGTC and Mr Marek Wozniak on the Common Strategic Framework (CSF). These opinions will be adopted at the plenary session of 3 and 4 May 2012, apart from those on territorial cooperation and the CSF, which will be adopted at the plenary session of 18 and 19 July 2012.



The Warsaw-Łódź railway line modernisation project supported by EU Funds, Poland.

¹¹ Cf. CoR 274/2008 fin.

¹² Cf. CoR 370/2010 fin.

The ongoing debate: the voice of CoR's members

While we are waiting for the CoR's opinions to be adopted and for the official position of the Committee of the Regions to be determined, the pages ahead present interviews with Committee members who outline their views on the institution's acquis in cohesion policy and examine topics currently under discussion in the draft opinions for which they are

responsible. This spotlight on certain aspects of the debate will allow the reader to gain a sense of the position of the towns and regions in the present debate and, at the same time, to see the Union's new cohesion policy through the eyes of those who will later be called upon to apply it.



EU Commissioners Johannes Hahn and László Andor with CoR rapporteurs on the future of EU cohesion policy, meeting of the COTER Commission, Committee of the regions, 5 December 2011.

The governance of the Structural Funds and their territorial impact



Catiuscia Marini (PES/IT),
President of the Umbria Region,
CoR rapporteur for the opinion
on the Proposal for a General Regulation
on the Funds covered by the Common
Strategic Framework,
CoR 4/2012

President Marini, the European Commission has now proposed a common strategic framework for the five EU funds with territorial impact. What is your opinion of this proposal which is supposed to facilitate an integrated approach to programming for these funds from 2014 onwards?

I support better integration of the European funds that are jointly managed (ERDF, Cohesion Fund, ESF, EAFRD, EMFF), which should also make it possible to simplify manage-

ment and control rules. I do however ask that the Common Strategic Framework clarify each Fund's field of intervention, in order to help them work synergistically when the programmes are being implemented.

I wonder, however, what link should be established with the National Reform Programmes (NRP) and the country-specific Treaty recommendations (Articles 121 and 148). I am worried that local and regional authorities are not properly involved in the framing of the NRPs, and may therefore find it difficult to subscribe to them. I would like the Commission to submit a proposal for a Common Strategic Framework which can be discussed and, if necessary, amended by all the Community institutions: the European Council, the European Parliament and the Committee of the Regions. And I would like to see this included as an appendix to the General Regulation and not approved by the Commission by means of a delegated act (Article 1).

I am pleased about the public consultation on the Common Strategic Framework, to be launched by the Commission as a way of allowing all stakeholders to make their own proposals on the guidelines in the Common Strategic Framework. In this context, I believe that further clarification is needed of the "key actions" to be proposed in the Common Strategic

Framework, to prevent them becoming a new form of concentration.

What do you think of the new structure proposed by the Commission with one main objective – investing in growth and employment – covering three categories of regions with different priorities and rates of co-financing?

I believe that the structure proposed will contribute to the simplification of cohesion policy. In accordance with the CoR's position, already laid out in the opinion on the Fifth Cohesion Report (CoR 369/2010 fin), I believe that there should be a new intermediate category of regions with a GDP per capita of between 75% and 90% of the EU average. This system is intended to limit the threshold effect noted at 75% of average European per capita GDP and ensure equal treatment of regions at similar levels of development. Account needs to be taken of the difficulties both of those regions that, from 2013, will for the first time not be eligible for the priority status they currently have as convergence regions (because their GDP per capita has risen above 75% of the EU average), and of those regions that, though eligible under the competitiveness objective during the current programming period, continue to face structural, social and economic difficulties that are



View of Umbria region, Italy.

holding them back from achieving the Europe 2020 strategy objectives and also suffer from internal regional inequalities. The creation of this category must not penalise regions that currently benefit from convergence or competitiveness objective funding.

What are the main changes in the new cohesion rules? What impact do they have on the previous acquis? Will existing convergence regions lose resources? Why is this new category of regions so important for Italy?

In order to maintain a balance between the Union's various regions and Member States, in accordance with their levels of development, it is essential to review the criteria for the Berlin method, which has provided the basis for the distribution of Structural Funds between the Member States during the last two negotiations on the financial perspectives and which is based on criteria such as GDP per capita and the population of each NUTS 2 region, weighted according to national level of wealth, unemployment rate and population density. I am not questioning the basic criteria for this method, but some of its rules need to be revised to take account of the often very significant changes in the levels of wealth of Member States and their regions that have taken place since past negotiations. I am talking in particular about capping levels, which should be revised downwards, in order to prevent excessive absorption by certain Member States, while maintaining funding at least equivalent to current volumes. If no changes are made, the increase in contributions for Member States benefitting from the Cohesion Fund would not allow support to be provided for more developed regions.

A formula has been found for the transition regions, not least in order to deal with the situation of former convergence regions in Germany, Spain and Greece but also of regions



Terni, Umbria region, Italy.

stagnating just beyond the threshold of 90% GDP, in particular in France, in the UK and in Belgium. With unchanged rules, these Member States' allocations of Structural Funds would be drastically reduced even though some of their transition regions are still too weak to restore competitiveness. With regard to Italy, just four regions – Abruzzo, Molise, Basilicata and Sardinia – would fall into this category, representing a modest overall population.

The Commission also intends to promote a more strategic and area-based approach by establishing various requirements for the future partnership contracts, in particular SWOT analyses, and making specific provisions for the treatment of particular territorial features, such as urban areas, areas with natural or demographic handicaps, outermost regions, and areas in which less-favoured groups are concentrated. Do you think this is justified?

I am in favour of incorporating an urban dimension into regional operational programmes. However, I still have reservations regarding whether it is appropriate to include the list of cities in the operational programme, since that could complicate any response to calls to submit project proposals of an

urban nature. I support the Commission's proposals regarding local development actions and integrated territorial investments though I would call for clarifications regarding the implementation of these new provisions. I believe that the conditions for implementation of these provisions must be relaxed in order not to discourage possible beneficiaries from making use of them. In any event, I hope that the fact that the implementation of urban development strategies must, as provided for in the regulation, be based on integrated territorial investments, does not mean that pointlessly complicated elements are added. I would like integrated territorial development to continue to be based on the principles applied to date, i.e. coordination of the actions of the different funds, their proper integration, the definition of "project territory" and the drawing up of an integrated territorial plan or strategy, etc. I also believe that it is essential to encourage the implementation of multi-regional operational programmes based on specific geographical characteristics (mountains, rivers, islands etc) to complement regional operational programmes. In accordance with Article 174 of the Treaty, operational programmes should pay particular attention to rural areas, to areas undergoing industrial transition and to regions suffering severe and permanent natural or

demographic handicaps, such as the northernmost regions with low population density and island, cross-border and mountain regions. They must be helped to overcome these difficulties which could have a negative impact on their competitiveness (Article 174 of the Treaty). I would also like to see special treatment for the outermost regions and regions with low population density. To this end, I would like the allocation of resources to compensate for extra costs to be revised upwards.

I would like to stress that, despite the many territorial provisions (the urban dimension, local development actions, integrated territorial investments), rural areas risk being the great losers under these legislative proposals

given the complexity of the proposed means and the thematic concentration envisaged.

What practical consequences does the Lisbon Treaty – and the introduction of territorial cohesion as a new EU objective – have for the next generation of Structural Funds? Is it sufficient to tick the “cohesion box” in regional policy only?

The Commission’s proposals regarding territorial cohesion contain several complicated elements. I consider it crucial for territorial cohesion to be a key principle underlying all EU policies. To this end, since this principle has been enshrined in the Lisbon Treaty, it is crucial for the Commission to carry out a territorial impact

analysis as a basis for any legislative proposal affecting EU policies. Furthermore, the extension of the co-decision procedure gives Parliament, for the first time, a decisive role in these negotiations on the future of the Structural Funds. The Committee of the Regions, as the body representing all European territories, the majority of which co-finance and co-manage these funds, intends to work closely with the European Parliament in this regard. Finally, the Committee will remain vigilant regarding the sometimes overly systematic use by the Commission of delegated acts, believing that they must relate to the non-essential aspects of the regulation only.

Comments from European Parliament members

Lambert Van Nistelrooij (EPP/NL), Co-Rapporteur on the General Regulation on the Funds covered by the Common Strategic Framework

I support thematic concentration and earmarking of the European Funds for the priorities currently suggested by the European Commission in the Common Provisions for the European Funds. By focusing on a small number of priorities we can maximise the impact and effectiveness of the policy. But it is equally important to address region-specific issues crucial for development of regions (and crucial for reducing disparities). The use of a rigid, top-down earmarking can prove counterproductive and will be to the detriment of the integrated-place based approach. In my work as rapporteur I stress the role of EU regional funds as game change for the EU 2020 targets. Therefore I also support the “stairway of excellence” in the Cohesion Countries. More cohesion, and not a Europe of different speeds, is what the EPP stands for.



Constanze Krehl (S&D/DE), Co-Rapporteur on the General Regulation on the Funds covered by the Common Strategic Framework

I welcome the Commission’s proposal to harmonise the five different EU funds and thus to simplify programme development. This, of course, also involves adapting the various management and monitoring systems. In my view, it is important for this to include reducing red tape for final recipients and establishing clear rules for all funds – there is a need for improvement in this respect, and also with regard to macroconditionalities, which are not an instrument of cohesion policy: regions should not be punished for their national governments’ financial mismanagement. This is a key concern for me as rapporteur and for the Social Democrats as a political group.

The Partnership Contracts



Dr. Michael Schneider (EPP/DE),
State Secretary, Delegate of the State of
Saxony-Anhalt for the German Federation,
CoR rapporteur for the opinion on
the Proposal for a Regulation on the
European Regional Development Fund,
CoR 5/2012

Dr. Schneider, the Committee of the Regions has long been advocating “Territorial Pacts” between all levels of government. The European Commission is now proposing “Partnership Contracts” for implementing regional policy. Are we speaking about the same concept here, or are there fundamental differences between the two?

The Territorial Pacts that were advocated by the Committee of the Regions last year are related to the implementation of the Europe 2020 Strategy at national and regional level. These pacts are intended to involve local and regional authorities in the development and agreement of the national reform programmes, which form part of the Europe 2020 Strategy.

The Partnership Contracts for the implementation of the Structural Funds are something very different. These will be agreed between the Commission and each EU Member State, bringing together all the country's commitments to delivering European objectives and targets. The proposal is intended to replace the National Strategic Reference Frame-

work. These contracts, as proposed by the European Commission, will set out the commitments of partners at national and regional level. Whilst linked to the objectives of the Europe 2020 Strategy and the National Reform Programmes, they will set out an integrated approach for territorial development supported by all the CSF Funds (structural, cohesion, rural development, maritime and fisheries funds) and include objectives based on agreed indicators, strategic investments and a number of conditionalities. Notably they will contain commitments to give a yearly account of progress in the annual reports on cohesion policy, on rural development policy and in other public reporting.

However, Territorial Pacts are still helpful instruments for developing local partnerships and joint strategies. The Commission has therefore suggested the development of Territorial Pacts at local level as part of local development strategies and of local action groups.

Do you think that the partnership proposals are ambitious enough? Could the Commission have done more to secure the buy-in of regional and local authorities in these new partnership instruments?

The proposals of the Commission regarding partnership have different meanings for the different regions in Europe. In strongly centralised Member States, where local and regional authorities often play a minor role in the implementation of regional development, the proposals of the Commission might indeed be seen as a step forward in terms of stronger involvement and participation in cohesion policy.

However, in Member States with a strong federal system, the response is different. While the fundamental idea for a partnership contract is also welcomed there, the proposed link between the contract, the Common

Strategic Framework and the country-specific recommendations under Art. 121 (2) of the TFEU and the relevant Council recommendations adopted under Art. 148 (4) of the TFEU is questioned.

These recommendations refer to a wider spectrum of policies and structural reforms which go beyond cohesion policy. It must therefore be up to the Member States to implement them coherently according to the internal division of competencies during the planning of cohesion policy programmes.

I firmly believe that the content of the Partnership Contracts must take into account the subsidiarity principle and the specific situation in the Member States. The scope of the contract must be limited to the cohesion policy measures. Therefore it should only entail strategic priorities and objectives. The main instrument for the implementation of structural funds must continue to be the Operational Programmes because these are focussed on the regional priorities.

Would you like to see these Partnership Contracts extended to other policy areas, for instance the fight against climate change, or measures to combat unemployment?

Before discussing the extension of Partnership Contracts it is important to deal with the current proposals. In my view, the proposal goes far beyond what is needed and would lead to a further centralisation of cohesion policy. Furthermore, it is not a bilateral contract but rather a unilateral target agreement. It can interfere with the internal structures and competences of the levels of government, particularly in federal Member States, and it generates incalculable budgetary risks for the Member States and regions. Its adoption would also lead to long drawn-out co-ordination processes, which would jeopardise an early start of the new programmes.

Finally, the European Territorial Co-operation should be excluded from the Partnership Contracts due to its cross-border, transnational and inter-regional nature.

In its currently proposed form, what would such a Partnership Contract mean for your region, the Land of Saxony-Anhalt? Would your administration have more or less say in setting up the regional development programme?

Saxony-Anhalt - as one of the East German Federal States - has profited substantially over the past 20 years from cohesion policy. The use of Structural Funds in the East German Länder is a success story in the transition of a former state-run economy to a market economy. But the funds will also play even a bigger role in the next programming period compared to other national and regional instruments, since these instruments will be gradually reduced by 2020.

Cohesion policy in Germany is largely implemented by the federal states in

close co-operation with the national government. There is a long tradition of this vertical partnership between the national and regional level. From this perspective the Partnership Contract would not provide any further competencies or rights for my region. On the contrary, in its current form, such a contract would lead to a stronger role for central government in regional affairs because the national government would have to

View of the Land of Saxony-Anhalt, Germany.

report back to the Commission to meet the agreed conditions. Only if these conditions are met would future cohesion policy assistance be allocated. Moreover, the contract in its current form would lead to less flexibility in finding suitable solutions for the development challenges at local and regional level. This is something that we could not support.



The European Territorial Cooperation



Petr Oswald (PES/CZ),
Councillor of Plzeň,
CoR rapporteur for the opinion on
the Proposal for a Regulation on the
European Territorial Cooperation

Mr Oswald, territorial cooperation is one area where the added value of European integration is very clearly visible to the citizen. The Commission has proposed to significantly increase its budget and the European Parliament is also in favour of putting more money on the table. Do you think that this proposed increase will “survive” the budget negotiations in today’s austere climate?

The present crisis is not just a financial crisis. It is a crisis which also has an impact on European identity and integration. To keep European integration alive and moving, we must continue to implement progressive measures to support policies for development and economic growth as budgetary cuts and public expenditures restrictions alone will not be sufficient. The situation is similar to that of a company in crisis: you can do the cuts, lay off the employees

Map based on data provided
by European Commission,
DG Regional Policy.



European Groupings of Territorial Cooperation

Lille- Kortrijk-Tournai
Ister-Granum
Galicia - Norte de Portugal
Amphictyony / AMΦIKTYONIA / Anfizionia
UTTS
Karst Bodva
Duero-Douro

West-Vlaanderen / Flandre-Dunkerque-Côte d'Opale
Archimed
Eurodistrict Strasbourg-Ortenau / Eurodistrikts Strasbourg-Ortenau
Hôpital Transfrontalier de la Cerdagne / Hospital Transfrontarar de la Cerdanya
Eurorégion Pyrénées-Méditerranée / Eurorégion Pirineos-Mediterráneo / Euroregió Pirineus Mediterrània

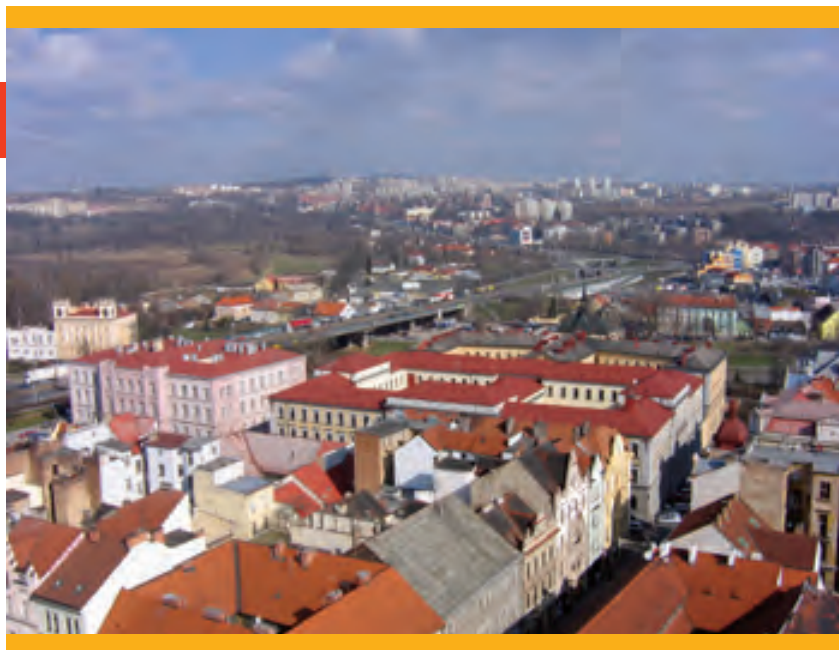
ZASNET
INTERREG Programme Grande Région
Eurodistrikt Saarmoselle / Eurodistrict Saarmoselle
Abaúj az Abaújban
Pons Danubii
Bánát - Triplex Confinium
Linieland van Waas en Hulst

Arrabona
Euroregion Tirol - Alto Adige - Trentino
Gorizia - Nova Gorica - Sempeter-Vrtojba
Espacio Portalet
Pirineus-Cerdanya
Rába-Duna-Vág
Eurorégion Aquitaine-Euskadi

and sell the assets, but if you do not implement any progressive measures for further development, one day you will have to lock the door and close the business. European Territorial Cooperation (ETC) is one of the crucial instruments not only for overcoming economic and financial problems but also for addressing the challenges of European integration. It is a key instrument for putting European citizens, visions and strategies together across borders. ETC really integrates Europe at many levels of society. I hope that all relevant stakeholders will keep this in mind.

What are your views on the other Commission proposals aimed at strengthening territorial cooperation?

ETC is about eliminating territorial barriers and disparities between countries and regions all around Europe. The situation is obviously different at each border. Somewhere you can find suitable conditions to create research and development facilities, other places are “almost forests”. Therefore I think that the concentration of the cross-border programmes on only four thematic objectives is not a very useful idea. I’m convinced that all cross-border programmes must have a possibility to identify their own problems and to propose solutions to eliminate them



City of Plzeň, Czech Republic.

as well as a chance to support their own challenges and opportunities to develop. In short: ETC must not be just another instrument for fulfilling the Europe 2020 Strategy. ETC must play another role and must be developed by applying the principles of a place-based approach as recommended in the 2009 Barca report.

How do you see the future role of the European Grouping of Territorial Cooperation (EGTC)? Has this instrument proven its worth, or is it still too cumbersome? And are the Commission’s reform proposals going in the right direction?

According to my opinion, the EGTC is a really good instrument especially for connecting strategies and implementa-

tion of the integrated approach of the involved regions. Most of the development strategies are being prepared on the national level and therefore lack strong cross-border aspects. Once we identify the gaps and opportunities of the cross-border areas, we are able to create place-based integrated approaches and subsequently specific and targeted projects. Some of these projects could be financed by the European Cohesion Policy, but many of them could be financed and realized by the private sector or civil society or by the other public bodies and institutions. I think it could be useful, to create under ETC a new initiative which will focus on providing assistance to elaborate these cross-border strategic plans and integrated programmes.

Comments from European Parliament members



Joachim Zeller (EPP/DE), Rapporteur on the revised EGTC Regulation

Since 2007, 26 EGTCs have been established affecting the lives of 28 million people in 15 Member States. In the face of significant increases in popularity, the aim of the revision is to simplify and better promote EGTCs in order to boost territorial cooperation. The proposed improvements will lead to more legal certainty and a smooth functioning of existing EGTCs as well as an enhanced access and attractiveness for possible partners. Still, there is plenty of work ahead, but together we will speak up to make an EGTC the primary instrument of territorial cooperation.

The urban dimension



Michel Delebarre (PES/FR),
Mayor of Dunkerque,
Chair of CoR's COTER Commission,
CoR rapporteur for the opinion
on the 5th Cohesion Report,
CoR 369/2010 fin

Mr Delebarre, more than 70% of European citizens live in cities. This makes cities crucial to the achievement of all Europe 2020 objectives. Do you think that the introduction of Urban Operational Plans, elaborated by the biggest cities with EU support, would bring a stronger coherence between the role of cities in the implementation of structural funds and their involvement in the definition of strategies and objectives?

Generally speaking, greater recognition of the urban dimension in the European Commission's proposals should be welcomed. This was also a logical development, following on from the inclusion of territorial cohesion in the Lisbon Treaty. It also reflects a call in the 2009 report by Fabrizio Barca to allow regional, or "place-based", strategies founded on an integrated, multisectoral approach in line with the principles of multi-level governance.

However, nothing has really been achieved at this stage. On the one hand there is a risk of excessive

thematic earmarking, which would impede place-based approaches. On the other, a number of matters will have to be clarified in the course of the legislative process. What selection method and eligibility criteria will be used for cities in which an urban approach is to be applied? What provisions will be introduced to allow cities and urban areas to be involved in defining the partnership agreements that the Member State will have to negotiate with the Commission? What selection criteria will be used in creating the urban development platform and how will this platform be different from URBACT? Finally, we would also like to have more details of the criteria which will enable the Member States to choose local development strategies.

Cities like London, Paris or Prague are much wealthier than the rest of their countries, not to mention the poorest parts of Europe. In these times of austerity, is it justified to allocate scarce EU funds to relatively rich urban areas? Local development is an area where the European rural development fund has traditionally played a great role. Are the Commission's plans ambitious enough when it comes to ensuring the interplay between the various EU funds?

The objective of territorial cohesion is not limited by comparing different Member States and regions at NUTS 2 level, based solely on their GDP. Cohesion is also critically important within regions which may appear wealthy in statistical and GDP terms. This is true for the Ile-de-France, as well as London, as was sadly illustrated by events last year. It is true also in the Warsaw region where the income differential is one to five between the city centre and its periphery, within a 30-km range. So yes, as long as it is proportionate, earmarking funding for the more developed urban areas would appear justifiable.

It is also positive that the European Commission is proposing to extend the "integrated local development" method to all the funds under future cohesion policy. This models the successful initiatives under the LEADER programmes, which draw on the EAFRD for rural development projects involving public and private partners and make it possible to develop numerous facilities which, though not necessarily large-scale, are very useful to the local area.

However, it is impossible not to be concerned about rural areas and their relations with urban areas: without wishing to question the priority given by the Commission to cities, for which 5% of ERDF funding is to be earmarked, rural areas – whose development depends on both the ERDF and EAFRD – face real uncertainty. To begin with, no portion of ERDF funding is ring-fenced for rural areas. Furthermore, the amount of EAFRD support is still very unclear, being conditional on the outcome of the general negotiations under the multiannual financial framework and also on the internal negotiations about the division of funding between the two pillars under the future common agricultural policy (CAP). Finally, the EAFRD is due to be restructured, with the current four axes being replaced by six priorities. How many of these priorities will it be possible to deploy in favour of regional development? Will the amount of EAFRD funding allocated to territorial development be as high as during the current programming period? These are all matters that we must keep an eye on.

What has been the impact of EU regional development funds in your city of Dunkerque? Can you give us examples of projects that would not have been possible without European support?

Urban development is cross-cutting and can influence other factors, e.g.

economic growth, cultural life and social cohesion. This is why it makes sense to have an integrated approach. The Urban Community of Dunkerque wished to apply this principle in its community project, and this was put into practice in the redesign of the Dunkerque urban area. This project will harness “soft” regional development instruments to enhance the attractiveness, liveability and creativity of the conurbation (strengthening human and cultural capital, promoting entrepreneurship, and boosting economic and business development). It is also a project with considerable European potential because it was designed with reference to key European issues (the nature of public-private partnerships, the European debate on urban design, the role of culture, information society, etc.) and by an international team



Dunkerque's Grand Large District, France.

of town planners. The project, that is still ongoing, showcases and exemplifies the international communication and regional marketing strategy developed by the Urban Community of Dunkerque (e.g. Quay I, Halle aux Sucres, etc.). European funding made it possible to implement the project

and was an important catalyst in both financial and strategic terms. The support of the European Union for this urban project is important, and the Urban Community would like this support to be extended into the next programming period (2014-2020).

Comments from European Parliament members

Danuta Hübner (EPP/PL), Chair of the Committee on Regional Development

We have a chance and, indeed, we are moving towards more clear involvement of the EU level in urban policy making through cohesion policy with a stronger involvement of the cities themselves in both policy formulation and implementation. When negotiating the new regulatory framework for cohesion policy 2014-2020, we should avoid isolating urban challenges from their wider context, aim at more flexible and better targeted urban policy and at improving policy mechanisms allowing to combine various funds. We should do everything to make sure that cities play their role as engines of smart, inclusive and sustainable development of Europe.



Jan Olbrycht (EPP/PL), Rapporteur on the European Regional Development Fund

The shape of the new regulations for cohesion policy 2014-2020 will depend to a great extent on the absorption of the available funds in the current programming period and on the implementation of the special measures agreed during the discussions on the new fiscal treaty. The draft ERDF regulation includes a proposal of thematic concentration and a strict ring-fencing of three thematic objectives. This matter is one of the most strongly debated issues, as it is an open question: in times of crisis, should one focus more on strict rules or rather create a flexible system and leave more room for manoeuvre to the Member States and the partners, giving them more responsibility? The draft ERDF regulation provides also for the first time a strong urban dimension including the proposal to earmark 5% of national ERDF allocations for integrated, sustainable urban development. As the EP rapporteur, I will propose to use the earmarked funds for actions implemented in urban areas - cities and their rural surroundings.



The cohesion policy in the new Multiannual Financial Framework



Flo Clucas (ALDE/UK),
Member of Liverpool City Council,
CoR rapporteur for the opinion
on the new Multiannual Financial
Framework post-2013,
CoR 283/2011 fin

Ms Clucas, the negotiations on the new Multiannual Financial Framework are expected to conclude by the end of this year. EU governments seem determined to bring their austerity plans further and diverging interests among Member States could make it hard to reach an agreement. What can EU regions expect from the MFF for 2014-2020? Is cohesion still a priority for the EU?

Cohesion policy is without any shadow of a doubt a priority for the European Union. Cities and regions can expect full support from the European Union for what they wish to see in cohesion policy. And it will be necessary for all of us who are active participants – elected and non-elected, in sectors that help to grow our economies and provide employment as well as new business stimulation – to work together in order to ensure that the future for cohesion policy is in the interest of all Member States and not just a few. There has to be a recognition that the EU needs to grow its economy. Without growth, applying austerity will not on its own solve the prob-

lems we have. If regions and cities want to ensure that the EU is able to operate a European budget for investment and growth they must combine with all those who share their views and make sure that Member States' governments listen. Cohesion policy can provide the mechanism to create the growth, jobs and businesses that we need. If we work together - and I hope that my opinion on the MFF has shown that this is not only possible but can actually be done – then we will be in a very strong position indeed to influence Member States right across the Union.

Despite the reluctance of the Council, the European Commission is showing its will to move ahead towards the adoption of a new financial instrument to increase the EU's own resources flow. Among the different proposals presented in this field, what solution, in your view, could be agreed and implemented in a reasonable time and, therefore, represent a concrete new step in the short term?

If we want the EU to have the ability to combat many of the issues on which Member States' governments have already agreed then it must have the ability as originally agreed upon in the treaties of raising its own resources. If it is to do so and to raise resources successfully then there must be a corresponding decrease paid by the Member States into the EU. For that to happen, any solution needs to be agreeable across the Union in order to avoid any Member State being disadvantaged by the proposal. An FTT (and the UK currently raises such a tax) could do such a job, provided it is applied universally. The VAT proposal has found more of a general agreement among Member States and would seem more achievable in the short term.

Setting priorities: the new MFF reflects the main goals set in the Europe 2020 Strategy. Is it a balanced and well shaped framework that will prove effective or is there the risk of jeopardising the financing of other relevant challenges?

The whole of life is challenging, not just the MFF. What we need to understand is that within Europe 2020 there is opportunity, flexibility and availability of funding which has the potential to enable us to tackle those areas which are likely to cause us problems as time passes. Talking about challenges, our first priority at the moment is of course to tackle the sovereign debt crisis, but to do so by not only resorting to austerity measures, but rather to also generate growth. In this respect, it is imperative to learn the lessons of the 1930s and not to fly into protectionism, currency wars and depression. Most new jobs in the European Union will come from SME growth. Therefore, we need to have SMEs able to grow, which also means able to access finance in order to expand so that they would not be caught in a trap. It seems to be often the case that whilst they need to expand they cannot obtain ready-credit access. The new financial engineering instruments should facilitate this, provided they steer clear of being prohibitive and restrictive. They need to be there to enable growth and to be accessed, not simply to sit in a bank and to be left there untouched. Secondly, we need to tackle climate change and to ensure that we reduce our reliance on carbon. At some point in the future, our resources in relation to carbon are going to run out so we need to be able to prepare for that. What I would like to see, however, is the opportunity for SMEs to come together in clusters to enable some of these great challenges to be faced, tackled and overcome. The third issue in relation to Europe 2020 is

to consider how we begin to ensure that those groups that have found it difficult in the past both to access finance and opportunity - women in particular, vulnerable groups, the Roma community, immigrants – to be given real possibilities and see their life chances improve as a result. And the final theme, of course, is young people. Across Europe in the last ten to fifteen years we have seen a great increase in the number of young people who do not have the skills or are not motivated to do the work that's available. I think we need to look very seriously at our school system, our work system as well as social assistance to ensure that we are not leaving young people out of areas of potential employment, training and growth. If left



City of Liverpool, United Kingdom.

unattended, it will create a generation of under skilled, undereducated and unemployed people who will see no future for themselves in the

EU or even believe in its founding principles.

Comments from European Parliament members

Reimer Böge (EPP/DE), Co-Rapporteur on the new Multiannual Financial Framework post-2013

Because of its great European added value and its important role for the attainment of the Europe 2020 goals, Cohesion Policy has to form a pivotal part of the next MFF. Still, a relative decline of the Cohesion budget becomes inevitable as the new MFF must strike the balance between the financing of additional obligations imposed by the Lisbon Treaty and an austerity budget. Therefore, structural reforms including of the rules simplification and the use of synergies and innovative financial instruments must be implemented to increase the efficiency as well as the absorption of the available funds.



Ivailo Kalfin (S&D/BG), Co-Rapporteur on the new Multiannual Financial Framework post-2013

The role of EU Cohesion Policy in generating stability and growth is crucial especially in times of crises and that's why the EP position is clear: the cohesion policy needs adequate funding, and the amounts allocated to it in the current financial programming period should be at least maintained in the next period. We are absolutely clear and realistic about the financial constraints of the member states but a gradual and result-oriented cohesion, increasing the stability and the growth potential is undisputedly in the interest of all EU citizens.

Simplification and better access to funds for all



Konstantinos Simitsis (PES/ES),
Mayor of the City of Kavala,
CoR rapporteur for the opinion on
the Proposal for a Regulation on the
European Social Fund,
CoR 6/2012

Mr Simitsis, your country, Greece, is going through one of the gravest crises in its history. Do EU regional development funds play a role in your plans for economic recovery in Kavala (or in the region), and if so, could you give us some concrete examples of projects you launched recently?

Indeed Greece is going through one of the toughest economic crises in its history which I am confident it will overcome one way or another by the efforts of its people who have shown their resilience over and over again in their history and the pace of recovery will be a surprise to many as long as we have the help of our European allies.

That said, the current situation is truly difficult. According to the recent First annual review of Employment and Social Developments in Europe, unemployment has risen to over 18% while we must keep in mind that this figure may climb further in the near future and that the overwhelming majority of the population faces significant income losses. On top of this, we now have the second highest in-work poverty rate in the European Union, with almost 14% of

households falling into the category of working poor.

Being the Mayor of Kavala, the largest city in the Region of Eastern Macedonia-Thrace, a region with one of the highest unemployment rates in the country, I feel the negative social consequences on a daily basis while having at the same time to deal with the restraints imposed by a very tight public fiscal policy.

In this context, the projects co-financed by the Structural Funds provide a unique opportunity to design and carry out activities which alleviate immediate hardship and lay the groundwork for future integrated and balanced growth.

With over a dozen large EU co-financed projects currently in the implementation phase and as many under evaluation we are in the midst of an enormous effort to bring the city's development perspectives into line with the Europe 2020 strategy.

Our projects aim mainly to regenerate the public space through measures which seek to drastically boost energy efficiency in municipal buildings and public schools, and improve the city's infrastructure, particularly in the water provision sector; in order to create an attractive environment for people and businesses.

I would also like to take this opportunity to point out that our region has been chosen to test a very promising pilot programme, which is part of the nation-wide Operational Programme on Human Resources Development. With a budget of approximately 3 million euro, the Municipality of Kavala, in cooperation with NGOs, will employ within a period of 12 months an estimated 900 people, each for up to five months, in the field of social work. When this project is completed next year, we expect to have considerably bettered the quality of life in our city and to have stimulated in a sustainable way job creation and entrepreneurship and broadened the local skill base through the introduc-

tion of the Local Employment Initiatives which, by the way, are currently being drawn up. Moreover, our experience will serve as a model for the design and implementation of similar projects all across Greece.

Do you consider the current rules governing the Structural Funds to be clear and transparent enough, or is there a need for further simplification?

Rules can always be improved but the key to achieving the best possible results is to decentralize the decision-making process.

We must consider the possibility of using the Territorial Pact tool as a way to formalize local/regional partnerships within each Member State prior to the conclusion of Partnership Contracts between the Commission and each Member State.

This approach will enable the effective introduction of programme-specific output/results indicators negotiated between national governments and local/regional authorities.

The Commission suggested to simplify access for small-scale projects and listed several provisions, in particular for ESF. What do you think of them? Do you think that they are relevant and timely enough to mobilise civil society into taking part in shaping our regions and cities' future?

Initiatives which aim at building the capacity of civil society are very much welcomed, given the ever expanding scope of the challenges we face.

An emphasis could be placed on supporting innovative actions for sustainable urban development.

However, we must be careful that civil society capacity-building is not pursued at the expense of local authorities, nor would it be wise to use it as an instrument for downgrading the role of local and regional authorities.

In this regard we find hard to understand the absence of any reference in the relevant Draft Regulation to local/regional authorities amongst partners in actions supported by the ESF.

Respect for the principle of multi-level governance implies that local authorities retain a leading place in any coordinated effort to mobilize local resources.

In addition, small local authorities should also be eligible for funding of such capacity-building activities.

Another point that needs to be emphasized is the value of transnational cooperation as a tool which can be used to contribute to increasing the effectiveness of policies co-financed by the Structural Funds through exchanges of experience and transfer of know-how.

Mr Simitsis, changing the rulebook of regional policy – even with the goal of simplifying it – once again places an administrative burden on regional and local administrations. Officials have to be re-trained, new procedures have to be put in place, etc. How can we strike the right balance between continuity and simplification?

These are real problems that could be nevertheless successfully dealt with through the use of practical measures such as the more systematic use of pre-financing and provisions for access to higher co-financing rates for territorial measures carried out by local partnerships.

Other than that, the simplification measures already contained in the



City of Kavala, Greece.

Proposal for a Regulation on the ESF are very much welcomed.

Mr Simitis, could you please explain your position on the ESF?

In principle, our position is in favour of the proposed Regulation on the ESF.

Apart from our strong and well-known reservations about the issue of conditionalities, I would like to stress some points relevant to the Draft ESF Regulation which have to be revised.

The first is the issue of thematic concentration as expressed in Article 4 of the proposed ESF Regulation.

Although the four thematic objectives and the 18 investment priorities proposed by the Commission in Article 4 are quite comprehensive there is no doubt that they can be enriched in order to cover the increasingly numerous policy areas that fall within the remit of local and regional authorities. Such new investment priorities could relate to the mobility of students and researchers and to the

territorial dimension of the ESF.

However the allocation of up to 80% of ESF resources to exclusively four of the eighteen investment priorities seems to create more unnecessary hurdles as it leaves no room to regions and cities to assess their own needs.

Similarly, the proposed minimum shares for ESF for each of the three categories of region (i.e., 25%, 40% and 52% for the less developed, the transition and more developed regions respectively) also seem quite arbitrary and do not give much flexibility to regions and cities.

Last but not least we must underline our disappointment at the timid approach of the Commission regarding the ESF resources and the Cohesion budget in general, in the current context of economic crisis.

In these times when the threat of falling into a recession spiral and an unemployment trap is more than visible, there is no alternative other than to invest in people.

Reducing the disparities: the complementarity of national and EU interventions



Francesco Musotto (AE/IT),
Member of the Sicilian Regional Assembly,
CoR rapporteur for the opinion on
the complementarity of national and
EU interventions aimed at reducing the
disparities in economic and social growth,
CoR 167/2011 fin

Mr Musotto, are the EU and national governments working in the same direction when it comes to reducing economic and social disparities in Europe? Don't the vast majority of these efforts stop at the national borders of the Member States?

Integration, synergy and complementarity between national and European actions are key to bolstering the institutional and administrative capacity of Member States. When the objectives and priorities of each level of government are defined, wasteful overlaps between the various actions in a given area can be avoided and the quality of public intervention improved, thus making the EU's cohesion policy more effective.

The only way to gradually achieve optimal synergies is to integrate the programming of all development measures carried out within a given area and coordinate management closely.

This requires both national governments and the EU to pull together in the same direction.

That said, coordinating the multi-level governance system to the best possi-

ble effect and getting the most from it is clearly fundamentally important, so that regions and local authorities, often called upon along with national governments to implement a large share of national and European policies, can make their own contribution to the framing process.

It is therefore important to stress the wish of local and regional authorities and civil society to be more involved on a permanent basis throughout the programme design and implementation process.

Last of all, I believe that the European Union's cohesion policy, combined with public intervention at the various territorial levels, must continue to play a key role in promoting the harmonious overall development of Europe, going beyond national borders and acting in the interests of all.

Can you give us concrete examples from your region of Sicily, of how cooperation between regional, national and EU governments improves people's lives?

I would say that in my region the success of measures at all levels goes hand in hand with the active participation of local and regional decision



View of Sicily, Italy.

making bodies and the capacity to involve both sides of industry.

To have a genuinely significant effect on people's quality of life, intervention designed to reduce economic and social disparities must be based on measures designed with the territorial dimension of problems in mind.

The involvement of public administration at all levels in the strategic planning and implementation process for measures to reduce disparities in the development process ensures that the measures developed draw the inspiration and the knowledge they need from the territorial context. This makes it possible to make the most of the potential of each area, focus resources and maximise the effectiveness of public intervention, so that the citizens can appreciate the results.



View of Sicily, Italy.

The impact of challenges such as energy supply, the relationship between rural and urban areas, demographic change and migratory phenomena varies enormously from area to area and therefore remedies must be planned and implemented at regional and local level.

Certainly, one important example of

how cooperation in Sicily between regional, national and European government has led to an improvement in people's living conditions is the use of the Structural Funds, for which, it is well known, that type of cooperation is required from the programme preparation stage onwards.

Comments from European Parliament members



Janusz Wojciechowski (ECRIPL), Vice Chair of Agricultural and Rural Development Committee

In order to reduce the inequalities in the economic development of the Member States and the EU's regions, it is vital to curb the discriminatory inequalities in direct payments for farmers and to allocate more funds to rural development. Rural development should not only be supported by resources from the CAP; greater use should also be made of the Structural Funds.

The Common Strategic Framework



Marek Wozniak (EPP/PL),
Marshal of the Wielkopolska region,
CoR rapporteur for the opinion on the
Common Strategic Framework

The new Common Strategic Framework is expected to improve the coordination among the different EU funds in order to focus the action of national and regional authorities on a limited set of shared objectives. How will this happen? Will this reduce flexibility in the management of the EU funds? What are the strengths of the Commission's proposal?

The future Common Strategic Framework (CSF) aims at making an integrated territorial approach a reality allowing regional and local authorities to coordinate actions and projects. It should be understood as a step forward from the former Community Strategic Guidelines and the National Strategic Reference Frame-

work. By bringing together the European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, authorities will be able to translate top EU priorities into action and ensure a better coordination and take-up of EU investment.

The CSF is the guiding document for translating the Europe 2020 Strategy for smart, sustainable and inclusive growth into the key actions of the five abovementioned funds and will improve coordination on the ground and integrated development. Whilst the main objectives named in the CSF are all worthwhile, flexibility will have to play an important role in the future. Operational programmes



View of Wielkopolska region, Poland.

for regional funds need to take into account local and regional interests. I hope that the European Commission has listened to our concerns in this regard and that it will be possible to allocate funding to specific regional priorities.

Thematic concentration raises doubts. On the one hand, there is a need for concentration based on a limited number of priorities. On the other hand, we are encouraged to have a complex and integrated territorial approach. These two approaches are contradictory, but neither the general nor the CSF regulation solves this matter.

What role will Partnership Contracts play in the CSF 2014-2020? Will they - as designed in the Commission's proposals - be effective in clarifying the commitment of all actors involved in the implementation of projects? Is the function of regional and local authorities sufficiently valorised?

As member of the Committee of the Regions and rapporteur on the CSF, I very much welcome the proposal for Partnership Contracts, which will be agreed at the outset between the Commission and Member States. The Partnership Contracts should translate the elements set out in the CSF into the national context and set out firm commitments to the achievement of the priorities set in the Regulations governing the CSF Funds. We are pleased to note that the competent regional and local public authorities will be involved, together with the economic and social partners and civil society organisations. This will improve the transparency of the cohesion policy's management by generating cooperation between the institutions responsible for the preparation of the operational programmes and the bodies which implement projects at an early stage in the planning process. It is essential that these agreements are conducted with full respect of multi-level governance principles and I would like to congrat-

ulate Commissioner Hahn for paying a special attention to this dimension.

I am, however, convinced that local and regional authorities should have a larger role to play given their legislative competences. We have proposed the setting up of Territorial Pacts within the Member States, to be agreed between central governments and regional and local authorities. Our goal is to ensure that the legally competent public authorities within the Member States are properly taken into account prior to the signing of Partnership Contracts by the European Commission and the Member States.

To conclude, the Partnership Contracts constitute a step in the right direction. These contracts, together with the proposed Code of Conduct on their implementation, will be one of the major improvements to the implementation of the future CSF Regulations.

The Cohesion Fund



Romeo Stavarache (ALDE/RO),
Mayor of Bacău municipality,
CoR rapporteur for the opinion
on the Proposal for a Regulation
on the Cohesion Fund,
CoR 7/2012

According to Commission proposals, one of the main changes for the Cohesion Fund in the 2014-2020 phase will be the link to the Connecting Europe Facility. Is this the right way to improve the effectiveness of Cohesion Fund interventions in the field of infrastructures or will it end up in cutting regional and local authorities out of the decision-making processes which relate to a relevant share of EU funding?

The Connecting Europe Facility (CEF) is a new instrument that should address some of the shortages in the strategic planning of pan-European infrastructure projects and in particular cross-border ones. I therefore welcome the European Commission proposal. Indeed, the question is to what extent local and regional authorities will be involved in the planning and implementation of the new CEF instrument and whether a centralized management will lead to greater effectiveness in the use of funds? This is what the Committee of the Regions will try to clarify in its opinions.

20% of CEF's budget is ring-fenced in the cohesion fund, amounting to 10 billion euros. This basically means less

flexibility in the use of funds, but it could also lead to greater efficiency and attracting more private funds for core EU infrastructure. In my view there is insufficient evidence in the CEF regulation to support these arguments. My report will underline the issues of administrative capacity and technical assistance in particular that will be available in order to help applicants to prepare mature projects. Without accompanying measures there is a risk that CEF will not be able to achieve its objectives and the budget will remain unspent. Furthermore, the allocation of the ring fenced budget of 10 billion euros among the so called cohesion countries has to be agreed from the start. This should be done according to the need assessments for cross border infrastructure investments pre-identified by each Member State within CEF. The new centralized management will put a lot of pressure on MS as regards strategic planning and provide limited time frames for the preparation of project proposals, which is a true challenge I would say.

Given the need to focus EU resources on a limited set of priorities, is it possible to reach this goal without putting heavy limits to the autonomy and relevance of regional and local authorities in the strategic planning and in the implementation of structural funds? Will it be possible to reverse the trend toward a stronger centralisation of the structural funds management?

Thematic concentration of funding on a limited number of priorities is a

condition for the success of cohesion policy in the future. We all remember the beginning of policy reform discussions when cohesion policy was severely criticized as being unable to demonstrate results. All levels of governance should make an effort towards a better definition of investment priorities but in my view this does not mean that the highest level of governance should impose thematic priorities. Local and regional levels are very concerned about the way thematic concentration will be applied for structural funds after 2013. They require more flexibility in choosing from the priority menu of the Europe 2020 strategy, in line with their own needs identified at local level.

As the Mayor of a city I have to listen to the voice of the citizens and local enterprises and take into consideration the local context when choosing strategic investment priorities. One should not forget that local authorities are providing match funding from their own local budgets and local leaders are accountable to citizens for the way they use public funds. Imposing priorities from the top might have an adverse effect in making structural funds less attractive for enterprises and also in getting private funding for project co-financing. I am sure this is not something the European Commission would want, therefore we have to find a compromise with regard to setting priorities and, last but not least, to respect local self-government.



City of Bacău , Romania

Meetings and conferences on the future of EU cohesion policy in 2012

19-20 March

Meeting of the Regional Development Committee (REGI) of the European Parliament, Brussels

22-23 March

5th European Summit of Regions and Cities, Copenhagen

Under the title “The European urban fabric in the 21st century” and on the occasion of the Danish Presidency, the 5th European Summit of Regions and Cities of the CoR will be held in Copenhagen on questions related to urban governance and the role of regional and local authorities in tackling climate change.

Website:

www.cor.europa.eu/CoR-Summit2012

29 March

EGTC Inter-institutional conference, Brussels

Following the adoption on the CoR opinion on the proposal for a revision of the EGTC regulation, the conference will invite EP, Council and European Commission representatives to reflect upon some key issues and the future role of EGTCs. More information:

www.cor.europa.eu/egtc

24 April

General Affairs Council, Luxembourg

On the agenda: EU cohesion policy

26 April

Meeting of the Regional Development Committee (REGI) of the European Parliament, Brussels

3-4 May

Committee of the Regions Plenary Session, Brussels

On the agenda: Adoption of CoR Opinions on EU cohesion policy

8 May

Meeting of the Regional Development Committee (REGI) of the European Parliament, Brussels

10 May, Brussels

Regions and cities for integrated territorial development. A Common Strategic Framework for cohesion policy, rural development and fisheries funds for the period 2014-2020

Forum of the Committee of the Regions

On 10 May, following the adoption of the CoR Opinions on the 2014-2020 regulation proposals for EU cohesion policy, a CoR Forum will address the ‘Common Strategic Framework’ 2014-2020 for cohesion policy, rural development and fisheries, and its challenges for local and regional authorities. The event will reach out to the debate in the EP and the Council and inform regional and local authorities. More information:

www.cor.europa.eu/CSF

11 May, Brussels

Meeting of the CoR Commission on Territorial Cohesion Policy (COTER)

29 May

Meeting of the Regional Development Committee (REGI) of the European Parliament, Brussels

14-15 June, Brussels

‘Regions for Economic Change’ conference

Including ‘RegioStars’ Awards organised by the European Commission

June, Brussels

7th Territorial Dialogue

As a high-level meeting with the EU institutions, the Territorial Dialogue provides CoR members and other

local and regional political leaders with possibility to meet with high-level representatives of other EU institutions. The event aims at presenting the CoR’s early monitoring results on the National Reform Programmes and discussing whether Europe 2020 is being designed and implemented in partnership between all government levels in 2012. More at:

www.cor.europa.eu/europe2020

20/21 June

Meeting of the Regional Development Committee (REGI) of the European Parliament, Brussels

26 June

General Affairs Council, Luxembourg

On the agenda: EU cohesion policy

11 July, 18 September

Meetings of the Regional Development Committee (REGI) of the European Parliament, Brussels

8-11 October

OPEN DAYS, 10th European Week of Regions and Cities on the future of EU cohesion policy, Committee of the Regions, Brussels

www.opendays.europa.eu

10-11 October, 26-27 November, 17-18 December

Meetings of the Regional Development Committee (REGI) of the European Parliament, Brussels



10th European Week of Regions and Cities
Brussels
8 - 11 October 2012

Europe's regions and cities: Making a difference

Looking back to a decade of political debate and exchange of good practice, the 10th European Week of Regions and Cities-OPEN DAYS will discuss the future of EU cohesion policy under three thematic aspects: smart and green growth, territorial cooperation, and delivering results.

Organised jointly by the Committee of the Regions and the European Commission's Regional Policy Directorate-General, the event will be held between 8 and 11 October 2012 involving about 200 regions and cities as well as other EU institutions and associations.

The OPEN DAYS 2012 will consist of 100 workshops, debates, and networking opportunities for about 6,000 participants.

More information: www.opendays.europa.eu

March 2012

EUROPEAN UNION



Committee of the Regions

Edited by the Communication, Press and Events Directorate

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ISBN 978-92-895-0576-5



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