



2017/2052(INI)

11.10.2017

OPINION

of the Committee on Regional Development

for the Committee on Budgets

on the next MFF: preparing Parliament's position on the MFF post 2020
(2017/2052(INI))

Rapporteur: Derek Vaughan

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SUGGESTIONS

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

- A. whereas Council Regulation No 1311/2013 laying down the multiannual financial framework (MFF) for the years 2014-2020 provides that the Commission should present its proposal for the future post-2020 MFF before 1 January 2018; whereas the legislative proposals for the next MFF need to be presented as soon as possible, so that decisions can be taken on the future of cohesion policy and the new funding can be agreed as soon as possible before the end of the current programming period, so as to prevent delays in programming for the new period;
- B. whereas Article 3 of the Treaty on European Union (TEU) stipulates that the Union should promote economic, social and territorial cohesion and solidarity among and within the Member States and regions; whereas regional cohesion policy is one of the EU's core policies with a high added value, fostering solidarity, reducing development gaps and bringing the benefits of European integration directly to EU citizens in all regions; whereas, moreover, regional cohesion policy brings Europe together and strengthens its economy by application of the principle of solidarity, strengthens its social convergence, and helps to make the EU tangible and visible to its citizens through the concrete results it delivers on the ground; whereas it is therefore key that sufficient funding for cohesion policy – at least equivalent to that of the current period – is provided for in the MFF, so as to correspond to the challenges which the policy is expected to adequately address;
- C. whereas suitable measures should be taken to ensure that the budgetary challenge deriving from the United Kingdom's departure from the EU does not have a negative effect on the budget for regional policy, including by shifting to new own resources for funding; whereas cohesion policy offers cross-border and other territorial cooperation tools for ensuring continued collaboration with the UK regions once the UK has left the EU, by maintaining contacts and working together with its citizens towards common objectives;
- D. whereas some of the proposals for new own resources presented in the final report and recommendations of the High Level Group on Own Resources of December 2016, such as a financial transaction tax, a carbon tax imposed on all sources of greenhouse gas emissions, and a European corporate income tax, are worth analysing in a broader context, and would also be consistent with both the targets of the 2030 Climate and Energy Framework and the objectives of economic, social and territorial cohesion;
- E. whereas cohesion policy has contributed significantly to economic, social and territorial cohesion, and to the implementation of the Europe 2020 strategy and achieving its goals for smart, sustainable and inclusive growth; whereas the EU is still at risk of falling short of these goals by 2020, especially when it comes to poverty reduction, the promotion of renewable energy and the fight against unemployment; whereas the strategy should be reviewed for the post-2020 period and contribute to the achievements of the 2030 Agenda for Sustainable Development Goals; whereas its financing should be secured in the next MFF, with a major role given to cohesion policy; whereas cohesion policy has achieved important results and enabled the economic and social divide between European regions to be narrowed; whereas, however, 47 regions in eight Member States are still lagging

behind in their development;

1. Confirms the high EU added value of cohesion policy, as it fulfils the Treaty's objectives of economic, social and territorial cohesion, as well as of reducing disparities between the levels of development of various regions by:
 - bringing growth and jobs to the regional and local level, especially in territories lagging behind, which contributes to convergence, spill-over effects, enhanced economic cooperation, overall macroeconomic stability and the competitiveness of the Union as a whole;
 - providing public goods of a European dimension by supporting transnational infrastructure;
 - fostering cross-border cooperation and helping to create stable grounds for lasting peace and democracy in Europe;
 - using shared management and subsidiarity in order to bring together various stakeholders from different levels of governance and effectively address socio-economic risks and opportunities;
2. Calls on the Commission to present its proposals for the future MFF and the post-2020 cohesion policy package without delay, and insists on a prompt start of negotiations in order to ensure the timely implementation of the European Structural and Investment (ESI) Funds in the post-2020 programming period; believes that cohesion policy should continue to benefit citizens in all regions, while concentrating resources on the most vulnerable ones; believes that a new set of social and environmental indicators complementary to GDP should be developed and introduced in order to allocate ESI Funds more fairly, and to better take into account different types of inequalities;
3. Affirms that cohesion policy must remain the EU's main public investment and development policy, but that more needs to be done to highlight the major and indispensable role of cohesion policy in achieving the EU's political objectives; considers, therefore, that a strong focus is needed on employment, skills, innovation, demography, SMEs, social inclusion, and specific EU goals such as digitalisation and reindustrialisation, as well as on a reinforced social dimension, territorial cooperation and the urban dimension; underlines, in this regard, that cohesion policy is not supposed to be the solution and funding instrument for every unforeseen event and that it should not contribute to the establishment of new programmes; points out that new challenges should not undermine the traditional and long-term objectives of cohesion policy as laid down in the Treaties;
4. Calls, therefore, for the MFF to continue to provide for at least the current share of funds for cohesion policy post 2020, striking a good balance between investments in citizens and investments for citizens, and between the three dimensions of cohesion policy – economic, social and territorial – as well as ensuring that the EU's political goals can be reached; believes that the share of the MFF for cohesion should be increased and that current commitments should not be reduced; recalls that, in view of the late start of the period and the expected volume of payment claims towards the end of it, it is of considerable importance to increase the payment ceiling of Heading 1b in order to ensure liquidity and investment flow and to avoid the potential impact of political risks; notes that the creation of future, and the support to current, EU programmes and instruments should not take place at the expense of existing investment; recognises the important

contribution of cohesion policy in facilitating structural reforms through incentives, such as ex ante conditionalities, rather than sanctions, and calls on the Commission to explore other positive means of supporting national and regional efforts; underlines that a special focus must continue to be devoted to less developed regions; underlines that the MFF should support the priorities outlined in the European Semester, in particular by taking account of country-specific recommendations, while bearing in mind the objectives of cohesion policy enshrined in the Treaties; recalls that new EU priorities and initiatives should be financed with fresh funding, and that cohesion policy should not be jeopardised by its current envelope being used as a source of funding for such new priorities and initiatives;

5. Considers that regional funding should be protected and continue to be targeted at all EU regions, and should predominantly take the form of grants to be complemented by financial instruments, which, for their part, have an important role to play in certain cases after appropriate ex-ante assessment, together with a clear strategy and set of criteria to determine which type of financing is more appropriate for achieving the desired objectives, and which should be properly integrated with grants where appropriate; stresses that in the event of a reduction in the EU's budgets, greater focus on the EU's core goals and EU added value is required, with particular emphasis on stimulating growth and job creation and reducing inequalities and regional disparities; highlights the Commission's statement that financial instruments are only appropriate for revenue-generating projects; considers that grants and subsidies will therefore continue to be needed; highlights the risks of financial products such as equity, trust funds and other types of bonds; notes that increasing the share of financial instruments should not influence non-refundable financial contributions, as this would hinder the required balance; notes that binding targets for the use of financial instruments in the post-2020 MFF cannot be considered a viable option; considers that the role of the Member States should be emphasised through appropriate co-financing rates which ensure their commitment; notes that there are divergent opinions on macroeconomic conditionality and stresses that the relationship between cohesion policy and European Semester economic governance processes must be balanced, reciprocal and limit the impact on the beneficiaries of ESI Funds; considers it imperative that ESI Funds focus on areas where common action is most needed, such as promoting growth and competitiveness, or contributing to climate change adaptation and resource efficiency; underlines that EU funding should complement national budgets, by offering real additionality and ensuring that action is taken in areas excluded from national budgets;
6. Considers any solution resulting in a short-term MFF to be unacceptable, as it would impede long-term planning and adversely affect the predictability of policies, including cohesion policy; believes that the only alternative to the current duration is a 5+5 year MFF period, with a compulsory mid-term review, provided that the Commission ensures a smooth transition between programming periods, which would require stricter de-commitment rules, shorter procedures for closing programmes, and faster processes for the setup and start-up of programmes; calls for the future MFF to provide for greater citizen oversight, including by strengthening the partnership principle in cohesion policy and streamlining it with other policies; reiterates its request to apply gender mainstreaming across all parts of the EU budget;
7. Calls for the priorities of regional development programmes to be updated in order to take

changing conditions into account and to reap the benefits of new technology; is of the opinion that cohesion policy should aim, in particular, to enhance the knowledge economy and stimulate innovation; considers, moreover, that greater flexibility is required in the MFF to meet unforeseen challenges; underlines that the Commission's position is to strike the right balance between the stability and flexibility of financing; considers the regional unemployment rates and regional social progress index to be appropriate criteria; stresses that the significant level of growth needed for job creation and development cannot be achieved without joint efforts for the implementation of a good economic policy mix, which should consist of investment, structural reforms and fiscal consolidation; emphasises the role of cohesion policy in achieving the objectives deriving from the Paris Agreement (COP21) and in ensuring the transition towards a low-carbon and circular economy; points out that, in order to ensure better implementation of its budget in future, cohesion policy needs to be thoroughly simplified on the basis of the recommendations of the high level group, and a broader application of proportionality needs to be considered, in addition to differentiation between regions in the implementation of ESI Fund programmes; stresses the importance of regional policy for protecting the most vulnerable regions, such as the least developed and outermost regions;

8. Stresses the importance of regional cross-border initiatives in promoting European integration as well as smart, sustainable and inclusive economic growth and job creation; underlines that the Connecting Europe Facility and Cohesion Fund should remain the major sources of infrastructure investment, and that funding appropriations should match the prevailing high demand and oversubscription; points out that European Territorial Cooperation (Interreg) is a key area of EU added value for ensuring the continuity of, and linkages between, common projects across borders and across the EU; is of the opinion that these cross-border initiatives in particular show the added value of the European Union;
9. Recalls that investment in Heading 1a showcases a strong, positive impact on policies; considers that programmes such as the successor programme to Horizon 2020 should receive twice the funding available under the current framework programme; notes that estimates, demand and success rates indicate that such an increase would alleviate the research and innovation funding gap;
10. Calls for the Commission to implement and further facilitate greater synergies and complementarities between the different EU funds, including cohesion policy, Horizon 2020, the Connecting Europe Facility and the European Fund for Strategic Investments (EFSI), so as to prevent different rules applying to similar projects simply because they were implemented on the basis of different instruments, and to work towards the goal of setting up the same rules for similar projects, including when they are financed by different EU policies and instruments, as this would cut red tape and make the implementation of EU funds easier for beneficiaries without prejudice to the integrity of the financial appropriations of the ESI Funds; notes that the take-up of financial instruments and synergies with grants can be improved; highlights, in this context, that special attention should be paid to state aid rules, so as to provide a level playing field for grants and financial instruments; deems it necessary that all ESI Funds be continued post 2020, including the Cohesion Fund and European Social Fund;
11. Considers it essential, in the context of the new MFF, to ensure that budgetary rules, and

rules on cohesion policy spending, are at last simplified in a balanced way without undermining the cross-cutting principles of cohesion policy in order to positively impact the sustainability of the next MFF, as well as to reduce the burden on beneficiaries; calls for the Commission to further explore the ‘single rulebook’ approach in order to encourage more beneficiaries to apply for EU funding, as this would provide an impetus to establish significantly clearer and lighter implementation rules and ensure the integrated strategic planning of EU support; calls for the setting up of a simplification bonus for the Member States for effective measures cutting red tape and improving the management of EU funding; underlines that, in the context of maximising the performance of the MFF as regards conditionality, it is important to find the right balance so as not to jeopardise investments; underlines that the Omnibus package offers increased potential with regard to the proposed simplification and flexibility; considers, therefore, that it should be implemented and further developed after 2020; calls on the Commission to increase the effectiveness and extend the offer of capacity-building support for local, regional and national administrations and beneficiaries; requests that the Commission build upon the positive elements of the ex-ante conditionality system, while reducing the corresponding administrative burden as regards assessment and procedure; calls on the Commission to strengthen administrative capacity-building action with a view to a more efficient implementation of the funds; encourages a wider deployment of measures inspired by the Commission’s recent report entitled ‘Competitiveness in low-income and low-growth regions – the lagging regions report’;

12. Calls for an increase in the budget and further revision of the European Solidarity Fund, particularly the maximum threshold of advance payments (currently capped at EUR 30 million) laid down in Article 4a of the revised EU Solidarity Fund Regulation, in order to effectively and promptly address more of the damages caused by natural disasters.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	9.10.2017
Result of final vote	+: 27 -: 4 0: 4
Members present for the final vote	Franc Bogovič, Steeve Briois, Andrea Cozzolino, Rosa D'Amato, John Flack, Iratxe García Pérez, Krzysztof Hetman, Marc Joulaud, Louis-Joseph Manscour, Martina Michels, Iskra Mihaylova, Jens Nilsson, Andrey Novakov, Paul Nuttall, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Maria Spyraiki, Ruža Tomašić, Ángela Vallina, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Daniel Buda, Andor Deli, Raffaele Fitto, John Howarth, Ivana Maletić, Tonino Picula
Substitutes under Rule 200(2) present for the final vote	James Carver, Esther Herranz García, Susanne Melior

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

27	+
ALDE	Iskra Mihaylova, Matthijs van Miltenburg
ECR	Raffaele Fitto, John Flack, Mirosław Piotrowski, Ruža Tomašić
PPE	Franc Bogovič, Daniel Buda, Andor Deli, Esther Herranz García, Krzysztof Hetman, Marc Joulaud, Ivana Maletić, Andrey Novakov, Stanislav Polčák, Maria Spyraiki, Joachim Zeller, Lambert van Nistelrooij
S&D	Andrea Cozzolino, Iratxe García Pérez, John Howarth, Louis-Joseph Manscour, Susanne Melior, Jens Nilsson, Tonino Picula, Liliana Rodrigues, Derek Vaughan

4	-
EFDD	James Carver, Paul Nuttall
ENF	Steeve Brion
NI	Konstantinos Papadakis

4	0
EFDD	Rosa D'Amato
GUE/NGL	Martina Michels, Ángela Vallina
Verts/ALE	Monika Vana

Key to symbols:

+ : in favour

- : against

0 : abstention