

**ANSWERS TO THE EUROPEAN PARLIAMENT  
QUESTIONNAIRE TO THE COMMISSIONER-DESIGNATE**

**Elisa FERREIRA**

**Commissioner-designate for Cohesion and Reforms**

**1. General competence, European commitment and personal independence**

**What aspects of your personal qualifications and experience are particularly relevant for becoming Commissioner and promoting the European general interest, particularly in the area you would be responsible for? What motivates you? How will you contribute to putting forward the strategic agenda of the Commission? How will you implement gender mainstreaming and integrate a gender perspective into all policy areas of your portfolio?**

**What guarantees of independence are you able to give the European Parliament, and how would you make sure that any past, current or future activities you carry out could not cast doubt on the performance of your duties within the Commission?**

I am an economist, with a PhD and a Master's Degree in economics, focussing on European integration and regional policies (UK, 1981); for 13 years (1979-1992), together with university teaching, I worked as an economist and as Vice-President, since 1988, in the public institution in charge of regional development in the Northern region of Portugal (Comissão de Coordenação da Região do Norte); during that period I became responsible for one of the European Union led 'integrated development operations' (Operação Integrada de Desenvolvimento) in a textile area (Vale do Ave). I have been the Portuguese Minister for the Environment between 1995 and 1999 and, since then and until 2002, Minister for Planning (Spatial and Regional Development) having negotiated with the European Commission (and organised the national management structure) the European Structural and Cohesion Funds Package for Portugal (QCA III 2000-2006). After two years as a member of the Portuguese Parliament (2002-2004), in 2004 I was elected to the European Parliament where I developed active work with a particular engagement in the ECON committee. I left the European Parliament in June 2016 to become a member of the board of the Central Bank of Portugal having served as Vice-Governor since 2017, being responsible for banking supervision.

Having worked on European affairs during all my life (even before Portugal acceded to the then European Economic Community), I believe I have gathered both a sufficient academic background and a practical experience to contribute to the European general interest and perform my duties in the Cohesion and Reforms portfolio.

Cohesion is an absolutely strategic policy for the survival of the European project. In fact, the welfare generated by the European internal market reinforced (in the case of some of its members) by the participation in a monetary union and banking union, does not automatically trigger a generalised and balanced sharing of such welfare by all citizens in all regions. The challenge increases in the present globalised competitive world where competition is harder

and often fierce. Transition and adaptation is needed in order to enable a future oriented development.

The European project was built for the benefit of its citizens, independently of the place where they happened to be born, which puts a huge responsibility on all of us to create the right instruments for an accelerated process of convergence of the less prosperous regions and countries towards higher levels of prosperity combating with determination against the risk of being ‘left behind’.

This effort is what cohesion policy has been attempting to achieve with a lot of lessons to be learned from a several decades long and rich experience. However, transition and adaptation to new ways of working has to absorb the new paradigms that will make the difference between a long-term sustainable development and a mere short-term support: environment and climate awareness together with the development of digital capacities enabling a future oriented development. The European Green Deal with the transition to a healthy planet, and a Europe fit for the digital age constitute a perfect framework for action. I would add to it, also in line with the agenda presented by the President-elect, the need to guarantee that development and cohesion actions contribute in fact to a balanced gender outcome, even if in today’s cohesion policy, gender equality is already one of the horizontal principles for the 2014-2020 period.

The diversity of cultures and realities across the European Union is one of its more important assets which needs to be understood and cherished. Development problems also diverge from rural areas to mountainous regions, from ultra-periphery to declining and ageing local economies and societies. It is thus essential to take a bottom up approach in the adaptation of development strategies to each concrete situation; consequently, I fully support the President-elect’s initiative to encourage all Commissioners to visit regions, and develop frequent contact with the local level and local people.

Different problems call for fine-tuned instruments and actions, be it the long-term vision on rural areas and ensuring the fully exploitation of the Treaty provisions for the outermost regions or the upcoming review of the Urban Agenda.

As regards my independence, for the most part of my professional life I worked in the public sector, defending the public interest, and under strict accountability rules. If I am confirmed as Commissioner, I will fully respect the letter and the spirit of the Treaty in all its aspects, including on the obligation to act in the European interest without taking any instructions and in particular as regards the obligations of full independence, transparency, impartiality and availability as defined in Article 17(3) of the Treaty on European Union (TEU) and in Article 245 of the Treaty on the Functioning of the European Union (TFEU). I will also fully respect and honour the Code of Conduct of the members of the European Commission and its provisions on conflicts of interest. I commit to immediately update my declaration of interests, which is public, should any change be required.

As for the implementation of gender mainstreaming and integration of a gender perspective into all policy areas of my portfolio, I fully commit to the objective of a Union for all which is one of the major priorities of the von der Leyen Commission. Gender mainstreaming is also a key priority for my mandate. I believe that there must be the same opportunities for all who share the same aspirations. Gender equality is a crucial component of sound economic growth. In line with the President-elect’s political agenda, gender mainstreaming will be also a priority for my mandate.

## **2. Management of the portfolio and cooperation with the European Parliament**

**How would you assess your role as a Member of the College of Commissioners? In what respect would you consider yourself responsible and accountable to the Parliament for your actions and for those of your departments?**

**What specific commitments are you prepared to make in terms of enhanced transparency, increased cooperation and effective follow-up to Parliament's positions and requests for legislative initiatives? In relation to planned initiatives or ongoing procedures, are you ready to provide Parliament with information and documents on an equal footing with the Council?**

If I am confirmed as a Commissioner, I will take full political responsibility for the areas of my competence. I attach great importance, and will fully respect, to the principle of collegiality and will fully collaborate with the other Members of the College, involving them in the development and implementation of policy initiatives. For regional and national development policies to be effective, coordinated action is required, as policies relating to environment, climate, transport, education, training and re-training of labour force, and all sectoral policies, etc. should ideally play a mutually supportive role along the defined strategy accelerating convergence with the most efficient areas of the Union and of the world, leading to sustainable growth. Only through adequate and timely funding and coordinated policy action in the College can satisfactory results be achieved.

As regards the relationship with the European Parliament, having been one of its members for twelve years, I strongly believe in the importance of establishing a good, constructive and transparent relationship with this House. Effective interinstitutional cooperation is essential for the EU's institutional system to work, and for the efficiency and democratic legitimacy of the EU decision-making system. It relies on certain guiding principles of openness, mutual trust, efficiency, and regular exchange of information that I am fully committed to follow. President-elect Ursula von der Leyen's Political Guidelines and Mission Letters fully reflect these principles and stress the intention to reinforce the special relationship between the European Parliament and the Commission.

I will of course work with the Parliament and with the relevant Committees and trilogue discussions, at all stages of both the policy-making process and the political dialogue in an open, transparent and constructive way; I want to build a relationship based on mutual trust. I am of course fully aware of the importance of equal treatment of the Parliament and the Council. This is a must for a Commissioner who is, as a Member of the College, accountable to directly elected Members of the European Parliament. I will ensure a regular flow of information with the Chair of relevant parliamentary committees, directly communicate with committee members, and ensure that I am available for bilateral meetings.

I will also ensure that the questions from Members of the European Parliament to the Commission that come under my responsibility are responded to swiftly and accurately. I will appear before the European Parliament's plenary and/or committees whenever called to answer a question or provide any particular response.

I am fully committed to implementing the wide-ranging provisions on transparency and the flow of information in the Framework Agreement on relations between the European Parliament and the Commission and the Interinstitutional Agreement on Better Law-Making.

In particular, I will ensure that these provisions are respected in my structured dialogues and other contacts with Parliament committees.

President-elect Ursula von der Leyen supports a right of initiative for the European Parliament. She committed that her Commission will follow-up on Parliamentary resolutions adopted by a majority of its members with a legislative act, in full respect of proportionality, subsidiarity and better law-making principles. I fully subscribe to this objective and part of the next College's commitment to a deepened partnership with the European Parliament, I will work hand in hand with Parliament at every stage in debating resolutions under Article 225 TFEU in areas under my competence.

The Commission will effectively respond to Parliament's resolutions within three months after their adoption, in accordance with the Framework Agreement. The Commission will ensure political oversight over the process.

I am fully aware that the provision of information and documents is an essential aspect of deepening the partnership between the European Parliament and the Commission. I therefore commit to fully implement the relevant provisions of the Framework Agreement between the two institutions, and of the Interinstitutional Agreement on Better Law-Making. The Lisbon Treaty sets out the equality of Parliament and Council as co-legislators, and I will ensure that this is respected also in terms of how information is shared in areas under my responsibility.

In a more immediate perspective, I will work with the co-legislators to find **rapid agreement on a legislative framework** for regional development funding for the period post-2021. A swift agreement is essential to ensure that programmes are up and running on day one. I will support Member States, regions and managing authorities in preparing their future programmes, as well as ensuring they make full and effective use of current programmes. Investments must reach the real economy and benefit our citizens.

I will support Member States' structural reforms aimed at speeding up growth-enhancing investment. Structural reforms are a precondition for growth and I will ensure that they serve this, in the framework of the European Semester. I will work with the co-legislators to find a timely agreement on the Reform Support Programme and the Budgetary Instrument for Convergence and Competitiveness in the euro area. I will design and put forward a new Just Transition Fund, working closely with the Executive Vice-President for the European Green Deal and the Commissioner for Budget and Administration. I will ensure the full implementation of these instruments once they are up and running.

#### Questions from the Committee on Regional Development

### **3. Cohesion Policy beyond 2020**

**Cohesion policy is a Treaty-based policy and the EU's main investment tool, enhancing competitiveness and employment, and accounting for approximately one-third of the EU budget. It promotes harmonious and balanced development of the whole Union and its regions. In the absence of an EU-wide follow-up strategy to Europe 2020 setting out the priorities of the Union for the next decade, how can you guarantee the coherence and long-term effectiveness of the Funds in the future in order to achieve EU economic, social and territorial cohesion and to continue to contribute to the smart, sustainable**

**and inclusive growth of the Union? How do you see the interaction of the future cohesion policy with economic policies aimed at promoting sustainable growth (based on the Sustainable Development Goals), innovation, employment, social cohesion, climate change mitigation and the role of cohesion policy in the European Green Deal? How will you guarantee that the objectives of cohesion policy, as defined by Articles 174 and 175 TFEU, are taken into consideration in other EU policies? And how will you assess the impact of other policies on EU economic, social and territorial cohesion?**

Ensuring coherence and long-term effectiveness of the Funds will be a key priority of my mandate, if confirmed by the European Parliament. Together with my services we will do the utmost to ensure that Europe invests in all our regions and cities to address key structural challenges. My motto will be “no region, no person left behind”.

In the 2021-2027 period, the thematic menu will consist of five “Policy Objectives” covering economic, social and territorial cohesion and contributing to the smart, sustainable and inclusive growth of the Union.

These investments contribute to the United Nations Sustainable Development Goals. Indeed, the outputs and results of cohesion policy are tracked through a set of common output and result indicators, which relate to many of those goals.

**Cohesion policy investments also support the European green deal.** The policy provides and will continue to provide significant support to Member States and regions to boost investments that will deliver emission reductions for decades to come, helping to deliver on long-term climate goals. Support to energy efficiency, renewables and low-carbon mobility will in particular contribute to this long-term transition.

For the 2021-2027 period, it is proposed that the cohesion policy funds are committed to a minimum spending share of 30% (for the European Regional Development Fund) and 37% (for the Cohesion Fund) to climate change objectives. Building on the successful experience of the Urban Agenda for the EU, cohesion policy can facilitate partnerships between cities, regions, Member States, the EU and stakeholder organisations. This leads to concrete solutions in the areas of energy transition, circular economy and climate change adaptation among other.

For the 2021-2027 period, at least 6% of the European Regional Development Fund (i.e. an expected EUR 13 billion or more) is proposed to be allocated to sustainable urban development in the form of community-led local development or another territorial tool. The Fund shall support, under the framework of the cohesion policy, the regions most impacted by climate policies and the clean energy transition, due to their dependence on fossil fuels or carbon-intensive processes for the local economy, employment or energy production.

**Cohesion policy also has a long experience in accompanying structural change linked to the decline of carbon intensive industries** (e.g. coal, steel). This included and continues to include investments to cushion the social impacts, and to promote environmental protection and the low-carbon economy. It also includes support to address the wider challenges linked to societal transformation, for instance support for small and medium-sized enterprises, business incubators, innovation and for cooperation of industry and researchers, capacity building and skills, as well as for sustainable transport and social inclusion.

In addition, as announced in the President-elect's Political Guidelines, **we will propose a Just Transition Fund**, to offer tailored support for the most affected by the change, in particular those in industrial, coal and energy intensive regions undergoing significant local transformations.

**The cohesion policy investments also support the objectives of a Europe fit for the digital age** (through Policy Objective 1) and an economy that works for people. On the latter, Europe's cohesion policy has a tangible impact on the lives of millions of Europeans. Investment in local communities and infrastructure helps regions to catch up and reduces geographical disparities. It also helps to address daily realities, such as a growing rural divide, or ageing and declining populations in different parts of Europe.

For **interaction with other economic policies** aimed at promoting sustainable growth, and notably, guaranteeing that the objectives of cohesion policy, as defined by Article 175 of the Treaty on the Functioning of the European Union, are taken into consideration in other EU policies, I see the following mechanisms and tools:

**1. The European Semester of economic policy coordination.** Cohesion policy's role in the European Semester has been reinforced. Specifically, the regional dimension of the European Semester has been significantly strengthened, with an analysis of regional needs on which to base European and national economic policies. I am also looking forward to working with the President-elect and Executive Vice-President Dombrovskis on the commitment made in the Political Guidelines to refocus the European Semester into an instrument that integrates the United Nations Sustainable Development Goals. **Sustainable development is crucial – the goals give us a focus.**

**2. The Commission has developed methodologies for territorial impact assessments of EU policies.** Territorial impact assessments are now part of the Commission's better regulation toolbox. I will support the wider use of this tool and will work for further highlighting the importance of screening and assessing territorial impacts across different policy areas.

**3.** Member States can also operate mechanisms like the Seal of Excellence or co-fund structures to ensure a high level of **complementarity between cohesion and other policies** and draw funding from where available. This is a two way process whereby not only sectoral policy elements find their ways to cohesion policy but vice versa.

**4. Enabling conditions** (building on the ex-ante conditionalities for the 2014-2020 funding period) bridge the gap and improve coherence as well as effectiveness of the Union policies (for example the National Energy and Climate Plans being a key enabling condition in cohesion policy but also an important building block for the European Green Deal).

**5. The Cohesion Report**, issued on a 3-yearly basis, **assesses the impact of other policies** on EU economic, social and territorial cohesion. The report includes appropriate regional data and analysis and has a reputation for rigour and excellence.

#### 4. Diverse regions, tailored solutions

**The Seventh Cohesion Report highlights the great diversity of Europe’s regions and territories owing to their specific situation (location, sparse population, low income, low growth, such as coal and industrial regions in transition, outermost regions as defined in Article 349 TFEU and northernmost regions). This diversity makes a tailored territorial approach to development essential. How will you ensure this approach in future, while maintaining a balanced development within the whole EU? In the light of the proposal of the Commission to separate EAFRD from cohesion policy, how will you respond to the challenges of rural areas and ensure that the cohesion objective and cohesion funding remain a priority for integrated rural development and for the EAFRD?**

While the Commission has reinforced the territorial approach in the 2014-2020 programming period, its full potential across EU policies remains to be exploited. Cohesion policy plays an important role in this context by delivering a combination of EU sectoral policy measures with territorial focus (place-based approach), dedicated instruments (cohesion policy programmes, territorial strategies and tools) and methods (integrated approach, multi-level governance and bottom-up approaches).

I recognise that the great diversity of Europe’s regions and territories, owing to their specific situation, makes a tailored territorial approach to development essential. Successive cohesion reports have identified the challenges facing the many different types of regions in Europe. Member States have broad flexibility in terms of financial allocations and programming of investments across regions.

Territorial tools like **Integrated Territorial Investments** and **Community-Led Local Development** enable us to gear our support to the challenging needs of islands, mountains and sparsely populated regions. The new Policy Objective 5 (‘A Europe closer to citizens’) will enable us to support the specific needs of these territories. The Commission has been encouraging the use of these tools in the discussion of cohesion policy programmes. For simplification purposes, and in order to give maximum freedom to programmes that tackle such challenges, the Commission has not regulated the scope and modalities of interventions for such areas.

Concerning islands falling under the category of **outermost regions and northern sparsely populated regions**, a special allocation has been proposed for the next funding period. Outermost regions also benefit from a wide range of specific measures. I am conscious of the specific needs of the outermost regions, due in particular to their peripheral location. Cohesion Policy has reserved EUR 1.6 billion for them (and the northern sparsely populated regions). Moreover, the Commission has pledged to take into account the outermost regions’ specificities in all EU policies. This pledge is being delivered:

The Commission has embedded an “outermost regions dimension” in 21 legislative proposals for EU programmes and funds after 2020. The Commission proposed specific conditions for the outermost regions in the structural and investment funds and in programmes for e.g. fisheries, transport, digital, research, environment and climate change - opening up a range of new opportunities for these regions. The provisions proposed by the Commission for the outermost regions were kept and even strengthened in a number of programmes, such as Horizon Europe, Digital Europe, Connecting Europe Facility or the Programme for Environment and Climate Action (LIFE), on which a provisional common understanding has

been reached. It is now important to ensure that the outermost regions provisions are also maintained in other key programmes as those in the agriculture and fisheries sectors. Finally, a new interregional co-operation strand has been proposed to enable these regions to develop links with their neighbours. Economic integration within their neighbourhood will also be facilitated and encouraged through dedicated mechanisms within the European Territorial Cooperation Regulation.

**Policy support to coal regions remains a priority for 2021-2027** as evidenced by the proposed thematic concentration of the European Regional Development Fund on the policy objectives for a smarter and a greener, low-carbon Europe. The Commission has already taken into account the needs of coal regions in the identification of investment priorities for cohesion policy through the European Semester. In order to target resources towards coal regions in transition, an earmarking of resources is proposed within cohesion policy programmes to help regions to anticipate and manage the consequences of the structural changes. The yet to be proposed Just Transition Fund will complement the cohesion policy efforts by providing additional means to regions facing particular challenges in moving towards carbon neutrality. I will take the lead on this proposal, working closely with the Executive Vice-President for the European Green Deal and the Commissioner for Budget and Administration. I will build on cohesion policy's vast experience of managing transition programmes, in collaboration with the regional and local level.

The **Catching-up Regions Initiative** targets low growth and underdeveloped regions. Implemented with the World Bank and the Joint Research Centre in Poland, Romania, Slovakia and Croatia, the initiative aims to provide hands-on technical assistance to tackle development bottlenecks. From spatial planning to transport, tourism and innovation, the initiative covers a wide range of development areas. Although the implementation model differs across the Member States (from long-term technical assistance programmes to lighter interventions), the initiative proved its added-value in preparing an integrated project pipeline, implementing ex-ante conditionalities and addressing key implementation bottlenecks related to the legal framework.

**As regards the European Agricultural Fund for Rural Development**, there will be no obstacles in supporting projects in rural areas by cohesion policy, as long as they contribute to the programme objectives. The Commission has proposed a reform of the Common Agricultural Policy, which includes better integration of its two pillars within the Common Agricultural Policy Strategic Plans. This integration process would have been more difficult if the European Agricultural Fund for Rural Development had been covered by the Common Provisions Regulation. Even though they are part of different regulations, many provisions are very much aligned.

Member States will have to indicate in the Partnership Agreement how the support from cohesion policy will be coordinated with other Union policies, including agricultural policy, and the Strategic Plans will need to illustrate how complementarity with Funds active in rural areas will be ensured.

There are common rules on territorial development, community-led local development, financial instruments among other. For local initiatives, support from both EU policies may be combined in one local development strategy. This is what really matters for beneficiaries.

## **5. Strong budget for Cohesion Policy**

**The Commission has proposed to cut the next long-term budget for cohesion policy by 10% compared to the current MFF, which would reduce the share of cohesion policy in the overall EU budget from 34 % to 29 %. In addition, the Commission has proposed lower EU co-financing rates. Parliament, by contrast, proposes to maintain the current level of financing and at least the present co-financing rates. What is your appreciation of this? Will you stand by the side of Parliament, the regions and citizens, and fight for a robust budget and oppose any cuts proposed by the Council? How will you ensure the EU's ability to respond to new challenges and preserve the good record of cohesion policy in increasing jobs, growth and competitiveness? How will you facilitate the timely implementation of the policy in the 2021-2027 programming period, while focusing on efficiency, effectiveness and quality of programmes and projects? How will you ensure that the additionality of cohesion policy is constantly and effectively monitored?**

Europe faces many challenges: from climate change and technological change to inequality. All these challenges have a strong regional and local dimension. Given the scale of these challenges, we cannot think of the future as “business as usual”. Europe must rise to the challenges and cohesion policy has a key role to make a difference.

In this context, I consider the financial framework for post-2020 proposed by the Commission in May 2018 to be adequate, given the existing constraints. The moderate cuts proposed for cohesion policy are the best possible scenario, taking into account the challenging context: with Brexit and other pressing priorities for the EU budget. We have to ensure that resources continue to focus on the poorest Member States and regions. The Commission proposal ensures that the means remain strongly concentrated on the poorest regions and Member States.

The distribution of resources should also reflect the evolution of disparities in Europe. It is therefore logical that in those Member States and regions where there has been considerable economic progress, cohesion policy support gradually decreases. Vice-versa, where conditions have worsened, sometimes dramatically, support is slightly increasing. I am convinced that with the modernisation and simplification elements introduced, as well as with higher leverage through reduced co-financing rates, more use of financial instruments, and faster implementation, the policy can have a still greater impact in future.

As regards co-financing rates, it is important to note that these were raised in 2009, a time of economic crisis, to ensure the continuity of investment in regions hard hit by the crisis. They should now be decreased again, given the improvement of budgetary conditions across the EU, to go back to a better equilibrium between solidarity and responsibility. The decrease will ensure a return to a greater sense of ownership by Member States and beneficiaries and thus improve the quality of projects. Lastly, it will increase the overall volume of public investments in key sectors of EU importance, and thus contribute to a higher impact of cohesion policy.

The regulation provides flexibility for modulation of co-financing rates – different priorities may be co-financed with different rates, and also projects within priorities might be co-financed with different rates. Through such flexibility, territorial disparities or different financial capacities of beneficiaries may be addressed.

From the migration crisis to economic change, recent experience shows that new needs naturally arise during the 7-year life of the programmes. In order to ensure flexibility, we should have ‘5+2 programming’: only the allocations corresponding to the years 2021-2025 should be assigned to priorities when the initial programmes are adopted. We do not want to carve in stone the investments for a de facto 9-year period. There will be a mid-term review of all programmes in 2025, which will make the financial allocations for the last 2 years – 2026 and 2027. Allocations will be based on performance and on challenges identified by the European Semester process or the socio-economic situation. This will strike a balance between flexibility to cope with emerging challenges, and a stable investment framework.

As regards the co-legislative negotiations on the post-2021 cohesion policy legislative package, we urgently need to reach agreement on all elements necessary for programming the funds (no later than end 2019) to give certainty to planning authorities. This is critical for a fast and timely start of the new programmes. Member States and regions must push forward the programming process. Delays in negotiations are not an excuse towards beneficiaries and citizens who would actually suffer if 2021-2027 programmes are adopted late in the period. All other blocks should be agreed no later than spring-summer 2020 to ensure timely entry into force of the new legislation. Together with my services I am strongly committed to do everything to help accelerate co-legislative negotiations and give maximum support to authorities to programme the funds.

In the meantime, as part of the 2019 European Semester cycle, the Commission has communicated its views on the best use of cohesion policy funds for the 2021-2027 period. This analysis should guide Member States and the Commission in the dialogue on the programming of the funds. I am glad that, on their side, all Member States have informed the Commission about their planning for the programming process and that they all foresee the adoption of their respective Partnership Agreements and operational programmes by end 2020. While awaiting the finalisation of the co-legislative negotiations, Member States and the Commission have already engaged into a dialogue on the next generation of programmes. We will aim for the best possible quality programming documents at the end of the process.

Since the Commission is responsible and accountable for the implementation of the EU budget (roughly one quarter of which is allocated to regional policy), I will ensure legality and regularity of expenditure – and appropriate financial control systems at all levels.

In this context, my objective is to keep risk to declared expenditure below 2%. This is the benchmark set in the regulation and used by the European Court of Auditors. I will build on the recent efforts to tackle errors in more sensitive areas (public procurement, state aid), simplify implementation (promotion of less error-prone, simplified cost options) and strengthen the accountability of programme authorities and overall assurance model.

As regards additionality, in the current programming period 2014-2020, its verification has been simplified and aligned with the economic governance process. Still, the verification of additionality (especially at the level of the (less developed) regions) has been a fairly complex and rather technical issue, involving quite some resources on both sides, Commission and Member States. Furthermore, it only concerns a part of the Member States.

Because of this, and as the Commission is proposing increased national co-financing rates for our programmes, it will no longer formally verify additionality. The Commission proposal for the next funding period does not foresee such legal obligation. Member States are still

required to mobilise an appropriate level of public or private national support in order to ensure that the principle of co-financing is respected: resources from the Funds should not diminish national efforts. In view of the strengthened investment dimension of the European Semester, we will continue to monitor public investment trends in the Member States as part of the European Semester process, precisely to ensure that sufficient level of national public investment is maintained.

## 6. Conditionality

**The current cohesion policy includes a number of measures linked to sound economic governance. The Commission proposes to maintain these in the future policy and add respect for the EU's values. What is your position on this issue? How will you make sure that such measures do not have an adverse effect on the aims of cohesion policy, given that the regions have only limited influence over how their central governments act? How do you see the relationship between cohesion policy and the European Semester?**

**Sound fiscal and economic policies matter.** They are an important condition for sustainable economic growth and jobs, ensuring a favourable environment for investments, and are a precondition for effective cohesion policy.

Any conditionality must be proportionate and take account of the economic and social circumstances of each Member State. Macroeconomic conditionality has acted as an important deterrent, and it has been used very prudently as payments have never had to be suspended in practice. Suspension of payments will be a last resort: in case of significant non-compliance and where the Member State in spite of repeated requests did not take the necessary actions – justifying a measure with immediate effect. There are various safeguards to ensure that macroeconomic conditionality is not counterproductive. Suspensions must take account of proportionality, equal treatment of Member States and economic and social circumstances. For the 2021-2027, the Commission is proposing an additional safeguard: the Commission may suggest to the Council to cancel suspensions on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned.

As per the Commission proposal, the Parliament will be closely associated all along the process: the Parliament will be informed on the implementation of the Article. In particular, the European Parliament will be immediately informed if a Member State falls under any of the cases, which may lead to suspension as well as on the funds and programmes concerned. The European Parliament may invite the Commission to a structured dialogue at any time.

The respect for the rule of law is a prerequisite for confidence that EU spending in Member States is effective and sufficiently protected. Apart from the general responsibility of all EU institutions and all Member States to uphold the rule of law, the Union also has a more specific obligation to ensure that the Union's budget is properly protected.

The Commission has therefore proposed a specific legislation for the protection of the Union's budget when there are generalised deficiencies with regard to **the rule of law** in the Member States. The idea is that where the Commission establishes, based on objective elements, that the rule of law is not respected, and that this entails a risk to the Union's budget, the Commission will propose proportionate measures for the Council to be adopted by

reversed qualified majority (that is, they are adopted unless rejected with a qualified majority).

In particular, the Commission may propose to suspend or reduce payments and/or commitments for funds in shared management with the Member States. For other EU instruments, payments and commitments may only be suspended to the extent that the recipient is a government entity.

The proposed mechanism would not affect individual beneficiaries of EU funding, since they cannot be held responsible for the overall functioning of the rule of law. Member States would continue to be obliged to implement the affected programmes and make payments to the beneficiaries. Also, it is important to underline that the aim of this proposal is not to punish Member States, but to protect EU taxpayers' money and ensure that they are well spent to the benefit of citizens in the Member States concerned.

The proposal forms part of the proposals for the next Multiannual Financial Framework.

**The stronger link between the European Semester and the cohesion policy funds** will lead to better programming and thus to better and more focused investments resulting in higher productivity, growth, jobs and cohesion in the long term.

Cohesion policy's link with the European Semester has been further reinforced, with the 2019 country reports describing investment priorities for each Member State and the investment-related country-specific recommendations. Moreover, as mentioned above, the "5+2 programming" proposed by the Commission for the 2021-2027 period means a mid-term review of all programmes in 2025 as a result of which the financial allocations for the last 2 years - 2026 and 2027 would be allocated to programme priorities. These allocations would be based on performance and on challenges identified by the European Semester process or the socio-economic situation. This mechanism is meant to strike the right balance between flexibility to cope with emerging challenges, and a stable investment framework.

Another important element: investment has gained prominence in the European Semester taking better into account regional disparities. Annex D in the 2019 country reports presents a starting point for discussion, negotiation and peer review without imposing a strategy. The investment-related country-specific recommendations set benchmarks for programming. For main beneficiary countries, the Commission identified a wide range of investment needs, while for more developed countries with a limited budget this is concentrated on two policy objectives.

## **7. Cohesion Policy and Reforms**

**You will be responsible for Cohesion Policy and Reforms, for both DG Regional and Urban Policy (DG REGIO) and a new DG for Structural Reform Support. How do you see your role, given their different missions? How do you see the connection between cohesion policy and the implementation of structural reforms? How will you prioritise your work between these two policy areas? How will the activities of the new DG be financed? How will you make sure that cohesion funds will not be diverted to implement structural reforms?**

Strengthening the economic, social and territorial cohesion of the Union and the reduction in disparities between regions is one of the key objectives of the Union. We have already achieved remarkable successes. Following in the footsteps of Ireland, Greece, Spain and Portugal, the central and eastern European Member States have substantially narrowed the gap with the rest of Europe since their accession to the European Union. The cohesion policy funds have played and will continue to play a very important role in this process. Nevertheless, significant divergences between regions and countries persist. Member States and regions have been on different development trajectories, despite similar allocations of funds. Some regions have caught up very quickly, while others stayed behind.

Investment alone is not enough to achieve sustainable development. Governance and framework conditions strongly matter. These elements require the implementation of structural reforms. As regions and countries develop, it is important that the way their economy is organised, evolve as well. This is what I mean by structural reforms. It is about optimising budgetary expenditures, improving labour market conditions, modernising institutions to make them deliver better public services, improving the way hospitals, schools and universities are organised, creating predictable regulatory and supervisory frameworks, which protect key public interests, while creating an attractive business environment for investment, economic growth and job creation.

There are therefore strong complementarities between cohesion policy and structural reforms. Structural reforms can contribute to enhanced framework conditions necessary for the use of the cohesion policy funds and support economic and social convergence. Investments and reforms are two sides of the same coin. They are mutually reinforcing and equally important.

Cohesion policy over the years has offered expertise in transition, structural transformation and helped create the conditions for growth enhancing investment, through ex-ante conditionalities (enabling conditions). The reinforced link with the European Semester will further strengthen the role of cohesion policy in enabling structural change and reforms. The 2019 country reports and country specific recommendations have been a crucial starting point for programming the funds.

In May 2018, the Commission tabled a legislative proposal for a Reform Support Programme as part of the new Multiannual Financial Framework. The legal base of this legislative proposal is under the cohesion chapter of the Treaty (third paragraph of Article 175 of the Treaty on the Functioning of the European Union). The programme would provide the main source of funding for the activities of the new Directorate-General for Structural Reform Support. It would allow the new department to continue with the provision of technical support to Member States, and to complement it with sizeable financial support for reforms and investments. In order to ensure synergies and maximise the effectiveness of the programme, the Reform Support Programme (and in particular the Reform Delivery Tool and the Budgetary Instrument for Convergence and Competitiveness in the euro area) will be aligned with the European Semester.

All of the above, will allow the EU's structural reform agenda to take into account EU cohesion goals through a broader engagement and ownership of Member States and regions in the design, implementation and monitoring of structural reforms, while ensuring the financial support is focused on the most important reforms in each Member State.

The Directorate-General for Regional and Urban Policy and the Structural Reform Support Service are already working closely in a complementary fashion. I want to further reinforce this cooperation. I will make sure that there is full complementarity between the actions of the these Commission departments, to make the most effective use of our Union funds, in a joint effort to support Member States and their regions. There is natural complementarity in many areas between cohesion and reforms, in areas ranging from health care, research/higher education, business support services, efficiency of public administration or sustainability of infrastructure.

I will keep a close eye on all these funds, to ensure coherence and close coordination. I will ensure that all strands of the Reform Support Programme and cohesion policy promote convergence and competitiveness objectives in a complementary way.

We all have a common goal: no region, no person left behind. We will be more successful to achieve this goal if we embrace the complementarities between structural reforms and cohesion policy through the new instruments proposed by the Commission.