REPORT

on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission (2017/2279(INI))

Committee on Regional Development

Rapporteur: Marc Joulaud
## CONTENTS

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION</td>
<td>3</td>
</tr>
<tr>
<td>EXPLANATORY STATEMENT</td>
<td>17</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON BUDGETS</td>
<td>20</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS</td>
<td>25</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION</td>
<td>33</td>
</tr>
<tr>
<td>INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE</td>
<td>38</td>
</tr>
<tr>
<td>FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE</td>
<td>39</td>
</tr>
</tbody>
</table>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission (2018/2279(INI))

The European Parliament,

– having regard to Article 3 of the Treaty on European Union (TEU) and Articles 4, 162, 174 to 178 and 349 of the Treaty on the Functioning of the European Union (TFEU),


– having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal⁵,

– having regard to the Commission’s 7th report on economic, social and territorial cohesion, entitled ‘My region, my Europe, our future: The 7th report on economic, social and territorial cohesion’ (COM(2017)0583, 9 October 2017),

– having regard to the Pact of Amsterdam establishing the Urban Agenda for the EU, agreed at the informal meeting of EU ministers responsible for urban matters held on 30 May 2016 in Amsterdam,

– having regard to the judgment of the Court of Justice of the European Union of 15

having regard to the European Pillar of Social Rights, proclaimed on 17 November 2017 in Göteborg by the European Parliament, the Council and the Commission,

– having regard to the Council conclusions of 25 April 2017 on ‘Making Cohesion Policy more effective, relevant and visible to our citizens’,

– having regard to the Council conclusions of 15 November 2017 on ‘Synergies and simplification for Cohesion Policy post-2020’,

– having regard to the Commission’s White Paper of 1 March 2017 on ‘The future of Europe - Reflections and scenarios for the EU-27 by 2025’ (COM(2017)2025),

– having regard to the Commission’s reflection paper of 26 April 2017 on ‘The social dimension of Europe’ (COM(2017)0206),

– having regard to the Commission’s reflection paper of 10 May 2017 on ‘Harnessing globalisation’ (COM(2017)0240),

– having regard to the Commission’s reflection paper of 31 May 2017 on ‘Deepening Economic and Monetary Union’ (COM(2017)0291),

– having regard to the Commission’s reflection paper of 28 June 2017 on ‘The future of EU finances’,

– having regard to the Commission staff working document of 10 April 2017 entitled ‘Competitiveness in low-income and low-growth regions: report on the regions whose development is lagging behind’ (SWD(2017)0132),

– having regard to the Commission working document entitled ‘Why regional development matters for Europe’s economic future’ (WP 07/2017),


– having regard to the Commission communication of 24 October 2017 on ‘A stronger and renewed strategic partnership with the EU's outermost regions’ (COM(2017)0623),

– having regard to the opinion of the Committee of the Regions of 11 May 2017 entitled ‘The future of Cohesion Policy beyond 2020: For a strong and effective European

---

2 Doc. 8463/17
3 Doc. 14263/17
cohesion policy beyond 2020\(^1\),

– having regard to the opinion of the European Economic and Social Committee of 25 May 2016 on the Commission communication ‘Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds’\(^2\),

– having regard to its resolution of 9 September 2015 entitled ‘Investment for jobs and growth: promoting economic, social and territorial cohesion in the Union’\(^3\),

– having regard to its resolution of 9 September 2015 on the urban dimension of EU policies\(^4\),

– having regard to its resolution of 10 May 2016 entitled ‘New territorial development tools in cohesion policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD)’\(^5\),

– having regard to its resolution of 18 May 2017 entitled ‘The right funding mix for Europe’s regions: balancing financial instruments and grants in EU cohesion policy’\(^6\),

– having regard to its resolution of 13 September 2016 on Cohesion Policy and Research and Innovation Strategies for Smart Specialisation (RIS3)\(^7\),

– having regard to its resolution of 13 September 2016 entitled ‘European Territorial Cooperation – best practices and innovative measures’\(^8\),

– having regard to its resolution of 16 February 2017 entitled ‘Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds: an evaluation of the report under Article 16(3) of the CPR’\(^9\),

– having regard to its resolution of 13 June 2017 on building blocks for a post-2020 EU cohesion policy\(^10\),

– having regard to its resolution of 13 June 2017 on increasing engagement of partners and visibility in the performance of European Structural and Investment Funds\(^11\),

– having regard to its resolution of 6 July 2017 entitled ‘Promoting cohesion and development in the outermost regions of the EU: implementation of Article 349 TFEU’\(^12\),

\(^1\) CDR 1814/2016.
\(^2\) OJ C 303, 19.8.2016, p. 94.
\(^3\) Texts adopted, P8_TA(2015)0308.
\(^7\) Texts adopted, P8_TA(2016)0320.
\(^8\) Texts adopted, P8_TA(2016)0321.
\(^12\) Texts adopted, P8_TA(2017)0316.
having regard to its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances¹,

having regard its resolution of 13 March 2018 on lagging regions in the EU²,

having regard to its resolution of 14 March 2018 entitled ‘The next MFF: Preparing the Parliament’s position on the MFF post-2020’³,

having regard to the conclusions and recommendations of the High Level Group monitoring simplification for beneficiaries of ESI Funds,

having regard to Rule 52 of its Rules of Procedure,

having regard to the report of the Committee on Regional Development and the opinions of the Committee on Budgets, the Committee on Employment and Social Affairs and the Committee on Culture and Education (A8-0138/2018),

A. whereas cohesion policy aims to promote harmonious and balanced development of the whole Union and its regions, leading to a strengthening of its economic, social and territorial cohesion, in a spirit of solidarity and with the aim of promoting sustainable growth, employment, social inclusion and reducing disparities between and within regions, as well as the backwardness of the least-favoured regions, in accordance with the Treaties;

B. whereas the 7th Cohesion Report shows that regional disparities are narrowing again, but that the picture is highly uneven, whether measured by GDP per head, employment or other indicators, and that certain disparities persist, or are shifting or growing, between and within regions and Member States, including inside the euro area;

C. whereas the 7th Cohesion Report contains worrying information about unemployment rates, including youth unemployment rates, which in many regions have not reverted to the levels seen before the crisis, and about competitiveness, poverty and social inclusion;

D. whereas 24 % of Europeans, or almost 120 million people, are poor, living at risk of poverty or being severely materially deprived and/or living in households with low work intensity; whereas the numbers of working poor are increasing and the numbers of unemployed young people continue to be high;

E. whereas unemployment and youth unemployment in the Union have been falling gradually since 2013, but are still above 2008 levels at 7.3 % and 16.1 % respectively (December 2017)⁴, with considerable differences between and within Member States, and especially in some of the Member States most affected by the financial crisis; whereas regional disparities have started to narrow; whereas the differences in unemployment rates between Member States are still significant, ranging from 2.4 % in

---

⁴ http://ec.europa.eu/eurostat/documents/2995521/8631691/3-31012018-BP-EN.pdf/bdc1dbf2-6511-4dc5-ac90-dbadde965ff
the Czech Republic and 3.6 % in Germany to 16.3 % in Spain and 20.9 % in Greece, according to the latest figures\(^1\); whereas hidden unemployment – the phenomenon of unemployed people who are willing to work but are not actively searching for employment – stood at 18 % in 2016;

F. whereas the 7th Cohesion Report draws attention to the great diversity of regions and territories, including within current categories of regions, owing to their specific circumstances (ultraperipherality, sparse population, low income, low growth, etc), making a tailored territorial approach essential;

G. whereas one of the key pieces of new information provided by the 7th Cohesion Report concerns the identification of certain regions described as being caught in the ‘middle-income trap’, which risk being left behind, stagnating or falling behind;

H. whereas the 7th Cohesion Report emphasises the existence of pockets of poverty, the risk of territorial fragmentation and the widening of infraregional disparities, including in more prosperous regions;

I. whereas the 7th Cohesion Report states that ‘the impact of globalisation, migration, poverty and a lack of innovation, climate change, energy transition and pollution is not limited to less developed regions’;

J. whereas while cohesion policy has played a substantial role in the recovery of the EU economy through the promotion of smart, sustainable and inclusive growth, public investment in the EU is still below its pre-crisis level, with major gaps in some of the Member States most affected by the crisis, as it fell from 3.4 % of GDP in 2008 to 2.7 % in 2016;

K. whereas the 7th Cohesion Report clearly presents the outcomes of cohesion policy in terms of growth, jobs, transport, energy, the environment and education and training, as evidenced in the 2014-2020 programing period by the support lent to 1.1 million SMEs, leading directly to the creation of a further 420 000 new jobs, helping more than 7.4 million unemployed find a job, and additionally helping over 8.9 million people to gain new qualifications, thus making the policy the glue that holds Europe together;

The added value of cohesion policy

1. Considers it crucial that cohesion policy in the new programming period should continue to adequately cover all European regions and remain the European Union’s main public investment instrument based on long-term strategy and perspectives, with a budget commensurate with existing and new challenges, and ensuring the fulfilment of the basic goals of the policy; stresses that a concentration of cohesion policy exclusively on the least developed regions would hinder progress on the political priorities of the Union as a whole;

2. Emphasises that cohesion policy provides European added value by contributing to European public goods and priorities (such as growth, social inclusion, innovation and

\(^1\) http://ec.europa.eu/eurostat/documents/2995521/8701418/3-01032018-AP-EN/37be1de2-3905-4b39-9ef6-adcea3cc347a
environmental protection), as well as to public and private investment, and that it is a fundamental tool for achieving the Treaty objective of combating disparities with a view to the upward adaptation of living standards and reducing the backwardness of the least favoured regions;

3. Reiterates its strong commitment to shared management and the principle of partnership, which should be maintained and strengthened for post-2020, as well as to multi-level governance (MLG) and subsidiarity, which contribute to the added value generated by cohesion policy; stresses that the added value of this policy stems primarily from its ability to take into account national development needs along with the needs and specificities of different regions and territories, and to bring the Union closer to its citizens;

4. Emphasises that European added value is strongly reflected in European territorial cooperation (ETC) in all its dimensions (cross-border, transnational and interregional cooperation, both internal and external), as contributing to the overall economic, social and territorial cohesion objectives, as well as to solidarity; reiterates the call for an increase in its share of the budget allocated to cohesion policy, while improving coordination between different programmes to avoid overlaps; recalls the importance of the implementation of macroregional strategies for the achievement of the cohesion policy objectives;

5. Notes that the implementation of cohesion policy in a region can generate externalities and direct and indirect spillover benefits in all of the EU, thanks inter alia to the increased trade generated, strengthening the single market; points out, however, that these benefits vary considerably from one Member State to the other, depending in particular on geographic proximity and the structure of the Member States’ economies;

6. Underlines the need to develop a ‘cost of non-cohesion policy’ methodology in order to provide additional quantifiable evidence on the European added value of cohesion policy, following the example of the work done by the European Parliament on the ‘cost of non-Europe’;

The territorial dimension

7. Notes that urban areas combine, on the one hand, major growth, investment and innovation opportunities and, on the other, various environmental, economic and social challenges, inter alia because of the concentration of people and the existence of pockets of poverty, including in relatively prosperous cities; stresses, therefore, that the risk of poverty or social exclusion remains a key challenge;

8. Emphasises that efforts to consolidate the territorial dimension of cohesion policy require greater attention to be paid to peri-urban and rural problems, with reference to expertise of the local authorities and a particular focus on medium-sized towns in each Member State;

9. Stresses the importance of supporting rural areas in all their diversity, by valuing their potential, encouraging investment in projects that support local economies as well as better transport connectivity, accessibility and very high-speed broadband, and assisting those areas in meeting the challenges they face, namely rural desertification, social
inclusion, lack of job opportunities, entrepreneurship incentives and affordable housing, population loss, the destruction of city-centre communities, areas without healthcare, etc; stresses, in this respect, the importance of the second pillar of the CAP in promoting sustainable rural development;

10. Calls for greater account to be taken of certain specific territorial characteristics, such as those of the regions mentioned in Article 174(3) TFEU, such as island, mountain, rural, border, northernmost, coastal or peripheral regions, when investment priorities are set; underlines the importance of creating tailor-made strategies, programmes and actions for these different regions, or even exploring the possible launch of new specific agendas, following the example set by the Urban Agenda for the EU and the Pact of Amsterdam;

11. Recalls that the particular structural social and economic situation of the outermost regions justifies specific measures, including with regard to their conditions of access to the ESI Funds, in accordance with Article 349 TFEU; stresses the need to perpetuate all the derogations intended to compensate for their structural disadvantages, as well as to improve the specific measures for these regions by adjusting them whenever necessary; calls on the Commission and the Member States to take the judgment of the Court of Justice of the EU of 15 December 2015 as the basis for ensuring that Article 349 TFEU is properly applied as regards the conditions governing access to the Structural Funds; suggests in particular extending the specific allocation for the outermost regions to the social component, maintaining the current level of Union cofinancing in those regions, and better tailoring the thematic concentration; underlines the potential of outermost regions as, for example, privileged areas for the implementation of experimental projects;

12. Considers that the introduction of integrated strategies for sustainable urban development has been a success and should therefore be strengthened as well as replicated in other sub-regional territories, for example by establishing an integrated territorial approach alongside the thematic objectives, but without prejudice to thematic concentration; underlines the importance of community-led local development, strengthening the ability of cohesion policy to involve local actors; stresses the need to explore the possibility of introducing the preparation of national and regional operational programmes based on integrated territorial strategies and smart specialisation strategies;

The ‘middle-income regions’: fostering resilience and preventing vulnerable territories from falling behind

13. Underlines that the ‘middle-income regions’ have not grown at the same rate as either the low-income regions (which still need to catch up with the rest of the EU) and the regions with very high income, as they face the challenge referred to as the ‘middle-income trap’, because of their excessively high costs in comparison with the former and excessively weak innovation systems in comparison with the latter; notes, moreover, that these territories are characterised by struggling manufacturing industries and by their vulnerability to the shocks caused by globalisation and the resultant socio-economic changes;

14. Is convinced that a major challenge for future cohesion policy will be to provide
appropriate support to the middle-income regions, in order, inter alia, to create an investment-friendly climate, and that cohesion policy must both reduce disparities and inequalities and prevent vulnerable regions from falling behind, by taking the different trends, dynamics and circumstances into account;

15. Calls on the Commission to address the challenges faced by the middle-income regions which are characterised by a low growth rate compared to the EU average, in such a way as to promote the overall harmonious development of the Union; recalls that, in order to support these regions and offer solutions to their problems, the future cohesion policy should properly cover, support and include them in the next programming period, including through the creation and implementation of tailor-made strategies, programmes and actions; recalls, in this context, the importance of complementary indicators in addition to GDP in order to offer a more precise picture of the socio-economic conditions of these specific regions; considers that more attention should be paid to the early identification of vulnerabilities, so as to enable cohesion policy to support regions’ resilience and prevent the development of new disparities in all types of regions;

16. Welcomes the Commission’s launch of a pilot project to provide tailored support geared to the specific challenges facing regions in industrial transition; calls on the Commission to draw lessons from the pilot project, and expects to see the envisaged results as soon as possible; believes that smart specialisation strategies have the potential to offer, through a holistic approach, better support to these regions in their development strategies and, more generally, promote differentiated implementation at regional level, but could also be supported through additional cooperation and exchange of knowledge and experience among the regions; welcomes actions such as the Vanguard Initiative for using smart specialisation strategy to boost growth and industrial renewal in priority areas in the EU;

17. Stresses that social and fiscal convergence help foster cohesion while improving the functioning of the single market; takes the view that divergent practices in this area may run counter to the objective of cohesion and are liable to cause further problems for territories which are lagging behind or are the most vulnerable to globalisation, and draws attention to the continuous need for less developed regions to catch up with the rest of the Union; considers that cohesion policy could contribute to the promotion of social and fiscal convergence (alongside economic and territorial convergence) by providing positive incentives; underlines in this regard the possibility of relying, for instance, on the European Pillar of Social Rights; calls on the Commission to take better account of this aspect in the European Semester so that the social dimension of cohesion policy is better integrated with economic policy, while also properly involving local and regional authorities in order to increase the efficiency of the process and reinforce ownership of it;

**Fields of action**

18. Supports a strong thematic concentration on a limited number of priorities linked to major European political objectives, while allowing managing authorities more flexibility in drawing up their territorial strategies on the basis of needs and potential, after inclusive local and regional consultation in the preparation of partnership
agreements; stresses that employment (including youth unemployment), social inclusion, fighting poverty, supporting innovation, digitalisation, support for SMEs and start-ups, climate change, the circular economy and infrastructure should constitute priority areas for cohesion policy in future;

19. Welcomes the adoption of the European Pillar of Social Rights, which represents a step forward in building a social Europe; reiterates its commitment to the ESF as a strong integrated part of the ESI funds, and to the Youth Guarantee, the Youth Employment Initiative and the European Solidarity Corps, in view of their role in meeting the challenges of employment, economic growth, social inclusion, learning and vocational training;

20. Emphasises that future cohesion policy should focus more on protecting and supporting communities and territories adversely affected by globalisation (plant relocations, job losses) and also by similar intra-EU trends; calls for coordination between the Structural Funds and the European Globalisation Adjustment Fund in relevant cases to be explored, in order to cover, among other things, intra-EU relocations;

21. Notes that vulnerability to climate change varies widely from one region to another; considers that the ESI Funds should be used as effectively as possible to help the EU meet its commitments under the Paris Climate Agreement (COP21), e.g. with reference to renewable energies, energy efficiency or exchange of good practices, in particular in the housing sector, and to take into account the UN Sustainable Development Goals; insists that funding under the solidarity instruments for use in the event of natural disasters should be made available as rapidly as is possible under the circumstances, and always in a coordinated manner;

22. Calls for the ESI Funds to be used to address, in a sustainable manner, the demographic challenges (ageing, population loss, demographic pressure, inability to attract or retain adequate human capital) which are affecting European regions in a variety of specific ways; stresses in particular the need to provide adequate support to territories such as certain outermost regions;

23. Stresses that a specific post-2020 financing mechanism must be created under Article 349 TFEU to integrate migrants in the outermost regions, which have to cope with greater migratory pressure owing to their specific characteristics, and thus contribute to their sustainable development;

24. Is of the opinion that the EU funds must respect the UN Convention on the Rights of Persons with Disabilities (UNCRPD) and should continue to foster deinstitutionalisation;

25. Stresses the potential of further investments in culture, education, heritage, youth, sport and sustainable tourism to create jobs, including in particular quality jobs for young people, as well as growth, and to improve social cohesion while also combating poverty and discrimination, which is of particular importance with respect, for example, to the outermost, rural and remote regions; supports the development of cultural and creative industries that are closely linked to innovation and creativity;

Post-2020 programming framework
26. Stresses that the 7th Cohesion Report highlights the need to take account of indicators complementary to per capita GDP, which should remain the main indicator, for the purpose of allocating funds and offering a more precise picture of socio-economic conditions, in line with the challenges and needs identified, including at sub-regional level; notes the importance of taking as a basis data which are of high quality, reliable, up-to-date, structured and available; requests, therefore, the Commission and Eurostat to provide the greatest detail and geographical disaggregation possible in statistics of relevance for cohesion policy so as to adequately reflect the needs of the regions in the process of programming; supports the use of social, environmental and demographic criteria, in particular the unemployment rate and the youth unemployment rate;

27. Advocates stepping up integrated approaches, and strongly emphasises that the ESF must remain an integral component of European regional policy, by virtue of its essential cohesion dimension;

28. Underlines that grants should remain the main cohesion policy funding instrument, but acknowledges that financial instruments can be an effective lever and that they should be promoted if they generate added value and on the basis of an appropriate ex ante assessment; stresses, however, that their use must not become an end in itself, that their effectiveness hinges on many factors (nature of the project, of the territory or of the risk) and that all regions, regardless of their level of development, must be free to determine the most appropriate method of financing; would oppose any binding targets for the use of financial instruments;

29. Calls for the conditions governing the use of financial instruments to be simplified and for the coordination of these instruments with grants to be facilitated with a view to complementarity, efficiency and territorial realities; emphasises the importance of administrative capacity and quality of governance, as well as of the complementary role played by national development banks and institutions in implementing financial instruments tailored to local needs; regards it as essential to harmonise the rules on financial instruments as much as possible, however they are managed; proposes, in addition to the already existing financial instruments for cohesion policy, promoting participatory financial instruments as well;

30. Believes that a link between cohesion policy and the guarantee of an environment conducive to investment, effectiveness and the proper use of funds is also helpful for the achievements of the cohesion policy objectives, while stressing that cohesion policy is not meant to be reduced to an instrument for serving priorities without reference to its objectives; stresses the need to apply the agreed position on the Stability and Growth Pact regarding flexibility for cyclical conditions, structural reforms and government investments; believes that the measures linking the effectiveness of the ESI Funds to sound economic governance, as outlined in Regulation 1303/2013, should be carefully analysed, including through the involvement of all stakeholders; is of the opinion that the Commission should consider adjustments to how the cohesion policy and the European Semester are linked in order to strengthen the latter’s territorial and social dimension, and take account of other factors which contribute to the achievement of cohesion objectives, such as real convergence; calls on the Commission, in this context and in the framework of the European Semester, to look into regional and national cofinancing under the ESI Funds and its impact on national deficits;
31. Calls for the smart specialisation strategies to be intensified as a novel avenue to pursue investment in long-term growth potential in a context of rapid technological change and globalisation; acknowledges the usefulness of ex ante conditionalities, but stresses that in some cases they have been a source of complexity and delays in the development and launching of programming; takes note of the Court of Auditors’ observations on ex ante conditionalities in its Special Report 15/2017; calls on the Commission to consider reducing, where appropriate, the number of ex ante conditionalities and, in this field, to improve compliance with the principles of proportionality and subsidiarity, making maximum use of existing strategic documents which could fulfil future ex ante conditionalities; underlines that ex ante conditionalities should be closely related to the effectiveness of investments, while ensuring equal treatment for all Member States;

32. Notes that the quality and stability of public administration, for which good education, training and locally available advisory assistance are preconditions, remains a decisive factor for regional growth and the effectiveness of the ESI Funds; emphasises the need to improve the quality of governance, and to ensure that sufficient technical assistance is available, as these have a serious impact on the sound implementation of cohesion policy, and can vary substantially in Member States, as is especially visible in, for example, lagging regions; calls on the Commission, in particular, to evaluate the future JASPERS programme in the light of the recommendations of the European Court of Auditors;

33. Supports a shift in cohesion policy towards a greater focus on results and content, moving away from an accounting-based approach towards one which focuses on performance and allows managing authorities more flexibility as to how to achieve targets, while respecting the principles of, inter alia, partnership, transparency and accountability;

34. Considers it imperative to keep up the fight against fraud, and urges zero tolerance of corruption;

A simplified cohesion policy

35. Calls on the Commission to take account of the recommendations of the High Level Group on Simplification in its future legislative proposals;

36. Stresses the need to provide a framework which guarantees legal stability through simple, clear and predictable rules, particularly as regards management and auditing, in order to ensure a proper balance between performance and simplification objectives; calls, in the next programming period, for a reduction in the volume of legislation and guidelines (with caution, so as to provide, in close cooperation with stakeholders, the necessary continuity of rules and procedures, which the interested subjects and managing authorities are familiar with); calls for the relevant documents to be translated into all the EU languages and for any retrospective application and interpretation of rules to be avoided as much as possible; calls for a unified legal framework and guidelines on cross-border projects;

37. Stresses, at the same time, the need to avoid over-regulation and to make operational programmes genuine strategic documents which are more concise and more flexible, establishing a simplified procedure for their targeted modification during programming
(e.g. in case of natural disasters), in order to adequately respond to changing global realities and regional demand;

38. Calls for a genuine single set of rules to be introduced for the ESI Funds, including the further harmonisation of common rules for instruments contributing to the same thematic objective; considers it necessary to streamline procurement procedures under the Funds and to accelerate state aid procedures where compliance is required; supports consistent treatment of European funds under direct management and cohesion funds where state aid is concerned in a more coherent manner, and, more generally, harmonised rules for European instruments aimed at the same beneficiaries; stresses the importance of greater complementarity between cohesion policy and the future EU research programme, in order to cover the full cycle from basic research to commercial applications; considers that thematic concentration should be preserved in order to enable synergies between different funding sources at project level;

39. Takes note of the establishment of a task force on subsidiarity and proportionality, and looks to that working group to make practical proposals to improve compliance with the two principles in the context of cohesion policy; supports ensuring the application of these principles with a view to a genuine MLG which requires appropriate empowerment for local and regional authorities as well as other stakeholders;

40. Regrets that the Commission has not come up with a more integrated evaluation of cross-cutting policies, while synergies between different European policies have not been reported; asks for ambitious strategies, financing and actions which will increase synergies with other EU funds and attract complementary financial support; stresses the need to further optimise the synergies between the ESI Funds and other instruments, including the European Fund for Strategic Investments (EFSI), as well as with the other centrally managed programmes such as Horizon 2020, which is complementary to cohesion policy in supporting research and innovation;

41. Calls for requirements in respect of the programming, implementation and monitoring of the ESI Funds in future to be based on the principles of differentiation and proportionality, grounded in transparent and fair criteria and in accordance with the amounts allocated to programmes, the risk profile, the quality of administration and the level of financing by recipients;

42. Regards it as essential that the relationship between the Commission and the managing authorities should evolve towards a ‘contract of confidence’; recalls, in this context, the importance of having an adequate and functioning MLG framework; calls on the Commission to build on the work already done in the area of sound public finance management, introducing the principle of a new label to reward managing authorities which have demonstrated their ability to comply with the rules; calls, in relation to monitoring, for greater reliance on national and regional rules where their effectiveness has been verified and validated;

43. Calls for the single audit principle to be strengthened, for the implementation of e-cohesion to be speeded up and for the use of simplified and standardised costs to be adopted across the board, since, among other things, this has proven easier to implement and has not given rise to any errors; stresses the potential of digitalisation as regards monitoring and reporting activities; is of the opinion that the exchange of expertise
should be facilitated by establishing a knowledge-sharing portal to exchange good practices;

44. Calls on the Commission to put forward ideas for improving the response of cohesion policy to unforeseen events, and reiterates, in this context, its call for the creation of a reserve of a nature such as to give the regions additional flexibility without jeopardising the long-term goals of the operational programmes;

**Challenges and prospects**

45. Is extremely concerned at the scenarios recently presented by the Commission, concerning the cuts to the cohesion policy budget that might be made under the next MFF and which would exclude many regions from the scope of cohesion policy; wishes to see an ambitious budget commensurate with the challenges facing the regions, and calls for cohesion policy not to be made an adjustment variable; points out that the coverage of all EU regions is a ‘red line’ for the European Parliament; stresses that the theory of ‘economic development clubs’ confirms the importance of differentiated support for all European regions, including regions with a very high income, which must remain competitive with their global competitors;

46. Considers that cohesion policy can help to meet new challenges, such as security or the integration of refugees under international protection; stresses, however, that cohesion policy cannot be the solution to all crises, and opposes the use of cohesion policy funds to cover short-term financing needs outside the policy’s scope, recalling that it is aimed at the socio-economic development of the EU in the medium and long term;

47. Notes the positive results of EFSI, which, however, must invest even more transparently and purposefully; stresses that cohesion policy and EFSI are based on different concepts and objectives which in certain cases can be complementary, but that one cannot be a substitute for the other, irrespective of the level of development of the regions, especially as EFSI, unlike the Structural Funds, is predominantly loan-based; recalls the importance of making an appropriate distinction between EFSI and cohesion policy, as well as identifying clear opportunities for their combination;

48. Reiterates its commitment to long-term programming; considers that the only viable alternative to the current period of seven years is an MFF period of 5+5 years, with a mid-term review; calls on the Commission to draw up a clear proposal setting out the methods for the practical implementation of a 5+5 financial framework;

49. Calls for every effort to be made to avoid delays in programming for the new period, in order to prevent late payments and decommitments which hamper positive results of cohesion policy; stresses the importance of submitting all documents relating to the future legal framework on time in all the official languages, so as to ensure fair and timely information for all beneficiaries;

50. Calls for measures to improve communication to the European citizens, thus raising public awareness of the concrete achievements of cohesion policy; calls on the Commission to enhance the role of the managing authorities and of project promoters who employ innovative local communication methods to inform people about the results of the use of the funds in the territories; emphasises the need to improve
information and communication not only downstream (the ESI Funds’ achievements), but also upstream (financing possibilities), particularly in relation to small project organisers; calls on the Commission and the Member States to establish mechanisms and broad institutionalised platforms for cooperation in order to ensure better visibility and awareness-raising;

51. Notes that some European regions are particularly exposed to the impact of Brexit; stresses that the future cohesion policy must minimise the negative impact of Brexit on other European regions, and calls for detailed consideration to be given to the possibility of continuing partnerships in the context of territorial cooperation;

52. Instructs its President to forward this resolution to the Council and the Commission.
EXPLANATORY STATEMENT

Under the Treaty on the Functioning of the European Union, ‘the European Commission is to present every three years a Cohesion Report on the progress made towards achieving economic, social and territorial cohesion (...’). The Commission published the Seventh Cohesion Report on 9 October 2017, a few months before its proposal on the next Multiannual Financial Framework and its proposals on the regulatory framework for the European Structural and Investment Funds after 2020.

In this particular context, the rapporteur has sought to draw the lessons from the report published by the Commission, taking them as a basis for concrete proposals for the future of cohesion policy.

At a time when the focus is rightly on the concept of ‘European added value’, the rapporteur takes the view that this is reflected in the first place by the ability of cohesion policy to bring the European Union closer to its citizens through implementation at the grassroots level and the principle of subsidiarity, which must be strengthened. Thus cohesion policy should embody a Europe which does useful practical work in the regions.

The Commission report states that ‘the impact of globalisation, migration, poverty and a lack of innovation, climate change, energy transition and pollution is not limited to less developed regions’. The rapporteur agrees with this and believes that it is therefore crucial that the future cohesion policy should continue to cover all European regions through a budget commensurate with the challenges.

Although all regions should be covered, the Commission report clearly shows how much regions and their needs differ within the EU. In this context, the territorial dimension of cohesion policy should be stepped up to ensure a tailored approach to better address the challenges of the various areas, whether urban, suburban or rural or in island, mountain or border locations. The particular structural social and economic situation of the outermost regions also, as laid down in the Treaties, warrants specific measures which should be improved and adapted whenever necessary.

While the 7th Cohesion Report shows that regional disparities are narrowing again, it is also apparent that the situation varies between regions, and that certain disparities persist, or are shifting or growing between and within regions.

In this sense, one of the most important lessons of the 7th Cohesion Report from the rapporteur’s point of view concerns the identification of areas described as being caught in the ‘middle-income trap’, which risk being left behind. These regions do not have the same growth as low-income regions and regions with very high income due to excessively high costs in comparison with the former and excessively weak innovation systems in comparison with the latter.

In response to this situation, cohesion policy should in future not only reduce disparities but also foster resilience and prevent vulnerable areas from falling behind, by taking greater account of trends and dynamics.

Finally, the Commission report emphasises the existence of pockets of poverty, the risk of territorial fragmentation and the widening of infraregional disparities, including in more
prosperous regions. This is an issue which should receive particular attention, e.g. through the establishment of an integrated territorial objective alongside the thematic objectives.

Regarding the fields of intervention, the rapporteur supports a strong thematic concentration on a limited number of priorities corresponding to major European policy goals, leaving managing authorities the task of drawing up their territorial strategies. Employment, innovation, support to SMEs, climate change and the circular economy should constitute priority areas for the future cohesion policy.

To meet these challenges, it is necessary to take into account indicators complementary to per capita GDP for the allocation of funds. These indicators should be in line with the objectives and challenges identified in the first place with regard to employment, and the rapporteur therefore supports the use of social indicators, in particular the unemployment rate and the youth unemployment rate.

While the rapporteur shares the ambition to strengthen the social dimension of the European Union and supports better coordination of the instruments that contribute to it, he considers that the European Social Fund must remain an integral component of cohesion policy. The fund undeniably has a territorial dimension. Giving priority to communication to the detriment of effectiveness, by separating it from cohesion policy, would be a strategic error.

Owing to its specific rationale enshrined in the Treaties, the rapporteur believes that cohesion policy is not meant to be merely a tool for establishing priorities without reference to its objectives and should not be used as a punitive instrument. However, he considers it legitimate to establish a link between cohesion policy and the guarantee of an investment-friendly environment, effectiveness and good use of the funds. With this in mind, he considers it necessary to discuss without taboos the link between cohesion and social and fiscal convergence in that social and fiscal convergence contributes to the objective of cohesion, improving the functioning of the single market. Conversely, divergent practices in this respect may run counter to the objective of cohesion and are liable to cause further problems for the areas which are lagging behind or the most vulnerable to globalisation, such as the territories caught in the Middle-Income Trap described in the Commission report.

Regarding the methods of financing, financial instruments should be promoted where they have an added value, but their use must be simplified. In addition, managing authorities must be free to determine the most appropriate method of financing, which is why any binding targets for the use of financial instruments should be avoided.

Lastly, the rapporteur considers that simplification should be one of the main aims of the reform of cohesion policy. At a time when many potential beneficiaries are turning their backs on EU funding, the credibility of the EU is at stake. If it is to retain its credibility, it will be necessary to stop the proliferation of rules, which have become overwhelmingly complicated. It will also be necessary to provide a single set of rules for different funds and ensure uniform treatment of directly managed funds and cohesion policy funds, particularly in the field of State aid. Finally, it will be necessary to adopt a pragmatic approach by ensuring that, in future, programming and monitoring requirements are based on the principles of differentiation and proportionality, depending in particular on the quality of administrative implementation and the size of the budgets for programmes.
OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Regional Development

on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission (2017/2279(INI))

Rapporteur for opinion: Younous Omarjee

SUGGESTIONS

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses the crucial role cohesion policy has played in the achievement of economic, social and territorial convergence in the EU and the delivery of the UN’s Sustainable Development Goals; expresses concern, however, about the persistence of inequalities between rich and poor regions and the deepening of socio-economic disparities, in terms of income and access to health, between different social categories of citizens; expresses concern about the general impoverishment of a number of regions, including transitional regions, since the financial crisis of 2008; stresses the potential of cohesion policy for the adaptation of European economies to the technological revolution, to enable them to cope with population aging and the opening up of European and world markets; highlights that investments in new technologies, modernisation, new skills and knowledge, innovation, and research and development, which will help less developed regions move up the value chain, should receive strong cohesion policy support; stresses that neither the objectives nor the EU funding of cohesion policy should be watered down; underlines that cohesion policy should continue to benefit all regions;

2. Notes the shortcomings of the financial planning and implementation system, which have led to delays in payment claims and payments and to the accumulation of unpaid bills, which run counter to the spirit of the Treaties; expresses concern at the significant delays in the adoption of operational programmes and in the designation of
management, payment and certification authorities for cohesion policy, which have been exacerbated by the late conclusion of the 2014-2020 multiannual financial framework (MFF) negotiations and the late adoption of the European Structural and Investment (ESI) Fund regulations, and which have led to extremely low absorption rates of cohesion policy in the current programming period, with the project organisers themselves bearing the brunt; calls, in this regard, for the simplification begun as part of the review of the Financial Regulation¹ in force since 1 January 2016 to be enhanced, in particular by placing greater emphasis on ex-post checks, harmonising procedures and introducing greater flexibility in the next MFF; stresses that the level of payment appropriations should at least match past commitments; notes, furthermore, the recommendations of the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds;

3. Notes the huge difference between estimated and actual payments from the EU budget to cohesion policy each year, and calls on the Commission to define a methodology for better planning of EU budget execution in close cooperation with Member States; stresses that establishment of the e-cohesion system, in which Member States would enter data on project pipelines, procurement plans with planned and actual dates for tendering, contracting and implementation, and all financial and accounting data related to invoices, co-financing, eligibility of expenditures and so on, would represent an important contribution to the better management and monitoring of cohesion policy implementation in Member States, and enable more precise estimates of payments from the EU budget;

4. Stresses that financial instruments in EU cohesion policy should not replace direct grants and aid, but should be treated as complementary tools that extend beyond the scope of projects or the area in which projects generate income; emphasises, in this connection, that the ESI Funds and EFSI are managed through different approaches and that cooperation between these two funds could be beneficial for large-scale projects, but that such links must in no way undermine the strategic coherence, territorial concentration and long-term prospects of cohesion policy programmes;

5. Insists that the legislative proposals for the next MFF are submitted as soon as possible to prevent delays in programming for the next period; takes the view that cohesion policy ceilings should be kept at the same level for the EU-27 in the next programming period, while further increasing their effectiveness and simplifying the associated procedures, so that the EU can finally have all the funds it needs to meet its objectives and priorities, as set out in the Treaties; points out that cohesion policy protects EU citizens from certain effects of globalisation, provides financial assistance to small and medium-sized enterprises (SMEs), supports research and cooperation projects, and promotes participation in initiatives to develop human capital, and that it must therefore remain strong, effective and visible for citizens;

6. Underlines the link between the quality of governance and successful public and private investment, innovation and growth; welcomes the holistic approach adopted in the Commission’s 7th report on economic, social and territorial cohesion and calls for

these points to be taken into account fully in future cohesion funding;

7. Takes the view that economic, social and territorial cohesion policy should continue to benefit all EU regions, in particular those with the greatest development delays and the Outermost Regions, and that in the most developed regions it should be directed towards the peripheral areas, which are most affected by poverty and are the least attractive in terms of development and employment opportunities, and in particular towards the provision of aid for infrastructure with a view to putting an end to their isolation;

8. Calls for greater coherence between cohesion policy and other EU policies, which, like trade agreements, undermine efforts made as part of regional policy to achieve the objective of convergence in the EU;

9. Stresses the need to continue with and strengthen cohesion policy in the next MFF programming period; is opposed to any attempts to slash the budget or distort regional policy, which remains the EU’s sole major solidarity policy.
INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Date adopted</th>
<th>21.3.2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result of final vote</td>
<td>+: 29</td>
</tr>
<tr>
<td></td>
<td>−: 4</td>
</tr>
<tr>
<td></td>
<td>0: 0</td>
</tr>
<tr>
<td>Substitutes present for the final vote</td>
<td>Jean-Paul Denanot, Georgios Kyrtso, Ivana Maletić, Tomáš Zdechovský</td>
</tr>
</tbody>
</table>
**FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION**

<table>
<thead>
<tr>
<th>29</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALDE</td>
<td>Nedzhmi Ali, Jean Arthuis, Gérard Deprez, Urmas Paet</td>
</tr>
<tr>
<td>ECR</td>
<td>Zbigniew Kuźmiuk</td>
</tr>
<tr>
<td>GUE/NGL</td>
<td>Liadh Ní Riada, Younous Omarjee</td>
</tr>
<tr>
<td>PPE</td>
<td>Richard Ashworth, Ingeborg Gräßle, Monika Hohlmeier, Georgios Kyrtos, Ivana Maletić, Jan Olbrycht, Paul Rübig, Patricija Šulin, Inese Vaidere, Tomáš Zdechovský</td>
</tr>
<tr>
<td>S&amp;D</td>
<td>Jean-Paul Denanot, Eider Gardiazabal Rubial, Iris Hoffmann, John Howarth, Vladimír Maňka, Pina Picierno, Răzvan Popa, Manuel dos Santos, Daniele Viotti, Tiemo Wölken</td>
</tr>
<tr>
<td>VERTS/ALE</td>
<td>Jordi Solé, Indrek Tarand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECR</td>
<td>Bernd Kölmel</td>
</tr>
<tr>
<td>ENF</td>
<td>André Elissen, Marco Zanni</td>
</tr>
<tr>
<td>NI</td>
<td>Eleftherios Synadinos</td>
</tr>
</tbody>
</table>

| 0 | 0 |

Key to symbols:
+ : in favour
- : against
0 : abstention
SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas unemployment and youth unemployment in the Union have been falling gradually since 2013, but are still above 2008 levels at 7.3 % and 16.1 % respectively (December 2017)\(^1\), with considerable differences among and within the Member States, especially in some of the Member States most affected by the financial crisis; whereas regional disparities have started to narrow; whereas the difference in unemployment rates between Member States is still significant, ranging from 2.4 % in the Czech Republic and 3.6 % in Germany to 16.3 % in Spain and 20.9 % in Greece according to the latest figures\(^2\); whereas hidden unemployment – unemployed people willing to work but not actively searching for employment – was 18 % in 2016;

B. whereas long-term unemployment persists, accounting for more than 50 % of total unemployment in some Member States, 45.6 % in the EU as a whole and 49.7 % in the euro area; whereas the unemployment rate only tracks individuals who do not have a job and who have been actively looking for work in the previous four weeks, while the long-term unemployment rate only measures the share of people in the economically active population aged 15 to 74 who have been unemployed for 12 months or more;

C. whereas the employment rate in the EU has been growing for four consecutive years

\(^1\) [http://ec.europa.eu/eurostat/documents/2995521/8631691/3-31012018-BP-EN.pdf/bdc1dbf2-6511-4dc5-ac90-dbadee96f5f6](http://ec.europa.eu/eurostat/documents/2995521/8631691/3-31012018-BP-EN.pdf/bdc1dbf2-6511-4dc5-ac90-dbadee96f5f6)

\(^2\) [http://ec.europa.eu/eurostat/documents/2995521/8701418/3-01032018-AP-EN/37be1de2-3905-4b39-9ef6-adceae3ce347a](http://ec.europa.eu/eurostat/documents/2995521/8701418/3-01032018-AP-EN/37be1de2-3905-4b39-9ef6-adceae3ce347a)
and now stands at 72.3 %, surpassing the 2008 figure, but still remains below pre-crisis levels in some Member States\(^1\); whereas while marked differences remain in the average employment rate between and within more and less developed regions, regional disparities have started to narrow; whereas employment rates range from being well below the EU average in some Member States, with 58 % in Greece, 64 % in Croatia, 63 % in Italy and 66 % in Spain, to more than 75 % in the Netherlands, Denmark, the United Kingdom, Germany, Czech Republic, Estonia, Lithuania, Latvia, Austria and Sweden\(^2\); whereas employment measured in terms of hours worked per employee remains 3 % below the pre-crisis level in the EU and 4 % in the euro area\(^3\); whereas young people are increasingly being employed under non-standard and atypical forms of employment\(^4\); whereas the abuse of part-time contracts should be condemned; whereas in many less developed regions, GDP per capita has converged towards the EU average through faster productivity growth, but employment has been lost; whereas in several Member States, gross disposable household income (GDHI) per capita has still not recovered from pre-crisis levels; whereas increases in income inequalities have not been reversed from the onset of the crisis in several Member States, and in some cases have even worsened\(^5\); whereas differences in unemployment and income across the EU are encouraging people to move in order to find better opportunities; whereas unbalanced and rapid change in population, linked to the brain drain issue, creates complications, above all for rural regions in the EU\(^1\); whereas shrinking employment disparities, followed by shrinking disparities in GDP per capita, are evident at regional level across the EU; whereas the gender employment gap in the EU still remains at more than 10 percentage points (pps) (11.6 %), with employment rates of 76.9 % for men and 65.3 % for women, and even wider gaps among non-EU born and Roma women; whereas while the risk of poverty or social exclusion in the EU has fallen back to its pre-crisis level, it remains too high, including in more developed regions, and is far from reaching the Europe 2020 poverty and social exclusion target; whereas inequalities continue to rise; whereas in 2015 there were 118.8 million people at risk of poverty or social exclusion (AROPE), 1.7 million more than the 2008 figure and far from the Europe 2020 Strategy target of reducing AROPE by 20 million; whereas the AROPE rate for children (0-17) was 26.4 % in 2016, which was higher than the equivalent rates for adults (16-64, 24.2 %) and, by almost 10 pps, the rate for the elderly (65+, 18.3 %)\(^6\); whereas the number of children at risk of poverty or social exclusion in Europe remains alarmingly high, having stood at 24.8 million in 2016\(^7\); whereas all EU Member States have signed up to the UN Sustainable Development Goals, which include the goal to ‘end poverty in all its forms everywhere’; whereas while the main objective of cohesion policy is to strengthen economic, social and

---


\(^2\) Figures as per the Employment and Social Developments in Europe Quarterly Review, February 2018.

\(^3\) Draft Joint Employment Report 2018, section 1.1.


territorial cohesion by reducing regional disparities both within and between Member States, improving the well-being of EU citizens and providing them with equal opportunities regardless of their place of residence; whereas cohesion policy has played an important role in tackling the impact of the economic and social crisis in recent years by providing much-needed opportunities for public investment; whereas during the current financial period, cohesion policy is expected to help support 1.1 million SMEs, to help 7.4 million unemployed people find a job and 8.9 million people gain new qualifications, to invest EUR 16 billion in the digital economy, and to make substantial investments in social infrastructure;

I. whereas infra-regional disparities are growing, including in more prosperous regions which contain pockets of poverty; whereas the most prosperous regions provide significant drive in favour of growth;

J. whereas the Commission and the Member States need to demonstrate stronger commitment to applying Article 174 and 175 of the Treaty on the Functioning of the European Union (TFEU);

1. Highlights that cohesion policy is the basis for improving upward social convergence and shared prosperity in the EU and should concentrate on major societal challenges, such as living conditions, unemployment, precariousness, poverty, exclusion, discrimination, migration and climate change; is of the opinion that cohesion policy, as the main public investment policy of the Union for these objectives, should be maintained at at least a similar budgetary level in the future multiannual financial framework (MFF);

2. Stresses the need for a substantial increase in the European Social Fund (ESF), as the main EU instrument for social cohesion and the implementation of the European Pillar of Social Rights, including the integration and reintegration of workers into the labour market, as well as for supporting measures for social inclusion, combating poverty and inequalities, and the creation of equal opportunities, while funding for the fight against poverty and social exclusion should be maintained at 20%; believes that a scenario in which the ESF is merged into one single social investment fund would be a threat to the integrity of cohesion policy, whose objective of social cohesion, enshrined in the Treaties, is mainly achieved through ESF funding; stresses that the ESF must therefore continue to be an integral part of cohesion policy in order to ensure that the EU’s renewed focus of a Social Europe can be realised on the ground;

3. Is of the opinion that the EU Regional Social Progress Index should be evaluated as a possible complement to the GDP indicator, given that increase in GDP per capita does not correspond to an equivalent increase in employment for all regions, and is not sufficient per se for measuring new kinds of inequalities between EU regions, and that economic growth does not impact on certain determinants of social progress and inclusion; calls on the Commission to also take into account the use of new social criteria when determining the allocation of EU funding to thematic objectives with a social dimension and to better integrate cohesion policy with areas currently identified for EU action; considers that social indicators could be used as an ex post evaluation tool to assess the success of EU funding in achieving better social outcomes;

4. Recalls that public investment in the EU is still below pre-crisis levels, leaving regions
and Member States in need of more support in order to rise to current and future challenges; believes that in the light of the growing social divergences across the EU, the social investment approach must be put at the centre of a coherent policy framework, with the EU governance framework and its budget aligned with the social investment imperative; stresses that these types of investments with long-term returns are key to the future competitiveness of EU regions;

5. Takes note of the data provided in the 7th cohesion report, which show signs of a general improvement in the social situation, but also point to persistent social divergences among the Member States, which have been aggravated as a result of the harmful impact of the economic crisis and years of austerity measures; observes with concern that despite positive signs, the risk of poverty or social exclusion remains a key challenge, and, together with an increase in inequalities in many Member States, one of the main challenges to social cohesion;

6. Considers that binding cohesion policy programming to quantifiable Europe 2020 targets, such as the reduction of poverty, was one of the main achievements of the 2014-2020 programming period; believes that contributing to economic, social and territorial cohesion in the EU should be the main objective of a Europe post-2020 strategy, based on the internationally adopted Sustainable Development Goals;

7. Reaffirms the need to reinforce the EU budget, on the basis of national contributions which take into account gross national incomes, in order to foster public investment to support national productive sectors, and to contribute to the reduction of multiple structural dependencies, to promote employment with rights and quality public services, and to fully harness Member States’ global potential;

8. States that some of the more significant employment and social imbalances and social divergences in Europe, such as labour market segmentation, wage dispersion and child poverty, have not been resolved but have worsened, which demonstrates that national public policies and European mechanisms are insufficient for building stronger social cohesion and a fairer European labour market; highlights that stronger and more comprehensive EU policies are required in order to complement the efforts currently undertaken by Member States; stresses the critical need for fiscal flexibility, in order to support social investment in social rights, and for the mainstreaming of all principles enshrined in the European Pillar of Social Rights effectively at all stages;

9. Stresses the importance of the compatibility of family and career in the economic advancement and cohesion of all regions;

10. Regrets the sluggish implementation of the 2014-2020 programmes, with just 39% of the total funding allocated as at July 2017; considers that faster implementation, a smoother transition between programming periods, clear targets, benchmarks and result indicators, genuine simplification and capacity development are necessary;

11. Notes, in this regard, the suggestion put forward in the Commission’s reflection paper on the future of EU finances that coherence could be improved via a single rule book

---

1 7th Commission report on economic, social and territorial cohesion, p. 175.
for cohesion policy and other funding instruments with programmes or projects of the same type, which would ensure stronger complementarity between cohesion policy and innovation and infrastructure spending and simplification for beneficiaries; believes that more efficient and flexible implementation of the funds will be crucial in the new MFF period;

12. Believes that regional authorities must be involved and changes to the indicators for social progress in cohesion policy must be made before social funding can be linked to the policy priorities agreed with Member States in the European Semester; stresses that country reports and country-specific recommendations cannot become the only reference documents for programming EU investments on the ground, especially social investment;

13. Calls on the Commission to introduce policies designed to combat demographic decline and the dispersion of populations; stresses that cohesion policy should prioritise attention for regions suffering from demographic decline; calls, therefore, for strategic investment in those regions, in particular in broadband access, with a view to making them more competitive, improving industry and territorial structure;

14. Recalls that the principle of proportionality must prevail in the management and control of cohesion programs; calls on the Commission and the Member States to explore the possibility of an online application system which would better enable project managers to streamline administrative procedures;

15. Stresses that of the numerous challenges the European regions will face in the coming years, social inclusion, poverty, unemployment and inequalities, both between and within regions, are of particular relevance to cohesion policy; recalls that inequalities jeopardise the future of the European project, erode its legitimacy, and can damage trust in the EU as an engine of social progress, and that the reduction of inequalities must be one of the main EU priorities, as recently stated by Parliament; considers it essential to improve the process of policy coordination at national level in order to better monitor, prevent and correct negative trends that could increase inequalities and weaken social cohesion or negatively affect social justice, by putting in place preventive and corrective measures when necessary; stresses that a bottom-up approach is needed in order to tackle effectively poverty and social exclusion within communities, as these issues require a tailor-made response and the active involvement of the level of government directly concerned;

16. Takes the view that the job creation potential of Union funds is still insufficiently leveraged and should therefore be further strengthened through more efficient and results-based policymaking and implementation, supported by effective technical assistance, and focusing in particular on future-oriented sectors with a net quality job creation potential, in particular the green and circular economy, the care sector and the digital sector; considers, moreover, that access to funding should be eased for all beneficiaries, including social economy actors, SMEs, NGOs, smaller municipalities and the self-employed;

17. Calls on the Member States to invest more in skills that improve economic growth, by narrowing the skills gap and reducing child poverty and social exclusion; calls on the Member States to devote greater attention to rural regions which have not sufficiently
benefited from economic growth;

18. Calls on the Member States, particularly those with low productivity levels, to launch or continue with structural reforms in order to improve competition, the business environment and skills potential;

19. Insists that transparent public procurement is essential in order to promote development and fair competition; takes the view that public procurement is the best way of delivering socially and environmentally beneficial investment;

20. Calls on the Commission and the Member States to continue initiatives aimed at increasing access to quality and inclusive public education and training, including tertiary education, vocational education and training (VET), work-based learning and acquiring and updating skills, particularly digital skills, as well as access to quality, sustainable and inclusive employment, especially for young people and low-qualified and older workers; notes the importance, in this regard, of the New Skills Agenda for Europe, and particularly its Upskilling Pathways initiative; points out that training programmes financed under the ESF should be tailored to the needs of workers and the unemployed, while at the same time taking into account labour market opportunities;

21. Reiterates its concern about the growing trend towards underemployment and hidden unemployment, the increasingly chronic nature of long-term unemployment and the level of youth unemployment and long-term unemployment; recalls the importance of investing in plans which make the reduction of long-term unemployment a priority, combining vocational training with personalised guidance;

22. Calls for the strengthening of budget lines that promote effective responses to the reception and social inclusion of refugees and migrants;

23. Underlines the fact that social and fiscal convergence contribute to the cohesion objective and that divergent practices in this area are liable to cause further problems for territories most vulnerable to globalisation;

24. Stresses the necessity of retaining schools and educational institutions close to people’s homes and demands nationwide policies for this, to be supported by the European structural funds where possible;

25. Is of the opinion that the EU funds must adhere to the UN Convention on the Rights of Persons with Disabilities (UNCRPD) and should continue to foster deinstitutionalisation.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Date adopted</th>
<th>21.3.2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result of final vote</td>
<td>+: 34</td>
</tr>
<tr>
<td></td>
<td>-: 6</td>
</tr>
<tr>
<td></td>
<td>0: 5</td>
</tr>
<tr>
<td>Members present for the final vote</td>
<td>Laura Agea, Guillaume Balas, Brando Benifei, Enrique Calvet Chambon, David Casa, Michael Detjen, Lampros Fountoulis, Czeslaw</td>
</tr>
<tr>
<td>Substitutes present for the final vote</td>
<td>María Arena, Georges Bach, Amjad Bashir, Lynn Boylan, Tania González Peñas, Sergio Gutiérrez Prieto, Paloma López Bermejo, Ivari Padar, Sven Schulze, Jasenko Selimovic, Tom Vandenkendelaere, Flavio Zanonato</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Substitutes under Rule 200(2) present for the final vote</td>
<td>Jytte Guteland</td>
</tr>
<tr>
<td>34</td>
<td>+</td>
</tr>
<tr>
<td>----</td>
<td>---</td>
</tr>
<tr>
<td>ALDE</td>
<td>Enrique Calvet Chambon, Robert Rochefort, Jasenko Selimovic, Yana Toom, Renate Weber</td>
</tr>
<tr>
<td>EFDD</td>
<td>Laura Agea</td>
</tr>
<tr>
<td>PPE</td>
<td>Georges Bach, David Casa, Danuta Jazłowiecka, Agnieszka Kozłowska-Rajewicz, Thomas Mann, Elisabeth Morin-Chartier, Marek Plura, Dennis Radtke, Sofia Ribeiro, Claude Rolin, Sven Schulze, Romana Tomc, Tom Vandenkendelaere</td>
</tr>
<tr>
<td>S&amp;D</td>
<td>Maria Arena, Guillaume Balas, Brando Benifei, Michael Detjen, Jytte Guteland, Sergio Gutiérrez Prieto, Agnes Jongerius, Ivari Padar, Emilian Pavel, Georgi Pirinski, Siôn Simon, Flavio Zanonato</td>
</tr>
<tr>
<td>VERTS/ALE</td>
<td>Jean Lambert, Miroslavs Mitrofanovs</td>
</tr>
<tr>
<td>NI</td>
<td>Lampros Fountoulis</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPE</td>
<td>Jeroen Lenaers</td>
</tr>
<tr>
<td>GUE/NGL</td>
<td>Lynn Boylan, Tania González Peñas, Paloma López Bermejo</td>
</tr>
<tr>
<td>ENF</td>
<td>Dominique Martin, Joëlle Mélin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPE</td>
<td>Ádám Kósa</td>
</tr>
<tr>
<td>ECR</td>
<td>Amjad Bashir, Czesław Hoc, Anthea McIntyre, Ulrike Trebesius</td>
</tr>
</tbody>
</table>

Key to symbols:
+ : in favour
- : against
0 : abstention
20.3.2018

OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION

for the Committee on Regional Development

on strengthening economic, social and territorial cohesion in the European Union: the 7th report of the European Commission (2017/2279(INI))

Rapporteur: Mircea Diaconu

SUGGESTIONS

The Committee on Culture and Education calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Believes that culture, education, youth and sport play a crucial role in promoting social cohesion and shaping the future of the EU, in particular with a view to building a community of citizens united in diversity by the ties of solidarity, and have tremendous potential in terms, inter alia, of generating European added value and economic prosperity in all the EU regions, in particular within the framework of cohesion policy;

2. Recalls the importance of culture and cultural heritage, including with regard to the economic prosperity of cities and regions; calls, therefore, on the Member States to adopt all necessary measures to effectively safeguard tangible and intangible cultural heritage and to use all available cohesion policy tools to this end; recommends that cultural heritage be considered a horizontal priority for all the pillars of cohesion policy in the next generation of programmes and that the recommendations issued during the 2018 European Year of Cultural Heritage and its outcomes be taken into consideration;

3. Stresses the importance of equal opportunities for those who are physically or geographically disadvantaged, to ensure that they have equal access to both culture and education;

4. Underlines that investments in culture, education, youth and sport improve social cohesion in the EU significantly, in particular by facilitating the social integration of European citizens;

5. Recognises the importance of safeguarding both natural and cultural heritage and harnessing their potential as economic drivers;

6. Regrets that the Commission’s 7th report on economic, social and territorial cohesion fails
to highlight the investments made in culture and does not make any quantitative or qualitative reference, broken down by sector, to culture-related projects, which accounted for at least EUR 11 billion of cohesion policy expenditure for the programming periods 2007-2013 and 2014-2020, committed from the European Regional Development Fund;

7. Notes that the EU’s cohesion and rural development policies can be instrumental in promoting the restoration of cultural heritage, supporting cultural and creative industries (CCIs) and financing the capacity building of cultural professionals;

8. Underlines the importance of equal access to education, training and cultural activities in delivering genuine convergence and reducing disparities and socioeconomic inequalities among European regions;

9. Urges the Commission to continue investing in culture, education, youth and sport, and to build on the positive outcomes of the two previous generations of programmes (2007-2013; 2014-2020);

10. Calls for the creation in the next programming period of possibilities for funding culture, education, youth and sport via specially designated thematic objectives for European Structural and Investment (ESI) Fund investment;

11. Highlights the potential of the cultural and creative sector (CCS) for youth employment; stresses that further promotion of and investment in the CCS may contribute substantially to improving investment, growth, innovation and employment; calls on the Commission, therefore, to consider the unique opportunities offered by the whole CCS, including NGOs and small associations;

12. Calls on the Commission to include culture and education among the priority and strategic objectives for the next programming period, as both areas of focus and horizontal dimensions of regional development policies;

13. Calls on the Member States to develop, within the sphere of cohesion policy, long-term and sustainable strategies in the fields of culture, education, youth and sport, which can serve as a basis for strategic investments during the 2021-2027 programming period;

14. Insists that the projects selected should complement each other and calls on the Commission to fully exploit potential synergies between the ESI Funds, the European Investment Bank financial instruments available (the European Fund for Strategic Investments (EFSI)) and other EU programmes outlined for the 2014-2020 programming period, with specific reference to Erasmus+ and Creative Europe, through the provision of better information on an EU-wide basis and much more resolute implementation in the Member States and their regions; stresses that the grants should be aimed not only at developing infrastructure, but also at creating ‘cultural clusters’ combining several related fields, such as cultural heritage, CCIs, training programmes, cultural tourism, and local arts and crafts;

15. Calls for steps to be taken, in the next programming period, to identify specific measures and to set aside resources for physical infrastructure, such as incubators, digital infrastructure (broadband, for example), and intangible infrastructure for educational, cultural and research bodies;
16. Considers that post-2020 cohesion policy investments in culture and education should be more efficient and effective, in terms of both the quality and the quantity of the projects implemented;

17. Calls on the Commission and the Member States to support knowledge partnerships between universities, educational, professional and research bodies and cultural institutes in an effort to meet the growing need for new skills and for retraining in the CCS;

18. Asks the Commission to include quality indicators for cultural heritage-related investments in the revised Common Provisions Regulation, as also required by Parliament’s resolution of 8 September 2015 entitled ‘Towards an integrated approach to cultural heritage for Europe’;

19. Recalls the role of the CCIs and reiterates its call on the Commission to establish the CCIs as a horizontal priority; underlines that regions have a proven capacity to develop clusters and cross-border cooperation in this field, and notes the positive effects of smart specialisation in CCIs, to which the significant results recorded so far are testament; asks the Commission and the Member States to maintain and strengthen the policies in this field and to use the funding available under EU programmes and the ESI Funds effectively;

20. Calls for greater theoretical and practical scope for medium- and long-term projects in the cultural, audiovisual and creative sphere, by making provision for the combined use of the ESI Funds and the EFSI;

21. Calls for cohesion policy measures to place greater emphasis on investment in the cultural and education sectors, in particular in urban and outlying areas, through the use of retraining and inclusion tools;

22. Calls on the Commission to harness the capacity of the ERDF to support the development of sport infrastructure and promote sustainable sport and outdoor activities as a tool for regional and rural development, and of the European Social Fund to strengthen the skills and employability of workers in the sport sector;

23. Urges the Member States to set aside a share of cohesion policy funding for high-quality cultural and education projects which, although deserving of funding, do not receive EU support owing to a lack of financial resources;

24. Calls on the Member States to support integrated territorial projects with a cultural focus, such as cultural itineraries, which foster high-quality territorial development and public-private partnerships in the area of cultural tourism.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Date adopted</th>
<th>20.3.2018</th>
</tr>
</thead>
</table>
| Result of final vote| +: 23  
|                    | -: 0     
<p>|                    | 0: 4     |
| Members present for the final vote | Isabella Adinolfi, Dominique Bilde, Andrea Bocskor, Nikolaos |</p>
<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chountis, Silvia Costa, Mircea Diaconu, Jill Evans, María Teresa Giménez Barbat, Petra Kammerervert, Svatoslav Hristov Malinov, Curzio Maltese, Rupert Matthews, Morten Messerschmidt, Luigi Morgano, John Procter, Yana Toom, Sabine Verheyen, Bogdan Brunon Wenta, Theodoros Zagorakis, Bogdan Andrzej Zdrojewski, Milan Zver, Krystyna Łybacka</td>
</tr>
</tbody>
</table>

**Substitutes present for the final vote**
Elena Gentile, Liliana Rodrigues, Algirdas Saudargas

**Substitutes under Rule 200(2) present for the final vote**
John Howarth, Luděk Niedermayer
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>+</td>
</tr>
<tr>
<td>ALDE</td>
<td>Mircea Diaconu, María Teresa Giménez Barbat, Yana Toom</td>
</tr>
<tr>
<td>EFDD</td>
<td>Isabella Adinolfi</td>
</tr>
<tr>
<td>ENF</td>
<td>Dominique Bilde</td>
</tr>
<tr>
<td>GUE/NGL</td>
<td>Nikolaos Chountis, Curzio Maltese</td>
</tr>
<tr>
<td>PPE</td>
<td>Andrea Bocskor, Svetoslav Hristov Malinov, Luděk Niedermayer, Algirdas Saudargas, Sabine Verheyen, Bogdan Brunon Wenta, Theodoros Zagorakis, Bogdan Andrzej Zdrojewski, Milan Zver</td>
</tr>
<tr>
<td>S&amp;D</td>
<td>Silvia Costa, Elena Gentile, John Howarth, Petra Kammerevert, Luigi Morgano, Liliana Rodrigues, Krystyna Łybacka</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>ECR</td>
<td>Rupert Matthews, Morten Messerschmidt, John Procter</td>
</tr>
<tr>
<td>Verts/ALE</td>
<td>Jill Evans</td>
</tr>
</tbody>
</table>

**Key to symbols:**
+ : in favour  
- : against  
0 : abstention
# INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<table>
<thead>
<tr>
<th>Date adopted</th>
<th>27.3.2018</th>
</tr>
</thead>
</table>
| Result of final vote | +: 35  
| | -: 4  
| | 0: 1  |
| Substitutes present for the final vote | Daniel Buda, Elena Gentile, Elsi Katainen, Ivana Maletić, Tonino Picula, Bronis Ropė, Davor Škrlec, Damiano Zoffoli |
| Substitutes under Rule 200(2) present for the final vote | Ricardo Serrão Santos |
# FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

<table>
<thead>
<tr>
<th>35</th>
<th>+</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALDE</td>
<td>Ivan Jakovčić, Elsi Katainen, Iskra Mihaylova, Matthijs van Miltenburg</td>
</tr>
<tr>
<td>ECR</td>
<td>Miroslaw Piotrowski, Ruža Tomašić</td>
</tr>
<tr>
<td>GUE/NGL</td>
<td>Martina Michels, Younous Omarjee, Ángela Vallina</td>
</tr>
<tr>
<td>PPE</td>
<td>Pascal Arimont, Franc Bogovič, Daniel Buda, Krzysztof Hetman, Marc Joulaud, Ivana Maletić, Lambert van Nistelrooij, Andrey Novakov, Stanislav Polčák, Fernando Ruas, Ramón Luis Valcárcel Siso, Joachim Zeller</td>
</tr>
<tr>
<td>S&amp;D</td>
<td>Victor Boştinaru, Mercedes Bresso, Elena Gentile, Michela Giuffrida, Constanze Krehl, Tonino Picula, Liliana Rodrigues, Ricardo Serrão Santos, Monika Smolková, Derek Vaughan, Kerstin Westphal, Damiano Zoffoli</td>
</tr>
<tr>
<td>VERTS/ALE</td>
<td>Bronis Ropė, Davor Škrlec</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFDD</td>
<td>Raymond Finch, Paul Nuttall</td>
</tr>
<tr>
<td>ENF</td>
<td>Steeve Briois</td>
</tr>
<tr>
<td>NI</td>
<td>Konstantinos Papadakis</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFDD</td>
<td>Rosa D'Amato</td>
</tr>
</tbody>
</table>

Key to symbols:

+ : in favour
- : against
0 : abstention