

**Position of Poland on cohesion policy post 2020**  
**Adopted by the Polish Committee for European Affairs on 17 July 2017**

## **I INTRODUCTION**

The European Union is at a critical juncture, when its future shape is being decided. In order to be perceived as capable of providing an effective answer to the economic and social problems of Europeans, the Union must streamline and coordinate its actions more effectively.

The most important current challenges faced by the Union are, on one hand, a weakening in EU economic competitiveness on a global scene, and on the other, deepening social stratification and disparities in economic development in an internal dimension. Many regions face problems in adapting to current development trends related to globalisation and demographic changes, leading to their progressive marginalisation, as is pointed out in the Commission's *Reflection paper on harnessing globalisation*. Therefore the Union should broadly support actions aimed at encouraging development, the reduction of disparities and fostering internal cohesion in social, economic and territorial terms, in line with the Commission's *Reflection paper on the future of EU finances*.

Considering the above challenges, Poland suggests that it is becoming necessary to agree on new development goals for the Union and to design a new way of achieving them. The Union needs a flexible and modern policy consistent with both the Treaty objectives and the new challenges, such as the need for structural transformation that boosts economic productivity and innovation while remaining inclusive for all citizens and regions. All EU policies and instruments should contribute to the delivery of cohesion policy within their respective 'areas of competence'. This should involve coordinated European, national and regional actions affecting various areas of social and economic life, taking specific regional (territorial) potentials and needs into account. Therefore, in Poland's opinion, there is a need to design a comprehensive system that ensures the interaction of European and national policies with regional and local measures (multilevel governance) in order to facilitate the harnessing of territorially diversified potentials, to prepare for the new stage of re-industrialisation and also to minimise the negative impact, particularly in the most vulnerable regions.

In this context Poland notes that cohesion policy addresses development issues in the most comprehensive manner. Without its impact, the social and economic disparities in the Union would surely be greater, while the progress of the integration process would be at risk.

Thus, Poland wishes to emphasise that cohesion policy constitutes the Union's key investment policy, an important element of the anti-cyclical measures mitigating economic and financial crises, an delivery tool for structural reforms and for the European legislation, and also the primary instrument for achieving convergence between the Member States. The high European added value of cohesion policy also lies in its contributing to the completion of the single market and to the provision of European public goods. It is the policy most clearly visible to the Union's citizens, as one that addresses their needs directly. It improves their living conditions – e.g. it increases accessibility and improves the quality of infrastructure and public services, including healthcare, it improves the condition of the natural environment, increases energy security, facilitates the improvement of professional qualifications and better adaptation to the labour market, and increases the number of jobs.

Moreover, thanks to the partnership principle, the territorial approach and multilevel shared management, which assures an integrated approach (as opposed to a sectoral approach) and elevates the quality of regional institutions, cohesion policy combines effectively the strategic objectives of the Union with specific needs and challenges of Member States, regions, cities and rural areas. The policy addresses, in a comprehensive way based on an integrated approach, development issues and investment plans covering various areas of economy. Cohesion policy promotes a framework of implementing actions which assures both better focus on results and strengthened effectiveness of public intervention (ex-ante conditionality, ex-ante evaluation, strategic programming, mid-term reviews of results – performance framework and reserve, monitoring, ex-post evaluation). An evaluation study carried out among the Visegrad Group (V4) countries has shown that over a decade (2004-2014), as many as 40% regions had substantially improved their level of their socio-economic development, crossing the threshold of 75% of the average European GDP *per capita*. The study has also shown that irrespective of the size of the allocation, all Member States

benefit from the positive results of cohesion policy. This is in part thanks to increased orders for goods and services in the EU-15 countries coming from direct beneficiaries of cohesion policy and to the performance of contracts by foreign companies (located in the EU-15 or owned by EU-15 companies located in countries of beneficiaries). As a result, in 2007-2015 as much as 80% (EUR 97 billion) of the contribution made by the EU-15 countries to the budget of cohesion policy returned directly to them, feeding their economies with indirect and direct export and capital benefits. Other positive externalities include better transport accessibility to sales markets, higher productivity of companies located in the territory of V4 and remaining in the hands of EU-15, better educational offer for students from the EU-15 countries and less negative impact of air pollution from V4 countries on the EU-15 countries.

It should also be stressed that cohesion policy does not operate in isolation. Its success depends also on the coherence and effectiveness of the entire economic governance system. All European and national policies, programmes and funds should serve to deliver agreed objectives, though at different levels and in relation to different aspects. They should work together in a complementary manner and achieve maximum synergy.

Consequently, the European budget must be ambitious and constructed in a way consistent with effectively addressing citizens' problems and favouring the European integration process, instead of creating divisions which will lead to a multi-speed EU. The future budget should consider the review of effectiveness of all EU policies and provide space for facing new challenges resulting from unexpected socio-economic developments and at the same time guarantee the achievement of Treaty objectives. The EU budget should first of all be of a long-term and investment-oriented nature, while cohesion policy should constitute its substantial component, covering all regions. The less developed regions should be provided with relevant support, and the GDP *per capita* should remain the primary indicator for ensuring the optimal allocation of cohesion policy resources.

The EU economy is at the moment showing relatively good results – we have seen continued economic growth in the last four years, supported by the macroeconomic policies of the governments of the Member States, improved confidence among consumers and investors, a gradual strengthening of global trade and – in case of the Eurozone – relatively competitive exchange rate of the common currency.

Poland is deeply concerned about the risk of a delayed publication of the Commission's proposal for the next multiannual financial framework. In its opinion the legislation package for cohesion policy 2020+ should be approved by the first half of 2019 at the latest, while the negotiation of all programming documents should be completed by the end of 2020.

## **II DESIRABLE DIRECTIONS OF THE REFORM OF COHESION POLICY**

In response to the challenges defined above, the Union should better target and coordinate its actions. The changes in the cohesion policy delivery system should be primarily related to:

- better links with the economic governance system, both at the level of goals (EU strategy post-2020 that is aimed at structural change and takes the territorial context into account) and at the level of coordination and implementation mechanisms (a modified system of country specific recommendations – CSRs);
- stronger concentration on supporting the European system of structural transformations at the national and regional levels – and where relevant, also at the local level;
- fundamental verification of the currently binding implementation mechanisms.

As a final result, the proposed changes described in detail below should ensure the participation of all citizens and territories in the development processes of the entire Union, including those related to globalisation, as well as increased relevance in the process of European integration.

### **II.1 Objectives and scope of cohesion policy**

Cohesion policy, as one of the main pillars of the EU investment policy – under its Treaty objectives – supports the process of the single market completion and deepening of its four freedoms. Its investments contribute in a measurable manner to the achievement of the EU economic, social, environmental and territorial objectives. Poland wishes to emphasise that – taking into account the multidimensionality of globalisation processes – the achievement of the EU objectives calls for coordinated action in economic,

social, environmental, and territorial areas, between the Union, its Member States and regions, or financial institutions, such as the European Investment Bank (EIB). This is necessary to ensure the effective functioning of the Union.

In Poland's opinion the most important cohesion policy goals are as follows: on the one hand, (a) support for innovativeness of regions and enterprises and re-industrialisation based on innovation (including services supporting industry and innovation as well as creation and strengthening of regional innovation systems), further implementation of the concept of smart specialisations, support for R&D&I, development of the digital society and effective use of digital technologies in the economy, (b) reducing development disparities between regions, (c) development of the circular economy, support for the development of the so-called "green economy" (particularly low-carbon economy), while ensuring the energy security of citizens, (d) increased effectiveness of the environmental development potential, facilitating its use for satisfying the present development needs and improvement of the quality of life, preservation of development resources for future generations, as well as (e) investments supporting the defence sector; and on the other hand, (f) counteracting adverse demographic changes, such as ageing society, services supporting healthy lifestyles (increased activity, extension of professional activity, the silver economy, etc.), as well as the equally important (g) taking up of migration challenges (also in the context of migration from the East), (h) investing in human capital, improvement of the education system, support for optimal use of labour resources; and (i) addressing infrastructural deficiencies, which limit integration with the European single market and/or negatively affect internal accessibility.

Poland emphasises that the broad thematic scope of cohesion policy should be preserved as its actions should be adapted to the deficits and potentials of specific territories, along with the parallel strengthening of thematic concentration mechanisms.

Furthermore, Poland believes that concentration levels should be agreed on a case by case basis with Member States and regions, taking into account at the same time both their capacity to join the delivery of European objectives and the existing deficiencies in different areas. Member States should select a limited number of priorities from an EU-level common catalogue and focus their activities on priority areas. Furthermore this exercise should be completed by taking into account objectives and challenges formulated at the European level and adapting them to the specialisation of a given area or programme.

Poland also wishes to emphasise that in the next financial perspective, the objective of the European territorial cooperation, and thus INTERREG programmes, should continue to focus on European integration in social, economic and territorial terms. The results of INTERREG projects should be more visible both at the national and Union levels.

## **II.2 Support for structural reforms**

Poland proposes that in the next programming period the Country Specific Recommendations (CSRs) should be multiannual, encouraging structural reforms at the European and national levels and linked to all relevant EU policies and budgetary instruments. Thus, such an approach should also contribute to the implementation of the EU economic strategy (the successor of the *Europe 2020* strategy).

Furthermore, it should be noted that the annual cycle of the European Semester is too short. Currently the assessment of the achievement of the CSRs is carried out only a few months after their formal approval. This is a premature exercise, since a substantial part of reforms requires a longer horizon. A multiannual horizon of CSRs would enhance the effectiveness of EU funds and would enable Member States to define their paths of meeting the CSRs.

Having in mind the need for a stronger national ownership of the CSRs, Poland believes that these recommendations should be made 'realistic', i.e. their scope and theme should be agreed and decided in close cooperation between the Commission and Member States' national level. Member States should also have the possibility to choose their own priorities. A joint dialogue would lead to an agreement on which actions should be undertaken first (i.e. those which have a real chance for implementation in a given economic and political environment and at the same time are in line with CSRs). This should help speed up economic growth in line with EU strategic objectives. A low level of CSRs implementation suggests a poor acceptance of Commission proposals that are not consulted with the Member States. Furthermore, the procedure for drafting recommendations is performed in a manner that any amendment in a given text proposal is difficult to be agreed upon. This lowers the Member States' ownership of the CSRs finally

approved by the Council. Therefore, the necessary component of properly designed recommendations entail a deepened dialogue between the Commission and the Member States, a broad support among the Member States for EU economic policies and an involvement of economic and social partners in the process that is broader than at present.

Poland is not in favour of setting reserves devoted to structural reforms implementation at the level of the cohesion policy envelope. However, Poland is in favour of modifying the logic of linking cohesion policy with structural reforms, which relies now on a penalisation (lack of action or unsatisfactory action on the part of a Member State may be penalised by a suspension of cohesion policy commitments and/or payments – macroeconomic conditionality), whereas we feel the system should be built upon incentives for structural changes. This could consist of additional arrangements for simplification/differentiation of the implementation requirements or of increased access to funds (a higher co-financing rate or the top-up mechanism could constitute an incentive to implement reforms). The recent *Structural Reform Support Programme* initiative is a step in the right direction. Since the programme has only been launched, now is not the time to prejudge its added value. Nevertheless, a system should be developed based on additional incentives, granted on a voluntary basis.

Poland also opts for a clear definition of which recommendations (or parts of recommendations) are relevant for cohesion policy. In this regard, Poland is not in favour of linking the EU budget – and in particular the cohesion policy – with CSRs that are the sole competence of a Member State.

### **II.3 Territorial approach**

Poland stresses that the territorial approach facilitates an in-depth analysis of the impact of globalisation on territories, the EU's internal integration and its policies. This approach also makes possible the inclusion of the territorial dimension in the EU strategy. This is necessary when taking into consideration the reforms introduced at territorial level within the CSRs and in the whole European economic governance system as well.

Poland underlines that the territorial approach also assumes the necessity to include all areas into the development processes with a view to counteract polarisation within European territories. Therefore, it is crucial to take into account the diversity and specificity of different types of territories and functional areas with different development conditions, i.e. metropolitan areas, cities (including small and medium-sized ones losing their socio-economic functions), rural-urban areas, rural areas, border and mountain areas, coastal zones, etc. This facilitates tailoring the intervention, instruments and specific investments to regional or local contexts of a specific area or a group of areas. Thus, it provides a unique opportunity to stimulate endogenous development potentials and to overcome structural development barriers of given areas. This is due to a credible insight into this specificity and the participation of national and regional level actors (multilevel governance and subsidiarity). This approach is in line with the philosophy presented in Poland's main strategic document, i.e. the Polish Strategy for Responsible Development.

Therefore Poland believes it is important to facilitate: (1) placing of investments that improve public services in a given territory by taking into account the areas of greatest needs and areas of their highest concentration; (2) avoiding accumulation of investments of similar type in the same territory; (3) basing the decisions on location and type of a given investment to the greatest possible extent on regional and local indicators, rather than on particular interests or top-down decisions; and as a result (4) effective distribution of funds on a given territory and their location in relation to existing potentials and identified needs. It is also crucial to use Territorial Impact Assessment (TIA) both in the EU and national legislation.

#### **II.3.a The role of cohesion policy in supporting cities and rural areas**

Poland considers that cities – due to their potential – act as drivers of development of regions, Member States and the Union. The urban dimension of cohesion policy should address different types of cities – large, medium-sized and small – and tailor the intervention to their specificities. However, due to the diverse settlement patterns in Member States, Poland believes that a closer definition of specific categories of cities should be conducted at national level. Poland emphasises that it is of particular importance to strengthen territorial instruments for medium-sized and small cities with reduced capacities to deliver development projects, to develop effective partnerships and to apply for funding. This should go hand in hand with administrative capacity-building, in particular with promoting of a broad social participation.

Furthermore, Poland wishes to point out that arrangements developed under the EU Urban Agenda, such as partnerships of cities and the *Smart City* concept, should serve as a point of reference when improving instruments and the scope of intervention targeted at cities.

Poland believes that cities should also be better integrated throughout the selection and coordination of actions and projects implemented within their territory. New arrangements should first of all help to improve cities' ability to coordinate actions implemented within their territory and their functional areas. Furthermore, alongside the cohesion policy mainstream actions for cities, Poland calls for the strengthening of instruments for cities taken directly from the EU-level, for instance for a group of cities selected together with a Member State or for topics relevant from the Union perspective. The added value would lie in defining common EU objectives for a selected group of cities and in promoting experimental solutions and projects. With regard to the *Urban Innovative Actions* (UIA) at the Commission level, Poland calls for the diverse degree of development of the different regions across the Union to be taken into consideration. The current definition of 'innovation' being the same for all EU cities disfavours cities with less experience, as is shown in the results of calls for project proposals.

Poland believes that rural areas should also be supported under the territorial dimension of cohesion policy – with particular emphasis on improving urban-rural functional linkages. The assistance for rural areas and those functionally linked to surrounding urban centres is necessary for an adequate stimulation of endogenous potentials of all surfaces of regions across the Union. Thus, rural areas should also be viewed as strongly linked to surrounding cities (local, sub-regional, regional and metropolitan ones) being the service, employment, educational and cultural base. Therefore various instruments should be addressed to rural areas.

The assistance should be focused on stimulating the level and degree of diversification of employment, in particular beyond agriculture (development of non-agricultural functions, production and services); stimulating of growth enablers (investment in education and training, innovation and infrastructure); improving or maintaining of the natural environment and good environmental status; and strengthening functional urban-rural linkages. At the same time, these actions should go hand in hand with the support from the Common Agricultural Policy (CAP) funds towards increased agricultural effectiveness and productivity. The nature of challenges faced by rural areas calls for appropriate coordination of the CAP and cohesion policy.

### II.3.b Territorial instruments

Poland believes that the territorial instruments introduced in the 2014-2020 period need to be continued. However, on the one hand they need to be simplified and made more flexible, while on the other they should be applied in a wider manner. In the future perspective, the EU legislation should not treat the tools such as Integrated Territorial Investments (ITI) or the Community-Led Local Development (CLLD) as a closed set. It should allow for the creation of other types of instruments responding to specific needs of different functional areas.

In Poland's view, the key issue is to extend the scale and scope of territorial instruments with regard to different types of territories. For the time being, they address broadly defined types of areas, e.g. urban, rural, border, urban-rural ones. In the future, they should better correspond to the social-economic situation of a given area type, taking into consideration its functional links and with the intervention being adjusted to its specificities (e.g. agglomerations, medium/small-sized cities, cities losing their socio-economic functions, rural areas, marginalised areas). At the same time, the question of whether make use or 'customise' these types of instruments in accordance with the specificity of the area should to a greater extent be a prerogative of the given Member State. Such an approach should facilitate tailor-made solutions, which would not require additional obligations, new bodies or generate administrative burden.

Furthermore, Poland believes it is of key importance to further improve the territorial instruments' 'ability' to involve various entities in the delivery of public policies. This is necessary in order to reinforce ownership – a prerequisite for the success of structural changes.

### II.3.c Macroregional strategies

Poland considers macroregional strategies to be an important component of the European territorial cooperation. They generate high added value, offering a platform for multilevel, multisectoral, international and interregional cooperation and they involve countries from outside the Union. They



connect European societies not only in economic and social dimensions, but also in a spatial one, directly involving specific European regions in cooperation. They contribute to the reduction of development disparities, implementation of common policies, the flow of good practices, mutual learning, as well as strengthening development potentials of the regions not belonging to the Union.

Macroregional strategies may play a particular role in the development of regions in the post-2020 period. Therefore Poland sees the need to support implementation of macroregional strategies, both the existing ones and new initiatives (the Carpathian Strategy). This could be done through, inter alia, the development of the system of incentives for macroregional cooperation and setting an allocation of funds dedicated to strategies. It is also necessary to strengthen the cohesion between the objectives of the Strategy and EU financing sources through stronger links with implementation mechanisms of cohesion policy post-2020 and with the centrally managed funds. The above shall facilitate more effective implementation of actions planned under macroregional strategies. It will be equally important to ensure balanced activity of stakeholders applying for these funds, representing more and less developed areas of a macroregion.

## **II.4 Effective management and implementation of cohesion policy**

### **II.4.a Increasing of trust, partnership and cooperation between the Member States, regions and Commission**

Poland wishes to emphasise that cohesion policy should continue to be based entirely on the multilevel shared management model and on the partnership principle. Moreover – in the face of increasingly complex socio-economic processes in the Union – investing in development, fostering growth and employment, as well as creating adequate environment for investments requires first and foremost an increased ownership of cohesion policy implementation among all the actors involved in this process at the EU, national, regional and local levels.

Furthermore, Poland deems it necessary to redefine the relationship between the Commission and Member State, regions and beneficiaries. The achievement of jointly planned outcomes and results should be the priority, instead of a primary focus on compliance and control of expenditures. In order to achieve this change, it is necessary to reinforce trust between all actors involved in cohesion policy delivery (programming, implementation and financial settlement of the said policy). The lack of confidence leads to excessive legislation, multiplication of guidelines, bloated programming documents and fear of audits. It creates inconsistencies in EU regulations and over-interpretation by Commission services and leads to gold-plating.

Poland would also like to draw attention to the fact that the strategic issues should be agreed jointly by the Commission, Member States and regions. Thus Member States should have more responsibility for ensuring a sound financial management of cohesion policy funding. They should be accounted/verified by the Commission against their performance towards achieving expected objectives/results and reducing the administrative burden.

### **II.4.b Real application of the proportionality principle and differentiated approach**

The shared management system needs to be maintained. It is therefore necessary to put the proportionality principle into genuine practice. In addition, the differentiated approach to policy delivery (management and implementation) in Member States and regions has Poland's unwavering support.

It should be defined according to objective criteria, such as: (1) the quality and effectiveness of the institutional system in a given Member State, particularly when it comes to the effectiveness of the EU funds management system and the audit authority; (2) the scale of the Union funds allocated to the Member State aligned with the size of the territory and the population; (3) the fulfilment of ex-ante conditionalities, (4) the number and size of operational programmes. The cohesion policy implementation mechanisms could be differentiated according to the above criteria, particularly as concerns such mechanisms/ arrangements as: controls and audits of Union institutions, the level of the co-financing rate and simplification of the institutional and programming system.

### **II.4.c Reduction of procedural burden – a single set of rules for European Structural and Investment Funds**

Poland is in favour of harmonisation of the European Structural and Investment Funds (ESIF) rules. This should have a positive impact on the cohesion policy implementation process and on the policy's specific

investments, limiting the administrative burden for actors involved in cohesion policy at all administrative levels and for beneficiaries implementing multiple projects financed from different programmes.

Moreover, it will facilitate the strengthening of dialogue (interactions) between institutions operating in different thematic sectors, and furthermore it will make the integrated approach to investments more tangible. Cross-sectoral projects that provide for both hard and soft interventions as well as effectively address diverse citizens' needs from all EU regions will be more realistic.

In this context Poland also points out the need to rationalise the scale and scope of the EU legislative package for cohesion policy. Its level of detail should be reduced. The package should include one general regulation (a single set of rules) accompanied by fund-specific regulations and the lowest possible number of delegated and implementing acts.

Regulatory simplification of the package should also signify the reduction of the number of guidelines. They should not be used as soft regulations, but as good practice guides with examples, inspirations and off-the-shelf solutions for the Member States. This catalogue of examples and good practices should not be regarded as an exhaustive lists.

Moreover, the whole legislative package and guidelines issued by the Commission should be available in good time before the implementation start of the new programming perspective (by mid-2019 at the latest). Such circumstances should allow for a timely start of the investments process and for the overall involvement of stakeholders in the programming exercise of cohesion policy.

In order to improve the implementation during the starting phase, Poland believes it is essential to provide a fast-track system for approval of operational programmes by various Directorates General in the Commission. The Commission's decision adopting the operational programme shall mean that the State aid schemes were also accepted. This would contribute significantly to the alignment of cohesion policy rules with those for centrally managed instruments and programmes, where the State aid rules have been greatly simplified.

In this context, Poland stresses the need to discuss both the institutional reform of the Commission aimed at better coordination of cohesion policy funds as well as the implementation of systemic/institutional arrangements, which would ease the multisectoral investments of cohesion policy.

#### II.4.d Improved programming of cohesion policy delivered under shared management

In Poland's opinion, the number and scope of currently binding programming documents should be rationalised, including by abrogating the *Common Strategic Framework*, since this document has turned out not to play an important or useful role in the programming system.

Poland believes that the Partnership Agreement should not be a summary of operational programmes content, but rather present objectives to be met, available means and the programmes' allocations. In congruence with the proportionality principle, it should be possible, where appropriate, to derogate from the obligation to draw up a Partnership Agreement.

As regards operational programmes, Poland is of the opinion that they should be focused on diagnosis, the goals to be pursued and the results to be achieved, as well as present a clear and consistent intervention logic. At the same time their possible adjustment to the newly occurring challenges and modified delivery circumstances should be envisaged (a fast-track system for amendment of programming documents that would allow operational programmes to be updated without having to go through lengthy procedures ending with an official Commission decision). However, increasing the so-called programming flexibility should not have a negative impact on the general cohesion policy objective, i.e. supporting long term and sustainable growth and socio-economic development.

#### II.4.e The result-oriented cohesion policy

Poland wishes to emphasise that the result-orientation constitutes one of the attributes/advantages of cohesion policy. Thus, the ex-ante conditionality and the performance framework and reserve should continue under the forthcoming perspective.

In Poland's opinion, ex-ante conditionalities should remain the essential tool to create an optimum environment for the investment process. Therefore they should: (1) be formulated in a more precise manner, ensuring unambiguous interpretation; (2) constitute a less numerous catalogue than in the 2014-2020 perspective and refer to key issues; (3) take into account the specificities and diversification of

Member States and regions to a greater extent, through better adaptation of requirements (the so-called tailor made conditions); (4) be verifiable in line with clear procedures, not causing unnecessary administrative burden; (5) be formulated in a manner allowing the managing authority of an operational programme to take full responsibility for their implementation.

The fulfilment of agreed ex-ante conditionalities should be considered as a reasonable assurance of the smooth operation of the institutions in specific areas (e.g. of public procurement or control). This in turn should translate into a reduced number of controls on the part of the Commission.

Poland was in favour of introducing the performance framework and reserve into the cohesion policy delivery system. This was perceived as a tool for mobilising the authorities responsible for the implementation of ESI Funds to meet, in the most efficient and effective manner, the objectives set out in the programmes. The forthcoming review of the performance framework shall indicate further steps for its development. Application of the performance framework and its scope should be combined with a mechanism of possible reserves. Potential changes to this mechanism should reflect conclusions stemming from its application in the current programming period.

Nevertheless, some conclusions can already be drawn today. Poland suggests the following directions: (1) making the deadline for achievement of the performance framework dependent on the programme implementation start date, rather than relying on a fixed date, as is the case now; (2) better adaptation to the objectives for which the mechanism has been established, so as to primarily support the quality (perceivable outcomes) and not the speed of structural intervention; (3) the performance reserve should not come with a fixed allocation structure, while its possible utilisation should be verified not earlier than 5 years following the approval of an operational programme by the Commission.

It has to be underlined that cohesion policy relies on the most comprehensive system for assessing its results. They should serve as the starting point of the debate on the subsequent EU budget for the post-2020 perspective. Furthermore, the system should stand as an example for other EU policies and instruments as regards the assessment of effectiveness of the support.

#### II.4.f Simplification of controls and audits as a particular form of increased trust

Poland is in favour of an effective control and audit system that does not generate new, additional, excessive or unnecessary obligations which do not result from the legal provisions. The system should rely on the principle of a single audit approach. At the same time it should respect the competences of relevant national institutions and services in this area, particularly if they have been verified throughout the ex-ante conditionality check or the designation process.

Poland takes the view that auditors should actively support institutions involved in cohesion policy delivery. This applies in particular to corrective measures taken to prevent any potential irregularity. For this purpose, the emphasis should be placed on preventive audit measures, with the proviso that full independence and impartiality of auditors is assured. Moreover, the main tasks at the Commission level should be to assess the achievement of results.

In Poland's opinion there is a need to redefine the roles of the Commission and of Member States in the control system. This should rely on an increased mutual trust and on strengthening of the Member States' responsibility for achieving results. The Commission and other EU institutions should rely much more on audits and controls undertaken by national institutions (within the EU funding and beyond). The results of such checks should be respected to a greater extent versus the results of EU level checks.

Moreover, it seems expedient to introduce appropriate deadlines for submitting the audit reports prepared by the Commission, to discontinue net corrections, while at the same time maintaining systemic corrections, the level of which could be used for projects other than those affected by systemic error.

#### II.4.g Simplification of financial instruments

Poland believes that grants should constitute the primary support mechanism in the case of cohesion policy, while the financial instruments should represent a supplementary form of financing investments. Some areas should continue to be reserved solely for grants. This applies to high risk projects, which would not be implemented at all without public support (highly innovative projects), public infrastructure, public services provided free of charge. Nevertheless, the role and significance of financial instruments in the cohesion policy framework should continue to increase. This will facilitate multiple use of the same capital



for investments and additional mobilisation of private funds for implementation of projects which are in line with objectives considered important by the public authorities.

Poland proposes to reduce bureaucratic requirements in relation to financial instruments in cohesion policy post-2020. The settlement of financial instruments is burdened with disproportionately high administrative requirements in relation to grants. This represents a disproportionate burden for the final recipient in relation to a beneficiary receiving grants and introduces far-reaching difficulties for financial intermediaries. Such actions limit the demand for the financial instruments implemented under cohesion policy. Poland deems it necessary to ensure simple ways of settling financial instruments, which shall be adequate for each type of an instruments, as in the case of centrally implemented instruments. The provisions should be simple and transparent, and the delivery rules under different policies should be similar. The source of financing should be of secondary importance in relation to the objective to be achieved. Furthermore, the provisions should facilitate simple adaptation of the form of support to the nature of a project, so as to ensure the optimum match with objectives set at the strategic level.

Furthermore, Poland believes that the financial instruments in cohesion policy should be maximally similar to market conditions, despite the fact that they function in the area of a so-called gap, where the market fails to intervene.

The area and scope of intervention of financial instruments should result from the analysis of how a given market functions (ex-ante evaluation). It is important, however, not to excessively tighten the procedures in this area. Changes in the market may occur dynamically and institutions should be capable of quick and flexible adaptations of their interventions to changes taking place, without being subjected to excessive cost and administrative burden.

#### II.4.h Recommendations relating to Interreg programmes

In order to make the effects of INTERREG projects more visible at the national and EU levels, Poland is in favour of: (1) improving the integrity of intervention *via* territorial re-organisation of programmes, e.g. reducing the number of cross-border programmes (in particular of programmes alongside a single state border). A functional delimitation of cross-border and transnational programmes should be carried out, taking into account the geographical scope and thematic objectives, types of actions and ways of their implementation; (2) implementation of key projects and of small people-to-people projects. Small projects enable the participation of local communities and foster deepening of people-to-people ties. The key projects – due to their geographical scope (large part of the support area or entire support area of a programme) and the essence and scale of the issues to be dealt with – shall provide greater and more visible outcomes than spot projects; (3) a far-reaching simplification of implementation principles for INTERREG programmes (such as excluding them from the public aid regime). In particular, the implementation principles for cross-border programmes of the European Neighbourhood Instrument should be aligned with those governing INTERREG programmes.

Furthermore, Poland supports continuing the implementation of INTERREG programmes under shared management.

#### II.4.i Better harmonisation of principles between cohesion policy and centrally managed instruments and programmes

In view of their cross-cutting nature, ESI Funds operate in close connection with centrally managed instruments and programmes or with the assistance from the European Investment Bank (EIB) or the European Investment Fund (EIF). Therefore, in the opinion of Poland, the transparency and consistency of approaches becomes a crucial requirement for the effectiveness of the EU economic policies. Therefore, Poland believes it is necessary to align the provisions of centrally managed funding and ESI Funds. To this end, it is important to achieve mutual coherence of horizontal principles and requirements relating to project delivery under various policies. First of all, balance must be ensured by appropriate arrangements standardising procedures in the areas: (1) State aid, (2) public procurement, (3) environmental legislation and (4) monitoring and evaluation. The provisions most beneficial to the effectiveness of project delivery and implementation of programmes should be favoured.

Poland points out that the aim should be to increase synergy and complementarity, and accordingly, to reduce the negative trend whereby policies of different management models compete for projects to be financed. This shall also facilitate combining various sources of funding, both from cohesion policy and

those centrally managed by financing parallel or subsequent projects. At this point, Poland wishes to emphasise that direct management of cohesion policy by the Commission should be applied on exceptional basis and only with regard to transnational and networking aspects, when it is possible to clearly demonstrate the greater efficiency of the spill-over effect of centrally managed public intervention. Shared management based on operational programmes should be the core governance method for cohesion policy delivery.

Maximising synergies and creating the new ones between cohesion policy and the future 'Horizon 2020' investment in R&D&I will be particularly challenging. This should result in mutually coherent delivery systems that contribute to boosting the EU innovation performance and R&D investment via projects implemented at different levels.

Furthermore, Poland points out that there is a need for a comparable assessment of how cohesion policy and centrally managed funding, including the EFSI, are being operated and how and what they are performing. Currently, it is primarily cohesion policy that is hedged in by a demanding but reliable evaluation methodology based on precise indicators and monitoring of investment results and management systems.

In parallel, Poland wishes to stress the particular importance of and need for increasing geographical balance across centrally managed instruments. One of the possible solutions is to amend the rules applicable to calls for proposal at the EU level in order to make provisions adapted to potential 'less experienced players'. By way of illustration, introducing mechanisms for the full use of the intellectual potential of all EU countries/regions can be a good option for Horizon 2020+ as well as to spread innovations, developed with the assistance of the programme, among all EU regions.