

## Position of the Four Motors for Europe on the future of cohesion policy

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The European Commission has published its proposals on the budget of the European Union for 2014 - 2020, along with the draft regulations governing structural funds (ERDF, ESF), the European Agricultural Fund for Rural Development (EARDF), the European Maritime and Fisheries Fund (EMFF) and the Cohesion Fund. The draft legislative proposal harmonises the rules related to different funds, including rural development (EARDF) and maritime and fisheries (EMFF), to increase the coherence of EU action towards the Europe 2020 Strategy. These proposals outline also the future European regional policy. They are currently under discussion between the European Parliament and the Council of Ministers of the EU.

The Four Motors for Europe, an inter-regional cooperation agreement between Baden-Wurttemberg, Catalonia, Lombardy and Rhone-Alpes, has been expanding the European and global outreach of its socio-economic, scientific, university and cultural stakeholders and citizens for over 20 years. From the outset, it has promoted the role of Regions in the European construction. The four regions represent over 33 millions citizens (6.6% of the European population), 7.8% of European GDP and are leaders in the fields of Economy, Higher Education and Research.

Because they are convinced of the validity and added value of European action, the Four Motors for Europe are now preparing actively the future programming period and jointly confirm the priorities they share with a view to equipping the European Union with an effective and ambitious cohesion policy able to fight the present deep financial and economic crisis and to overcome the challenges our Regions are facing. This policy must pave the way for a balanced economic development, based on the cornerstone of innovation and Europe's consolidated potential to rival international competition.

### Accordingly, the Four Motors for Europe:

- Support the proposals of the European Commission with a view to **maintaining a significant budget** for cohesion policy;
- Ask for the **budget allocated to the objective "Investment for Growth and Jobs" to be kept to its proposed amount**, as cohesion policy is an essential leverage for growth in developed regions, which are the **motors of European competitiveness** and whose economical activity is essential to overcome the crisis and thus allow for significant added value for the EU as a whole.
- Is **firmly opposed** to the principle of **conditionality for European funds based on macroeconomic factors** which could penalise European regions for actions attributable to Member States alone;
- Underline the fact that the current **EC Financial Regulation** proposal (about to be approved) has a strong impact both on the financial management of the Programmes and on the management and control system (e.g. Accreditation of management and control bodies, clearance of accounts with a submission of a certified annual account). The Regions wish to follow the debate on Financial Regulation (that have to be consequently changed in order to allow a **simple and non bureaucratic management and control system for the cohesion European instruments**), in order to ensure a user friendly and eventually successful cohesion policy.

➤ **Common strategic framework, governance and partnership agreements:**

- Support the **integrated approach** which serves as a basis for the cohesion policy, including EARDF and EMFF, to increase the coherence of EU action towards Europe 2020, and the implementation of a common strategic and regulatory framework
- Support the European Commission's drive to improve **coordination between the cohesion policy and sectorial policies** and to heighten complementarity between different sources of European funding, especially the synergy between European funding to promote research and innovation and the structural funds, but also between the different programmes rolled out in the same territory under the general regulation in particular for the objectives of Europe 2020;
- Consequently, will strive to **ensure the consistency of the different programmes** which they take part in and which concern their territories;
- Underline nevertheless that the adoption of this Strategic Framework and of all the texts related to cohesion policy as well as the other common policies under the umbrella should be discussed with **formal consultation of Member States, European Parliament and Regions** because it could indeed lead to additional constraints for the implementation of the funds, thus damaging the subsidiarity principle;
- Stress the importance of the role played by Regions in the governance of European funds as well as their indispensable role of developing efficient territory-based policies and supporting projects. They hence should be **differentiated from other stakeholders associated in the elaboration of Partnership Contracts and Operational Programs** in a specific way, in order to respect the principle of multi-level governance;
- Call for the **direct management of those Structural Funds budgets allocated to its territory**
- Ask for stressing the important role of **developed regions for European competitiveness within the partnership-agreement**;
- Express their concern regarding the **time-line for the definition of partnership and programmes agreements**, which must be presented simultaneously within 3 months of the adoption of the common strategic framework. Thus ask for a balanced procedure and time-line between Commission and Member States, suggesting that the **operational programmes could be presented after the presentation of the partnership agreement**. Postponing the time-line seems indispensable to guarantee enough time for the successful preparation of quality programmes, which implies, among others, a thorough stakeholder consultation.

➤ **Thematic concentration:**

- Are in favour of the **thematic concentration principle** in line with the European 2020 Strategy;
- Hope that the contribution made by the cohesion policy to the implementation of the Europe 2020 Strategy will not call into question the **principle of subsidiarity** which reinforces the fact that it is the **Regions themselves which must decide on their own development strategy** on the basis of an analysis of their needs and the specific features of their territories, in line with the priorities defined at European level;
- Acknowledge the need for European regions to implement **smart specialisation**. However, the Region recalls the **limitations of hyper-specialisation** and the risk of weakening traditional and industrial (sub-contracting) sectors which might result in territorial imbalance and decrease competitiveness. This concept is liable to limit the room for manoeuvre of regional authorities in implementing their economic development

policies, in line with the principle of subsidiarity;

- Are also concerned by the failure to take account of the needs of developed regions in the **funding of infrastructures** offering basic services as far as economically oriented infrastructures are excluded that serve the Europe 2020 objective of becoming a smart, sustainable and inclusive economy;

➤ **Territorial balance:**

- Recall the need for a **balanced territorial approach at regional level** and, more specifically, an approach which takes account of both urban and rural concerns and stress the importance of a differentiated approach according to territories, particularly in urban and suburban areas (urban/rural relations), in areas with a permanent natural handicap such as mountainous areas and border regions, especially the ones that have to deal with external frontiers with the EU. The Cohesion policy should adapt to these different situations in order to promote the specific potential of such territories;
- Welcomes the greater attention paid to the **urban dimension** in the draft regulations which adopt an integrated approach, since cities are not only the main contributors to competitiveness and European growth and creation/safeguarding of jobs in its central role for its surroundings but also mirror the most serious development inequalities and imbalances;
- Are attentive to the initiatives proposed by the Commission such as the **Integrated Territorial Investments** and calls for **further specifications** of the arrangements for their implementation;

➤ **Territorial cooperation:**

- Are in favour of the increase in the budget earmarked for **territorial cooperation** and welcomes the proposal for a specific regulation on territorial cooperation but regret the fact that programme budgets are still defined on national bases and not at individual programme level;
- Are concerned by the application of the **thematic concentration principle to European territorial cooperation**, considering that the thematic choice proposed by the European Commission excludes priorities required to reinforce territorial integration and mutual knowledge, for example in the cultural and tourism sectors.
- Welcome the revision **of the regulation concerning the European grouping for territorial cooperation** (EGTC) which aims at facilitating the direct management of territorial cooperation programmes;
- Welcome the **increased flexibility** of the procedures concerning the decommitment principle for these programmes
- Wish that the **participation of non-Member States** would be better coordinated in the implementation of cooperation programmes;
- Ask at the very least that the **participation of regional entities be guaranteed at all negotiation process levels** and, afterword, in the selection, management and supervision procedures governing projects financed

for each operational programme of territorial cooperation;

- Stress the need for a **better definition of the ex-post conditionality** principle which could condition the payment of subsidies on the achievement of objectives considering that for CTE Programmes performance reserve is not applied;
- Express their concern regarding the **time-line for the definition of Programmes** and ask the European Commission to adopt Delegated Acts concerning cooperation areas in the shortest possible period.

#### ➤ **Financial instruments:**

- Agree on the objective of promoting the use of financial instruments to support the priorities identified in programming documents and the explicit possibility to combine it with other forms of aid (grants, interest rate subsidies and guarantee fee subsidies), normally used at local level.
- Stress nevertheless the fact that the European Commission has **to involve member States and Regions in the definition of Delegated acts**, including those concerning specific requirements and detailed rules on Financial Instruments to ensure their effective efficiency: the Regions wish to ensure that the choice of tools used to implement EU cohesion policy is left to the Regions in order to respect the specificities of locally-developed instruments. They thus ask the EC to adopt them in the shortest possible period.
- Insist on the necessity that such instruments should be **simplified and made more flexible** (especially in terms of deadline) in order to keep attracting the private sector

#### ➤ **Management and controls:**

- Insist on the principle of proportionality which states that, “the content and the form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties” and underline the fact that cohesion policy should be **target oriented and not procedure oriented**;
- Call for **more flexible and simpler control mechanisms** elaborated in collaboration with Regions in line with the principle of subsidiarity, since in the current period the Regions have shown their ability to manage European funds effectively;
- Judge that the **propositions for simplification** presented in the regulations, such as the annual accounts closing are **insufficient**: they should be an opportunity for Regions and not a supplementary constraint. For instance, the provision specifying that beneficiaries should receive the total amount of public support before the inclusion of the corresponding expenditure in the payment application may cause unnecessary complications. Simplification of procedures and particularly of the **establishment and approval of the management and control system** is an important factor to ensure a quick start of the Programmes implementation: delays that have already been caused during the previous period.
- Underline the fact that the ability to **modify the Programmes**, their thematic objectives and their investment priorities during the implementation phase is indispensable in order to adapt to the evolutions of the socio-economical reality of territories. The Regions hence ask for the modification procedures to be simplified and not be linked with a revision of the Partnership Contract in order to avoid supplementary delays and ask for the introduction of adequate tolerance thresholds relating to strategic targets and indicators;

- Insist on the fact that the **ex-post conditionality principle** which could condition the payment of subsidies on the achievement of objectives **should not jeopardize the implementation of innovative and more ambitious projects**;
- Formulate their request for Regions to be **directly involved in the definition of indicators and quantified objectives**.