



*Committee on Regional Development
The Chair*

2.3.2022

Mr Johan Van Overtveldt
Chair of the Committee on Budgets
WIE 05U012
BRUSSELS

Subject: **Opinion on the draft report on general guidelines for the preparation of the 2023 budget, Section III – Commission (2021/2226(BUD))**

Dear Mr Van Overtveldt,

Under the procedure referred to above, the Committee on Regional Development (REGI) has been asked to submit an opinion to your committee. The Committee on Regional Development (REGI) has decided to send the opinion in the form of a letter. The Committee on Regional Development (REGI) calls on the Committee on Budgets (BUDG), as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

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1. Whereas pursuant to Article 174 of the TFEU, in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as islands, outermost, cross-border and mountain regions.
2. Cohesion and regional development policy investments have proved to produce significant added value in terms of the share of funding throughout the European Union, and contribute to accomplish all horizontal EU objectives such as equal development of

all European regions and Member States, sustainable solutions for economic growth, investments and competitiveness, Green Deal, promoting innovation, equal opportunities, and supporting the transition to the digital economy.

3. Recalls that the stated goal of EU cohesion policy is to strengthen the economic and social well-being of EU regions while reducing regional disparities. Furthermore, reminds that cohesion policy targets all regions, cities and rural areas in the European Union in order to support creation of high-quality jobs, business competitiveness, particularly when it comes to SMEs, economic growth, sustainable development, and improve citizens' quality of life including education. Moreover, recalls that cohesion policy is one of the keystones of the recovery from the COVID-19 pandemic as well as the re-building of resilience.
4. Calls in the view of the two overlapping programming periods (2014-2020/n+3 & 2021-2027), for ensuring that Member States still use maximum funds which are available in their envelope from the last programming period 2014-2020. In that context, calls for the use of greatest level of flexibility, simplification and co-financing rate allowed within the current legislative framework, in order to help Member States and regions with the responsible absorption rate of the Funds that have not been used yet.
5. Considers that the 2023 budget should contain sufficient payment appropriations, particularly for Cohesion, to avoid an accumulation of unpaid payment claims in the second half of the MFF period.
6. Believes that achieving consistency, complementarity and synergies between cohesion policy and the NGEU represents a very big challenge. Hence, it is critical to avoid overlaps and inconsistencies in the programming of the projects on the ground by targeting the same objectives. Reiterates the need of coordination at budgetary level amongst all the financial instruments supporting the cohesion policy such as ERDF, ESF+, React-EU, JTF, CRII and CRII+, meaning it is important to ensure that the programmes do not weaken one another. Furthermore, because of the pressure for quick absorption as well as prioritizing RRF over cohesion policy funding, reduced attention and capacity to deal with the programming and implementation of cohesion policy funding for 2021-2027, contribute to further delays that can result in under-implementation, underuse and unrealised projects. Stresses that cohesion policy remains the most important investment tool of the EU to achieve territorial, social and economic convergence in a long run within the Union.
7. Calls for bold cohesion policy measures for stronger, connected, resilient and prosperous rural areas and communities, especially in the terms of the Smart Villages concept where digital technologies and innovations may support quality of life, higher standard of living, access to culture, public services for citizens, high quality education, better use of resources, less impact on the environment, and new opportunities for rural SME's value chains in terms of products, e-commerce and improved processes.
8. Believes that along with other mechanisms aimed at recovery and resilience, cohesion policy, as the EU's main investment policy, will also contribute significantly for ensuring success of a digital and green transition, and sustainable growth where no one is left behind. Underlines also in this context, importance of necessary investments in

infrastructure and public services so that transition costs do not fall on the back of our citizens, farmers, workers, SMEs, etc. Notes that the Just Transition Fund (JTF) needs to be adjusted with adequate financial resources to ensure that it can be implemented effectively in Member States to protect citizens in rural, industrial, remote and insular areas, as well as the EU's outermost regions, which are the most vulnerable to climate change and the social and economic consequences of the transition.

9. Recalls that innovation plays an increasing role in EU economy which provides benefits for both consumers and workers in the EU and is essential for creating better jobs, building a digital and greener society and improving our quality of life, but also maintaining EU sustainability and competitiveness in the global market. Believes however, that some Member States and regions do not have capacity to properly implement innovation projects, and therefore, access to more EU funds for SMEs: the backbone of the European economy, is important in this matter.
10. Believes that COVID-19 pandemic represents a unique transformational moment for investments in healthcare systems. Points out that the COVID-19 crisis has shown the need for sustainable long-term investment in the healthcare systems' adequacy, preparedness, responsiveness and resilience, while ensuring cross-border cooperation across the EU. Reminds that there are significant differences in the performance of healthcare systems and the quality of their service and outcomes across the EU. Hence, cohesion policy is one of the most important tools to reduce health disparities in terms of access to quality healthcare, health infrastructure, adequate healthcare personnel and the availability of medical equipment.
11. Highlights the problem of the EU4Health budget, which appears to be earmarked primarily for the European Health Emergency Preparedness and Response Authority (HERA) and therefore, raising concerns that not enough funds will be left for other health priorities, such as the reduction of disparities in terms of European Reference Networks (ERNs), which are critical in terms of cross-border healthcare provision, particularly in those less developed areas where patients lack access to quality healthcare.
12. Underlines the need for a strong emphasis on synergies and complementarities between EU4Health programme, cohesion policy and other EU programmes like Horizon with the aim of reducing regional disparities in Europe.
13. Calls for more funds for European Territorial Cooperation (ETC) better known as Interreg, in order to implement joint actions and policy exchanges between national, regional and local actors from different Member States. Recalls that during the COVID-19 pandemic, Interreg has proven to be a valuable and effective EU instrument; invites the European Commission to submit a revised proposal on a European Cross-Border Mechanism.
14. Notes that high energy prices, rising inflation and the continuing COVID-19 pandemic are indicating that this will likely lead to new periods of recession in more than one Member State, therefore increased flexibility and extraordinary financial resources should be allocated for this purpose in the EU budget for 2023.

15. Reaffirms that national, regional, local, urban, and other authorities must collaborate and develop a dialogue with civil society organizations and all relevant stakeholders, including universities and innovation centres, in order to fulfil the cohesion policy objectives. Moreover, reiterates the necessity of strengthening the administrative ability and capacity of local, regional and national authorities, which is a key component in the proper planning and implementation of initiatives and projects on the ground.
16. Emphasises the existing link between respect for the rule of law and the efficient implementation of the Union budget in accordance with the principles of sound financial management: economy, efficiency and effectiveness, as laid down in the Financial Regulation;
17. Calls the Commission and Member States to ensure that Union resources are used in a transparent, fair, and responsible manner.

Yours sincerely,

Younous Omarjee