



**European Committee
of the Regions**

**Commission for
Territorial Cohesion Policy
and EU Budget**

COTER

Shaping EU Cohesion policy

**how the CoR's opinions contributed
to the legislative framework
for 2021-2027**

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Editorial

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Chair for the Commission on territorial cohesion policy and EU budget (COTER)

Cohesion policy is the most important European investment policy with a clear added value in creating jobs, providing sustainable growth and modern infrastructure, overcoming territorial disparities and structural barriers, boosting human capital and improving the quality of life for all citizens across the EU. The new cohesion policy framework for 2021-2027 will guide the preparation and implementation of projects in all Member States for the next seven years.

Regions, cities and towns of all sizes are the primary beneficiaries of EU cohesion policies. The European Committee of the Regions (CoR) has therefore aimed at influencing the debate on the new cohesion policy from the very beginning, this began in 2014 with its study and reflection project on the matter, and - as the first EU institution - presenting its views and expectations in its opinion on the future of cohesion policy in 2017 with the objective of securing a strong and effective cohesion policy for all regions in the European Union.

In order to promote the CoR's recommendations on the legislative proposals of the European Commission, which we put forward in December 2018, our rapporteurs worked closely together with their counterparts in the European Parliament. We also joined forces with our partners in the #CohesionAlliance, which was launched together with the main European territorial associations (AER, AEBR, CALRE, CEMR, CPMR, and EUROCITIES) in October 2017, which gathered more than 450 institutional and in excess of 13.000 individual supporters in their joint effort to promote a strong cohesion policy.

This work of the CoR has prospered when the co-legislators took on board many of the key recommendations of the CoR in the final texts of the various regulations. These new rules,

which are expected to enter into force in June 2021, will help local and regional authorities to realise many important projects in the coming years that will make our cities and regions more sustainable, more resilient, and more prosperous, and that will improve the quality of life of our citizens.

This brochure highlights some of the impact that the CoR has achieved for the benefit of cities and regions on the new cohesion policy regulations.

Multiannual Financial Framework 2021-2027

The financing of the European Union Budget has remained unchanged since the late 1980s.

With the agreement on the MFF, coupled with the deal on a roadmap for the introduction of new own resources, the European Commission is set to put

forward, in 2021, legislative proposals on a Carbon Border Adjustment Mechanism, a Digital levy and a renewed Emissions Trading System as new own resources.

The initial Commission proposal dating back to May 2018 introduced a decrease in Cohesion policy

resources. However, the final combined MFF and Next Generation EU envelope for financing the recovery from the Covid-19 crisis and building resilience has made the Cohesion envelope 67% higher than the 2014-2020 expenditure.

A mechanism to protect the EU Budget against deficiencies in the rule of law in the EU Member States was introduced, with an obligation of Member States concerned to report to the Commission their compliance with their obligations towards the final beneficiaries.





The Common Provisions Regulation for shared management funds

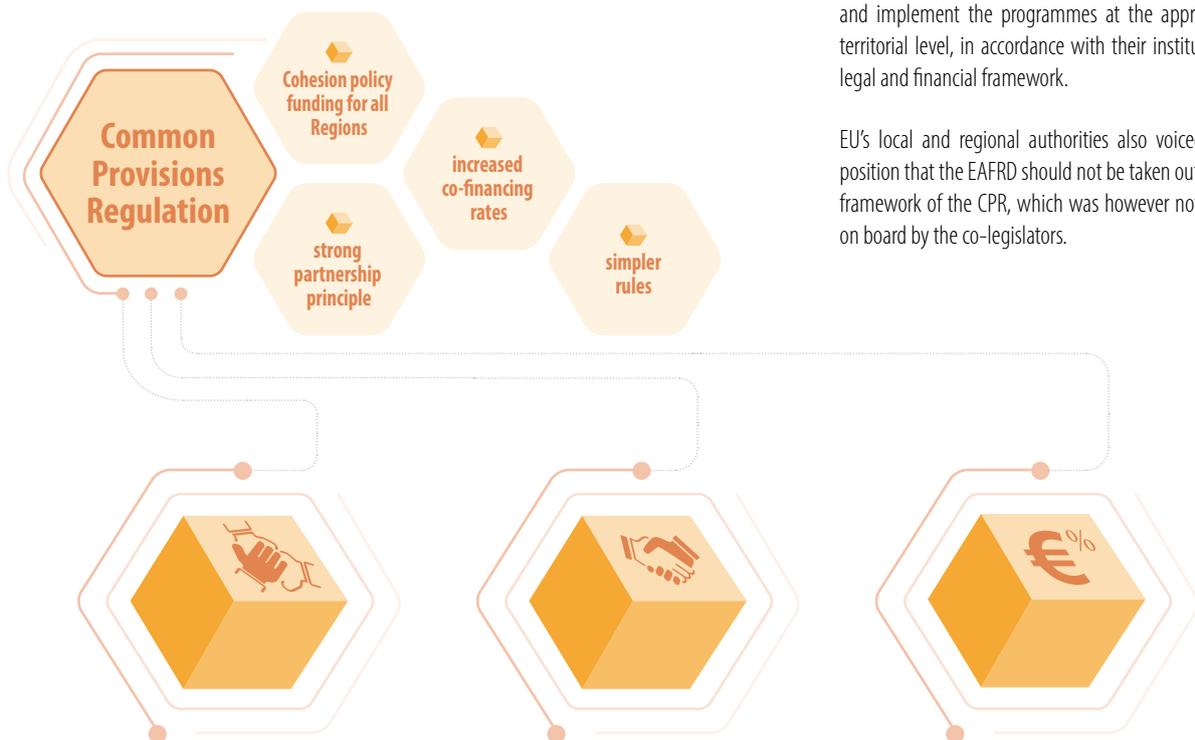
The Common Provisions Regulation (CPR) is the centrepiece of cohesion policy, laying down the basic rules for the European Structural and Investment Funds. Thanks to the continuous efforts of the CoR and its partners in the #CohesionAlliance, as well as the European Parliament, a strong partnership principle

has been maintained in the CPR, and the elaboration of the Partnership Agreements remained mandatory for all Member States. This is a crucial prerequisite to ensure that the Funds actually address the needs on the ground.

Another very important aspect is that the co-financing rates have been increased in comparison

to the initial Commission proposal, although in some cases not as high as suggested by the CoR. Many other important recommendations of the CoR have been taken on board as well, such as the maintenance of the rule that the money can be spent until the end of the third year after its allocation (the so called n+3 rule); the possibility to include an integrated approach to address demographic challenges in the Partnership Agreements and Operational Programmes, and the clarification that Member States shall prepare and implement the programmes at the appropriate territorial level, in accordance with their institutional, legal and financial framework.

EU's local and regional authorities also voiced their position that the EAFRD should not be taken out of the framework of the CPR, which was however not taken on board by the co-legislators.



The CoR together with its partners in the #CohesionAlliance helped to secure a strong cohesion policy available for all regions in the European Union.

A strong partnership principle has been maintained in the Common Provisions Regulation, which is a crucial prerequisite that the Funds address the needs on the ground.

Increased EU co-financing rates in comparison with the initial Commission proposal will help local and regional authorities and beneficiaries to realise important projects on the ground, in particular in less developed regions.





The European Regional Development Fund and Cohesion Fund

For the first time ever the European Regional Development Fund and the Cohesion Fund (ERDF/CF) will consider and define territories that suffer from demographic decline (reduction of at least 1% population between 2007-2017), and not only the demographic density, at the level of NUTS 3.

The ERDF resources for sustainable urban development will be increased from 6 to at least 8 %. Within the new European Urban Initiative, all urban areas will be covered, including functional urban areas, and the co-legislators included the CoR proposal to support the “Erasmus for local representatives” under the

Urban Agenda for the EU. The new regulation will exclude specific financial allocations assigned to the Outermost Regions from the thematic concentration requirements.

Considering the thematic aspects, the co-legislators considered some proposals put forward by the CoR opinion, such as the inclusion of energy poverty, the promotion of resilience to prevent natural disasters, the promotion of sustainable multimodal urban mobility, as part of the transition to a carbon-neutral economy. Last but not least, the possibility of investments in culture and tourism were retained, as well as the support to the localisation of the Sustainable Development Goals.



The European Regional Development Fund and the Cohesion fund will invest more than 240 billion euro to reduce disparities and boost sustainable growth in every region of the Union.

Key long-standing requests by local and regional authorities have been taken on board including a stronger territorial dimension, emphasis on sustainable development and the special situation of the outermost regions.

Europe's largest public fund allows all regions to invest in new skills, jobs and the transition towards the zero-carbon economy, making this Europe's greenest fund and at the same time a true expression of solidarity with all types of regions



Just Transition Fund

The final regulation will contain clear commitments to the Union's 2030 target for energy and climate and a climate-neutral economy of the Union by 2050, which were clearly requested by the CoR opinion. It will also contain practical arrangements on how these commitments will be enforced.

The polluter pays principle, one of the core principles of state aid for environmental protection, will be duly taken into account when supporting investments in regeneration and decontamination of brownfield sites, land restoration and including, where necessary, green infrastructure and repurposing projects.

LRAs should be fully involved in the preparation of territorial just transition plans covering one or more

affected territories. In addition, "Member States should ensure that municipalities and cities are involved in the implementation of the JTF resources and that their needs in that context are taken into account". The partnership principle, in accordance with Article 6 of the new CPR, has to be respected when preparing territorial just transition plans consistently with Member States' National Energy and Climate Plans.

The CoR engaged closely in the operation of the Just Transition Platform, in particular by co-organising an Annual Forum of Just Transition Regions with the European Commission. This translated into the organisation of a Multi-Level Dialogue on Just Transition within the framework of the Just Transition Platform meeting, enabling the exchange of experience between different levels of government and stakeholders on the delivery of the just transition.





European Territorial Cooperation (ETC)

The CoR successfully lobbied to maintain the maritime cross-border programmes instead of having them integrated into a larger interregional cooperation programme. The final regulation has defined the maritime cross-border cooperation to those regions that are separated by a maximum of 150 km of sea, which nevertheless includes most of the current maritime cross-border cooperation programmes.

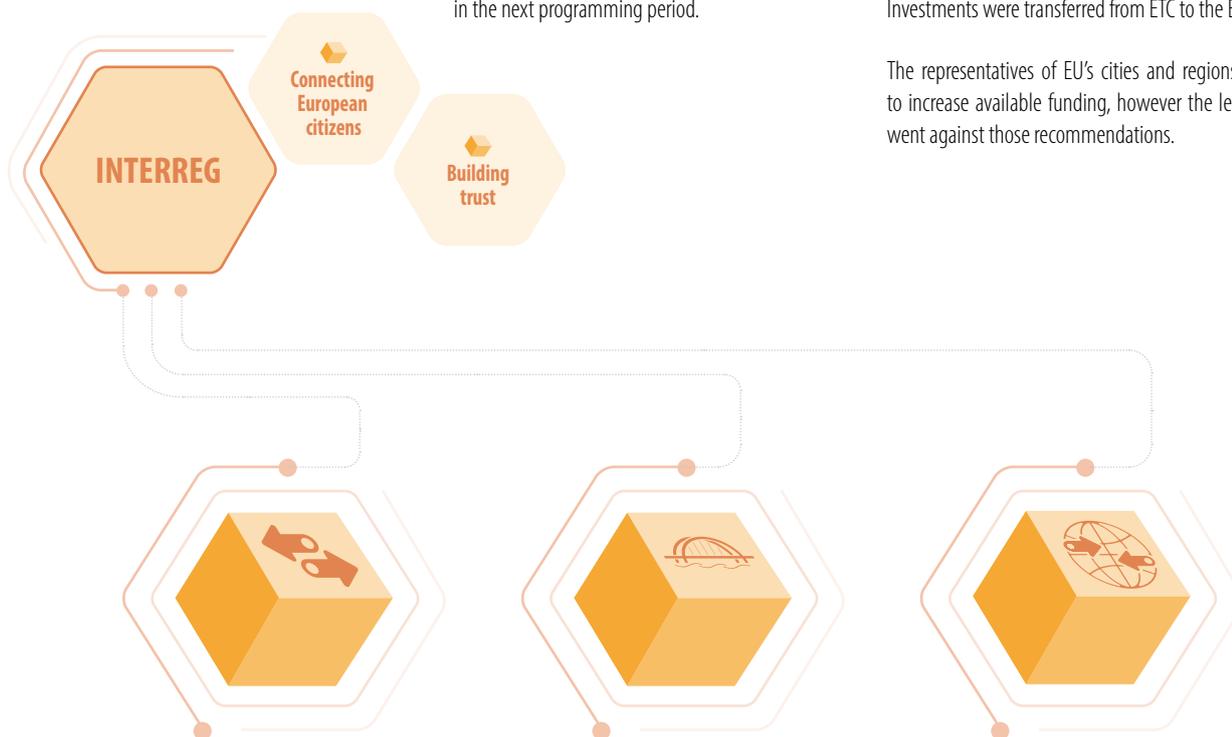
Following the excellent experiences of border local and regional authorities, the CoR advocated for clear rules, and a stronger position of People-to-people and small-scale projects in the future ETC, which is now the case.

The original proposal envisaged cancellation of Interreg Europe and Urbact programmes which have thousands of successful projects behind them. The CoR successfully advocated to keep these two programmes in the next programming period.

Concerning the co-financing rate, the European Commission's initial proposal was set at 70% which was seen by the CoR as too low and unattainable for many local and regional authorities. This was successfully raised to 80% (85% for outermost regions).

The CoR insisted on keeping traditional territorial cooperation separate from other programmes and goals, and consequently the Interregional Innovative Investments were transferred from ETC to the ERDF.

The representatives of EU's cities and regions fought to increase available funding, however the legislators went against those recommendations.



Thanks to the CoR, the EU will pay special attention to small people-to-people cross-border projects which make Europe a reality

Maritime cross-border cooperation programmes will remain part of Interreg as a result of CoR's strong advocacy and support for these programmes

Interreg Europe and Urbact are important programmes that promote cross-continent cooperation. Thanks to CoR's lobbying they will keep helping European local and regional authorities to connect and share experiences.





European Committee of the Regions

The European Committee of the Regions (CoR) is the EU's political assembly of 329 regional and local representatives from all 27 Member States. Our members are elected presidents of regions, regional councillors, mayors and local councillors - democratically accountable to more than 446 million European citizens. The CoR's main objectives are to involve regional and local authorities and the communities they represent in the EU's decision-making process and to inform them about EU policies. The European Commission, the European Parliament and the Council have to consult the Committee in policy areas affecting regions and cities. It can appeal to the Court of Justice of the European Union as a means of upholding EU law where there are breaches to the subsidiarity principle or failures to respect regional or local authorities.

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