



EU Budget Focused on Results Conference

27 September, Brussels

The second edition of the annual Conference of the European Commission on the Budget Focus on Results Initiative took place last 27 September in Brussels. Commissioner Georgieva once again enthusiastically conducted an event which welcomed friends and foes of Cohesion policy.

The conference was divided on the following topics:

1. Performance of the EU Budget and Implications for European Added Value
2. Focus on Policy: aid delivery in a turbulent world
3. Simplification and better regulation
4. The Second Part of the MFF 2014-2020 and Post-2020

Vice-president of the European Commission responsible for the budget Kristalina Georgieva conducted the conference and framed, from the beginning, **the issues at stake and under reflection by the *EU Budget focused for Results* initiative:**

1. Where do we spend?
 - Jobs and growth: boosting programmes that have been delivering such as Horizon 2020, CEF, Erasmus+, etc. and boosting EFSI, that has proven that it delivers.
2. Security and migration: targeting external actions to target the roots of migration.
3. How do we spend?
 - Budget is more agile, more flexible. But flexibility needs to be further strengthened
 - Mid-term review of the EU budget proposals
 - Creating a buffer against shocks (i.e. migration, Brexit, financial crisis):
 - Use unspent amounts de-committed to go to reserves
 - Keep un-programmed (not committed) 10% of the money available
 - Double both the Emergency Aid reserve and the Trust Fund
 - Further cutting red tape: simplifying financial regulations

4. How are we assessed?
 - Interinstitutional Working Group on Performance will assess what we are getting for the money in the EU budget
 - Communications with citizens to be improved
5. Future of the EU Budget debate: Revolution or incrementing improvements?
 - Is the Common Agricultural Policy bringing added value?
 - Is reformed Cohesion bringing added value? Do we have a good balance between grants and financial instruments?
 - Are FIs delivering what we want? Where are they delivering more and better?
 - What about the new European priorities, such as security?

The conference, regardless the session, seemed to be divided into two blocks: those speakers in favour and against Cohesion policy (and/or traditional items headings of the EU budget such, including Common Agricultural Policy). The former would argue for the added value and need for a EU Cohesion policy. The later would argue that Cohesion policy does not bring EU added value and the EU budget should rather focus on common challenges such as migration or security. The notion of European Added value was, thought, flagged by both groups of speakers, clearly shows that we are far from a univocal definition of European added value.

Supporters of Cohesion policy:

1. Commissioner for Regional Policy Corina Crețu

The Commissioner Cohesion Policy clearly stressed that Cohesion is not a financial instrument, but a fully-fledged policy with a fix objective in the EU treaty. She also underlined that Cohesion brings EU added value to the EU, delivers EU priorities and increases the quality of life of citizens. Based on shared management, Cohesion, she argued, is the most visible with tangible results felt on citizen's lives. The Commissioner also shared figures on the tangibles results of Cohesion policy for the 2007-2013 period, coming from the recently published ex post evaluation of Cohesion policy.

2. Paul Magnette, Minister President of Wallonia

The Wallonian minister President defended a Cohesion policy for all regions. Magnette argued that regions are closer to realities and the fact that Cohesion is based on co-financing makes it directly linked to European priorities. Moreover, he disputed the idea that Member States interest are not in line with EU interests. On macro-conditionality the Minister president was very critic, claiming that the Stability Pact is way too rigid and its rule impede investment. For Paul Magnette, suspending Cohesion policy would be a disaster. Cohesion in the future should be unconditional but focused on results, evaluated independently but also independent from EU economic governance

3. Janusz Lewandowski, member of the European Parliament, Budget Committee

Mr Lewandowski stated that convergence actually brings undisputed added value and therefore Cohesion policy brings it. He also argued that added value can also be local, visible for citizens and that local Europe is very beautiful thanks to Cohesion policy.

4. Dana Reizniece-Ozola, Minister of Finance, Republic of Latvia

The Latvian minister of finance presented herself as an advocate for traditional expenditure of the EU budget, meaning, a supporter of Cohesion policy. She stated that Cohesion can be more efficient by improving the combination of financial instruments and grants, boosting infrastructure for migration or reinforcing

environmental issues as a horizontal priority. Ms Reizniece-Ozola also argued for more trust on member States, allowing to deliver how they think is more efficient.

5. Phil Hogan, Commissioner Agriculture and Rural Development

Commissioner Hogan make the case for the added value of the CAP. He claimed that the fund creates added value in the sector, creates jobs and boosts exports. Moreover, he underlined that the CAP has commitments with environment and climate and therefore delivers EU priorities too. He also reminded how president Juncker said he would not let farmers down and how he would simplify CAP rules. Commissioner Hogan announced that proposals to simplify the CAP will be published by summer 2017.

6. Mario Monti, Chair High-level group on Own Resources

Mario Monti negotiated the current Multiannual Financial Framework on behalf of Italy as its Prime Minister at the time. Mr Monti describes it as an exercise of un-transparency. He had the impression of assisting to a give and take, run by country leader, shows. According to the former prime minister, the same needs drive both the Own resources and EU budget for Results initiatives: support for SMEs, innovation, migration, jobs and growth, cross-border infrastructure, etc. And unfortunately needs are growing but resources are not. The budget is more than what we transfer to it. Flexibility is only part of the solution. Nevertheless, Mr Monti prefers to speak about agility of the budget, instead of flexibility, agility being power of moving quickly and easily.

The own resources discussion it is in reality a discussion between net payers and net recipients. Although there are many calls for reforming the system, the decision making process (unanimity and ratification) makes it really difficult to do it. For Mr Monti the Single Market needs more Cohesion.

'Against' Cohesion policy:

1. Prof. Dr. Clemens Fuet, member High Level Group on Own Resources

Prof. Fuet was extremely critical of the traditional expenditure of the EU budget. In his opinion funds should only be focused on EU common issues, such as security and migration. To that end, the budgetary processes and the revenue side need to change. The Professor went as far as to provide examples of 'positive' and 'negative' added value provided with EU money. Examples of positive added value were migration, external security and regional policies in poor countries (example of transport infrastructure in Varna, Bulgaria). Examples of negative added value were a visitor centre in lower Saxony or the renovation of town square in North of Dortmund (10 million) but also hinted at the Common Agricultural policy as being negative. He proposed to make a policy experiment in 7 years: letting member states determine the level of spending and letting the European parliament determine the structure of the Budget.

2. Ingeborg Grässle, Chair of Budget Control Committee, European Parliament

According to Ms Grässle, the EU budget finances too many senseless projects. In her opinion, billions have been spent in Member States but differences have increased. She clearly stated that we need less money in structural funds. Ms Gräsle is rumoured to be one of the MEPs in charge of the Mid-term review of the EU Budget proposal in the European Parliament.

3. Magdalena Andersson, Minister of Finance, Sweden

According to Ms Andersson, some challenges are better handled at EU level and other at national level. For the minister of finance one of the main challenges in the EU is low growth and therefore many more structural reforms need to be done. However, in her view, parts of EU budget hamper economic restructuring (referring to traditional

expenditure as Cohesion policy or the CAP). Solidarity must be voluntary and this should be applied also to EU budget contributions.

4. Jean Arthuis, Chair of the Budget Committee, European Parliament

The European Commission programmes are extremely difficult to get started and hold back investments, Mr Arthuis argues. According to the MEP, the EU Budget is held back by multi-annual restrictions and, at the same time, we ask it to do what it cannot do. The single market, the Euro, Erasmus plus and peace, those are public goods for Jean Arthuis, and the budget should aim at maintaining them.

In-Conference Survey

The European Commission chose to make of the conference an interactive event whereby participants will provide their opinions on some of the most crucial questions on the EU budget. To be noted that more than 200 participants attended the conference and therefore answered to this particular survey. The interactive technology allowed the Commission to collect immediately the answers and calculate percentages thanks to remote controls.

These were the questions and consecutive answers:

- 1. The Multiannual financial framework (MFF) is 7 years. Should it be:**
 - a. Shorter – **48 %**
 - b. The same – **38 %**
- 2. The EU budget is about 1% of EU GNI. Under the next MFF it should be:**
 - a. Less
 - b. More – **48 %**
 - c. The same – **36 %**
- 3. Macro-economic conditionality in Cohesion links EU budget to structural reforms. There should be:**
 - a. More conditionality – **50 %**
 - b. Less conditionality – **26 %**
 - c. The same - **24 %**
- 4. Financial instruments boost investment but set up requires specific knowledge. They should be:**
 - a. Reinforced – **49 %**
 - b. Reduced – **21 %**
 - c. Maintained at the same level – **30 %**