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*Committee on Regional Development  
The Chair*

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2.3.2023

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 2024 budget, Section III – Commission ((2022/2184(BUI))**

Dear Mr Van Overtveldt,

Under the procedure referred to above, the Committee on Regional Development has been asked to submit an opinion to your committee. The committee's opinion, in letter form, was adopted by its Coordinators on 27 February 2023.

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:

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- A. 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;
1. Considers that, as the EU's main long-term investment instrument, cohesion policy is based on solidarity, creates sustainable growth and jobs across the Union and contributes to delivering key Union objectives and priorities, including its climate and energy targets, fighting biodiversity loss, as well as smart, sustainable and social inclusive economic growth, while helping to deliver the European Pillar of Social Rights and to tackle demographic challenges;
  2. Takes note of the advances made in the preparation of the EU budget 2023 regarding

biodiversity mainstreaming and calls on the Commission to conclude the update of the tracking methodology for biodiversity spending for the EU budget 2024; stresses the need to ensure the respect of the 'Do No Significant Harm' principle throughout the EU budget and asks for increased efforts towards the achievement of climate and biodiversity mainstreaming targets in the 2024 budget; welcomes the efforts for more transparent and comprehensive reporting of these targets and emphasises the need to carry out sufficient ex-post evaluations of their impact;

3. Welcomes cohesion policy measures that contribute to stronger, more resilient and more prosperous rural areas and communities, such as the Smart Villages concept; calls for greater public investments in digital education, technologies and innovations accessible to all, which in turn should result in higher standards of living, and support better and equal access to culture, public and essential social services for citizens, high quality education, better and efficient use of resources, less impact on the environment and new opportunities for rural SMEs;
4. Reiterates that, while sufficient funds will help to achieve these goals, they will also contribute towards an ambitious, fair and inclusive transition and a climate-neutral Europe; stresses in this regard that cohesion policy should not undergo any transfers which could jeopardize the structural and investment funds' ability to deliver on their goals, in line with the 'Do No Harm to Cohesion' principle;
5. Notes that the Just Transition Fund (JTF) needs adequate financial resources and a long-term perspective to ensure its effectiveness in supporting regions transition towards climate neutrality;
6. Believes that achieving consistency, complementarity and synergies between cohesion policy and NGEU represents a very big challenge; hence, it is critical to avoid overlaps and inconsistencies in the programming of the projects on the ground; reiterates the need for coordination at budgetary level amongst all the financial instruments supporting cohesion policy such as the ERDF, ESF+, React-EU, JTF, CRII and CRII+, to ensure that the programmes do not weaken one another; furthermore, the pressure for quick absorption, as well as prioritizing RRF over cohesion policy funding, has resulted in reduced attention and capacity to deal with the programming and implementation of cohesion policy funding for 2021-2027, contributing to further delays that can result in under-implementation, underuse and unrealised projects;
7. Welcomes the Commission's work on a new classification to measure the gender impact of Union spending; calls on the Commission to ensure that this classification focuses on an accurate and comprehensive representation of the impact of programmes on gender equality; moreover calls for an extension of that classification to all MFF programmes in order to demonstrate results for the 2024 budget; stresses, in this regard, the need for systematic collection and analysis of gender-disaggregated data;
8. Reaffirms that national, regional, local 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 cohesion policy objectives; moreover, reiterates the necessity of strengthening the administrative ability and capacity of local, regional and national authorities, which are key components in the proper planning and implementation of initiatives and projects on the ground;

9. Recalls that cohesion policy, used in line with its objectives, has proven to be a helpful tool to tackle challenges in various crises, such as the Russian war of aggression against Ukraine and its effects on energy supply, high costs of living, inflation, caring for refugees and displaced persons; notes at the same time how inflation and the rising costs of materials have hampered the implementation of cohesion policy projects on the ground and invites the Commission to consider adopting proposals for mitigating any obstacles or delays;
10. 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;
11. Calls on the Commission and Member States to ensure that Union resources are used in a transparent, fair and responsible manner.

Yours sincerely,

Younous OMARJEE