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(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

136TH COR PLENARY SESSION, 7.10.2019-9.10.2019

Resolution of the European Committee of the Regions — Developments in the interinstitutional negotiations on the Multiannual Financial Framework for 2021-2027

(2020/C 39/01)

I. RECOMMENDATIONS FOR AMENDMENTS

COM(2018) 375 final**Recommendation for Amendment 1**

Article 32

Text proposed by the European Commission	CoR amendment
In addition to Article 31, the Member State may propose to undertake additional technical assistance actions to reinforce the capacity of Member State authorities, beneficiaries and relevant partners necessary for the effective administration and use of the Funds. (...)	In addition to Article 31, the Member State may propose to undertake additional technical assistance actions to reinforce the capacity of Member State authorities, beneficiaries and relevant partners necessary for the effective administration and use of the Funds, as well as for enhancing the institutional and administrative capacity of local and regional authorities, including complementary investment in equipment. (...)

Reason

In light of the discontinuation of thematic objective 11, the CoR considers it important to ensure support for capacity building of local and regional authorities through TO11-type actions in all programmes.

COM(2018) 383 final/2**Recommendation for Amendment 2**

Article 2(1)

Text proposed by the European Commission	CoR amendment
1. The general objective of the Programme is to protect and promote rights and values as enshrined in the EU Treaties, including by supporting civil society organisations, in order to sustain open, democratic and inclusive societies.	1. The general objective of the Programme is to protect and promote rights and values as enshrined in the EU Treaties, including by supporting civil society organisations, local and regional authorities and their representatives , in order to sustain open, democratic and inclusive societies based on gender equality.

Reason

Local and regional authorities are beneficiaries of the programme's funds and have an important role to play, in particular in promoting citizens' participation and defending the rights of EU citizens.

COM(2018) 383 final/2

Recommendation for Amendment 3

Article 18(2)

Text proposed by the European Commission	CoR amendment
<p>2. The Commission shall implement information and communication actions relating to the Programme, and its actions and results. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 2.</p>	<p>2. The Commission shall implement information and communication actions relating to the Programme, and its actions and results, in particular through the Europe Direct Information Centres network. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 2.</p> <p>3. The EU will do its utmost to provide information on financing arrangements to all potential beneficiaries in order to ensure the involvement of diverse organisations from different Member States and partner states. Candidates shall have access to a contact point, which will provide them with support, answer their questions on the application procedure and check that their file is complete before it is submitted.</p>

Reason

It is important to provide as much information as possible on opportunities to all local and regional authorities and all other potentially interested participants so as to ensure that it is not only the EU's privileged partners or the best-informed organisations that benefit.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. reiterates its regret over the proposed size of the next MFF, which could undermine the final desired impact in individual EU policy fields. The CoR strongly opposes the proposed budgetary cuts to Cohesion and Common Agricultural Policies, which would have a detrimental effect on the development of the EU's regions and cities. Therefore, the CoR reconfirms its strong call that the future MFF should be set at least at 1,3 % of GNI of EU-27 to secure a budget that is commensurate to the needs, expectations and concerns of EU citizens;
2. is extremely worried about the slow progress in the discussions on the MFF 2021-2027 in the Council and questions whether the timetable, set by the leaders in June — concluding the MFF negotiations by the end of 2019 — can still be respected; calls on the European Commission to urgently put forward a contingency plan, which avoids a possible interruption of programmes in the case of late adoption of the MFF;
3. underscores that a strong MFF needs reliable and stable own resources. The CoR is in favour of simplifying the revenue side of the EU budget, in particular the proposal to phase out all rebates linked to Member States and to streamline VAT-based revenue. The CoR recalls that no agreement can be reached on the expenditure side of the MFF unless corresponding progress is made on its revenue side;
4. welcomes the Commission's efforts to put in place effective mechanisms to ensure respect for the rule of law, including the most recent blueprint for action based on three pillars (1. Building knowledge and a common rule of law culture; 2. Prevention: Cooperation and support to strengthen the rule of law at national level; 3. Response: Enforcement at EU level when national mechanisms falter); stresses, in this light, that local and regional authorities — as locally elected bodies — can play a key role in promoting the rule of law and in identifying risks to it; by engaging citizens in participatory democracy, building a culture of rule of law and supporting organisations essential to this purpose, including a free and independent media. The role of local and regional authorities in the three pillars' structure should be, therefore, reinforced. However, while welcoming the Commission's assurances that it wants to ensure seamless financing for EU final beneficiaries in case an action against a Member State is initiated, the CoR is still opposed to a conditionality which would limit regional and local authorities' access to funding under the cohesion policy for failures to uphold the rule of law or democratic principles at national level. The CoR therefore expects the Commission to develop further actions to protect final beneficiaries' interests and reiterates its previous call to set clear criteria to determine what constitutes a generalised deficiency as regards the rule of law;

5. welcomes the Commission's proposals to make the MFF more flexible, addressing new and unforeseen challenges in a timely fashion, but opposes the idea of a merged Single Margin Instrument as suggested by the Council in the Negotiating Box; underscores the need for a balance between greater flexibility and long-term planning certainty of programmes, especially those under shared management;
6. agrees with the European Parliament's call for a full-fledged mid-term revision of the MFF, allowing for a thorough analysis of the achievement of main objectives, in particular on climate change and mainstreaming of Sustainable Development Goals, use of all flexibility instruments and their potential rearrangement and, eventually, a meaningful adjustment of the MFF headings, including the possible creation of new headings or ceilings;
7. welcomes the fact that the Negotiating Box now includes text requiring gender mainstreaming for all actions financed from the EU's long-term budget. Gender budgeting should also be more deeply embedded, more widespread and more systematic, and a new long-term gender equality strategy should be adopted as soon as possible;
8. notes that due to their geography, nature and/or the extent of their trading links, some regions will be more exposed to the consequences of the UK's withdrawal from the Union than others. The CoR therefore considers it important to identify practical solutions for support in order to address the challenges for the regions concerned after the UK's withdrawal. Calls on the European Commission, the European Parliament and the Council to ensure that restructuring events caused by a disorderly withdrawal of the UK would also justify the ad hoc mobilisation of the European Globalisation Adjustment Fund (EGF), the European Solidarity Fund and the European Social Fund Plus (ESF+) and reiterates its request to the European Commission to assess the possible need for a more structured mid- and long-term response through a stabilisation fund for regions most adversely affected by the UK's withdrawal from the EU, which should be based on additional resources and not at the expense of cohesion policy;
9. reiterates its concerns about the removal of the European Agricultural Fund for Rural Development (EAFRD) from the Common Provisions Regulation (CPR), which risks undermining the integrated approach of the Structural and Investment Funds in rural areas. Therefore calls for the EAFRD to be reintroduced into the CPR;
10. recalls that the ESF+, as a key tool for the implementation of the European Pillar of Social Rights, must remain an essential pillar of cohesion policy; welcomes in this regard the Council's proposal — expressed in the current draft Negotiating Box — to create a separate sub-heading for economic, social and territorial cohesion;
11. underlines the importance of the principles of partnership and multi-level governance and expresses its firm opposition to any attempt to water down the provisions of Article 6 of the proposed CPR. Also calls for the full implementation of the Code of Conduct in the preparation and implementation of the Partnership Agreements (PA) and plans to ensure that the involvement of local and regional authorities amounts to full partnership;
12. stresses the importance of the PA for strategic coordination between the funds and for the involvement of local and regional authorities and other partners at an early stage of the process. Calls therefore for PA to remain mandatory, irrespective of the amount of resources from the Funds or the number of programmes;
13. reiterates its firm opposition to the negative idea of macro-economic conditionality, which — as a result of the link between the ESIFs and economic governance — involves 'taking cities and regions hostage' because of the failings of national governments. In this respect, the CoR fully supports the proposal of the European Parliament to delete Article 15 of the CPR;
14. insists, in relation to Article 21 of the CPR, that any transfers between the Funds or from the Funds to other Union instruments under direct or indirect management should be limited to max. 5 % of programme financial allocations and need to be taken in agreement with the relevant managing authorities, be of relevance for cohesion policy objectives, fully comply with the principles of subsidiarity and multilevel governance and must not weaken the place-based approach of the funds;
15. in line with the European Parliament's position, funding for regions which are downgraded in category for the 2021-2027 period, shall be at least maintained at the level of 2014-2020 allocations;
16. rejects the Council's proposal regarding Article 22 CPR, which would leave it at the discretion of the Member States to use integrated territorial instruments or not. Instead calls for a much higher uptake of territorial instruments in the Member States and mandatory earmarking across all funds in order to fulfil the renewed Territorial Agenda (TA) and cohesion goals;

17. underlines the need to take into account the particular situation and specific needs of areas with natural or demographic handicaps, including island regions, in both the Partnership Agreements and programmes in line with Article 174 TFEU;
18. reconfirms its position on the provisions of the CPR that have been included in the Negotiating Box by the Council, in particular on the eligibility of regions, the regional safety net, the co-financing rates, the level of pre-financing, the decommitment rules and the budget for traditional territorial cooperation;
19. stresses the need to improve the administrative and institutional capacity of the local and regional authorities, as underlined by the fact that, in 2019, 17 Member States received Country-specific Recommendations addressing administrative capacity issues at regional and local level. Considering the risk of a reduction in the amount of resources for capacity-building actions directly accessible to the local and regional authorities under shared management, proposes revising Article 32 of the proposed CPR, or Article 2 of the proposed ERDF/CF regulation so as to allow actions similar to those funded under cohesion policy's TO 11 in the current MFF in all operational programmes;
20. insists in relation to the programmes implemented under the ERDF that the resources in each Member State be concentrated on categories of regions classified according to the parameters proposed by the Commission and agrees with the Parliament that in duly justified cases, as for instance for the Outermost Regions, Member States in consultation with the regions concerned may request for a reduction in the thematic concentration at the level of the category of the regions. The target for concentration on the policy objective 'Greener and low carbon Europe' (PO 2) should be at least 30 % for all categories of regions in order to fully implement the EU's commitments under the Paris Agreement;
21. agrees with the European Parliament to allocate at least 5 % of the ERDF resources available at national level to integrated territorial development in non-urban areas with natural, geographic or demographic handicaps or challenges in accordance with the definitions proposed by the new Article 10a. These strategies may also benefit from a multi-fund approach, notably for integrated projects under the 'Smart Villages Pact';
22. reiterates that it regrets the Commission's proposal to reduce the European Territorial Cooperation share of the cohesion budget from 2,75 % to 2,5 % and vehemently opposes the decision to move maritime cross-border cooperation from component 1 'cross-border' to component 2 'transnational'. Therefore strongly endorses the proposal in the European Parliament to amend the commitments stipulated in Article 104(7) of the CPR so as to increase the budget for traditional territorial cooperation (components 1 and 4) to approximately 3 % of the cohesion budget;
23. underlines the importance of the Interreg programme, which proved indispensable to many regional authorities both for exchanging expertise and best practice on key challenges, but also for building human links and promoting European identity;
24. stands by an additional budget of EUR 970 million for interregional innovation investments that prioritise excellence, but also boost territorial cohesion by helping less innovative regions to become involved in the drive to achieve European interregional innovation. Under no circumstances should Interreg's already barely adequate funds be cut any further;
25. considers that, because of the need to finance an emerging blue economy, maritime surveillance and the protection of the marine environment in addition to fisheries, the overall budget of the EMFF should have been increased to the minimum threshold of 1 % of the MFF for 2021-2027;
26. reiterates the CoR's position that the EMFF should support the integrated maritime policy and the growth of the blue economy through regional platforms for funding innovative projects and that national operational programmes under the EMFF include a regional operational programme for subnational authorities with competences in fisheries and maritime affairs;
27. proposes strengthening the EU's overall financial support for rural development, which has decreased significantly in comparison with the previous programming period and therefore rejects the proposed 28 % cut in the rural development budget within the Common Agricultural Policy (CAP) and opposes the possibility of a transfer from the second to the first pillar of the CAP;
28. considers that only a major increase in the Union budget could justify a reassessment of the Horizon Europe envelope, which should then be concentrated on Pillar III and the section on Strengthening the European Research Area by supporting wider participation;

29. believes that the Erasmus+ programme needs to be expanded in order to bolster cohesion in the EU, to garner stronger support for European integration and to promote encounters with Europe's young people;
30. considers it essential to provide a precise framework for the synergies between the different funds and the framework programme; emphasises the crucial importance of an effective co-construction-based approach, in particular to establish the Seal of Excellence;
31. strongly opposes the fact that the option of transferring a share of cohesion policy funds to the Horizon Europe programme should be decided by the Member States instead of the relevant managing authority. Arrangements for harnessing these funds should be decided on by agreement between that authority and the Commission, ensuring that these funds are returned to the geographical area concerned;
32. highlights the role that good implementation of the EGF measures can play in mitigating the effects of unexpected incidents as a result of major restructuring; strongly supports the EP's position that the planned evaluation of the EGF financial contributions should include subsequent impact assessment of its application at national, regional and local levels;
33. welcomes the proposed enlarged mission of the EGF and its broader scope, which will tackle any kind of unexpected major restructuring, but calls on the EP and the Council to agree on lower thresholds for job displacements and longer reference periods than those included in the Commission's proposal;
34. welcomes the Eurogroup's 'Term sheet on the Budgetary Instrument for Convergence and Competitiveness' (14 June 2019), as well as the Commission President-elect's intention to set this instrument up for the euro area, in order 'to support Member States' growth reforms and investment' in the euro area and for EU countries willing to join the euro area; expects however, with a view to compliance with the subsidiarity principle, a prior proposal by the Commission for a definition of 'structural reforms', which would be eligible for EU financial support. These reforms should be of European added value, relevant to the EU's competences, contribute to the implementation of the Treaties' cohesion objective and aimed at boosting long-term investment, including the improvement of the quality of public administration. Local and regional authorities should have direct access to this instrument to support their investment and reform projects and be involved as partners in the design and implementation of this instrument's interventions;
35. welcomes the Commission President-elect's intention to refocus the European Semester as an instrument that integrates the United Nations Sustainable Development Goals (SDG). Building on its Reflection Paper, the Commission should put forward, in the first 100 days of its mandate, a long-term growth and employment strategy that includes the SDGs, in whose design and implementation local and regional authorities should be involved as partners;
36. reiterates its conviction that the commitment to use 25 % of the EU budget to tackle climate change appears insufficient to achieve the objectives of the Paris Agreement. Efforts should be made under the next financial framework to increase the share of expenditure that goes towards the decarbonisation of the energy sector, industry and transport and towards a circular economy to more than 30 %. At the same time, the EU budget's carbon footprint should be improved i.e. by terminating State aid for fossil fuels;
37. shares the Commission President-elect's stress on promoting the EU transition towards climate neutrality by 2050 through appropriate industrial strategies, as well as supporting the people and regions most affected by the social, socio-economic and environmental impact of structural change in European coal regions through a new Just Transition Fund of EUR 4,8 billion. Advocates that such a fund should closely interact with cohesion policy programmes but is to be financed through additional resources and not at the expense of cohesion policy and should leave sufficient room for manoeuvre for the regions with regard to competition policy rules;
38. notes that the European Parliament is proposing in the 2020 budget procedure two preparatory actions relating to Coal Regions in Transition; considers against this background that it is urgent to prepare the ground for a Just Transition Fund with a view to ensuring the most effective, decentralised financial and policy support post-2020;
39. for the next Creative Europe programme, underlines the need to ensure the right balance between the allocation of resources for major, large-scale projects and financing measures and activities focused at local and regional level, including by SMEs. Also underlines the need to better incorporate culture and cultural heritage into the priorities of the next MFF both through mainstreaming and synergies with other programmes and policies;

40. stresses that, in the current programming period, EUR 14 billion is available from the ESI funds for creating broadband infrastructure. This does not rule out increases in financial instruments (such as loan financing) in cooperation with the European Investment Bank and other development banks;
41. views the Commission proposal of EUR 9,2 billion for the Digital Europe Programme for the 2021-2027 period as an absolute baseline, considering that digital cohesion is an integral part of territorial cohesion defined in the EU Treaty and requires the digital skills and digital infrastructures gaps in the EU to be closed and pointing at the substantial financial resources to be provided for the development of Artificial Intelligence;
42. in relation to the Rights and Values Programme, asks that a network of European Correspondents be promoted by the European institutions in cooperation with the Member States to inform local politicians of topical European issues and enable them to respond as well as possible to citizens' expectations; this will help to combat people's lack of engagement with European issues;
43. in line with the European Parliament's position on the proposal for a regulation establishing the Asylum and Migration Fund, reiterates its call for direct access for local and regional authorities and their representative bodies to the funding provided by the successor fund of the current AMIF and underlines once more the importance of the consistent application of the partnership principle. Stresses the urgency of increasing the overall envelope for this fund in order to ensure adequate funding for achieving its objectives and a balanced approach to all migration and integration-related actions and policies;
44. in line with the European Parliament's position on the proposal for a regulation establishing the Neighbourhood, Development and International Cooperation Instrument, calls for the inclusion of local and regional authorities — by granting them a prominent place on the same level with civil society — within the thematic pillar, with a specific earmarked budget of EUR 500 million;
45. instructs the president to forward this resolution to the European Commission, the European Parliament, the Finnish Presidency of the Council and the president of the European Council.

Brussels, 8 October 2019.

The President
of the European Committee of the Regions
Karl-Heinz LAMBERTZ
