



Committee on Regional Development



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

**Record of achievements: the added value of
working together**

**the REGI Committee and the COTER Commission
2014-2019 mandate**

Brussels, 9 April 2019

Introduction

The Committee on Regional Development (REGI) of the European Parliament and the Commission for Territorial Cohesion Policy and EU Budget (COTER) of the European Committee of the Regions (CoR) have continued to actively cooperate throughout the current mandate 2014-2019.

Through the close contacts between the CoR's rapporteurs and the rapporteurs and shadow rapporteurs of the European Parliament and their converging positions, both institutions have significantly shaped the debate on the implementation of the current and the design of the future cohesion policy beyond 2020. This fruitful cooperation has also enabled the interests and demands of European citizens and local and regional authorities to be voiced in relation to the EU's place-based policies.

The Members of the European Parliament and the CoR have been regularly invited to present the opinions and reports at the meetings and public hearings respectively organised by both institutions. Furthermore, the annual REGI-COTER meetings represent one of the key political moments of every edition of the European Week of Regions and Cities. The regular presence of the Commissioner in charge of regional policy also shows the high political interest in these annual meetings.

This excellent cooperation between the REGI committee and the COTER commission has successfully filled with life the Cooperation agreement between the European Parliament and the European Committee of the Regions, which was signed on 5 February 2014 by the Presidents of both institutions and which had a political focus on cooperation "in order to reinforce the democratic legitimacy of the European Union and contribute to the Treaty objective of pursuing territorial, social and economic cohesion in the Union" as well as to "ensure the respect of the subsidiarity principle". It also served as a model for reinforcing the cooperation between the CoR COTER commission and other EP committees, as well as between other CoR commissions and their counterparts in the European Parliament.

In terms of content, the main focus of the debates over the last four years has been on the simplification and implementation of cohesion policy, the discussions on the upcoming programming period 2021-2027 and the launch and delivery of the Urban Agenda for the EU. On these matters, the CoR and the European Parliament have joined forces to improve the quality of EU regulations and policies.

The aim of this background memo is to summarize the main areas of cooperation between the two institutions and the main joint achievements over the course of this current political mandate:

Accelerating the implementation of Cohesion policy 2014-2020

Both the REGI Committee and the COTER Commission have often expressed the importance of Cohesion policy for the European project as well as the added value of implementation under shared management together with many local and regional authorities. Cohesion policy is the EU's main

investment instrument and as such is crucial for achieving the economic, social and territorial cohesion objectives.

The beginning of the current mandate was significantly influenced by the five years of economic crisis, which heavily impacted on many regions and also coincided with the start of a new 7-year programming period for Cohesion Policy. The 2014 edition of the annual REGI-COTER meeting allowed a timely discussion on **the challenges for the implementation of Cohesion policy in 2014-2020 and on the need for the Structural and Investment Funds to deliver results as fast and effectively as possible.**

Against this background, Members of both institutions recalled the role of regions and cities as central policy actors in policy implementation, and the new available tools such as Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD), which allowed for a place-based approach to territorial development.

On 13 October 2015, under the motto "Investing in partnership: how to best use the reformed Cohesion policy 2014-2020 for creating growth and jobs in Europe's regions", REGI and COTER Members jointly discussed the implementation of Cohesion policy with Commissioner Crețu. During that meeting, REGI and COTER members stressed the importance of the principles of partnership and multilevel governance as a prerequisite for the successful implementation of Cohesion policy programmes. They highlighted the major challenges that local and regional authorities face in view of the refugee crisis. Finally, the Members expressed their readiness to **contribute to the political debate on measuring progress in territorial development that goes beyond GDP.**

In October 2016, the annual meeting between REGI and COTER focused on the **administrative complexity of Cohesion policy implementation** which continues to be an important topic for both managing authorities and final beneficiaries. Members expressed their conviction that prolonged periods of negative growth and low absorption of Structural and Cohesion funds could be reversed. In particular, REGI and COTER worked together, especially in light of the possible **application of the macroeconomic conditionality in the cases of Spain and Portugal, which both institutions were formally opposed to.**

Members of both institutions have regularly expressed the importance of highlighting the need for better communicating the results of Cohesion policy and their **strong commitment to improve the visibility of this policy** so that citizens, businesses and all decision makers are fully aware of what is at stake when the future of Europe is discussed. Cohesion policy improves the quality of citizens' lives and fosters EU solidarity, by tackling major challenges such as SME competitiveness, technological development and innovation, social inclusion and migration, climate change and energy dependence.

A stronger, simpler and more efficient Cohesion policy beyond 2020

The European Commissioner for Regional policy, Ms Corina Crețu, presented the main findings of the **7th Cohesion report on economic, social and territorial cohesion** to the members of the REGI and

COTER Commission at the **2017 edition of the joint meeting**¹. The report provided evidence of the European added value of Cohesion policy and its role in creating jobs, sustainable growth and modern infrastructure. However, it also made it clear that, in view of the challenges that Europe was facing, a strong and effective Cohesion policy was more needed than ever in the following years.

Both the European Parliament and the CoR expressed their position on how to shape Cohesion policy after 2020 and there was a strong convergence in the positions of the two institutions. **Both institutions joined forces to ensure a strong, effective and more visible Cohesion policy after 2020**. Therefore, many parliamentarians welcomed and joined the [#CohesionAlliance](#) policy campaign, in order to send a strong signal that Cohesion policy must continue to be an integral part of the European Union's future.

After months of intense political activity undertaken by the Members of the Parliament and regional representatives, as well as the common effort made by the allies gathered in the [#CohesionAlliance](#), the European Commission presented its proposal for the Multiannual Financial Framework for 2021-2027 on 2 May 2018. With a budget of EUR 330 billion (in 2018 prices) for 2021-2027, the future Cohesion Policy will remain the key European instrument and one of the most visible EU policies at local and regional level, demonstrating the benefits of Europe to its citizens. Cities and regions will remain the primary beneficiaries of EU Cohesion policy.

Consequently, the discussion over **the annual joint REGI-COTER meeting of 2018**² was mainly **focused on the package of legislative proposals on the new Cohesion policy regulations** put forward by the European Commission on 29 and 30 May 2018.

This led to an intensive discussion about the direction of future Cohesion policy with many repeating the **calls for greater simplification, transparency** and defence of regional policy with fears over the new proposals that could reduce the role of regions. This included concerns regarding subsidiarity issues in relation to funding competences, budgetary cuts and framework changes to the European Territorial Cooperation, conditionalities, the rule of law mechanism, the issue of climate change and green priorities and a related provision in the Common Provisions Regulation proposal to switch to a 5+2 years programming.

Both chairs at that time concluded that **the EU has to deliver new answers to citizens' needs and that Cohesion policy can make a difference in this endeavour**. This is why the European Parliament and the CoR regularly work together to support a strong Cohesion policy.

Concerning the negotiations on the new Cohesion policy package, COTER and REGI rapporteurs have constantly exchanged views in order to **improve the legislative proposals on the future Cohesion policy**. The positions of REGI and COTER were convergent on many different issues, such as:

¹ CoR, MEPs join local leaders' fight for a strong cohesion policy post 2020, Press Release, October 2017, available at: <https://cor.europa.eu/en/news/Pages/Cohesion-Alliance-MEPs-join-local-leaders-fight.aspx>

² MEPs and local leaders join forces to strengthen cohesion policy 2021-27, October 2018, available at: <https://cor.europa.eu/en/news/Pages/MEPs-and-local-leaders-join-forces-to-strengthen-cohesion-policy-2021-27.aspx>

➤ **The Common Provisions Regulation:**

- The **EAFRD should be reintroduced into the CPR architecture**: taking the EAFRD completely out of the CPR architecture risks undermining synergies and an integrated approach of several funds in rural areas, given that rural development is intrinsically linked to Cohesion policy objectives.
- While the shared management approach is already confirmed in the draft CPR, both the EP and the CoR put a strong emphasis on the **principles of partnership and multilevel governance**, including the clarification that actions **should be taken at the "most appropriate territorial level"**;
- Both institutions called for a **financial allocation for the whole 2021-2027 period, higher co-financing rates**, the maintenance of the **n+3 rule**, and the introduction of a **safety net that would also apply to the regional level**;
- The **CoR is firmly against the idea of macro-economic conditionality** "taking cities and regions hostage" as a result of the link between the ESIFs and economic governance. Payments to final recipients or beneficiaries should not be affected by the inappropriate imposition of macroeconomic conditionalities by the Member State. This view was finally reflected also in the EP report that was adopted on 13 February 2019 in the EP Plenary.

➤ **European Territorial Cooperation (Interreg):**

- The CoR and the EP supported a significantly **higher budget** for the ETC than initially proposed by the EC.
- **They also have similar views on co-financing rates**, and on (probably even more importantly for organisations in the field, but less visible politically) **increased levels of prefinancing**.
- Both the CoR and the EP demand that the crossborder cooperation component keeps supporting both land and maritime cooperation.
- Both the EP and CoR **support the creation of interregional innovation investments (III)** with a specific budget allocation. Nevertheless, they both ask that this new initiative is kept **separate from the ETC traditional components**. In order to maintain the principle of territorial cohesion, both the EP and CoR demand that IIIs financial resources are earmarked to create linkages between less innovative and lead regions.

➤ **ERDF/Cohesion Fund:**

- The REGI text adopted and the CoR Opinion insist that **the ERDF thematic concentration should focus on categories of regions classified according to their GDP per capita**. REGI proposes more flexibility of the thematic concentration by limiting it - and, in the case of outermost regions, abolishing it up to and including additional funding - as well as introducing an outright flexibility clause.
- The CoR underlines the necessity to implement a **multi-fund approach with the ESF+ and, where appropriate, with the EAFRD and the EMFF**. This is in line with the REGI report. In addition, the EP first reading resolution suggests to earmark 5 % of ERDF funding at national level for integrated territorial development in rural, mountain, islands and coastal regions,

isolated and sparsely populated and all other areas that have difficulty accessing basic services including also at NUTS 3 level.

- **The CoR opinion supports the increased focus on sustainable urban development** by dedicating 6% of ERDF resources at national level to this area. The Parliament is even more ambitious, asking for 10% to be allocated to sustainable urban development.
- Both the Parliament and the CoR **suggest including in the ERDF/CF regulation a new article referring to areas covered by Article 174 of the TFEU**, as well as other areas with severe and permanent natural or demographic disadvantages. In addition, a resolution to wind up the debate on the statement by the Commission on addressing the specific needs of rural, mountainous and remote areas of the Parliament has started the development of the Pact of Smart Villages.

➤ **Cross Border Mechanism**

- The views of the CoR and EP are **globally convergent** on the Cross Border Mechanism. In particular such as the clarification on the scope of the proposal.
- They also call for the **inclusion of** maritime borders and the need for proper dissemination of information.
- Both institutions supported amendments to the text explicitly indicating that not only Member states, but **also those territorial entities with legislative powers**, should be involved in the concrete application of the Mechanism.

➤ **Urban Agenda for the EU**

The informal Council of Ministers on Urban affairs adopted on 30 May 2016 the Pact of Amsterdam which formally established the Urban Agenda for the EU. Since then, the members of COTER Commission and REGI committee have been key drivers in shaping this new policy tool aiming to reinforce the urban dimension of EU policies and the participation of cities in the EU policy cycle.

In order to reinforce the engagement between the European institutions and cities across the EU, the Members of REGI committee and COTER commission adopted a joint statement entitled "Towards the Pact of Amsterdam" and held two joint public hearings³ on this subject thereafter. Both the EP and the CoR have been playing a key role in carrying forward the implementation of the Urban Agenda for the EU.

Joining forces towards a new political mandate

The European Committee of the Regions provided its recommendations on the various legislative dossiers related to Cohesion policy beyond 2020 in a series of opinions, which were adopted at its Plenary session on 5 and 6 December 2018, in order to channel the demands and concerns of European cities and regions into the legislative process. The plenary of the European Parliament has approved by

³ Joint public REGI-COTER hearings on implementation of the Urban Agenda, available at:
<http://www.europarl.europa.eu/committees/en/regi/events-hearings.html?id=20170606CHE01741>
<http://www.europarl.europa.eu/committees/en/regi/events-hearings.html?id=20160125CHE00141>

the end of March 2019 its amendments and first readings of the legislative proposals on the Cohesion policy package after 2020. As it has been reflected, there has been strong convergence in the positions of the two institutions.

Both institutions have joined forces to ensure a strong, effective and more visible Cohesion policy after 2020 and shortly before the end of the current mandate of the European Parliament, it is now the right time to launch a message of the willingness to continue with this fruitful way of working.

This political relationship has shown the importance of the principles of better cooperation between EU institutions and the added value of multilevel governance for the effective preparation and implementation of Cohesion policy regulations and programmes.

Working together, the Members of the COTER Commission and the REGI Committee have demonstrated that the regulations are better shaped and adapted to the regions, cities and final beneficiaries. They urge the European Commission, the future Members of the European Parliament and the Council to swiftly conclude the negotiations on the new regulations for Cohesion policy 2021-2027 to allow the Partnership Agreements and programmes to be set up in good time before the start of the new programming period on 1 January 2021.

Both REGI and COTER members are truly convinced of the benefits of interinstitutional cooperation and invite the future Members of the European Parliament and the Committee of the Regions to continue to carry forward on the same basis this excellent cooperation.
