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10 APRIL 2014

CPMR COHESION CORE GROUP MEETING THURSDAY, 10 APRIL 2014, BRUSSELS (BE)

SUMMARY OF CONCLUSIONS

Participants: please see the attached list of participants.

CONTEXT OF THE MEETING

The meeting of the CORE group took place on 10th April in the presence of the Deputy Director General of DG REGIO, Nicholas Martyn, who provided an update on the state of play of Partnership Agreements and Operational Programmes. This meeting represented a timely opportunity to discuss with DG REGIO the problems that many regions and managing authorities are experiencing in the definition of their programmes. Indeed, at present, very few operational programmes have been submitted, risking insufficient linkages between actions and thematic priorities.

The CPMR secretariat also presented its planning for 2014 and 2015. In particular, the CPMR wishes to explore the possibility of preparing a declaration for newly elected MEPs, in order to strengthen CPMR relations with the European Parliament and the REGI committee. Furthermore, the CPMR intends to set up a monitoring platform for the implementation of ESI funds, consisting of workshops between managing authorities and Commission officials, in order to resolve stumbling blocks. Finally, the CPMR would like to open discussions on which indicators and criteria allow for a better allocation of funds, considering not only GDP but social and territorial indicators.

KEY POINTS

The meeting was introduced by **Nicolas Brookes**, CPMR Regional Policy Director, who welcomed **Nicholas Martyn**. Mr Brookes briefly introduced the CPMR latest work, reminding participants of the activities followed by the CPMR and the role of the CPMR Core Group which is made up of Officers from Member Regions of the CPMR Political Bureau. He reminded participants about the key issues raised by Political Bureau members at its last meeting in Leiden on 14 February with regards to Cohesion Policy implementation. The varying quality of the consultation process on the Partnership Agreements as well as the need for more simplification were mentioned as two key concerns. The results orientation of the policy and the contribution of Cohesion Policy in more developed regions were mentioned as two positive aspects.

Nicholas Martyn took the floor. Following the deal on the Cohesion Policy package reached in November 2013 after more than two years of tough 'trilogue' negotiations, the Commission is now receiving and analysing the Partnership Agreements and the Operational Programmes. Up until now 15 Partnership Agreements have been submitted and the Commission is drafting its observations. For Poland and Latvia informal comments have already been sent. He reminded that quality will not be sacrificed speed. As regards Operational Programmes, only 38 of them have been submitted, roughly 10% of the total. Hence, the Commission expects to analyse the others during the summer break to ensure that deadlines are not missed.

He then addressed the Thematic Concentration issue, required under the ERDF and ESF regulations, reminding that the Commission does not expect a formal respect of the percentages but rather a strict

observation of the principle. In this respect, the main thematic objective is moving towards a low carbon economy via a critical mass of investments.

He also noted that the Commission will pay attention to the result orientation of the programmes. ESI funds need to be programmed to achieve concrete results. In this regard, a lot of work remains to be done, especially in the identification of the output indicators. Ex-ante conditionalities play a major role to ensure that pre-conditions are met prior to starting the interventions. Nicholas MARTYN seemed rather satisfied with the fact that meeting directive requirements, having a strategy and showing the ex-ante analysis has been done in a majority of cases. Concerning public procurement and state aid requirements, he informed that sectoral directorates-general of the Commission are already involved in the process as this represents an area of concern where things can go easily wrong.

He concluded by informing the participants of the new simplification framework whose aim is to simplify procedures for the beneficiaries, for instance via the simplified cost option and the e-cohesion. This may involve further work for the managing authorities as procedures need to be updated, administrative capacity needs to be reinforced and more importantly a front-investment is required. Nonetheless, the Commission is confident that this effort is necessary and will bring results in the medium term.

Roundtable discussion with the CORE Group members

After thanking Mr Martyn for the comprehensive presentation, **Nicolas Brookes** underlined that CPMR regions are now involved in the preparation of programmes and opened the floor for the debate:

IRISH REGIONS OFFICE asked more information on leverage effect of ESI funds. In particular, they noted that the Principle of 'additionality' does not seem to be applied and this has opened the door to not very ambitious investments.

HIGHLANDS AND ISLANDS inquired about the Scottish chapter of the UK Partnership Agreement. Regrettably they have not seen a draft since last January and despite their willing to have a separate programme this has not been agreed by the central government. She also asked Mr Martyn to shed additional light over the use of the Integrated Territorial Investments (ITIs) and their audit regime, the integrated approach and the functioning of the global grants.

BASSE NORMANDIE informed the participants that infrastructure financing, especially on broadband and ICT and even in rural areas, is facing a strong opposition of the Commission despite the legislative text allows this kind of interventions. Hence, she asked Mr Martyn to clarify the Commission position.

MECKLENBURG-VORPOMMERN noted that the German Partnership Agreement was submitted on 22nd February 2014 and the Operational Programmes submission will follow shortly. His region is satisfied overall as they fall in the transition objective but will benefit from the "safety net". Therefore, they shall receive an allocation equal to at least two-thirds of their 2007-2013 allocation.

SOUTH FINLAND informed Mr Martyn and the participants that Finland has already submitted its Partnership Agreement and they are looking forward to receiving the Commission's observations.

CENTRAL DENMARK noted that their programmes preparation is moving forward at a very good pace and hopefully they will start receiving applications by end of April. Their focus will be on energy and green economy.

SKANE underlined that the Swedish Partnership Agreement has not yet been submitted and asked more detailed information about the timeframe of the procedure. He also asked to Mr Martyn whether the change of Commissioner after the European elections will affect DG REGIO and to what extent.

NORTH SWEDEN noted that synergies between the ESF and the ERDF result to be difficult. There are open and complicated discussions at national level on the use of the new territorial instruments because of an apparent lack of coherence of. She also inquired as to whether ICT infrastructure investments will be

allowed for more developed and transition regions and whether Smart Specialisation strategies can have a regional innovation perspective.

CORNWALL briefly introduced her region which is the only one falling under the less developed region category in the United Kingdom. She informed Mr Martyn that they have been trying to develop an ITI but they found a strong opposition of the central government which is managing the whole Partnership Agreement. She shared her concerns over the fact that Commission objectives might not be met and the role of the Local Enterprise Partnerships are not clear in the programmes. Hence, she fears that despite the simplification procedures it will not be easier for beneficiaries. She concluded by informing that Cornwall has sent a formal letter asking information on their own operational programme but no formal response has been received so far.

VENETO asked Mr Martyn to clarify on that are the consequences, if any, of missing the deadline for submitting the programmes.

CATALONIA informed the participants about the consultation procedure ran by the Spanish government which was regrettably done under the form of an open consultation with very tight deadlines.

CALABRIA noted that the Italian Partnership Agreement will be sent within the deadline. She then shared her concerns about the Smart Specialisation Strategies and the urban dimension. In fact, regions holds an observer role, as the central government is consulting directly the municipalities. She concluded by asking clarification on the synergies between h2020 and ESI funds.

BASQUE COUNTRY also lamented a lack of consultation with regions. She believes that Spain will not meet deadlines due to a lack of coordination between regions and member states. She then asked more information on the implementation of youth guarantee and whether the Commission recognises as more important investments in innovation or low carbon economy. Regrettably, the region will invest less in innovation compared to the previous period despite the strong investment in marine renewable energies.

EMILIA ROMAGNA inquired as to whether synergies between ESI funds can still be achieved and to what extent macro-regional strategies can be included in the programmes. She noted that in the framework of the urban dimension and the metropolitan programme the administration is facing some difficulties. She concluded by reminding the links between ESI funds and the Stability and Growth Pact and her fear of duplication.

BALEARIC ISLANDS reiterated the question on the consequences of not submitting the partnership agreement on time.

CANTABRIA asked for clarifications on the focus of Horizon 2020 on innovation as some regions are facing difficulties in the preparations of programmes and whether guidelines on synergies will be issued by the Commission. For instance, knowing more about the linkages between Interreg and the 7th Framework Programme would be very useful.

PACA inquired as to whether the position papers are binding for the redaction of Partnership Agreements and to what extent. She made the example of the elderly targets which Dg Employment would like PACA to focus on but that find opposition from the regional government. She then asked to Mr Martyn to provide more information on the ITIs and how many Member States and regions are planning to use them.

To conclude the "tour de table" Alessandro Proia, CPMR, asked whether the Code of Conduct on Partnership provisions are being respected by the Member States in the definition of the Partnership Agreements. In particular, given the late approval of this delegated act the feeling is that most of the work has been done beforehand. Hence, he asked whether the Commission will enforce art. 5 of the Common Provision Regulation in case a Member State is found not to have observed the partnership consultation rules.

Nicholas MARTYN took the floor again to provide an answer to the questions. He said that the Commission will not impose sanctions in case of delays of programmes submission. However, he stressed that delays put

the reputation of regional policy at risk entailing a perception of political failure for the Member State concerned.

On the 'additionality' principle, he said that the Commission is not entirely satisfied with the result of the negotiations. However, the principle should be respected by the Member States and it is their duty to ensure it. He also added that the Commission will not accept the maximum co-financing in all interventions as this would reduce the number of them and therefore lowering the leverage effect.

On ITIs, he reminds that the Commission idea is that they deliver as packages and they make sense for some kind of areas. In this respect, some of them have been refused, whereas Poland is a very good example. In terms of auditing the ITI can be seen as an intermediate body between the Managing Authority and the beneficiaries. On the other hand, global grants are the most extreme type of delegation.

He also addressed the particular issue in France for ICT financing. He reminded that the Commission looks for consistency and broadband investments in more developed regions will not be accepted even though there might be room for including broadband infrastructure development in rural areas. This is still an open point of negotiation.

He also clarified the issue "Position papers vs regulations". Basically, the regulations provide the framework and the basis for the negotiations, whereas position papers are the new negotiating mandate of the commission. This is a new approach compared to the previous programming period.

On the imminent change of the college of commissioners, he noted that Commissioner Hahn has done a very good job and their objective is to conclude the evaluation of programmes before the new Commissioner will take over as there might be changes of priorities.

Another challenge for the Commission is to ensure synergies among different programmes. They have long reflected upon the best approach to be adopted: labelling. The Commission believes that pushing managing authorities to consider projects which have had good feedback get fast tracked to get funding from mainstream programmes. He then reassured the presents by asserting that there is continuity across programming periods and flexibility in terms of which objective investments fall under.

He concluded by explaining what went wrong with the Code of Conduct on Partnership regarding the timing issue. Member states were reluctant to let the Commission adopting the Code of Conduct as delegated act. Hence, they insisted for depriving it of the retroactivity enforcement. Nonetheless, the Commission will look at the programmes and will report on issues. The Partnership provisions should be seen more of a process than a changeover overnight.

Nicolas Brookes presented the CORE Group work plan for 2014 and 2015 which looks at the 2014-20 programming period with the establishment of a Monitoring Platform on Structural Funds implementation and a reflection process on the post 2020 to launch new ideas for the definition of allocation methods, use of indicators and the future of Cohesion Policy in general.

As regards the use of new indicators, there is an ongoing analytical work from the CPMR secretariat to identify what could be suitable indicators to capture not only the level of wealth of the European regions but also other important characteristics such as their competitiveness, territorial features such as their geographical and/or demographic handicaps with the aim of providing a more correct and fair evaluation of the level of funding needed to catch up with the others. In this respect, a technical note will be presented at the next Political Bureau in Inverness (Scotland) and will mark the beginning of a reflection process over the future of regional policy post 2020.