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OPINION FROM THE CPMR POLITICAL BUREAU
(Approved by the CPMR Political Bureau, 8 June 2012, Helsinki, Finland)

POLICY POSITION ON THE COMMON STRATEGIC FRAMEWORK

The European Commission published a Staff Working Document for a Common Strategic Framework (CSF) in March 2012, a guideline document that has been drafted to help translate the objectives of the Europe 2020 Strategy into investments via five European funds: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund.

The document essentially covers four separate issues:

- Defining key actions for each CSF fund in relation to the eleven thematic objectives outlined in the Common Provisions Regulation;
- Linking CSF funds with EU economic governance;
- Reinforcing coordination and integration for CSF funds;
- Horizontal principles guiding the CSF and the five funds;
- Defining actions for territorial cooperation activities.

The aim of this Policy Position is to put forward proposals reacting to the European Commission's Staff Working Document on a Common Strategic Framework.

The CPMR welcomes the idea of a Common Strategic Framework for the five Funds, which has the potential of bridging the gap between the Europe 2020 Strategy objectives and addressing local and regional needs, as stated in its Policy Position adopted in February 2012, "Towards a CPMR Policy Position on the 2014-2020 Cohesion Package" (http://www.crpm.org/pub/docs/350_opinion_crpm_rglementsce.pdf).

This Position Paper reacts in particular to the following themes:

- 1) The proposed function of the Common Strategic Framework in relation to EU economic governance;
- 2) The added value of the Common Strategic Framework in relation to the Common Provisions Regulation and the fund specific regulations;
- 3) The integration and coordination mechanisms proposed in the Common Strategic Framework;
- 4) The link between the Common Strategic Framework and Horizon 2020;
- 5) The proposed priority areas for territorial cooperation.

EXECUTIVE SUMMARY

The CPMR welcomes the creation of a Common Strategic Framework for the EAFRD, ERDF, ESF, CF and EMFF, which would improve the integration of the different funds, strengthen partnership and multi-level governance, and allow for greater harmonisation of the rules on management and controls between the funds.

The CPMR asks that:

- 1) The CSF is included as an annex to the Common Provisions Regulation in order **to provide legal clarity and consistency**.
- 2) **The CSF should not be the vehicle for an additional mechanism of compliance with the reinforced EU economic governance**, with its annual cycles of multilateral surveillance and country specific recommendations. Cohesion Policy is a key investment policy to trigger economic recovery at regional level. **Such an approach would run counter to multi-level governance, threaten multi-annual programming, create instability for Managing Authorities and add extra bureaucratic burden**. The CPMR is absolutely opposed to macro-economic conditionality.
- 3) The CSF should recognise that **discrepancies in co-financing rates** between CSF funds are an obstacle to effective coordination. The coordination of areas of intervention where the CSF funds can work together should take place during the development phase of the Partnership Contract. This should be mirrored at the level of the European Commission, with appropriate structures to guarantee consistency for the CSF funds. The possibility of setting up joint monitoring committees should be more explicit.
- 4) **Regions should play a key role in terms of the strategic identification of priorities** and mechanisms should exist to reinforce links and synergies both at a strategic level and at project level. The proposal to fund one operation using two CSF funds or more ('integrated operations') is welcome, but it needs further legal clarity.
- 5) Regarding the link to the Common Strategic Framework for Research and Innovation, efforts to take into account European priorities for research by the Structural Funds must be accompanied by a similar logic of opening up in the scope of the relevant programmes under the Strategic Framework for Research and Innovation, particularly through **a dynamic definition of excellence in the framework of Horizon 2020**.
- 6) Clarity should be provided with regards to the **distinction between sea basin strategies and macro-regional strategies** and as to the scope of European territorial cooperation programmes for sparsely populated areas and outermost regions.

The CPMR proposes that:

In order to counteract the possibility that the proposed measures to link the five CSF funds to EU economic governance become a reality, the CPMR proposes that:

- The development of Partnership Contracts should only refer to a country specific recommendation once and at the beginning of the programming period;
- Suspensions of payments should only relate to commitments;
- Managing Authorities of structural funds at regional level should automatically be consulted in the event of changes to be made to the partnership contract;
- A capping on the level of suspension of commitments calculated on the basis of a percentage relating to the GDP of the Member State concerned should be introduced.

1. A CLEAR LEGAL FRAMEWORK TO DELIVER COORDINATION, INTEGRATION AND SIMPLIFICATION FOR CSF FUNDS

- 1.1. The CPMR welcomes the creation of a Common Strategic Framework for the EAFRD, ERDF, ESF, CF and EMFF. This framework has the potential to improve the integration of the different funds, strengthen partnership and multi-level governance, and allow for greater harmonisation of the rules on management and controls. The Common Strategic Framework must encourage complementarity between CSF funds.
- 1.2. The CPMR would point to an **inconsistency of process** with regard to the Common Strategic Framework being negotiated separately to the Common Provisions Regulation (CPR) and the fund specific regulations. Since one of the stated aims of the document is to deliver more simplification in terms of EU fund management and delivery, it is of utmost importance for the CSF to be subject to the same negotiation process as the CPR and the fund specific regulations.
- 1.3. The CPMR believes that the document needs greater clarity on how the Common Strategic Framework is to be adopted with regard to its legal value and impact for Regions and Managing Authorities. **We therefore ask that it is included as an annex to the Common Provisions Regulation.** The principles underpinning the reform of Cohesion Policy – such as its European added value, increasing the performance of the policy, efficiency of spending and delivering simplification - can only be realised if the CSF is included in the CPR.
- 1.4. Managing Authorities need to have a clear legal framework when drafting the operational programmes before submission to the European Commission for approval. The tight timetable for negotiations for both the multi-annual financial framework and Cohesion Policy regulations means that elements as crucial as the priority actions for each of the Common Strategic Framework funds need to form part of the overall Cohesion Policy package, and not be subject to a process in parallel.
- 1.5. The legal value of the Common Strategic Framework bears a direct relationship with the purport of the recommendations put forward in the Commission Staff Working Document. Proposals in the Staff Working Document for a CSF are merely recommendations and need to be adequately referenced in the CPR to have a real impact in Member States and Managing Authorities.
- 1.6. As a general remark on the annex to the CSF, the description of the key actions are of varying quality, with very clear guidelines for some issues such as innovation and more vague ones for others, such as the low carbon economy theme.

2. THE CSF AS A MECHANISM OF COMPLIANCE WITH EU ECONOMIC GOVERNANCE?

- 2.1. The Common Strategic Framework proposes to link the five CSF funds closely with EU economic governance and in particular the Annual Growth Surveys and the Euro+ Pact. This proposal constitutes an extra layer of conditionality and complements the existing provisions of the CPR (Article 21) on macro-economic conditionality.
- 2.2. The Common Strategic Framework should restrict itself to improving the efficiency, increasing simplification and reinforcing the integration of CSF funds. It should not be the vehicle for an additional mechanism of compliance with the annual cycles of multilateral surveillance and country specific recommendations.
- 2.3. The CSF funds will be subject to the annual cycle of multilateral surveillance for Member States, and in particular country specific recommendations which are based on the assessment of National Reform Programmes and Stability and Convergence Programmes. The risks for regions are, potentially, as follows:
 - Operational Programmes for CSF funds could be reviewed and changed on an annual basis to follow a country specific recommendation. This proposal goes against the very core principles of partnership and multi-level governance (as decisions would be taken by Member States with no involvement from the Regions and their Managing Authorities), and multi-annual programming (by challenging the viability of 7-year long investment strategies for the 5 funds) of Cohesion Policy and the other CSF funds.

- Linking Partnership Contracts and Operational Programmes to the annual cycle of multilateral surveillance also creates significant instability and confusion for Managing Authorities and operations funded by CSF funds. There is a fundamental and incompatible difference between the role of the CSF funds (long-term structural reforms) on the one hand, and the National Reform Programmes and the country specific programmes (short term measures) on the other.
- The measures proposed create an additional review process which would inevitably result in extra bureaucratic burden and call into question the added value of Cohesion Policy in the long run. There is little detail as to how the application of these measures would work in practice.

2.4. The CPMR is strongly attached to the core values of Cohesion Policy and sees these additional measures as a direct threat to the policy as a regional investment policy to achieve Europe 2020 objectives. **The CPMR is also opposed to provisions on macro-economic conditionality for Cohesion Policy.** Cohesion Policy should underpin economic recovery at regional level by acting as leverage for investments in smart growth. The reasons for this opposition are explained in further detail in the CPMR Policy Position dated February 2011 (http://www.crpm.org/pub/docs/306_cpmr_response_5th_cohesion_reportquestions-final.pdf).

In order to counteract the possibility that the proposed measures in the CSF to link the five funds to EU economic governance (as well as Article 21 of the CPR on macro-economic conditionality) become a reality, the CPMR has specific proposals to ensure that these provisions cause minimum disruption to the programming of CSF funds.

The Commission's Proposal	CPMR Proposals	Reason
CSF funds will be subject to a review process on an annual basis, as per the annual cycle of multilateral surveillance proposed by the Euro + pact and the country specific recommendations which may redirect the programming of funds at regional level (CSF Staff Working Document, Section 3)	The development of Partnership Contracts and Operational Programmes should only take account of the national reform programmes , as per Article 87 of the CPR. This process will take place only once and during the preparation phase of the Partnership Contracts and the Operational Programmes.	Linking the Operational Programmes and the Partnership Contracts to an annual review cycle would be very disruptive and would have disastrous consequences on the programming of CSF funds and runs against the principle of multi-annual programming.
Suspensions apply to both commitments and payments of the programmes concerned (Article 21, para 6, CPR)	The suspension should be restricted to the commitments only.	This would not affect projects that are currently funded and would enable Managing Authorities to re-programme funds in an organised way.
The Commission may, ultimately, make changes to the partnership contract and programmes concerned (Article 21, CPR)	The Commission must automatically involve and work with the Managing Authorities of Structural Funds if, ultimately, changes must be made to the partnership contract and programmes.	It is inconceivable that the Commission can modify the Partnership Contracts unilaterally without prior consultation with the Managing Authorities. Such a provision would have catastrophic consequences on the programming of funds, funding of on-going projects, and Cohesion Policy in the long run.
No limit to the level of suspension of commitments and payments (Article 21, CPR)	A capping on the level of suspension of commitments calculated on the basis of a percentage relating to the GDP of the Member State concerned.	Macro-economic conditionality would not affect the programmes as much.

3. IMPROVING THE INTEGRATION OF CSF FUNDS

Regarding the coordination of CSF funds, the CPMR welcomes many of the approaches put forward under Section 4 of the document.

3.1. Discrepancies in co-financing rates: an obstacle to coordination and integration

The CPMR welcomes the steps taken by the European Commission to harmonise rules governing the CSF funds. However, the extreme differences in co-financing rates between the CSF funds are clearly an obstacle to the coordination of these funds in practice. In areas where these funds thematically overlap, these differences have proved to result in a distortion of funding incentives in the current programming period, particularly for the EAFRD and the ERDF.

The EMFF currently envisages a single programme per Member State, whereas the other CSF funds will allow regional programming. For those states with maritime regions, this will result in difficulties in harmonising national and regional programme planning and the related expenditure eligibility rules. **The expectation of a single programme per Member State in EMFF is clearly a structural barrier to effective planning in some maritime regions.**

3.2. Identification of areas of intervention

CSF proposal: "Coordination should include the identification of areas of intervention where the CSF funds can work together in a complementary manner to achieve the thematic objectives set out in the proposed Common Provisions Regulation [and] involvement by Managing Authorities responsible for one of the CSF Funds of other Managing Authorities and relevant Ministries in the development of support schemes to ensure synergies and avoid overlaps."

The CPMR welcomes this approach and considers that this process **should form part of the development of the Partnership Contracts with partners**. The proposed approach both supports and reinforces the provisions in Article 5 (CPR) on Partnership and Multi-level Governance. The CPMR considers that for this approach to be followed through adequately, it would need to be referenced in Article 14 (Partnership Contract).

At the level of the European Commission, appropriate structures need to be created to guarantee consistency across the CSF funds. For instance, the existing Committee for the Coordination of Funds (COCOF - Article 103 of Council Regulation 1083/2006) could play a key coordinating role for the implementation of the regulations governing the five CSF funds across the Directorate Generals concerned.

3.3. Joint Monitoring Committees

CSF proposal: "Coordination should include joint monitoring committees for programmes implementing CSF Funds, and the development of other joint management and control arrangements to facilitate coordination between authorities responsible for the implementation of CSF Funds."

The CPMR welcomes the possibility of setting up joint programme monitoring committees and notes that there are successful examples in the current programming period to align commissioning procedures for the ERDF and ESF. In Cornwall and the Isles of Scilly for instance, a joint Convergence Local Management Committee exists to aid the commissioning and management of the regional Convergence Programme for ERDF and ESF, which aligns funding at a strategic level (Priorities 4 and 5 of the ESF Operational Programme were designed to complement ERDF investments in improving the skills of the local workforce and tackling barriers to employment) and at project level, by creating a single point of contact for beneficiaries.

The CPMR regrets that the option of setting up joint monitoring committees is only mentioned under Recital 28 of the CPR. The option of setting up joint monitoring committees should be set out more clearly in the CPR under Article 5 (partnership and MLG) and Article 41 (monitoring committees). **A strong legal foundation is essential for Regions and Managing Authorities to consider fully the option of setting up a joint monitoring committee between two or more CSF funds.**

4. IMPROVING THE COORDINATION OF CSF FUNDS WITH OTHER EU POLICIES AND PROGRAMMES

4.1. Strategic identification of priorities: a role for the Regions

CSF proposal: [Member States] should establish structures that facilitate the strategic identification of priorities for the different instruments and structures for coordination at national level. Such structures should also seek to avoid duplication of effort and identify areas where additional financial support is needed. These structures should be set out in the Partnership Contract, and where appropriate, in programmes.

Improving synergies between the five funds covered by the Common Strategic Framework and other EU funds is a precondition to delivering Europe 2020 objectives at regional level. Given the varying nature of EU fund management and delivery structure – shared management (structural funds) vs. centralised coordination (FP7, LLP funds, etc...) – achieving this objective in concrete terms is notoriously complex. **Mechanisms should exist to reinforce links and synergies both at a strategic level and at project level.**

The CPMR supports the concept of identifying priorities for the different EU instruments at the stage of drafting the Partnership Contract. It adds that in order for this exercise to avoid duplication of effort and deliver simplification, this process needs to involve Regions so that the priorities identified can relate to needs recognised in the various territories of the EU. It would also be appropriate for the respective Member States to find the means to determine the participation and involvement of relevant stakeholders.

4.2. Integrated operations

CSF proposal: the CSF puts forward the possibility of “joint implementation by a single beneficiary of a number of projects from different sources within the CSF funds and in cases from other EU instruments”. This process is termed “integrated operations”.

The possibility of joint implementation by two or more CSF funds for a single operation is a promising option, but this process needs to be associated with a clear legal basis in order not to add to confusion and unnecessary bureaucratic burden.

The option of “integrated operations” is mentioned in Article 55, para 8, of the CPR, though questions must be raised as to how such a process would operate in practice, given the difference of co-financing rates and operating rules between CSF funds. The provisions for “integrated operations” should be adapted to the new situation that encompasses research and innovation and regional development. “Project finance approaches”, e.g. including EIB and leveraging co-funding and loan service from other (also EU) sources, should be introduced.

The possibility of having a “common entry point” to apply for funding for integrated projects covering both aspects in synergy should also be explored.

4.3. Link with the Common Strategic Framework for Research and Innovation

The CPMR considers that the proposal to focus the Horizon 2020 programme on excellence and the Structural Funds on capacity building does not reflect the complexity and the holistic nature of the innovation process, which increasingly relies on effective value chains and a multiplicity of partners working together at the city and regional level. Efforts to take into account European priorities for research by the Structural Funds and in particular the ERDF must be accompanied by a similar logic of opening up in the scope of the relevant programmes under the Strategic Framework for Research and Innovation, particularly through a dynamic definition of excellence in the framework of Horizon 2020. This would prevent the programme from overly supporting acquired situations of excellence for which European support does not represent added value. By themselves, the measures proposed under the heading would prove to be extremely insufficient to create synergies with Regional Policy.

As mentioned in previous Policy Positions, the CPMR agrees with the European Commission’s concept of “smart specialisation” strategies, with certain reservations. These are explained in further details in the CPMR Policy Position on Horizon 2020 (http://www.crpm.org/pub/docs/348_en-ppp_horizon_2020_final.pdf). The CPMR regrets that there is no mention of smart specialisation strategies in the CSF and their potential to maximise the contribution of Structural Funds for research and innovation at regional level, which can contribute, among other objectives, to better synergies between EU policies and those implemented by the Regions. Smart specialisation strategies can act as a meaningful bridge between EU programmes at regional level.

The CPMR also asks the European Commission and Member States to provide Regional Authorities with accessible and reliable data concerning the past and future expected impact of EU programmes in support of research and innovation (in particular FP7, the CIP and Horizon 2020) at regional level. **It is indeed paradoxical to ask Regions to coordinate smart specialisation strategies in relation to EU priorities in these fields, while such data is far from being fully reliable and accessible.**

On the list of key targets for the “strengthening research, technological development and innovation” objective, the CPMR has no opposition to the list of themes proposed. In addition, it understands the importance emphasised, from the point of view of European added value, of making investments that are consistent with the Joint Programming Initiatives and ESFRI infrastructures. In many cases, making investments in line with these initiatives also corresponds in fact to the wishes of the Regions. It is therefore essential to avoid attempts that aim to achieve a de facto agreement between the European Commission and Member States, which would exclude the Regions from the decision making process, and to regard them as full partners.

5. PRIORITIES FOR TERRITORIAL COOPERATION

5.1. Sea basin vs. macro-regional strategies

CSF proposal: The objective of macro-regional strategies is to organise cooperation between countries or territories by mobilising local and regional actors to align policies and funding and to identify common issues, solutions and actions. Similarly, sea basin strategies are key contributors to the successful implementation of the Integrated Maritime Policy.

The CSF makes an unclear distinction between sea basin strategies and macro-regional strategies, implying that sea basin strategies should only be supporting the Integrated Maritime Policy. The CPMR would point to examples where sea basin strategies are being developed which do not only focus on maritime issues. It agrees with the CoR report “Developing a maritime strategy for the Atlantic Ocean Area”, which states that limiting the framework of the strategy to within the Integrated Maritime Policy domain would leave limited scope for alignment with the programmes funded under the CSF. It also emphasizes its territorial dimension and its capacity to develop clear links between land and sea and to contribute to the achievement of other key EU policy objectives.

The CPMR would welcome clarity in that respect so that the scope of sea basin strategies is not restricted to a maritime dimension.

5.2. Territorial cooperation for outermost regions and sparsely populated areas

CSF proposal: Particular attention should be dedicated to addressing the cross-border challenges confronting outermost regions and sparsely populated areas

This measure is inconsistent with Article 3 of the European Territorial Cooperation regulation which limits cooperation in the framework of territorial cooperation programmes to 150km. This clearly excludes a significant number of territories in the EU, most notably islands territories.

5.3. Regions of Knowledge

Concerning the issue of inter-regional cooperation, the CPMR asks that Regions of Knowledge (RoK), a programme created at the initiative of the European Parliament, be continued and be kept within Horizon 2020, as a programme aiming specifically at involving regional governments. Placing the “Regions of Knowledge” concept within a limited Territorial Cohesion budget under Cohesion Policy will diminish one of the programme’s acknowledged strengths of bringing triple helix players together both within Regions and cities and between Regions and cities.