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FEBRUARY 2015

CPMR POLICY POSITION

OPINION FROM THE CPMR POLITICAL BUREAU

(Approved by the CPMR Political Bureau, 27 February 2015, Nantes-Pays de la Loire, France)

TOWARDS A SWIFT AND EFFICIENT IMPLEMENTATION OF 2014-2020 OPERATIONAL PROGRAMMES

The CPMR believes that the long term future and *raison d'être* of Cohesion Policy rests on regions being at the core of the policy and playing a key strategic role in targeting investments from EU Structural and Investment Funds (ESI) to local priorities.

On 19 January 2015, only 63% of operational programmes for ESI funds had been approved. The reasons for these delays are manifold: lengthy interinstitutional negotiations on the Cohesion Policy package and the EU Budget for 2014–2020, change of rules and additional requirements for the Operational Programmes, and intricate negotiations between the Commission services and managing authorities for ESI funds programmes.

The delays concerning the start of the operational programmes for 2014–2020 combined to the low absorption rates of structural funds in some Member States in the 2007–2013 period put Cohesion Policy at risk.

As we are gradually moving towards the implementation phase of the 2014-2020 programmes, the CPMR felt that it was useful to carry out an initial assessment of the experience of its Members with regards to the preparation of the operational programmes for 2014–2020 and to put forward recommendations for the future. This should help feed into the Commission's expected report (due at the end of 2015) to review the process of adopting operational programmes.

The CPMR also welcomes the recent proposal of the Commission to transfer unused 2014 credits within the Multiannual Financial Framework (MFF), and urges Member States and the European Parliament to approve the revised proposal before 1 May 2015.

1. REGIONS PLAY A LEGITIMATE ROLE WITHIN COHESION POLICY

Operational programmes preparation is a technical exercise as much as it is a political process. Aligning ERDF (or ESF) operational programmes with regional strategies, consultation with local businesses and stakeholders and coordination with national authorities are some of the many tasks carried out by Regions to define the strategic orientations of a given regional operational programme.

The very late approval of the Cohesion Policy package and the EU Budget for 2014–2020 also put additional pressure on managing authorities and intermediate bodies at regional level to prepare operational programmes.

Recommendation 1: The CPMR calls on the European Commission to initiate the process of post-2020 Cohesion Policy reform shortly in order to allow ample time for negotiation and for programmes to start on 1 January 2021.

2. BETTER COORDINATION WOULD BE NEEDED BETWEEN THE COHESION PACKAGE, THE COUNTRY PAPERS, THE PARTNERSHIP AGREEMENTS AND THE OPERATIONAL PROGRAMMES

The CPMR notes that some Regions felt a disconnect between the framework of the Cohesion Policy legislative proposals and the narrative in the Country Papers, which were published in December 2013 to guide Member States and Regions for the preparation of operational programmes. In some cases, it was felt that the Country Papers were overly specific and provided little room for manoeuvre in terms of investment priorities, which contrasted the final and adopted legislative texts governing Cohesion Policy funds.

In addition, several CPMR Regions feel that there was a lack of coordination between the Partnership Agreements and the regional operational programmes, with both documents progressing a different pace and therefore creating unnecessary confusion.

Recommendation 2: The CPMR calls on the Commission to improve the alignment and coordination of key strategic documents (Country Papers, Partnership Agreements) in the future.

3. JUSTIFYING INFRASTRUCTURE FINANCING IN TRANSITION AND MORE DEVELOPED REGIONS WAS MARRED WITH DIFFICULTIES

Linked to the above point, the CPMR notes that many regions in the more developed and transition categories, which had indicated a need to finance infrastructure projects, had difficulty in justifying these to the Commission. The legal provisions for Cohesion Policy allow the financing of specific types of infrastructure (transport, ports development, broadband, culture...) but in practice some regions had to lobby the Commission to secure the inclusion of investment priorities towards infrastructure support as part of their regional operational programmes. In some cases, this was only allowed on a case-by-case basis.

Recommendation 3: The CPMR calls on the Commission to respect articles in the adopted legislative package concerning the financing of small-scale infrastructure in more developed and transition regions.

4. THE ROLE OF DG REGIONAL AND URBAN POLICY SHOULD BE ENHANCED TO IMPROVE COMMUNICATION BETWEEN THE COMMISSION AND MANAGING AUTHORITIES

The CPMR also notes that communication between regions and the Commission on operational programmes preparation was of varying quality. Whereas some felt that the process was very constructive and enhanced by informal contacts, other regions were sometimes left very little time to respond to comments made on a regional operational programme or had relatively poor guidance.

The CPMR notes that some regional operational programmes were subject to a high number of comments coming from various services within the European Commission, and that the lack of hierarchy, and the fact that many comments contradicted one another hampered the process of programme preparation.

The CPMR understands that the cross-cutting nature of operational programmes requires a large scale inter-service consultation within the Commission, but the expertise and knowledge of DG Regional and Urban Policy with regards to regional authorities means that the process would have been greatly improved if DG REGIO had been able to play a stronger coordinating role within the Commission.

Recommendation 4: The CPMR calls on DG Regional and Urban Policy to be provided a stronger and more strategic role within the Commission with regards to operational programmes preparation and management in the future.

5. THE RISING COMPLEXITY OF THE POLICY NEEDS EXAMINING

The CPMR has welcomed the ambition of the Commission to simplify the policy for 2014–2020, and time will tell whether this ambition was achieved. However, many CPMR regions with managing authority or intermediary body status feel that the additional requirements (ex-ante conditionalities and the performance framework to name a few) for operational programmes has resulted in a rise of bureaucratic burden, which over time may threaten the very existence of Cohesion Policy as a “citizen-oriented” policy.

This is not to say that the idea behind the ‘results-orientation’ of the policy is flawed, but the reality on the ground needs careful examination.

Recommendation 5: The CPMR believes that a comprehensive review of the management, controls and audit procedures would be needed to understand how Cohesion Policy could be made simpler for both managing authorities and beneficiaries in the future.

6. EU BUDGET REVIEW IS AND SHOULD REMAIN A TECHNICAL EXERCISE

In order to avoid 2014 credits of the MFF being lost due to the late start of the operational programmes, the Commission issued a proposal to revise the EU Budget on 20 January to transfer unused budget commitments from 2014. All 28 EU Member States and the European Parliament need to approve the new proposal from the European Commission before 1 May 2015. Failing that, money from 2014 will be lost.

Given the high political sensitivity of EU budget discussions at Head of State / Government level, there is a real risk that the proposal from the Commission might be rejected in Council. CPMR Regions are concerned about the consequences of such an eventuality. On the short term, it may translate in the loss of expert staff with experience in managing and delivering structural funds programmes. On the long term, it would mean that the 2014 commitments for Cohesion Policy expenditure will be lost, to the detriment of growth and jobs in the regions.

CPMR Message: The CPMR calls on Member States and the European Parliament to approve the revised MFF proposal before 1st May deadline.