



The Core Group meeting took place on 20 September at the CPMR premises. This is a summary of the main issues discussed during the meeting.

#### **I. Update on developments concerning post-2020 Cohesion Policy, by Peter Berkowitz, Head of Unit at DG REGIO**

##### **On the state of play of Cohesion Policy**

- 'It is a difficult time for Cohesion, Why? 'Because it is always a difficult time'
- There are three separate issues which are dealt with at the same time:
  - The closure of the 2007-2013 programmes
  - The (limited) assessment of programmes for the 2014 – 2020 period
  - The preparations for the post-2020 period
- It is in the nature of Cohesion Policy not to be able to show results until later in the process
- Cohesion Policy is judged on how the funding is spent, and in the current period only a limited amount of funding has been spent
- Now is the time to show how the Policy is delivering. In 6 months it will be too late

##### **On the MFF review proposal and Cohesion**

- Currently under discussion in the COREPER
- The Package of the MFF midterm review is large and complex and it includes measures on:
  - Migration – integration of migrants as a horizontal instrument for all ESI funds as an investment priority (Article 9 of the Common Provisions Regulations)
  - Youth Employment Initiative – the Commission proposes additional €1bn of funding for 2017 - 2020
  - Flexibility
  - Modification and simplification of financial rules
  - Simplified cost-options
- Peter Berkowitz went into the details regards simplified cost options, financial rules, and flexibility
- **Simplification of simplified cost-options**
  - There are elements that will be welcomed by Member States, including:
    - Removal of the use of lump-sums
    - ETC flat rate
    - Flat rate of ESF
    - Introduction of use of draft budgets
  - There are other elements that will be tougher to accept, including projects under 100.000 euros which should go through simplified cost options except where state aid applies
  -
- **Financial rules and CPR**
  - Financing based on the fulfilment of conditions/achievement of results

- EFSI-ESI complementarity: ESI in EFSI platforms and facilitation of blending and synergies
  - Combination of ESI: pro rata approach with other EU investments in Research (i.e. Horizon 2020)
  - Financial Instruments
    - Simplification of public tendering processes
    - SME initiative extended
- **Flexibility**
- Transfer of funds from shared management to other EU instruments like CEF, COSME, EFSI. Member States can decide to move funds from ESI funds programmes to projects supported by programmes managed centrally by the European Commission
  - 1 modification of Partnership Agreement per year to include all modifications of the OPs
  - Suppression of the threshold of €5 million for small scale culture/sustainable tourism projects in ERDF, unless Member States want to keep it

### **On Post-2020 Cohesion Policy**

#### **1. Simplification**

- The performance of Cohesion policy in terms of management costs is comparable to programmes managed by other international organisations. The error rate is also comparable.
- Cohesion and EU policy are more under scrutiny than other policies: cohesion is an old policy with a lot of money in a difficult economic moment
- Issues related to public procurement and compliance with EU rules will always be there
- Member States and Regions both want more proportionality. Differentiation is a step further: policy could be implemented in different ways. For instance, Member States could be subject to different rules depending on the share of Cohesion Policy funding as public investment or a percentage of GDP in Member States
- There could be more reliance on national authorities
- There could also be a single set of rules for ESI Funds for shared management

#### **2. Performance**

- Study on Performance Framework just published
- One could envisage payments being based on results:
  - Advantages: no worries about certified expenditure
  - Risk: the money could be lost

#### **3. Flexibility at Budget and budget headings levels**

#### **4. Link with Economic governance**

- It has to be positive
- Ex ante conditionalities should be seen as a success story
- The way to go is more support for structural reforms
- Macro-economic conditionality: desire from the European Commission to find connection between Cohesion and European Semester
- There is huge tension between treaty objectives and EU priorities

### **Timetable for Post-2020 Cohesion Policy**

- Spring 2017 - Impact assessment + major public consultation on post-2020 Cohesion Policy
- May 2017 - Cohesion Forum in May to gather proposals
- End 2017 - MFF post 2020 proposal
- Early 2018 - Cohesion policy legislative package (if MFF proposal is presented by end of 2017)

## II. Discussion Peter-Berkowitz and CPMR Core Group Members

The following points were clarified by Peter Berkowitz after a round of questions by CPMR members:

### Financial instruments

- Financial Instruments do not always fit well, but we have to be seen as open to them
- EFSI will be there beyond 2020 and we have to operate with it
- Peter Berkowitz's personal opinion is that Cohesion Policy is strong where there are public market failures and EFSI where there is private market failure

### Payment on basis of achievements/results: which will be the indicators/results that will measure this?

- Results orientation is complex. Literature on the topic is driven by health and education and culture sectors. Economic effects are different

### Link with EU economic governance and growth strategies (10 priorities, Europe 2020, etc.)

- There is a problem with national reform programmes making the link between high level objectives and what happens in the operational programmes

### Simplified cost options: Draft budget working in practice and state aid

- With the ex-ante evaluation of the Operational Programme you have reassurance of what they will deliver. Simplified cost options should be seen as an alternative to lump-sums, and the Commission will publish additional guidance on this
- Projects under 100.000 euros should go through simplified cost options except where state aid applies

### Transfer of Funds from Cohesion to other instruments

- This proposal from the Commission is designed to achieve flexibility to use unspent sums from Cohesion envelopes, and is inspired in the SMEs initiative. It is a response to what happens in certain closures of programmes
- It would require a modification of the operational programmes, upon request by Member States

### Macro-economic conditionality: how can we protect regions that are complying?

- No clear idea of how this will evolve. It depends on the broader discussion on Economic governance.

### Smart Specialisation Strategies

- Smart Specialisation Strategies is 'a frightening successful story'. It is the most used ex ante conditionality. It shows real added value. It is a great success which created high expectations. Where do go next? How do we make this more operational?
- It will be an integral part of post2020 Cohesion

### A Common Set of Rules for all funds for post2020?

- Is this politically possible? At the European Commission, everyone has a different approach to indicators. Member States can decide how to organise themselves. Every fund almost has a different financial management (ERDF, EARD, AMIF, etc.).
- Perhaps the way to go is greater harmonisation with other EU policies?

### Migration

- ESI funds are very well placed to do help the integration of migrants due to our place in the cities through investment on infrastructure

### How to justify expenditure on operational programmes part ERDF, part horizon 2020

- Now in certain cases on pro rata basis. You don't have to divide operations in physical bits

### III. Review of CPMR actions on Cohesion Policy

During the meeting, Estela Lopez-Hermoso reviewed the main CPMR actions on Cohesion Policy over the past two years. The presentation can be downloaded [on the CPMR website](#).

### IV. Discussion with CPMR Core Group Members on the Development of CPMR position on post-2020 Cohesion Policy

Nick Brookes quickly introduced the draft position paper on post 2020 Cohesion policy. The following comments were made by CPMR Core Group Members during the meeting:

#### MECKLENBURG VORPOMMERN

- The message on the European Fund for Strategic Investments should be stronger: it is very selective, not enshrined in EU Treaty, problems with additionality and with state aid rules

#### VÄSTRA GÖTALAND

- A reference to EU2020 would be needed. At regional level it is very relevant
- Need for a follow-up or EU2030

#### ZUID-HOLLAND

- A mention of Smart Specialisation Strategies should be included
- They are being implemented; claim for recognition of efforts on how to better spend the money
- Comment supported by Murcia, Pais Vasco, PACA

#### PAIS VASCO

- There should be a more prominent position of Territorial Cooperation (ETC) and a bigger share of the funds should be asked for

#### KYMENLAAKSO

- ETC is the most important tool for realizing macro-regional strategies

#### ZUID-HOLLAND, NORTH SWEDEN, VÄSTERBOTTEN

- Only mentioning the need to improve the territorial dimension of Islands regions is not optimal. Northern Sparsely Populated areas could be included, or remove the mention to a specific type of territory altogether

#### BRETAGNE

- Solidarity could be placed more prominently in the introduction or the conclusion of the document

### V. NEXT STEPS

A draft version of the CPMR paper on the future of Cohesion was circulated for final approval on 3 October.  
Meeting of CORE Group meeting 2<sup>nd</sup> November Azores = Draft paper on Cohesion to be discussed  
Session on Cohesion General Assembly 4 November = Adoption Cohesion paper