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INFORMAL MEETING OF THE CPMR CORE GROUP

The meeting was an informal exchange between DG REGIO and CPMR Members, focusing on the key factors determining post – 2020 Cohesion Policy reform and how CPMR should position itself in the future.

This meeting was held under the Chatham House rule so it has been drafted to preserve the principle of non-attribution and to capture the main conclusions and actions only.

The post-2020 Cohesion Policy reform debate has already started. The last meeting of the General Assembly of the CPMR made it clear that the concerns voiced in the CPMR Technical Paper 'Addressing the Commission's [questions](#) on post-2020 Cohesion Policy' were justified. Cohesion Policy reform will be driven, more than ever, by pressures to justify the policy and its 'raison d'être'.

The CPMR raised a number of concerns linked to a speech delivered by Regional Policy Commissioner on 28 August about post – 2020 in a [Technical Note](#).

Among the ten questions asked by Commissioner Cretu in her infamous speech delivered on 28 August, the following issues stand out:

- the justification of Cohesion Policy continuing to support all regions
- the form of Cohesion Policy financial support: grants vs financial instruments
- the nature of the link between Cohesion Policy and the EU Economic Governance

1. Architecture of the policy

- 'There is no guarantee that the status quo will remain for Cohesion Policy after 2020'
- Between 3 and 10 billion euros will be decommitted from the 2007 – 2013 period
- More developed regions are allowed to invest, experiment, and make new partners with ESI funds which would not happen otherwise: it allows their system of regional development to change and improve. This is the main point to argue in favour of the maintenance of a policy for all types of regions and it should be proven quantitatively
- The key is differentiation between the different categories of region: both in the regulations and in policy-making

2. Territorial handicaps and article 174 of the EU Treaty

- Certain flexibility is already provided for islands - there are already provisions on the treaty that "protect" regions with permanent geographic handicaps - but it can be improved.
- Questions to be resolved:

- a. How can we turn a problem into an opportunity? Think about the opportunities, not problems!
- b. How can islands be better addressed in the regulations than now? It would help the Commission understand if there are concrete problems that can be addressed

3. Indicators

- “Should the allocation of cohesion policy funds continue to be based on GDP per head, or rather on other indicators capturing social progress?”. Some CPMR Regions mentioned that unemployment as an indicator does not work, for example, in island regions. There should be another social indicator, on the difficulties and cost of people living in islands. Not instead of GDP or unemployment, but on addition.
- In extremely remote islands for instance, the Commission has identified that the cost of living is the problem, could the retail price index as indicator be introduced? Any addition to show variety in Europe is crucial, but there are political and statistical constraints
- We need to have something agreed politically. GDP is not perfect but it is politically agreed and therefore moving beyond GDP for allocating funding is incredibly difficult

4. Mid-term review of the Multiannual Financial Framework (MFF)

- There are two things: the mid-term review of Structural Funds allocations for 2014 – 2020, and the mid-term review of the MFF
- As regards the review of SF allocations, it will be based on the latest available statistics at the time
- As for the review of the MFF, it will not be a mere revision exercise. It will not affect the policy directly but it will be the kick-start the reflection on the future of cohesion policy. Discussion has started on the characteristics of the budget: Commissioner Georgieva outlined these characteristics during [a speech in September during the Conference “EU Budget Focused on Results”](#)

5. The Juncker Plan and financial instruments

- The rationale of the Juncker Plan was to close the investment gap in the EU. Cohesion policy should be explained in the language of the business sector. This is why the Juncker plan can be mixed with structural funds
- The danger with the Juncker plan is that it might be more attractive than structural funds over the long run. There is a visibility problem with Cohesion Policy
- The European Commission produced (discussed and approved in EGESIF) a note on how to combine Structural funds and the Juncker plan. The note was approved on 21 October
- Will investments supported by the Juncker Plan be exempted from the Stability and Growth Pact calculations? Managing authorities are invited to contact FI Compass to ask these questions

6. Territorial development

- Cities need to be associated in Regional policy: we cannot separate cities and regions. Regional development shall also include the local level
- Cohesion should be based on vertical and horizontal multilevel governance

7. Simplification

- The European Commission launched a High Level Group on simplification which focuses on final beneficiaries: cohesion is a policy to reach the real economy and to put the money where it is needed and it has to be understandable for final beneficiaries
- Simplification at the level of Managing authorities is not that important for the Commission
- It is important to question if we want a compliance driven with a heavy regulatory framework or a development policy

8. What can the CPMR do to help save Cohesion Policy?

- Political support to the European Commission and the European Parliament
- Make alliances with German Länder and Central and Eastern European regions
- Demonstrate the added value of Cohesion and legitimise it
- Engage with the European Parliament (not just the REGI committee) and the Committee of the Regions and show what CPMR does and why do we think the way we do.