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17th commission meeting, 16 February 2023

WORKING DOCUMENT

Commission for Territorial Cohesion Policy and the EU Budget

"Do no harm to cohesion - A cross-cutting principle contributing towards cohesion as an overall objective and value of the EU"

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This document will be discussed at the meeting of the **Commission for Territorial Cohesion Policy and EU Budget** to be held from **11.00 a.m. to 6 p.m. on 16 February 2023.**

Reference documents

COM(2022) 34 final

SWD(2022) 24 final

1. General background to the opinion

The aim of this working document is to launch a debate on the so called ‘do no harm’ principle. This debate will feed into the opinion "Do no harm to cohesion - A cross-cutting principle contributing towards cohesion as an overall objective and value of the EU" that expresses the political position of the European Committee of the Regions (CoR).

a) What is the "do no harm to cohesion" principle

The 8th Cohesion Report¹ mentions the ‘do no harm to cohesion’ principle for the first time as one of the tools to deliver cohesion towards 2050 by enhancing complementarities within other EU policies. According to the 8th Cohesion Report *The principle of “do no harm to cohesion” means no action should hamper the convergence process or contribute to regional disparities.*

General questions:

- Do we agree with this definition of the ‘do no harm to cohesion’ principle?
- Should we strive for a more comprehensive definition, including cohesion principles and delivery methods? Examples to include in a more comprehensive definition could be: the partnership principle, multilevel government, respect for the rule of law, shared management or the limited administrative capacity and/or other.

Specific questions:

If we break up the ‘do no harm to cohesion’ principle into its key components ‘harm’, ‘cohesion’, ‘convergence’ and ‘disparities’, this raises the following more specific questions for debate:

- ‘Do no harm’ implies *harm* is done, but it is unclear how and by what. The 8th Cohesion Report mentions both negative and positive cohesion effects of sectoral EU policies, notably competition-, climate-, innovation- and also agriculture (rural proofing) policy and the recovery plan approach. The Report mentions growing disparities without, however, hardly giving further clarification and evidence how harm is done to cohesion or the convergence process. Where and how ‘harm is done’? What are the worst practices and examples? And does this harm the overarching Treaty goal of promoting a harmonious development of the Treaty as a whole?
- Could ‘*cohesion*’ (also) be harmed by other things than EU sectoral policies? Examples could be national authorities not respecting internal cohesion or misinterpreting or misimplementing EU cohesion policy. National authorities not respecting the status of transition regions may contribute to difficulties for this type of regions to escape the so called ‘middle-income trap’.
- By *convergence* it is provided for in the EU Treaty Article 174 that we mean economic, social and territorial convergence. But ‘territorial’ cohesion can be interpreted in so many ways, that it can be hard to prove that harm is done.
- When talking about ‘regional *disparities*’ we see something similar; we mean the economic, social and territorial disparities provided for in the EU Treaty Article 174. Is harm being done to new emerging disparities not provided for in the article? If so, how to overcome the problem of not having EU legal base and indicators (other than GDP) to reflect the ecological, digital and demographic transitions and the wellbeing of people? Can one argue that economic, social

¹ 8th Cohesion Report: Cohesion in Europe towards 2050 published on 4 February 2022 by the European Commission

or territorial cohesion is harmed by new disparities (digital, migration, environmental, climate) stemming for example from other EU investments funds?

b) **Implementing the "do no harm to cohesion" principle**

According to the 8th Cohesion Report, the ‘do no harm principle should be further developed and integrated in (EU) policy making; *‘The current approach to synergies within the EU budget, which concentrates on inputs and financial flows, needs to be more focused on real policy complementarities. A specific regional focus needs to be given to new policy areas - such as strategic interdependencies, social climate policy, European Industrial Alliances - where cohesion policy could be particularly relevant. Territorial impact assessments and rural proofing should be strengthened, so that the needs and specificities of different EU territories are better taken into account.’*

Questions:

- Are there examples of EU policies where the funding is concentrated in more developed regions (provided there is information and transparency about where the money goes)?
- What are negative spatial effects of (sectoral) EU policies, including regulatory policies (e.g. creating obstacles for the development of less developed regions)?
- How can we prevent harm being done without compromising the aim of sectoral EU policies (such as research and innovation) or other EU principles and objectives such as the four freedoms of the international market?
- How can "do no harm to cohesion" be turned from a concept into a reality, and should that be in legislative terms? Which EU policies should it apply to in particular? Or should no EU policy be excluded upfront?
- If Territorial Impact Assessment is seen as the best tool for preventing harm to cohesion, how can this instrument be developed as part of the current Impact Assessment process / Better Regulation framework in the European Commission?
- All new regulations and funds should demonstrate that either no harm is done, or in other words, either comply with the ‘do no harm to cohesion’ principle, or explain why the perceived harm is justified in the light of the proposed regulations. Would you agree that this should be made compulsory?
- Can better coordination of EU policies also contribute to prevent harm?
- What could be the role of EU, national, regional and fund-managing authorities in ensuring coordination between policies to contribute to the EU convergence objective without compromising sectoral policy objectives?
- Are there other tools to prevent harm to cohesion?
- Is there enough political will (at EU and national level) to implement tools for convergence objectives (also into sectoral policy (design))?

c) **Improving coordination between cohesion policy and the EU's other investment policies**

Firstly, the establishment of the Recovery and Resilience Fund (RRF) is already undermining cohesion policy for 2021-2027 for a number of reasons:

- the limited administrative capacity of national, regional and local authorities to develop national recovery plans and, at the same time, deal with the end of the 2014-2020 programming period and draw up the 2021-2027 European Structural and Investment Funds programmes;

- the lack of mechanisms for coordinating between the RRF and 2021-2027 cohesion policy and the risk of overlaps in the absence of a real mechanism to verify the additionality of funding from the RRF.

The resulting – and significant – delays in the implementation of the operational programmes for the period 2021-2027 risk undermining the effectiveness of cohesion policy even before debates on the future of the post-2027 multiannual financial framework start. Local and regional authorities' lack of involvement in drawing up the national recovery and resilience plans should also be highlighted.

The Cohesion Report specifically refers to the challenge of ensuring the necessary coordination between the RRF and cohesion policy to make EU action aimed at the public more effective.

Secondly, the Cohesion Report fails to clearly assess the (positive and negative) effects that other EU investment policies, such as the common agricultural policy and the Horizon Europe programme, have on cohesion.

Questions:

- How do we ensure that the EU's Recovery and Resilience Facility (which will provide up to €724 billion to Member States, 37% of this funding having to support climate action and 20% the digital transition) contributes to cohesion in a coordinated way, knowing that they already do harm to cohesion?
- What (other) measures could be considered to improve coordination between the RRF and cohesion policy?
- Should the RRF (and any successor to it) be integrated into the cohesion policy approach based on multilevel governance and partnership?
- How to prevent ourselves from trying to find solutions for non-existing problems, for example in the case of EU policies that have a positive cohesion effect (agriculture) or policies (innovation) with seemingly opposing objectives (stimulating excellence), where in the words of a DG REGIO official 'not every region can be a Silicon Valley' and smart specialisation is needed? How to find tailored solutions?

d) ***Role of the European Committee of the Regions***

The Cohesion Report addresses the importance of strengthening the role of regions and factoring in the territorial impact of cross-cutting EU policies. The "do no harm to cohesion" principle could ensure that all European public policies take into account the variety of circumstances in EU regions. It will have to be ensured that ***territorial proofing*** (also referred to as rural proofing) is an integral part of a more comprehensive mechanism to assess the impact of policies on cohesion.

Furthermore, the European Parliament (Krehl Report) specifically invites the CoR to be involved in the implementation and design of the principle. The Parliament '*believes that the European Committee of the Regions should be involved in the design of this principle and that it should be set in legislation in order for the scope and modalities of its application to be clearly defined so as to establish it as a cross-cutting principle in EU policies*'.

Questions:

- Could the CoR systematically assess differentiated territorial impacts of EU policies (with additional resources)? At an early stage for the European Commission?

- How to make full use of the Fit for Future platform and RegHub?
 - Should the Regulatory Scrutiny Board in the European Commission, giving an independent quality assessment of all impact assessments, include a member looking specifically into territorial impacts?
 - What could be the contribution of the Group of Experts on the Future of Cohesion Policy?
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