III

(Preparatory acts)

COMMITTEE OF THE REGIONS

93RD PLENARY SESSION 14 AND 15 DECEMBER 2011

Opinion of the Committee of the Regions on 'The new multiannual financial framework post-2013'

(2012/C 54/08)

THE COMMITTEE OF THE REGIONS

— believes that the level of financing proposed should be seen as the absolute minimum required to deliver the ambitions the Member States have agreed for the EU in the Treaty and the Europe 2020 Strategy;

— reiterates the strong opposition of the CoR to any form of macroeconomic conditionality;

— supports the introduction of only those ex ante conditionalities which serve as an instrument to improve the efficiency of the programmes and calls for the conclusion of a formal partnership agreement between each Member State and their local and regional authorities to be a specific ex-ante conditionality;

— reiterates the CoR's opposition to the proposed performance reserve, whilst stressing that ex-post conditionalities and the suspension of funds should only apply under certain clearly specified conditions if the expected results are seriously underachieved;

— supports the MFF proposal for the creation of a new "transition" category of regions;

— stresses that the proposed absorption capping rate should not result in a level of commitments lower than the level of actual spend in any Member State during the 2007-2013 period;

— calls for a significant involvement of local and regional authorities in the supervision and management of the infrastructure projects financed under the Connecting Europe Facility;

— welcomes the significant boost to research and innovation proposed under the MFF;

— welcomes the commitment to greening the CAP, as well as the proposals related to the convergence of payments and capping of the level of direct payments;

— regrets that the budget for rural development will continue to remain disproportionately small compared to the funds allocated to direct payments;

— does not believe that major areas of EU spend such as the EGF or GMES programme should be financed outside the scope of the MFF;

— is convinced that the introduction of EU own resources should replace national contributions and expresses its supports for Commission's VAT and FTT proposals.

Rapporteur	Flo CLUCAS (UK/ALDE), Member of Liverpool City Council
Reference documents	European Commission, (2011), A Budget for Europe 2020, Communication from the Commission COM(2011) 500 final. European Commission, (2011), Proposal for a Council Regulation laying down the Multiannual financial framework for the years 2014-2020 COM(2011) 398 final – 2011/0177 (APP). European Commission, (2011), Proposal for a Council Decision on the system of own resources of the European Union COM(2011) 510 final – 2011/0183 (CNS). European Commission, (2011), Proposal for a Council Regulation laying down implementing measures for the system of own resources of the European Union COM(2011) 511 final – 2011/0184 (APP). European Commission, (2011), Proposal for a Council Regulation on the methods and procedure for making available the traditional and GNI-based own resources and on the measures to meet cash requirements COM(2011) 512 final – 2011/0185 (CNS).

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Overall budgetary approach

1. welcomes publication of the Commission's proposals of the 29 June 2011 for the Multiannual Financial Framework 2014-20 (MFF), the draft Council Regulation implementing the MFF, the Interinstitutional Agreement on budgetary matters (IIA), and the package relating to EU own resources. The CoR considers that together these proposals provide a credible framework for funding future EU priorities and a solid basis on which to begin further discussions;

2. believes that the EU budget, although limited in size, is essential to tackle the Union's challenges. In relation to national budgets, the specificity of the EU budget lies in its European added value, the leverage effect it brings and by the fact that the EU budget consists of up to 94,5 % of investment expenditure and only 5,5 % of administrative expenditure. The CoR considers therefore that there is a need to bring about a change in perception, particularly amongst national treasuries, so that the EU's core tasks are considered an investment rather than an expense. The MFF should strive to be not only a model of financial efficiency and effectiveness, but also a model of democratic governance and transparency;

3. notes in particular the serious nature of the economic and social difficulties currently faced by Member States and underlines that the EU's budget, the Europe 2020 Strategy, and European economic governance, should act together in a coordinated fashion to promote stability, sustainable economic growth, environmental protection, social well-being and territorial cohesion and to restore confidence in European integration;

4. supports the main principles underpinning the MFF 2014-20 including a focus on results, leveraging investment from other sources, and above all, simplification of delivery, including bringing together a number of different funding programmes. A particular emphasis should be placed on those groups which experience difficulties in accessing EU financing. The CoR therefore calls for an increase in information and promotion activities, as well as advisory services available at EU level, related to the funds;

5. points out that the design and implementation of the MFF can benefit significantly from the contribution of local and regional authorities. Responsibilities for public investment lie as much with local and regional authorities as with central governments. As such they play a particularly valuable role not only in managing EU funded projects, but also in promoting access to funds and ensuring coordinated spending between different funds;

6. considers therefore that there is significant potential to promote multi-level governance in the design and implementation of the MFF. To this end calls for new ways of working and new forms of partnership with local and regional authorities to be considered by the Commission as a fundamental part of all new forms of governance and financing associated with the MFF;

7. finds it regrettable that equality and gender equality have not been given a prominent position in the Commission proposal, and urges Member States and the European Parliament to work towards gender mainstreaming in the EU budget (gender budgeting);

— *budget level, structure, duration*

8. reiterates that the EU must have a credible budget of at least 1 % of EU GNI [1] so that it can achieve major European objectives in accordance with Europe 2020 goals and the needs of local and regional areas. The CoR considers that, at EUR 1 025 bn or 1,05 % EU GNI, the current proposals barely achieve this aim;

9. believes that the level of financing proposed should therefore be seen as the absolute minimum required to deliver the ambitions the Member States have agreed for the Union in the Treaty and the Europe 2020 Strategy. Having proposed a modest MFF, which is constant in real terms with that of the current round, the European Commission and Parliament, with the strong support of the Committee of the Regions, must now do their utmost to defend the proposed level against reduction during the negotiations;

10. welcomes the fact that the budget headings have been renamed to more closely reflect the Europe 2020 priorities, but regrets that the opportunity has not been taken to place all EU funds promoting territorial development under a single heading;

11. notes furthermore that the Commission has not taken the opportunity to move towards a ten year budgetary period but welcomes the possibility to adopt such a cycle from 2020, ensuring stable, longer-term financing and improved democratic oversight;

— *budget flexibility, mid-term review, conditionalities*

12. regrets the absence of flexibility in the current budget and stresses the need for greater flexibility to move appropriations within budget headings in future;

13. regrets that there is no mention of a possibility to transfer unused budget appropriations or margins to an EU flexibility reserve, instead of returning funds to the Member States;

14. notes the proposal to present an "assessment" in 2016 of the implementation of the MFF, but emphasises that this should instead be a full mid-term review (incorporating the proposed assessment) in 2017, with the possibility to adjust spend based on emerging priorities, subject to certain limits;

15. reiterates the strong opposition of the CoR to any form of macroeconomic conditionality that would see a discontinuation of funding to local and regional authorities due to economic decisions taken by national governments;

16. supports however the introduction of only those ex-ante conditionalities into the management of EU programmes, which serve as an instrument to improve the efficiency of the programmes and assess actual technical and administrative capacity rather than the implementation of EU legislation; the requirement to draw up strategies, plans or measures as an ex-ante conditionality must not mean that the funds are conditional on the subsequent implementation thereof, including implementation of plans which are not co-financed by EU funds, as this would breach the proportionality and subsidiarity principles;

17. calls for the conclusion of a formal partnership agreement between each Member State and their local and regional authorities to be a specific ex-ante conditionality to be verified by the Commission;

18. stresses that ex-post conditionalities and the suspension of funds should only apply under certain clearly specified conditions if the expected results are seriously underachieved, and calls for national rules on the recovery of previously approved payments to be taken into account. Similarly, close cooperation between national, regional and local authorities is necessary to establish these ex-post conditionalities and avoid the suspension of funds being decided on the basis of criteria which are not strictly objective or measurable;

19. underlines that outcomes and targets must be agreed in conjunction with local and regional authorities and any new administrative burdens should be kept to a minimum. The move towards measuring *outcomes* should see the current system of measuring detailed inputs and *outputs* removed accordingly. The conditionalities approach requires clearer and better explanation to stakeholders as to how it will operate in practice;

20. stresses that the new multiannual financial framework of the EU should be fully compliant with the sustainable use of resources and calls for improved analysis of the carbon footprint of investments undertaken with support from the EU Budget;

Budget heading 1 – Smart and inclusive growth

— *Proposals relating to cohesion policy*

21. endorses the pan-EU nature of the cohesion policy proposed, covering all regions with a majority of funds going to the poorer regions whilst allowing more prosperous regions to continue to address their challenges. The CoR welcomes the explicit reference to economic, social and territorial cohesion as

[1] All budget figures refer to commitments rather than payments.

a sub-ceiling of budget heading 1, but regrets that there is no margin foreseen. This would allow an increase of funds under this sub-ceiling if there were funds underspent elsewhere;

22. also notes the amounts proposed for the Structural Funds (EUR 336bn for ERDF, ESF, and Cohesion Fund, but excluding "Connecting Europe") are 3 % less than in the current round which allocates EUR 347bn. The aim should be to provide financing for Structural Fund programmes which is at least constant in real terms with the current round;

23. rejects the proposal that richer regions must "primarily devote their entire" Structural Funds allocation, except ESF, to energy issues, SME development and innovation. Whilst a degree of focus is essential within each operational programme, such limitations at EU level will not ensure added value given the diverse nature of Europe's regions and the varied challenges they face. Freer choice from a wider menu of Europe 2020 thematic objectives should be possible;

24. reiterates the CoR's opposition to the proposed performance reserve of 5 % of the budget for cohesion policy. This risks ending up in a lose-lose scenario considering that the reserve is allocated on the basis of pre-defined national envelopes. In case the performance criteria are not met (for which there may be objective and external reasons), the amounts earmarked for the performance reserve are simply lost. Successful programme delivery will be sufficient reward in itself, and expenditure would be better allocated to preventative measures such as technical assistance to build institutional capacity;

25. supports the MFF proposal for the creation of a new "transition" category for regions between 75 % and 90 % of EU GDP and welcomes the proposed safety net for regions no longer eligible for convergence support. Emphasises however that the credibility of cohesion policy is affected by the use of GDP data which lags several years behind actual economic conditions;

26. the Commission must take account of those many regions whose GDP has declined since the 2006-8 reference period by exploiting the flexibilities within the proposed financial framework, by using the proposed adjustment process according to Article 5 of the draft council MFF regulation, and via a mid-term review of the MFF in 2017. In the programming documents the disparate regional effects of the economic downturn must be taken into account;

27. reiterates that the European Social Fund (ESF) must remain strongly established within EU cohesion policy. ESF is indeed best implemented at the territorial level through integrated place-based programmes rather than via separate thematic or sectoral programmes at national level;

28. highlights the importance of promoting equality and gender equality in the EU and in third countries through sufficient resources dedicated to ESF, the European Development Fund and other social programmes;

29. welcomes the proposal to keep the Cohesion Fund allocations to one third of the total cohesion funding at national level in the eligible Member States (those with less than 90 % EU GNI);

30. supports the increase in the budget for European Territorial Cooperation from EUR 9bn to EUR 13bn, and notes the significant European added value of INTERREG and other programmes which encourage Europe's regions to work together to tackle common challenges;

31. strongly supports the proposal to establish a Common Strategic Framework (CSF), leading to a single set of strategic guidelines, for the main EU funds with a territorial dimension. The CSF must however go beyond aligning funds at the strategic level to ensure common implementation practices and procedures between the funds during implementation;

32. agrees with the approach to set the capping rate of cohesion allocations at a level which reflects actual execution rates and actual absorption capacities within each member State, but emphasises that the new cap must be set at a level which allows an effective cohesion policy to be pursued in *all* Member States. In particular the proposed absorption cap should not result in a level of commitments lower than the level of actual spend (adjusted for inflation) in any member state during the 2007-2013 period;

33. insists that the partnership principle must be made a reality, actively promoted, and strictly enforced. The CoR welcomes partnership contracts as a tool for strategic programme planning, but stresses that the practical implementation of these contracts must respect subsidiarity and the division of competences in the Member States. The scope of these contracts must therefore not extend beyond cohesion policy measures and other CSF funds. Competent local and regional authorities must be treated as equal partners with national authorities in preparing, delivering, monitoring and

evaluating the Structural Fund programmes and the associated partnership contracts. Territorial Pacts between local, regional, and national authorities, should also be an option available to formalise partnership arrangements in conjunction with national governments;

34. reiterates its call for the introduction and promotion of "citizen bonds" to foster local development. Citizens bonds could see EU supported projects benefit from additional finance from individual citizens or other public funds who would invest in exchange for a guaranteed and fair return;

35. furthermore emphasises the need to develop local energy solutions via "Smart Cities" which promote clean and efficient energy provision and calls for increased support for local and regional authorities to secure, in particular, the technical expertise needed to draft local and regional action plans to fight climate change and to encourage cross-fertilisation of ideas. Points in this regard to the key role played by the Covenant of Mayors, the budget of which should be increased in order to allow for an expanded scope of action to provide local and regional authorities with the technical expertise to draft climate change action plans and to address more specific energy and resource-related challenges such as water policy;

— *Connecting Europe Facility*

36. notes the proposal for a new EUR 40bn "Connecting Europe Facility" to support investment in transport, energy and ICT infrastructure of European importance and considers that removing bottlenecks on these networks will be of significant added value to society; there is a need however for significant involvement of local and regional authorities in the supervision and management of such infrastructure projects which is not foreseen in the centralised management arrangements currently proposed;

37. recalls the support of the CoR for the introduction of EU project bonds to fund infrastructure and recalls that such bonds can have a highly beneficial leverage effect on the EU budget. However, such instruments should be seen as a valuable addition to, rather than a replacement for, grant funding as delivered via the Structural Funds;

— *Research and innovation funding: "Horizon 2020"*

38. considers the current Community research budget to be inadequate, and therefore welcomes the significant boost to research and innovation proposed under the MFF (up from EUR 53bn to EUR 80bn). This moves the Union nearer to the Europe 2020 target of investing 3 % EU GDP into research and innovation, in line with the creation of an "Innovation Union". In particular the CoR calls for a strengthened "Regions of Knowledge" programme, but considers it vital to accelerate the application of research into the market. The CoR supports the idea of increasing the support available for cluster initiatives and other local partnerships which help to boost innovation potential;

39. supports the creation of a "Horizon 2020" common strategic framework for research and innovation, as it has the potential to simplify and consolidate the different funding programmes in this field such as the Research Framework Programme (FP7) and the Competitiveness and Innovation Programme (CIP). The CoR points out however that the CSF for research and innovation should be well coordinated and consistent with the CSF proposed for the territorial funds;

— *Education, training, youth*

40. welcomes the boost to funding proposed for the EU's specific education, training, youth (including sports) programmes, with a budget increase to EUR 15bn. Such programmes should be complemented by spend under ESF. The CoR particularly welcomes the focus on rationalising and simplifying the current range of youth, education, and training programmes within a single integrated programme, along with simplified processes. However, the "Education Europe" programme should not only target higher education students but also address the complex phenomenon of early school leavers where local and regional authorities have an important role to play. Furthermore, the CoR underlines the growing economic and social importance of the cultural and creative sectors and the need for sufficient support for these sectors under ERDF and ESF;

41. feels that it is absolutely essential, when restructuring the support programmes, to continue to provide for youth support tailored to the specific needs of young people. This new integrated programme should build on the positive foundations of the current Youth in Action programme. It should promote, in line with the EU Youth Strategy not only the development of exchanges between young people and skilled workers but also the increased participation of young people in democratic life in Europe;

Budget heading 2 – Sustainable growth: natural resources

42. notes, as with Structural Funds, the decrease in funds proposed for the Common Agricultural Policy (CAP) from EUR 396bn to EUR 372bn. Notes nevertheless that the CAP, covering both Pillars I and II, still remains a larger item of budget expenditure than the EUR 336bn proposed for the Structural Funds;

43. believes that, given the pressing requirement for the CAP to provide not only for food needs but also to achieve Europe's core tasks, it should be brought more into line with the Europe 2020 strategy to allow farmers to receive payments on an equitable basis to deliver public goods such as an enhanced

approach to food security, the sustainable management of natural resources, biodiversity protection, tackling climate change, and the regeneration of rural areas as a whole;

44. welcomes in particular the fact that the Commission has not elected to fragment the EU funding landscape further with a separate sectoral fund for climate change but has instead opted for the more integrated "mainstreaming" approach to "green" 30 % of expenditure under Pillar I; nonetheless stresses that "greening" must not result in the erosion of Member States' agri-environmental programmes;

45. welcomes the commitment to greening the CAP; and requests that the greening of the CAP includes clear, compulsory and explicit criteria for the beneficiaries concerning soil protection and efficient use of groundwater, as well as steps towards the abolition of all environmentally harmful subsidies;

46. welcomes the proposals related to the convergence of payments and capping of the level of direct payments. This should result in a fairer system of allocation across the Member States. The CoR also fully supports the proposal to permit greater flexibility between the two pillars of the CAP: direct payments and rural development;

47. is concerned that the proposed new EUR 3,5bn "reserve for crises in the agricultural sector" and enlarged the scope of the Globalisation Adjustment Fund translates the Commission's preference for reactive rather than preventive measures, and believes that greater budgetary flexibilities should be used to tackle crises rather than creating an increasing array of different reserves, funds, and emergency instruments outside the MFF; considers in this regard that the viability of the Common Agricultural Policy is inextricably linked to the maintenance of market regulation mechanisms to combat price volatility and guarantee stable prices for both producers and consumers;

48. regrets that the budget for rural development (EUR 90bn) will continue to remain disproportionately small compared to the funds allocated to direct payments, but welcomes that the EAFRD will be more strongly linked to as the other territorial funds within the Common Strategic Framework. CAP and cohesion policy cannot be seen in isolation from each other and must be more closely coordinated than currently. In relation to the removal of the "axis approach", the CoR stresses that other, non-agricultural projects such as promoting social inclusion, poverty reduction and economic development in rural areas (new priority 6) must not receive less attention in future;

49. calls for the continuation of the European food aid programme for the most deprived persons (MDP) at a level not less than that of the current period. If the remit for the programme moves from the Common Agricultural Policy to the European Social Fund then the funds should follow accordingly within the budget structure;

50. is concerned that the inclusion of fisheries policy within an integrated maritime policy under the European Maritime and Fisheries Fund (EMFF) may imply a reduction in the levels of funding allocated to fisheries. Such a reduction is inappropriate given the challenges facing fishing communities;

51. underlines the value of the LIFE+ programme and welcomes its increase in financing to EUR 3,2 bn;

Budget heading 3 - Security and citizenship

52. welcomes the budgetary proposals under this heading and stresses the importance of a fully resourced immigration, asylum and security budget. The CoR especially underlines the need for a coordinated approach towards managing the Union's external borders, and welcomes moves to develop a Common European Asylum System: a clear area where cooperation at EU level is the only solution. A careful balance should however be found between on the one hand the security (including internal security) and border related strands of the expenditure, and on the other hand expenditure in areas such as integration of migrants and reception conditions for asylum seekers, where actions of local and regional authorities can bring a clear added value;

53. underlines the significance of providing adequate resources to foster fundamental rights, democracy and citizens' participation in the effort to build a European citizenship, and therefore considers of paramount importance the emphasis given in the Europe for Citizens programme to partnerships in support of EU level civil society;

54. believes the EU's security is closely linked to the furtherance of democracy, good governance and the rule of law, both inside the Union and in third countries and that it is incumbent upon the Union to promote these values globally;

55. underlines the importance of the EUR 396m proposed for the EU's public health programme and stresses that sufficient financing must be made available for social, biological and technological innovation in the field of health services. The CoR notes the importance of health and social care as being a significant driver of employment in the future and therefore emphasises that addressing health inequalities must be seen as a budgetary priority;

56. underlines the importance of the proposed EUR 1.6bn for the Creative Europe Programme and highlights that sufficient financing must be available for all actors within the cultural and creative sectors which make an important contribution to Europe 2020 objectives;

Budget heading 4 - Global Europe

57. recognises that the EU carries significant weight at international level, greater than the sum of its individual Member States, and that the challenges faced by the EU require a global response. The CoR welcomes therefore the increased budget to be allocated to Neighbourhood Policy and Development Cooperation (EUR 36bn);

58. supports the Commission's proposal for the rationalisation of instruments in the context of enlargement through the creation of a single integrated pre-accession instrument;

59. reiterates its request to enable local and regional authorities from the European Neighbourhood Policy (ENP) countries to receive financial support for their participation in relevant bodies;

60. underlines its commitment to poverty alleviation and especially to the Millennium Development Goals (MDGs) which must be achieved by 2015 and supports the goal of devoting 0,7 % of Member States' GNP to overseas development. Underlines particularly the important role the EU plays in ensuring a coordinated approach to the provision of humanitarian aid and calls on all Member States to take action to ensure they are meeting their development pledges;

Budget heading 5 – Administration

61. stresses the need to seek out and introduce administrative efficiency savings on an ongoing basis in all EU institutions and advisory bodies whilst not undermining the vital role they play in the pursuit of European goals;

62. underlines that significant savings can be achieved through restructuring and inter-institutional cooperation, as well as through a better organisation of institutional activities via the integrated application of e-solutions;

Funds outside the MFF and corrective mechanisms

63. does not believe as a principle that major areas of EU spend such as the European Development Fund (EDF), the European Globalisation Adjustment Fund (EGF), the Global Monitoring for Environment and Security (GMES) programme, together with other instruments accounting for EUR 58 bn of Union expenditure, should be financed outside the scope of the MFF. This limits the involvement of Parliamentary democracy and harms transparency. As a principle, all items of EU expenditure, even those projected for a longer term, or which may not be deployed, should be subject to debate on equivalent terms to that of the MFF;

64. supports the announced simplification of the very complex system of rebates and corrections and welcomes the fact that new corrections in the form of lump sums are limited in time; also welcomes the Commission's proposal to replace the existing rebate systems with a general correction mechanism. Such a mechanism must in any case ensure that the respective figures do not increase in principle and that consequently there is a fair balance between Member States. A number of the correction mechanisms will automatically end in 2013, but the correction granted to the UK and the related rebates on this correction granted to DE, NL, AT and SE have so far no expiration date. The CoR considers however that a revision of the corrective mechanisms can only be undertaken if the underlying and legitimate reasons for those corrective mechanisms are also addressed;

EU own resources

65. is convinced that the introduction of EU own resources should replace national contributions and recalls that all Member States and national parliaments have signed up to Article 311 TFEU which commits to the EU's budget being financed wholly from own resources. The CoR therefore supports initiatives which would reduce Member States' direct contributions to the EU budget whilst increasing the EU's own resources available to tackle future challenges;

66. therefore expresses its support for the Commission's proposals to establish a new Value Added Tax (VAT) resource. These proposals are ambitious yet much needed;

67. welcomes the proposal to introduce a Europe-wide coordinated Financial Transaction Tax (FTT). Taxing the financial sector would make an important contribution towards achieving greater fairness and limit the number of financial activities, in particular speculation;

68. believes that any new systems to finance the Union's budget should guarantee the principles of fairness, economic stability, solidarity, transparency and simplicity and apply to *all* Member States. To this end a thorough impact and feasibility assessment needs to be carried out *before* any new own resources can be agreed upon. More importantly a debate should be launched within the Member States including the close involvement of local and regional authorities;

Process and timescales

69. welcomes that the MFF contains specific provisions in the event that it is not adopted by the end of 2012, although recognises that this might in fact act as a disincentive to achieving a timely agreement. The CoR urges the EU institutions therefore to come to an agreement on the proposals within the foreseen timescale;

70. regrets that the European Parliament will still only be given the power of assent over the MFF rather than full co-decision, meaning it cannot formally amend the proposals, and calls therefore upon the Council and the Commission to ensure a maximum of engagement with the Committee of the Regions and the European Parliament through putting in place strengthened cooperation mechanisms;

71. may revise the present opinion during 2012 as negotiations on the MFF progress.

II. **RECOMMENDATIONS FOR AMENDMENTS**

Amendment 1

Recital 2

Text proposed by the Commission	CoR amendment
Taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the financial framework should be set at seven years starting 1 January 2014, with an assessment of the implementation of the financial framework at mid-term. The results of this assessment should be taken into account during the last three years of the duration of the financial framework.	Taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the financial framework should be set at seven years starting 1 January 2014, with ~~an assessment~~<u>a review</u> of the implementation of the financial framework at mid-term. The results of this <u>review</u> ~~assessment~~ should be taken into account during the last three years of the duration of the financial framework.

Reason

See point 13 of the draft opinion.

The Committee of the Regions has received on 24 October 2011 a referral letter from the Council secretariat on the Proposal for a Council Regulation laying down the multiannual financial framework for the years 2014-2020 (COM(2011) 398 final). This draft opinion is due to respond to this referral.

Amendment 2

Recital 8

Text proposed by the Commission	CoR amendment
The national envelopes for Cohesion for growth and employment are established on the basis of forecast for Gross Domestic Product (hereinafter "GDP") of spring 2011. Given the forecasting uncertainties and the impact for the capped Member States an assessment should be made in mid-term to compare the forecasted and actual GDP and its impact for the envelopes. In case the GDP for 2014-2016 differs more than +/– 5 % from the forecast used in 2011 the envelopes for 2018-2020 for the Member States concerned need to be adjusted. The rules for this adjustment need to be provided for.	The national envelopes for Cohesion for growth and employment are established on the basis of forecast for Gross Domestic Product (hereinafter "GDP") of spring 2011. Given the forecasting uncertainties and the impact for the capped Member States an ~~assessment~~<u>a review</u> should be made in mid-term to compare the forecasted and actual GDP and its impact for the envelopes. In case the GDP for 2014-2016 differs more than +/– 5 % from the forecast used in 2011 the envelopes for 2018-2020 for the Member States concerned need to be adjusted <u>with any additional resources directed to those regions whose GDP has declined the most</u>. The rules for this adjustment need to be provided for.

Reason

See point 20 of the draft opinion.

The Committee of the Regions has received on 24 October 2011 a referral letter from the Council secretariat on the Proposal for a Council Regulation laying down the multiannual financial framework for the years 2014-2020 (COM(2011) 398 final). This draft opinion is due to respond to this referral.

Amendment 3

Article 5

Text proposed by the Commission	CoR amendment
In its technical adjustment for the year 2018, if it is established that cumulated Gross Domestic Product ("GDP") of any Member State for the years 2014-2016 has diverged more than +/– 5 % from the cumulated GDP estimated in 2011 for the establishment of cohesion policy envelopes for Member States for the period 2014-2020, the Commission shall adjust the amounts allocated from funds supporting cohesion to the Member States concerned for that period.	In its technical adjustment for the year 2018, if it is established that cumulated Gross Domestic Product ("GDP") of any Member State for the years 2014-2016 has diverged more than +/– 5 % from the cumulated GDP estimated in 2011 for the establishment of cohesion policy envelopes for Member States for the period 2014-2020, the Commission shall adjust the amounts allocated from funds supporting cohesion to the Member States concerned for that period. These resources should be directed to those regions whose GDP has declined the most.

Reason

See point 20 of the draft opinion.

The Committee of the Regions has received on 24 October 2011 a referral letter from the Council secretariat on the Proposal for a Council Regulation laying down the multiannual financial framework for the years 2014-2020 (COM(2011) 398 final). This draft opinion is due to respond to this referral.

Amendment 4

Article 15

Text proposed by the Commission	CoR amendment
In 2016, the Commission shall present an assessment of the implementation of the financial framework accompanied, where necessary, by relevant proposals.	In ~~2016~~2017, the Commission shall present ~~an assessment~~ a mid-term review (incorporating the proposed assessment) of the implementation of the financial framework accompanied, where necessary, by relevant proposals.

Reason

Makes it clear that there would be an assessment element as part of the proposed full mid-term review and not two separate exercises.

Brussels, 14 December 2011.

The President
of the Committee of the Regions
Mercedes BRESSO