

Official Journal of the European Union

C 86



English edition

Information and Notices

Volume 62
7 March 2019

Contents

I Resolutions, recommendations and opinions

RESOLUTIONS

Committee of the Regions

132nd CoR plenary session, 5.12.2018-6.12.2018

2019/C 86/01	Resolution of the European Committee of the Regions on the European Commission Work Programme for 2019	1
--------------	--	---

OPINIONS

Committee of the Regions

132nd CoR plenary session, 5.12.2018-6.12.2018

2019/C 86/02	Opinion of the European Committee of the Regions on 'Enlargement Package 2018'	8
2019/C 86/03	Opinion of the European Committee of the Regions on 'Taxation of the digital economy'	14
2019/C 86/04	Opinion of the European Committee of the Regions on 'Action Plan: Financing Sustainable Growth'	24
2019/C 86/05	Opinion of the European Committee of the Regions on 'Models of local energy ownership and the role of local energy communities in energy transition in Europe'	36

III Preparatory acts

COMMITTEE OF THE REGIONS

132nd CoR plenary session, 5.12.2018-6.12.2018

2019/C 86/06	Opinion of the European Committee of the Regions on the 'Common Provisions Regulation'	41
2019/C 86/07	Opinion of the European Committee of the Regions on the 'European Social Fund Plus'	84

EN

2019/C 86/08	Opinion of the European Committee of the Regions on 'European Regional Development Fund and Cohesion Fund'	115
2019/C 86/09	Opinion of the European Committee of the Regions on 'European Territorial Cooperation'	137
2019/C 86/10	Opinion of the European Committee of the Regions on 'Cross-border mechanism'	165
2019/C 86/11	Opinion of the European Committee of the Regions on 'CAP reform'	173
2019/C 86/12	Opinion of the European Committee of the Regions on 'European Globalisation Adjustment Fund' .	239
2019/C 86/13	Opinion of the European Committee of the Regions on 'The Single Market Programme'	259
2019/C 86/14	Opinion of the European Committee of the Regions on the 'Digital Europe programme (2021-2027)'	272
2019/C 86/15	Opinion of the European Committee of the Regions on 'European Solidarity Corps and the New EU Youth Strategy'	282
2019/C 86/16	Opinion of the European Committee of the Regions on 'Neighbourhood and the World'	295
2019/C 86/17	Opinion of the European Committee of the Regions on 'The InvestEU Programme'	310
2019/C 86/18	Opinion of the European Committee of the Regions — The Reform Support Programme and European Investment Stabilisation Function	335
2019/C 86/19	Opinion of the Committee of the Regions on 'Proposal for a Regulation of the European Parliament and of the Council on minimum requirements for water reuse'	353
2019/C 86/20	Opinion of the Committee of the regions on 'The space programme of the European Union and the European Union Agency for the Space Programme'	365

I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

132ND COR PLENARY SESSION, 5.12.2018-6.12.2018

Resolution of the European Committee of the Regions on the European Commission Work Programme for 2019

(2019/C 86/01)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

Having regard to:

- the European Commission Work Programme (CWP) for 2019 ⁽¹⁾,
- the Protocol of Cooperation with the European Commission of February 2012,
- the Joint Declaration on the EU's Legislative Priorities for 2018-2019;

1. emphasises that 2019 will be a crucial year for the future of the European Union, with its very foundations being called into question; reiterates, against this background, the imperative necessity of linking the grassroots level to the European level and involving local and regional representatives and European citizens in the framing and implementation of EU policies, notably through the proper application of active subsidiarity and multi-level governance;

2. calls for an early agreement on the Multiannual Financial Framework (MFF) before the European elections in May 2019 to ensure the timely launch of the new EU programmes and supports the call of the European Parliament that the next MFF should correspond to at least 1,3 % of the EU-27 GNI;

3. finds it regrettable that the Commission's proposed multiannual budget lacks a clear gender equality element. Article 8 of the Treaty on the Functioning of the European Union requires the EU to incorporate gender equality in all policy areas and all its activities, in order to promote equality between men and women. Moreover, gender budgeting should be made more comprehensive, more widespread and more systematic;

4. expresses its wish that the European Union and the United Kingdom come in due time to an agreement on the UK's intention to withdraw from the EU, preserving the four freedoms of movement. The CoR expects the Commission to involve it in the negotiations on the future cooperation between the UK and the EU beyond 30 March 2019, relaying the contributions of regional and local authorities for a productive and sustainable future relationship;

⁽¹⁾ COM(2018) 800 final.

Citizenship, governance and better law-making

5. welcomes the Commission Communication on strengthening the role of subsidiarity and proportionality, which promotes the implementation of the recommendations of the Task Force on Subsidiarity, Proportionality and 'Doing Less More Efficiently'; calls, to this effect, on the European Parliament and the Commission to implement the recommendations of the Task Force in cooperation with the CoR, helping to promote active subsidiarity in Europe and a new way of working; remains committed to contributing to this implementation by gathering the expertise and knowledge of Europe's regions and cities, notably through its Subsidiarity Monitoring Network, the network of regional hubs and the REGPEX platform;
6. questions whether the proposal to abolish the twice-yearly time change meets the European added value and coordination requirements suggested by the Task Force and warns against negative repercussions for local and regional authorities (notably in border regions);
7. welcomes the Commission's plan to make use of the passerelle clause in order to apply qualified majority voting in particular in the area of taxation, which would facilitate the fight against tax avoidance and allow for fairer taxation systems;

Jobs, growth, investment and cohesion policy

8. calls, together with the partners in the #CohesionAlliance, for a swift agreement on the Cohesion Policy legislative package for the years 2021-2027, which should continue to be based on the principles of partnership and multilevel governance. The CoR recalls that Cohesion Policy is the main European Union investment policy aimed at strengthening economic, social and territorial cohesion across the European Union. It asks that, with the aim of reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions, particular attention be paid to rural areas and to regions affected by industrial transition or which suffer from severe, permanent geographic or demographic handicaps, such as island, cross-border and mountain regions;
9. draws attention to the fact that the Commission's programme for 2019 does not contain any reference to the outermost regions as it should, at least as regards the implementation of the 2017 Communication 'A reinforced and renewed strategic partnership with the outermost regions of the EU'. The CoR hopes that the Commission will continue to take the necessary steps to develop the new approach for the ORs;
10. suggests drawing on the experience acquired in the Urban Agenda partnerships that have achieved positive results in terms of multilevel governance actions in order to improve the subsidiarity check and to enhance the link between Better Regulation and the Urban Agenda for the EU; considers that the action plan of the Urban Partnership on housing adopted in November 2018 paves the way for a European Agenda for Housing;
11. notes with concern that public investment remains too low and unevenly distributed in the EU, as acknowledged by the Commission's focus in the 2019 European Semester cycle on long-term investment; reiterates, therefore, the need to transpose the agreement on the flexibility margins within the Stability and Growth Pact (SGP) into primary law; also reiterates its call for further measures to boost public investment, notably by excluding national, regional or local co-financing under the ESIF from SGP accounting, as already foreseen for co-financing under the EFSI;
12. calls on the Commission to adopt a pragmatic approach in relation to the governance aspects of the InvestEU programme, following consultation with all relevant principal actors, such as the EIB;
13. stresses the strong European added value of youth related policies and programmes such as Erasmus+, the European Solidarity Corps and DiscoverEU and points to the need to facilitate their accessibility and to ensure the involvement of local and regional authorities in their implementation. There should also be rewards for projects with a high added value in terms of involving young people with a disability and emphasising the regional and local dimension, particularly when it comes to rural areas, refugee reception areas, the EU's outermost regions and overseas countries and territories. In line with the new Youth Strategy, the CoR reiterates its call to establish structured cooperation between itself and the proposed EU Youth Coordinator;
14. underlines the fact that, in order for the EU to maximise its potential in the field of research and innovation (R & I), the Commission and the Member States must close the 'innovation gap' between regions and suggests that Horizon Europe should strengthen ties with regional smart specialisation strategies (S3);

15. looks forward to the announced Coordinated Plan on the development of Artificial Intelligence in Europe, which should also cover the public sector at local and regional level, considering the role and involvement of LRAs in the promotion of investment and the AI ecosystem in their areas;

Economic policy and the EU's social dimension

16. stresses that the Sustainable Development Goals should be implemented as the overall reference framework for EU policy and specifically replace the Europe 2020 strategy as long-term goals of the European Semester;

17. reiterates its support to the introduction of a budgetary capacity aimed at increasing the euro area's resilience, and paving the way for convergence with future euro area members. This capacity must however be financed from own resources that are separate from those provided for financing the budget of the European Union to avoid any encroachment by this capacity on EU programmes that are accessible to the EU-27. Furthermore, this capacity should be accounted for outside the ceiling for EU budget resources;

18. underlines the fact that the low implementation rates of the Country-Specific Recommendations are due to lack of ownership, funding and administrative capacity at all levels and therefore reiterates its proposal for a code of conduct to involve the local and regional authorities in the European Semester;

19. is concerned that local and regional authorities have not benefited sufficiently from EU-funded capacity-building measures under the current MFF; reiterates its request that the Commission issue a single set of guidelines to coordinate all EU-funded capacity-building measures;

20. welcomes the Commission's proposals to establish rules allowing taxation of profits generated by multinationals through the digital economy; also stresses the need for a European legal definition for virtual permanent establishment for digital companies;

21. calls on the Commission to closely monitor the implementation of the European Pillar of Social Rights and expresses its concerns at the reduction of the related budgetary resources; considers it essential in this respect to acknowledge the strong territorial component in the delivery of the Pillar; urges the Commission and the European legislator to speed up the process of establishing the European Labour Authority and to include a representative of the regional authorities of the Member States on its management board;

22. welcomes the recent establishment of the Expert Group on Social Economy and Social Enterprises, in which the CoR is represented, and urges the European Commission to present a European legal framework which would encompass a body of common definitions applying to the different forms of social economy, such as cooperatives, mutual societies, associations and foundations;

23. proposes, as an implementation tool for principle 11 of the European Pillar of Social Rights, the launching of a European Child Guarantee to address the dramatic rate of child poverty and exclusion in the EU (26,4 % in 2017). This Guarantee should become an integral part of the ESF+;

Single Market Strategy, SMEs, competition, industry and the Digital Single Market

24. insists on the importance of developing an integrated industrial strategy and reaffirms its commitment to incorporating the role of local and regional authorities into this strategy;

25. invites the Commission to propose an update of the Small Business Act; regarding particularly the SME test, calls on the Commission to take account of the various specificities of the legislation to which the test should be applied, with particular reference to legislative proposals, and to intervene with remedial measures in the spirit of REFIT;

26. reiterates its commitment to providing feedback on the implementation of the 2014 directives on public procurement at local and regional level, in the light of the weight of subnational authorities in the field of public procurement and with a view to assessing the use of social and environmental criteria;

27. calls on the Commission to launch a review in 2019 of the legislative framework on State aid, notably the GBER, the *de minimis* Regulation and the SGEI framework, with the aim of engaging all relevant stakeholders in due course in a constructive dialogue on the substance of the reform;

28. calls on the Commission to facilitate the deployment of broadband infrastructure, paying particular attention to rural areas, which have small and low-density populations, and where broadband is a crucial resource for delivering effective public services, bringing back a younger population and starting up new businesses; these are areas where operators have no commercial interest and the market may be considered to have failed. This would contribute to closing the EU's digital gap and establishing a consistent network of European Digital Innovation Hubs;

29. calls on the Commission to come up with proposals to address regulatory issues linked to the collaborative and digital economy. Calls in particular for an EU Directive on platform work based on Article 153(2)(b) TFEU to set minimum standards for fair working conditions in the digital economy;

Agriculture and forestry, public health and consumer protection

30. calls for the CAP to be developed into an agricultural policy that is simplified, fair, sustainable and based on solidarity for the benefit of farmers, regions, consumers and citizens, and calls for more internal and external convergence of direct payments, effective crisis management tools to stabilise farmers' income and more multi-level governance in the drafting and implementation of the National Strategic Plans;

31. joins forces with the European Parliament ⁽²⁾ in calling for an EU Agenda for Rural, Mountainous and Remote Areas to promote socioeconomic development, economic growth and diversification, social wellbeing, protection of nature, and cooperation and interconnection with urban areas in order to foster cohesion and prevent territorial fragmentation;

32. likewise calls for a European strategy for regions facing demographic challenges, to make all EU policies — cohesion, innovation, transport, health, social and employment policies, ICT, rural development, emigration, etc. — more sensitive to this factor. The strategy should include cost analysis and projections at national, regional, and local level, as set out in the CoR opinion on 'The EU response to the demographic challenge';

33. Highlights that innovation and digital solutions are paramount to the development of smart villages, the revitalisation of town centres and rural areas; calls on the Commission to take stock and follow up on the actions implemented under the EU action plan for smart villages;

34. plans to react to the Mid-term review of the EU Forest Strategy expected in December 2018 and insists on the importance of prevention of deforestation, reforestation and forest conversion;

35. Congratulates the continuation of the EMFF as a specific and simplified fund with a budget for the blue growth that allows cross-cutting actions to be taken in conjunction with other European programmes. Requests that the EMFF budget and the share of shared management remains at the level of the previous programme. The EU's exclusive fisheries and aquaculture areas, the development of the blue economy, ports aids, the environmental issues and the preservation of maritime biodiversity face major challenges for the post-2020 period, and therefore should be supported by the EMFF. Requests the withdrawal of the obligation to use financial instruments under the EMFF to support aquaculture and the processing of products;

36. regrets that the incorporation of the EU's health programme into the ESF+ has led to a reduced financial envelope for EU-funded health initiatives and calls for measures and funding to compensate for this reduction;

37. calls on the Commission to examine existing food labelling systems and to propose a mandatory single European colour labelling system, on a basis of 100 g units, on the front of food packaging throughout the EU, providing consumers with clear information and encouraging healthier eating patterns. Specific criteria should similarly be introduced for products bearing nutritional and health claims;

⁽²⁾ See EP Resolution on 3 October 2018 addressing the specific needs of rural, mountainous and remote areas.

38. welcomes the Commission's proposal for a European Electronic Health Record to improve patients' treatment across regions and Member States; asks the Commission to carefully consider data protection and interoperability issues in this proposal;

Tourism and culture

39. reiterates its call to the Commission for a thorough revision of its 2010 tourism strategy with a clear multiannual work programme;

40. asks for a follow-up to the European Year of Cultural Heritage 2018 through a new European Action Plan for Cultural Heritage;

Energy Union, climate policy and environment

41. advocates the establishment of an effective multilevel governance mechanism to implement the Clean Energy for all Europeans package efficiently, by ensuring that National Energy and Climate Plans are drafted in close cooperation with local and regional authorities and provide for the development of a system of locally and regionally determined contributions to complement the NDCs under the Paris agreement;

42. underlines the importance, with a view to the fourth Report on the State of the Energy Union, of promoting a just energy transition, which requires special attention to regions that will be particularly affected, such as those with a specific dependency on fossil fuel industries, and islands, especially those that are not interconnected, as is the case with the outermost regions. In this context, the CoR acknowledges measures already on-going relating to energy poverty and emphasises the key role of LRAs in their implementation;

43. calls on the Commission to monitor the socioeconomic consequences of the new electricity market design on all EU Member States and regions;

44. welcomes the recently published 'European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy- a clean planet for all', which commits the EU to be climate neutral by 2050 and recognises the central role of local and regional authorities; insists that the measures to implement this strategy must follow the principle of multilevel governance, give a formal role to local and regional authorities notably through the integration of a system of locally and regionally determined contributions to the national climate and energy plans, and build on initiatives such as the Covenant of Mayors; underlines the need to integrate these efforts closely with the circular economy strategy and the energy union, making sure that the socioeconomic consequences of the necessary transitions are fairly distributed in order to achieve a just transition;

45. calls on the European Commission to devise, in cooperation with the CoR, a strategic and integrated 8th Environment Action Programme and commits itself to playing an active role in the Technical Platform for Cooperation on the Environment. The CoR also calls for the subnational authorities to be involved in the second cycle of the Environmental Implementation Review;

46. calls on the European Commission to propose a comprehensive plan to improve the implementation of the EU Biodiversity Strategy to 2020 by providing strategic guidance for EU Member States, and notably by formally recognizing the crucial role of local and regional authorities; looks forward to continuing to work closely with the European Commission in the pro-active preparation of the post-2020 policy framework in view of the 2020COP 15 in Beijing. This will require firm commitments to not only halt the loss of, but also to restore biodiversity and ecosystems as well as an ambitious, inclusive biodiversity policy framework until 2030 that is capable of achieving the 2050 Vision of the CBD in the context of the SDGs;

47. calls on the Commission to better incorporate the principles of disaster resilience into all EU policies and funds in order to increase the capacity of the Member States and subnational authorities to prevent, prepare for, respond to and recover from both natural and man-made disasters; this could be done through a better understanding of risks, including introducing a uniform risk-analysis method and conducting targeted and increasingly accurate studies not just to grasp the vulnerabilities of particular areas but also to assess the economic damage — direct and indirect — an area can suffer when struck by an extreme natural event;

48. renews its call for an EU Roadmap for Cycling to address the growing demand for coordinated action at EU level;

Justice, security, fundamental rights and migration

49. reiterates its call for the Commission to support local and regional authorities in addressing the issue of radicalisation by issuing guidelines for local and regional governments for prevention strategies to counter radicalisation;

50. calls for strengthened procedures and mechanisms for the protection of democracy, the rule of law and fundamental rights, which could become part of a Union pact;

51. welcomes the proposed UN Compact for Migration and encourages all EU Member States to sign it on 10-11 December in Marrakesh and to ratify it; stresses that the Compact is an essential part of a comprehensive multi-lateral and multi-level approach to migration as advocated by the CoR;

52. underlines the fact that an effective and humane management of the EU's external borders and the development of a comprehensive migration policy and a common EU asylum system with common high standards are essential for all municipalities, cities and regions, especially those hosting refugees and those situated at borders particularly affected by migratory peaks;

53. asks the Commission to propose additional safe and accessible legal pathways for migration to the EU, such as humanitarian visas and private sponsorship programmes, and calls on the Member States to promptly agree on and implement a new EU Resettlement Framework that is ambitious as regards the terms of protection and the numbers of beneficiaries; also asks the Commission to encourage the Member States to show real solidarity towards the Member States most exposed to migration, in accordance with Article 80 TFEU and the principle enshrined therein of solidarity and fair sharing of responsibility, including its financial implications;

54. invites the Commission to further simplify and speed up the funding procedures and to facilitate direct access for regions and cities to the financial resources designed to address humanitarian crises and the integration of refugees; emergency aid could take the form of direct grants to local and regional authorities facing strong migration pressures, particularly those with responsibility for receiving and integrating unaccompanied migrant children. Also calls on the Commission to step up its efforts to facilitate the exchange of good practices between European local and regional authorities concerning the integration of migrants, and in particular to focus on medium-sized and small cities;

55. Similarly with the EU's support for the integration of refugees and third countries in humanitarian aid operations, urges the Commission to provide support for the integration of citizens with European nationality who are forced to leave the host countries due to political, economic or humanitarian crises, that would otherwise become completely unprotected, despite being EU citizens;

External policies

56. calls on the European Commission to fully take into consideration the input of local and regional authorities and the work of the CoR's Joint Consultative Committees and Working Groups, in particular its 2019 progress reports on the candidate and potential candidate countries, and reiterates its call for existing EU funding schemes, in particular TAIEX and Twinning, to be further adapted to the needs of local and regional stakeholders;

57. is supportive of a new European territorial cooperation programme that enables close cooperation between local and regional authorities in the Member States and in candidate, potential candidate and neighbouring countries; in this regard, calls on the Commission to support the EU's existing macro-regional strategies and to support the establishment of new ones; also encourages the Commission to support cross-border cooperation processes between regional and local authorities, including in the form of European groupings of territorial cooperation (EGTCs);

58. announces its intention to contribute to the strategic discussions on the future of the Eastern Partnership initiative on the occasion of its 10th anniversary in 2019, notably through CORLEAP, the CoR's Ukraine Task Force and EU-Ukraine peer-to-peer partnerships;

59. calls for the European Commission to take into account work carried out by the CoR in stabilising the Southern Neighbourhood through the Euro-Mediterranean Regional and Local Assembly (ARLEM) and, in particular, the Nicosia Initiative for Libyan municipalities, which is improving local public services in Libya and reconnecting these municipalities with the international community, by building on existing best practices and providing for suitable funding to support operational initiatives;

60. welcomes the Commission's intention to address online deliberate misinformation in both the EU and partner countries and expresses the CoR's readiness to support these efforts;
61. notes that the work of the executive group in the implementation of the EU-US joint statement of July 2018 seems mainly to target regulatory cooperation and calls for EU standards, notably high sanitary, food and environmental standards, to be upheld; stresses, in this regard, that the Commission has to ensure that prevailing labour standards and legal standards on product safety, on data, consumer, health and environmental protection, are not sidelined for the sake of fighting trade protectionism and achieving the suspension of US sanctions;
62. instructs its President to forward this resolution to the European Commission, the European Parliament, the Austrian, Romanian and Finnish Presidencies of the Council of the EU and the President of the European Council.

Brussels, 6 December 2018.

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

OPINIONS

COMMITTEE OF THE REGIONS

132ND COR PLENARY SESSION, 5.12.2018-6.12.2018

Opinion of the European Committee of the Regions on ‘Enlargement Package 2018’

(2019/C 86/02)

<p>Rapporteur: Franco IACOP (IT/PES), Regional Councillor of the Friuli Venezia Giulia Region</p> <p>Reference document: 2018 Communication on EU Enlargement Policy</p> <p>COM(2018) 450 final</p>

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Introductory comments

1. notes with interest the Commission's renewed commitment concerning EU enlargement, as clearly reflected not only in Communication COM(2018) 450 final under examination, but also the February 2018 strategic document on the Western Balkans (see CoR opinion 2018/00065) and the decision to move ahead rapidly with the legislative screening for Albania and the Former Yugoslav Republic of Macedonia following the Council's positive reaction towards taking a decision on opening negotiations in June 2019, on the basis of the European Commission's assessment report and provided the necessary progress has been made;
2. emphasises that the enlargement process must continue as an EU priority and agrees with the Commission that the rule of law, justice, fundamental rights and respect for and the protection of minorities must remain at the core of the process;
3. points out that it is crucial to involve regional and local authorities (LRAs) in the process, and urges the candidate countries (Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey) and potential candidates (Bosnia and Herzegovina, and Kosovo (*)) to step up their own administrative decentralisation strategies as part of an approach hinging on practical subsidiarity;
4. appreciates the fact that both the 2018 Council presidencies have included the Western Balkans among their priorities for their six-month terms, applauds the summit held in Sofia and hopes that the declaration signed on that occasion will soon be translated into practical initiatives;
5. regrets that reforms in the Western Balkans geared to EU accession have slowed down, and that this has been reflected in feelings of doubt and scepticism among people;
6. is disappointed that developments in Turkey, both before and since the June elections, have led to a continual erosion of respect for the values and principles underpinning the rule of law, and that as a result the prospects for EU accession are now diverging between the Western Balkans and Turkey;

(*) This designation is without prejudice to positions on the status of Kosovo, and is in line with UNSC Resolution 1244 (1999) and the ICJ Opinion on the Kosovo Declaration of Independence.

7. trusts that the renewed impetus that the Commission's new strategy may bring to bear on the Western Balkans (and indirectly on Turkey as well) will relaunch the entire process;
8. hopes that the new dynamics of European territorial cooperation laid down in the Commission's recent legislative proposals on cohesion (Interreg) and enlargement (IPA III) will be capable of fostering close cooperation between Member State and candidate and potential candidate country LRAs;
9. emphasises that compliance with the Copenhagen criteria in their broadest interpretation is, and must continue to be, the key factor for assessing candidate countries' readiness to become EU Member States;
10. is anxious to work with the other EU institutions to support the process of preparation and future accession of the candidate and potential candidate countries;
11. trusts that the new cooperation agreement between the CoR and the Council of Europe's Congress of Local and Regional Authorities, signed in Strasbourg on 27 March 2018, will boost cooperation between the two institutions, promote synergies and avoid duplication;
12. notes that the most effective forms of assistance that can be provided for public administrations include peer-to-peer exchange initiatives; also notes that many Member State LRAs have powers regarding the application of the *acquis* that could helpfully be shared with their counterparts in the candidate and potential candidate countries;
13. point out that, in countries wishing to join the EU, society as a whole must be actively involved in thorough-going reform of values. To this end, the role played by LRAs is crucial, as individuals look to them in their everyday lives;
14. emphasises that only LRAs can, by virtue of their direct relationship with the public, effectively communicate the advantages of joining the EU and the benefits and safeguards that the EU provides for all its people, including in candidate and potential candidate countries;
15. consequently regrets that the document encapsulating the enlargement package under examination makes no specific mention of the position of LRAs, only referring incidentally to the need to strike a proper balance between the central and local levels of government.

Hopes, suggestions and recommendations

16. hopes that governments in the Western Balkans will resume their movement towards the EU and will interpret the positive signals suggested by some major developments according to a realistic timescale; also hopes that people will voice their rejection of nationalism, radicalisation and inward-looking identity politics, and their support for the European ideal with renewed determination;
17. hopes that Turkey will drop its emergency measures approach and turn back to the path of approximation with the EU, abolishing measures that have undermined respect for the rule of law and fundamental rights and restoring a balance of democratic rights at all levels: central, regional and local;
18. urges all the candidate and potential candidate countries to press ahead determinedly with administrative reforms and actively work towards decentralisation targets that are both realistic and ambitious, making appropriate budget provision for LRAs;
19. points out that economic growth and an improved standard of living for the people of the candidate and potential candidate countries must be fostered, ensuring that the effects are felt at local level;
20. notes that cooperation with the European Border and Coast Guard Agency is required to manage migration flows; points out that the aid provided by the EU to the Western Balkans and Turkey to help them manage these flows must also reach the LRAs who are involved every day in reception and support work;
21. notes that no negotiating chapter concerns the decentralisation process or public administrations and governance reform, and consequently calls on the Commission to include these issues in all bilateral meetings concerning those *acquis* chapters to which administrative decentralisation is relevant and to make it clear to the candidate and potential candidate countries that LRAs must be actively brought into the accession preparation process;

22. calls on the Commission to put in place ad hoc operational methods so that the TAIEX and Twinning mechanisms can be used for cooperation between the LRAs of the Member States and of the candidate and potential candidate countries;
23. calls on the Commission to consider reactivating the Local Administration Facility and the Regional Training Programme that were used for previous enlargements;
24. urges the Commission to try bringing the Sigma programme to bear on candidate country LRAs in order to define models for the reform of local governance with a view to applying the *acquis*;
25. urges the Commission to implement cultural and sports initiatives which can, especially in ethnically-mixed areas, directly involve the entire local population, especially young people, facilitating integration and mutual recognition of identities;
26. calls on the Commission to monitor the behaviour of public representatives of the candidate and potential candidate countries of the Western Balkans with regard to gender equality and respect for ethnic and linguistic minorities and the LGBTI+ community. The European Union is a beacon of tolerance around the world and we believe that any future accession must entail solid political support for the democratic values associated with respect for people, in relation to defending freedom and equality;
27. calls on the Commission to step in and launch joint initiatives — reflecting, inter alia, the spirit of the Berlin Process — with organisations in touch with the situation of LRAs in the candidate and potential candidate countries and with whom the latter have previously implemented forms of cooperation, in particular NALAS (Network of Associations of Local Authorities of South East Europe), ALDA (European Association for Local Democracy), CEI (Central European Initiative) and RCC (Regional Cooperation Council);
28. lastly, repeats its urgent call to the Commission to devote more attention and space to an analysis of the situation regarding LRAs in its next progress reports on the enlargement process, assessing progress — or the lack of progress — with regard to administrative reform in the same way as is done concerning the central authorities.

Specific comments in respect of candidate and potential candidate countries

Montenegro

29. welcomes the significant results achieved by Montenegro in its Euro-Atlantic integration;
30. notes that considerable efforts are needed to strengthen the rule of law and the democratic institutions, working to return to full representativeness of all political forces represented in parliament;
31. is concerned at the situation regarding free speech, and in particular the numerous cases of intimidation and violence against journalists;
32. welcomes the adoption of new provisions to introduce merit-based recruitment criteria for both central and local administrations, and is pleased that almost all municipalities have adopted codes of conduct for their officials and for local elected representatives;
33. calls for the impact at local level of the new law on regional planning and construction, which changes the division of powers concerning land-use regulation, to be evaluated.

Serbia

34. welcomes the fact that, as for Montenegro, the Commission has set 2025 as a possible, albeit ambitious, date for EU accession;
35. emphasises that pursuing this objective will require extraordinary commitment and effort, particularly to strengthen the rule of law and normalise relations with Kosovo;
36. welcomes the appointment of a woman as head of government for the first time in the country's history, but notes that the law on gender equality has not yet been adopted by parliament, and that significant efforts are still required to improve the situation of Roma people, LGBTI people, people with disabilities and socially vulnerable groups;

37. acknowledges Serbia's commitment to managing migration flows crossing its territory;
38. emphasises that the fight against corruption remains one of the country's most important tasks, that the new law on the anti-corruption agency needs to be adopted as soon as possible, but that attention must also focus on preventing corruption at LRA level;
39. notes with concern that there are gaps in the LRAs' administrative capacity and that the human and financial resources allocated to them are not always commensurate with the functions to be carried out; on the other hand, welcomes the adoption in late 2017 of the law on LRA salaries;
40. calls on Serbia to implement the constitutional rules on the financing of the autonomous province of Voivodina, adopting the relevant legislative provisions as soon as possible; also calls on the government to respect the autonomy of local elected representatives, irrespective of their political loyalties;
41. points to the role that NGOs can also play at local level and hopes that criteria for access to public funding that ensure their effectiveness and transparency will be rapidly defined; hopes that freedom of expression will be consistently upheld and that the authorities will bring the full weight of the law to bear on threats and intimidation towards journalists.

Turkey

42. acknowledges that Turkey is an important EU partner, but must point out that the serious restrictions on individual freedoms, with detentions and arrests of tens of thousands of people and mass dismissals of public employees run counter to the values and principles on which the EU is founded, and in particular the Charter of Fundamental Rights;
43. indicates that the constitutional amendments aimed at introducing a presidential regime that have recently come into force have been criticised by the Venice Commission, especially with regard to the separation of powers; also notes that every candidate country is expected to respect the highest standards of democracy, the rule of law and fundamental freedoms, as well as to guarantee an independent and functioning judiciary;
44. is seriously concerned by the forcible removal from office and, in some cases, arrest of more than a hundred democratically-elected mayors, replaced from above by government appointees, and by the pressure put on the mayors of many other cities to resign from their posts;
45. hopes that the local elections to be held by March 2019 will be organised in full keeping with democratic principles and will provide an opportunity to restore the democratic representativeness of local authorities;
46. acknowledges Turkey's work to support displaced persons and refugees on its territory and highlights the EU's financial commitment to mitigate the cost of such work; hopes that a sufficient part of the funds allocated by the EU will be earmarked for those LRAs that are directly involved in managing displaced persons and refugees;
47. regrets that Turkey still refuses to comply with the provisions of the additional protocol to the association agreement with the EU and to recognise the Republic of Cyprus; encourages a fair, comprehensive and viable settlement of the Cyprus issue on the basis of relevant UN Security Council Resolutions and the EU *acquis* and calls on Turkey to commit and contribute to such a settlement; welcomes the progress achieved towards a mutually acceptable solution, as well as the efforts by the UN towards the resumption of negotiations;
48. calls on Turkey to commit itself unequivocally to maintain good neighbourly relations with all its neighbours; stresses the need to respect the right of all Member States to enter into bilateral agreements and to explore and exploit natural resources in accordance with the EU *acquis* and international law; stresses further the need to respect the sovereignty and sovereign rights of Member States over their EEZ, territorial waters and airspace;
49. calls on Turkey to begin withdrawing its forces from Cyprus and to transfer the sealed-off area of Famagusta to the UN in accordance with UNSC Resolution 550 (1984); stresses that such confidence-building measures would constitute a chance for economic, social and regional growth for both communities; notes that dialogue between civil society in local communities can foster the agreement;

50. points out that Turkey has been a candidate country since 1999 and that accession negotiations began in 2005; notes that in recent years the process of approximation to the EU has lost headway and serious reverses have occurred concerning respect for the rule of law and fundamental rights and freedoms; considers that it is now up to Turkey to assess whether and how it intends to continue on the course begun in 1987 with its request for accession.

Albania

51. welcomes the June 2018 Council Conclusions and urges Albania to step up its efforts in order to ensure a positive decision by the Council to open accession negotiations in June 2019;

52. underlines the requirement for the country to press ahead with strengthening the rule of law, particularly in the area of the five key priorities (reform of public administration, judiciary, fight against corruption, fight against organised crime, promotion of and respect for human rights, including those of persons belonging to minorities and property rights);

53. welcomes the process of re-evaluating judges and public prosecutors, which has already produced tangible results;

54. recognises that the political majority and opposition demonstrated that they were able to ensure the coordinated conduct of the 2017 elections, but highlights the weaknesses still identified by the OSCE; hopes that the appropriate changes will be made to the electoral law in time for the 2019 local elections;

55. appreciates the efforts made to reform the legislation governing LRAs, but regrets that they often fail to adopt merit-based recruitment methods and, more broadly, that the law on the civil service is not properly applied at local level;

56. in the area of fundamental rights, regrets the delay in appointing senior support staff for the new ombudsman, while blood-feuds and practices based on custom continue, together with unacceptable levels of domestic violence;

57. trusts that the country will continue on the path of reform in connection with the five key priorities, and tackle the future challenges when the screening process for the *acquis* gets under way with the greatest possible commitment.

Former Yugoslav Republic of Macedonia

58. welcomes the June 2018 Council Conclusions and urges the Former Yugoslav Republic of Macedonia to continue its efforts in order to ensure a positive decision by the Council to open accession negotiations in June 2019;

59. salutes the political courage of the new government in place following the Pržino agreement and the elections in late 2016, which has reached a compromise with Greece regarding the official name of the country; hopes that the necessary process of constitutional reform will be rapidly completed;

60. similarly welcomes the attitude of openness to dialogue with the other countries of the region, Bulgaria in particular;

61. hails the local elections held in October 2017 and the fact that they took place in a generally orderly fashion;

62. points out that the 2001 Ohrid framework agreement included a process of decentralisation that has still not been completed in the years since; therefore welcomes the decision to increase budget allocations to LRAs in order to ensure better supply of services to the public;

63. notes that, while inter-ethnic relations seem less tense than in the recent past, the relevant provisions of the Ohrid framework agreement need to be implemented in full;

64. trusts that the country will continue on the path of reforms geared to EU accession, and tackle the future challenges when the screening process for the *acquis* gets under way with the greatest possible commitment.

Bosnia and Herzegovina

65. is pleased that in February 2018 the country at last replied to the Commission's 'questionnaire';

66. notes however that overall, no significant progress has been seen in implementing the reforms needed to revive the country's development and its European prospects;

67. expresses regret and concern at political leaders' helplessness in reaching an agreement on a new electoral law before the holding of national elections and at the continuing deadlock on the long-standing issue of the municipality of Mostar;
68. points to the requirement to clarify the division of powers between entities, cantons and municipalities in order to defuse conflicts and foster cooperation;
69. acknowledges the country's efforts in combating terrorism and radicalisation, and urges it to carry on with preventing and countering them; points to the importance of involving local authorities in monitoring the situation and facilitating the reintegration of radicalised ex-combatants.

Kosovo

70. notes that, in spite of difficulties of an internal and external nature, the dialogue with Serbia facilitated by the EU is continuing at the technical and political level, but underlines the need for a more whole-hearted and determined commitment;
71. is pleased that the Commission considers that all the conditions for visa liberalisation have been met;
72. welcomes the fair local elections held in late 2017 and the appointment of more than 200 mayors across Kosovo;
73. notes that relations between political forces have sometimes taken an unacceptable shape and tone and urges all the parties to safeguard the key role of the democratic institutions and ensure that they function properly;
74. urges the authorities to act to put the stabilisation and association agreement into practice for the benefit of the public and the process of approximation with the EU.

Brussels, 6 December 2018.

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

Opinion of the European Committee of the Regions on ‘Taxation of the digital economy’

(2019/C 86/03)

Rapporteur:	Jean-Luc VANRAES (BE/ALDE), Member of Uccle Municipal Council
Reference documents:	Proposal for a Council Directive laying down rules relating to the corporate taxation of a significant digital presence
	COM(2018) 147 final
	Proposal for a Council Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services
	COM(2018) 148 final

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Council Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services

Amendment 1

Recital 9

Text proposed by the European Commission	CoR amendment
DST should be applied to revenues resulting from the provision of certain digital services only . The digital services should be ones that are largely reliant on user value creation where the difference between the place where the profits are taxed and the place where the users are established is typically greatest. It is the revenues obtained from the processing of user input that should be taxed, not the user participation in itself.	DST should be applied to revenue resulting from the provision of digital services that are largely reliant on user value creation, revenue-generating transmission of users’ data and on their ability to conduct activities and provide services remotely with no physical presence . In these cases , the difference between the place where the profits are taxed and the place where the users are established is typically greatest.

Reason

The restriction of the scope of application of DST to the processing of user input only is legally questionable.

Amendment 2

Recital 10

Text proposed by the European Commission	CoR amendment
<p>In particular, taxable revenues should be those resulting from the provision of the following services: (i) the placing on a digital interface of advertising targeted at users of that interface; (ii) the making available of multi-sided digital interfaces which allow users to find other users and to interact with them, and which may also facilitate the provision of underlying supplies of goods or services directly between users (sometimes referred to as 'intermediation' services); and (iii) the transmission of data collected about users and generated from such users' activities on digital interfaces. If no revenues are obtained from the supply of such services, there should be no DST liability. Other revenues obtained by the entity providing such services but not directly stemming from such supplies should also fall outside the scope of the tax.</p>	<p>In particular, taxable revenues should be those resulting from the provision of the following services: (i) the placing on a digital interface of advertising targeted at users of that interface; (ii) the making available of multi-sided digital interfaces which allow users to find other users and to interact with them, and which may also facilitate the provision of underlying supplies of goods or services directly between users (sometimes referred to as 'intermediation' services); and (iii) the revenue-generating transmission of data collected about users and generated from such users' activities on digital interfaces. If no revenues are obtained from the supply of such services, there should be no DST liability. Other revenues obtained by the entity providing such services but not directly stemming from such supplies should also fall outside the scope of the tax.</p>

Reason

The restriction of the scope of application of DST to the processing of user input only is legally questionable.

Amendment 3

Article 3(1)

Text proposed by the European Commission	CoR amendment
<p>Taxable revenues</p> <p>1. The revenues resulting from the provision of each of the following services by an entity shall qualify as 'taxable revenues' for the purposes of this Directive:</p> <p>(a) the placing on a digital interface of advertising targeted at users of that interface;</p> <p>(b) the making available to users of a multi-sided digital interface which allows users to find other users and to interact with them, and which may also facilitate the provision of underlying supplies of goods or services directly between users;</p> <p>(c) the transmission of data collected about users and generated from users' activities on digital interfaces.</p>	<p>Taxable revenues</p> <p>1. The revenues resulting from the provision of each of the following services by an entity shall qualify as 'taxable revenues' for the purposes of this Directive:</p> <p>(a) the placing on a digital interface of advertising targeted at users of that interface;</p> <p>(b) the making available to users of a multi-sided digital interface which allows users to find other users and to interact with them, and which may also facilitate the provision of underlying supplies of goods or services directly between users;</p> <p>(c) the revenue-generating transmission of data collected about users and generated from users' activities on digital interfaces.</p>

Reason

Self-explanatory.

Amendment 4

Article 10(2)

Text proposed by the European Commission	CoR amendment
<p>Article 10</p> <p>Identification</p> <p>[...]</p> <p>2. The notification shall be made electronically by no later than 10 working days following the end of the first tax period for which the taxable person is liable to DST under this Directive ('the first chargeable period').</p>	<p>Article 10</p> <p>Identification</p> <p>[...]</p> <p>2. The notification shall be made electronically by the end of the first month following the end of the first tax period for which the taxable person is liable to DST under this Directive ('the first chargeable period').</p>

Reason

The deadline of 10 working days is too short.

Amendment 5

Article 11(1)

Text proposed by the European Commission	CoR amendment
<p>Article 11</p> <p>Identification number</p> <p>1. The Member State of identification shall allocate to the taxable person an individual identification number for the purposes of DST and shall notify the taxable person of that number by electronic means within 10 working days from the day on which the notification under Article 10 was received.</p>	<p>Article 11</p> <p>Identification number</p> <p>1. The Member State of identification shall allocate to the taxable person an individual identification number for the purposes of DST and shall notify the taxable person of that number by electronic means within 10 calendar days from the day on which the notification under Article 10 was received.</p>

Reason

Because of varying holidays in Member States and even regions it is preferable to refer to 'calendar days' instead of 'working days'. The same would apply to Articles 12(2), 14, 16(2), 20(1) and (3), 21(1), and 22(1).

Amendment 6

Article 12(2)

Text proposed by the European Commission	CoR amendment
<p>Article 12</p> <p>Deletion from the identification register</p> <p>[...]</p> <p>2. The Member State of identification shall delete the taxable person from the identification register at the end of the period of 60 working days following the end of the tax period during which the information referred to in paragraph 1 was notified.</p>	<p>Article 12</p> <p>Deletion from the identification register</p> <p>[...]</p> <p>2. The Member State of identification shall invalidate the taxable person's entry in the identification register at the end of the period of 60 calendar days following the end of the tax period during which the information referred to in paragraph 1 was notified.</p>

Reason

Tax accounts should not be deleted after 60 working days because of ongoing limitation periods and the need to preserve evidence. Regarding working days, see reason above.

Amendment 7

Add a new Article 26(2)

Text proposed by the European Commission	CoR amendment
	<p><i>This directive shall be repealed once the Council directive laying down rules relating to the corporate taxation of a significant digital presence is adopted and enters into force as of the transposition date of that directive.</i></p>

Reason

The digital services tax is intended as an interim measure and should not be permanent in nature. Otherwise companies risk being double taxed if the significant digital presence directive enters into force without the digital services tax being repealed.

Proposal for a Council Directive laying down rules relating to the corporate taxation of a significant digital presence

Amendment 8

Article 4(3)

Text proposed by the European Commission	CoR amendment
Article 4	Article 4
Significant digital presence	Significant digital presence
[...]	[...]
<p>3. A 'significant digital presence' shall be considered to exist in a Member State in a tax period if the business carried on through it consists wholly or partly of the supply of digital services through a digital interface and one or more of the following conditions is met with respect to the supply of those services by the entity carrying on that business, taken together with the supply of any such services through a digital interface by each of that entity's associated enterprises in aggregate:</p>	<p>3. A 'significant digital presence' shall be considered to exist in a Member State in a tax period if the business carried on through it consists wholly or partly of the supply of digital services through a digital interface and at least two of the following conditions is met with respect to the supply of those services by the entity carrying on that business, taken together with the supply of any such services through a digital interface by each of that entity's associated enterprises in aggregate:</p>
<p>(a) the proportion of total revenues obtained in that tax period and resulting from the supply of those digital services to users located in that Member State in that tax period exceeds EUR 7 000 000;</p>	<p>(a) the proportion of total revenues obtained in that tax period and resulting from the supply of those digital services to users located in that Member State in that tax period exceeds EUR 10 000 000;</p>
<p>(b) the number of users of one or more of those digital services who are located in that Member State in that tax period exceeds 100 000;</p>	<p>(b) the number of users of one or more of those digital services who are located in that Member State in that tax period exceeds 100 000;</p>
<p>(c) the number of business contracts for the supply of any such digital service that are concluded in that tax period by users located in that Member State exceeds 3 000.</p>	<p>(c) the number of business contracts for the supply of any such digital service that are concluded in that tax period by users located in that Member State exceeds 3 000.</p>
[...]	[...]

Reason

The threshold of EUR 7 million for creating a permanent establishment, from which the new regime would apply, should be increased as such a low threshold could risk hampering digitalisation. Furthermore, there is a risk that in certain sectors, such as maintenance contracts, the threshold of 3 000 commercial contracts would be quickly exceeded. It would thus be better to consider that a significant digital presence exists when at least two of the stated conditions are fulfilled.

Amendment 9

Article 5(1)

Text proposed by the European Commission	CoR amendment
<p>Article 5</p> <p>Profits attributable to or in respect of the significant digital presence</p> <p>1. The profits that are attributable to or in respect of a significant digital presence in a Member State shall be taxable within the corporate tax framework of that Member State only.</p>	<p>Article 5</p> <p>Profits attributable to or in respect of the significant digital presence</p> <p>1. The profits that are attributable to or in respect of a significant digital presence in a Member State shall be taxable within the corporate tax framework of that Member State.</p>

Reason

The word 'only' needs to be deleted as otherwise it imposes the application of a credit system. Member States with a corporate tax imputation system would be forced to introduce a credit system.

Amendment 10

ANNEX II

Text proposed by the European Commission	CoR amendment
<p>List of services referred to in Article 3(5)(f):</p> <p>(a) website hosting and webpage hosting,</p> <p>(b) automated, online and distance maintenance of programmes,</p> <p>(c) remote systems administration,</p> <p>(d) online data warehousing where specific data is stored and retrieved electronically,</p> <p>(e) online supply of on-demand disc space,</p> <p>(f) accessing or downloading software (including procurement/accountancy programmes and anti-virus software) plus updates,</p> <p>(g) software to block banner adverts showing, otherwise known as Bannerblockers,</p> <p>(h) download drivers, such as software that interfaces computers with peripheral equipment (such as printers),</p>	<p>List of services referred to in Article 3(5)(f):</p> <p>(a) website hosting and webpage hosting,</p> <p>(b) automated, online and distance maintenance of programmes,</p> <p>(c) remote systems administration,</p> <p>(d) online data warehousing where specific data is stored and retrieved electronically,</p> <p>(e) online supply of on-demand disc space,</p> <p>(f) accessing or downloading software (including procurement/accountancy programmes and anti-virus software) plus updates,</p> <p>(g) software to block banner adverts showing, otherwise known as Bannerblockers,</p> <p>(h) download drivers, such as software that interfaces computers with peripheral equipment (such as printers),</p>

Text proposed by the European Commission	CoR amendment
(i) online automated installation of filters on websites,	(i) online automated installation of filters on websites,
(j) online automated installation of firewalls,	(j) online automated installation of firewalls,
(k) accessing or downloading desktop themes,	(k) accessing or downloading desktop themes,
(l) accessing or downloading photographic or pictorial images or screensavers,	(l) accessing or downloading photographic or pictorial images or screensavers,
(m) the digitised content of books and other electronic publications,	(m) weblogs and website statistics,
(n) subscription to online newspapers and journals,	(n) online information generated automatically by software from specific data input by the customer, such as legal and financial data, (in particular such data as continually updated stock market data, in real time),
(o) weblogs and website statistics,	(o) the provision of advertising space including banner ads on a website/web page,
(p) online news, traffic information and weather reports,	(p) use of search engines and internet directories,
(q) online information generated automatically by software from specific data input by the customer, such as legal and financial data, (in particular such data as continually updated stock market data, in real time),	(q) accessing or downloading of music on to computers and mobile phones,
(r) the provision of advertising space including banner ads on a website/web page,	(r) accessing or downloading of jingles, excerpts, ringtones, or other sounds,
(s) use of search engines and internet directories,	(s) accessing or downloading of films,
(t) accessing or downloading of music on to computers and mobile phones,	(t) downloading of games on to computers and mobile phones,
(u) accessing or downloading of jingles, excerpts, ringtones, or other sounds,	(u) accessing automated online games which are dependent on the internet, or other similar electronic networks, where players are geographically remote from one another,

Text proposed by the European Commission	CoR amendment
<p>(v) accessing or downloading of films,</p> <p>(w) downloading of games on to computers and mobile phones,</p> <p>(x) accessing automated online games which are dependent on the internet, or other similar electronic networks, where players are geographically remote from one another,</p> <p>(y) automated distance teaching dependent on the internet or similar electronic network to function and the supply of which requires limited or no human intervention, including virtual classrooms, except where the internet or similar electronic network is used as a tool simply for communication between the teacher and student,</p> <p>(z) workbooks completed by pupils online and marked automatically, without human intervention.</p>	<p>(v) automated distance teaching dependent on the internet or similar electronic network to function and the supply of which requires limited or no human intervention, including virtual classrooms, except where the internet or similar electronic network is used as a tool simply for communication between the teacher and student,</p> <p>(w) workbooks completed by pupils online and marked automatically, without human intervention.</p>

Reason

Digitised content of books and other electronic publications are not fundamentally different from the provision of paper content.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. stresses that in order to deliver its potential the digital single market needs a modern and stable tax framework that stimulates innovation, tackles market fragmentation and allows all players to tap into the market dynamics under fair and balanced conditions;

2. regrets that some companies, especially those that mainly operate in the digital economy, ultimately pay too little tax. It is important to have a level playing field in the area of corporate taxation, with all players contributing proportionately and fairly;

3. underlines that traditional companies, which are mostly SMEs, suffer from unfair tax competition. Because of this harmful tax competition, many of these businesses are struggling to survive;

4. considers that the existing tax systems are no longer suited to the current economic context of globalisation, mobility, digital technologies, new business models and complex business structures. The old principles which were fit for the 20th century are no longer suitable. Twenty-first century society needs new models. Leaving everything as it is not an option;
5. welcomes the Commission's submission of the digital tax initiatives, giving further momentum to international discussions by providing a clear example of how the current tax principles could be transformed. Individual initiatives taken by the Member States and regions threaten to seriously disrupt the single market;
6. acknowledges that taxes are rarely popular and new taxes even less so, but they are essential for sound public finances. Broadening the tax base by properly taxing digital services which are currently subject to little or no tax, would enable the respective authorities to apply reasonable nominal tax rates on labour and on economic activity, or even to reduce the tax bill, particularly for start-ups and small businesses;
7. believes that the solution must ultimately be a global one in order to better harness the benefits of globalisation, with proper global governance and global rules. The close cooperation between the Commission, the Member States and the OECD to support the development of an international solution should be welcomed;
8. welcomes the work achieved at OECD level, which has seen the publication on 16 March 2018 of an interim report on 'Tax challenges arising from digitalisation' involving 110 countries;
9. believes that pending a comprehensive solution at OECD level, which in all likelihood will unfortunately not be adopted and implemented in the short term, an interim solution at Commission level must be found. The thresholds proposed should not negatively impact micro-businesses or SMEs;
10. considers that there can be no question that every service that is paid for, be it digital or not, should be properly taxed. It will be important to determine an appropriate revenue ceiling above which tax can be imposed so that micro-businesses and SMEs are not negatively impacted. Another key factor will be to determine where companies that are operating in the digital economy are generating their revenue, bearing in mind the following key points: how to tax this revenue while avoiding double taxation, how to prevent this tax being avoided, and how should these internationally collected tax revenues be distributed fairly to benefit all Member States;

Digital services tax

11. asks for the scope of a digital services tax to be carefully defined. In order to be effective, the definitions should not open to interpretation. Simple, transparent and unambiguous tax systems are the most effective ones;
12. takes note that the Commission is proposing a digital services tax, which is not to be imposed on corporate profits but instead on turnover, and this could mean that even unprofitable companies would also be taxed. The CoR points out that this approach differs from the global corporate tax system, which is based on the taxation of profits. The fact is that many digital company business models are based on making losses in the start-up phase;
13. is concerned that such a shift in taxation could, however, benefit larger countries with many consumers, where the companies concerned can deduct their losses from their corporate income tax base, at the expense of smaller exporting economies. The CoR underlines that any solution to the taxation of digital business models has to lead to a fair and equal economic result for all economies in the EU;
14. regrets that there is no sunset clause or other mechanism ensuring that the interim tax measure is withdrawn when a longer-term solution is found;

Significant digital presence

15. points out that for digital companies that do not have a physical presence, the country of sales does not receive corporate profit taxes under current rules. It thus welcomes the approach of introducing a 'significant digital presence' as the starting point for calculating the tax base;
16. stresses that at present, corporate tax systems across the world are based on assessing the corporate profit attributable to each relevant jurisdiction. Taxation is based on where value is created. The CoR acknowledges that given the difficulties of telling where in the value chain profit emerges, there is a need to find universal principles for assessing where value is created;

17. highlights that other developments in the corporate tax area are in line with the results already achieved in BEPS (base erosion and profit shifting). One of the principles of BEPS is to allocate profits to countries in accordance with where value is created;

18. considers that the threshold of EUR 7 million for creating a permanent establishment, from which the new regime would apply, should be increased as such a low threshold could risk hampering digitisation;

Local and regional aspects

19. considers that despite the fact that it is not geared explicitly towards local and regional taxes, a digital services tax or a corporate income tax based on a significant digital presence could have an impact on the tax revenues of local and regional authorities. In some Member States, local or regional taxes are levied on the basis of the national tax base and/or local and regional authorities receive a share of the revenue from national corporate taxes;

20. urges Member States to share the digital services tax proportionally with the local and regional authorities in proportion to their share of corporate taxation in a country;

Impact of a digital services tax and other recent measures

21. regrets that the impact assessment is not sufficiently comprehensive. The Commission has not analysed what impact the interim measure will have on investments, start-ups, jobs and growth. Nor does the impact assessment show how the proposals will affect SMEs or local and regional authorities, and particularly their budgets;

22. therefore calls on the Commission to complete the impact assessment with an analysis of the possible impact of this interim measure in that regard. The revenue impact for smaller and larger Member States also needs to be analysed, as well as the effect stemming from the measures operating alongside BEPS implementation in various countries and the US tax reform.

Brussels, 6 December 2018.

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

Opinion of the European Committee of the Regions on ‘Action Plan: Financing Sustainable Growth’

(2019/C 86/04)

Rapporteur: Tilo GUNDLACK (DE/PES), Member of the Landtag of Mecklenburg-Western Pomerania**Reference(s):** Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions: Action Plan: Financing Sustainable Growth

COM(2018) 97 final

Proposal for a Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment

COM(2018) 353 final

Proposal for a Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341

COM(2018) 354 final

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 on low carbon benchmarks and positive carbon impact benchmarks

COM(2018) 355 final

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment

(COM(2018) 353 final)

Amendment 1

Recital 13

Text proposed by the European Commission	CoR amendment
<p>A Union classification of environmentally sustainable economic activities should enable the development of future Union policies, including Union-wide standards for environmentally sustainable financial products and eventually the establishment of labels that formally recognise compliance with those standards across the Union. Uniform legal requirements for considering investments as environmentally sustainable investments, based on uniform criteria for environmentally sustainable economic activities, are necessary as a reference for future Union legislation aiming at enabling those investments.</p>	<p>A Union classification of environmentally sustainable economic activities should enable the development of future Union policies, including Union-wide standards for environmentally sustainable financial products and eventually the establishment of labels that formally recognise compliance with those standards across the Union. Uniform legal requirements for considering investments as environmentally sustainable investments, based on uniform criteria for environmentally sustainable economic activities, are necessary as a reference for future Union legislation aiming at enabling those investments. <i>The uniform legal requirements should, with a view to due diligence requirements for investors and businesses as regards compliance with the sustainability criteria, also cover cross-border economic activities and their value chains; in so doing, efforts should be made to include them in existing OECD standards (OECD Guidelines for Multi-national Enterprises).</i></p>

Reason

The future EU-wide sustainability standards could be expanded to cover cross-border economic activities and become OECD standards. Thus offshore transactions could be covered which do not explicitly fall within the scope of EU regulations.

Amendment 2

Recital 35

Text proposed by the European Commission	CoR amendment
<p>The application of this Regulation should be reviewed regularly in order to assess the progress on the development of technical screening criteria for environmentally sustainable activities, the use of the definition of environmentally sustainable investment, and whether compliance with the obligations requires the establishment of a verification mechanism. The review should include also an assessment of whether the scope of this Regulation should be extended to cover social sustainability objectives.</p>	<p>The application of this Regulation will be reviewed regularly in order to assess the progress on the development of technical screening criteria for environmentally sustainable activities, the use of the definition of environmentally sustainable investment, and whether compliance with the obligations requires the establishment of a verification mechanism. The first review by 31 December 2021 will also include an assessment of the extent to which, and when, the scope of this Regulation could be extended to cover objectives relating to the social aspects of the Sustainable Development Goals meant to become the EU's new long-term development strategy.</p>

Reason

The amendment aims at ensuring consistency with the Review Clause set in article 17 of the Commission proposal

Amendment 3

Article 13

Text proposed by the European Commission	CoR amendment
<p>The minimum safeguards referred to in Article 3(c) shall be procedures implemented by the undertaking that is carrying out an economic activity to ensure that the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work, namely: the right not to be subjected to forced labour, the freedom of association, workers' right to organise, the right to collective bargaining, equal remuneration for men and women workers for work of equal value, non-discrimination in opportunity and treatment with respect to employment and occupation, as well as the right not to be subjected to child labour, are observed.</p>	<p>The minimum safeguards referred to in Article 3(c) shall be procedures implemented by the undertaking that is carrying out an economic activity to ensure that the principles and rights set out in the European Pillar of Social Rights and the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work, namely: the right not to be subjected to forced labour, the freedom of association, workers' right to organise, the right to collective bargaining, equal remuneration for men and women workers for work of equal value, non-discrimination in opportunity and treatment with respect to employment and occupation, as well as the right not to be subjected to child labour, are observed.</p>

Reason

Adjustment along the lines of Recital 21 of the Commission proposal.

Amendment 4

Article 14

Text proposed by the European Commission	CoR amendment
<p data-bbox="272 387 686 418"><i>Requirements for technical screening criteria</i></p> <p data-bbox="177 472 794 555">(1) The technical screening criteria adopted in accordance with Articles 6(2), 7(2), 8(2), 9(2), 10(2) and 11(2) shall:</p> <p data-bbox="177 611 794 723">(a) identify the most relevant potential contributions to the given environmental objective, considering not only the short-term but also the longer term impacts of a specific economic activity;</p> <p data-bbox="177 779 794 862">(b) specify the minimum requirements that need to be met to avoid significant harm to any of the relevant environmental objectives;</p> <p data-bbox="177 918 794 974">(c) be qualitative or quantitative, or both, and contain thresholds where possible;</p> <p data-bbox="177 1030 794 1171">(d) where appropriate, build upon Union labelling and certification schemes, Union methodologies for assessing environmental footprint, and Union statistical classification systems, and take into account any relevant existing Union legislation;</p> <p data-bbox="177 1227 794 1310">(e) be based on conclusive scientific evidence and take into account, where relevant, the precautionary principle enshrined in article 191 TFEU;</p> <p data-bbox="177 1366 794 1478">(f) take into account the environmental impacts of the economic activity itself, as well as of the products and services provided by that economic activity, notably by considering their production, use and end-of-life;</p> <p data-bbox="177 1534 794 1590">(g) take into account the nature and the scale of the economic activity;</p> <p data-bbox="177 1646 794 1787">(h) take into account the potential impact on liquidity in the market, the risk of certain assets becoming stranded as a result of losing value due to the transition to a more sustainable economy, as well as the risk of creating inconsistent incentives;</p> <p data-bbox="177 1843 794 1984">(i) cover all relevant economic activities within a specific sector and ensure that those activities are treated equally if they contribute equally towards one or more environmental objectives, to avoid distorting competition in the market;</p> <p data-bbox="177 2040 794 2096">(j) be set as to facilitate the verification of compliance with those criteria whenever possible.</p>	<p data-bbox="906 387 1319 418"><i>Requirements for technical screening criteria</i></p> <p data-bbox="810 472 1425 555">(1) The technical screening criteria adopted in accordance with Articles 6(2), 7(2), 8(2), 9(2), 10(2) and 11(2) shall:</p> <p data-bbox="810 611 1425 723">(a) identify the most relevant potential contributions to the given environmental objective, considering not only the short-term but also the longer term impacts in terms of sustainability of a specific economic activity;</p> <p data-bbox="810 779 1425 862">(b) specify the minimum requirements that need to be met to avoid significant harm to any of the relevant environmental objectives;</p> <p data-bbox="810 918 1425 974">(c) be qualitative or quantitative, or both, and contain thresholds where possible;</p> <p data-bbox="810 1030 1425 1171">(d) where appropriate, build upon Union labelling and certification schemes, Union methodologies for assessing environmental footprint, and Union statistical classification systems, and take into account any relevant existing Union legislation;</p> <p data-bbox="810 1227 1425 1310">(e) be based on conclusive scientific evidence and take into account, where relevant, the precautionary principle enshrined in article 191 TFEU;</p> <p data-bbox="810 1366 1425 1478">(f) take into account the environmental impacts of the economic activity itself, as well as of the products and services provided by that economic activity, notably by considering their production, use and end-of-life;</p> <p data-bbox="810 1534 1425 1590">(g) take into account the nature and the scale of the economic activity;</p> <p data-bbox="810 1646 1425 1787">(h) cover all relevant economic activities within a specific sector and ensure that those activities are treated equally if they contribute equally towards one or more environmental objectives, to avoid distorting competition in the market;</p> <p data-bbox="810 1843 1425 1899">(i) be set as to facilitate the verification of compliance with those criteria whenever possible.</p>

Reason

- (i) The Commission proposal does not specify the type of impact it is looking at.
- (ii) Indent (h) should be deleted, as the concept of environmental sustainability does not relate to the idea of liquidity in the market.

Amendment 5

Article 15

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Platform on Sustainable Finance</i></p> <p>(1) The Commission shall establish a Platform on sustainable finance composed of:</p> <p>(a) representatives of:</p> <p style="padding-left: 20px;">(i) the European Environment Agency;</p> <p style="padding-left: 20px;">(ii) the European Supervisory Authorities;</p> <p style="padding-left: 20px;">(iii) the European Investment Bank and the European Investment Fund;</p> <p>(b) experts representing relevant private stakeholders;</p> <p>(c) experts appointed in a personal capacity, with proven knowledge and experience in the areas covered by this Regulation.</p>	<p style="text-align: center;"><i>Platform on Sustainable Finance</i></p> <p>(1) The Commission shall establish a Platform on sustainable finance composed of:</p> <p>(a) representatives of:</p> <p style="padding-left: 20px;">(i) the European Environment Agency;</p> <p style="padding-left: 20px;">(ii) the European Supervisory Authorities;</p> <p style="padding-left: 20px;">(iii) the European Investment Bank and the European Investment Fund;</p> <p style="padding-left: 20px;">(iv) <i>the Multi-stakeholder platform on the implementation of the Sustainable Development Goals in the EU;</i></p> <p>(b) experts representing relevant private stakeholders;</p> <p>(c) experts appointed in a personal capacity, with proven knowledge and experience in the areas covered by this Regulation.</p>

Amendment 6

Article 17(1)

Text proposed by the European Commission	CoR amendment
<p>By 31 December 2021, and subsequently every three years thereafter, the Commission shall publish a report on the application of this Regulation. That report shall evaluate the following:</p> <p>(a) the progress on the implementation of this Regulation with regard to the development of technical screening criteria for environmentally sustainable economic activities;</p>	<p>By 31 December 2021, and subsequently every three years thereafter, the Commission shall publish a report on the application of this Regulation. That report shall evaluate the following:</p> <p>(a) the progress on the implementation of this Regulation with regard to the development of technical screening criteria for environmentally sustainable economic activities;</p>

Text proposed by the European Commission	CoR amendment
<p>(b) the possible need to revise the criteria set out in this Regulation for considering an economic activity environmentally sustainable;</p> <p>(c) <i>the appropriateness of extending the scope of this Regulation to cover other sustainability objectives, in particular social objectives;</i></p> <p>(d) the use of the definition of environmentally sustainable investment in Union law, and at Member State level, including the appropriateness of setting up verification mechanism of compliance with the criteria set out in this Regulation.</p>	<p>(b) the possible need to revise the criteria set out in this Regulation for considering an economic activity environmentally sustainable;</p> <p>(c) the use of the definition of environmentally sustainable investment in Union law, and at Member State level, including the appropriateness of setting up verification mechanism of compliance with the criteria set out in this Regulation;</p> <p>(d) <i>By 31 December 2021, the Commission shall put forward a proposal for extending the scope of this Regulation to cover social objectives of the Sustainable Development Goals.</i></p>

Proposal for a Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341

(COM(2018) 354 final)

Amendment 7

New Recital after Recital 1

Text proposed by the European Commission	CoR amendment
	<p><i>Incorporating environmental, social and governance factors in the investment decision making process, can realise benefits beyond the financial markets. It is therefore key that financial market participants provide the necessary information to enable comparability of investments and informed investment decisions. Furthermore, to fulfil the obligations of due diligence concerning the sustainability impact and risks and to provide meaningful information to end-investors, financial market participants need reliable, comparable and harmonised disclosure of information by investee companies. This process can only succeed where legally agreed definitions are put in place.</i></p>

Amendment 8

Recital 4

Text proposed by the European Commission	CoR amendment
<p>To ensure a coherent application of this Regulation and that the disclosure obligations laid down in this Regulation are clearly and consistently applied by financial market participants, it is necessary to lay down a harmonised definition of ‘sustainable investments’.</p>	<p>To ensure a coherent application of this Regulation and that the disclosure obligations laid down in this Regulation are clearly and consistently applied by financial market participants, it is necessary to lay down a clear and harmonised definition of ‘sustainable investments’ and ‘sustainability risks’, avoiding any overlap in regulation where not in line with the principles of better regulation and proportionality. The definition of sustainable investments ensures a minimum level of consistency among financial products and services and also ensures that such investments have a positive net impact in terms of sustainability performance. Due to the multi-faceted nature of sustainability — in the sense of the three dimensions of environmental, social and governance sustainability — positive impacts in one dimension may not always be accompanied by positive impacts in another, but the net sustainability performance, as measured by harmonised sustainability indicators, must always be significantly positive. The definition of sustainability risks is required to ensure consistency in regulatory outcomes, but is also meant as an evolving and dynamic tool able to integrate emerging risks. The definition comprises the financial and non-financial impact of the non-consideration of environmental, social and governance risks. Sustainability performance is to be measured based on harmonised sustainability indicators to be established by the European Commission as a matter of urgency and taking use of existing European and international undertakings.</p>

Amendment 9

Article 2

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Definitions</i></p> <p>For the purposes of this Regulation the following definitions shall apply:</p> <p>(...)</p> <p>(s) ‘insurance advice’ means an advice as defined in Article 2 (1)(15) of Directive (EU) 2016/97.</p>	<p style="text-align: center;"><i>Definitions</i></p> <p>For the purposes of this Regulation the following definitions shall apply:</p> <p>(...)</p> <p>(s) ‘insurance advice’ means an advice as defined in Article 2 (1)(15) of Directive (EU) 2016/97;</p>

Text proposed by the European Commission	CoR amendment
	<p>(t) <i>'sustainability risks' mean financial or non-financial risks, material or likely to be materialised, linked to environmental, social and governance risks and factors, where material for a particular investment approach; 'sustainability risks' comprise:</i></p> <p>(i) <i>short-term and/or long-term risks to the return of a financial or pension product that arise from its exposure to economic activities that can have adverse environmental or social impact, or from the product's exposure to investee entities that exhibit poor governance;</i></p> <p>(ii) <i>the short-term and/or long-term risk that the economic activities to which a financial or pension product is exposed have negative impacts on the natural environment, on workforces and communities, or on the governance of investee entities, including but not limited to when linked to financial risk referred to in point (i).</i></p>

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. is of the opinion that sustainable⁽¹⁾ finance helps ensure that environmental considerations (climate change, environmental degradation, loss of biodiversity and resource depletion) are taken into consideration in investment decisions alongside social considerations (e.g. bad working conditions) and aspects of corporate management (known as governance factors);
2. strengthens its commitment to addressing climate change and promoting sustainable development along the lines of the UN's 2030 Agenda adopted in 2015, with its 17 Sustainable Development Goals (SDGs);
3. believes that consideration should be given to synthetic development indicators in Europe covering a sufficient range of development-related aspects, including sustainability. The Regional Social Progress Index that the European Commission's Directorate-General for Regional and Urban Policy is already implementing for all EU regions could be used as a starting point;
4. emphasises its belief that enormous amounts of investment are necessary to deal with the challenges of climate change and sustainable development, and that these cannot be covered by public resources alone⁽²⁾;
5. is aware that climate change compounds problems with insufficient bank capitalisation and financial market stability and gives rise to additional physical and transitional risks for the financial sector;
6. warmly welcomes, therefore, the Commission's 8 March 2018 'Action Plan: Financing Sustainable Growth', and shares its stated objectives and its willingness to enable the financial sector and private investors to fully play their part in achieving the ambitious and common climate and sustainability objectives;

⁽¹⁾ According to the Brundtland Commission, 'sustainability' can be defined as development that 'meets the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainability in the context of growth in the European Union is the overall guiding principle linking ecology, economics and social responsibility.

⁽²⁾ CoR opinion on Climate finance: an essential tool for the implementation of the Paris Agreement, COR-2017-02108.

7. calls on the Commission, when it checks whether risks relating to climate and other environmental factors can be included in institutions' risk management strategies and the potential fine tuning of banks' capital requirements as part of the Capital Requirements Regulation and the Capital Requirements Directive, to ensure that — taking account of objectively assessed criteria — capital requirements are not set at a lower level if the environmental or social responsibility sustainability risk is low, but the economic risk is high;

8. calls on the Commission to clarify how a balance can be struck between the partly conflicting aims of the Action Plan with simultaneous preservation of financial stability; points out that the promotion of sustainable finance should not be to the detriment of stability on the financial market;

9. believes that this Action Plan and its implementation should be seen in the context of the UN Sustainable Development Goals, which were set by the United Nations in 2015 with a view to 2030, and of the EU's stated willingness to pursue these goals;

10. points out, in this regard, that the CoR plays an active role in the high-level multi-stakeholder platform which provides support and advice to the Commission on how best to deliver on the SDGs in the EU, and that the platform recommendations clarify the importance of mobilising appropriate financing means to achieve the SDGs, and make concrete suggestions to that end;

11. is concerned about the effects of climate change within the EU and worldwide, and points out that local and regional authorities (LRAs) often have primary responsibility for mitigating damage caused by increasingly extreme natural phenomena and for investing in adjustment measures⁽³⁾;

12. stresses that the consequences⁽⁴⁾ of climate-related natural disasters are immediately felt in LRAs and that the latter also benefit from securing the long-term competitiveness of the EU economy and from new, more sustainable investment and job opportunities;

13. underlines that LRAs are responsible for a large part of investment in infrastructure for transport, telecommunication, energy, water and waste management, which are critical enablers of sustainable development more broadly; in view of this stresses that the LRAs are playing a key role in building resilience to increasingly common climate-related adverse natural events;

14. endorses the Commission's approach — as part of the Investment Plan for Europe — of expanding technical and financial support for sustainable projects through the European Fund for Strategic Investments (EFSI) and the European Investment Advisory Hub, the EU portal for investment advice, whose strengthened advisory capacity on environmental and social matters will benefit the regional and local level; also welcomes the promotion in parallel of sustainable investments in partner countries through the European Fund for Sustainable Development (EFSD), beginning with Africa and EU neighbours, as part of implementation of the EU's External Investment Plan (EIP), under which support is given to, for example, sustainable agriculture, connectivity and the creation of decent jobs;

15. draws attention to the fact that there is a connection between the living and educational standards of Europeans and their awareness of the need for and opportunities of a sustainable financial system, as well as their ability to participate in it by making their own investments in sustainable financial products; In any case, Europeans need to be provided with better information about sustainable growth if they are to be more aware of its various aspects;

16. is of the view that implementation of the Action Plan should support a stronger focus of economic activities on long-term goals, taking account of the possible social repercussions of economic activity, within Europe and worldwide;

⁽³⁾ CoR opinion on Climate finance: an essential tool for the implementation of the Paris Agreement, COR-2017-02108.

⁽⁴⁾ According to the Action Plan, annual weather-related disasters rose by 46 % between 2007 and 2016, while economic losses rose by 86 % (to EUR 117 billion in 2016).

17. thus calls on the Commission to continue striving to limit the short-termism that is so common in financial markets; points out that this phenomenon has obvious and largely detrimental effects on the governance and strategies of businesses, not only large publicly-listed companies, but also smaller ones;

18. is in favour of the fact that this Action Plan was rapidly put into motion with the first three legislative proposals published on 24 May 2018: the Proposal for a Regulation on the establishment of a framework to facilitate sustainable investment, the Proposal for a Regulation on disclosures relating to sustainable investments and sustainability risks, and the Proposal for a Regulation on low carbon benchmarks and positive carbon impact benchmarks, as well as the launch of a public consultation on integrating sustainability into suitability tests;

19. points out that SMEs and family-owned enterprises have a more direct relationship with the environmental and social impact of their business and an inherently different attitude regarding its sustainability and governance aspects; notes, however, that they often face higher cost of capital and more difficulties in accessing the financial markets;

20. calls on the Commission to present proposals aiming to implement the other objectives of the Action Plan as soon as possible;

21. deplores that the Commission, in its Action Plan — where it states that such support could be provided under the single investment fund in the new multiannual financial framework (MFF) — did not take up the High-Level Expert Group's recommendation regarding the creation of 'Sustainable Infrastructure Europe', an organisation which would serve to support the development of sustainable infrastructure projects across all Member States, and which would be particularly useful for LRAs;

22. highlights that some LRAs are themselves issuers of sustainable financial products such as municipal or regional green bonds, social bonds and sustainable bonds. It is important to support such initiatives, both by developing common practices for bonds and by improving issuers' financial stability through cooperation, for example using joint guarantees and the like;

23. points to the example of the Basque Country's recent launch of its 'Sustainability Bond Framework' ⁽⁵⁾, under which the proceeds from the sale of bonds can be used to finance affordable housing, access to education and healthcare, renewable energy projects, pollution prevention and many other types of sustainable investments in a variety of sectors which are defined by the framework. Another good example is the Nordic public sector issuers of green bonds, which in 2017 published a joint reporting framework that was positively received by the market ⁽⁶⁾;

24. highlights its support for the introduction in the EU of a broad-based financial transaction tax (FTT) ⁽⁷⁾; highlights that such a tax would, if correctly designed, help foster long-termism in the financial markets;

25. underlines that an FTT would — aside from its other merits — present an opportunity to reorient capital flows towards sustainable investments; this would be achieved by exempting transactions concerning the most sustainable investments — as defined thanks to the EU framework for facilitating sustainable investment — from the transaction tax or subjecting such transactions to a lower rate;

26. welcomes the fact that, in the context of the new MFF, the Commission's 6 June 2018 proposal on the InvestEU Programme also aims to contribute to building a sustainable financial system in the EU, and to support the reorientation of private capital towards sustainable investments, with approximately 30 % of the proposed InvestEU budgetary guarantee of EUR 38 billion to be allocated to sustainable infrastructure;

⁽⁵⁾ http://www.euskadi.eus/contenidos/informacion/7071/es_2333/Basque%20Government%20Sustainability%20Bond%20Framework_2018.pdf

⁽⁶⁾ Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting; <https://www.munifin.fi/recents/news/2017/10/24/nordic-issuers-release-guide-on-green-bonds-impact-reporting>

⁽⁷⁾ See February 2012 CoR opinion on A common system of financial transaction tax. CdR 332/2011 fin, (OJ C 113, 18.4.2012, p. 7).

27. also welcomes the fact that the Commission proposal states that the contribution of InvestEU to the achievement of the EU's climate objectives will be subject to sustainability proofing in accordance with investment guidelines that should be developed by the Commission in cooperation with implementing partners under the InvestEU Programme and use the criteria to be established by the proposed Regulation on the establishment of a framework to facilitate sustainable investment;

28. since SMEs experience the greatest difficulty in putting their businesses on a more sustainable footing, considers that the SMEs policy window of the InvestEU programme should contain strong incentives to support this transformation;

29. highlights that beyond the financial markets, sustainable development requires the right incentives to be in place across the spectrum of economic activity; reiterates that an efficient greenhouse gas emission allowances market, regulated by the European Emissions Trading System (ETS), could play a key role in putting in place the right incentives in order to tackle climate change, if implemented together with an ambitious energy efficiency and renewable energy policy; regrets, therefore, the disappointing results of the ETS in its current form, where prices for emission allowances are still too low; highlights its demand that a minimum percentage of ETS auction revenues be managed directly by LRAs and invested in improving local resilience ⁽⁸⁾;

30. encourages, furthermore, the EU institutions, Member States and LRAs to wholeheartedly embrace sustainable development, and to ensure that the EU becomes the global leader in this area, exploiting to the full opportunities for innovation and development arising from the gradual transition towards a new economic and financial model;

Commission Proposal for a Regulation on the establishment of a framework to facilitate sustainable investment

31. welcomes the Commission's proposal for a Regulation establishing a framework to facilitate sustainable investment, which would enable the development of a harmonised EU-level framework to assess sustainability, and which is a precondition for reaching several of the Commission's concrete objectives outlined in its Action Plan. Building on the proposed Regulation, the CoR encourages the Commission to work on the development of an EU 'Ecolabel' for sustainable financial products;

32. welcomes the Commission's intention, as stated in its Action Plan, to come forward with proposals for an 'EU Green Bond' in 2019, on the basis of the criteria established by the 'framework regulation', since such a standard would raise awareness and increase investor confidence, thus helping to create a deep and liquid market for sustainable financial assets;

33. deplores, however, the one-sided focus on environmental elements of sustainability in the Commission's Action Plan, and specifically in the 'framework proposal'; insists that social concerns are as integral to sustainability as environmental ones, and that governance issues are also highly relevant, especially in the particular context of investment;

34. would recommend swift implementation, and therefore calls on the Commission, as soon as possible, and at the latest in the first report on the application of the Regulation on a framework to facilitate sustainable investment, to present when and how it will propose extending the scope of this Regulation to include definitions and criteria allowing investors to establish whether an economic activity is sustainable in accordance with all objectives of the Sustainable Development Goals;

35. calls on the Commission also to report on what it has done to turn its approach to the sustainability-oriented management of the financial system into OECD standards;

36. calls for the introduction of legally binding due diligence requirements for investors and businesses as regards respect for human rights, which should also apply to the activities of foreign business groupings and their value chains;

⁽⁸⁾ CoR opinion on Climate finance: an essential tool for the implementation of the Paris Agreement, COR-2017-02108.

37. shares the Commission's view (set out in Recital 36) that there is European added value in introducing a standard EU classification system at EU level for the criteria for determining what constitutes a sustainable activity for investment purposes, thus meeting the EU's environmental and climate policy requirements and goals and avoiding costly market fragmentation. The proposed Regulation thus complies with the requirements of the subsidiarity principle under Article 5 TEU;

38. notes that the proposal for a Regulation is compatible with the proportionality principle;

Proposal on disclosures relating to sustainable investments and sustainability risks

39. views respect for the principle of proportionality in setting a regulatory framework — that is focused on sustainability goals — for transparency and disclosure provisions, when taking into account the interests of credit institutions that are of particular importance for local firms and LRAs, to be extremely important for small and medium-sized institutions, such as savings banks and cooperative banks, and stresses that this should be taken into consideration;

40. sees that the subsidiarity and proportionality principles are safeguarded in the proposal;

Low carbon benchmarks and positive carbon impact benchmarks

41. deems that the proposal complies with the subsidiarity and proportionality principles.

Brussels, 5 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions on 'Models of local energy ownership and the role of local energy communities in energy transition in Europe'

(2019/C 86/05)

Rapporteur: Mariana GÂJU (RO/PES), mayor of Cumpăna in the county of Constanța

Reference document: Letter of referral from the Austrian presidency

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Key findings

1. recognises that the energy sector plays a pivotal role in economic and social development, and that quality of life, economic growth and the competitiveness of the national economy require affordable energy that has a minimal impact on the environment;
2. reiterates that energy is important for the economy of local communities, because it is factored into the production costs of local industry and services and is reflected in households' purchasing power as the provision of energy covers basic needs such as heating, hot water, air conditioning, the preparation and conservation of food, and access to information;
3. points out that community initiatives based on local collaborative solutions can be set up by individuals or groups of individuals, small businesses, local authorities or households, acting on their own initiative or as part of a coordinated group; local energy communities can shoulder an important role in the energy transition and spur on the development of sustainable energy technologies, for the benefit of local communities and the European Union as a whole;
4. would point out that the regional and administrative entities can only assume (even partial) control of energy systems through re-municipalisation, decentralisation of services or participatory governance in the form of partnerships or energy cooperatives which prove their value by promoting public initiatives in the field of energy;
5. notes that there are many possible organisational structures for community energy initiatives, such as partnerships with local authorities (including public-private partnerships, or PPPs), cooperatives, community foundations, limited liability companies, non-profit customer-owned enterprises, housing associations or municipal ownership;
6. points out that local energy communities can be an efficient way of managing energy at community level, by generating, distributing and consuming electricity or centralised heating and cooling, whether or not they are connected to local distribution networks;
7. considers that energy communities can offer leverage for involving individuals in the energy transition and, thereby, in the sustainable economy, and promote the roll-out of sustainable energy technologies which will be beneficial for local communities and take ownership of their carbon footprint;
8. would point out once again that local energy ownership is part of a political commitment to the energy transition, with a system of policies dedicated to developing renewable energy sources at every tier of governance;

9. welcomes that a regulatory framework to govern the establishment and operation of local energy communities, along with their access to the energy market is being put into operation at EU level; recalls, that it is important to ensure that clear definitions and rules provide certainty to ensure that LECs can play a positive role in a just energy transition and calls on the Member States to exploit their full potential. This includes the need for them to have access to financial instruments and/or partnership schemes in order to mitigate the risks accompanying investments in LECs, as well as correcting any negative bias against them;

10. points out that energy cooperatives (a community initiative, which is a form of organisational structure), an ownership model which is unique both economically and legally, aim to secure advantages at local level. Such cooperatives can provide energy services, such as generating energy from their own or acquired renewable sources for their own use or for sale, owning and operating storage systems, micro-grids and distribution infrastructure, and implementing energy efficiency measures;

11. considers that energy cooperatives can contribute to the decentralisation, opening up and democratization of energy systems and thus can have a positive impact on sustainable local economic and social development, and can thus also contribute to tackling energy poverty and promote job creation within the community;

12. points out that the development of renewable energy sources is encouraged by support schemes geared to the local and regional level in most Member States. Some countries allow priority access for renewable energy, while others guarantee access under reasonable conditions. There are also a number of other ways of supporting and simplifying administrative permit procedures for smaller renewable energy plants, albeit within the framework of regional and national programming;

13. recommends streamlining the various national support schemes as far as necessary at European level in order to ensure that they can contribute to reaching the Sustainable Development goals, the Paris Agreement targets and the objectives of the European energy Union;

14. recognises that a better policy is needed to optimise the efficient use of biomass, thereby reducing greenhouse gas emissions; recommends promoting optimal use of biomass waste from all economic and social sectors to generate energy in the medium and long term;

15. recommends that the policy framework for converting energy infrastructure needs to keep evolving, along and in dialogue with the legislative framework, in order to extend connections at local, regional and cross-border level, greater energy storage capacity and smart networks able to manage the demand for energy in a system weighted towards renewable energy;

Conclusions and recommendations

16. calls for more stable policies on renewable energy and the energy transition, with guaranteed financial support mechanisms for renewable energy, so that local energy ownership can be placed on a more secure footing;

17. calls for a closer coordination between the EU's and the Member States' regional and energy policies in order to harness the substantial benefits for sustainable regional development that can be gained from the renewable energy transition including decentralisation of the energy systems, and the reduction of dependency on (mostly imported) fossil fuels;

18. calls for non-discriminatory rules on market access for local energy communities, for local energy communities to be promoted by means of policies and legislation recognising their role and specific needs, for policies and rules promoting local and regional cooperation, for the adoption of simplified and proportionate regulatory and administrative procedures, and for ready access to technical and economic information, guidance and finance;

19. calls on the Member States to propose and implement various shared forms of local energy ownership, as local energy communities in a number of Member States face a number of challenges in terms of operational matters and securing advantages at local level. These challenges include inconsistent and atypical rules as the market develops, incomplete national strategies and programmes supporting local or regional energy communities, and a complex administrative and regulatory framework for new energy market participants;

A. Recommendations for EU-level policy makers

20. recognises that European legislation must establish a level playing field and minimum requirements for the promotion of local energy communities, so that the EU can lead by example;

21. recommends that EU policy instruments and national legislation transposing or complementing EU legislation should have a beneficial effect on the development of local energy communities, including energy cooperatives;

22. recommends that the definitions of 'renewable energy community' and 'local energy community', or of other functional concepts such as municipal energy companies, cooperatives, associations, etc., be transposed in a constructive and effective way at Member State level, so that these organisations have access to the energy market and their needs are properly recognised (for instance, some of them may need support and additional incentives);

Maintaining a stable policy environment for the promotion of renewable energy

23. notes that local energy communities are often involved in generating, supplying, distributing and using renewable energy;

24. recognises that local energy communities systematically operate on the basis of public support mechanisms for renewable energy to finance their operations and manage risk, although EU policy makers have announced a shift away from non-premium based and market-independent support mechanisms (such as fixed tariffs);

25. recognises that the shift towards support schemes and bidding processes could reduce the financial resources available to local energy communities or even exclude them from the market by introducing complicated requirements in the bidding processes;

26. is in favour of the establishment of specific support mechanisms remaining in the hands of the Member States, and considers that EU legislation and policies should certainly not curb support for renewable energy in Member States through market-based and market-independent financial mechanisms;

Establishing energy market rules to support the energy transition throughout the entire system

27. calls for retail electricity markets to become more dynamic and competitive and underlines that in order for energy consumers to reap the benefits of energy market deregulation, and for local energy communities to be able to contribute to a more diversified and flexible market, it is important to monitor the concentration levels of wholesale and retail electricity markets and check the economic and financial power and influence of different market players;

28. is pleased that as a result of the improvements to the current EU legislative framework brought about by the proposals in the new legislative package on clean energy, including the proposals on the new internal energy market directive, the role and involvement of local energy communities in the operation of the energy system as energy producers, distributors and consumers will be recognised. In addition, the rules will be extended to cover the full range of services provided by local energy communities, such as energy efficiency, storage, management of local distribution networks and network balancing;

29. recommends simplifying the rules and administrative procedures for small renewable energy producers and local energy communities, to ensure that explicit or implicit administrative burdens and costs do not discriminate against these market participants which are, as a rule, energy companies in their own right;

30. considers that the rules and regulations should not limit the possibilities for small renewable energy capacities or local energy communities to aggregate their production and supply energy in the same way as companies specialising in this area, including through the use of novel approaches such as virtual power plants;

Ensuring consistency and coherence between different policies

31. calls for the provisions in the various EU legislative documents to be consistent in their treatment and promotion of local energy communities, so as to integrate the definitions of 'local energy community' and 'renewable energy community';

B. Recommendations for national policy makers

32. strongly recommends that EU legislation be transposed swiftly and the common energy policy implemented, and that national policy makers define specific national objectives and incentives for local energy communities;

Acknowledging the role and specific needs of local energy communities in relevant national policies and legislation

33. recognises that the proposals set out in the legislative package on energy in general, and clean energy in particular, highlight measures to recognise the role played by local energy communities in the EU's energy transition, and points out that in this context, the Member States should adopt similar legislative provisions on local energy communities, but which take account of specific national requirements;

Establishing policies and rules that promote local energy communities and local collaboration

34. calls for national policy makers to establish accessible policies/rules to promote local energy communities; these rules could:

- a) ensure that small energy producers have guaranteed access to the energy market and dedicated infrastructure;
- b) promote at local level energy projects run by small local/regional producers;

35. stresses that rules can be defined about the potential benefits to ensure they remain within the local community and support the social and economic development of the community rather than the project shareholders;

36. recognises that national policies can incentivise the sustainability and environmental aspects of community energy projects by providing financial incentives (such as tax relief and investment aid) or reductions in energy charges. They can also provide additional incentives for projects that are self-sufficient or provide multiple services and benefits;

Adopting simplified and proportionate regulatory and administrative procedures for local energy communities

37. supports the requirements for setting up 'one-stop-shops' for permit procedures for projects as proposed in the new renewable energy directive; these are an appropriate basis upon which Member States can build solutions tailored to their national and local context;

Ensuring local energy communities have access to technical information, guidance and finance

38. recognises that the projects operated by a number of local energy communities and energy cooperatives used the financial options available to them, through public support systems, finance available through EU initiatives or commercial banks;

39. recommends that dedicated finance support schemes be set up for local energy communities, particularly during the planning and set-up phases (such as grant-to-loans, guarantees or cheap credit opportunities), with ready access to technical information and guidance about setting up, financing and operating community projects;

C. *Recommendations for LRAs*

Adopting local policies for the development of local energy communities

40. points out that LRAs can complement EU and national policies by adopting further objectives for the contribution of local energy communities to local energy targets. For instance, many cities are taking part in the Covenant of Mayors initiative where local sustainable energy and climate action plans have been established;

41. calls on LRAs to identify local or regional energy communities which can contribute to meeting local energy goals and social policy goals, and to identify mechanisms that support their development and advisory services, where this is necessary and can be achieved in a non-discriminatory manner;

Exploring the opportunities to partner with or establish local energy communities

42. considers that in order to strengthen the contribution of local energy communities to local policy goals, LRAs can partner with existing communities or establish new ones in cooperation with local people;

43. points out that LRAs and local energy communities are suitable partners as the authorities provide a framework for renewable energy projects, administrative support and preferential rates, while local energy communities provide technical expertise and economic and financial assistance during implementation;

44. considers that LRAs play a significant role in the energy transition by taking on responsibilities for local energy distribution networks and owning or managing them through subsidiary services and utility companies; LRAs have a key role to play in creating awareness among their citizens about the opportunities of becoming involved in the local energy sector and distributing relevant information.

Brussels, 6 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

132ND COR PLENARY SESSION, 5.12.2018-6.12.2018

Opinion of the European Committee of the Regions on the ‘Common Provisions Regulation’

(2019/C 86/06)

Co-rapporteurs:	Catiuscia MARINI (IT/PES), President of the Umbria Region Michael SCHNEIDER (DE/EPP), State Secretary, Representative of the Land of Saxony-Anhalt to the Federal Government
Reference document:	Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument COM(2018) 375 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

New recital after recital 3

Text proposed by the European Commission	CoR amendment
	<i>As regards the Common Agricultural Policy (CAP), strong synergies and links should be maintained between the European Agricultural Guarantee Fund (EAGF) and the second pillar (EAFRD) of the CAP. The EAFRD must not be withdrawn from this General Provisions Regulation to preserve the strong link between the EAFRD and the structures already in place in the Member States for the implementation of the structural funds.</i>

Reason

It will be important to maintain strong synergies between the EAGF and the EAFRD to allow the inclusion of the EAFRD under the CPR. That is why the EAFRD should stay part of the Common Provision Regulations, and this would require the respective changes in the following parts of the text, particularly in recitals 2 and 23 and in Articles 17, 31, 48 and 58.

Amendment 2

New recital after recital 4

Text proposed by the European Commission	CoR amendment
	<i>Particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps.</i>

Reason

A specific reference to regions with natural and demographic handicaps is needed to address the objectives of Art. 174 TFEU.

Amendment 3

Recital 5

Text proposed by the European Commission	CoR amendment
<p>Horizontal principles as set out in Article 3 of the Treaty on European Union ("TEU") and in Article 10 of the TFEU, including principles of subsidiarity and proportionality as set out in Article 5 of the TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. Member States should also respect the obligations of the UN Convention on the Rights of Persons with Disabilities and ensure accessibility in line with its article 9 and in accordance with the Union law harmonising accessibility requirements for products and services. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women <i>and integrating the gender perspective</i>, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Funds should not support actions that contribute to any form of segregation. The objectives of the Funds should be pursued in the framework of sustainable development and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Article 11 and Article 191(1) of the TFEU, taking into account the polluter pays principle. In order to protect the integrity of the internal market, operations benefitting undertakings shall comply with Union State aid rules as set out in Articles 107 and 108 of the TFEU.</p>	<p>Horizontal principles as set out in Article 3 of the Treaty on European Union ("TEU") and in Article 10 of the TFEU, including principles of subsidiarity and proportionality as set out in Article 5 of the TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. Member States should also respect the obligations of the UN Convention on the Rights of Persons with Disabilities and ensure accessibility in line with its article 9 and in accordance with the Union law harmonising accessibility requirements for products and services. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. <i>Gender responsive budgeting should be incorporated into all stages of the implementation of the relevant funds, from programming to reporting, also through gender relevant indicators and sex-disaggregated data collection.</i> The Funds should not support actions that contribute to any form of segregation. The objectives of the Funds should be pursued in the framework of sustainable development and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Article 11 and Article 191(1) of the TFEU, taking into account the polluter pays principle. In order to protect the integrity of the internal market, operations benefitting undertakings shall comply with Union State aid rules as set out in Articles 107 and 108 of the TFEU.</p>

Reason

It is important to assure that the funds take into account also the gender perspective ensuring equality in all areas touched by the funds and contributing to an inclusive society.

Amendment 4

Recital 10

Text proposed by the European Commission	CoR amendment
<p>Part of the budget of the Union allocated to the Funds should be implemented by the Commission under shared management with Member States within the meaning of Regulation (EU, Euratom) [number of the new Financial Regulation] of the European Parliament and of the Council (the 'Financial Regulation'). Therefore, when implementing the Funds under shared management, the Commission and the Member States should respect the principles referred to in the Financial Regulation, such as sound financial management, transparency and non-discrimination.</p>	<p>Part of the budget of the Union allocated to the Funds should be implemented by the Commission under shared management with Member States within the meaning of Regulation (EU, Euratom) [number of the new Financial Regulation] of the European Parliament and of the Council (the 'Financial Regulation'). Therefore, when implementing the Funds under shared management, the Commission and the Member States should respect the principles referred to in the Financial Regulation, such as sound financial management, transparency and non-discrimination. Member States at the appropriate territorial level, in accordance with their institutional, legal and financial framework and the bodies designated by them for that purpose, should be responsible for preparing and implementing programmes.</p>

Reason

The CPR should clearly express the need, while fully respecting the subsidiarity principle, to engage the appropriate territorial level to ensure the place-based approach.

Amendment 5

Recital 11

Text proposed by the European Commission	CoR amendment
<p>The principle of partnership is a key feature in the implementation of the Funds, building on the multi-level governance approach and ensuring the involvement of civil society and social partners. In order to provide continuity in the organisation of partnership, Commission Delegated Regulation (EU) No 240/2014 [13] should continue to apply.</p>	<p>The principle of partnership is a key feature in the implementation of the Funds, building on the multi-level governance approach and ensuring the involvement of local and regional authorities, civil society and social partners. It is a tool for stakeholder involvement and ownership and brings Europe closer to Europeans. In order to provide continuity in the organisation of partnership, Commission Delegated Regulation (EU) No 240/2014 [13] should continue to apply.</p>

Reason

Local and regional authorities must be mentioned explicitly in all the recitals and articles of the regulation laying down common provisions for the partnership principle and multilevel governance.

Amendment 6

Recital 12

Text proposed by the European Commission	CoR amendment
<p>At Union level, the European Semester of economic policy coordination is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of these reform priorities. These strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and Union funding. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the Funds, the European Investment Stabilisation Function and InvestEU.</p>	<p>At Union level, a reformed European Semester integrating multi-level governance and aligned with a new long-term EU strategy implementing the Sustainable Development Goals is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of these reform priorities. These strategies should be developed in cooperation between national, regional and local authorities and presented at the beginning and in view of the mid-term review of the programming period alongside the National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and Union funding. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the Funds, the European Investment Stabilisation Function and InvestEU.</p>

Reason

A reformed European Semester cycle at the beginning and in view of the mid-term review could be used to better align the semester cycle with the multiannual investment priorities of Cohesion Policy.

Amendment 7

Recital 13

Text proposed by the European Commission	CoR amendment
<p>Member States should determine how relevant country-specific recommendations adopted in accordance with Article 121(2) of the TFEU and relevant Council recommendations adopted in accordance with Article 148(4) of the TFEU ('CSR's) are taken into account in the preparation of programming documents. During the 2021-2027 programming period ('programming period'), Member States should regularly present to the monitoring committee and to the Commission the progress in implementing the programmes in support of the CSRs. During a mid-term review, Member States should, among other elements, consider the need for programme modifications to accommodate relevant CSRs adopted or modified since the start of the programming period.</p>	<p>Member States should determine how relevant country-specific recommendations adopted in accordance with Article 121(2) of the TFEU, which are relevant to the Funds' scope and missions, relevant Council recommendations adopted in accordance with Article 148(4) of the TFEU ('CSR's) and a full territorial assessment factoring in the regional dimension and the role of regional authorities in the implementation of the CSRs, are taken into account in the preparation of programming documents. During the 2021-2027 programming period ('programming period'), Member States should regularly present to the monitoring committee and to the Commission the progress in implementing the programmes in support of the CSRs which are relevant to the Funds' scope and missions. During a mid-term review, Member States should, among other elements, consider the need for programme modifications to accommodate relevant CSRs adopted or modified since the start of the programming period, in close cooperation with local and regional authorities.</p>

Reason

To boost the territorial dimension of the European Semester, which should include a full territorial assessment, factoring in the regional dimension and the role of regional authorities in the implementation of the country-specific recommendations.

Amendment 8

New recital after recital 19

Text proposed by the European Commission	CoR amendment
	<p><i>The combination of a shrinking share of the working population and an increasing proportion of retired people in the general population, as well as the problems associated with population changes, are expected to continue to place strains, inter alia, on education and social support structures and on economic competitiveness. Adapting to such demographic changes constitutes one of the core challenges that local and regional authorities are to face in the years to come, and as such should be given a particularly high level of consideration for the regions most affected by demographic change.</i></p>

Reason

The particular situation of areas with demographic change should be taken into account.

Amendment 9

Recital 40

Text proposed by the European Commission	CoR amendment
<p>In order to optimise the added value from investments funded wholly or in part through the budget of the Union, synergies should be sought in particular between the Funds and directly managed instruments, including the Reform Delivery Tool. Those synergies should be achieved through key mechanisms, namely the recognition of flat rates for eligible costs from Horizon Europe for a similar operation and the possibility of combining funding from different Union instruments in the same operation as long as double financing is avoided. This Regulation should therefore set out rules for complementary financing from the Funds.</p>	<p>In order to optimise the added value from investments funded wholly or in part through the budget of the Union, synergies should be sought in particular between the Funds and directly managed instruments by developing easy to use mechanisms, the promotion of multi-level governance solutions and strong policy coordination which will comply with the principle of subsidiarity. Those synergies should be achieved through key mechanisms, namely the recognition of flat rates for eligible costs from Horizon Europe for a similar operation and the possibility of combining funding from different Union instruments in the same operation as long as double financing is avoided. This Regulation should therefore set out rules for complementary financing from the Funds.</p>

Reason

The CoR has substantial doubts about the usefulness and justification of the Reform Delivery Tool.

Synergies with other EU programmes must be easy to use and be based on promoting MLG solutions and strong policy coordination.

Amendment 10

Recital 46

Text proposed by the European Commission	CoR amendment
<p>In order to hasten the start of programme implementation, the roll-over of implementation arrangements from the previous programming period should be facilitated. The use of the computerised system already established for the previous programming period, adapted as required, should be maintained, unless a new technology is necessary.</p>	<p>In order to hasten the start of programme implementation, the roll-over of implementation arrangements and further parts of the administrative and control system from the previous programming period should be facilitated. The use of the computerised system already established for the previous programming period, adapted as required, should be maintained, unless a new technology is necessary.</p>

Reason

The roll-over of implementation arrangements from the previous programming period should be extended to further areas of the administrative and control system.

Amendment 11

Recital 49

Text proposed by the European Commission	CoR amendment
<p>In order to optimise synergies between the Funds and directly managed instruments, the provision of support for operations that have already received a Seal of Excellence certification should be facilitated.</p>	<p>In order to optimise synergies between the Funds and directly managed instruments, dedicated action is needed to better combine the place-based approach of the ERDF, the EAFRD and the ESF+. Particularly the Seal of Excellence certification and the funding of relevant projects by ESIF should be facilitated in line with the priorities identified by the managing authorities and further developed to support innovation ecosystems and to allow a better link between R & D funding and smart specialisation strategies at national and regional level.</p>

Reason

The better alignment of EU instruments should not only be a one-way street. The Seal of Excellence to promote synergies with Horizon funding should also include a better link to innovation ecosystems in the implementation of the Horizon programme.

Amendment 12

Recital 61

Text proposed by the European Commission	CoR amendment
<p>Objective criteria should be established for designating eligible regions and areas for support from the Funds. To this end, the identification of the regions and areas at Union level should be based on the common system of classification of the regions established by Regulation (EC) No 1059/2003 of the European Parliament and the Council [1], as amended by Commission Regulation (EU) No 868/2014[2].</p> <p>[1] Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).</p> <p>[2] Commission Regulation (EU) No 868/2014 of 8 August 2014 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 241, 13.8.2014, p. 1).</p>	<p>Objective criteria should be established for designating eligible regions and areas for support from the Funds. To this end, the identification of the regions and areas at Union level should be based on the common system of classification of the regions established by Regulation (EC) No 1059/2003 of the European Parliament and the Council [1], as amended by the latest available list of NUTS II regions for which the necessary data can be provided by Eurostat.</p> <p>[1] Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).</p>

Reason

It is necessary to refer to the latest update of the NUTS list for which Eurostat can provide the necessary data at NUTS 2 level for three consecutive years.

Amendment 13

Recital 64

Text proposed by the European Commission	CoR amendment
<p>A certain amount of the resources from ERDF, the ESF+ and the Cohesion Fund should be allocated to the European Urban Initiative which should be implemented through direct or indirect management by the Commission.</p>	<p>A certain amount of the resources from ERDF, the ESF+ and the Cohesion Fund should be allocated to the European Urban Initiative to contribute to the further development of the Urban Agenda for the EU, which should be implemented through direct or indirect management by the Commission or through shared management.</p>

Reason

The new European Urban Initiative should also play a key role in further developing the Urban Agenda for the EU. Allowing for the shared management approach increases flexibility.

Amendment 14

Article 2(8)

Text proposed by the European Commission	CoR amendment
<p>'beneficiary' means:</p> <p>[...]</p> <p>(c) in the context of State aid schemes, the undertaking which receives the aid;</p>	<p>'beneficiary' means:</p> <p>[...]</p> <p>(c) in the context of State aid schemes, the body which receives the aid, except the cases where the Member State may decide that the beneficiary is the body granting the aid;</p>

Reason

Definition of beneficiary in the context of State aid schemes should base on definition currently in force due to Omnibus. This will cover re-granting model in OPs.

Amendment 15

Article 4(1)

Text proposed by the European Commission	CoR amendment
<p>The ERDF, the ESF+, the Cohesion Fund and the EMFF shall support the following policy objectives:</p> <p>(a) a smarter Europe by promoting innovative and smart economic transformation;</p> <p>(b) a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management;</p> <p>(c) a more connected Europe by enhancing mobility and regional ICT connectivity;</p> <p>(d) a more social Europe implementing the European Pillar of Social Rights;</p> <p>(e) a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives.</p>	<p>The ERDF, the ESF+, the Cohesion Fund and the EMFF shall support the following policy objectives:</p> <p>(a) Policy Objective 1 (PO 1) a smarter Europe by promoting innovative and smart economic transformation, for example by supporting SMEs and tourism;</p> <p>(b) Policy Objective 2 (PO 2) a greener, low-carbon Europe by promoting clean and fair energy transition and sustainable urban mobility, green and blue investment, the circular economy, climate adaptation and risk prevention and management;</p> <p>(c) Policy Objective 3 (PO 3) a more connected Europe by enhancing mobility and regional ICT connectivity;</p> <p>(d) Policy Objective 4 (PO 4) a more social Europe implementing the European Pillar of Social Rights;</p> <p>(e) Horizontal Policy Objective 5 (PO 5) a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives.</p>

Reason

A specific reference to SMEs and tourism is missing from the CPR. Furthermore PO 5 should be cross-cutting and thus used to deliver PO 1-4.

Amendment 16

Article 4(3)

Text proposed by the European Commission	CoR amendment
<p>Member States shall provide information on the support for environment and climate objectives using a methodology based on types of intervention for each of the Funds. That methodology shall consist of assigning a specific weighting to the support provided at a level which reflects the extent to which such support makes a contribution to environmental objectives and to climate objectives. In the case of the ERDF, the ESF+ and the Cohesion Fund weightings shall be attached to dimensions and codes for the types of intervention established in Annex I.</p>	<p>Member States shall provide information on the support for environment and climate objectives using a methodology based on types of intervention for each of the Funds. That methodology shall be based on the already existing EU environmental legislation and shall consist of assigning a specific weighting to the support provided at a level which reflects the extent to which such support makes a contribution to environmental objectives and to climate objectives. In the case of the ERDF, the EAFRD, the ESF+ and the Cohesion Fund weightings shall be attached to dimensions and codes for the types of intervention established in Annex I.</p>

Reason

The requirement to develop a methodology for taking into account environmental considerations in the preparation and implementation of Partnership Agreements and programme shall be based on existing EU environmental legislation.

Amendment 17

Article 4(4)

Text proposed by the European Commission	CoR amendment
<p>Member States and the Commission shall ensure the coordination, complementarity and coherence between the Funds and other Union instruments such as the Reform Support Programme, including the Reform Delivery Tool and the Technical Support Instrument. They shall optimise mechanisms for coordination between those responsible to avoid duplication during planning and implementation.</p>	<p>In accordance with their institutional, legal and financial framework, Member States as well as local and regional authorities and the Commission, on the basis of the principles of partnership in Art. 6, subsidiarity and multi-level governance, shall ensure the coordination, complementarity and coherence between the Funds, including the EAFRD, and other Union instruments such as the Reform Support Programme, including the Technical Support Instrument. They shall optimise mechanisms for coordination between those responsible to avoid duplication during planning and implementation.</p>

Reason

Given the absence of a Common Strategic Framework in the new CPR it is essential to ensure full participation of LRAs in the coordination of the funds.

Amendment 18

Article 6

Text proposed by the European Commission	CoR amendment
Each Member State shall organise a partnership with the competent regional and local authorities.	Each Member State shall, in accordance with its institutional and legal framework , organise a partnership with the competent regional and local authorities.
That partnership shall include at least the following partners:	That partnership shall include at least the following partners:
(a) urban and other public authorities;	(a) urban and other public authorities;
(b) economic and social partners;	(b) economic and social partners;
(c) relevant bodies representing civil society, environmental partners, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination.	(c) relevant bodies representing civil society, environmental partners, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination.
[...]	[...]
4. At least once a year, the Commission shall consult the organisations which represent the partners at Union level on the implementation of programmes.	4. At least once a year, the Commission shall consult the organisations which represent the partners at Union level on the implementation of programmes. The partners and stakeholders' recommendations shall be publicly available.
[...]	[...]

Reason

Regional parliaments and assemblies should also be included in line with established systems of multi-level governance.

Amendment 19

Article 6(3)

Text proposed by the European Commission	CoR amendment
The organisation and implementation of partnership shall be carried out in accordance with Commission Delegated Regulation (EU) No 240/2014[1].	The organisation and implementation of partnership shall be carried out in accordance with the Code of Conduct on Partnership and Multi-level Governance in the Commission Delegated Regulation (EU) No 240/2014[1], recognising local and regional authorities as full partners.
[1] Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds (OJ L 74, 14.3.2014, p. 1).	[1] Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds (OJ L 74, 14.3.2014, p. 1).

Reason

The Code of Conduct on Partnership is currently a delegated act to the existing CPR. To increase the visibility of the Code of Conduct, it should be added to the CPR as an annex. The legal act should be updated — regardless of the legal form! This would require the respective changes in the following parts of the text of the Common Provisions Regulation, particularly in recital 11 and in Articles 11 and 21.

Amendment 20

Article 8

Text proposed by the European Commission	CoR amendment
<p>The Partnership Agreement shall contain the following elements:</p> <p>[...]</p> <p>(iii) complementarities between the Funds and other Union instruments, including LIFE strategic integrated projects and strategic nature projects;</p> <p>[...]</p>	<p>The Partnership Agreement shall contain the following elements:</p> <p>[...]</p> <p>(iii) complementarities and synergies between the Funds and other Union instruments, particularly with the European Partnerships of the Horizon programme and the LIFE strategic integrated projects and strategic nature projects;</p> <p>[...]</p> <p>(h) where appropriate, an integrated approach to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps as referred to in Article 174 TFEU.</p> <p>[...]</p>

Reason

A close link with the European Partnership of the Horizon programme is essential to ensure better complementarities and synergies with the Cohesion Policy Funds. A specific reference to geographical areas which suffer severe and permanent natural or demographic handicaps is needed to comply with the Art. 174 requirements.

Amendment 21

Article 9(1)

Text proposed by the European Commission	CoR amendment
<p>The Commission shall assess the Partnership Agreement and its compliance with this Regulation and with the Fund-specific rules. In its assessment, the Commission shall, in particular, take into account relevant country-specific recommendations.</p>	<p>The Commission shall assess the Partnership Agreement and its compliance with this Regulation and with the Fund-specific rules. In its assessment, the Commission shall, in particular, take into account relevant country-specific recommendations when they had been explicitly included in the National Reform Programmes following negotiation with local and regional authorities under Article 6 of this Regulation.</p>

Reason

Country-specific recommendations are admissible when they have been developed on the basis of the partnership principle.

Amendment 22

Article 10(1)

Text proposed by the European Commission	CoR amendment
<p>Member States may allocate, in the Partnership Agreement or in the request for an amendment of a programme, the amount of ERDF, the ESF+, the Cohesion Fund and the EMFF to be contributed to InvestEU and delivered through budgetary guarantees. The amount to be contributed to InvestEU shall not exceed 5 % of the total allocation of each Fund, except in duly justified cases. Such contributions shall not constitute transfers of resources under Article 21.</p>	<p><i>In duly justified cases and in accordance with their institutional, legal and financial framework,</i> Member States may allocate, in the Partnership Agreement or in the request for an amendment of a programme, the amount of ERDF, the ESF+, the Cohesion Fund and the EMFF to be contributed to InvestEU and delivered through budgetary guarantees. The amount to be contributed to InvestEU shall not exceed 5 % of the total allocation of each Fund, except in duly justified cases, <i>without weakening the place-based approach of the funds.</i> Such contributions shall not constitute transfers of resources under Article 21.</p>

Reason

The voluntary transfer of resources to InvestEU should not weaken the place-based approach of the Cohesion Policy funds and established systems of multi-level governance.

Amendment 23

Article 11(1)

Text proposed by the European Commission	CoR amendment
<p>For each specific objective, prerequisite conditions for its effective and efficient implementation ('enabling conditions') are laid down in this Regulation.</p> <p>Annex III lays down horizontal enabling conditions applicable to all specific objectives and the criteria necessary for the assessment of their fulfilment.</p> <p>Annex IV lays down thematic enabling conditions for the ERDF, the Cohesion Fund and the ESF+ and the criteria necessary for the assessment of their fulfilment.</p>	<p>For each specific objective, prerequisite conditions for its effective and efficient implementation ('enabling conditions') are laid down in this Regulation.</p> <p><i>Enabling conditions shall apply only to the extent and provided that they contribute to the specific objectives pursued within the priorities of the programme and that they can be influenced by those in charge of the programmes.</i></p> <p><i>Taking account of the above,</i> Annex III lays down horizontal enabling conditions applicable to all specific objectives and the criteria necessary for the assessment of their fulfilment.</p> <p>Annex IV lays down thematic enabling conditions for the ERDF, the Cohesion Fund, <i>the EAFRD</i> and the ESF+ and the criteria necessary for the assessment of their fulfilment.</p>

Reason

Even though the rules for complying with *ex ante* conditionalities have been simplified, it is important to also highlight that the enabling conditions should be closely connected with the Treaty objectives of the Cohesion Policy Funds.

Amendment 24

Article 11(5)

Text proposed by the European Commission	CoR amendment
Expenditure related to operations linked to the specific objective cannot be included in payment applications until the Commission has informed the Member State of the fulfilment of the enabling condition pursuant to paragraph 4.	Expenditure related to operations linked to the specific objective can also be included in payment applications before the Commission has informed the Member State of the fulfilment of the enabling condition pursuant to paragraph 4, without prejudice to the suspension of the reimbursement until the condition is fulfilled.
[...]	[...]

Reason

Even though the rules for complying with *ex ante* conditionalities have been simplified, it is important to avoid delays in implementing programmes.

Amendment 25

Article 12(1)

Text proposed by the European Commission	CoR amendment
The Member State shall establish a performance framework which shall allow monitoring, reporting on and evaluating programme performance during its implementation, and contribute to measuring the overall performance of the Funds.	The Member State, in close cooperation with the relevant managing authority and by fully respecting the Code of Conduct on Partnership and Multi-level Governance , shall establish a performance framework which shall allow monitoring, reporting on and evaluating programme performance during its implementation, and contribute to measuring the overall performance of the Funds.
[...]	[...]

Reason

It is the managing authority, which is responsible for preparing of the programme, to establish the programme's performance framework.

Amendment 26

Article 14

Text proposed by the European Commission	CoR amendment
1. For programmes supported by the ERDF, the ESF+ and the Cohesion Fund, the Member State shall review each programme, taking into account the following elements:	1. For programmes supported by the ERDF, the ESF+, the EAFRD and the Cohesion Fund, the Member State shall carry out a mid-term review. The Member State and the territorial level in charge of the programme shall review each programme, taking into account the following elements:
(a) the challenges identified in relevant country-specific recommendations adopted in 2024;	(a) the challenges identified in relevant country-specific recommendations adopted in 2024;

Text proposed by the European Commission	CoR amendment
(b) the socioeconomic situation of the Member State or region concerned;	(b) the socioeconomic situation and needs of the Member State and/or region concerned;
(c) the progress in achieving the milestones;	(c) the progress in achieving the milestones;
(d) the outcome of the technical adjustment as set out in Article 104(2), where applicable.	(d) the outcome of the technical adjustment as set out in Article 104(2), where applicable.
2. The Member State shall submit to the Commission by 31 March 2025 a request for the amendment of each programme in accordance with Article 19(1). The Member State shall justify the amendment on the basis of the elements set out in paragraph 1.	2. The Member State shall submit to the Commission by 30 June 2025, where appropriate , a request for the amendment of each programme in accordance with Article 19(1). The Member State shall justify the amendment on the basis of the elements set out in paragraph 1.
The revised programme shall include:	The revised programme shall include:
(a) the allocations of the financial resources by priority including the amounts for the years 2026 and 2027;	(a) the revision of the allocations of the financial resources by priority, including the indicative amounts for the years 2026 and 2027;
(b) revised or new targets;	(b) revised or new targets;
(c) the revised allocations of the financial resources resulting from the technical adjustment set out in Article 104(2) including the amounts for the years 2025, 2026 and 2027, where applicable.	(c) the revised allocations of the financial resources resulting from the technical adjustment set out in Article 104(2) including the amounts for the years 2025, 2026 and 2027, where applicable.
3. Where as a result of the review a new programme is submitted, the financing plan under point (ii) of Article 17 (3)(f) shall cover the total financial appropriation for each of the Funds as of the year of the programme approval.	3. Where as a result of the review a new programme is submitted, the financing plan under point (ii) of Article 17 (3)(f) shall cover the total financial appropriation for each of the Funds as of the year of the programme approval.

Reason

The mid-term review should be based on the commitments made for the funds per Member State for the whole period to ensure predictability of the funds. The deadline for submitting the amendments is too early to ensure that the results of 2024 can be sufficiently taken into account. Furthermore a request for amending the programme shall only be made where this seems necessary.

Amendment 27

Article 15(1)

Text proposed by the European Commission	CoR amendment
<p>The Commission may request a Member State to review and propose amendments to relevant programmes, where this is necessary to support the implementation of relevant Council Recommendations.</p> <p>Such a request may be made for the following purposes:</p> <p>(a) to support the implementation of a relevant country-specific recommendation adopted in accordance with Article 121(2) TFEU and of a relevant Council recommendation adopted in accordance with Article 148(4) TFEU, addressed to the Member State concerned;</p> <p>(b) to support the implementation of relevant Council Recommendations addressed to the Member State concerned and adopted in accordance with Articles 7(2) or 8(2) of Regulation (EU) No 1176/2011^[1] of the European Parliament and of the Council provided that these amendments are deemed necessary to help correct the macroeconomic imbalances.</p> <p>^[1] Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).</p>	<p>The Commission may request a Member State to review and propose amendments to relevant programmes, where this is necessary to support the implementation of relevant Council Recommendations that are suitable for achieving the objectives of promoting economic, social and territorial cohesion.</p> <p>Such a request may be made for the purpose of supporting the implementation of a relevant country-specific recommendation adopted in accordance with Article 121(2) TFEU and of a relevant Council recommendation adopted in accordance with Article 148(4) TFEU, addressed to the Member State concerned.</p>

Reason

It must be ensured that amendments of programmes based on CSRs are suitable for achieving the Treaty objectives of economic, social and territorial cohesion. The CoR is against macroeconomic conditionalities for Cohesion Policy.

Amendment 28

Article 15(2)

Text proposed by the European Commission	CoR amendment
<p>A request by the Commission to a Member State in accordance with paragraph 1 shall be justified, with reference to the need to support the implementation of the relevant recommendations and shall indicate the programmes or priorities which it considers are concerned and the nature of the amendments expected.</p>	<p>A request by the Commission to a Member State in accordance with paragraph 1 shall be justified, with reference to the need to support the implementation of the relevant recommendations and shall indicate the programmes or priorities which it considers are concerned and the nature of the amendments expected. Such a request shall not be made before 2022 or after 2026, nor in relation to the same programmes in two consecutive years.</p>

Reason

The new CPR should also include a time limit for changes similar to the wording in the current CPR.

Amendment 29

Article 15(7)

Text proposed by the European Commission	CoR amendment
<p><i>The Commission shall make a proposal to the Council to suspend all or part of the commitments or payments for one or more of the programmes of a Member State in the following cases:</i></p> <ul style="list-style-type: none"> <i>(a) where the Council decides in accordance with Article 126(8) or Article 126(11) TFEU that a Member State has not taken effective action to correct its excessive deficit;</i> <i>(b) where the Council adopts two successive recommendations in the same imbalance procedure, in accordance with Article 8(3) of Regulation (EU) No 1176/2011 of the European Parliament and of the Council on the grounds that a Member State has submitted an insufficient corrective action plan;</i> <i>(c) where the Council adopts two successive decisions in the same imbalance procedure in accordance with Article 10(4) of Regulation (EU) No 1176/2011 establishing non-compliance by a Member State on the grounds that it has not taken the recommended corrective action;</i> <i>(d) where the Commission concludes that a Member State has not taken measures as referred to in Council Regulation (EC) No 332/2002 and as a consequence decides not to authorise the disbursement of the financial assistance granted to that Member State;</i> <i>(e) where the Council decides that a Member State does not comply with the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 of the European Parliament and of the Council, or with the measures requested by a Council decision adopted in accordance with Article 136(1) TFEU.</i> <p><i>Priority shall be given to the suspension of commitments; payments shall be suspended only when immediate action is sought and in the case of significant non-compliance. The suspension of payments shall apply to payment applications submitted for the programmes concerned after the date of the decision to suspend.</i></p> <p><i>The Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within 10 days of adoption of the decision or recommendation referred to in the previous subparagraph, recommend that the Council cancel the suspension referred to in the same subparagraph.</i></p>	

Reason

The CoR is against macroeconomic conditionalities for cohesion policy. The deletion of paragraph 7 would need to be reflected by the corresponding changes in the subsequent paragraphs of this Article (deletion of paragraphs 8 and 10, amendment of paragraphs 9 and 11).

Amendment 30

Article 15(12)

Text proposed by the European Commission	CoR amendment
<p>The Commission shall keep the European Parliament informed of the implementation of this Article. In particular, the Commission shall, when one of the conditions set out in paragraph 7 is fulfilled for a Member State, immediately inform the European Parliament and provide details of the Funds and programmes which could be subject to a suspension of commitments.</p> <p>The European Parliament may invite the Commission for a structured dialogue on the application of this Article, having regard to the transmission of the information referred to in the first subparagraph.</p> <p>The Commission shall transmit the proposal for suspension of commitments or the proposal to lift such a suspension, to the European Parliament and to the Council.</p>	<p>The Commission shall keep the European Parliament informed of the implementation of this Article.</p> <p>The European Parliament may invite the Commission for a structured dialogue on the application of this Article, having regard to the transmission of the information referred to in the first subparagraph. The European Parliament may invite the European Committee of the Regions to provide its opinion on the matter.</p> <p>The Commission shall transmit the proposal for suspension of commitments or the proposal to lift such a suspension, to the European Parliament and to the Council immediately after its adoption. The European Parliament may invite the Commission to explain the reasons for its proposal.</p>

Reason

The structured dialogue between the Commission and the EP could also be used to assess the regional implications. In doing so, the EP could invite the CoR to take part in this debate. To avoid any unnecessary delays the Commission shall immediately transmit the decision.

Amendment 31

Article 16(1)

Text proposed by the European Commission	CoR amendment
<p>Member States shall prepare programmes to implement the Funds for the period from 1 January 2021 to 31 December 2027.</p>	<p>Member States or the relevant managing authorities, in cooperation with the partners referred to in Article 6, shall prepare programmes to implement the Funds for the period from 1 January 2021 to 31 December 2027. Programmes shall be drawn up in accordance with the Code of Conduct on Partnership and Multi-level Governance.</p>

Reason

Increased clarity of the point.

Amendment 32

Article 17

Text proposed by the European Commission	CoR amendment
[...]	[...]
3. Each programme shall set out:	3. Each programme shall set out:
[...]	[...]
(d) for each specific objective:	(d) for each specific objective:
(i) the related types of actions, including a list of planned operations of strategic importance, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate;	(i) the related types of actions, including an indicative list of planned operations of strategic importance, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate;
[...]	[...]
(iv) specific territories targeted, including the planned use of integrated territorial investment, community-led local development or other territorial tools;	(iv) specific territories targeted on the basis of strategic documents prepared at national or regional level , including the planned use of integrated territorial investment, community-led local development or other territorial tools;
[...]	[...]
(g) the actions taken to involve the relevant partners referred to in Article 6 in the preparation of the programme, and the role of those partners in the implementation, monitoring and evaluation of the programme;	(g) the actions taken to involve the relevant partners referred to in Article 6 in the preparation of the programme, and the role of those partners in the implementation, monitoring and evaluation of the programme in line with the principles of multi-level governance and the Code of Conduct on Partnership ;
[...]	[...]
7. The Member State shall communicate to the Commission any changes in the information referred to in paragraph (3)(j) without requiring a programme amendment.	7. The relevant managing authority shall communicate to the Commission any changes in the indicative list of planned operations of strategic importance , referred to in paragraph (3)(d)(i), and the information referred to under points (d)(iii), (d)(vii) and (d)(j) of paragraph (3) without requiring a programme amendment.

Reason

In order to increase flexibility, lists should not be closed at the beginning of the programme. To bolster multi-level governance and avoid delays in implementation of the programmes, the managing authorities tasked with implementing the Funds — after obtaining the approval of the monitoring committee — should be able to notify changes some parts of the programme to the European Commission.

Amendment 33

Article 17(6)

Text proposed by the European Commission	CoR amendment
<p>For ERDF, ESF+ and Cohesion Fund programmes submitted in accordance with Article 16, the table referred to in paragraph (3)(f)(ii) shall include the amounts for the years 2021 to 2025 only.</p>	<p>For ERDF, ESF+ and Cohesion Fund programmes submitted in accordance with Article 16, the table referred to in paragraph (3)(f)(ii) shall include the amounts for the years 2021 to 2027, whereby the amounts for the years 2026-2027 shall be only indicative, pending the results of the mid-term review referred to in Article 14.</p>

Reason

To combine the possibility for a reallocation within the programmes after the mid-term review with the security of the allocation for the whole period it is suggested that it be explicitly stated that the allocation for the years 2026-2027 is indicative.

Amendment 34

Article 18

Text proposed by the European Commission	CoR amendment
<p>1. The Commission shall assess the programme and its compliance with this Regulation and with the Fund-specific Regulations, as well as its consistency with the Partnership Agreement. In its assessment, the Commission shall, in particular, take into account relevant country-specific recommendations.</p> <p>2. The Commission may make observations within three months of the date of submission of the programme by the Member State.</p> <p>3. The Member State shall review the programme taking into account the observations made by the Commission.</p>	<p>1. The Commission shall assess the programme and its compliance with this Regulation and with the Fund-specific Regulations, as well as its consistency with the Partnership Agreement. In its assessment, the Commission shall, in particular, take into account relevant country-specific recommendations, insofar as they relate to the objectives of the Funds.</p> <p>2. The Commission may make observations within three months of the date of submission of the programme by the Member State on the basis of all pertinent information.</p> <p>3. The Member State shall review the programme in accordance with the Code of Conduct on Partnership and Multi-level Governance, considering the observations made by the Commission.</p>

Reason

Country-specific recommendations are admissible when they have been the result of the partnership principle being applied to develop them.

Amendment 35

Article 19(1)

Text proposed by the European Commission	CoR amendment
The Member State may submit a motivated request for an amendment of a programme together with the amended programme setting out the expected impact of that amendment on the achievement of the objectives.	The Member State may submit a motivated request for an amendment of a programme, after consulting the local and regional authorities and in accordance with Article 6 , together with the amended programme setting out the expected impact of that amendment on the achievement of the objectives.

Reason

Local and regional authorities should be involved in revising the programme.

Amendment 36

Article 19(2)

Text proposed by the European Commission	CoR amendment
The Commission shall assess the amendment and its compliance with this Regulation and with the Fund-specific Regulations, including requirements at national level, and may make observations within three months of the submission of the amended programme.	The Commission shall assess the amendment and its compliance with this Regulation and with the Fund-specific Regulations, including requirements at national level, and may make observations within one month of the submission of the amended programme. The Member State shall provide the Commission all necessary additional information.

Reason

The process of amending the OPs also needs to be supplemented with the possibility of providing by the Member State any necessary information to the Commission.

Amendment 37

Article 19(3)

Text proposed by the European Commission	CoR amendment
The Member State shall review the amended programme and take into account the observations made by the Commission.	The Member State shall review the amended programme considering the observations made by the Commission.

Reason

Taking into account the observations made by the Commission shall be the subject to negotiations, as they are not binding.

Amendment 38

Article 19(4)

Text proposed by the European Commission	CoR amendment
The Commission shall approve the amendment of a programme no later than six months after its submission by the Member State.	The Commission shall approve the amendment of a programme no later than three months after its submission by the Member State.

Reason

The time for approval should be shortened to speed up the process.

Amendment 39

Article 19(5)

Text proposed by the European Commission	CoR amendment
The Member State may transfer during the programming period an amount of up to 5 % of the initial allocation of a priority and no more than 3 % of the programme budget to another priority of the same Fund of the same programme. For the programmes supported by the ERDF and ESF+, the transfer shall only concern allocations for the same category of region.	The Member State, while fully respecting the Code of Conduct on Partnership and Multi-level Governance , may transfer during the programming period an amount of up to 10 % of the initial allocation of a priority and no more than 5 % of the programme budget to another priority of the same Fund of the same programme.
[...]	[...]

Reason

Increasing the limit up to 5 % would support flexibility. For ERDF and ESF+ transfers shall concern the same category of region (as in initial EC proposal).

Amendment 40

Article 20

Text proposed by the European Commission	CoR amendment
<p>1. The ERDF, the ESF+ and the Cohesion Fund may jointly provide support for programmes under the Investment for jobs and growth goal.</p> <p>2. The ERDF and the ESF+ may finance, in a complementary manner and subject to a limit of 10 % of support from those Funds for each priority of a programme, all or part of an operation for which the costs are eligible for support from the other Fund on the basis of eligibility rules applied to that Fund, provided that such costs are necessary for the implementation.</p>	<p>1. The ERDF, the ESF+, the Cohesion Fund and, for CLLD and ITI, the EAFRD may jointly provide support for programmes under the Investment for jobs and growth goal.</p> <p>2. The ERDF, the ESF+ and, for CLLD and ITI, the EAFRD may finance, in a complementary manner and subject to a limit of 10 % of support from those Funds for each priority of a programme, all or part of an operation for which the costs are eligible for support from the other Fund on the basis of eligibility rules applied to that Fund, provided that such costs are necessary for the implementation.</p>

Reason

Even with the regrettable departure of the EAFRD from the ESIF framework, integrated territorial development including EAFRD should continue at least for ITI and CLLD.

Amendment 41

Article 21(1)

Text proposed by the European Commission	CoR amendment
<p>Member States may request the transfer of up to 5 % of programme financial allocations from any of the Funds to any other Fund under shared management or to any instrument under direct or indirect management.</p>	<p><i>In accordance with their institutional, legal and financial framework, Member States — in agreement with the managing authority and fully respecting the Code of Conduct on Partnership and Multi-level Governance — may request the transfer of up to 5 % of programme financial allocations from any of the Funds to any other Fund under direct, indirect or shared management for projects of relevance for cohesion, with the exception of the Reform Support Programme.</i></p>

Reason

Given the overall reduction of cohesion policy resources, Member States should not be encouraged to withdraw even more resources from cohesion policy projects towards programmes which may be simpler to manage but are without relevance for cohesion.

Amendment 42

Article 22

Text proposed by the European Commission	CoR amendment
<p>The Member State shall support integrated territorial development through territorial and local development strategies in any of the following forms:</p> <p>(a) integrated territorial investments;</p> <p>(b) community-led local development;</p> <p>(c) another territorial tool supporting initiatives designed by the Member State for investments programmed for the ERDF under the policy objective referred in Article 4 (1)(e).</p>	<p>The Member State shall support integrated territorial development — which requires the use of all Funds (including the EAFRD) — through territorial and local development strategies in any of the following forms:</p> <p>(a) integrated territorial investments;</p> <p>(b) community-led local development;</p> <p>(c) another territorial tool supporting initiatives designed by managing authorities of programmes for investments programmed under all policy objectives referred in Article 4(1).</p>

Reason

Territorial tools are developed during current programming period by MAs, also on the regional level. These tools are based on strategic documents and well-adjusted to regional and local needs.

Effective implementation of territorial tools requires the use of different funds (not only ERDF) to increase synergies and coordination.

Amendment 43

Article 23

Text proposed by the European Commission	CoR amendment
<p>1. Territorial strategies implemented pursuant to points (a) or (c) of Article 22 shall contain the following elements:</p> <p>(a) the geographical area covered by the strategy;</p> <p>(b) an analysis of the development needs and the potential of the area;</p> <p>(c) a description of an integrated approach to address the identified development needs and the potential;</p> <p>(d) a description of the involvement of partners in accordance with Article 6 in the preparation and in the implementation of the strategy.</p> <p>They may also contain a list of operations to be supported.</p> <p>2. Territorial strategies shall be drawn up under the responsibility of the relevant urban, local or other territorial authorities or bodies.</p> <p>3. Where the list of operations to be supported has not been included in the territorial strategy, the relevant urban, local or other territorial authorities or bodies shall select or shall be involved in the selection of operations.</p> <p>Selected operations shall comply with the territorial strategy.</p> <p>4. Where an urban, local or other territorial authority or body carries out tasks falling under the responsibility of the managing authority other than the selection of operations, the authority shall be identified by the managing authority as an intermediate body.</p> <p>5. Support may be provided for the preparation and design of territorial strategies.</p>	<p>1. The managing authority shall ensure that territorial strategies implemented pursuant to points (a) or (c) of Article 22 shall contain the following elements:</p> <p>(a) the geographical area covered by the strategy;</p> <p>(b) an analysis of the development needs and the potential of the area;</p> <p>(c) a description of an integrated approach to address the identified development needs and the potential;</p> <p>(d) a description of the involvement of partners in accordance with Article 6 in the preparation and in the implementation of the strategy.</p> <p>They may also contain a list of operations to be supported.</p> <p>2. Territorial strategies shall be drawn up under the responsibility of the relevant urban, local, regional or other territorial authorities or bodies.</p> <p>3. Where the list of operations to be supported has not been included in the territorial strategy, the relevant urban, local, regional or other territorial authorities or bodies shall select or shall be involved in the selection of operations.</p> <p>Selected operations shall comply with the territorial strategy.</p> <p>4. When preparing territorial strategies, entities referred to in Article 23(2) cooperate with relevant managing authorities, as far as the scope of operations to be supported under the relevant programme is concerned.</p> <p>5. Where an urban, local, regional or other territorial authority or body carries out tasks falling under the responsibility of the managing authority other than the selection of operations, the authority shall be identified by the managing authority as an intermediate body.</p> <p>6. Support may be provided for the preparation and design of territorial strategies.</p>

Reason

It is necessary to indicate and strengthen the role of the MA, as the entity responsible for the implementation of the OP, in the process of developing territorial strategies, which are an instrument to achieve the objectives of the OP.

There should also be a reference to regional authorities in the text, in line with CoR opinion COTER-VI/031, which sees the fact that '[t]he remit and powers of the bodies responsible for selecting operations are not sufficiently taken into account in the implementation process' as one of the main obstacles to implementing ITI.

It is necessary to indicate and strengthen the role of the MA in the preparation of territorial strategies. In particular, this should include the obligation to draw up strategies to cooperate with the relevant MA, and granting MA the authority to reconcile these strategies to the scope of the OP

Amendment 44

Article 25(1)

Text proposed by the European Commission	CoR amendment
The ERDF, the ESF+ and the EMFF may support community-led local development.	The ERDF, the ESF+, the EAFRD, which shall be designated as LEADER , and the EMFF may support community-led local development.

Reason

The EAFRD should also be included when supporting CLLD and LEADER actions.

Amendment 45

Article 27(2)

Text proposed by the European Commission	CoR amendment
The managing authorities shall ensure that the local action groups either select one partner within the group as a lead partner in administrative and financial matters, or come together in a legally constituted common structure.	The managing authorities shall ensure that the local action groups come together in a legally constituted common structure.

Reason

Experience has shown that it is difficult for the managing authority to select a lead partner if the local action group does not come forward with a joint legal entity. Taking into account that the local action groups bear a high level of responsibility and therefore are also liable for potential errors, they should be obliged to form themselves in a legally constituted structure.

Amendment 46

Article 31(2)

Text proposed by the European Commission	CoR amendment
<p>The percentage of the Funds reimbursed for technical assistance shall be the following:</p> <p>(a) for the ERDF support under the Investment for jobs and growth goal, and for the Cohesion Fund support: 2,5 %;</p> <p>(b) for the ESF+ support: 4 % and for programmes under Article 4(1)(c)(vii) of the ESF+ Regulation: 5 %;</p> <p>(c) for the EMFF support: 6 %;</p> <p>(d) for the AMIF, the ISF and the BMVI support: 6 %.</p>	<p>The percentage of the Funds reimbursed for technical assistance shall be the following:</p> <p>(a) for the ERDF support under the Investment for jobs and growth goal, and for the Cohesion Fund support: 5 %;</p> <p>(b) for the ESF+ support: 5 %;</p> <p>(c) for the EAFRD support: 5 %;</p> <p>(d) for the EMFF support: 6 %;</p> <p>(e) for the AMIF, the ISF and the BMVI support: 6 %.</p>

Reason

The flat rate (5 %) for technical assistance should also cover EFS+.

Amendment 47

Article 33(1)

Text proposed by the European Commission	CoR amendment
<p>The Member State shall set up a committee to monitor the implementation of the programme ('monitoring committee') within three months of the date of notification to the Member State concerned of the decision approving the programme.</p> <p>[...]</p>	<p>The Member State — in agreement with the relevant managing authority — shall set up a committee in accordance with the Code of Conduct on Partnership and Multi-level Governance and its institutional, legal and financial framework, to monitor the implementation of the programme ('monitoring committee') within three months of the date of notification to the Member State concerned of the decision approving the programme.</p> <p>[...]</p>

Reason

A reference to the institutional, legal and financial framework in the Member States and the Code of Conduct is needed to ensure the proper involvement of the LRAs and the stakeholders. As the monitoring committee is set up to monitor a particular programme, the managing authority should be responsible for its establishment.

Amendment 48

Article 33(4)

Text proposed by the European Commission	CoR amendment
The Member State shall publish the rules of procedures of the monitoring committee and all the data and information shared with the monitoring committee on the website referred to in Article 44(1).	The managing authority shall publish the rules of procedures of the monitoring committee and all the data and information concerning work of the monitoring committee on the website referred to in Article 44(1) or indicate link to relevant website where all the data and information are available.

Reason

All data and information for monitoring committees for current programming period are published on relevant websites established specially for that purpose. This good practise should be continued in 2021-2027.

Amendment 49

Article 35(1)(f)

Text proposed by the European Commission	CoR amendment
The monitoring committee shall examine: [...] (f) the implementation of communication and visibility actions; [...]	The monitoring committee shall examine: [...] (f) the implementation of communication and visibility actions as laid down in the communication strategy; [...]

Reason

We propose that the communication strategy be retained and that it be approved and amended by the monitoring committee for the operational programme.

Amendment 50

Article 35(1), new point after point (i)

Text proposed by the European Commission	CoR amendment
The monitoring committee shall examine: [...]	The monitoring committee shall examine: [...] (j) the methodology and criteria used for the selection of operations, including any changes thereto, without prejudice to points (b), (c) and (d) of Article 27(3);

Reason

The approval of the monitoring committee should not be required for the methodology and selection criteria, as otherwise the work of the managing authority would be impeded.

Amendment 51

Article 35(2)

Text proposed by the European Commission	CoR amendment
<p>The monitoring committee shall approve:</p> <p>(a) the methodology and criteria used for the selection of operations, including any changes thereto, after consultation with the Commission pursuant to Article 67(2), without prejudice to points (b), (c) and (d) of Article 27(3);</p> <p>(b) the annual performance reports for programmes supported by the EMFF, the AMF, the ISF and the BMVI, and the final performance report for programmes supported by the ERDF, the ESF+ and the Cohesion Fund;</p> <p>(c) the evaluation plan and any amendment thereto;</p> <p>(d) any proposal by the managing authority for the amendment of a programme including for transfers in accordance with Article 19(5) and Article 21.</p>	<p>The monitoring committee shall approve:</p> <p>(a) the annual performance reports for programmes supported by the EMFF, the AMF, the ISF and the BMVI, and the final performance report for programmes supported by the ERDF, the ESF+ and the Cohesion Fund;</p> <p>(b) the evaluation plan and any amendment thereto;</p> <p>(c) any proposal by the managing authority for the amendment of a programme excluding for transfers in accordance with Article 19(5) and Article 21.</p> <p>(d) changes in the list of planned operations of strategic importance referred to in Article 17(3)(d)(i), and the information referred to under points (d)(iii), (d)(vii) and (d)(j) of Article 17(3).</p> <p>(e) the communication strategy of the operational programme and all amendments to that strategy.</p>

Reason

The approval of the monitoring committee should not be required for programme changes in the form of shifts between the priority axes under the 5% (or 10%) flexibility, as otherwise the managing authority would be deprived of the possibility of timely adjustments. The flexibility scheme would lose effectiveness.

Amendment 52

Article 37(1)

Text proposed by the European Commission	CoR amendment
<p>The managing authority shall electronically transmit to the Commission cumulative data for each programme by 31 January, 31 March, 31 May, 31 July, 30 September and 30 November of each year in accordance with the template set out in Annex VII.</p> <p>The first transmission shall be due by 31 January 2022 and the last one by 31 January 2030.</p> <p>For programmes under Article 4(1)(c)(vii) of the ESF+ Regulation, data shall be transmitted annually by 30 November.</p>	<p>The managing authority shall electronically transmit to the Commission cumulative data for each programme by 31 January, 31 July and 31 October of each year in accordance with the template set out in Annex VII.</p> <p>The first transmission shall be due by 31 January 2022 and the last one by 31 January 2030.</p> <p>For programmes under Article 4(1)(c)(vii) of the ESF+ Regulation, data shall be transmitted annually by 30 November.</p>

Reason

The transfer of data 6 times a year triggers a significant administrative burden and should be reduced to 3 times a year, as was the case under the current CPR.

Amendment 53

Article 43(1)

Text proposed by the European Commission	CoR amendment
<p>[...]</p> <p>The communication coordinator shall involve in the visibility, transparency and communication activities the following bodies:</p> <p>(a) European Commission Representations and European Parliament Liaison Offices in the Member States; as well as Europe Direct Information Centres and other networks; educational and research institutions;</p> <p>(b) other relevant partners and bodies.</p>	<p>[...]</p> <p>The communication coordinator shall involve in the visibility, transparency and communication activities the following bodies:</p> <p>(a) European Commission Representations and European Parliament Liaison Offices in the Member States; as well as Europe Direct Information Centres and other networks; educational and research institutions;</p> <p>(b) local and regional authorities involved in the implementation of the programmes;</p> <p>(c) other relevant partners and bodies.</p>

Reason

The CPR should encourage cooperation between all levels of government involved in the implementation and communication of the programmes.

Amendment 54

Article 43(2)

Text proposed by the European Commission	CoR amendment
<p>Each managing authority shall identify a communication officer for each programme ('programme communication officer').</p>	<p>Each managing authority shall identify a communication officer for one or several programmes ('programme communication officers').</p>

Reason

In order to support the integration of funds with a view to achieving a more holistic approach based on increased synergies, it should be possible to have one officer for several programmes. This could also ensure more coherent communication across funds.

Amendment 55

Article 43(3)

Text proposed by the European Commission	CoR amendment
The Commission shall run a network comprising communication coordinators, programme communication officers and Commission representatives to exchange information on visibility, transparency and communication activities.	The Commission shall run a network comprising communication coordinators, programme communication officers, representatives of the European Committee of the Regions and Commission representatives to exchange information on visibility, transparency and communication activities.

Reason

The Commission is given the task of running a network of communicators which should also involve the CoR to ensure synergies and cooperation.

Amendment 56

Article 44, new paragraph after paragraph (1)

Text proposed by the European Commission	CoR amendment
	<p><i>The managing authorities shall draw up a communication strategy for each operational programme. A common communication strategy may be drawn up for several operational programmes. The communication strategy shall take into account the size of the operational programme or programmes concerned, in accordance with the principle of proportionality.</i></p> <p><i>The communication strategy shall include the elements set out in Annex VIII.</i></p> <p><i>The Member State and the managing authority shall ensure that the information and communication measures are applied in accordance with the communication strategy, in order to enhance visibility and interaction with citizens, and that such measures seek the widest possible media coverage.</i></p>

Reason

The communication strategy is a key factor when designing and implementing visibility and communication obligations that we are anxious to highlight at present. Removing it completely would entail generating a degree of uncertainty when implementing these measures, and the risk of failing to ensure a minimum level of uniformity between the various bodies and organisations involved in bringing it about.

Amendment 57

Article 44(2)

Text proposed by the European Commission	CoR amendment
<p>The managing authority shall publish on the website referred to in paragraph 1, at the latest one month before the opening of a call for proposal, a short summary of planned and published calls for proposals with the following data:</p> <p>[...]</p>	<p>The managing authority shall publish on the website referred to in paragraph 1 a short summary of planned and published calls for proposals with the following data:</p> <p>[...]</p>

Reason

The provisions pursuant to Article 44(2) could lead to implementation delays, at the same time limiting the flexibility of the Managing Authorities.

The elimination is therefore proposed of the provision, referring to the evaluation of the single administrations the choice of the most appropriate instruments to ensure the widest visibility of the funding opportunities.

Alternatively, if it is deemed necessary to maintain the aforementioned provision, it is required that the timing of publication would not be predefined but left to the determination of the managing authorities, in order to ensure consistency with the implementation planning.

Amendment 58

New article following Article 44

Text proposed by the European Commission	CoR amendment
	<p>1. The communication strategy drawn up by the managing authority shall be submitted to the monitoring committee for approval in accordance with point (e) of Article 35(2) no later than six months after the adoption of the operational programme or programmes concerned.</p> <p><i>Where a common communication strategy is drawn up for several operational programmes and concerns several monitoring committees, the Member State may designate one monitoring committee to be responsible, in consultation with the other relevant monitoring committees, for the approval of the common communication strategy and for the approval of any subsequent amendments to that strategy.</i></p> <p><i>Where necessary, the Member State or managing authorities may amend the communication strategy during the programming period. The amended communication strategy shall be submitted by the managing authority to the monitoring committee for approval in accordance with point (e) of Article 35(2).</i></p>

Text proposed by the European Commission	CoR amendment
	<p>2. By way of derogation from the third subparagraph of paragraph 1 of the present article, the managing authority shall inform the monitoring committee or committees responsible at least once a year on the progress made in the implementation of the communication strategy as referred to in point (f) of Article 35(1) and on its analysis of the results, as well as on the planned information and communication activities and measures that will enhance visibility of the Funds to be carried out in the following year. The monitoring committee shall give an opinion on the planned activities and measures for the following year including on ways to increase the effectiveness of communication activities aimed at the public.</p>

Reason

The approval, amendment and follow-up procedure for the communication strategy should be retained, because of its positive results in the 2014-2020 period, and because it would enable control by the Commission to be based on an organised, accessible document, thereby facilitating supervision.

Amendment 59

Article 50(2)(b)

Text proposed by the European Commission	CoR amendment
<p>by dividing the latest documented monthly gross employment costs by the monthly working time of the person concerned in accordance with applicable national legislation referred to in the contract for employment.</p>	<p>by dividing the latest documented monthly gross employment costs by the monthly working time of the person concerned in accordance with applicable national legislation or collective agreements referred to in the contract for employment.</p>

Reason

Reference to the basis for the employment contract.

Amendment 60

Article 52(2)

Text proposed by the European Commission	CoR amendment
<p>Financial instruments shall provide support to final recipients only for new investments expected to be financially viable, such as generating revenues or savings, and which do not find sufficient funding from market sources.</p>	<p>Financial instruments shall provide support to final recipients only for investments expected to be financially viable, such as generating revenues or savings, and which do not find sufficient funding from available market sources.</p>

Reason

Financial instruments should be used not only for new investments but for investments in general that are financially viable and if available market sources cannot provide the financing.

Amendment 61

Article 52, new paragraph after paragraph 6

Text proposed by the European Commission	CoR amendment
	<p><i>Where financial instruments support financing for enterprises, including SMEs, such support shall target the establishment of new enterprises, early-stage capital, i.e. seed capital and start-up capital, expansion capital, capital for the strengthening of the general activities of an enterprise, or the realisation of new projects, penetration of new markets or new developments by existing enterprises, without prejudice to applicable Union State aid rules, and in accordance with the Fund-specific rules. Such support may include investment in both tangible and intangible assets as well as working capital within the limits of applicable Union State aid rules and with a view to stimulating the private sector as a supplier of funding to enterprises. It may also include the costs of transfer of proprietary rights in enterprises provided that such transfers take place between independent investors.</i></p>

Reason

The new CPR should also refer to the broad definition of investment as in the current CPR.

Amendment 62

Article 53(2)

Text proposed by the European Commission	CoR amendment
<p>Financial instruments managed under the responsibility of the managing authority may be set up as either of the following:</p> <p>(a) an investment of programme resources into the capital of a legal entity;</p> <p>(b) separate blocks of finance or fiduciary accounts within an institution.</p> <p>The managing authority shall select the body implementing a financial instrument.</p> <p>When the body selected by the managing authority implements a holding fund, that body may further select other bodies to implement a specific fund.</p>	<p>Financial instruments managed under the responsibility of the managing authority may be set up as either of the following:</p> <p>(a) an investment of programme resources into the capital of a legal entity;</p> <p>(b) separate blocks of finance or fiduciary accounts within an institution.</p> <p>The managing authority shall select the body implementing a financial instrument in accordance with Article 67.</p> <p>When the body selected by the managing authority implements a holding fund, that body may further select other bodies to implement a specific fund.</p>

Reason

In order to ensure the market-driven implementation of financial instruments and to mitigate the audit risks for selection of the body implementing a financial instrument, the accordance with Article 67 is crucial. In line with the amendment preamble (44), 62(3), 67(4) should be also amended.

Amendment 63

Article 53(6)

Text proposed by the European Commission	CoR amendment
<p>National co-financing of a programme may be provided either by the managing authority or at the level of holding funds, or at the level of specific funds, or at the level of investments in final recipients, in accordance with the Fund-specific rules. When the national co-financing is provided at the level of investments in final recipients, the body implementing financial instruments shall keep documentary evidence demonstrating the eligibility of the underlying expenditure.</p>	<p>National co-financing of a programme may be provided either by the managing authority or holding funds, or specific funds, or private investors or final recipients, in accordance with the Fund-specific rules. When the national co-financing is provided by or at the level of investments in final recipients, the body implementing financial instruments shall keep documentary evidence demonstrating the eligibility of the underlying expenditure.</p>

Reason

There is no reason to exclude the final recipient's own contribution as eligible national co-financing if it is intended to finance the same investment. Such exclusion constitutes unjustified tightening of eligibility conditions comparing to grants.

Amendment 64

Article 59(3)

Text proposed by the European Commission	CoR amendment
<p>Paragraphs 1 and 2 shall not apply to any operation which undergoes cessation of a productive activity due to a non-fraudulent bankruptcy.</p>	<p>Paragraphs 1 and 2 shall not apply to programme contributions to or from financial instruments and any operation which undergoes cessation of a productive activity due to a non-fraudulent bankruptcy.</p>

Reason

Financial instruments operations should be explicitly exempted from the provisions on durability. Such derogation was introduced for both 2007-2013 and 2014-2020 with success.

Amendment 65

Article 63(7)

Text proposed by the European Commission	CoR amendment
<p>Member States shall ensure that all exchanges of information between beneficiaries and the programme authorities are carried out by means of electronic data exchange systems in accordance with Annex XII.</p> <p>[...]</p>	<p>Member States shall ensure that where appropriate the exchanges of information between beneficiaries and the programme authorities can be carried out by means of electronic data exchange systems in accordance with Annex XII.</p> <p>[...]</p>

Reason

It would impose an unnecessary burden to require all data exchanges electronically.

Amendment 66

Article 64(4)

Text proposed by the European Commission	CoR amendment
[...]	[...]
(c) the Commission shall transmit the preliminary audit findings, in at least one of the official languages of the Union , no later than 3 months after the last day of the audit, to the competent Member State authority.	(c) the Commission shall transmit the preliminary audit findings, in at least one of the languages of the Member State concerned , no later than 3 months after the last day of the audit, to the competent Member State authority.
(d) the Commission shall transmit the audit report, in at least one of the official languages of the Union , no later than 3 months from the date of receiving a complete reply from the competent Member State authority to the preliminary audit findings.	(d) the Commission shall transmit the audit report, in at least one of the languages of the Member State concerned , no later than 3 months from the date of receiving a complete reply from the competent Member State authority to the preliminary audit findings.
[...]	[...]

Reason

This should help speed up implementation as the authorities concerned do not have to wait for additional translation, should it be necessary.

Amendment 67

Article 67(2)

Text proposed by the European Commission	CoR amendment
<i>Upon request of the Commission, the managing authority shall consult the Commission and take its comments into account prior to the initial submission of the selection criteria to the monitoring committee and before any subsequent changes to those criteria.</i>	

Reason

The conditions under which the Commission may request to be consulted about selection criteria are unclear. This would impede the autonomy and decision-making process of the managing authority.

Amendment 68

Article 84(2)

Text proposed by the European Commission	CoR amendment
<p>The pre-financing for each Fund shall be paid in yearly instalments before 1 July of each year, subject to availability of funds, as follows:</p> <p>(a) 2021: 0,5 %;</p> <p>(b) 2022: 0,5 %;</p> <p>(c) 2023: 0,5 %;</p> <p>(d) 2024: 0,5 %;</p> <p>(e) 2025: 0,5 %;</p> <p>(f) 2026: 0,5 %</p> <p>Where a programme is adopted after 1 July 2021, the earlier instalments shall be paid in the year of adoption.</p>	<p>The pre-financing for each Fund shall be paid in yearly instalments before 1 July of each year, subject to availability of funds, as follows:</p> <p>(a) 2021: 2 %;</p> <p>(b) 2022: 2 %;</p> <p>(c) 2023: 2 %;</p> <p>(d) 2024: 2 %;</p> <p>(e) 2025: 2 %;</p> <p>(f) 2026: 2 %</p> <p>Where a programme is adopted after 1 July 2021, the earlier instalments shall be paid in the year of adoption.</p>

Reason

In comparison to the current CPR, the annual pre-financing amount is too sharply reduced in the new CPR.

Amendment 69

Article 85(4)

Text proposed by the European Commission	CoR amendment
<p>By way of derogation from point (a) of paragraph 3, the following shall apply:</p> <p>(a) where the Union contribution is made pursuant to point (a) of Article 46, the amounts included in a payment application shall be the amounts justified by the progress in the fulfilment of conditions, or achievement of results, in accordance with the decision referred to in Article 89(2);</p> <p>(b) where the Union contribution is made pursuant to points (c), (d) and (e) of Article 46, the amounts included in an payment application shall be the amounts determined in accordance with the decision referred to in Article 88(3);</p>	<p>By way of derogation from point (a) of paragraph 3, the following shall apply:</p> <p>(a) where the Union contribution is made pursuant to point (a) of Article 46, the amounts included in a payment application shall be the amounts justified by the progress in the fulfilment of conditions, or achievement of results, in accordance with the decision referred to in Article 89(2);</p> <p>(b) where the Union contribution is made pursuant to points (c), (d) and (e) of Article 46, the amounts included in an payment application shall be the amounts determined in accordance with the decision referred to in Article 88(3);</p>

Text proposed by the European Commission	CoR amendment
<p>(c) for the forms of grants listed in points (b), (c) and (d) of Article 48(1), the amounts included in a payment application shall be the costs calculated on the applicable basis.</p>	<p>(c) for the forms of grants listed in points (b), (c) and (d) of Article 48(1), the amounts included in a payment application shall be the costs calculated on the applicable basis;</p> <p>(d) in the case of State Aid the payment application may include advances paid to the beneficiary by the body granting the aid under the condition that those advances do not exceed 40 % of the total amount of the aid to be granted to a beneficiary for a given operation.</p>

Reason

The current CPR provides, in Article 131(4)(b), the possibility of paying advances up to 40 % This option should be maintained in the new CPR.

Amendment 70

Article 86

Text proposed by the European Commission	CoR amendment
<p>[...]</p> <p>2. Where financial instruments are implemented in accordance with Article 53(3), payment applications that include expenditure for financial instruments shall be submitted in accordance with the following conditions:</p> <p>(a) the amount included in the first payment application shall have been paid to the financial instruments and may be up to 25 % of the total amount of programme contributions committed to the financial instruments under the relevant funding agreement, in accordance with the relevant priority and category of region, if applicable;</p> <p>(b) the amount included in subsequent payment applications submitted during the eligibility period shall include the eligible expenditure as referred to in Article 62(1).</p> <p>3. The amount included in the first payment application, referred to in point (a) of paragraph 2, shall be cleared from Commission accounts no later than the final accounting year.</p> <p>It shall be disclosed separately in payment applications.</p>	<p>[...]</p> <p>2. Where financial instruments are implemented in accordance with Article 53(2), payment applications include expenditure for establishment of financial instruments or contribution to them.</p>

Reason

In the 2014-2020 period the programme contribution to financial instruments limits the flexibility of established instruments and the possibility of simultaneous opening of several financial products. The amendment is based on best practice from 2007-2013 period.

Amendment 71

Article 88(2)

Text proposed by the European Commission	CoR amendment
<p>[...]</p> <p>(c) the rules on corresponding unit costs and lump sums applicable in Union policies for a similar type of operation;</p> <p>(d) the rules on corresponding unit costs and lump sums applied under schemes for grants funded entirely by the Member State for a similar type of operation.</p>	<p>[...]</p> <p>(c) the rules on corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;</p> <p>(d) the rules on corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation.</p>

Reason

For the coherence of the Article.

Amendment 72

Article 99(1)

Text proposed by the European Commission	CoR amendment
<p>The Commission shall decommit any amount in a programme which has not been used for pre-financing in accordance with Article 84 or for which a payment application has not been submitted in accordance with Articles 85 and 86 by 26 December of the second calendar year following the year of the budget commitments for the years 2021 to 2026.</p>	<p>The Commission shall decommit any amount in a programme which has not been used for pre-financing in accordance with Article 84 or for which a payment application has not been submitted in accordance with Articles 85 and 86 by 31 December of the third calendar year following the year of the budget commitments for the years 2021 to 2026.</p> <p><i>In the event of payment stops on a legal or precautionary basis, an extension shall be applied as well.</i></p>

Reason

The decommitment rules should not be shortened, but remain at n+3, given the current difficulties of many LRAs in providing the sufficient co-financing. Also, the deadline should be the end of the year.

Amendment 73

Article 103(2)

Text proposed by the European Commission	CoR amendment
<p>The Commission shall adopt a decision, by means of implementing act, setting out the annual breakdown of the global resources per Member State under the Investment for jobs and growth goal, per category of regions, together with the list of eligible regions in accordance with the methodology set out in Annex XXII.</p>	<p>The Commission shall adopt a decision, by means of implementing act, setting out the annual breakdown of the global resources per Member State under the Investment for jobs and growth goal, per category of regions, together with the list of eligible regions in accordance with the methodology set out in Annex XXII.</p>

Text proposed by the European Commission	CoR amendment
That decision shall also set out the annual breakdown of the global resources per Member State under the European territorial cooperation goal (Interreg).	That decision shall also set out the annual breakdown of the global resources per Member State under the European territorial cooperation goal (Interreg). <i>Thereby the minimum overall allocation from the Funds, at both national and regional level, should be equal to 76 % of the budget allocated to each Member State or region over the 2014-2020 period.</i>

Reason

The safety net provided by the Commission at national level does not prevent disproportionate cuts in individual assisted areas, which would not be justified by cohesion policy.

Amendment 74

Article 104(7)

Text proposed by the European Commission	CoR amendment
Resources for the European territorial cooperation goal (Interreg) shall amount to 2,5 % of the global resources available for budgetary commitment from the Funds for the period 2021-2027 (i.e. a total of EUR 8 430 000 000).	Resources for the European territorial cooperation goal (Interreg) shall amount to 3,3 % of the global resources available for budgetary commitment from the Funds for the period 2021-2027 (i.e. a total of EUR XX XXX XXX XXX).

Reason

The Commission proposal would lead to significant budgetary cuts for territorial cooperation actions, despite the inclusion of new actions in the draft ETC Regulation. The CoR therefore suggests increasing the resources for the European territorial cooperation goal to 3,3 % of the overall resources for cohesion policy, which would make it possible to safeguard the existing cross-border cooperation programmes, as well as interregional cooperation and cooperation for the outermost regions. The current allocation method for the European territorial cooperation goal as laid down in Annex VII to Regulation (EU) No 1303/2013 should be maintained, given that the proposed new allocation method for the European territorial cooperation goal would discriminate against Member States and regions with a low population density along their borders (in particular the new 25 kilometres criterion).

Amendment 75

Article 105(1)

Text proposed by the European Commission	CoR amendment
The Commission may accept a proposal by a Member State in its submission of the Partnership Agreement or in the context of the mid-term review, for a transfer: <i>(a) of not more than 15 % of the total allocations for less developed regions to transition regions or more developed regions and from transition regions to more developed regions;</i> <i>(b) from the allocations for more developed regions or transition regions to less developed regions.</i>	The Commission may accept a proposal by a Member State in its submission of the Partnership Agreement or in the context of the mid-term review, for a transfer <i>of not more than 15 % of the total allocations.</i>

Reason

There should be possibilities for transfers between all categories of regions.

Amendment 76

Article 106(1)

Text proposed by the European Commission	CoR amendment
The Commission decision approving a programme shall fix the co-financing rate and the maximum amount of support from the Funds for each priority.	The Commission decision approving a programme shall fix the maximum amount of support from the Funds for each priority and the co-financing rate for the programme.

Reason

Fixing the maximum co-financing rate on OP level (instead of maximum rates for each priority) enables more flexibility in implementation process. These would allow to diversify co-finance in priorities depending on types of interventions.

Amendment 77

Article 106(3)

Text proposed by the European Commission	CoR amendment
<p>The co-financing rate for the Investment for jobs and growth goal at the level of each priority shall not be higher than:</p> <p>(a) 70 % for the less developed regions;</p> <p>(b) 55 % for the transition regions;</p> <p>(c) 40 % for the more developed regions.</p>	<p>The co-financing rate for the Investment for jobs and growth goal at the level of each priority shall not be higher than:</p> <p>(a) 85 % for the less developed regions;</p> <p>(b) 70 % for the transition regions;</p> <p>(c) 50 % for the more developed regions.</p>
<p>The co-financing rates set out under point (a), shall also apply to outermost regions.</p>	<p>The co-financing rates set out under point (a), shall also apply to outermost regions.</p>
<p>The co-financing rate for the Cohesion Fund at the level of each priority shall not be higher than 70 %.</p>	<p>The co-financing rate for the Cohesion Fund at the level of each priority shall not be higher than 85 %.</p>
<p>The ESF+ Regulation may establish higher co-financing rates for priorities supporting innovative actions in accordance with Article [14] of that Regulation.</p>	<p>The ESF+ Regulation may establish higher co-financing rates for priorities supporting innovative actions in accordance with Article [14] of that Regulation.</p>

Reason

The co-financing rates should be kept at the current level.

Amendment 78

Article 106(4)

Text proposed by the European Commission	CoR amendment
<p>The co-financing rate for Interreg programmes shall be no higher than 70 %.</p> <p>[...]</p>	<p>The co-financing rate for Interreg programmes shall be no higher than 85 %.</p> <p>[...]</p>

Reason

The co-financing for ETC should be kept at 85 %.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General remarks

1. endorses the key objectives that the Commission pursues with the new Common Provisions Regulation (CPR), in particular to modernise cohesion policy by making it simpler, more flexible and more effective, and to substantially reduce unnecessary administrative burdens for beneficiaries and managing authorities;
2. welcomes the fact that cohesion policy remains available for all regions in the European Union, which was one of the key concerns for the European Committee of the Regions in its previous opinions on the matter, and was also a key message of the #CohesionAlliance;
3. welcomes the fact that the shared management approach is confirmed but points out that actions should continue to be taken at the 'most appropriate territorial level' by bolstering local and regional authorities' roles in managing programmes as closely as possible to citizens in line with the principles of subsidiarity, multi-level governance and partnership;
4. calls for further simplification, for example by reducing administrative burdens stemming from State aid regulations;

Objectives and general rules on support

5. endorses the five new policy objectives, given that they on the one hand largely correspond to the previous thematic objectives, and on the other hand allow for more flexibility due to their broader definitions;
6. considers that taking the EAFRD out of the CPR is a real cause for concern, because it risks undermining the integrated approach of the Structural and Investment Funds in rural areas, given that rural development is a basic component of cohesion policy objectives. In order to increase synergies with rural development, the Committee calls for the EAFRD to be reintroduced into the CPR (see the CoR opinion NAT-VI/034 on the CAP); however, expresses appreciation for the fact that in the proposal for the Regulation for the CAP Strategic Plans (Art. 2) there is, for some themes, reference to the new CPR, particularly for integrated territorial development issues;
7. reiterates that the European Social Fund has to remain anchored within cohesion policy as it is the EU's main instrument to invest in people and human capital, to promote social inclusion and equality between men and women and to improve the lives of millions of European citizens;
8. underlines the importance of the principles of partnership and multi-level governance and calls for the inclusion of the existing Code of Conduct as an Annex to the draft Regulation; calls for the full implementation of the Code of Conduct to ensure that the involvement of local and regional authorities amounts to full partnership;

Strategic approach

9. regrets that the Commission proposal is not embedded in a renewed long-term strategy succeeding the Europe 2020 Strategy; would expect that such a new long-term EU strategy implementing the Sustainable Development Goals and based on a reformed governance fully building on multi-level governance will be presented by the Commission;

10. welcomes the new Partnership Agreement as a simpler and leaner document;
11. insists that any transfers between the Funds or from the Funds to the InvestEU Programme or to other Union instruments under direct or indirect management need to fully comply with the principles of subsidiarity and multilevel governance and must not weaken the place-based approach of the funds;
12. welcomes the fact that the number of enabling conditions has been reduced and that in particular the thematic enabling conditions are now more clearly linked to the strategic policy frameworks in the specific areas;
13. expresses concern, however, for the fact that payments are not possible as long as the Commission has not informed the Member State of the fulfilment of the enabling conditions, as it could determine delays in implementing programmes;
14. demands that the new programming system should already lay down the allocations for all years of the programming period, including indicative allocations for 2026 and 2027, in order to strike the right balance between, on the one hand, additional flexibility and cohesion policy's capacity to act and, on the other hand, the importance of maintaining the long-term strategic investment approach of cohesion policy which is based on the entire 7-year funding period;
15. reiterates the firm opposition of the CoR to the negative idea of macroeconomic conditionality which — as a result of the link between the ESIFs and economic governance — involves 'taking cities and regions hostage' because of failings of national governments. Cohesion policy, pursuing goals that have little to do with macroeconomic governance, must not be subject to conditionalities that cannot be influenced by local and regional authorities and other beneficiaries. Payments to final recipients or beneficiaries should therefore not be affected by the inappropriate imposition of macroeconomic conditionalities by the Member State;
16. notes, on the other hand, an insufficient analysis of the operational procedures for the connection of the European Semester to cohesion policy and a lack of clarity on the modalities of coordination between cohesion policy interventions and the measures of the Reform Support Programme and insists that the specific objectives of cohesion policy are always respected to enhance the regional dimension of the European Semester;
17. believes that the enabling condition mechanism already intervenes effectively in areas of reform relevant for cohesion policy;
18. welcomes the strengthening of the status of integrated territorial instruments, which constitute a unique tool for supporting a 'bottom-up' approach; stresses, however, the need for greater respect for the remit and competencies of the authorities responsible for the selection of operations;

Programming

19. calls for a streamlining of the structure of the programmes, which do not appear to be simplified compared to the current period. Considers that the time foreseen for approving the changes is too long as it is the same as the one envisaged for the approval of the programme;
20. considers that the suggested flat rate of 2,5 % for technical assistance for the ERDF and the Cohesion Fund remains insufficient and, in this respect, suggests a flat rate of 5 % for technical assistance, also taking into account that the new Regulation does not contain a specific objective regarding capacity building;

Monitoring, evaluation, communication and visibility

21. welcomes the intention of the new CPR to strengthen the transparency and visibility of the implementation of the funds, recalling the CoR's request for more precise measures to strengthen the local and regional accountability and visibility of ESI funds on the ground and for substantially increasing the visibility of cohesion policy measures through appropriate communication actions, as they are one of the indisputable advantages of EU integration for people at local level;

22. suggests, however, that managing authorities should be allowed to identify a single communication officer for more programmes with the aim of increasing coherence;

Financial support

23. endorses the new provisions intended to increase the take-up of simplified cost options, as well as the new provisions that aim at streamlining the use of financial instruments and integrating them better into the programming and implementation process;

Management and control

24. considers that the elimination of the procedures for designating authorities and identifying certifying authorities, and the increased reliance on national management systems, constitute a welcome reduction of the administrative burden on the authorities responsible for the implementation of the ESIF;

25. appreciates the simplification of the audit rules in the proposed CPR and in particular the new provisions that strengthen the single audit principle, which not only significantly decreases the administrative burden for programme authorities and beneficiaries, but also contributes to proportionality;

26. welcomes also the possibility of enhanced proportionate arrangements for programmes with a well-functioning management and control system and a good track record;

Financial management

27. expresses its concerns that the level of pre-financing has been drastically reduced to an annual payment of 0,5 % of the total support of each Funds and asks for a higher pre-financing rate of at least 2 % on average;

28. points out that reintroducing the 'n+2' rule would cause the overlap of the closure of the current programming period with the first n+2 target of the new one, which imposes a heavy administrative burden on the implementation of programmes. In this respect, calls for maintaining the current 'n+3' rule;

Financial framework

29. welcomes the fact that the new CPR maintains the existing architecture with three categories of regions (less developed regions, transition regions, more developed regions) at NUTS 2 level, and endorses the shift of the threshold between transition regions and more developed regions from 90 % of the average GDP per capita to 100 %, given that this reflects the observations of the 7th Cohesion Report on regions with a GDP per capita close to the EU average, which seem stuck in a 'middle-income trap' with significantly lower growth rates than the EU average;

30. asks to maintain the current level of co-financing rates at 85 % for the less developed regions, the outermost regions, as well as for the Cohesion Fund and the ETC goal, at 70 % for the transition regions, and at 50 % for the more developed regions in light of the fact that an overall reduction could generate a risk of a decommitment of funds, particularly in less developed regions and would also reduce the attractiveness of cohesion policy, particularly in more developed regions;

31. considers that setting a maximum ceiling for VAT as eligible expenditure (EUR 5 000 000) may make the programmes less attractive to applicants, particularly in the case of important infrastructural projects;

32. calls for the Commission to update the Annexes to the regulation in accordance with the amendments in this opinion, focusing in particular on:

— knowledge valorisation and measures for involving start-ups and SMEs in smart specialisation initiatives,

-
- a detailed outline of the requirements for communication strategies,
 - a re-evaluation of the weighted sum of the share of the population of NUTS 3 and NUTS 2 border regions and the share of the total population of each Member State for cross-border and transnational cooperation programmes,
 - taking into account the regional effects of maximum total allocation from the Funds for a Member State.

Brussels, 5 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions on the ‘European Social Fund Plus’

(2019/C 86/07)

<p>Rapporteur: Susana DÍAZ PACHECO (ES/PES), President of the Region of Andalusia</p> <p>Reference document: Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+)</p> <p align="center">COM(2018) 382 final</p>
--

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Preamble, first citation

Text proposed by the European Commission	CoR amendment
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 46(d), Article 149, Article 153(2)(a), Article 164, Article 168(5), Article 175(3) and Article 349 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 9 , Article 46(d), Article 149, Article 153(2)(a), Article 164, Article 168(5), Article 174 , Article 175(3) and Article 349 thereof,

Reason

Given the scope of the ESF+ it seems appropriate to mention Article 9 TFEU. More emphasis should be placed, moreover, on the regional policy objective, in line with Article 4(2) of the proposal for a Common Provisions Regulation, which states that the ESF+ will contribute to the EU's efforts to strengthen its economic, social and territorial cohesion.

Amendment 2

Preamble, Add new citation after the fifth citation

Text proposed by the European Commission	CoR amendment
	<i>having regard to the Interinstitutional Proclamation on the European Pillar of Social Rights (2017/C 428/09),</i>

Amendment 3

Recital 1

Text proposed by the European Commission	CoR amendment
<p>(1) On 17 November 2017, the European Pillar of Social Rights was jointly proclaimed by the European Parliament, the Council and the Commission as a response to social challenges in Europe. The twenty key principles of the pillar are structured around three categories: equal opportunities and access to the labour market; fair working conditions; social protection and inclusion. The twenty principles of the European Pillar of Social Rights should guide the actions under the European Social Fund Plus (ESF+). In order to contribute to the implementation of the European Pillar of Social Rights the ESF+ should support investments in people and systems in the policy areas of employment, education and social inclusion, thereby supporting economic, territorial and social cohesion in accordance with Article 174 TFEU.</p>	<p>(1) On 17 November 2017, the European Pillar of Social Rights was jointly proclaimed by the European Parliament, the Council and the Commission as a response to social challenges in Europe. The twenty key principles of the pillar are structured around three categories: equal opportunities and access to the labour market; fair working conditions; social protection and inclusion. The twenty principles of the European Pillar of Social Rights should guide the actions under the European Social Fund Plus (ESF+). In order to contribute to and support economic, social and territorial cohesion, in accordance with Article 174 TFEU, and the implementation of the European Pillar of Social Rights, the ESF+ should support investments in people and systems in the policy areas of employment, education and social inclusion.</p>

Reason

More emphasis needs to be placed on the regional policy objective, without undermining efforts to achieve the European Pillar of Social Rights.

Amendment 4

Recital 2

Text proposed by the European Commission	CoR amendment
<p>(2) At Union level, the European Semester of economic policy coordination is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reform priorities. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the programmes supported by the Union under the European Regional Development Fund, the Cohesion Fund, the European Social Fund Plus, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development, the European Investment Stabilisation Function and InvestEU, where relevant.</p>	<p>(2) At Union level, a long-term development strategy succeeding the Europe 2020 Strategy and implementing the Sustainable Development Goals is to provide a strategic framework for the new programming period starting in 2021. The European Semester of economic policy coordination is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reform priorities. Those strategies should be developed by local, regional and national authorities working together and be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the programmes supported by the Union under the European Regional Development Fund, the Cohesion Fund, the European Social Fund Plus, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development, the European Investment Stabilisation Function and InvestEU, where relevant.</p>

Amendment 5

Recital 5

Text proposed by the European Commission	CoR amendment
<p>(5) The Union is confronted with structural challenges arising from economic globalisation, the management of migration flows and the increased security threat, clean energy transition, technological change and an increasingly ageing workforce and growing skills and labour shortages in some sectors and regions, experienced especially by SMEs. Taking into account the changing realities of the world of work, the Union should be prepared for the current and future challenges by investing in relevant skills, making growth more inclusive and by improving employment and social policies, including in view of labour mobility.</p>	<p>(5) The Union is confronted with structural challenges arising from economic globalisation, the management of migration flows and the increased security threat, clean and just energy transition, technological change, including the digital transformation, the increasingly ageing European population, and growing skills and labour shortages in some sectors and regions, experienced especially by SMEs. Taking into account the changing realities of the world of work, the Union should be prepared for the current and future challenges by investing in relevant skills, making growth more inclusive, particularly at local and regional levels, and by improving education, training, employment and social policies, including in view of labour mobility.</p>

Reason

It is important to use technology-neutral terminology that is already current.

Amendment 6

Recital 6

Text proposed by the European Commission	CoR amendment
<p>(6) Regulation (EU) No [...] establishes the framework for action by the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF), the Asylum and Migration Fund (AMIF), Internal Security Fund (ISF) and the Border Management and Visa Instrument (BMVI) as a part of the Integrated Border Management Fund (IBMF), and lays down, in particular, the policy objectives and the rules concerning programming, monitoring and evaluation, management and control for Union funds implemented under shared management. It is therefore necessary to specify the general objectives of the ESF+, and to lay down specific provisions concerning the type of activities that may be financed by the ESF+.</p>	<p>(6) Regulation (EU) No [...] establishes the framework for action by the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF), the Asylum and Migration Fund (AMIF), Internal Security Fund (ISF) and the Border Management and Visa Instrument (BMVI) as a part of the Integrated Border Management Fund (IBMF), and lays down, in particular, the policy objectives and the rules concerning programming, monitoring and evaluation, management and control for Union funds implemented under shared management. It is therefore necessary to specify the general objectives of the ESF+ and how it ties in with the other funds, and to lay down specific provisions concerning the type of activities that may be financed by the ESF+.</p>

Amendment 7

Recital 8

Text proposed by the European Commission	CoR amendment
<p>(8) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, and the expected risk of non-compliance. For grants, this should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as envisaged in Article 125(1) of the Financial Regulation. To implement measures linked to the socioeconomic integration of third country nationals, and in accordance with Article 88 of the Common Provisions Regulation, the Commission may reimburse Member States using simplified cost options including the use of lump sums.</p>	<p>(8) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, the characteristics of the actions and the expected risk of non-compliance. For grants, this should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as envisaged in Article 125(1) of the Financial Regulation. To implement measures linked to the socioeconomic integration of third country nationals, and in accordance with Article 88 of the Common Provisions Regulation, the Commission may reimburse Member States using simplified cost options including the use of lump sums.</p> <p><i>In view of this, it is important for simplification measures to be continued, in order to reduce the administrative burden and thus increase the added value, visibility and effectiveness of the funds by focusing effort and human resources on achieving political objectives as a priority.</i></p>

Reason

A reference to the 'characteristics of the actions' is included in order to increase requirements for simplification in the case of actions that affect the most deprived people. The simplification of procedures and costs reinforces the achievement of policy objectives as it focuses energy on the efficiency of measures, thus facilitating small beneficiaries' access to the funds.

Amendment 8

New recital after recital 8

Text proposed by the European Commission	CoR amendment
	<p><i>(8bis) Support under the investment priority 'community-led local development' can contribute to all the thematic objectives set out in this Regulation. The 'community-led local development' (CLLD) strategies supported by the ESF+ should be inclusive with regard to disadvantaged people living in the region, both in terms of the governance of the community development groups and in relation to the content of the strategy.</i></p>

Reason

Given the need to raise awareness about the increasingly local and regional focus/approach of the ESF+ beyond 2020, a clear reference should be made to community-led local development.

Amendment 9

Recital 14

Text proposed by the European Commission	CoR amendment
<p>(14) The ESF+ should provide support to improving the quality, effectiveness and labour market relevance of education and training systems in order to facilitate the acquisition of key competences notably as regards digital skills which all individuals need for personal fulfilment and development, employment, social inclusion and active citizenship. The ESF+ should help progression within education and training and transition to work, support lifelong learning and employability, and contribute to competitiveness and societal and economic innovation by supporting scalable and sustainable initiatives in these fields. This could be achieved for example through work-based learning and apprenticeships, lifelong guidance, skills anticipation in cooperation with industry, up-to-date training materials, forecasting and graduate tracking, training of educators, validation of learning outcomes and recognition of qualifications.</p>	<p>(14) <i>As the EU's main instrument for investing in human capital and skills, the ESF+ is to play a key role in promoting social, economic and territorial cohesion.</i> The ESF+ should provide support to improving the quality, effectiveness and labour market relevance of education and training systems in order to facilitate the acquisition of key competences notably as regards digital skills which all individuals need for personal fulfilment and development, employment, social inclusion and active citizenship. The ESF+ should help progression within education and training and transition to work, support lifelong learning and employability, and contribute to competitiveness and societal and economic innovation by supporting scalable and sustainable initiatives in these fields. This could be achieved for example through work-based learning and apprenticeships, lifelong guidance, skills anticipation in cooperation with industry, up-to-date training materials, forecasting and graduate tracking, training of educators, validation of learning outcomes and recognition of qualifications.</p>

Reason

The territorial dimension of the ESF must be safeguarded.

Amendment 10

Recital 15

Text proposed by the Commission	CoR amendment
<p>(15) Support through the ESF+ should be used to promote equal access for all, in particular for disadvantaged groups, to quality, non-segregated and inclusive education and training, from early childhood education and care through general and vocational education and training and to tertiary level, as well as adult education and learning, thereby fostering permeability between education and training sectors, preventing early school leaving, improving health literacy, reinforcing links with non-formal and informal learning and facilitating learning mobility for all. Synergies with the Erasmus programme, notably to facilitate the participation of disadvantaged learners in learning mobility, should be supported within this context.</p>	<p>(15) Support through the ESF+ should be used to promote equal access for all to quality, non-segregated education and training that, inter alia, promotes social inclusion and takes account of disadvantaged groups, from early childhood education and care, paying special attention to children coming from a disadvantaged social background, such as children in institutional care and children experiencing homelessness, through general and vocational education and training and to tertiary level and re-integration into the education system, as well as adult education and learning, thereby preventing the transmission of poverty through generations, fostering permeability between education and training sectors, preventing early school leaving and social exclusion, improving health literacy, reinforcing links with non-formal and informal learning and facilitating learning mobility for all. Synergies with the Erasmus programme should be established in this context in order to properly and actively reach out and to prepare disadvantaged learners for mobility experiences abroad and increase their participation in cross-border learning mobility.</p>

Reason

In accordance with Recital 1, the ESF+ should support investments in people and systems in the policy areas of employment, education and social inclusion — it is not necessary to make support in the area of education dependent on the issue of social inclusion.

Amendment 11

Recital 18

Text proposed by the Commission	CoR amendment
<p>(18) The ESF+ should support Member States' <i>efforts</i> to tackle poverty with a view to breaking the cycle of disadvantage across generations and promote social inclusion by ensuring equal opportunities for all, tackling discrimination and addressing health inequalities. This implies mobilising a range of policies targeting the most disadvantaged people regardless of their age, including children, marginalised communities such as the Roma, and the working poor. The ESF+ should promote the active inclusion of people far from the labour market with a view to ensuring their <i>socioeconomic</i> integration. The ESF+ should be also used to enhance timely and equal access to affordable, sustainable and high quality services such as healthcare and long-term care, in particular family and community-based care services. The ESF+ should contribute to the modernisation of social protection systems with a view in particular to promoting their accessibility.</p>	<p>(18) The ESF+ should support Member States' efforts at all levels of government including at regional and local level to tackle poverty, including energy poverty as foreseen in the newly agreed rules on the Governance of the Energy Union, with a view to breaking the cycle of disadvantage across generations and promote social inclusion by ensuring equal opportunities for all, fighting discrimination and addressing social and health inequalities. This implies mobilising a range of pro-active and reactive policies targeting the most disadvantaged people regardless of their age, including children, in line with Principle 11 of the European Pillar of Social Rights, marginalised communities such as the Roma, persons with disabilities, people experiencing homelessness, third-country nationals and the working poor. The ESF+ should promote the active inclusion of people far from the labour market with a view to ensuring their social and economic integration including through targeted support to the social and solidarity-based economy. The ESF+ should be also used to enhance timely and equal access to free or affordable, sustainable and high quality services such as healthcare and long-term care, in particular family and community-based care services and services guiding access to adequate social or affordable housing. The ESF+ should contribute to the modernisation of social protection systems with a view in particular to promoting their accessibility.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 12

Recital 19

Text proposed by the Commission	CoR amendment
<p>(19) The ESF+ should contribute to the reduction of poverty by supporting national schemes aiming to alleviate food and material deprivation and promote social integration of people at risk of poverty or social exclusion and the most deprived. With a view that at Union level at least 4 % of the resources of the ESF+ strand under shared management supports the most deprived, Member States should allocate at least 2 % of their national resources of the ESF+ strand under shared management to address the forms of extreme poverty with the greatest social exclusion impact, such as homelessness, child poverty and food deprivation. Due to the nature of the operations and the type of end recipients, it is necessary that simpler rules apply to support which addresses material deprivation of the most deprived.</p>	<p>(19) The ESF+ should contribute to the reduction of poverty by supporting national and regional schemes aiming to alleviate food and material deprivation and promote social integration of people at risk of poverty or social exclusion and the most deprived. With a view that at Union level at least 4 % of the resources of the ESF+ strand under shared management supports the most deprived, Member States should allocate at least 2 % of their national resources of the ESF+ strand under shared management to address the forms of extreme poverty with the greatest social exclusion impact, such as homelessness, child poverty and food deprivation. Due to the nature of the operations and the type of end recipients, it is necessary that simpler rules apply to support which addresses material deprivation of the most deprived.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 13

Recital 20

Text proposed by the European Commission	CoR amendment
<p>(20) In light of the persistent need to enhance efforts to address the management of the migration flows in the Union as a whole and in order to ensure a coherent, strong and consistent support to the solidarity and responsibility-sharing efforts, the ESF+ should provide support to promote the socioeconomic integration of third country nationals complementary to the actions financed under the Asylum and Migration Fund.</p>	<p>(20) In light of the persistent need to enhance efforts to address the management of the migration flows in the Union as a whole and in order to ensure a coherent, strong and consistent support to the solidarity and fair responsibility-sharing efforts, the ESF+ should provide support to promote the social and economic integration of third country nationals in a way that is both complementary to and coordinated with the actions financed under the Asylum and Migration Fund, the ERDF, and those funds which can have a positive effect on the inclusion of third-country nationals. Member States should allocate an appropriate amount of ESF+ resources to local and regional authorities to meet the needs for third-country nationals' integration at the local level.</p>

Reason

It is necessary to avoid any kind of overlap between the ESF+ and the Asylum and Migration Fund so that the actions financed by them are not only complementary but also coordinated.

Amendment 14

Recital 21

Text proposed by the European Commission	CoR amendment
<p>(21) The ESF+ should support policy and system reforms in the fields of employment, social inclusion, healthcare and long-term care, and education and training. <i>In order to strengthen alignment with the European Semester</i>, Member States <i>should</i> allocate an appropriate amount of their resources of the ESF+ strand under shared management to implement relevant country-specific recommendations <i>relating to structural challenges, which should be addressed through multiannual investments falling within the scope of the ESF+</i>. The Commission <i>and</i> the Member States should ensure coherence, co-ordination and complementarity between the shared-management and Health strands of ESF+ and the Reform Support Programme, <i>including the Reform Delivery Tool and the Technical Support Instrument</i>. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding, including technical assistance thereof.</p>	<p>(21) The ESF+ should support policy and system reforms in the fields of employment, social inclusion, healthcare and long-term care, and education and training <i>linked to the implementation of the Sustainable Development Goals and to the challenges identified by the social scoreboard in the European Semester and in national reports. These reports will be prepared in close consultation with local and regional authorities. On the basis of the specific characteristics of each region</i>, Member States <i>will</i> allocate an appropriate amount of their resources of the ESF+ strand under shared management to implement country-specific recommendations <i>that are relevant from the point of view of the scope and mission of the ESF+ in coordination with local and regional authorities, taking into account distribution of competences for managing the different policies and the funding that is needed for this</i>. The Commission, the Member States <i>and the local and regional authorities</i> should ensure coherence, coordination and complementarity between the shared-management and Health strands of ESF+ and the Reform Support Programme, <i>while also maintaining the autonomy of the ESF+ which will only be able to finance the challenges identified by the European Semester when the goals coincide with those of the ESF+, avoiding an improper use of the ESF+ beyond its objectives</i>. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding, including technical assistance thereof.</p>

Reason

The link between the ESF+ funding and the European Semester should take into account not only the social scoreboard, but also national reports that are prepared following close consultation between the Commission and the Member States, and which need to be prepared following consultation with local and regional authorities. Given the close link between the ESF+ and the patterns of employment included in the European Semester, the ESF+ can act as a financing instrument for the European Semester as regards those actions that fall within the scope of one of the fund's objectives.

Amendment 15

New Recital after Recital 22

Text proposed by the European Commission	CoR amendment
	<p><i>(22bis) In light of the persistently high levels of child poverty and social exclusion in the EU (26,4 % in 2017), and the European Pillar of Social Rights which states that children have the right to protection from poverty, and children from disadvantaged backgrounds have the rights to specific measures to enhance equal opportunities, Member States should allocate adequate amount of ESF+ resources under shared management to a European Child Guarantee scheme for the eradication of child poverty and social exclusion. Investing early in children yields significant returns for children and society as a whole. Supporting children to develop skills and capabilities enables them to develop their full potential, become active members of society and increase their chances on the labour market as young people.</i></p>

Amendment 16

Recital 23

Text proposed by the European Commission	CoR amendment
<p>(23) In the light of persistently high levels of youth unemployment and inactivity in a number of Member States and regions, in particular affecting young people who are neither in employment, nor in education or training, it is necessary that those Member States continue to invest sufficient resources of the ESF+ strand under shared management towards actions to promote youth employment including through the implementation of Youth Guarantee schemes. Building on the actions supported by the Youth Employment Initiative in the 2014-2020 programming period targeting individual persons, Member States should further promote employment and education reintegration pathways and outreach measures for young people by prioritising, where relevant, long-term unemployed, inactive and disadvantaged young people including through youth work. Member States should also invest in measures aimed at facilitating school-to-work transition as well as reforming and adapting employment services with a view to providing tailor-made support to young people. Member States concerned should therefore allocate at least 10 % of their national resources of the ESF+ strand under shared management to support youth employability.</p>	<p>(23) In the light of persistently high levels of youth unemployment and inactivity in a number of Member States and regions, in particular affecting young people who are neither in employment, nor in education or training, it is necessary that those Member States and regions continue to invest sufficient resources of the ESF+ strand under shared management towards actions to promote youth employment including through the implementation of Youth Guarantee schemes. Building on the actions supported by the Youth Employment Initiative in the 2014-2020 programming period targeting individual persons, Member States and regions should further promote employment and education reintegration pathways and outreach measures for young people by prioritising, where relevant, long-term unemployed, inactive and disadvantaged young people including through youth employment. Member States and regions should also invest in measures aimed at facilitating school-to-work transition as well as reforming and adapting employment services with a view to providing tailor-made support to young people. Member States that have regions with high youth unemployment and inactivity should therefore allocate at least 15 % of their national resources of the ESF+ strand under shared management to support youth employability in these regions.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion. Furthermore, although various Member States are affected by high rates of youth unemployment and inactivity, rates at regional level may vary considerably within the same state. Calculations should therefore be made based on different regional situations and the allocation and implementation of resources should take place in the areas identified as being sensitive.

Amendment 17

Recital 24

Text proposed by the European Commission	CoR amendment
(24) Member States should ensure coordination and complementarity between the actions supported by these funds.	(24) Member States, while fully respecting the principles of partnership, subsidiarity and multi-level governance in accordance with Article 6 of the CPR , should ensure coordination and complementarity between the actions supported by these funds.

Reason

The territorial approach underlying the ESF+ should also ensure close interaction between all levels of government and other bodies as provided for in Article 6 of the Common Provisions Regulation (CPR) in order to ensure coordination and complementarity.

Amendment 18

New Recital after Recital 25

Text proposed by the European Commission	CoR amendment
	(25bis) Account should also be taken of the provisions of the third paragraph of Article 174 TFEU, which states that particular attention shall be paid to regions which suffer from severe and permanent natural or demographic handicaps, such as island, cross-border and mountain regions.

Amendment 19

Recital 26

Text proposed by the European Commission	CoR amendment
(26) Efficient and effective implementation of actions supported by the ESF+ depends on good governance and partnership between all actors at the relevant territorial levels and the socioeconomic actors, in particular the social partners and civil society. It is therefore essential that Member States encourage the participation of social partners and civil society in the implementation of the ESF+ under shared management.	(26) Efficient and effective implementation of actions supported by the ESF+ depends on good governance and partnership between all actors at the relevant territorial levels, particularly and specifically at local and regional levels , and the socioeconomic actors, in particular the social partners, civil society and non-governmental organisations . It is therefore essential that Member States and local and regional authorities encourage the participation of social partners and civil society in the implementation of the ESF+ under shared management.

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 20

Recital 28

Text proposed by the European Commission	CoR amendment
<p>(28) The Member States and the Commission should ensure that ESF+ contributes to the promotion of equality between women and men in accordance with Article 8 TFEU to foster equality of treatment and opportunities between women and men in all areas, including regarding participation in the labour market, terms and conditions of employment and career progression. They should also ensure that the ESF+ promotes equal opportunities for all, without discrimination in accordance with Article 10 TFEU and promotes the inclusion in society of persons with disabilities on equal basis with others and contributes to the implementation of the United Nations Convention on the Rights of Persons with Disabilities. These principles should be taken into account in all dimensions and in all stages of the preparation, monitoring, implementation and evaluation of programmes, in a timely and consistent manner while ensuring that specific actions are taken to promote gender equality and equal opportunities. The ESF+ should also promote the transition from residential/institutional care to family and community-based care, in particular for those who face multiple discrimination. The ESF+ should not support any action that contributes to segregation or to social exclusion. Regulation (EU) No [future CPR] provides that rules on eligibility of expenditure are to be established at national level, with certain exceptions for which it is necessary to lay down specific provisions with regard to the ESF+ strand under shared management.</p>	<p>(28) <i>The Managing Authorities of the Member States at local and regional levels</i>, and the Commission should ensure that ESF+ contributes to the promotion of equality between women and men in accordance with Article 8 TFEU to foster equality of treatment and opportunities between women and men in all areas, including regarding participation in the labour market, terms and conditions of employment and career progression. They should also ensure that the ESF+ promotes equal opportunities for all, without discrimination in accordance with Article 10 TFEU and promotes the inclusion in society of persons with disabilities on equal basis with others and contributes to the implementation of the United Nations Convention on the Rights of Persons with Disabilities. These principles should be taken into account in all dimensions and in all stages of the preparation, monitoring, implementation and evaluation of programmes, in a timely and consistent manner while ensuring that specific actions are taken to promote gender equality and equal opportunities. The ESF+ should also promote the transition from residential/institutional care to family and community-based care, in particular for those who face multiple discrimination. The ESF+ should not support any action that contributes to segregation or to social exclusion. Regulation (EU) No [future CPR] provides that rules on eligibility of expenditure are to be established at national level, with certain exceptions for which it is necessary to lay down specific provisions with regard to the ESF+ strand under shared management.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 21

Recital 30

Text proposed by the European Commission	CoR amendment
(30) With regard to the processing of personal data within the framework of this Regulation, national data controllers should carry out their tasks for the purposes of this Regulation in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council.	(30) With regard to the processing of personal data within the framework of this Regulation, national and regional data controllers should carry out their tasks for the purposes of this Regulation in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council. In addition, Member States and regions must ensure access to this data through means that allow compliance with the transmission deadlines for the established indicators.

Amendment 22

Recital 31

Text proposed by the European Commission	CoR amendment
(31) Social experimentation is a small-scale project testing which allows gathering evidence on the feasibility of social innovations. It should be possible for feasible ideas to be pursued on a wider scale or in other contexts with financial support from the ESF+, as well as from other sources.	(31) Social experimentation is a small-scale, project testing which allows gathering evidence on the feasibility of social innovations. It should be possible to evaluate the quality and encourage the pursuit of feasible ideas on a wider scale or in other contexts in different regions or Member States with financial support from the ESF+ or in combination with other sources.

Reason

In order to help spread ideas that are feasible, transnational cooperation should not be confined to innovations improved by Member States; rather, it should be extended to trial runs of proven innovations in different cities.

Amendment 23

Add new Recital after Recital 31

Text proposed by the European Commission	CoR amendment
	(31bis) The ESF+ covers cross-border partnerships between regional public employment services and social partners and their activities to promote voluntary and fair mobility, as well as transparency and integration of cross-border labour markets through information, advice and placement. In many border regions they play an important role in the development of a genuine European labour market.

Amendment 24

Recital 32

Text proposed by the European Commission	CoR amendment
<p>(32) ESF+ lays down provisions intended to achieve freedom of movement for workers on a non-discriminatory basis by ensuring the close cooperation of the central employment services of Member States with one another and with the Commission. The European network of employment services should promote a better functioning of the labour markets by facilitating the cross-border mobility of workers and a greater transparency of information on the labour markets. The ESF+ scope also includes developing and supporting targeted mobility schemes with a view to filling vacancies where labour market shortcomings have been identified.</p>	<p>(32) ESF+ lays down provisions intended to achieve freedom of movement for workers on a non-discriminatory basis by ensuring the close cooperation of the central and regional employment services of Member States with one another and with the Commission. The European network of employment services should promote a better functioning of the labour markets by facilitating the cross-border mobility of workers and a greater transparency of information on the labour markets. The ESF+ scope also includes developing and supporting targeted mobility schemes with a view to filling vacancies where labour market shortcomings have been identified.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 25

Recital 36

Text proposed by the European Commission	CoR amendment
<p>(36) Keeping people healthy and active longer and empowering them to take an active role in managing their health will have positive effects on health, health inequalities, quality of life, productivity, competitiveness and inclusiveness, while reducing pressures on national budgets. The Commission has been committed to help Member States to reach their sustainable development goals (SDG), in particular SDG 3 'Ensure healthy lives and promote well-being for all at all ages'.</p>	<p>(36) Keeping people healthy and active longer and empowering them to take an active role in managing their health will have positive effects particularly as regards reducing inequalities, in terms of access to healthcare, including preventive care, quality of life, productivity, competitiveness and inclusiveness, while reducing pressures on national budgets. The Commission has been committed to help Member States and regions to reach their sustainable development goals (SDG), in particular SDG 3 'Ensure healthy lives and promote well-being for all at all ages'.</p>

Amendment 26

Recital 46

Text proposed by the Commission	CoR amendment
<p>(46) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, this Regulation will contribute to mainstream climate action in the Union's policies and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate objectives. Relevant actions will be identified during the preparation and implementation, and reassessed in the context of the mid-term evaluation.</p>	<p>(46) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, this Regulation will contribute to mainstream climate action to ensure a socially acceptable and fair transition to a sustainable low carbon economy in the Union's policies and to the achievement of an overall target that can exceed 30 % of the EU budget expenditures supporting climate objectives. Relevant actions will be identified during the preparation and implementation, and reassessed in the context of the mid-term evaluation.</p>

Reason

Consistency with the opinion 2389/2018 on the Multiannual Financial Framework package for the years 2021-2027.

Amendment 27

Article 2(1) point (3)

Text proposed by the European Commission	CoR amendment
<p>(3) 'basic material assistance' means goods which fulfil the basic needs of a person for a life with dignity, such as clothing, hygiene goods and school material;</p>	<p>(3) 'basic material assistance' means goods which fulfil the basic needs of a person for a life with dignity, such as clothing, hygiene goods and school material, adequate nutrition, decent housing and healthcare;</p>

Amendment 28

Article 2(1)

Add new point after point (7)

Text proposed by the European Commission	CoR amendment
	<p>'cross-border partnerships' in the employment and social innovation strand, means structures of cooperation between public employment services and social partners in border areas of at least two countries;</p>

Amendment 29

Article 2(1)(10)

Text proposed by the European Commission	CoR amendment
(10) 'legal entity' means any natural person, or any legal person created and recognised as such under national law, Union law or international law, which has a legal personality and which may, acting in its own name, exercise rights and be subject to obligations;	(10) 'legal entity' means any natural person, or any legal person created and recognised as such under national law, Union law or international law, which has a legal personality and which may, acting in its own name, exercise rights and be subject to obligations;

Reason

Amendment of translation only affects the Spanish version of the text. It is considered more appropriate in the Spanish version to replace '*entidad jurídica*' with '*sujeto de derecho*' since from the legal point of view it seems contradictory to refer to a natural person as a legal entity.

Amendment 30

Article 2(1)(16)

Text proposed by the European Commission	CoR amendment
(16) 'social innovations' mean activities that are social both as to their ends and their means and in particular those which relate to the development and implementation of new ideas (concerning products, services and models) that simultaneously meet social needs and create new social relationships or collaborations, thereby benefiting society and boosting its capacity to act;	(16) 'social innovations' mean collective activities that are social both as to their ends and their means and in particular those which relate to the development testing, validation, implementation and scaling of new (combinations of) products, services, models or practices that meet social needs and resolve societal challenges, and simultaneously create new social relationships or collaborations between public, private and third sector organisations, thereby empowering civil society actors and boosting their capacity to act;

Amendment 31

Article 2(1)(17)

Text proposed by the European Commission	CoR amendment
(17) 'social experimentations' mean policy interventions that offer an innovative response to social needs, implemented on a small scale and in conditions that enable their impact to be measured, prior to being implemented in other contexts or on a larger scale, if the results prove convincing ;	(17) 'social experimentations' mean the test and the comparative assessment of the innovative response to social needs, implemented on a small scale and in conditions that enable their impact to be measured, prior to being implemented in other geographical or sectoral contexts or on a larger scale, if the results prove advantageous over current practice ;

Amendment 32

Article 3, first paragraph

Text proposed by the European Commission	CoR amendment
<p>The ESF+ aims to support Member States to achieve high employment levels, fair social protection and a skilled and resilient workforce ready for the future world of work, in line with the principles set out in the European Pillar of Social Rights proclaimed by the European Parliament, the Council and the Commission on 17 November 2017.</p>	<p>The ESF+ aims to support Member States, at their different central, regional and local levels, to achieve high employment levels, fair social protection and a skilled and resilient workforce ready for the future world of work, in line with the cohesion policy principles of reducing disparities and increasing economic, social and territorial cohesion as set out in Article 174 TFEU, with the principles set out in the European Pillar of Social Rights proclaimed by the European Parliament, the Council and the Commission on 17 November 2017, and with the achievement of the Sustainable Development Goals, taking into account the need to develop integrated measures reflecting specific subnational situations.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 33

Article 3, second paragraph

Text proposed by the European Commission	CoR amendment
<p>The ESF+ shall support, complement and add value to the policies of the Member States to ensure equal opportunities, access to the labour market, fair working conditions, social protection and inclusion, and a high level of human health protection.</p>	<p>The ESF+ shall support, complement and add value to the policies of the Member States and their subnational authorities to ensure equal opportunities, access to the labour market, fair working conditions, social protection and inclusion, and a high level of human health protection.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 34

Article 4(1) point (i)

Text proposed by the European Commission	CoR amendment
<p>(i) improving access to employment of all jobseekers, in particular youth and long-term unemployed, and of inactive people, promoting self-employment and the social economy;</p>	<p>(i) improving access to employment of all jobseekers, in particular youth and long-term unemployed, inactive people and people with disabilities, promoting self-employment and increasing employment in businesses and social economy entities and supporting cross-border labour mobility;</p>

Reason

A specific reference should be made to people with disabilities as well as to the encouragement of cross-border labour mobility, given the importance of these aspects for a more cohesive Europe from an economic, social and territorial point of view. Boosting employment should apply to all economic operators.

Amendment 35

Article 4(1) point (ii)

Text proposed by the European Commission	CoR amendment
(ii) modernising labour market institutions and services to assess and anticipate skills needs and ensure timely and tailor-made assistance and support to labour market matching, transitions and mobility;	(ii) modernising labour market institutions and services to assess and anticipate skills needs and ensure timely and tailor-made assistance and support to labour market matching, transitions and mobility, and improve the quality of all aspects of work;

Reason

A specific reference should be made to improving the quality of all aspects of work, given its importance in achieving a more inclusive and cohesive Europe from an economic, social and territorial point of view.

Amendment 36

Article 4(1) point (iv)

Text proposed by the European Commission	CoR amendment
(iv) improving the quality, effectiveness and labour market relevance of education and training systems, to support acquisition of key competences including digital skills;	(iv) improving the quality, effectiveness and labour market relevance of education and training systems, including higher education systems, to support acquisition of key competences including digital skills;

Reason

It must remain possible to promote education and training opportunities to increase the innovative potential of a region and to improve job opportunities in science and industry. Funding for higher education is particularly important in achieving this.

Amendment 37

Article 4(1) point (v)

Text proposed by the European Commission	CoR amendment
(v) promoting equal access to and completion of, quality and inclusive education and training, in particular for disadvantaged groups, from early childhood education and care through general and vocational education and training, and to tertiary level, as well as adult education and learning, including facilitating learning mobility for all;	(v) promoting equal access to and completion of, quality and inclusive education and training, in particular for disadvantaged groups, from early childhood education and care through general and vocational education and training, and to tertiary level, as well as adult education and learning and higher education , including facilitating learning mobility for all;

Reason

It must remain possible to promote education and training opportunities to increase the innovative potential of a region and to improve job opportunities in science and industry. Funding for higher education is particularly important in achieving this.

Amendment 38

Add new point after Article 4(1) point (xi)

Text proposed by the European Commission	CoR amendment
	(xii) strengthening the institutional capacity of the authorities and stakeholders and contributing to efficient public administration.

Reason

The aim is to bring back thematic objective 11 of the current ESIF programming period for the post-2020 period, given the delay in strengthening institutional capacities and local administrations.

Amendment 39

Article 4(2)(1)

Text proposed by the European Commission	CoR amendment
1. a smarter Europe through the development of skills for smart specialisation, skills for key enabling technologies, industrial transition, sectorial cooperation on skills and entrepreneurship, the training of researchers, networking activities and partnerships between higher education institutions, vocational and educational training (VET) institutions, research and technological centres and enterprises and clusters, support to micro, small and medium sized enterprises and the social economy;	1. a smarter Europe through the development of skills for smart specialisation, skills for key enabling technologies, industrial transition, sectorial cooperation on skills and entrepreneurship, the training of researchers and trainers , networking activities and partnerships between higher education institutions, vocational and educational training (VET) institutions, research and technological centres and enterprises and clusters, support to micro, small and medium sized enterprises and the social economy;

Reason

Training for unemployed people is key in enabling them to find employment, and trainers should therefore be specialised if they are to achieve success.

Amendment 40

Article 5(2)

Text proposed by the European Commission	CoR amendment
<p>2. The part of the financial envelope for the ESF+ strand under shared management under the Investment for Jobs and Growth goal shall be EUR 100 000 000 000 in current prices or EUR 88 646 194 590 in 2018 prices of which EUR 200 000 000 in current prices or EUR 175 000 000 in 2018 prices shall be allocated for transnational cooperation supporting innovative solutions as referred to in Article 23 (i) and EUR 400 000 000 in current prices or EUR 376 928 934 in 2018 prices as additional funding to the outermost regions identified in Article 349 TFEU and the NUTS level 2 regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession.</p>	<p>2. The part of the financial envelope for the ESF+ strand under shared management under the Investment for Jobs and Growth goal shall be EUR 100 000 000 000 in current prices or EUR 88 646 194 590 in 2018 prices of which EUR 200 000 000 in current prices or EUR 175 000 000 in 2018 prices shall be allocated for transnational cooperation supporting innovative solutions as referred to in Article 23 (i). Particular attention shall be paid to less-developed regions and other regions mentioned in the third paragraph of Article 174 TFEU when allocating funding, with the aim of contributing to economic, social and territorial cohesion. In addition, EUR 400 000 000 in current prices or EUR 376 928 934 in 2018 prices shall be earmarked as additional funding to the outermost regions identified in Article 349 TFEU and the NUTS level 2 regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession.</p>

Reason

As the ESF+ will contribute to EU action to strengthen economic, social and territorial cohesion, in accordance with Article 174 TFEU, particular attention should be paid to less-developed regions and other regions mentioned in the third paragraph of Article 174 TFEU when allocating funding, with the aim of contributing to economic, social and territorial cohesion.

Amendment 41

Article 5(5)

Text proposed by the European Commission	CoR amendment
<p>5. The amounts referred to in paragraphs 3 and 4 may also be used for technical and administrative assistance for the implementation of the programmes, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.</p>	<p>5. The amounts referred to in paragraphs 2, 3 and 4 may also be used for technical and administrative assistance for the implementation of the programmes, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.</p>

Reason

The shared management funds covered by paragraph 2 should be used to provide technical assistance.

Amendment 42

Article 7(1), first subparagraph

Text proposed by the European Commission	CoR amendment
<p>1. Member States shall concentrate the ESF+ resources under shared management on interventions that address the challenges identified in their national reform programmes, in the European Semester as well as in the relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and Article 148(4) TFEU, and take into account principles and rights set out in the European Pillar of Social Rights.</p>	<p>1. The Managing Authorities in the Member States, at national and regional level, shall — while taking account of the specific features of each region — allocate a sufficient amount of their ESF+ resources under shared management to interventions that promote economic, social and territorial cohesion, and the rights established by the European Pillar of Social Rights and that address the challenges identified in their national reform programmes, in the European Semester as well as in the country reports and country-specific social recommendations adopted in accordance with Article 121(2) TFEU and Article 148(4) TFEU as well as and in line with the Paris Agreement and the UN Sustainable Development Goals. Member States may only create additional obligations on beneficiaries where these are justified to deliver towards the objectives of the ESF+ and their implementation.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 43

Article 7(1), second subparagraph

Text proposed by the European Commission	CoR amendment
<p>Member States and, where appropriate the Commission, shall foster synergies and ensure coordination, complementarity and coherence between the ESF+ and other Union funds, programmes and instruments such as Erasmus, the Asylum and Migration Fund and the Reform Support Programme, including the Reform Delivery Tool and the Technical Support Instrument, both in the planning phase and during implementation. Member States and, where appropriate the Commission, shall optimise mechanisms for coordination to avoid duplication of effort and ensure close cooperation between those responsible for implementation to deliver coherent and streamlined support actions.</p>	<p>Managing Authorities in the Member States at national and regional level, and, where appropriate the Commission, shall foster synergies and ensure coordination, complementarity and coherence between the ESF+ and other funds, in particular the European Regional Development Fund, the Cohesion Fund and the European Agricultural Fund for Rural Development, as well as Union programmes and instruments such as Erasmus, the Asylum and Migration Fund and the Reform Support Programme, both in the planning phase and during implementation, without prejudice to the objectives set in Articles 3 and 4 of the Sustainable Development Strategy. Member States and, where appropriate the Commission, shall optimise mechanisms for coordination to avoid duplication of effort and ensure close cooperation between those responsible for implementation to deliver coherent and streamlined support actions.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion. On the other hand, it is not necessary to include a reference to coordination with these new instruments: the Reform Delivery Tool and the Technical Support Instrument. Coordination with the EFSI is needed and should be included in the text, taking into account the main objective of the ESF+. Moreover, a clear reference to the Sustainable Development Strategy is needed.

Amendment 44

Article 7(2)

Text proposed by the European Commission	CoR amendment
<p>2. Member States shall allocate an appropriate amount of their ESF+ resources under shared management to address challenges identified in relevant country-specific recommendations adopted in accordance with Article 121 (2) TFEU and Article 148(4) TFEU and in the European Semester falling within the scope of the ESF+ as set out in Article 4.</p>	<p>2. Member States, in coordination with the regions and taking into account the distribution of competences for managing the different policies and funding needed, shall allocate an appropriate amount of their ESF+ resources under shared management to address challenges identified in relevant country-specific recommendations — while factoring in specific regional characteristics — that have been adopted in accordance with Article 121(2) TFEU and Article 148(4) TFEU and in the European Semester falling within the scope of the ESF+ as set out in Article 4. The principles and rights established in the European Pillar of Social Rights and the objective of economic, social and territorial cohesion should also be taken into consideration.</p>

Reason

Meeting these requirements can only lead to greater economic and social cohesion for the European Union. Therefore, when dividing up the amounts to be allocated, respect should be ensured for regional and local **authorities'** management capacities and areas of competence, with regard to the challenges that fall under their remit.

Amendment 45

Article 7(5)

Text proposed by the European Commission	CoR amendment
<p>5. Member States having a rate of young people aged 15 to 29 not in employment, education or training above the Union average in 2019 on the basis of Eurostat data, shall allocate at least 10 % of their ESF+ resources under shared management for the years 2021 to 2025 to targeted actions and structural reforms to support youth employment and school-to-work transition, pathways to reintegrate into education or training and second chance education, in particular in the context of implementing Youth Guarantee schemes.</p>	<p>5. Member States having regions with a rate of young people aged 15 to 29 not in employment, education or training above the Union average in 2019 on the basis of Eurostat data, shall allocate at least 15 % of their ESF+ resources under shared management for the years 2021 to 2025 to targeted actions and structural reforms to support youth employment and school-to-work transition, pathways to reintegrate into education or training and second chance education, in particular in the context of implementing Youth Guarantee schemes at local and regional level.</p>

Text proposed by the European Commission	CoR amendment
<p>When programming the ESF+ resources under shared management for 2026 and 2027 at mid-term in accordance with Article [14] of [the future CPR], Member States having a rate of young people aged 15 to 29 not in employment, education or training above the Union average in 2024 on the basis of Eurostat data, shall allocate at least 10 % of their ESF+ resources under shared management for the years 2026 to 2027 to these actions.</p> <p>Outermost regions meeting the conditions set out in the first and second subparagraphs shall allocate at least 15 % of the ESF+ resources under shared management in their programmes to the targeted actions set out in the first subparagraph. This allocation shall be taken into account for verifying compliance with the minimum percentage at national level set out in the first and second subparagraphs.</p> <p>When implementing such actions, Member States shall give priority to inactive and long-term unemployed young people and put in place targeted outreach measures.</p>	<p>When programming the ESF+ resources under shared management for 2026 and 2027 at mid-term in accordance with Article [14] of [the future CPR], Member States having a rate of young people aged 15 to 29 not in employment, education or training above the Union average in 2024 on the basis of Eurostat data, shall allocate at least 10 % of their ESF+ resources under shared management for the years 2026 to 2027 to these actions.</p> <p>Outermost regions meeting the conditions set out in the first and second subparagraphs shall allocate at least 15 % of the ESF+ resources under shared management in their programmes to the targeted actions set out in the first subparagraph. This allocation shall be taken into account for verifying compliance with the minimum percentage at national level set out in the first and second subparagraphs.</p> <p>When implementing such actions, Member States shall give priority to inactive and long-term unemployed young people and put in place targeted outreach measures. Member States shall allocate an adequate amount of their ESF+ resources under shared management to implement the European Child Guarantee in order to ensure children's equal access to free healthcare, free education, free childcare, decent housing and adequate nutrition.</p>

Reason

Various Member States are affected by high rates of youth unemployment and inactivity, although rates at regional level may vary considerably within the same state. Calculations should therefore be made based on different regional situations and the allocation and implementation of resources should take place in the areas identified as being sensitive. Supporting youth employment should be one of the main challenges to be tackled by the ESF+, especially in those states with regions where unemployment rates are higher than average, and it must be ensured that this support is sufficient by means of an allocation of at least 15 %.

Amendment 46

Article 8(1)

Text proposed by the European Commission	CoR amendment
<p>1. Each Member State shall ensure adequate participation of social partners and civil society organisations in the delivery of employment, education and social inclusion policies supported by the ESF+ strand under shared management.</p>	<p>1. Managing Authorities in the Member States at national and regional level, shall ensure adequate participation of social partners and civil society organisations in the delivery of employment, education and social inclusion policies supported by the ESF+ strand under shared management, in line with the European Code of Conduct on Partnership and multi-level governance.</p>

Reason

It is necessary to highlight the key role of local and regional authorities in contributing to economic, social and territorial cohesion.

Amendment 47

Article 11

Text proposed by the European Commission	CoR amendment
<p>The actions addressing the challenges identified in relevant country-specific recommendations and in the European Semester as referred to in Article 7(2) shall be programmed under one or more dedicated priorities.</p>	<p>The actions addressing the challenges identified in relevant country-specific recommendations and in the European Semester as referred to in Article 7(2) shall be programmed under one or more priorities. Adequate flexibility shall be guaranteed at the level of the Managing Authority, in order to identify the priorities and areas for ESF+ investments, depending on specific local and regional challenges.</p>

Reason

Actions linked to country-specific recommendations (concerning various thematic areas and included under various specific objectives) should not be incorporated into one or more dedicated priorities. Actions linked to country-specific recommendations should be part of one or more priorities in accordance with the relevant thematic area.

Amendment 48

Article 13(1)

Text proposed by the European Commission	CoR amendment
<p>1. Member States shall support actions of social innovation and social experimentations, or strengthen bottom-up approaches based on partnerships involving public authorities, the private sector, and civil society such as the Local Action Groups designing and implementing community-led local development strategies.</p>	<p>1. Member States shall support actions of social innovation and social experimentations and/or strengthen bottom-up approaches based on partnerships involving public authorities, at national, regional and local level, the private sector, social partners and civil society such as the Local Action Groups designing and implementing community-led local development strategies.</p>

Reason

Rural development groups and community-led local development strategies should be seen in the ESF+ as a general instrument for strengthening its territory-based approach. For this reason, their role must be extended and become a tool for innovative actions.

Amendment 49

Article 13(4)

Text proposed by the European Commission	CoR amendment
<p>4. Each Member State shall dedicate at least one priority to the implementation of paragraphs 1 or 2 or to both. The maximum co-financing rate for these priorities may be increased to 95 % for the allocation of maximum 5 % of the national ESF+ allocation under shared management to such priorities.</p>	<p>4. Each Member State shall dedicate at least one priority to the implementation of paragraphs 1 or 2 or to both. The maximum co-financing rate for these priorities may be increased to 95 % for the allocation of maximum 5 % of the national ESF+ allocation under shared management to such priorities. <i>A minimum proportion of the national ESF+ allocation under shared management should be earmarked for supporting social innovation and social experimentation actions. Audit rules for such actions should be sufficiently flexible to allow risk-taking and creativity. There will be support for transnational cooperation, in order to transfer proven innovations to other contexts at local, regional or national level.</i></p>

Reason

Evidence from the 2014-2017 period shows that the ESF can act as a catalyst for social innovation at local level, but the audit regime, which is too strict, stifles its potential. It is also important that the rules are sufficiently flexible to allow risk-taking and thinking on one's feet. In order to help spread social innovations that are successful, transnational cooperation should not be confined to innovations improved by Member States; rather, it should be extended to trial runs of proven innovations in different cities.

Amendment 50

Article 14(1)

Text proposed by the European Commission	CoR amendment
<p>1. In addition to the costs referred to in Article [58] of [the future CPR], the following costs are not eligible under the general support of the ESF+ strand under shared management:</p> <p>(a) the purchase of land and real estate, and the provision of infrastructure; and</p> <p><i>(b) the purchase of furniture, equipment and vehicles except where the purchase is necessary for achieving the objective of the operation, or these items are fully depreciated, or the purchase of these items is the most economic option.</i></p>	<p>1. In addition to the costs referred to in Article [58] of [the future CPR], the following costs are not eligible under the general support of the ESF+ strand under shared management:</p> <p>(a) the purchase of land and real estate, and the provision of infrastructure; and</p>

Reason

Subparagraph (b) restricts expenditure unnecessarily and should therefore be deleted.

Amendment 51

Article 15(5)

Text proposed by the European Commission	CoR amendment
<p>5. Member States shall, when data are available in registers or equivalent sources, enable the Managing Authorities and other bodies entrusted with data collection necessary for the monitoring and the evaluation of the general support of the ESF+ strand under shared management to obtain those data from data registers or equivalent sources, in accordance with points (c) and (e) of Article 6(1) of Regulation (EU) 2016/679.</p>	<p>5. Member States shall, when data are available in registers or equivalent sources, enable the Managing Authorities and other bodies entrusted with data collection necessary for the monitoring and the evaluation of the general support of the ESF+ strand under shared management to obtain those data from data registers or equivalent sources, in accordance with points (c) and (e) of Article 6(1) of Regulation (EU) 2016/679. <i>In addition, Member States shall guarantee access to this data through means that allow compliance with the transmission deadlines for the established indicators.</i></p>

Reason

The mere authorisation to obtain data from administrative records does not ensure compliance with the aim of Article 15, which is to obtain the individual data of the participants without having to collect it from them directly, and then to transmit the values of the indicators calculated on the basis of them ahead of the set deadlines. This requires permanent and flexible channels for cross-checking the information.

Amendment 52

Article 21(4)

Text proposed by the European Commission	CoR amendment
<p>4. The Commission shall adopt an implementing act establishing the model to be used for the structured survey of end recipients in accordance with the advisory procedure referred to in Article 39(2) in order to ensure uniform conditions for the implementation of this Article.</p>	<p>4. The Commission shall adopt an implementing act establishing the model to be used for the structured survey of end recipients in accordance with the advisory procedure referred to in Article 39(2) in order to ensure uniform conditions for the implementation of this Article. <i>The information requested in the survey shall be limited to key variables for monitoring and evaluating the progress made by ESF+ support and tackling material deprivation.</i></p>

Reason

Preparing surveys aimed at households is expensive and may be an annoying burden to citizens, contrary to Regulation (EC) No 223/2009 on European statistics, which lays down the principle of 'cost-effectiveness'. The information requested in the survey should be limited, with a view to avoiding including variables that are not really necessary or are disproportionately difficult to obtain in comparison to the benefits that they would bring if available.

Amendment 53

Article 23 point (h)

Text proposed by the European Commission	CoR amendment
(h) to provide guidance for the development of social infrastructure (including housing, child care and education and training, health care and long-term care) needed for the implementation of the European Pillar of Social Rights;	(h) to provide guidance for the development of social infrastructure (including housing, child care and education and training, health care and long-term care and community-led development strategies) needed for the implementation of the European Pillar of Social Rights and the United Nations' Sustainable Development Goals ;

Amendment 54

Annex II, point 2 — Common result indicators

Text proposed by the European Commission	CoR amendment
Number of the end recipients receiving food support — Number of children below 18 years of age	Number of the end recipients receiving food support — Number of children below 18 years of age,

Reason

The Spanish name of this indicator refers to an age group (0-18 years of age), the upper limit of which overlaps with the group that the following indicator on the list refers to: 'Number of youths aged 18-29 years'. [Translator's note: This amendment does not apply to the English version.] This creates confusion as 18-year-olds would be included in both groups.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Role of the European Social Fund

1. highlights that the European Social Fund has become the main instrument for investing in people, promoting equality between men and women and improving the lives of millions of European citizens, and appreciates the positive effects of the European Social Fund in the period 2007-2013;

2. welcomes the fact that new objectives in areas such as youth employment and the further promotion of social inclusion, health and poverty reduction have been added to the traditional objectives of European Social Fund — i.e. improving the effectiveness of the operation of labour markets and promoting access to quality jobs, improving access to education and training;

3. considers it necessary for the European Social Fund to be able to become an instrument that allows greater GDP and productivity growth and addresses the challenges of access to decent, quality jobs, by helping to speed up the process of economic and social convergence in the EU, which was damaged by the crisis and poor economic and social recovery. This will ensure that it remains an essential pillar of cohesion policy and long-term growth, focusing efforts on improving the EU's human capital, improving conditions of access and progress to more and better jobs and protecting persons and sectors that have been hardest hit by the economic crisis and have not yet fully recovered;

4. is of the view that good design and implementation of the ESF+ can contribute to increasing positive perception of the European Union among citizens, raising the profile of the EU's efforts to support the most deprived;

Cohesion policy

5. welcomes the links that the proposal for an ESF+ regulation makes to the European Pillar of Social Rights, although it lacks a clearer link to the objective of economic, social and territorial cohesion, insofar as the two elements are complementary and interrelated.
6. considers it necessary to recognise the ESF+ as a fundamental component of cohesion policy in the proposal for a regulation and to avoid transforming it into a sectoral European policy instrument;
7. emphasises that the added value of the ESF+, in comparison to action taken by Member States, is linked to territorial needs and integration with other cohesion policy funds for the purposes of carrying out coherent and comprehensive initiatives at local level. Regrets, therefore, that the ESF+ has been separated financially from the ERDF and the Cohesion Fund, which may lead to a possible break-up of cohesion policy in the post-2027 MFF, as happened recently with the EAFRD;

Decentralisation, shared management and co-financing

8. rejects the low profile of regional local authorities in the proposal for a regulation and reminds the Commission of the importance of these authorities in managing the Fund, supported by their extensive experience;
9. rejects the key role given to the national authorities of the Member States at the expense of local and regional authorities, since it considers that this centralisation may only be granted by the institutional framework of the Member State concerned;
10. notes that it has been proven that decentralisation has led to better implementation of place-based approach and more effective distribution of funding and therefore calls for the proposal for a regulation to give greater clout in managing and distributing the fund to local authorities in those Member States with high degrees of political and administrative decentralisation, so that the fund's management structure can be adjusted to the Member States' organisational structure — particularly in those countries with greater degrees of decentralisation;
11. believes that the commitment made by the proposal for a regulation to introduce an — albeit modest — direct management model sets a precedent for future frameworks, which should be limited to actions that are relevant to the scope and aim of the ESF+;
12. takes a very negative view of the return to the N+2 rule, the reduction in the co-financing rate and the amounts of pre-financing put forward in the CPR proposal, which, combined with a possible reduction in resources for the required national counterpart as a result of fiscal consolidation policies, will have a highly detrimental impact on the fund's management, impeding achievement of the expected results. The Committee therefore calls for an increase in the co-financing levels for the 2007/2013 and 2014/2020 programming periods, or at least for these levels to be maintained, to ensure that the commitment to social inclusion and the Pillar for Social Rights is not undermined by reduced financial support from the European Union. It notes that the fulfilment of certain conditionalities does not fall within the remit of local and regional authorities, and therefore proposes that a penalty be applied only if local and regional authorities have been involved in negotiating them and have thereby taken some form of responsibility;

Budget

13. takes a very positive view of the transparency exercise carried out for the first time by the Commission when allocating an exact financial envelope to the ESF+ for the period 2021-2027, as the Commission proposal has taken into account previous CoR opinions and proposed also using social indicators other than GDP when distributing resources between Member States. At the same time, the Committee encourages the Commission to take into account in future an indicator relating to the integration of third-country nationals going beyond a simple calculation of the net migration balance;
14. regrets the deletion of the 23,1 % minimum share of cohesion policy that should be allocated to the ESF+, as well as the reduction resulting from the Commission proposal on cohesion policy with regard to the ESF. This reduction will lead not only to a cut in the total resources earmarked for employment and social inclusion but also to a smaller role for local and regional authorities in programming and managing the ESF+;
15. expresses concern at the reduction in the financial envelope in a proposal which includes new additional objectives for the ESF+, as this will mean less resources being allocated to meet more objectives;

16. stresses that the ESF's specific role is to support those projects that make it easier to adapt local and regional potential based on human capital to labour market needs. This is the only way to limit the costs associated with migration of human capital and thus the loss of its value (including as a result of 'brain drain'). It is therefore important to support measures linking the provision of education with labour market trends so that talent can be attracted and retained in the territory while at the same time creating jobs;

17. urges the Commission, when distributing resources between the Member States, to factor in the individual characteristics of the regions especially less-developed regions. At the same time, account shall be taken of the specific circumstances of the outermost regions and the NUTS 2 level regions, which meet the criteria set out in Article 2 of Protocol No 6 to the 1994 Act of Accession and of those regions which suffer from severe and permanent natural or demographic handicaps, in accordance with the explicit mandate of Article 174 TFEU;

Simplification

18. welcomes the commitment to greater simplification, which is apparent from the proposal. The CoR urges the Commission to adopt additional simplification measures both for Managing Authorities and for beneficiaries within the instruments to be adopted in the regulation, as the removal of barriers, costly requirements and red tape from the start of the operations selection process is key;

19. welcomes the extension of 'payment by results' based instruments, as well as the joint action plans and the simplified costs options in the Common provisions regulation, and trusts that Member States will not add additional rules to those set out by the European Commission;

20. notes that the process of developing of indicators to measure implementation and results requires time and effort and therefore considers that, in order to avoid an excessive workload and jeopardising the viability and quality of the system of indicators, the submission of data should be twice a year, including preparations for the annual discussion of the managing authorities with the Commission and not bi-monthly as the proposal states;

Coordination with other strategies

21. warmly welcomes those provisions in the proposal for a regulation which help to consolidate principles of gender equality and equal opportunities by strengthening their cross-cutting nature, as they must be taken into account at all stages of the programmes;

22. takes a positive view of the continuation, restructuring and broadening of the fundamental objectives of ESF+ interventions, but points out that it is essential to allow more generic, flexible and open interventions than those that could be applied during the current programming period, in order to facilitate social inclusion and enable attention to be directed towards the most deprived persons;

23. deems the opening up of the ESF+ to the area of social innovation as a promising step, but believes that there is a need to put in place tools and mechanisms to strengthen the capacities of key players when designing, implementing and evaluating this type of programme. The Commission should dedicate some of its efforts to building up a support network for awareness-raising, training and assistance in the planning and implementation of social innovation initiatives, in coordination with the InvestEU initiative;

24. points out that the ESF+ can and should actively contribute to achieving the Sustainable Development Goals, as it has a direct impact on many of them and an indirect impact on almost all of them;

25. maintains that the ESF+ should improve coordination and promote synergies with adaptation initiatives and improve responses to the challenges of the digital revolution;

26. maintains that the ESF+ must improve coordination and promote synergies with initiatives linked to aspects of health, both from the perspective of prevention and care;

27. believes that the ESF+ should help to create a more equal society, adopting a people-centred approach. The Committee therefore welcomes the link between the ESF+ objectives and the European Pillar of Social Rights. The CoR remains however cautious about the link between the ESF+ and the country-specific recommendations adopted in the context of the European Semester. In this regard, it considers that the ESF+ should coordinate properly with the European economic governance process while preserving its autonomy and ensuring that it does not become subordinate to this process. Moreover, the CoR stresses the need to integrate the ESF+ investment priorities into a new long-term EU Strategy implementing the Sustainable Development Goals, recognising that the Commission's proposal complies with the principles of subsidiarity and proportionality;

28. believes it is not an appropriate solution for measures linked to the implementation of the country-specific recommendations (CSR), which usually concern very different thematic areas (education, activation, creation of childcare places and many others) and at the same time are included under various specific objectives in the EFS regulation, to be incorporated artificially into one or more dedicated priorities. The most appropriate course of action is to ensure that measures linked to implementation of the CSR form part of one or more priorities in accordance with the relevant thematic areas (employment, education, social inclusion). Attention should also be paid to the fact that CSR should be linked to the priorities planned for the long-term financial perspective;

29. regrets the lack of precision with regard to the percentage of resources that Member States are to allocate to tackling the challenges identified in the European Semester for economic policy coordination, the national reform programmes and country-specific recommendations. The CoR calls on the European institutions to define the links with the European Semester with greater clarity without altering the fund's governance and management model. In particular, this should not mean a cut in resources managed by regional authorities in highly-decentralised Member States;

30. welcomes the fact that the socioeconomic integration of immigrants has been included under the strategic area of social inclusion, as part of Europe's response to this issue. This response should be orderly, comprehensive, responsible, respectful of the people's dignity and unyielding in the face of discrimination;

31. notes that empirical evidence shows that the gradual integration of the working immigrant population can be an important opportunity in terms of economic dynamism and increased employment. This effect is maximised when immigrants offer qualified labour;

32. calls for recognition for the important work carried out by local and regional authorities in relation to the socioeconomic integration of immigrants, especially unaccompanied minors and young people, and particularly those LRAs in areas with external borders. It stresses the need to seek greater complementarity with the Asylum and Migration Fund, thereby avoiding an overlap between the two instruments and improving coherence between policies for supporting and integrating migrants and for promoting social and labour market integration, catering for the regions with greater needs through specific additional funding;

33. calls for the necessary mechanisms to be adopted to ensure that at least 10 % of the resources received from the ESF+ are used for measures to support youth employment in order to ensure their effectiveness and efficiency and to prevent the marginalisation of youth employment guarantee schemes in the new ESF+. The CoR also calls for these measures to take into account regional and local disparities which may exist within the same Member State. It considers it essential, therefore, that the level of young people aged 15-29 not in employment, education or training above the Union average in 2019 be calculated using regional rather than national Eurostat data.

Brussels, 5 December 2018.

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

Opinion of the European Committee of the Regions on ‘European Regional Development Fund and Cohesion Fund’

(2019/C 86/08)

<p>Rapporteur: Michiel RIJSBERMAN (NL/ALDE), Regional Minister of the Province of Flevoland</p> <p>Reference document: Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund</p> <p align="center">COM(2018) 372 final</p>

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 5

Text proposed by the European Commission	CoR amendment
<p>Horizontal principles as set out in Article 3 of the Treaty on European Union (‘TEU’) and in Article 10 of the TFEU, including principles of subsidiarity and proportionality as set out in Article 5 of the TEU, should be respected in the implementation of the ERDF and the Cohesion Fund, taking into account the Charter of Fundamental Rights of the European Union. Member States should also respect the obligations of the UN Convention on the Rights of Persons with Disabilities and ensure accessibility in line with its article 9 and in accordance with the Union law harmonising accessibility requirements for products and services. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Funds should not support actions that contribute to any form of segregation. The objectives of the ERDF and the Cohesion Fund should be pursued in the framework of sustainable development and the Union’s promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Articles 11 and 191(1) of the TFEU, taking into account the polluter pays principle. In order to protect the integrity of the internal market, operations benefitting undertakings shall comply with State aid rules as set out in Articles 107 and 108 of the TFEU.</p>	<p>Horizontal principles as set out in Article 3 of the Treaty on European Union (‘TEU’) and in Article 10 of the TFEU, including principles of subsidiarity and proportionality as set out in Article 5 of the TEU, should be respected in the implementation of the ERDF and the Cohesion Fund, taking into account the Charter of Fundamental Rights of the European Union and the European Pillar of Social Rights. Member States should also respect the obligations of the UN Convention on the Rights of Persons with Disabilities and ensure accessibility in line with its article 9 and in accordance with the Union law harmonising accessibility requirements for products and services. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Funds should not support actions that contribute to any form of segregation. Member States and the Commission should acknowledge the important role culture plays in the social cohesion of Europa, in line with Unesco Universal Declaration on Cultural Diversity and the role culture and the creative sector can play in reconciling civil tensions.</p>

Text proposed by the European Commission	CoR amendment
	<p>The objectives of the ERDF and the Cohesion Fund should be pursued in the framework of sustainable development, notably in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, as well as and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Articles 11 and 191(1) of the TFEU, taking into account the polluter pays principle. In order to protect the integrity of the internal market, operations benefitting undertakings shall comply with State aid rules as set out in Articles 107 and 108 of the TFEU.</p>

Reason

N/A

Amendment 2

New Recital after Recital 5

Text proposed by the European Commission	CoR amendment
	<p>Member States should refrain from adding rules that complicate the use of the ERDF and the Cohesion Fund for the beneficiary.</p>

Amendment 3

Recital 14

Text proposed by the European Commission	CoR amendment
<p>Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the Funds will contribute to mainstream climate actions and to the achievement of an overall target of 25 % of the EU budget expenditure supporting climate objectives. Operations under the ERDF are expected to contribute 30 % of the overall financial envelope of the ERDF to climate objectives. Operations under the Cohesion Fund are expected to contribute 37 % of the overall financial envelope of the Cohesion Fund to climate objectives.</p>	<p>Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the Funds will contribute to mainstream climate actions and to the achievement of an overall target of 25 % of the EU budget expenditure supporting climate objectives. Operations under the ERDF are expected to contribute 30 % of the overall financial envelope of the ERDF to climate objectives. Operations under the Cohesion Fund are expected to contribute 37 % of the overall financial envelope of the Cohesion Fund to climate objectives.</p>

Text proposed by the European Commission	CoR amendment
	<p><i>These percentages should be respected throughout the programming period.</i></p> <p><i>Therefore, relevant actions will be identified during the preparation and implementation of these funds, and reassessed in the context of the relevant evaluations and review procedures. These actions and the financial allocation reserved for their implementation are to be included in the national Integrated Energy and Climate Plans in accordance with Annex IV of Regulation (EU) 2018/xxxx [new CPR] and attached to the Operational Programmes.</i></p>

Reason

Achieving the Paris targets will represent a major challenge for Europe. The CoR has set out highly ambitious climate objectives in previous opinions and notes that the ERDF and Cohesion Fund are the main financial instrument in the EU budget aimed at contributing to the climate objectives. The EU has committed to the Paris targets. Given the unpredictability caused by the flexible nature of allocations to different policy objectives, Cohesion Policy's 'horizontal enabling conditions' should include the requirement for Member States to fulfil the obligations stemming from the Paris Agreement objectives in their national integrated energy and climate plans; these should at least be closely monitored throughout the programming period to make sure that contributions to climate objectives are still on the right track.

Amendment 4

New recital after recital 14

Text proposed by the European Commission	CoR amendment
	<p><i>The ERDF should strengthen its direct support to subnational governments by ensuring enhanced financing and tailored instruments for territorial development, boosting the implementation of the United Nations Sustainable Development Goals on the ground.</i></p>

Reason

Only the UN SDGs for tackling climate change are mentioned in the recitals. This amendment ensures greater coherence with the conclusions of the Council of the EU entitled 'A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development' with regard to boosting the implementation of **all** SDGs on the ground.

Amendment 5

Recital 17

Text proposed by the European Commission	CoR amendment
<p>The ERDF should help to redress the main regional imbalances in the Union and to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions including those facing challenges due to the decarbonisation commitments. ERDF support under the Investment for jobs and growth goal should therefore be concentrated on key Union priorities in line with policy objectives laid down in Regulation (EU) 2018/xxx [new CPR]. Therefore support from the ERDF should be concentrated on the policy objectives of ‘a smarter Europe by promoting innovative and smart economic transformation’ and ‘a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management’. That thematic concentration should be attained at national level while allowing for flexibility at the level of individual programmes and between the three groups of Member States formed according to respective gross national income. In addition, the methodology to classify Member States should be set out in detail taking into account the specific situation of the outermost regions.</p>	<p>The ERDF should help to redress the main regional imbalances in the Union and to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions including those facing challenges due to the decarbonisation commitments. ERDF support under the Investment for jobs and growth goal should therefore be concentrated on key Union priorities in line with policy objectives laid down in Regulation (EU) 2018/xxx [new CPR]. Therefore support from the ERDF should be concentrated on the policy objectives of ‘a smarter Europe by promoting innovative and smart economic transformation’ and ‘a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management’. That thematic concentration should be attained at regional level while allowing for flexibility at the level of individual programmes and between the three categories of regions formed according to regional gross domestic product. To facilitate the flexibility between regions, Member States may ask, on request by the regions concerned, for the thematic concentration to be calculated for a combination of regions. In addition, the methodology to classify regions should be set out in detail taking into account the specific situation of the outermost regions.</p>

Reason

This amendment aims to bring Recital 17 in line with Amendment 7 **on Article 3** relating to thematic concentration.

The proposed centralised allocation mechanism was a point of concern that was raised by most regional stakeholders (CoR, AER, CPMR, CEMR). To give an example, under national thematic concentration rules the ‘transition’ regions (regions with a gross national income ratio equal to or above 75 % and below 100 % of the EU average (‘group 2’) could erroneously fall under stricter rules if they were located in a Member State with a gross national income ratio equal to or above 100 % of the EU average (‘group 1’).

This goes against the place-based approach of Cohesion Policy and its intended flexibility, making the proposal counterproductive. Therefore, the CoR proposes to revert to the current, regional allocation system, while allowing for flexibility to regulate thematic concentration depending on capabilities and needs of regions.

Amendment 6

Recital 18

Text proposed by the European Commission	CoR amendment
<p>In order to concentrate the support on key Union priorities, it is also appropriate that thematic concentration requirements should be respected throughout the programming period, including in the case of transfer between priorities within a programme or between programmes.</p>	<p>In order to concentrate the support on key Union priorities and in line with the objectives of social, economic and territorial cohesion set out in Article 174, it is also appropriate that thematic concentration requirements should be respected throughout the programming period, including in the case of transfer between priorities within a programme or between programmes.</p>

Amendment 7

Article 2

Text proposed by the European Commission	CoR amendment
<p>1. In accordance with the policy objectives set out in Article [4(1)] of Regulation (EU) 2018/xxxx[new CPR], the ERDF shall support the following specific objectives:</p> <p>(a) 'a smarter Europe by promoting innovative and smart economic transformation' ('PO 1') by:</p> <p>(i) enhancing research and innovation capacities and the uptake of advanced technologies;</p> <p>(ii) reaping the benefits of digitisation for citizens, companies and governments;</p> <p>(iii) enhancing growth and competitiveness of SMEs;</p> <p>(iv) developing skills for smart specialisation, industrial transition and entrepreneurship;</p> <p>(b) 'a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management ('PO 2') by:</p> <p>(i) promoting energy efficiency measures;</p>	<p>1. In accordance with the policy objectives set out in Article [4(1)] of Regulation (EU) 2018/xxxx[new CPR], the ERDF shall support the following specific objectives:</p> <p>(a) 'a smarter Europe by promoting innovative and smart economic transformation' ('PO 1') by:</p> <p>(i) enhancing research and innovation capacities and the uptake of advanced technologies;</p> <p>(ii) reaping the benefits of digitisation for citizens, companies and governments;</p> <p>(iii) enhancing growth and competitiveness of SMEs;</p> <p>(iv) developing skills and supporting activities for smart specialisation, industrial transition and entrepreneurship;</p> <p>(b) 'a greener, low-carbon Europe by promoting clean and fair energy transition and sustainable urban mobility, green and blue investment, the circular economy, climate adaptation and risk prevention and management ('PO 2') by:</p> <p>(i) promoting energy efficiency measures, taking into account that energy poverty should not be increased;</p>

Text proposed by the European Commission	CoR amendment
(ii) promoting renewable energy;	(ii) promoting renewable energy;
(iii) developing smart energy systems, grids and storage at local level;	(iii) developing smart energy systems, grids and storage at local level;
(iv) promoting climate change adaptation, risk prevention and disaster resilience ;	(iv) promoting climate change adaptation, risk prevention including seismic risk prevention and promoting resilience to disasters and extreme weather events ;
(v) promoting sustainable water management;	(v) promoting sustainable water management;
(vi) promoting the transition to a circular economy;	(vi) promoting the transition to a circular economy;
(vii) enhancing biodiversity, green infrastructure in the urban environment, and reducing pollution;	(vii) enhancing biodiversity, green infrastructure in the urban and rural environment, and reducing pollution;
	(viii) promoting sustainable urban mobility ;
(c) 'a more connected Europe by enhancing mobility and regional ICT connectivity' ('PO 3') by:	(c) 'a more connected Europe by enhancing mobility and regional ICT connectivity' ('PO 3') by:
(i) enhancing digital connectivity;	(i) enhancing digital connectivity;
(ii) developing a sustainable, climate resilient, intelligent, secure and intermodal TEN-T;	(ii) developing a sustainable, climate resilient, intelligent, secure and intermodal TEN-T;
(iii) developing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility;	(iii) developing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including cycling and including improved access to TEN-T and cross-border mobility;
(iv) promoting sustainable multimodal urban mobility ;	

Text proposed by the European Commission	CoR amendment
<p>(d) 'a more social Europe implementing the European Pillar of Social Rights' ('PO 4') by:</p> <p>(i) enhancing the effectiveness of labour markets and access to quality employment through developing social innovation and infrastructure;</p> <p>(ii) improving access to inclusive and quality services in education, training and lifelong learning through developing infrastructure;</p> <p>(iii) increasing the socioeconomic integration of marginalised communities, migrants and disadvantaged groups, through integrated measures including housing and social services;</p> <p>(iv) ensuring equal access to health care through developing infrastructure, including primary care;</p>	<p>(d) 'a more social Europe implementing the European Pillar of Social Rights' ('PO 4') by:</p> <p>(i) enhancing the effectiveness of labour markets and access to quality employment through developing social innovation and infrastructure;</p> <p>(ii) improving access to inclusive and quality services in education, training and lifelong learning through developing infrastructure;</p> <p>(iii) increasing the socioeconomic integration of marginalised communities, migrants and disadvantaged groups, through integrated measures including housing and social services;</p> <p>(iv) ensuring equal access to health care through developing health care assets developing infrastructure, including primary care;</p> <p>(v) providing support for physical, economic and social regeneration of deprived demographically and geographically challenged communities in urban and rural areas.</p>
<p>(e) 'a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives' ('PO 5') by:</p> <p>(i) fostering the integrated social, economic and environmental development, cultural heritage and security in urban areas;</p> <p>(ii) fostering the integrated social, economic and environmental local development, cultural heritage and security, including for rural and coastal areas also through community-led local development.</p>	<p>(e) 'a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives' ('PO 5') by:</p> <p>(i) fostering the integrated social, economic and environmental development, culture including cultural heritage and security in urban areas, including functional urban areas;</p> <p>(ii) fostering the integrated social, economic and environmental local development, cultural heritage and security, including for rural areas, mountain regions, sparsely populated areas, islands and coastal areas, outermost regions, as well as other types of territories also targeted through community-led local development;</p>

Text proposed by the European Commission	CoR amendment
<p>2. The Cohesion Fund shall support PO 2 and specific objectives under PO 3 set out in points (ii), (iii) and (iv) of paragraph 1(c).</p> <p>3. With regard to the specific objectives set out in paragraph 1, the ERDF or the Cohesion Fund, as appropriate, may also support activities under the Investment for jobs and growth goal, where they either:</p> <p>(a) improve the capacity of programme authorities, and bodies linked to the implementation of the Funds;</p> <p>(b) enhance cooperation with partners both within and outside a given Member State.</p> <p>Cooperation referred to in point (b) shall include cooperation with partners from cross-border regions, from non-contiguous regions or from regions located in the territory covered by a macro-regional or sea-basin strategy or a combination thereof.</p>	<p>(iii) supporting the capacity building of local and regional administrations in order to localise the Sustainable Development Goals by ensuring tailored instruments for territorial development and boosting implementation on the ground;</p> <p>(iv) integrated territorial development support for areas with high ageing, rurality and population outflow indices to improve their transport and telecommunications infrastructure, bridge the digital divide (including between generations), and improve public services including e-learning and e-health.</p> <p>2. The Cohesion Fund shall support PO 2 and specific objectives under PO 3 set out in points (ii), (iii) and (iv) of paragraph 1(c).</p> <p>3. With regard to the specific objectives set out in paragraph 1, the ERDF or the Cohesion Fund, as appropriate, may also support activities under the Investment for jobs and growth goal, where they either:</p> <p>(a) improve the capacity of programme authorities, and bodies linked to the implementation of the Funds:</p> <p>(i) capacity-building actions geared to the modernisation of public administrations can receive additional funding from the Reform Support Programme as set out in Regulation (EU) 2018/xxx [Reform Support Programme]</p> <p>(ii) capacity building can receive additional co-financing from Regulation (EU) 2018/xxx [EAFRD] and be delivered jointly with the European Network for Rural Development (ENRD) particularly as regards urban-rural linkages and projects supporting the development of urban-areas and functional areas.</p> <p>(b) enhance cooperation with partners both within and outside a given Member State.</p> <p>Cooperation referred to in point (b) shall include cooperation with partners from cross-border regions, from non-contiguous regions or from regions located in the territory covered by a macro-regional or sea-basin strategy or a combination thereof.</p>

Reason

In recent years, ESI funds have been directed towards the construction of small-scale infrastructure providing 'recreational services' in order to promote social inclusion and combat poverty in rural and urban areas. Furthermore, the future ERDF regulation should continue to make express reference to the need to invest in physical infrastructure to regenerate deprived communities, such as sports infrastructure.

Furthermore, Political Objective 5 should extend the territorial focus to all kinds of territory (including sub-regional level and functional areas), as well as to any territory with geographic specificities.

On the other hand, the ERDF should strengthen its direct support to subnational governments by ensuring enhanced financing and tailored instruments for territorial development, boosting SDG implementation on the ground. This must take into account the fact that the localisation of the SDGs is a political process that includes empowering subnational governments to take action. Accordingly, the capacity building of local administration for the SDGs should be supported through the ERDF technical assistance budget allocated to PO5.

Amendment 8

New Article after Article 2

Text proposed by the European Commission	CoR amendment
	<i>In accordance with Article [6] of Regulation (EU) 2018/xxxx [new CPR] each Member State shall ensure adequate participation of the competent local and regional authorities in the preparation of partnership agreements and in the preparation, implementation and evaluation of the programmes supported by the ERDF and Cohesion Fund.</i>

Reason

It is important that the partnership principle and multi-level governance are covered and guaranteed in all policy fields of Cohesion Policy, especially given the concerns regarding centralisation of cohesion policy among local and regional stakeholders.

This amendment aims to strengthen the partnership principle by including it in the ERDF CF Regulation, thereby bringing it in line with Article [8] of Regulation (EU) 2018/xxx [ESF+] and Article [6] of Regulation (EU) 2018/xxxx [new CPR].

Amendment 9

Article 3

Text proposed by the European Commission	CoR amendment
1. With regard to programmes implemented under the Investment for jobs and growth goal, the total ERDF resources in each Member State shall be concentrated at <i>national</i> level in accordance with <i>paragraphs 3 and 4.</i>	1. With regard to programmes implemented under the Investment for jobs and growth goal, the total ERDF resources in each Member State shall be concentrated at <i>regional</i> level in accordance with <i>paragraph 2 article 102 of Regulation (EU) 2018/xxxx [new CPR], as follows:</i> (a) <i>in more developed regions at least 85 % of the total ERDF at national level shall be allocated to priorities other than technical assistance to PO1 and PO2, and at least 30 % to PO2;</i>

Text proposed by the European Commission	CoR amendment
<p>2. With regard to the thematic concentration of support for Member States comprising outermost regions, the ERDF resources allocated specifically to programmes for the outermost regions and those allocated to all other regions shall be treated separately.</p> <p>3. Member States shall be classified, in terms of their gross national income ratio, as follows:</p> <p>(a) those with a gross national income ratio equal to or above 100 % of the EU average ('group 1');</p> <p>(b) those with a gross national income ratio equal to or above 75 % and below 100 % of the EU average ('group 2');</p> <p>(c) those with a gross national income ratio below 75 % of the EU average ('group 3').</p> <p>For the purposes of this Article, the gross national income ratio means the ratio between the gross national income per capita of a Member State, measured in purchasing power standards and calculated on the basis of Union figures for the period from 2014 to 2016, and the average gross national income per capita in purchasing power standards of the 27 Member States for that same reference period.</p> <p>With regard to programmes under the Investment for Jobs and growth goal for the outermost regions, they shall be classified as falling within group 3.</p> <p>4. Member States shall comply with the following thematic concentration requirements:</p>	<p>(b) in transition regions at least 45 % of their total ERDF resources at national level shall be allocated to priorities other than technical assistance to PO1, and at least 30 % to PO 2;</p> <p>(c) in less developed regions at least 35 % of their total ERDF resources at national level shall be allocated to priorities other than technical assistance to PO1, and at least 30 % to PO2.</p> <p>2. With regard to programmes under the Investment for Jobs and growth goal for the outermost regions, they shall be considered to be less developed regions.</p> <p>3. The thematic concentration requirements set out in paragraph 1 shall be complied with throughout the entire programming period, including when ERDF allocations are transferred between priorities of a programme or between programmes and at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].</p> <p>4. Where the ERDF allocation with regard to PO1 or PO2 or both of a given programme is reduced following a decommitment under Article [99] of Regulation (EU) 2018/xxxx [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with the thematic concentration requirement set out in paragraph 2 shall not be re-assessed.</p>

Text proposed by the European Commission	CoR amendment
<p>(a) Member States of group 1 shall allocate at least 85 % of their total ERDF resources under priorities other than for technical assistance to PO 1 and PO 2, and at least 60 % to PO 1;</p> <p>(b) Member States of group 2 shall allocate at least 45 % of their total ERDF resources under priorities other than for technical assistance to PO 1, and at least 30 % to PO 2;</p> <p>(c) Member States of group 3 shall allocate at least 35 % of their total ERDF resources under priorities other than for technical assistance to PO 1, and at least 30 % to PO 2.</p> <p>5. The thematic concentration requirements set out in paragraph 4 shall be complied with throughout the entire programming period, including when ERDF allocations are transferred between priorities of a programme or between programmes and at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].</p> <p>6. Where the ERDF allocation with regard to PO 1 or PO 2 or both of a given programme is reduced following a decommitment under Article [99] of Regulation (EU) 2018/xxxx [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with the thematic concentration requirement set out in paragraph 4 shall not be re-assessed.</p>	<p>4.a. In duly justified cases Member States in consultation with the regions concerned may request for a reduction of the thematic concentration rate at the level of categories of the regions, up to a maximum of 10 %.</p>

Reason

- (1) The centralised allocation mechanism was a point of concern that was raised by most regional stakeholders (CoR, AER, CPMR, CEMR). This goes against the place-based approach of Cohesion Policy.
- (2) Outermost regions should be considered as less developed regions, because of the specific issues they have that need to be addressed.
- (3) The thematic concentration system should include a marge of flexibility for national and regional singularities in order to avoid that similar categories of European regions have to differently concentrate the Funds because of the GNI of their Member States.

Amendment 10

Article 4

Text proposed by the European Commission	CoR amendment
<p>1. The ERDF shall support the following:</p> <p>(a) investments in infrastructure;</p> <p>(b) investments in access to services;</p>	<p>1. The ERDF shall support the following:</p> <p>(a) investments in infrastructure;</p> <p>(b) investments in access to services;</p>

Text proposed by the European Commission	CoR amendment
<p>(c) productive investments in SMEs;</p> <p>(d) equipment, software and intangible assets;</p> <p>(e) information, communication, studies, networking, cooperation, exchange of experience and activities involving clusters;</p> <p>(f) technical assistance.</p>	<p>(c) productive investments in SMEs;</p> <p>(d) equipment, software and intangible assets;</p> <p>(e) information, communication, studies, networking, cooperation, exchange of experience and activities involving clusters;</p> <p>(f) technical assistance.</p>
<p>In addition, productive investments in enterprises other than SMEs can be supported when they involve cooperation with SMEs in research and innovation activities supported under point (a)(i) of Article 2(1).</p>	<p>Productive investments in enterprises other than SMEs can be supported in research and innovation activities supported under point (a)(i) of Article 2(1) or business infrastructure that benefits SMEs.</p>
<p>In order to contribute to the specific objective under PO 1 set out in point (a) (iv) of Article 2(1), the ERDF shall also support training, lifelong learning and education activities.</p>	<p>In order to contribute to the specific objective under PO 1 set out in point (a) (iv) of Article 2(1), the ERDF shall also support training, lifelong learning and education activities.</p>
<p>2. Under the European territorial cooperation goal (Interreg), the ERDF may also support:</p>	<p>2. Under the European territorial cooperation goal (Interreg), the ERDF may also support:</p>
<p>(a) sharing of facilities and of human resources;</p>	<p>(a) sharing of facilities and of human resources and all types of infrastructure across borders in all regions;</p>
<p>(b) accompanying soft investments and other activities linked to PO 4 under the European Social Fund Plus as set out in Regulation (EU) 2018/xxxx [new ESF+].</p>	<p>(b) accompanying soft investments and other activities linked to PO 4 under the European Social Fund Plus as set out in Regulation (EU) 2018/xxxx [new ESF+].</p>

Reason

It should be noted that the admission in PO1 of production investments and the support of business infrastructure only in the SME sector (or in cooperation with SMEs) is too restrictive. In particular, it is not justified in the face of a high concentration of cohesion policy priorities on the support of research and innovation and the use of advanced technologies, where the presence of entities with the status of a large enterprise in the catalogue of recipients/beneficiaries is a necessity (including spin-off companies).

Amendment 11

Article 6

Text proposed by the European Commission	CoR amendment
<p>1. The ERDF and the Cohesion Fund shall not support:</p> <p>(a) the decommissioning or the construction of nuclear power stations;</p> <p>(b) investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council;</p>	<p>1. The ERDF and the Cohesion Fund shall not support:</p> <p>(a) the decommissioning or the construction of nuclear power stations;</p> <p>(b) investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council;</p>

Text proposed by the European Commission	CoR amendment
(c) the manufacturing, processing and marketing of tobacco and tobacco products;	(c) the manufacturing, processing and marketing of tobacco and tobacco products;
(d) undertakings in difficulty, as defined in point 18 of Article 2 of Commission Regulation (EU) No 651/2014;	(d) undertakings in difficulty, as defined in point 18 of Article 2 of Commission Regulation (EU) No 651/2014;
(e) investment in airport infrastructure except for outermost regions;	(e) investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact and with the exception of the outermost regions ;
(f) investment in disposal of waste in landfill;	(f) investment in disposal of waste in landfill;
(g) investment in facilities for the treatment of residual waste;	(g) investment in facilities for the final treatment of (not separately collected, mixed) residual waste that is not in line with the waste hierarchy according to Article 4 of the Directive (EU) 2018/851 and with the exception of the outermost regions in certain duly substantiated cases ;
(h) investment related to production, processing, distribution, storage or combustion of fossil fuels, with the exception of investment related to clean vehicles as defined in Article 4 of Directive 2009/33/EC of the European Parliament and of the Council;	(h) investment related to production, processing, distribution, storage or combustion of fossil fuels, with the exception of investment related to clean vehicles as defined in Article 4 of Directive 2009/33/EC of the European Parliament and of the Council;
(i) investment in broadband infrastructure in areas in which there are at least two broadband networks of equivalent category;	(i) investment in broadband infrastructure in areas in which there are at least two broadband networks of equivalent category;
(j) funding for the purchase of rolling stock for use in rail transport, except if it is linked to the:	(j) funding for the purchase of rolling stock for use in rail transport, except if it is linked to the:
(i) discharge of a publicly tendered public service obligation under Regulation (EC) No 1370/2007 as amended;	(i) discharge of a publicly tendered public service obligation under Regulation (EC) No 1370/2007 as amended;
(ii) provision of rail transport services on lines fully opened to competition, and the beneficiary is a new entrant eligible for funding under Regulation (EU) 2018/xxxx [Invest EU regulation].	(ii) provision of rail transport services on lines fully opened to competition, and the beneficiary is a new entrant eligible for funding under Regulation (EU) 2018/xxxx [Invest EU regulation].

Text proposed by the European Commission	CoR amendment
<p>2. In addition, the Cohesion Fund shall not support investment in housing unless related to the promotion of energy efficiency or renewable energy use.</p> <p>3. Overseas countries and territories shall not be eligible for support from the ERDF or the Cohesion Fund, but may participate in Interreg programmes in accordance with the conditions set out in Regulation (EU) 2018/xxxx [ETC (Interreg)].</p>	<p>(k) actions that contribute to any form of social exclusion or discrimination.</p> <p>2. In addition, the Cohesion Fund shall not support investment in housing unless related to the promotion of energy efficiency or renewable energy use.</p> <p>3. Overseas countries and territories shall not be eligible for support from the ERDF or the Cohesion Fund, but may participate in Interreg programmes in accordance with the conditions set out in Regulation (EU) 2018/xxxx [ETC (Interreg)].</p>

Reason

Ad 1. (e) The CoR suggests considering the climate and environmental aspects of airport infrastructure as set out the current Regulation (EU) No 1301/2013 [ERDF].

Ad 1. (g) Clarification of 'residual' waste.

Ad 1. (k) Recital (5) of the ERDF Regulation sets out the principles, including that of equality and non-discrimination, which should be respected when implementing the ERDF and Cohesion Fund. The Funds should not support actions that contribute to any form of segregation. However, this principle is no longer included in the articles of the Regulation, unlike in the previous programming period. The CoR wants to ensure that Member States respect these obligations.

Amendment 12

Article 8

Text proposed by the European Commission	CoR amendment
<p>1. The ERDF may support integrated territorial development within programmes under both goals referred to in Article 4(2) of Regulation (EU) 2018/xxxx [new CPR] in accordance with Chapter II of Title III of that Regulation [new CPR].</p> <p>2. Member States shall implement integrated territorial development, supported by the ERDF, exclusively through the forms referred to in Article [22] of Regulation (EU) 2018/xxxx [new CPR].</p>	<p>1. The ERDF may support integrated territorial development within programmes under both goals referred to in Article 4(2) of Regulation (EU) 2018/xxxx [new CPR] in accordance with Chapter II of Title III of that Regulation [new CPR].</p> <p>2. Member States shall implement integrated territorial development, supported by the ERDF, including through the forms referred to in Article [22] of Regulation (EU) 2018/xxxx [new CPR]. This may also take the form of a multi-fund approach with ESF+ and be articulated, where appropriate, with EAFRD and the EMFF.</p>

Reason

Some Member States have, in the past, successfully pursued other forms of integrated territorial development. It is not clear why the use of these other forms should be ruled out in future.

Amendment 13

Article 9

Text proposed by the European Commission	CoR amendment
<p>1. The ERDF shall support integrated territorial development based on territorial strategies in accordance with Article [23] of Regulation (EU) 2018/xxxx [new CPR] focused on urban areas ('sustainable urban development') within programmes under both goals referred to in Article 4 (2) of that Regulation.</p> <p>2. At least 6 % of the ERDF resources at national level under the Investment for jobs and growth goal, other than for technical assistance, shall be allocated to sustainable urban development in the form of community-led local development, integrated territorial investments or another territorial tool under PO5.</p> <p>The programme or programmes concerned shall set out the planned amounts for this purpose under point (d)(vii) of Article [17(3)] of Regulation (EU) 2018/xxxx [new CPR].</p> <p>3. The percentage allocated to sustainable urban development under paragraph 2 shall be complied with throughout the entire programming period when ERDF allocations are transferred between priorities of a programme or between programmes, including at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].</p> <p>4. Where the ERDF allocation is reduced following a decommitment under Article [99] of Regulation (EU) No [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with paragraph 2 shall not be re-assessed.</p>	<p>1. The ERDF shall support integrated territorial development based on territorial strategies in accordance with Article [23] of Regulation (EU) 2018/xxxx [new CPR] focused on urban areas ('sustainable urban development') within programmes under both goals referred to in Article 4 (2) of that Regulation.</p> <p>2. At least 6 % of the ERDF resources at national level under the Investment for jobs and growth goal, other than for technical assistance, shall be allocated to sustainable urban development in the form of community-led local development, integrated territorial investments or another territorial tool under PO5.</p> <p><i>This minimum of 6 % earmarked for sustainable urban development should be determined by operations from PO5, as well as from specific policy objectives 1-4, as noted in Annex 1.</i></p> <p>The programme or programmes concerned shall set out the planned amounts for this purpose under point (d)(vii) of Article [17(3)] of Regulation (EU) 2018/xxxx [new CPR].</p> <p>3. The percentage allocated to sustainable urban development under paragraph 2 shall be complied with throughout the entire programming period when ERDF allocations are transferred between priorities of a programme or between programmes, including at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].</p> <p>4. Where the ERDF allocation is reduced following a decommitment under Article [99] of Regulation (EU) 2018/xxxx [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with paragraph 2 shall not be re-assessed.</p>

Reason

Clarification. This point is already mentioned in the Regulation in a footnote to Annex 1, but it is clearer to mention it in the articles.

Amendment 14

Article 10

Text proposed by the European Commission	CoR amendment
<p>1. The ERDF shall also support the European Urban Initiative, implemented by the Commission in direct and <i>indirect</i> management.</p> <p>This initiative shall cover all urban areas and shall support the Urban Agenda of the Union.</p> <p>2. The European Urban Initiative shall consist of the following three strands, all with regard to sustainable urban development:</p> <p>(a) support of capacity-building;</p> <p>(b) support of innovative actions;</p> <p>(c) support of knowledge, policy development and communication.</p> <p>Upon request from one or more Member States, the European Urban Initiative may also support inter-governmental cooperation on urban matters.</p>	<p>1. The ERDF shall also support the European Urban Initiative, implemented by the Commission in direct and <i>shared</i> management.</p> <p>This initiative shall cover all urban areas and shall support the <i>partnerships and organisational costs of the</i> Urban Agenda of the Union.</p> <p>2. The European Urban Initiative shall consist of the following three strands, all with regard to sustainable urban development:</p> <p>(a) support of capacity-building; <i>including a programme of exchange for local representatives (Erasmus for local and regional representatives);</i></p> <p>(b) support of innovative actions;</p> <p>(c) support of knowledge, <i>territorial impact assessments</i>, policy development and communication.</p> <p>Upon request from one or more Member States, the European Urban Initiative may also support inter-governmental cooperation on urban matters <i>such as the Reference Framework for Sustainable Cities and the Territorial Agenda of the European Union, and the localisation of the UN Sustainable Development Goals;</i></p>

Reason

There is a proliferation of local, urban and sub-regional development, innovation and capacity building schemes, which are very often disconnected or underfunded. Bringing them under the same roof and linking them to related initiatives outside the ESIF regulatory framework will guarantee more consistency, avoid overlap and ensure cross-fertilisation. Also, it is essential to ensure that the final beneficiaries, the local authorities, do receive the main part of the capacity-building funding, unlike the current situation with TO9 and Technical Assistance.

Amendment 15

Article 11

Text proposed by the European Commission	CoR amendment
<p>1. The specific additional allocation for the outermost regions shall be used to offset the additional costs incurred in these regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU.</p>	<p>1. The specific additional allocation for the outermost regions shall be used to offset the additional costs incurred in these regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU. <i>The specific additional allocation for the outermost regions shall be excluded from thematic concentration.</i></p>

Text proposed by the European Commission	CoR amendment
<p>2. The allocation referred to in paragraph 1 shall support:</p> <p>(a) the activities within the scope as set out in Article 4;</p> <p>(b) by way of derogation from Article 4, measures covering operating costs with a view to offsetting the additional costs incurred in the outermost regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU.</p> <p>The allocation referred to in paragraph 1 may also support expenditure covering compensation granted for the provision of public service obligation and contracts in the outermost regions.</p> <p>3. The allocation, referred to in paragraph 1, shall not support:</p> <p>(a) operations involving products listed in Annex I to the TFEU;</p> <p>(b) aid for the transport of persons authorised under point (a) of Article 107(2) of the TFEU;</p> <p>(c) tax exemptions and exemption of social charges</p> <p>(d) public services obligations not discharged by undertakings and where the State acts by exercising public power.</p>	<p>2. The allocation referred to in paragraph 1 shall support:</p> <p>(a) the activities within the scope as set out in Article 4;</p> <p>(b) by way of derogation from Article 4, measures covering operating costs with a view to offsetting the additional costs incurred in the outermost regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU.</p> <p>The allocation referred to in paragraph 1 may also support expenditure covering compensation granted for the provision of public service obligation and contracts in the outermost regions.</p> <p>3. The allocation, referred to in paragraph 1, shall not support:</p> <p>(a) operations involving products listed in Annex I to the TFEU;</p> <p>(b) aid for the transport of persons authorised under point (a) of Article 107(2) of the TFEU;</p> <p>(c) tax exemptions and exemption of social charges</p> <p>(d) public services obligations not discharged by undertakings and where the State acts by exercising public power.</p> <p>4. By way of derogation from Article 4, the ERDF may support productive investment in enterprises in the outermost regions, irrespective of the size of those enterprises.</p>

Reason

Given the specific nature of outermost regions, support that only favours SMEs could only have a limited leverage effect.

Amendment 16

New Article after Article 11

Text proposed by the European Commission	CoR amendment
	<p><i>Areas with natural or demographic handicaps</i></p> <p><i>In programmes co-financed by the ERDF, covering areas with severe and permanent natural or demographic handicaps, as referred to in Article 174 of TFEU, particular attention shall be paid to addressing the specific difficulties of those areas.</i></p> <p><i>In particular, NUTS III areas with a population below 12,5 hab/km² or with an average annual population decrease of more than - 1 % since 2007 shall be subject to specific regional and national plans to attract more people to the region and encourage them to stay, as well as to increase business investment and digital and public services accessibility, including dedicated funding as part of the partnership agreement.</i></p>

Reason

This new article covers both the sparsely populated areas and, more broadly, all sub-regional areas of the rest of the EU27 covered by Article 174. However, it is necessary to identify financially manageable ERDF allocations, which do not overlap with that some regions are getting already.

So, the formula proposed is to set eligibility in:

- NUTS III (as this is often a sub-regional rather than a regional NUTS II problem, and the current maps hide it).
- either 12,5 hab/km² (like the northern periphery areas)
- or with a net population decrease (i.e. both population outflow or simply death of native population) since 2007, as this is roughly the start of the financial crisis and also the start of the previous programming period).

This proposal generates an obligation for the Commission to include it as one of their proposals to the relevant MS in their position papers, which launch the negotiation with each MS of the partnership agreement.

Data and map from the German Federal Ministry BBR

<https://bit.ly/2KIItBya>.

Amendment 17

ANNEX I

Common output and result indicators for the ERDF and the Cohesion Fund — Article 7(1)

Table 1: Common output and result indicators for ERDF (Investment for jobs and growth and Interreg) and the Cohesion Fund**

Add new results common indicators (RCR)

Text proposed by the European Commission	CoR amendment
RCR 26 — Annual final energy consumption (of which: residential, private non-residential, public non-residential)	RCR 26 — % of annual energy savings for the entire building stock (compared to a baseline) in line with the objective of reaching a highly efficient and decarbonised building stock as set out in the national long-term renovation strategy to support renovation of the national stock of residential and non-residential buildings;
RCR 27 — Households with improved energy performance of their dwellings	RCR 27 — Households with improved energy performance of their dwellings, reaching at least 60 % energy savings compared to pre-renovation levels (EC definition of deep renovation);
RCR 28 — Buildings with improved energy classification (of which: residential, private non-residential, public non-residential)	RCR 28 — Buildings with improved energy classification (of which: residential, private non-residential, public non-residential), achieving an EPC of B after renovation;
	RCR [...] — Households with improved energy performance of their dwellings, reaching Nearly Zero Energy Buildings (nZEB) standard level after renovation
RCR 29 — Estimated greenhouse gas emissions*	RCR 29 — Estimated greenhouse gas emissions*
RCR 30 — Enterprises with improved energy performance	RCR 30 — Enterprises with improved energy performance
RCR 31 — Total renewable energy produced (of which: electricity, thermal)	RCR [...] — Number of energy poor/vulnerable consumers supported to improve the energy performance of their dwelling.
RCR 32 — Renewable energy: Capacity connected to the grid (operational)*	RCR [...] — Total final renewable energy consumption and consumption per sector (heating and cooling, transport, electricity);
	RCR [...] — Share of total renewable energy produced;
	RCR [...] — Reduction of annual import of non-renewable energy.
	RCR[...] — Renewable energy: Capacity connected to the grid (operational)*

Reason

The set of respective indicators on energy efficiency and renewable energy needs to be expanded.

There is a clear lesson to learn from the current funding period: a quantitative target without a priori commitments, quality control or a solid tracking and monitoring methodology risks losing its climate credentials.

The climate indicators proposed by the European Commission are incomplete and sometimes simplistic: without assessing the respective target value from the perspective of what is technically feasible and financially opportune, some indicators will amount to a simple counting of beneficiaries. For example, one ERDF output indicator 'RCO 18 — Households supported to improve energy performance of their dwelling' is measured against the result indicator, 'RCR 27 — Households with improved energy performance of their dwellings'. Whereas this indicator pair indicates the total number of households benefitting from the measure, it does not display the level improvement of the energy performance — which in the end could be high, or marginal. This implies that targets could potentially be set low without the performance framework being able to assess the level of ambition of the respective measure.

Amendment 18

ANNEX I

Common output and result indicators for the ERDF and the Cohesion Fund — Article 7(1)

Table 1: Common output and result indicators for ERDF (Investment for jobs and growth and Interreg) and the Cohesion Fund**

Add new Results Common Indicators (RCR) after RCR 65

Text proposed by the European Commission	CoR amendment
	RCR [...] Vacancies unfilled for over 6 months

Reason

The common output indicator (RCO) 61 — Annual unemployed persons served by enhanced facilities for employment services (capacity) has a common result indicator for the first part (RCR 65 — Job seekers using annually the services of the employment services supported). An indicator for the second part seems to be missing.

Amendment 19

ANNEX II

Core set of performance indicators for the ERDF and the Cohesion Fund referred to in Article 7(3)

Policy objective: 2. A greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management

Add new common output indicator (CCO) after CCO 09

Text proposed by the European Commission	CoR amendment
	CCO [...] — Increased climate change adaptation, increased risk prevention, including seismic risk prevention and better resilience to disasters and extreme weather events.

Reason

A new common output indicator (CCO) that seemed to be missing is added for the PO2 specific objective of promoting climate change adaptation, risk prevention, including seismic risk prevention and resilience to disasters and extreme weather events.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the Commission's ambition to simplify the rules for the 2021-2027 programming period and notes that the ERDF and Cohesion Fund are merged in a single regulation that sets out the applicable rules covering both funds. The new proposal for a regulation is shorter as the CPR covers many common parts;
2. welcomes the fact that Cohesion Policy still applies to all EU regions, with the majority of its resources focused on the most vulnerable areas; notes with approval that the European Commission's proposal for this legislative act in an area that falls within shared competence, complies with the principles of subsidiarity and proportionality;
3. notes with concern that the Commission's proposal for a multi-annual financial framework provides for a sharp decrease in the Cohesion Fund budget of 46 % and a stable budget for the ERDF (+ 1 %). Regrets the cut by 12 % of the budget for European Territorial Cooperation, despite its being recognised as one of the policies with the most tangible EU added-value;
4. recalls that the Cohesion Fund has continuously proven to have high European added value and that it improves the EU's image in the eyes of its citizens. The Cohesion Fund represents the expressed solidarity of 'richer' Member States with 'poorer' ones in terms of building key infrastructure, with clear and proven benefits for those Member States that contribute most to the EU budget. The proposed cuts will most likely hamper achievement of the Treaty objectives of economic, social and territorial cohesion;
5. notes that the European Commission proposes to set a goal for climate-related spending of 25 % of the total MFF in 2021-2027. However, the quantitative target is far below what is possible and necessary to fully implement the EU's commitments under the Paris Agreement. Cohesion Policy applies a rather elaborated climate tracking system as compared to other funds: the ERDF would deliver 30 % climate action, the Cohesion Fund 37 %;
6. is concerned about the fact that achieving the Paris targets will represent a major challenge for Europe. The CoR has long been a defender of ambitious climate objectives and, since the ERDF and Cohesion Fund are the main financial instrument in the EU budget to contribute to the climate objectives, Cohesion Policy's horizontal enabling conditions should include a requirement on the part of Member States to fulfil the obligations stemming from the Paris Agreement objectives; moreover, these should be closely monitored throughout the programming period to make sure that contributions to climate objectives are still on the right track;
7. welcomes the fact that the ERDF and CF have become 'greener' and that polluting activities will be excluded from the scope of the regulation;
8. welcomes the new specific Interreg component for innovative interregional investments to support the clustering of actors involved in smart specialisation strategies across Europe and the new component for outermost regions. Calls on the European Commission to increase the overall ETC budget in order to maintain a credible budget for Interreg Europe and for cross-border cooperation, while investing in new forms of cooperation;
9. calls for the promotion of the principle of non-discrimination from programming to reporting and the incorporation of Gender Responsive Budgeting into all stages of implementation;
10. objects to the proposal that the ERDF thematic concentration will focus on the national level; this centralised allocation mechanism goes against the place-based approach and the multilevel governance principle of Cohesion Policy;
11. points out the growing separation of funds and, in particular, regrets that the EAFRD has been taken out of the Common Provision Regulation that sets out common rules applicable to various funds;
12. underlines the necessity of strong complementarities between the ERDF and the ESF+ in order to carry out integrated and comprehensive initiatives at local level;

13. notes that Member States are encouraged to transfer 5 % of ERDF or CF resources to the new InvestEU instrument and also to transfer a further 5 % of their ERDF allocation to EU programmes managed by the EC. However, the shared management approach has had a demonstrated impact on the economic, social and territorial cohesion for Europe. Any transfer by the Member State should be decided with the involvement of the local and regional partners in line with the partnership principle and multilevel government;
14. supports the increased focus on sustainable urban development by dedicating 6 % of ERDF resources at national level to this area;
15. notes that product and result indicators for the ERDF and the Cohesion Fund should be defined and unambiguous in interpretation, including, above all, assigned units of measurement in Annexes I and II and be able to aggregate from the level of projects to the level operational programmes and cohesion policy objectives, and their measurement should not constitute an excessive burden for beneficiaries.

Brussels, 5 December 2018.

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

Opinion of the European Committee of the Regions on ‘European Territorial Cooperation’

(2019/C 86/09)

<p>Rapporteur:</p>	<p>Marie-Antoinette MAUPERTUIS (FR/EA), executive member of the Corsican regional authority</p>
<p>Reference document:</p>	<p>Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments</p>
	<p>COM(2018) 374 final</p>

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 1

Text proposed by the European Commission	CoR amendment
<p>(1) Article 176 of the Treaty on the Functioning of the European Union (‘TFEU’) provides that the European Regional Development Fund (‘ERDF’) is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 of the TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, among which particular attention is to be paid to <i>certain categories of</i> regions, <i>among which</i> cross-border regions <i>are explicitly listed</i>.</p>	<p>(1) Article 176 of the Treaty on the Functioning of the European Union (‘TFEU’) provides that the European Regional Development Fund (‘ERDF’) is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, among which particular attention is to be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.</p>

Reason

The main objective of the ERDF with regard to European territorial cooperation is to resolve the problems of the least favoured regions: the proposal does not specify the characteristics of such areas with sufficient clarity.

Amendment 2

Recital 3

Text proposed by the European Commission	CoR amendment
<p>(3) In order to support the harmonious development of the Union's territory at different levels, the ERDF should support cross-border cooperation, transnational cooperation, maritime cooperation, outermost regions' cooperation and interregional cooperation under the European territorial cooperation goal (Interreg).</p>	<p>(3) In order to support the harmonious development of the Union's territory at different levels, the ERDF should support land and maritime cross-border cooperation, transnational cooperation, maritime cooperation, outermost regions' cooperation and interregional cooperation under the European territorial cooperation goal (Interreg). The principles of partnership and multilevel governance also need to be bolstered.</p>

Reason

Reference to these two principles had been removed in the proposal for a regulation.

Amendment 3

Recital 4

Text proposed by the European Commission	CoR amendment
<p>(4) The cross-border cooperation component should aim to tackle common challenges identified jointly in the border regions, and to exploit the untapped growth potential in border areas as evidenced in the Communication of the Commission 'Boosting Growth and Cohesion in EU Border Regions'[1] ('Border Regions Communication'). Consequently, the cross-border component should be limited to cooperation on land borders and cross-border cooperation on maritime borders should be integrated into the transnational component.</p> <p>[1] Communication from the Commission to the Council and the European Parliament 'Boosting growth and cohesion in EU border regions' — COM(2017) 534 final, 20.9.2017.</p>	<p>(4) The cross-border cooperation component, covering both land and maritime borders, should aim to tackle common challenges identified jointly in the border regions, and to exploit the untapped growth potential in border areas as evidenced in the Communication of the Commission 'Boosting Growth and Cohesion in EU Border Regions'[1] ('Border Regions Communication').</p> <p>[1] Communication from the Commission to the Council and the European Parliament 'Boosting growth and cohesion in EU border regions' — COM(2017) 534 final, 20.9.2017.</p>

Reason

The CoR cannot endorse shifting maritime cross-border cooperation from component 1 'cross-border' to component 2 'transnational'. Despite the increase in the transnational budget, maritime cross-border cooperation is in danger of being watered down in the broader context of transnational cooperation. We need to propose moving maritime cross-border cooperation and its share of the budget back to component 1.

Amendment 4

Recital 6

Text proposed by the European Commission	CoR amendment
<p>(6) The transnational cooperation and maritime cooperation should aim to strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union's cohesion policy priorities, and should also include maritime cross-border cooperation. Transnational cooperation should cover larger territories on the mainland of the Union, whereas maritime cooperation should cover territories around sea-basins and integrate cross-border cooperation on maritime borders during the programming period 2014-2020. Maximum flexibility should be given to continue implementing previous maritime cross-border cooperation within a larger maritime cooperation framework, in particular by defining the territory covered, the specific objectives for such cooperation, the requirements for a project partnership and the setting-up of sub-programmes and specific steering committees.</p>	<p>(6) Transnational cooperation and maritime cooperation must aim to strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union's cohesion policy priorities. Transnational cooperation should cover larger territories on the mainland of the Union, whereas maritime cooperation should cover territories around sea-basins. Maximum flexibility should be given to continue implementing maritime cross-border cooperation planned during the 2014-2020 programming period within a larger maritime cooperation framework, in particular by defining the territory covered, the specific objectives for such cooperation, the requirements for a project partnership and the setting-up of sub-programmes and specific steering committees.</p>

Reason

The CoR cannot endorse shifting maritime cross-border cooperation from component 1 'cross-border' to component 2 'transnational'. Despite the increase in the transnational budget, maritime cross-border cooperation is in danger of being watered down in the broader context of transnational cooperation. We need to propose moving maritime cross-border cooperation and its share of the budget back to component 1.

Amendment 5

Recital 8

Text proposed by the European Commission	CoR amendment
<p>(8) Based on the experience with the interregional cooperation programmes under Interreg and the lack of such cooperation within programmes under the Investment for jobs and growth goal during the programming period 2014-2020, the interregional cooperation component should focus more specifically on boosting the effectiveness of cohesion policy. That component should therefore be limited to two programmes, one to enable all kind of experience, innovative approaches and capacity building for programmes under both goals and to promote European groupings of territorial cooperation ('EGTCs') set up or to be set up pursuant to Regulation (EC) No 1082/2006 of the European Parliament and of the Council [24], and one to improve the analysis of development trends.</p> <p>Project-based cooperation throughout the Union should be integrated into the new component on interregional innovation investments and closely linked to the implementation of the Communication from the Commission 'Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth' [25], in particular to support thematic smart specialisation platforms on fields such as energy, industrial modernisation or agri-food. Finally, integrated territorial development focusing on functional urban areas or urban areas should be concentrated within programmes under the Investment for jobs and growth goal and in one accompanying instrument, the 'European Urban Initiative'. The two programmes under the interregional cooperation component should cover the whole Union and should also be open for the participation of third countries.</p>	<p>(8) Based on the experience with the interregional cooperation programmes under Interreg and the lack of such cooperation within programmes under the Investment for jobs and growth goal during the programming period 2014-2020, the interregional cooperation component should focus more specifically on boosting the effectiveness of cohesion policy. That component must continue to finance all kind of experience, innovative approaches and capacity building for programmes under both goals and to promote European groupings of territorial cooperation ('EGTCs') set up or to be set up pursuant to Regulation (EC) No 1082/2006 of the European Parliament and of the Council[24], and continue to support and promote the analysis of development trends.</p> <p>Cooperation based on projects from throughout the Union should continue to promote interregional cooperation between local and regional authorities with a view to identifying joint solutions promoting cohesion policy and to establishing lasting partnerships. Existing programmes, particularly promotion of project-based cooperation, should therefore be kept up.</p> <p>New interregional innovation investments will be closely linked to the implementation of the Communication from the Commission 'Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth'[25], in particular to support thematic smart specialisation platforms.</p> <p>European territorial cooperation must make it possible to keep up support for integrated territorial development under component 4. The programmes under the interregional cooperation component should cover the whole Union and should also be open for the participation of third countries.</p>

Reason

The CoR is keen to keep all current interregional cooperation activities in component 4, adding cooperation on projects to develop innovative solutions, scaling up projects and projects to roll out solutions to a number of regions suffering from the same structural handicap.

Through component 4, ETC must continue to support integrated territorial development included in component 4, contrary to the Commission proposal that this be left solely to the European Urban Initiative provided for in the ERDF regulation.

The Committee welcomes the establishment of this new initiative for innovative interregional investment, which follows on from the Vanguard initiative and primarily targets regions which are larger and have greater development potential and technical and economic capacities than most European regions.

Amendment 6

New recital after recital 24

Text proposed by the European Commission	CoR amendment
	<p><i>(24 bis) With a view to reducing the administrative burden, the Commission, the Member States and the regions must collaborate closely to simplify the management and reporting of State aid. Steps must be taken to see whether measures in the field of interregional cooperation at least can, as a general rule, be exempt from European legislation on State aid.</i></p>

Reason

The efforts to simplify the management of funds begun in the last few years and culminating in the new proposals for regulations must apply to the planning and management phase in order to make this management more straightforward.

Amendment 7

New recital after recital 35

Text proposed by the European Commission	CoR amendment
	<p><i>(35 bis) The promotion of European territorial cooperation (ETC) has been one of the key priorities of EU cohesion policy for many years. Specific provisions for regional aid for investments by businesses of all sizes are also included in the 2014-2020 guidelines on regional aid and in the GBER's section on regional aid. Given that aid for ETC would be compatible with the single market, it must be excluded from the reporting requirements in Article 108(3) of the TFEU.</i></p>

Reason

Territorial cooperation bolsters the single market. Completely abolishing the reporting requirements still in place for some types of state aid would support simplification.

Amendment 8

Article 1(1)

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;">Article 1</p> <p style="text-align: center;">Subject matter and scope</p> <p>1. This Regulation lays down rules for the European territorial cooperation goal (Interreg) with a view to fostering cooperation between Member States inside the Union and between Member States and adjacent third countries, partner countries, other territories or overseas countries and territories ('OCTs') respectively.</p>	<p style="text-align: center;">Article 1</p> <p style="text-align: center;">Subject matter and scope</p> <p>1. This Regulation lays down rules for the European territorial cooperation goal (Interreg) with a view to fostering cooperation between Member States inside the Union and between Member States and adjacent third countries, partner countries, other territories or overseas countries and territories ('OCTs') respectively, and a group of third countries within a regional organisation.</p>

Reason

The outermost regions, being distant from the European mainland, maintain cooperation links with third countries or regional organisations; cooperation is not with adjacent countries only.

Amendment 9

Article 2

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;">Article 2</p> <p style="text-align: center;">Definitions</p> <p>1. For the purpose of this Regulation, the definitions in Article [2] of Regulation (EU) [new CPR] shall apply. The following definitions shall also apply:</p> <p>(1) 'IPA beneficiary' means a country or territory listed in Annex I to Regulation (EU) [IPA III];</p> <p>(2) 'third country' means a country which is not a Member State of the Union and does not receive support from the Interreg funds;</p> <p>(3) 'partner country' means an IPA beneficiary or a country or territory covered by the 'Neighbourhood geographic area' listed in Annex I to Regulation (EU) [NDICI] and the Russian Federation, and which receives support from the external financing instruments of the Union;</p>	<p style="text-align: center;">Article 2</p> <p style="text-align: center;">Definitions</p> <p>1. For the purpose of this Regulation, the definitions in Article [2] of Regulation (EU) [new CPR] shall apply. The following definitions shall also apply:</p> <p>(1) 'IPA beneficiary' means a country or territory listed in Annex I to Regulation (EU) [IPA III];</p> <p>(2) 'third country' means a country which is not a Member State of the Union and does not receive support from the Interreg funds;</p> <p>(3) 'partner country' means an IPA beneficiary or a country or territory covered by the 'Neighbourhood geographic area' listed in Annex I to Regulation (EU) [NDICI] and the Russian Federation, and which receives support from the external financing instruments of the Union;</p>

Text proposed by the European Commission	CoR amendment
<p>(4) 'cross-border legal body' means a legal body established under the laws of one of the participating countries in an Interreg programme provided that it is set up by territorial authorities or other bodies from at least two participating countries.</p> <p>2. For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to a 'Member State', this shall be construed as meaning 'the Member State hosting the managing authority' and where provisions refer to 'Each Member State' or 'Member States', this shall be construed as meaning 'the Member States and, where applicable, third countries, partner countries and OCTs participating in a given Interreg programme'.</p> <p>For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to 'the Funds' as listed in [point (a) of Article 1(1)] of that Regulation or to the 'ERDF', this shall be construed as also covering the respective external financing instrument of the Union.</p>	<p>(4) 'cross-border legal body' means a legal body, including a euroregion or another association of various regional or local authorities, established under the laws of one of the participating countries in an Interreg programme provided that it is set up by territorial authorities or other bodies from at least two participating countries.</p> <p>2. For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to a 'Member State', this shall be construed as meaning 'the Member State hosting the managing authority' and where provisions refer to 'Each Member State' or 'Member States', this shall be construed as meaning 'the Member States and, where applicable, third countries, partner countries and OCTs participating in a given Interreg programme'.</p> <p>For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to 'the Funds' as listed in [point (a) of Article 1(1)] of that Regulation or to the 'ERDF', this shall be construed as also covering the respective external financing instrument of the Union.</p>

Reason

Euroregions should be included here, together with other associations of various regional or local authorities.

Amendment 10

Article 3

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Article 3</i></p> <p>Components of the European territorial cooperation goal (Interreg)</p> <p>Under the European territorial cooperation goal (Interreg), the ERDF and, where applicable, external financing instruments of the Union shall support the following components:</p> <p>(1) cross-border cooperation between adjacent regions to promote integrated regional development (component 1):</p> <p>(a) internal cross-border cooperation between adjacent land border regions of two or more Member States or between adjacent land border regions of at least one Member State and one or more third countries listed in Article 4(3); or</p>	<p style="text-align: center;"><i>Article 3</i></p> <p>Components of the European territorial cooperation goal (Interreg)</p> <p>Under the European territorial cooperation goal (Interreg), the ERDF and, where applicable, external financing instruments of the Union shall support the following components:</p> <p>(1) land and maritime cross-border cooperation between border regions to promote integrated regional development (component 1):</p> <p>(a) internal cross-border cooperation between border regions of two or more Member States or between border regions of at least one Member State and one or more third countries listed in Article 4(3); or</p>

Text proposed by the European Commission	CoR amendment
<p>(b) external cross-border cooperation, between adjacent land border regions of at least one Member State and of one or more of the following:</p> <p>(i) IPA beneficiaries; or</p> <p>(ii) partner countries supported by NDICI; or</p> <p>(iii) the Russian Federation, for the purpose of enabling its participation in cross-border cooperation also supported by NDICI;</p> <p>(2) transnational cooperation and maritime cooperation over larger transnational territories or around sea-basins, involving national, regional and local programme partners in Member States, third countries and partner countries and in Greenland, with a view to achieving a higher degree of territorial integration ('component 2'; where referring only to transnational cooperation: 'component 2A'; where referring only to maritime cooperation: 'component 2B');</p> <p>(3) outermost regions' cooperation among themselves and with their neighbouring third or partner countries or OCTs, or several thereof, to facilitate their regional integration in their neighbourhood ('component 3');</p> <p>(4) interregional cooperation to reinforce the effectiveness of cohesion policy ('component 4') by promoting:</p> <p>(a) exchange of experiences, innovative approaches and capacity building in relation to:</p> <p>(i) the implementation of Interreg programmes;</p> <p>(ii) the implementation of Investment for jobs and growth goal programmes, in particular with regard to interregional and transnational actions with beneficiaries located in at least one other Member State;</p>	<p>(b) external cross-border cooperation, between border regions of at least one Member State and of one or more of the following:</p> <p>(i) IPA beneficiaries; or</p> <p>(ii) partner countries supported by NDICI; or</p> <p>(iii) the Russian Federation, for the purpose of enabling its participation in cross-border cooperation also supported by NDICI;</p> <p>(2) transnational cooperation over larger transnational territories or around sea-basins, involving national, regional and local programme partners in Member States, third countries and partner countries and in Greenland, with a view to achieving a higher degree of territorial integration ('component 2');</p> <p>(3) outermost regions' cooperation among themselves and with their neighbouring third or partner countries or OCTs, or a group of third countries within a regional organisation, or several thereof, to facilitate their regional integration in their neighbourhood ('component 3');</p> <p>(4) interregional cooperation to reinforce the effectiveness of cohesion policy ('component 4') by promoting:</p> <p>(a) exchange of experiences, innovative approaches and capacity building in relation to:</p> <p>(i) the implementation of Interreg programmes;</p> <p>(ii) the development of capacities between partners throughout the Union in connection with:</p> <ul style="list-style-type: none"> — the implementation of Investment for jobs and growth goal programmes, in particular with regard to interregional and transnational actions with beneficiaries located in at least one other Member State; — the identification, dissemination and transfer of good practice in regional development policies and particularly in operational programmes under the investment for growth and jobs goal; — the identification, dissemination and transfer of good practice relating to sustainable urban development, including urban-rural linkages;

Text proposed by the European Commission	CoR amendment
<p>(iii) the setting-up, functioning and use of European groupings of territorial cooperation (EGTCs);</p> <p>(b) analysis of development trends in relation to the aims of territorial cohesion;</p> <p>(5) interregional innovation investments through the commercialisation and scaling up of interregional innovation projects having the potential to encourage the development of European value chains ('component 5').</p>	<p>(iii) the setting-up, functioning and use of European groupings of territorial cooperation (EGTCs);</p> <p>(b) analysis of development trends in relation to the aims of territorial cohesion.</p>

Reason

The CoR is in favour of moving maritime cross-border cooperation back to component 1 and reinforcing the other components. It is proposed to delete the word 'adjacent' in point 1. Taking into account that cross-border cooperation will cover NUTS 3 regions, this may interfere with current geography of some cross-border programmes and reduce their areas only to adjacent NUTS 3 regions.

Amendment 11

Article 4

Text proposed by the European Commission	CoR amendment
<p>Article 4</p> <p>Geographical coverage for cross-border cooperation</p> <p>1. For cross-border cooperation, the regions to be supported by the ERDF shall be the NUTS level 3 regions of the Union along all internal and external land borders with third countries or partner countries.</p> <p>2. Regions on maritime borders which are connected over the sea by a fixed link shall also be supported under cross-border cooperation.</p> <p>3. Internal cross-border cooperation Interreg programmes may cover regions in Norway, Switzerland and the United Kingdom which are equivalent to NUTS level 3 regions as well as Liechtenstein, Andorra and Monaco.</p>	<p>Article 4</p> <p>Geographical coverage for cross-border and maritime cooperation</p> <p>1. For land and maritime cross-border cooperation, the regions to be supported by the ERDF shall be the NUTS level 3 regions of the Union along all internal and external borders with third countries or partner countries, without prejudice to any adjustments that might be necessary to ensure consistency and continuity with regard to cooperation programmes established under the 2014-2020 programming period.</p> <p>2. Regions on maritime borders which are connected by maritime, rail, air or road routes shall also be supported under cross-border cooperation.</p> <p>3. Internal cross-border cooperation Interreg programmes may cover regions in Norway, Switzerland and the United Kingdom which are equivalent to NUTS level 3 regions as well as Liechtenstein, Andorra, San Marino and Monaco.</p>

Text proposed by the European Commission	CoR amendment
<p>4. For external cross-border cooperation, the regions to be supported by IPA III or NDICI shall be NUTS level 3 regions of the respective partner country or, in the absence of NUTS classification, equivalent areas along all land borders between Member States and partner countries eligible under IPA III or NDICI.</p>	<p>4. <i>As regards maritime cross-border cooperation for the 2014-2020 programming period, 18 cross-border cooperation programmes in place under this programming period (Two Seas, Botnia-Atlantica, Central Baltic, Estonia-Latvia, Manche, Guadeloupe-Martinique-OEEC, Mayotte/Comores/Madagascar, Germany-Denmark, Greece-Cyprus, Greece-Italy, Ireland-Wales, Italy-Croatia, France-Italy-Maritime, Italy-Malta, Madeira-Açores-Canarias (MAC), Northern Ireland-Ireland-Scotland, Öresund-Kattegat-Skagerrak, South Baltic) shall be adjusted by common agreement with the states, regions and other local and regional authorities concerned.</i></p> <p>5. For external cross-border cooperation, the regions to be supported by IPA III or NDICI shall be NUTS level 3 regions of the respective partner country or, in the absence of NUTS classification, equivalent areas along all land borders between Member States and partner countries eligible under IPA III or NDICI.</p>

Reason

The CoR is in favour of moving maritime cross-border cooperation back to component 1. The CoR also proposes removing the arbitrary criterion of there being a bridge to implement maritime cross-border cooperation. Under the subsidiarity principle, the notion of areas of cross-border cooperation must be defined in agreement with the Member States, regions and other local and regional authorities concerned in order to ensure continuity and consistency with current programmes.

Amendment 12

Article 7

Text proposed by the European Commission	CoR amendment
<p>Article 7</p> <p>Geographical coverage for interregional cooperation and interregional innovation investments</p> <p>1. For any component 4 Interreg programme or for interregional innovation investments under component 5, the entire territory of the Union shall be supported by the ERDF.</p> <p>2. Component 4 Interreg programmes may cover the whole or part of the third countries, partner countries, other territories or OCTs referred to in Articles 4, 5 and 6, whether or not they are supported by the external financing instruments of the Union.</p>	<p>Article 7</p> <p>Geographical coverage for interregional cooperation</p> <p>1. For any component 4 Interreg programme, the entire territory of the Union shall be supported by the ERDF.</p> <p>2. Component 4 Interreg programmes may cover the whole or part of the third countries, partner countries, other territories or OCTs referred to in Articles 4, 5 and 6, whether or not they are supported by the external financing instruments of the Union.</p> <p>Third countries may make a financial contribution in the form of external assigned revenue.</p>

Reason

All aspects of interregional innovation investments will be covered by a specific chapter in this regulation. This amendment clarifies the fact that third countries may participate in component 4 subject to a financial contribution in the form of external assigned revenue. The CoR is in favour of including the UK's financial contribution as external assigned revenue to components 4 (interregional) and 5 (interregional innovation investments) and of continuing to enable local authorities from third countries to participate in the same way.

Amendment 13

Article 9

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;">Article 9</p> <p>ERDF resources for the European territorial cooperation goal (Interreg)</p> <p>1. The ERDF resources for the European territorial cooperation goal (Interreg) shall amount to EUR 8 430 000 000 of the global resources available for budgetary commitment from the ERDF, ESF+ and the Cohesion Fund for the 2021-2027 programming period and set out in Article [102(1)] of Regulation (EU) [new CPR].</p> <p>2. The resources referred to in paragraph 1 shall be allocated as follows:</p> <p>(a) 52,7 % (i.e., a total of EUR 4 440 000 000) for cross-border cooperation (component 1);</p> <p>(b) 31,4 % (i.e., a total of EUR 2 649 900 000) for transnational cooperation and maritime cooperation (component 2);</p> <p>(c) 3,2 % (i.e., a total of EUR 270 100 000) for outermost regions' cooperation (component 3);</p> <p>(d) 1,2 % (i.e., a total of EUR 100 000 000) for inter-regional cooperation (component 4);</p> <p>(e) 11,5 % (i.e., a total of EUR 970 000 000) for interregional innovation investments (component 5).</p> <p>3. The Commission shall communicate to each Member State its share of the global amounts for components 1, 2 and 3, broken down by year.</p> <p>Population size in the following regions shall be used as the criterion for the breakdown by Member State:</p> <p>(a) NUTS level 3 regions for component 1 and those NUTS level 3 regions for component 2B listed in the implementing act under Article 8(2);</p>	<p style="text-align: center;">Article 9</p> <p>ERDF resources for the European territorial cooperation goal (Interreg)</p> <p>1. 3 % of the global resources available for the funds' budgetary commitments for 2021 to 2027 (i.e. a total of EUR 10 000 000 000) shall be hived off from the global resources available for budgetary commitment from the ERDF, ESF+ and the Cohesion Fund for the 2021-2027 programming period and set out in Article [102(1)] of Regulation (EU) [new CPR] to finance components 1 to 4.</p> <p>2. The resources referred to in paragraph 1 shall be allocated as follows:</p> <p>(a) 72,3 % (i.e., a total of EUR 7 236 000 000) for land and maritime cross-border cooperation (component 1);</p> <p>(b) 19,2 % (i.e., a total of EUR 1 929 000 000) for transnational cooperation (component 2);</p> <p>(c) 2,9 % (i.e., a total of EUR 272 000 000) for outermost regions' cooperation (component 3);</p> <p>(d) 5,6 % (i.e., a total of EUR 563 000 000) for inter-regional cooperation (component 4).</p> <p>3. The Commission shall communicate to each Member State its share of the global amounts for components 1, 2 and 3, broken down by year.</p> <p>Population size in the following regions shall be used as the criterion for the breakdown by Member State:</p> <p>(a) NUTS level 3 regions for component 1 listed in the implementing act under Article 8(2);</p>

Text proposed by the European Commission	CoR amendment
<p>(b) NUTS level 2 regions for components 2A and 3.</p> <p>4. Each Member State may transfer up to 15 % of its financial allocation for each of components 1, 2 and 3 from one of those components to one or more of the others.</p> <p>5. Based on the amounts communicated pursuant to paragraph 3, each Member State shall inform the Commission whether and how it has used the transfer option provided for in paragraph 4 and the resulting distribution of its share among the Interreg programmes in which the Member State participates.</p>	<p>(b) NUTS level 2 regions for components 2 and 3.</p> <p>4. Each Member State may transfer up to 15 % of its financial allocation for each of components 1, 2 and 3 from one of those components to one or more of the others.</p> <p><i>For cross-border and maritime cooperation programmes which have experienced a reduction in funds for the 2021-2027 period, the Member States concerned must earmark ERDF funds from their national budgets to ensure that these programmes continue to receive at least two thirds of the funding allocated for the 2014-2020 period.</i></p> <p>5. Based on the amounts communicated pursuant to paragraph 3, each Member State shall, <i>after consulting local and regional authorities</i>, inform the Commission whether and how it has used the transfer option provided for in paragraph 4 and the resulting distribution of its share among the Interreg programmes in which the Member State participates.</p>

Reason

Following the budget increase proposed by CPR rapporteurs in Article 104(7) of the new (EU) CPR regulation, which would entail going from 2,5 % of global resources available for the funds' budgetary commitments to 3,3 % to finance the cooperation activities provided for in this regulation. We propose to allocate 3 % of this 3,3 % to traditional ETC activities (i. e. components 1, 2 and 4) and to the new component 3. We propose to use the distribution key used in the current programming period, i.e. around 75 % for cross-border cooperation, including maritime cross-border cooperation, 20 % for transnational cooperation and around 5 % for extended interregional cooperation.

The remaining 0,3 % would be allocated to interregional innovation investments, taking account of the specific nature of this new initiative which we feel deserves a separate chapter in this regulation.

Amendment 14

Article 11

Text proposed by the European Commission	CoR amendment
<p>Article 11</p> <p>List of Interreg programme resources</p> <p>1. On the basis of the information provided by Member States pursuant to Article 9(5), the Commission shall, adopt an implementing act setting out a list of all Interreg programmes and indicating per programme the global amount of the total support from the ERDF and, where applicable, the total support from external financing instruments of the Union. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).</p>	<p>Article 11</p> <p>List of Interreg programme resources</p> <p>1. On the basis of the information provided by Member States pursuant to Article 9(5), the Commission shall, adopt an implementing act setting out a list of all Interreg programmes and indicating per programme the global amount of the total support from the ERDF and, where applicable, the total support from external financing instruments of the Union. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).</p>

Text proposed by the European Commission	CoR amendment
<p>2. That implementing act shall also contain a list of the amounts transferred pursuant to Article 9(5) broken down by Member State and by external financing instrument of the Union.</p>	<p>2. That implementing act shall also contain a list of the amounts transferred pursuant to Article 9(5) broken down by Member State and by external financing instrument of the Union.</p> <p>3. Member States should report on how local and regional authorities and other interested parties have been involved in developing the programme, with reference to Article 6 of the Common Provisions Regulation on partnership and multilevel governance.</p>

Amendment 15

Article 13

Text proposed by the European Commission	CoR amendment
<p>Article 13</p> <p>Co-financing rates</p> <p>The co-financing rate at the level of each Interreg programme shall be not higher than 70 %, unless, with regard to external cross-border or component 3 Interreg programmes, a higher percentage is fixed in Regulations (EU) [IPA III], [NDICI] or Council Decision (EU) [OCTP] respectively or in any act adopted thereunder.</p>	<p>Article 13</p> <p>Co-financing rates</p> <p>The co-financing rate at the level of each Interreg programme shall be not higher than 85 %, particularly with regard to external cross-border or component 3 Interreg programmes, small projects provided for in articles 16 to 26, Regulations (EU) [IPA III], [NDICI] or Council Decision (EU) [OCTP] respectively or in any act adopted thereunder.</p>

Reason

The CoR calls for a cofinancing rate of 85 % to be kept up for all projects, and at least for the smallest interregional projects and especially the small projects listed in articles 16 to 26.

Amendment 16

Article 14(4)

Text proposed by the European Commission	CoR amendment
<p>4. Under components 1, 2, and 3, the ERDF and, where applicable, the external financing instruments of the Union may also support the Interreg-specific objective 'a better Interreg governance', in particular by the following actions:</p>	<p>4. Under components 1, 2, and 3, the ERDF and, where applicable, the external financing instruments of the Union may also support the Interreg-specific objective 'a better Interreg governance', in particular by the following actions:</p>

Text proposed by the European Commission	CoR amendment
<p>(a) under component 1 and 2B Interreg programmes:</p> <p>(i) enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders;</p> <p>(ii) enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions, in particular, with a view to resolving legal and other obstacles in border regions;</p> <p>(b) under component 1, 2 and 3 Interreg programmes: enhance institutional capacity of public authorities and stakeholders to implement macro-regional strategies and sea-basin strategies;</p> <p>(c) under external cross-border and component 2 and 3 Interreg programmes supported by the Interreg funds, in addition to points (a) and (b): building up mutual trust, in particular by encouraging people-to-people actions, by enhancing sustainable democracy and by supporting civil society actors and their role in reforming processes and democratic transitions;</p>	<p>(a) under component 1 Interreg programmes:</p> <p>(i) enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders;</p> <p>(ii) enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions, in particular, with a view to resolving legal and other obstacles in border regions, building up mutual trust, in particular by encouraging people-to-people actions;</p> <p>(b) under component 1, 2 and 3 Interreg programmes: enhance institutional capacity of public authorities and stakeholders to implement macro-regional strategies and sea-basin strategies;</p> <p>(c) under external cross-border and component 2 and 3 Interreg programmes supported by the Interreg funds, in addition to points (a) and (b): building up mutual trust, in particular by enhancing sustainable democracy and by supporting civil society actors and their role in reforming processes and democratic transitions;</p>

Reason

Building up mutual trust and encouraging people-to-people projects is relevant not only for the external but also for internal cross-border cooperation and should be explicitly supported.

Amendment 17

Article 15

Text proposed by the European Commission	CoR amendment
<p>Article 15</p> <p>Thematic concentration</p> <p>1. At least 60 % of the ERDF and, where applicable, of the external financing instruments of the Union allocated under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, shall be allocated on a maximum of three of the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR].</p>	<p>Article 15</p> <p>Thematic concentration</p> <p>1. A maximum of 60 % of the ERDF at national and regional level and, where applicable, of the external financing instruments of the Union allocated under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, shall be allocated on a maximum of three of the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR].</p>

Text proposed by the European Commission	CoR amendment
<p>2. An additional 15 % of the ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, shall be allocated on the Interreg-specific objective of ‘a better Interreg governance’ or on the external Interreg-specific objective of ‘a safer and more secure Europe’.</p> <p>3. Where a component 2A Interreg programme supports a macro-regional strategy, the total ERDF and, where applicable, the total external financing instruments of the Union allocations under priorities other than for technical assistance shall be programmed on the objectives of that strategy.</p> <p>4. Where a component 2B Interreg programme supports a macro-regional strategy or sea-basin strategy, at least 70 % of the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall be allocated on the objectives of that strategy.</p> <p>5. For component 4 Interreg programmes, the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall be allocated on the Interreg-specific objective ‘a better Interreg governance’.</p>	<p>2. A maximum of an additional 15 % of the ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, may be allocated on the Interreg-specific objective of ‘a better Interreg governance’ and/or on the external Interreg-specific objective of ‘a safer and more secure Europe’. This percentage may be higher than the maximum of 15 % when those engaged in the negotiations on the programme deem it necessary.</p> <p>Projects under ‘a better Interreg governance’ may also receive funding under Regulation (EU) 2018/XXX (establishing the Reform Support Programme). In that case, Regulation (EU) 2018/XXX [ETC] will act as leader.</p> <p>3. Where a component 2 Interreg programme supports a macro-regional strategy, the total ERDF and, where applicable, the total external financing instruments of the Union allocations under priorities other than for technical assistance shall be programmed on the objectives of that strategy.</p> <p>4. Where a component 1 Interreg programme supports a macro-regional strategy or sea-basin strategy, at least 70 % of the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall, as a general rule, be allocated on the objectives of that strategy. Different percentages may be established by common agreement with the Commission.</p> <p>5. For component 4 Interreg programmes, the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall be allocated on the Interreg-specific objective ‘a better Interreg governance’.</p>

Reason

It is not fair to ask all European regions to allocate the same fixed percentage to ‘a better Interreg governance’ in addition to technical assistance.

Nonetheless, it must continue to be possible for regions which want to use ETC as a tool to promote good governance and structural reform to receive additional support under the new Reform Support Programme.

The CoR endorses macro-regional strategies being supported by components 1 and 2.

Amendment 18

Add new chapter after Chapter II

Text proposed by the European Commission	CoR amendment
	<p style="text-align: center;">CHAPTER III</p> <p style="text-align: center;">Interregional innovation investments</p> <p style="text-align: center;">Article 15 bis</p> <p>Interregional innovation investments</p> <p>1. 0,3 % of the global resources available for the funds' budgetary commitments for the 2021-2027 period (i.e. a total of EUR 970 000 000) shall be allocated to interregional innovation investments and earmarked for marketing and stepping up interregional innovation projects which have the potential to promote European value chains. Additional funds from Horizon Europe [proposal for a Regulation (EU) 2018/XXX] may be transferred to the budget either directly or using the Lead Fund method.</p> <p>2. Interregional innovation investments shall be intended for the following activities:</p> <ul style="list-style-type: none"> (a) marketing and scaling up common innovation projects which could promote European value chains; (b) bringing together researchers, businesses, civil society and public administrations involved in national or regional smart specialisation strategies; (c) pilot projects to identify or test new regional and local development solutions based on smart specialisation strategies; (d) exchanges of experience in the field of innovation in order to capitalise on experience in regional or local development. <p>3. With regard to interregional innovation investments, the entire Union shall be eligible for ERDF funding.</p> <p>4. Interregional innovation investments shall be prepared and submitted under direct management.</p> <p>5. In accordance with the principle of European territorial cohesion, regions ranked below the average on the 2013-2016 European Regional Competitiveness Index, regions covered by Article 174 and outermost regions will be entitled under the interregional innovation investment scheme to a higher ERFD co-financing rate that may vary from 85 to 100 %. This incentive to promote interregional innovation investments in regions with structural handicaps must:</p>

Text proposed by the European Commission	CoR amendment
	<p><i>(a) enable these regions to develop joint innovative investment projects which have the potential to be transferred and replicated in other regions with the same structural handicaps;</i></p> <p><i>(b) be geared towards spurring on innovation in regional economies suffering from structural geographical or demographic handicaps, developing local resources, support for renewable energy use, waste processing, water management, promotion of cultural and natural heritage and the implementation of a circular economy, with the word ‘innovation’ here covering technological, organisational, social and environmental innovation;</i></p> <p><i>(c) enable these regions to make use of technology platforms provided by more competitive regions, thus providing for the transfer of technology and know-how between regions and promoting greater inter-regional integration.</i></p> <p><i>6. Third countries may participate provided that they contribute financially in the form of external assigned revenue.</i></p>

Reason

Although the establishment of interregional innovation investments is one of the most positive innovations in the new programming period, they are still a very different tool from European territorial cooperation. For this reason and in order to underscore its specific importance, we suggest drafting a chapter and article on these investments bringing together various provisions which are scattered throughout the proposal for a regulation.

We also propose increasing its budget with a specific reserve of 0,3 % of the cohesion budget and authorising further transfers. Lastly, in order to comply with the principle of European territorial cohesion, part of the resources must be earmarked for regions which are not yet among the most innovative in Europe.

Furthermore, in order to avoid exacerbating interregional disparities in terms of innovation and competitiveness, we need to promote innovation in regions which are struggling and/or which are below the EU average in terms of competitiveness.

This proposal incorporates into the ETC regulation those recommendations set out in the following opinions: Ms Maupertuis (2017), Mr Herrera Campo (2016), Mr Osvald (2012) and Mr Karácsony (2018), among others.

Amendment 19

Article 16

Text proposed by the European Commission	CoR amendment
<p data-bbox="427 398 528 427" style="text-align: center;">Article 16</p> <p data-bbox="209 510 746 539">Preparation and submission of Interreg programmes</p> <p data-bbox="177 622 778 786">1. The European territorial cooperation goal (Interreg) shall be implemented through Interreg programmes under shared management with the exception of component 3, which may be implemented as a whole or partially under indirect management, and of component 5 which shall be implemented under direct or indirect management.</p> <p data-bbox="177 869 778 1010">2. The participating Member States and, where applicable, third countries, partner countries or OCTs, shall prepare an Interreg programme in accordance with the template set out in the Annex for the period from 1 January 2021 to 31 December 2027.</p> <p data-bbox="177 1093 778 1205">3. The participating Member States shall prepare an Interreg programme in cooperation with the programme partners referred to in Article [6] of Regulation (EU) [the new CPR].</p> <p data-bbox="177 1220 778 1301">The participating third countries or partner countries or OCTs, where applicable, shall also involve the programme partners equivalent to those referred to in that Article.</p> <p data-bbox="177 1608 778 1749">4. The Member State hosting the prospective managing authority, shall submit an Interreg programme to the Commission by [date of entry into force plus nine months:] on behalf of all participating Member States and, where applicable, third countries, partner countries or OCTs.</p> <p data-bbox="177 1854 778 2078">However, an Interreg programme covering support from an external financing instrument of the Union shall be submitted by the Member State hosting the prospective managing authority no later than six months after the adoption by the Commission of the relevant strategic programming document under Article 10(1) or where required under the respective basic act of one or more of an external financing instrument of the Union.</p>	<p data-bbox="1066 398 1166 427" style="text-align: center;">Article 16</p> <p data-bbox="842 510 1380 539">Preparation and submission of Interreg programmes</p> <p data-bbox="810 622 1412 763">1. The European territorial cooperation goal (Interreg) shall be implemented through Interreg programmes under shared management with the exception of component 3, which may be implemented as a whole or partially under indirect management.</p> <p data-bbox="810 869 1412 1010">2. The participating Member States and, where applicable, third countries, partner countries or OCTs, shall prepare an Interreg programme in accordance with the template set out in the Annex for the period from 1 January 2021 to 31 December 2027.</p> <p data-bbox="810 1093 1412 1205">3. The participating Member States shall prepare an Interreg programme in cooperation with the programme partners referred to in Article [6] of Regulation (EU) [the new CPR].</p> <p data-bbox="810 1220 1412 1301">The participating third countries or partner countries or OCTs, where applicable, shall also involve the programme partners equivalent to those referred to in that Article.</p> <p data-bbox="810 1384 1412 1525"><i>When preparing Interreg programmes linked to strategies for macro-regions or sea-basins, the Member States and programme partners must take account of the thematic priorities of the macro-regional strategies and strategies on sea-basins and consult the stakeholders.</i></p> <p data-bbox="810 1608 1412 1771">4. The Member State hosting the prospective managing authority, shall submit one or more Interreg programmes along the relevant land or maritime border to the Commission by [date of entry into force plus nine months:] on behalf of all participating Member States and, where applicable, third countries, partner countries or OCTs.</p> <p data-bbox="810 1854 1412 2078">However, an Interreg programme covering support from an external financing instrument of the Union shall be submitted by the Member State hosting the prospective managing authority no later than six months after the adoption by the Commission of the relevant strategic programming document under Article 10(1) or where required under the respective basic act of one or more of an external financing instrument of the Union.</p>

Text proposed by the European Commission	CoR amendment
<p>5. The participating Member States and, where applicable, third countries, partner countries or OCTs shall confirm in writing their agreement to the contents of an Interreg programme prior to its submission to the Commission. That agreement shall also include a commitment by all participating Member States and, where applicable, third countries, partner countries or OCTs to provide the co-financing necessary to implement the Interreg programme and, where applicable, the commitment for the financial contribution of the third countries, partner countries or OCTs.</p> <p>By way of derogation from the first subparagraph, in the case of Interreg programmes involving outermost regions and third countries, partner countries or OCTs, the Member States concerned shall consult the respective third countries, partner countries or OCTs before submitting the Interreg programmes to the Commission. In that case, the agreements to the contents of the Interreg programmes and the possible contribution of the third countries, partner countries or OCTs may, instead, be expressed in the formally approved minutes of the consultation meetings with the third countries, partner countries or OCTs or of the deliberations of the regional cooperation organisations.</p> <p>6. The Commission is empowered to adopt delegated acts in accordance with Article 62 to amend the Annex in order to adapt to changes occurring during the programming period for non-essential elements thereof.</p>	<p>5. The participating Member States and, where applicable, third countries, partner countries or OCTs shall confirm in writing their agreement to the contents of an Interreg programme prior to its submission to the Commission. That agreement shall also include a commitment by all participating Member States and, where applicable, third countries, partner countries or OCTs to provide the co-financing necessary to implement the Interreg programme and, where applicable, the commitment for the financial contribution of the third countries, partner countries or OCTs.</p> <p>By way of derogation from the first subparagraph, in the case of Interreg programmes involving outermost regions and third countries, partner countries or OCTs, the Member States concerned shall consult the respective third countries, partner countries or OCTs before submitting the Interreg programmes to the Commission. In that case, the agreements to the contents of the Interreg programmes and the possible contribution of the third countries, partner countries or OCTs may, instead, be expressed in the formally approved minutes of the consultation meetings with the third countries, partner countries or OCTs or several Interreg programmes along the land or maritime border in question.</p> <p>6. The Commission is empowered to adopt delegated acts in accordance with Article 62 to amend the Annex in order to adapt to changes occurring during the programming period for non-essential elements thereof.</p>

Reason

The partnership principle must be in place to ensure consistency between the various cross-border cooperation activities. The CoR is in favour of moving maritime cross-border cooperation back to component 1.

Amendment 20

Article 19

Text proposed by the European Commission	CoR amendment
<p>Article 19</p> <p>Amendment of Interreg programmes</p> <p>1. The Member State hosting the managing authority may submit a motivated request for an amendment of an Interreg programme together with the amended programme, setting out the expected impact of that amendment on the achievement of the objectives.</p>	<p>Article 19</p> <p>Amendment of Interreg programmes</p> <p>1. The Member State hosting the managing authority may, after consulting the local and regional authorities and in accordance with Article 6 of the CPR, submit a motivated request for an amendment of an Interreg programme together with the amended programme, setting out the expected impact of that amendment on the achievement of the objectives.</p>

Text proposed by the European Commission	CoR amendment
<p>2. The Commission shall assess the compliance of the amendment with Regulation (EU) [new CPR], Regulation (EU) [new ERDF] and this Regulation and may make observations within three months of the submission of the amended programme.</p> <p>3. The participating Member States and, where applicable, third countries, partner countries or OCTs shall review the amended programme and take into account the observations made by the Commission.</p> <p>4. The Commission shall approve the amendment of a Interreg programme no later than six months after its submission by the Member State.</p> <p>5. The Member State may transfer during the programming period an amount of up to 5 % of the initial allocation of a priority and no more than 3 % of the programme budget to another priority of the same Interreg programme.</p> <p>Such transfers shall not affect previous years.</p> <p>They shall be considered to be not substantial and shall not require a decision of the Commission amending the Interreg programme. They shall, however comply with all regulatory requirements. The managing authority shall submit to the Commission the revised table referred to in point (g)(ii) of Article 17(4).</p> <p>6. The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the Interreg programme. The managing authority shall inform the Commission of such corrections.</p>	<p>2. The Commission shall assess the compliance of the amendment with Regulation (EU) [new CPR], Regulation (EU) [new ERDF] and this Regulation and may make observations within three months of the submission of the amended programme.</p> <p>3. The participating Member States and, where applicable, third countries, partner countries or OCTs shall review the amended programme and take into account the observations made by the Commission.</p> <p>4. The Commission shall approve the amendment of a Interreg programme no later than six months after its submission by the Member State.</p> <p>5. The Member State may transfer during the programming period an amount of up to 5 % of the initial allocation of a priority and no more than 3 % of the programme budget to another priority of the same Interreg programme, after consulting the local and regional authorities and in accordance with Article 6 of the CPR.</p> <p>Such transfers shall not affect previous years.</p> <p>They shall be considered to be not substantial and shall not require a decision of the Commission amending the Interreg programme. They shall, however comply with all regulatory requirements. The managing authority shall submit to the Commission the revised table referred to in point (g)(ii) of Article 17(4).</p> <p>6. The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the Interreg programme. The managing authority shall inform the Commission of such corrections.</p>

Reason

The partnership principle must be enforced when amending the programmes.

Amendment 21

Article 24

Text proposed by the European Commission	CoR amendment
<p>Article 24</p> <p>Small project funds</p> <p>1. The contribution from the ERDF or, where applicable, an external financing instrument of the Union, to a small project fund within an Interreg programme shall not exceed EUR 20 000 000 or 15 % of the total allocation of the Interreg programme, whichever is lower.</p>	<p>Article 24</p> <p>Small project funds</p> <p>1. The contribution from the ERDF or, where applicable, an external financing instrument of the Union, to a small project fund within an Interreg programme shall not exceed EUR 20 000 000 or 15 % of the total allocation of the Interreg programme, whichever is lower. Several small project funds may be set up within an Interreg programme.</p>

Text proposed by the European Commission	CoR amendment
<p>The final recipients within a small project fund shall receive support from the ERDF or, where applicable the external financing instruments of the Union through the beneficiary and implement the small projects within that small project fund ('small project').</p> <p>2. The beneficiary of a small project fund shall be a cross-border legal body or an EGTC.</p> <p>3. The document setting out the conditions for support to a small project fund shall, in addition to the elements laid down in Article 22(6) set out the elements necessary to ensure that the beneficiary:</p> <p>(a) establishes a non-discriminatory and transparent selection procedure;</p> <p>(b) applies objective criteria for the selection of small projects, which avoid conflicts of interest;</p> <p>(c) assesses applications for support;</p> <p>(d) selects projects and fixes the amount of support for each small project;</p> <p>(e) is accountable for the implementation of the operation and keeps at its level all supporting documents required for the audit trail in accordance with Annex [XI] of Regulation (EU) [new CPR];</p> <p>(f) makes available to the public the list of the final recipients which benefit from the operation.</p> <p>The beneficiary shall ensure that the final recipients comply with the requirements set out in Article 35.</p> <p>4. The selection of small projects shall not constitute a delegation of tasks from the managing authority to an intermediate body as referred to in Article [65(3)] of Regulation (EU) [new CPR].</p>	<p>The final recipients within a small project fund shall receive support from the ERDF or, where applicable the external financing instruments of the Union through the beneficiary and implement the small projects within that small project fund ('small project').</p> <p>2. The beneficiary of a small project fund shall be a cross-border legal body, an EGTC, a euroregion, legal bodies in outermost regions or another association of various regional or local authorities.</p> <p>3. The document setting out the conditions for support to a small project fund shall, in addition to the elements laid down in Article 22(6) set out the elements necessary to ensure that the beneficiary:</p> <p>(a) establishes a non-discriminatory and transparent selection procedure;</p> <p>(b) applies objective criteria for the selection of small projects, which avoid conflicts of interest;</p> <p>(c) assesses applications for support;</p> <p>(d) selects projects and fixes the amount of support for each small project;</p> <p>(e) is accountable for the implementation of the operation and keeps at its level all supporting documents required for the audit trail in accordance with Annex [XI] of Regulation (EU) [new CPR];</p> <p>(f) makes available to the public the list of the final recipients which benefit from the operation.</p> <p>The beneficiary shall ensure that the final recipients comply with the requirements set out in Article 35.</p> <p>4. The selection of small projects shall not constitute a delegation of tasks from the managing authority to an intermediate body as referred to in Article [65(3)] of Regulation (EU) [new CPR].</p>

Text proposed by the European Commission	CoR amendment
<p>5. Staff and indirect costs generated at the level of the beneficiary for the management of the small project fund shall not exceed 20 % of the total eligible cost of the respective small project fund.</p> <p>6. Where the public contribution to a small project does not exceed EUR 100 000, the contribution from the ERDF or, where applicable, an external financing instrument of the Union shall take the form of unit costs or lump sums or include flat rates, except for projects for which the support constitutes State aid.</p> <p>Where flat-rate financing is used, the categories of costs to which the flat rate is applied may be reimbursed in accordance with [point (a) of Article 48(1)] of Regulation (EU) [new CPR].</p>	<p>5. Staff and indirect costs generated at the level of the beneficiary for the management of the small project fund shall not exceed 20 % of the total eligible cost of the respective small project fund.</p> <p>6. Where the public contribution to a small project does not exceed EUR 100 000, the contribution from the ERDF or, where applicable, an external financing instrument of the Union shall take the form of unit costs or lump sums or include flat rates. Additional national controls and audits should respect this principle of simplified costs and not require the beneficiary to provide supporting documents pertaining to all project costs.</p> <p>Where flat-rate financing is used, the categories of costs to which the flat rate is applied may be reimbursed in accordance with [point (a) of Article 48(1)] of Regulation (EU) [new CPR].</p>

Amendment 22

Article 26

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Technical assistance</p> <p>1. Technical assistance to each Interreg programme shall be reimbursed as a flat rate by applying the percentages set out in paragraph 2 to the eligible expenditure included in each payment application pursuant to [points (a) or (c) of Article 85(3)] of Regulation (EU) [new CPR] as appropriate.</p> <p>2. The percentage of the ERDF and the external financing instruments of the Union to be reimbursed for technical assistance shall be as follows:</p> <p>(a) for internal cross-border cooperation Interreg programmes supported by the ERDF: 6 %;</p> <p>(b) for external cross-border Interreg programmes supported by IPA III CBC or NDICI CBC: 10 %;</p>	<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Technical assistance</p> <p>1. Technical assistance to each Interreg programme shall be reimbursed as a flat rate by applying the percentages set out in paragraph 2 to the eligible expenditure included in each payment application pursuant to [points (a) or (c) of Article 85(3)] of Regulation (EU) [new CPR] as appropriate.</p> <p>2. The percentage of the ERDF and the external financing instruments of the Union to be reimbursed for technical assistance shall be as follows:</p> <p>(a) for internal cross-border cooperation Interreg programmes supported by the ERDF: 8 %;</p> <p>(b) for external cross-border Interreg programmes supported by IPA III CBC or NDICI CBC: 10 %;</p>

Text proposed by the European Commission	CoR amendment
<p>(c) for component 2, 3 and 4 Interreg programmes, both for the ERDF and, where applicable, for the external financing instruments of the Union: 7 %.</p> <p>3. For Interreg programmes with a total allocation between EUR 30 000 000 and EUR 50 000 000 the amount resulting from the percentage for technical assistance shall be increased by an additional amount of EUR 500 000. The Commission shall add that amount to the first interim payment.</p> <p>4. For Interreg programmes with a total allocation below EUR 30 000 000, the amount needed for technical assistance expressed in EUR and the resulting percentage shall be fixed in the Commission decision approving the Interreg programme concerned.</p>	<p>(c) for component 2, 3 and 4 Interreg programmes, both for the ERDF and, where applicable, for the external financing instruments of the Union: 8 %;</p> <p>(d) for component 3 Interreg programmes, for the ERDF: 10 %.</p> <p>3. For Interreg programmes with a total allocation between EUR 30 000 000 and EUR 50 000 000 the amount resulting from the percentage for technical assistance shall be increased by an additional amount of EUR 500 000. The Commission shall add that amount to the first interim payment.</p> <p>4. For Interreg programmes with a total allocation below EUR 30 000 000, the amount needed for technical assistance expressed in EUR and the resulting percentage shall be fixed in the Commission decision approving the Interreg programme concerned.</p>

Amendment 23

Article 45

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;">Article 45</p> <p style="text-align: center;">Functions of the managing authority</p> <p>1. The managing authority of an Interreg programme shall carry out the functions laid down in Articles [66], [68] and [69] of Regulation (EU) [new CPR] with the exception of the task of selecting operations referred to in point (a) of Article 66(1) and Article 67 and of payments to beneficiaries referred to in point (b) of Article 68(1). Those functions shall be carried out in the whole of the territory covered by that programme, subject to derogations set out under Chapter VIII of this Regulation.</p> <p>2. The managing authority, after consultation with the Member States and, where applicable, any third countries, partner countries or OCTs participating in the Interreg programme, shall set up a joint secretariat, with staff taking into account the programme partnership.</p> <p>The joint secretariat shall assist the managing authority and the monitoring committee in carrying out their respective functions. The joint secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist beneficiaries and partners in the implementation of operations.</p>	<p style="text-align: center;">Article 45</p> <p style="text-align: center;">Functions of the managing authority</p> <p>1. The managing authority of an Interreg programme shall carry out the functions laid down in Articles [66], [68] and [69] of Regulation (EU) [new CPR] with the exception of the task of selecting operations referred to in point (a) of Article 66(1) and Article 67 and of payments to beneficiaries referred to in point (b) of Article 68(1). Those functions shall be carried out in the whole of the territory covered by that programme, subject to derogations set out under Chapter VIII of this Regulation.</p> <p>2. The managing authority, after consultation with the Member States and, where applicable, any third countries, partner countries or OCTs participating in the Interreg programme, shall set up a joint secretariat, with staff taking into account the programme partnership.</p> <p>The joint secretariat shall assist the managing authority and the monitoring committee in carrying out their respective functions. The joint secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist beneficiaries and partners in the implementation of operations.</p>

Text proposed by the European Commission	CoR amendment
<p>3. By way of derogation from [point (c) of Article 70(1)] of Regulation (EU) [new CPR], expenditure paid in another currency shall be converted into euro by each partner using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the managing authority in accordance with [point (a) of Article 68(1)] of that Regulation.</p>	<p>3. Where the managing authority does not carry out management verifications under [point (a) of Article 68 (1)] of Regulation (EU) [new CPR] throughout the whole programme area, each Member State and, where applicable, any third country, partner country or OCTs participating in the Interreg programme, shall designate the body or person responsible for carrying out such verifications in relation to beneficiaries on its territory (the ‘controllers’).</p> <p>4. By way of derogation from [point (c) of Article 70(1)] of Regulation (EU) [new CPR], expenditure paid in another currency shall be converted into euro by each partner using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the managing authority in accordance with [point (a) of Article 68(1)] of that Regulation.</p>

Reason

In case deleting of paragraph 6 of the Article 44 is not accepted, this is an alternative solution for the issue of controllers to ensure that the current systems of management verifications that have been running in some programmes for three programming periods would not have to be abolished.

Amendment 24

Article 49

Text proposed by the European Commission	CoR amendment
<p>Article 49</p> <p>Payments and pre-financing</p> <p>1. The ERDF support and, where applicable, the support from external financing instruments of the Union to each Interreg programme shall be paid, in accordance with Article 46(2), into a single account with no national subaccounts.</p> <p>2. The Commission shall pay a pre-financing based on the total support from each Interreg fund, as set out in the decision approving each Interreg programme under Article 18, subject to available funds, in yearly instalments as follows and before 1 July of the years 2022 to 2026, or, in the year of the approving decision, no later than 60 days after that decision is adopted:</p>	<p>Article 49</p> <p>Payments and pre-financing</p> <p>1. The ERDF support and, where applicable, the support from external financing instruments of the Union to each Interreg programme shall be paid, in accordance with Article 46(2), into a single account with no national subaccounts.</p> <p>2. The Commission shall pay a pre-financing based on the total support from each Interreg fund, as set out in the decision approving each Interreg programme under Article 18, subject to available funds, in yearly instalments as follows and before 1 July of the years 2022 to 2026, or, in the year of the approving decision, no later than 60 days after that decision is adopted:</p>

Text proposed by the European Commission	CoR amendment
<p>(a) 2021: 1 %;</p> <p>(b) 2022: 1 %;</p> <p>(c) 2023: 1 %;</p> <p>(d) 2024: 1 %;</p> <p>(e) 2025: 1 %;</p> <p>(f) 2026: 1 %.</p>	<p>(a) 2021: 2 %;</p> <p>(b) 2022: 0,8 %;</p> <p>(c) 2023: 0,8 %;</p> <p>(d) 2024: 0,8 %;</p> <p>(e) 2025: 0,8 %;</p> <p>(f) 2026: 0,8 %;</p>
<p>3. Where external cross-border Interreg programmes are supported by the ERDF and IPA III CBC or NDICI CBC, the pre-financing for all funds supporting such an Interreg programme shall be made in accordance with Regulation (EU) [IPA III] or [NDICI] or of any act adopted thereunder.</p>	<p>3. Where external cross-border Interreg programmes are supported by the ERDF and IPA III CBC or NDICI CBC, the pre-financing for all funds supporting such an Interreg programme shall be made in accordance with Regulation (EU) [IPA III] or [NDICI] or of any act adopted thereunder.</p>
<p>The pre-financing amount may be paid in two instalments, where necessary, according to budgetary needs.</p>	<p>The pre-financing amount may be paid in two instalments, where necessary, according to budgetary needs.</p>
<p>The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application under the cross-border Interreg programme is sent within 24 months of the date on which the Commission pays the first instalment of the pre-financing amount. Such reimbursement shall constitute internal assigned revenue and shall not reduce the support from the ERDF, IPA III CBC or NDICI CBC to the programme.</p>	<p>The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application under the cross-border Interreg programme is sent within 24 months of the date on which the Commission pays the first instalment of the pre-financing amount. Such reimbursement shall constitute internal assigned revenue and shall not reduce the support from the ERDF, IPA III CBC or NDICI CBC to the programme.</p>

Reason

The CoR proposes doubling the percentage of prefinancing during the first year of the programming period to help these programmes get off the ground. This will be offset by an equivalent reduction in the following years.

Amendment 25

Article 61

Text proposed by the Commission	CoR amendment
<p style="text-align: center;">Article 61</p> <p style="text-align: center;">Interregional innovation investments</p> <p><i>At the initiative of the Commission, the ERDF may support interregional innovation investments, as set out in point 5 of Article 3, bringing together researchers, businesses, civil society and public administrations involved in smart specialisation strategies established at national or regional levels.</i></p>	

Reason

Given how important and specific these investments are, the CoR proposes that they be covered by a separate chapter.

Amendment 26

Add new article after Article 62

Text proposed by the Commission	CoR amendment
	<p style="text-align: center;">Article 62a</p> <p><i>Exemption from the reporting requirement laid down in Article 108(3) of the TFEU</i></p> <p><i>Aid for European territorial cooperation projects is excluded from the review of state aid and is not subject to the reporting requirement laid down in Article 108(3) of the Treaty on the Functioning of the European Union.</i></p>

Reason

Territorial cooperation bolsters the single market. Completely abolishing the reporting requirements still in place for some types of state aid would promote simplification.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. sincerely welcomes the new regulation on European territorial cooperation (ETC) for the 2021-2027 programming period and is pleased that this founding policy of the EU is being made more visible through this dedicated regulation, despite the fact that the policy will still be financed by the ERDF;
2. is also pleased that, as part of the drive to simplify regulation and ensure synergies, the regulations on the future EU External Financing Instruments are included in the ETC regulation;
3. supports the new tool intended to remove legal and administrative barriers to cross-border activities. ETC must support ⁽¹⁾ this new instrument;
4. is very pleased that the new component 3 recognises the specific needs of the outermost regions;
5. strongly endorses the establishment of the interregional innovation investments referred to in component 5;
6. regrets the Commission's proposal to reduce the ETC budget by EUR 1,847 billion (in 2018 constant prices), which amounts to – 18 %. This is almost twice as much as the budget cuts resulting from Brexit and reduces ETC's share of the cohesion budget from 2,75 % to 2,5 %;
7. regrets that component 1 'cross-border cooperation' (without the maritime cooperation aspect) has been reduced by EUR 3,171 billion (- 42 %), and that component 4 on traditional 'interregional cooperation' (Interreg Europe, URBACT, ESPON, INTERACT) has lost EUR 474 million (- 83 %);
8. 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 between regional authorities and thus promoting the European identity; notes that this has not been sufficiently replicated in the current proposals;
9. opposes the decision to move maritime cross-border cooperation from component 1 'cross-border' to component 2 'transnational'. This transfer would increase the component 2 'transnational' budget by EUR 558 million (27 %), but there is a considerable risk that maritime cross-border cooperation might be watered down in the broader context of transnational cooperation;

⁽¹⁾ COM(2018) 373 final, draft opinion by Mr Arends (COTER-VI/048).

10. considers that the Commission proposal in Annex XXII of the CPR is arbitrary in prioritising financing for border regions at least half of whose population lives less than 25 km from the border and entirely rejects it for that reason;
11. strongly endorses the CPR rapporteurs' proposal ⁽²⁾ 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 up to 3 % of the cohesion budget and to establish an additional specific reserve of 0,3 % of the cohesion budget for interregional innovation investments. This approach is similar to the one taken by the Parliament ⁽³⁾. The Committee believes that the increase in allocations should also be reflected in component 3;
12. considers that this new initiative for innovative interregional investments, which follows on from the ERDF's innovative activities and the Vanguard initiative, is of high added value and should be given special treatment in the regulation with a specific budget, given its differences from traditional ETC (components 1 and 4);
13. considers that synergies between these investments and Horizon Europe need to be stepped up ⁽⁴⁾;
14. emphasises that, while interregional innovation investments must give priority to excellence, they must also boost territorial cohesion by helping less innovative regions to become involved in the drive to achieve European interregional innovation;
15. following calls in several CoR opinions ⁽⁵⁾, proposes that an initiative be put in place to enable the most vulnerable regions listed in Article 174 of the TFEU to collaborate on innovative investment projects which have strong potential for expansion, transfer and replication in other regions with the same structural limitations;
16. calls for greater consistency between the various European territorial cooperation programmes. Where appropriate, transnational cooperation programmes linked to a macro-regional strategy or a sea-basin should adopt priorities that are consistent and aligned with those of the macro-regional strategies or sea-basins covering them;
17. welcomes the steps taken to simplify fund management, in line with the recommendations of the high-level group and a number of CoR opinions ⁽⁶⁾;
18. welcomes the introduction of management methods geared to the small projects listed in articles 16 to 26 and in particular is pleased that an article (Article 24) focusing on the small project fund has been incorporated into the proposal, as proposed by the CoR opinion ⁽⁷⁾ on this topic. These small or 'people-to-people' projects are in fact crucial for promoting European integration and removing visible and invisible borders and boost the European added value provided by this mechanism. The Committee also endorses making the beneficiary of these small projects a cross-border legal entity, an EGTC, a euroregion, legal bodies in outermost regions or another grouping of local and regional authorities;
19. is opposed to reducing EU cofinancing rates from 85 % to 70 %: this will make it even more difficult for local and regional stakeholders with limited financial capacity to participate;
20. proposes doubling the percentage reserved for prefinancing in the first year to help the programmes really get off the ground;
21. proposes increasing the percentage reserved for technical assistance to 8 %;
22. proposes amending the thematic concentration rate stipulated in Article 15 to reach a maximum rate of 60 % of the ERDF budget at national and regional level;

⁽²⁾ Draft opinion by Mr Schneider and Ms Marini (COTER-VI/045).

⁽³⁾ Draft report by Mr Arimont, 2018/0199 (COD).

⁽⁴⁾ COM(2018) 435 final.

⁽⁵⁾ This proposal includes recommendations made in the opinions drawn up by Ms Maupertuis (COTER-VI/22), Mr Herrera Campo (SEDEC-VI/8), Mr Osvald (COTER-V/21) and Mr Karácsony (COTER-VI/36), among others.

⁽⁶⁾ Opinion by Mr Osvald (COTER-VI/012), opinion by Mr Vlasák (COTER-VI/035).

⁽⁷⁾ Opinion by Mr Branda on 'People-to-people and small-scale projects in cross-border cooperation programmes' (COTER-VI/023).

23. considers that a standard reserve of 15 % for good governance is not necessarily fair. Regions do not all have the same needs in terms of structural reform. ETC should be able to receive transfers from the new reform support programme ⁽⁸⁾;

24. is very pleased that the UK's local and regional authorities are included in components 1 and 2 as has been done for Norway and Iceland, as the CoR requested ⁽⁹⁾. The CoR supports the EU's continued support for the Northern Ireland peace process through the PEACE PLUS programme;

25. proposes that third countries should also be able to participate in component 4 'interregional' and in interregional innovation investments through external assigned revenue transferred to the EU budget;

26. notes that the promotion of European territorial cooperation (Interreg) has been one of the key priorities of EU Cohesion Policy for many years. Projects for SMEs are already required by the General Block Exemption Regulation (GBER) to report on State aid. Specific provisions for regional aid for investments by businesses of all sizes are also included in the 2014-2020 guidelines on regional aid and in the GBER's section on regional aid. Given that aid for ETC should be considered compatible with the single market, it should be excluded from the reporting requirements under Article 108(3) TFEU;

27. proposes that, aiming to reduce the administrative burden for programme authorities and beneficiaries, state aid reporting requirements should be simplified further. The Committee of Regions takes note of the Commission proposal to amend the enabling Regulation (EU) 2015/1588. Steps should be taken to see whether measures in the field of interregional cooperation at least could, as a general rule, be exempt from EU law on State aid.

Brussels, 5 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

⁽⁸⁾ Proposal for Regulation (EU) 2018/XXX on the establishment of the reform support programme, COM(2018) 391 final.

⁽⁹⁾ Resolution on the implications of the United Kingdom's withdrawal from the European Union for the EU's local and regional authorities, 129th plenary session, 17 May 2018, RESOL-VI/031, point 23.

Opinion of the European Committee of the Regions on ‘Cross-border mechanism’

(2019/C 86/10)

<p>Rapporteur: Bouke ARENDS (NL/PES), Member of the Executive Council of Emmen</p> <p>Reference document: Proposal for a regulation of the European Parliament and of the Council on a mechanism to resolve legal and administrative obstacles in a cross-border context</p> <p>COM(2018) 373 final</p>

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 12

Text proposed by the European Commission	CoR amendment
<p><i>Legal obstacles are predominantly felt by persons interacting on land borders, because people cross borders on a daily or weekly basis.</i> In order to concentrate the effect of this Regulation to the regions closest to the border and with the highest degree of integration and interaction between neighbouring Member States, this Regulation should apply to <i>cross-border regions within the meaning of the territory covered by</i> neighbouring land border regions in two or more Member States at NUTS level 3 regions[1]. This should not prevent Member States from applying the Mechanism also to maritime and external borders others than those with EFTA countries.</p> <p>[1] Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).</p>	<p>In order to concentrate the effect of this Regulation to the regions closest to the border and with the highest degree of integration and interaction between neighbouring Member States, this Regulation should apply to neighbouring land <i>and maritime</i> border regions in two or more Member States at NUTS level <i>2 and NUTS</i> level 3 regions[1]. This should not prevent Member States from applying the Mechanism also to maritime and external borders others than those with EFTA countries.</p> <p>[1] Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).</p>

Reason

It must be specified that the regulation also applies to maritime borders. NUTS level 2 regions must be added in order to assess the NUTS level region most appropriate for identifying the mechanism to remove legal or administrative barriers in cross-border dealings.

Amendment 2

Article 3 Definitions

Text proposed by the European Commission	CoR amendment
<p>For the purposes of this Regulation, the following definitions shall apply:</p>	<p>For the purposes of this Regulation, the following definitions shall apply:</p>
<p>1. 'cross-border region' means the territory covered by neighbouring land border regions in two or more Member States at NUTS level 3 regions;</p>	<p>1. 'cross-border region' means the territory covered by neighbouring land border regions or cross-border regions on maritime borders in two or more Member States or between one or several Member States or one or more third countries, at NUTS level 3 and NUTS level 2 regions;</p>
<p>2. 'joint project' means any item of infrastructure with an impact in a given cross-border region or any service of general economic interest provided in a given cross-border region;</p>	<p>2. 'joint project' means any item of infrastructure with an impact in a given cross-border region or any service of general economic interest provided in a given cross-border region, regardless of whether this impact is felt on one or both sides of the border;</p>
<p>3. 'legal provision' means any legal or administrative provision, rule or administrative practice applicable to a joint project, regardless whether adopted or implemented by a legislative or executive body;</p>	<p>3. 'legal provision' means any legal or administrative provision, rule or administrative practice applicable to a joint project, regardless whether adopted or implemented by a legislative or executive body;</p>
<p>4. 'legal obstacle' means any legal provision with regard to the planning, development, staffing, financing or functioning of a joint project that obstructs the inherent potential of a border region when interacting across the border;</p>	<p>4. 'legal obstacle' means any legal provision with regard to the planning, development, staffing, financing or functioning of a joint project that obstructs the inherent potential of a border region when interacting across the border;</p>
<p>5. 'initiator' means the actor who identifies the legal obstacle and triggers the Mechanism by submitting an initiative document;</p>	<p>5. 'initiator' means the actor who identifies the legal obstacle and triggers the Mechanism by submitting an initiative document;</p>
<p>6. 'initiative document' means the document prepared by one or more initiators to trigger the Mechanism;</p>	<p>6. 'initiative document' means the document prepared by one or more initiators to trigger the Mechanism;</p>
<p>7. 'committing Member State' means the Member State on the territory of which one or more legal provisions from a transferring Member State will apply under a given European Cross-border Commitment (the 'Commitment') or European Cross-border Statement (the 'Statement') or where, in the absence of an appropriate legal provision, an ad hoc legal resolution will be established;</p>	<p>7. 'committing Member State' means the Member State on the territory of which one or more legal provisions from a transferring Member State will apply under a given European Cross-border Commitment (the 'Commitment') or European Cross-border Statement (the 'Statement') or where, in the absence of an appropriate legal provision, an ad hoc legal resolution will be established;</p>
<p>8. 'transferring Member State' means the Member State whose legal provisions will apply in the committing Member State under a given Commitment or Statement;</p>	<p>8. 'transferring Member State' means the Member State whose legal provisions will apply in the committing Member State under a given Commitment or Statement;</p>
<p>9. 'competent committing authority' means the authority in the committing Member State competent to accept the application of the legal provisions of the transferring Member State on its territory under a given Commitment or, in the case of a Statement, to commit itself to starting the legislative procedure needed for a derogation from its domestic legal provisions;</p>	<p>9. 'competent committing authority' means the authority in the committing Member State competent to accept the application of the legal provisions of the transferring Member State on its territory under a given Commitment or, in the case of a Statement, to commit itself to starting the legislative procedure needed for a derogation from its domestic legal provisions;</p>

Text proposed by the European Commission	CoR amendment
10. 'competent transferring authority' means the authority in the transferring Member State competent for the adoption of the legal provisions which will apply in the committing Member State and for its application on its own territory or for both;	10. 'competent transferring authority' means the authority in the transferring Member State competent for the adoption of the legal provisions which will apply in the committing Member State and for its application on its own territory or for both;
11. 'area of application' means the area in the committing Member State where the legal provision of the transferring Member State or an ad hoc legal resolution shall apply.	11. 'area of application' means the area in the committing Member State where the legal provision of the transferring Member State or an ad hoc legal resolution shall apply.

Reason

Addition of maritime borders in accordance with Article 4 of the regulation in order to clarify the geographical scope.

'Joint project' suggests a project that actually takes place on the territory of the NUTS 3 regions concerned, but a joint project could also be developed on the territory of one region or municipality only.

Amendment 3

Article 4 — Member States' options for resolving legal obstacles

Text proposed by the European Commission	CoR amendment
1. Member State shall either opt for the Mechanism or opt for existing ways to resolve legal obstacles hampering the implementation of a joint project in cross-border regions on a specific border with one or more neighbouring Member States.	1. The competent authority of a Member State shall either opt for the Mechanism or opt for existing ways to resolve legal obstacles hampering the implementation of a joint project in cross-border regions with one or more neighbouring Member States.
2. A Member State may also decide, with regard to a specific border with one or more neighbouring Member States, to join an existing effective way set up formally or informally by one or more neighbouring Member States.	2. The competent authority of a Member State may also decide, with regard to a joint project in border regions with one or more neighbouring Member States, to join an existing effective way set up formally or informally by one or more neighbouring Member States.
3. Member States may also use the Mechanism in cross-border regions on maritime borders or in cross-border regions between one or more Member States and one or more third countries or one or more overseas countries and territories.	3. The competent authorities of the Member States may also use the Mechanism in cross-border regions on internal or external maritime borders. Member States may also use the Mechanism in cross-border regions between one or more Member States for a joint project with one or more third countries or overseas territories.
4. Member States shall inform the Commission about any decision taken under this Article.	4. Member States shall inform the Commission about any decision taken under this Article.

Reason

Article 4 seems to be ambiguously worded in several language versions. The legal text could be interpreted, in some language versions, as meaning that a Member State needs another Member State in order to implement the border Mechanism with a third country. Although the English version is the basis, it would be better to have a text that makes it clear in all languages that an EU Member State can implement the border Mechanism one-to-one with a neighbouring third country for the purposes of a joint project, without the involvement of a second EU Member State.

Provision should be made for regions with legislative powers to be able to establish and apply the Mechanism, without depending on the willingness of the Member State where issues of legislative power at regional level are affected by legal obstacles.

External and internal maritime borders should be explicitly mentioned in relation to the use of the Mechanism.

Amendment 4

Article 5 — Cross-border Coordination Points

Text proposed by the European Commission	CoR amendment
<p>1. Where a Member State opts for the Mechanism, it shall establish one or more Cross-border Coordination Points in one of the following ways:</p> <p>(a) designate, at national or regional level or at both levels, a Cross-border Coordination Point as a separate body;</p> <p>(b) set up a Cross-border Coordination Point within an existing authority or body, at national or regional level;</p> <p>(c) entrust an appropriate authority or body with the additional tasks as national or regional Cross-border Coordination Point.</p> <p>2. Committing Member States and transferring Member States shall also determine:</p> <p>(a) whether it is the Cross-border Coordination Point or a competent committing/transferring authority which may conclude and sign a Commitment and decide the applicable national law will be derogated from the date of the entry into force of that Commitment;</p> <p>(b) whether it is the Cross-border Coordination Point or a competent committing/transferring authority which may sign a Statement and state formally therein that the competent committing authority will do the necessary as to legislative or other acts be taken by the competent legislative bodies in that Member State by a given deadline.</p> <p>3. The Member States shall inform the Commission of the designated Cross-border Coordination points by the date of the start of application of this Regulation.</p>	<p>1. Where the competent authority of a Member State opts for the Mechanism, it shall establish one or more Cross-border Coordination Points in one of the following ways:</p> <p>(a) designate, at national or regional level or at both levels, a Cross-border Coordination Point as a separate body;</p> <p>(b) set up a Cross-border Coordination Point within an existing authority or body, at national or regional level;</p> <p>(c) entrust an appropriate authority or body with the additional tasks as national or regional Cross-border Coordination Point.</p> <p>2. The competent authorities of committing Member States and transferring Member States shall also determine:</p> <p>(a) whether it is the Cross-border Coordination Point or a competent committing/transferring authority which may conclude and sign a Commitment and decide the applicable national law will be derogated from the date of the entry into force of that Commitment;</p> <p>(b) whether it is the Cross-border Coordination Point or a competent committing/transferring authority which may sign a Statement and state formally therein that the competent committing authority will do the necessary as to legislative or other acts be taken by the competent legislative bodies in that Member State by a given deadline.</p> <p>3. The Member States shall inform the Commission of the designated Cross-border Coordination points by the date of the start of application of this Regulation.</p>

Reason

Provision must be made for regions with legislative powers to be able to establish and apply the Mechanism: consequently, the regions themselves should set up their regional Cross-border Coordination Points.

Amendment 5

Article 7 — Coordination tasks of the Commission

Text proposed by the European Commission	CoR amendment
<p>1. The Commission shall fulfil the following coordination tasks:</p> <p>a) liaise with the Cross-border Coordination Points;</p> <p>b) publish and keep an up-dated list of all national and regional Cross-border Coordination Points;</p> <p>c) set up and maintain a database on all Commitments and Statements.</p> <p>2. The Commission shall adopt an implementing act with regard to the functioning of the database referred to in point (c) of paragraph 1 and the forms to be used when information on the implementation and on the use of the Mechanism is submitted by Cross-border Coordination Points. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 23(2).</p>	<p>1. The Commission shall fulfil the following coordination tasks:</p> <p>a) liaise with the Cross-border Coordination Points;</p> <p>b) publish and keep an up-dated list of all national and regional Cross-border Coordination Points;</p> <p>c) set up and maintain a database on all Commitments and Statements.</p> <p>d) establish a communications strategy: i) to support the exchange of best practices, ii) to provide practical details on the thematic scope of the regulation, and iii) to elucidate the procedure for making a Commitment or Statement.</p> <p>2. The Commission shall adopt an implementing act with regard to the functioning of the database referred to in point (c) of paragraph 1 and the forms to be used when information on the implementation and on the use of the Mechanism is submitted by Cross-border Coordination Points. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 23(2).</p>

Reason

The implementation of the regulation should be accompanied by a clear and practical information campaign to facilitate application for stakeholders.

Amendment 6

Article 25 — Reporting

Text proposed by the European Commission	CoR amendment
<p><i>Article 25</i></p> <p>Reporting</p> <p>By dd mm yyyy [i.e. the 1st of the month following the entry into force of this Regulation + five years; to be filled in by the Publication Office], the Commission shall present a report to the European Parliament, the Council and the Committee of the Regions assessing the application of this Regulation based on indicators on its effectiveness, efficiency, relevance, European added value and scope for simplification.</p>	<p><i>Article 25</i></p> <p>Evaluation</p> <p>1. By dd mm yyyy [i.e. the 1st of the month following the entry into force of this Regulation + five years; to be filled in by the Publication Office], the Commission shall present a report to the European Parliament, the Council and the Committee of the Regions assessing the application of this Regulation based on indicators on its effectiveness, efficiency, relevance, European added value and scope for simplification. The report shall specifically address the geographical and thematic scope of the Regulation.</p> <p>2. The report shall be drawn up following a public consultation of the various stakeholders, including local and regional authorities.</p>

Reason

The Commission has chosen NUTS 3 as the geographical area for the application of the regulation. The effectiveness of the regulation might be increased by broadening its geographical scope. The report should create more clarity here.

With regard to thematic application, the Commission has opted in its proposal for infrastructure and services of general economic interest. The report should assess whether or not more policy areas should be covered by the regulation.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. appreciates current efforts by the European Commission to progress towards making better use of the potential of border regions, and to help enable growth and sustainable development;
2. notes that at present there is no uniform European legal provision for resolving legal and administrative bottlenecks along borders, but only a few regional mechanisms such as Benelux and the Nordic Council; therefore endorses the proposal for a regulation, as it establishes a clear, complementary legal instrument for all internal and external borders, so that bottlenecks can be tackled throughout the EU using the same procedure;
3. thanks the Commission for taking account of the recommendations set out in previous CoR opinions on border obstacles, particularly the opinion on the Communication on Boosting growth and cohesion in EU border regions;
4. points out that the EU has 40 internal land border regions, accounting for 40 % of the Union's territory and 30 % of its population, and stresses that the legal and administrative barriers have to be removed and both road and rail links improved, so that cooperation in EU border regions and European integration can be strengthened and regional growth promoted;
5. stresses that changes that are currently occurring in important national policy areas are impeding the full exploitation of the freedoms of the single market; if only 20 % of the existing obstacles were to be removed, this would lead to a 2 % increase in GDP and the creation of more than a million jobs;
6. considers that it is crucial to add maritime borders to the regulation to make it clear that the geographical scope is not limited to land borders;
7. points out that this regulation should also be applied to NUTS level 2 regions in order to assess, in various circumstances, the NUTS level region most appropriate for identifying the mechanism to remove legal and administrative barriers in cross-border dealings;
8. points out that there are also many regions with external land or maritime borders where the cross-border mechanism can help meet the challenges these regions face;
9. considers the instrument to be of great importance for fostering neighbourly cooperation in border regions, the social and cultural development of these regions, European citizenship and public support for the EU. It is these regions that best illustrate the European vision and Europe's common values. The cross-border Mechanism can strengthen this;

Bottom-up initiative and voluntary nature

10. welcomes the fact that the Mechanism offers a means for border regions to take the initiative, to launch a dialogue and procedure to address legal and administrative bottlenecks identified in relation to issues such as the construction of cross-border infrastructure, the application of legal frameworks for the provision of services and the operation of emergency services;

11. is pleased that the proposal, as a bottom-up legal instrument, can effectively support cross-border cooperation projects by enabling decentralised authorities to apply the laws of a Member State on the territory of another neighbouring Member State, in a predefined area and for a specific project;

12. agrees with the Commission that various effective mechanisms, such as the Nordic Council and Benelux, already exist, and sees the cross-border Mechanism as a suitable complement to the existing mechanisms and to solutions adopted by and between Member States. The Committee calls for further details on ways in which the cross-border Mechanism can be practically applied alongside existing mechanisms;

13. acknowledges the added value of the voluntary application of the instrument to a specific project, making it possible to choose the most suitable instrument: either the EU Mechanism or another, existing bilateral instrument for removing legal obstacles impeding the implementation of a joint project in cross-border situations;

14. calls on the Commission to enable regions with legislative powers to choose to establish and apply the Mechanism in order to receive transfers of legal provisions from the competent authorities of another Member State when there are legal obstacles affecting issues of legislative power at regional level. Also calls for the regions themselves to set up their regional Cross-border Coordination Points in all cases.

15. at the same time encourages the use of harmonised rules, which could be utilised when setting up new EU financing mechanisms to support cooperation between cross-border regions;

Scope

16. recognises the need for restrictions on the areas to which the Commission's regulation will apply, but is concerned at the limitation of application of the regulation to NUTS level 3 regions, and therefore calls for an evaluation five years after the regulation's entry into force of its geographical and thematic scope;

17. asks the Commission for clarification of the joint projects that will be eligible and for a definition of infrastructure projects and services of general economic interest; draws the Commission's attention in this context to the lack of clarity that sometimes exists at local and regional level regarding the content of services of general economic interest; offers to explore, with the Commission and the Member States, the thematic application of the regulation, on the basis of individual cases and examples;

18. having studied the text, notes that it is not always consistently translated, giving rise to a lack of clarity regarding the application of certain articles, in particular Article 4(3), concerning application to third countries. The Committee sees the restriction on cooperation with third countries implied by the apparent reference to two EU Member States as an impediment. Also considers that the articles in the proposal for a regulation concerning the preparation and presentation of the initiative document and associated matters governed by Articles 8 to 12 should be worded more clearly;

Implementation and operation

19. sees the proposed procedure as comprehensive. The innovative nature of the Mechanism means that there will be a need for clarity regarding the steps to be taken in preparing for a Commitment or Statement, and there is a risk of imposing an administrative burden on the regions and Member States. The CoR wholeheartedly supports the report provided for in Article 25, which will also include simplification of the application of the regulation. In addition, it calls for more attention to be drawn to the issue, so that national authorities start work on simplifying their national rules;

20. stresses the need for rapid and clear implementation of the regulation and calls on the Commission in this context to take account of the lessons learnt and experience acquired during the implementation phase of the EGTC regulation, and to encourage the Member States to implement the Mechanism as quickly as possible for cross-border projects; considers in this context that the role of Cross-border Coordination Points needs further elucidation. Also hopes that the CoR will play a role in registering European Cross-border Commitments and Statements, as is already the case for EGTCs, in order to strengthen feedback and the exchange of good practices;

21. considers it should also be borne in mind that other territorial cooperation structures, such as Working Communities, can be useful and complementary to the Mechanism;
22. calls on its members to share examples, inter alia, regarding cross-border transport links and the joint deployment of emergency services, the development of business parks etc.
23. calls on the EU institutions and the Member States to accompany the implementation of the regulation with a clear communication strategy, with a particular focus on the exchange of examples of best practice and on the thematic scope of the regulation;
24. stresses the complementarity of the cross-border Mechanism and the EGTC instrument and the fact that the EGTC, as a supra-national and sub-national entity, would be a practical tool for initiating and implementing projects under the new Mechanism. Further work will be needed to establish how the Mechanism and the EGTC complement each other;
25. sees the Mechanism as a useful complement to the Interreg programmes, as in certain situations the Mechanism can offer interesting approaches that could facilitate the implementation of cross-border projects.

Brussels, 5 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions on 'CAP reform'

(2019/C 86/11)

Rapporteur-general: Guillaume CROS (FR/PES), Vice-President of the Regional Council of Occitanie**Reference documents:** Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council

COM(2018) 392 final

Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013

COM(2018) 393 final

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

COM(2018) 394 final

I. RECOMMENDATIONS FOR AMENDMENTS

COM(2018) 392 final

Amendment 1

Recital 5

Text proposed by the Commission	CoR amendment
<p>In order to retain the essential Union-wide elements to ensure comparability between Member State decisions, without however limiting Member States in reaching Union objectives, a framework definition for ‘agricultural area’ should be set out. The related framework definitions for ‘arable land’, ‘permanent crops’ and ‘permanent grassland’ should be set out in a broad way to allow Member States to further specify definitions according to their local conditions. The framework definition for ‘arable land’ should be laid down in a way that allows Member States to cover different production forms, including system such as agroforestry and arable areas with shrubs and trees and that requires the inclusion of fallow land areas in order to ensure the decoupled nature of the interventions. The framework definition of ‘permanent crops’ should include both areas actually used for production and not, as well as nurseries and short rotation coppice to be defined by Member States. The framework definition of ‘permanent grassland’ should be set in a way that allows Member States to specify further criteria and allows them to include species other than grasses or other herbaceous forage that can be grazed or that may produce animal feed, whether used for actual production or not.</p>	<p>In order to retain the essential Union-wide elements to ensure comparability between Member State decisions, without however limiting Member States in reaching Union objectives, a framework definition for ‘agricultural area’ should be set out. The related framework definitions for ‘arable land’, ‘permanent crops’ and ‘permanent grassland’ should be set out in a broad way to allow Member States to further specify definitions according to their local conditions. The framework definition for ‘arable land’ should be laid down in a way that allows Member States to cover different production forms, including system such as agroforestry and arable areas with shrubs and trees and that requires the inclusion of fallow land areas in order to ensure the decoupled nature of the interventions. The framework definition of ‘permanent crops’ should include both areas actually used for production and not, as well as nurseries and short rotation coppice, as long as they are incorporated in plots of arable crops, to be defined by Member States. The framework definition of ‘permanent grassland’ should be set in a way that allows Member States to specify further criteria and allows them to include species other than grasses or other herbaceous forage that can be grazed or that may produce animal feed, whether used for actual production or not.</p>

Reason

The idea is to encourage agroforestry practices, which are beneficial to the climate and the environment, rather than whole plots of coppices which are, in fact, non-agricultural forest areas.

Amendment 2

Recital 9

Text proposed by the Commission	CoR amendment
<p>In view of further improving the performance of the CAP, income support should be targeted to genuine farmers. In order to ensure a common approach at Union level for such a targeting of support, a framework definition for 'genuine farmer' displaying the essential elements should be set out. On the basis of this framework, Member States should define in their CAP Strategic Plans which farmers are not considered genuine farmers based on conditions such as income tests, labour inputs on the farm, company object and inclusion in registers. It should also not result in precluding support to pluri-active farmers, who are actively farming but who are also engaged in non-agricultural activities outside their farm, as their multiple activities often strengthen the socioeconomic fabric of rural areas.</p>	<p>In view of further improving the performance of the CAP, income support should be targeted to genuine farmers. In order to ensure a common approach at Union level for such a targeting of support, a framework definition for 'genuine farmer' displaying the essential elements should be set out. On the basis of this framework, Member States should define in their CAP Strategic Plans which farmers are not considered genuine farmers based on conditions such as the share of agricultural income, labour inputs on the farm, company object and inclusion in registers. It should also not result in precluding support to pluri-active farmers, who are actively farming but who are also engaged in non-agricultural activities outside their farm, as their multiple activities often strengthen the socioeconomic fabric of rural areas.</p>

Reason

It is preferable to take account of the share of agricultural income rather than the criterion of income, which might exclude small farms.

Amendment 3

Recital 11

Text proposed by the Commission	Amendment
<p>In order to give substance to the objectives of the CAP as established by Article 39 of the Treaty on the Functioning of the European Union (TFEU), as well as to ensure that the Union adequately addresses its most recent challenges, it is appropriate to provide for a set of general objectives reflecting the orientations given in the Communication on ‘The Future of Food and Farming’. A set of specific objectives should be further defined at Union level and applied by the Member States in their CAP Strategic Plans. While striking a balance across the dimensions of sustainable development, in line with the impact assessment, these specific objectives should translate the general objectives of the CAP into more concrete priorities and take into account relevant Union legislation, particularly with regard to climate, energy and environment.</p>	<p>In order to give substance to the objectives of the CAP as established by Article 39 of the Treaty on the Functioning of the European Union (TFEU), as well as to ensure that the Union adequately addresses its most recent challenges, it is appropriate to provide for a set of general objectives reflecting the orientations given in the Communication on ‘The Future of Food and Farming’. A set of specific objectives should be further defined at Union level and applied by the Member States in their CAP Strategic Plans. While striking a balance across the dimensions of sustainable development, in line with the impact assessment, these specific objectives should translate the general objectives of the CAP into more concrete priorities and take into account relevant Union legislation, particularly with regard to climate, energy and environment.</p> <p><i>The CAP must explicitly take into consideration the European Union’s equality policy, paying particular attention to the need to promote women’s participation in the development of the socioeconomic fabric of rural areas. This Regulation should help make the work of women more visible, meaning that this work should be taken into account in the specific objectives to be addressed by the Member States in their strategic plans.</i></p>

Reason

It is crucial to empower women in rural areas.

Amendment 4

Recital 12

Text proposed by the Commission	CoR amendment
<p>A smarter, modernised and more sustainable CAP needs to embrace research and innovation, in order to serve the multi-functionality of Union agriculture, forestry and food systems, investing in technological development and digitalisation, as well as improving the access to impartial, sound, relevant and new knowledge.</p>	<p>A smarter, modernised and more sustainable CAP needs to embrace research and innovation, in order to serve the multi-functionality of Union agriculture, forestry and food systems, investing in technological development, digitalisation and agro-ecological practices, as well as improving the access to impartial, sound, relevant and new knowledge, by taking account of farmers’ knowledge and exchanges between farmers.</p>

Reason

Technological development, digitalisation, agro-ecological practices and knowledge-sharing among farmers will contribute to a smarter, modernised and more sustainable CAP.

Amendment 5

New recital after recital 12

Text proposed by the Commission	CoR amendment
	<p><i>Narrowing the digital divide in rural areas is essential for maintaining population numbers and economic development, especially for the provision of services.</i></p> <p><i>Agricultural digitalisation offers significant potential in the areas of production, marketing and consumer protection, as well as in the protection of natural and cultural heritage in rural areas. However, steps should be taken to ensure that small farms, whose access to new technologies may be limited, can benefit from this, and that technological development does not diminish farmers' autonomy; they must retain control over the data collected on their farms.</i></p>

Reason

All farms must be able to benefit from the advantages of digitisation.

Amendment 6

Recital 14

Text proposed by the Commission	CoR amendment
<p>In order to foster a smart and resilient agricultural sector, direct payments keep on constituting an essential part to guarantee a fair income support to farmers. Likewise, investments into farm restructuring, modernisation, innovation, diversification and uptake of new technologies are necessary to improve farmers' market reward.</p>	<p>In order to foster a smart, sustainable and resilient agricultural sector in all regions, direct payments keep on constituting an essential part to guarantee a fair income support to farmers. Likewise, investments into modernisation, innovation, diversification and uptake of new technologies are necessary to improve the resilience of farms and remuneration through the market.</p>

Reason

Direct payments should help farms become more resilient and promote better revenue through the market in all regions.

Amendment 7

Recital 15

Text proposed by the Commission	CoR amendment
<p>In the context of greater market-orientation of the CAP, as outlined by the Communication on ‘The Future of Food and Farming’, market exposure, climate change and associated frequency and severity of extreme weather events, as well as sanitary and phytosanitary crises, may lead to risks of price volatility and increasing pressures on incomes. Thus, although farmers are ultimately responsible for designing their on-farm strategies, a robust framework should be set up to ensure appropriate risk management. To this aim, Member States and farmers may be able to draw on a Union-level platform on risk management for capacity-building in order to provide farmers with adequate financial instruments for investments and access to working capital, training, knowledge transfer and advice.</p>	<p>In the context of greater market-orientation of the CAP, as outlined by the Communication on ‘The Future of Food and Farming’, market exposure, climate change and associated frequency and severity of extreme weather events, as well as sanitary and phytosanitary crises, may lead to risks of price volatility and increasing pressures on incomes. Thus, although farmers are ultimately responsible for designing their on-farm strategies, a robust framework should be set up to ensure that markets are regulated and risks are prevented as appropriate. To this aim, Member States and farmers may be able to draw on a Union-level platform on risk management for capacity-building in order to provide farmers with adequate financial instruments for investments and access to working capital, training, knowledge transfer and advice.</p>

Reason

Given the increasing number of risks faced by farms, a robust prevention framework is needed.

Amendment 8

Recital 17

Text proposed by the Commission	CoR amendment
<p>The CAP should keep ensuring food security, which should be understood as meaning access to sufficient, safe and nutritious food at all times. Moreover, it should help improving the response of Union agriculture to new societal demands on food and health, including sustainable agricultural production, healthier nutrition, food waste and animal welfare. The CAP should continue to promote production with specific and valuable characteristics, while at the same time helping farmers to proactively adjust their production according to market signals and consumers’ demands.</p>	<p>The CAP should keep ensuring food security, which should be understood as meaning access to sufficient, safe and nutritious food at all times. Moreover, it should help improving the response of Union agriculture to new societal demands on food and health, including sustainable agricultural production, healthier nutrition, food waste and animal welfare, and conservation of agricultural genetic resources. The CAP should continue to promote production with specific and valuable characteristics, such as traditional local products, while at the same time helping farmers to proactively adjust their production according to market signals and consumers’ demands. The CAP should also contribute to meeting the Millennium Development Goals (MDGs) as regards access to food.</p>

Reason

The European Union is still able to preserve many typical traditional products and agricultural genetic resources, which must be promoted.

Amendment 9

Recital 20

Text proposed by the Commission	CoR amendment
<p><i>In order to ensure that the Union can respect its international obligations on domestic support as set out in the WTO Agreement on Agriculture, certain types of interventions provided for in this Regulation should continue to be notified as ‘Green Box’ support which has no, or at most minimal, trade-distorting effects or effects on production, or to be notified as ‘Blue Box’ support under production-limiting programs and is so exempted from reduction commitments. While the provisions set out in this Regulation for such types of interventions are already in compliance with the ‘Green Box’ requirements as set out in Annex 2 to the WTO Agreement on Agriculture or the ‘Blue Box’ requirements set out in its Article 6.5, it should be ensured that the interventions planned by Member States in their CAP Strategic Plans for these types of interventions continue to respect those requirements.</i></p>	

Amendment 10

New recital after recital 20

Text proposed by the Commission	CoR amendment
	<p><i>In order to meet the Sustainable Development Goals (SDGs) adopted by the UN, in particular goals 1 and 2, and in keeping with the Union’s policy coherence for development (PCD), the CAP should promote the development of sustainable and prosperous family farming in developing countries, which helps maintain rural populations and ensures the security of their food supplies. To this end, EU agricultural and food products should not be exported at a price lower than European production costs.</i></p>

Reason

In keeping with Article 54 of the CoR’s CAP outlook opinion, the CAP needs to be amended to meet this goal, which should be enshrined as a tenth objective of the CAP.

Amendment 11

Recital 22

Text proposed by the Commission	CoR amendment
<p>The framework of standards of GAECs aims to contribute to the mitigation and adaptation to climate change, the tackling of water challenges, the protection and quality of soil and the protection and quality of biodiversity. The framework needs to be enhanced to take into account in particular the practices set until 2020 under the greening of direct payments, the mitigation of climate change and the need to improve farms sustainability, and in particular the nutrients management. It is acknowledged that each GAEC contributes to multiple objectives. In order to implement the framework, Member States should define a national standard for each of the standards set at Union level taking into account the specific characteristics of the area concerned, including soil and climatic conditions, existing farming conditions, land use, crop rotation, farming practices and farm structures. Member States may also define in addition other national standards related to the main objectives laid down in Annex III in order to improve the environmental and climate delivery of the GAEC framework. As part of GAEC framework, in order to support both the agronomic and the environmental performance of farms, nutrient management plans will be established with the help of a dedicated electronic Farm Sustainability Tool made available by the Member States to individual farmers. The tool should provide on-farm decision support starting from minimum nutrient management functionalities. A wide interoperability and modularity should also ensure the possibility to add other electronic on-farm and e-governance applications. In order to ensure a level playing field between farmers and across the Union, the Commission may provide support to the Member States in the design of the Tool as well as with the data storage and processing services required.</p>	<p>The framework of standards of GAECs aims to contribute to the mitigation and adaptation to climate change, the tackling of water challenges, the protection and quality of soil and the protection and quality of biodiversity including agricultural genetic resources. The framework needs to be enhanced to take into account in particular the practices set until 2020 under the greening of direct payments, the mitigation of climate change and the need to improve farms sustainability, and in particular the nutrients management. It is acknowledged that each GAEC contributes to multiple objectives. In order to implement the framework, Member States should define a national standard for each of the standards set at Union level taking into account the specific characteristics of the area concerned, including soil and climatic conditions, existing farming conditions, land use, annual crop rotation, farming practices and farm structures. Member States may also define in addition other national standards related to the main objectives laid down in Annex III in order to improve the environmental and climate delivery of the GAEC framework. As part of GAEC framework, in order to support both the agronomic and the environmental performance of farms, nutrient management plans will be established with the help of a dedicated electronic Farm Sustainability Tool made available by the Member States to individual farmers. The tool should provide on-farm decision support starting from minimum nutrient management functionalities. A wide interoperability and modularity should also ensure the possibility to add other electronic on-farm and e-governance applications. In order to ensure a level playing field between farmers and across the Union, the Commission may provide support to the Member States in the design of the Tool as well as with the data storage and processing services required.</p>

Reason

In order to be effective, crop rotation has to be annual, with flexibility (see Good Agricultural and Environmental Condition 8, Annex III). Action must be taken against the depletion of agricultural genetic resources.

Amendment 12

Recital 24

Text proposed by the Commission	CoR amendment
<p>Member States should set farm advisory services for the purpose of improving the sustainable management and overall performance of agricultural holdings and rural businesses, covering economic, environmental and social dimensions, and to identify the necessary improvements as regards all measures at farm level provided for in the CAP Strategic Plans. These farm advisory services should help farmers and other beneficiaries of CAP support to become more aware of the relationship between farm management and land management on the one hand, and certain standards, requirements and information, including environmental and climate ones, on the other hand. The list of the latter includes standards applying to or necessary for farmers and other CAP beneficiaries and set in the CAP Strategic Plan, as well as those stemming from the legislation on water, on the sustainable use of pesticides, as well as the initiatives to combat antimicrobial resistance and the management of risks. In order to enhance the quality and effectiveness of the advice, Member States should integrate advisors within the Agricultural Knowledge and Innovation Systems (AKIS), in order to be able to deliver up-to-date technological and scientific information developed by research and innovation.</p>	<p>Member States should set farm advisory services for the purpose of improving factor productivity, the sustainable management and overall performance of agricultural holdings and rural businesses, covering economic, environmental and social dimensions, and to identify the necessary improvements as regards all measures at farm level provided for in the CAP Strategic Plans. These farm advisory services should help farmers and other beneficiaries of CAP support to become more aware of the relationship between farm management and land management on the one hand, and certain standards, requirements and information, including environmental and climate ones, on the other hand. The list of the latter includes standards applying to or necessary for farmers and other CAP beneficiaries and set in the CAP Strategic Plan, as well as those stemming from the legislation on water, on the sustainable use of plant protection products, as well as the initiatives to combat antimicrobial resistance and the management of risks. In order to enhance the quality and effectiveness of the advice, Member States should integrate advisors within the Agricultural Knowledge and Innovation Systems (AKIS), in order to be able to deliver up-to-date technological and scientific information developed by research and innovation.</p>

Amendment 13

Recital 27

Text proposed by the Commission	CoR amendment
<p>When providing decoupled direct support based on the system of payment entitlements, Member States should continue to manage a national reserve or reserves per group of territories. Such reserves should be used, as a matter of priority, for young farmers and farmers commencing their agricultural activity. Rules on the use and transfers of payment entitlements are also necessary in order to guarantee a smooth functioning of the system.</p>	<p>When providing decoupled direct support based on the system of payment entitlements, Member States should continue to manage a national reserve or reserves per group of territories. Such reserves should be used, as a matter of priority, for young farmers and farmers commencing their agricultural activity. Rules on the use and transfers of payment entitlements are also necessary in order to guarantee a smooth functioning of the system, excluding a market for payment entitlements.</p>

Reason

It is not acceptable for there to be a trade in public subsidies.

Amendment 14

Recital 28

Text proposed by the Commission	CoR amendment
<p>Small farms remain a cornerstone of Union agriculture as they play a vital role in supporting rural employment and contribute to territorial development. In order to promote a more balanced distribution of support and to reduce administrative burden for beneficiaries of small amounts, Member States should have the option of offering to small farmers the possibility of replacing the other direct payments by providing a round some payment for small farmers.</p>	<p>Small farms remain a cornerstone of Union agriculture as they play a vital role in supporting rural employment and contribute to territorial development. In order to promote a more balanced distribution of support and to reduce administrative burden for beneficiaries of small amounts which support jobs, Member States should have the option of offering to small farmers the possibility of replacing the other direct payments by providing a round some payment for small farmers.</p>

Reason

Small farms play a crucial role in keeping up the dynamics of a region and maintaining the land.

Amendment 15

Recital 38

Text proposed by the Commission	CoR amendment
<p>Support for management commitments may include organic farming premia for the maintenance of and the conversion to organic land; payments for other types of interventions supporting environmentally friendly production systems such as agro-ecology, conservation agriculture and integrated production; forest environmental and climate services and forest conservation; premia for forests and establishment of agroforestry systems; animal welfare; conservation, sustainable use and development of genetic resources. Member States may develop other schemes under this type of interventions on the basis of their needs. This type of payments should cover additional costs and income foregone only resulting from commitments going beyond the baseline of mandatory standards and requirements established in Union and national law, as well as conditionality, as laid down in the CAP Strategic Plan. Commitments related to this type of interventions may be undertaken for a pre-established annual or pluri-annual period and might go beyond seven years where duly justified.</p>	<p>Support for management commitments may include organic farming premia for the maintenance of and the conversion to organic land; payments for other types of interventions supporting environmentally friendly production systems such as agro-ecology, conservation agriculture and integrated production; forest environmental and climate services and forest conservation; premia for forests and establishment of agroforestry systems; animal welfare; conservation, sustainable use and development of genetic resources. Member States may develop other schemes under this type of interventions on the basis of their needs. In order to act as an incentive, this type of payments should cover more than the additional costs and income foregone resulting from commitments going beyond the baseline of mandatory standards and requirements established in Union and national law, as well as conditionality, as laid down in the CAP Strategic Plan. Commitments related to this type of interventions may be undertaken for a pre-established pluri-annual period and might go beyond seven years where duly justified.</p>

Reason

To encourage environmentally-friendly practices, we are proposing that payment not be limited to covering forgone revenue. Multi-annual periods are more suited to having an environmental impact.

Amendment 16

Recital 40

Text proposed by the Commission	CoR amendment
<p>In order to ensure a fair income and a resilient agricultural sector across the Union territory, Member States may grant support to farmers in areas facing natural and other area-specific constraints. As regards payments for ANC, the designation of the 2014-2020 Rural Development policy should continue to apply. For the CAP to deliver enhanced Union added on the environment and reinforce its synergies with the financing of investments in nature and biodiversity, it is necessary to keep a separate measure aiming at compensating beneficiaries for disadvantages related to the implementation of Natura 2000 and Water Framework Directives. Support should therefore continue to be granted to farmers and forest holders to help address specific disadvantages resulting from the implementation of Directive 2009/147/EC and Directive 92/43/EEC and in order to contribute to the effective management of Natura 2000 sites. Support should also be made available to farmers to help address disadvantages in river basin areas resulting from the implementation of the Water Framework Directive. Support should be linked to specific requirements described in the CAP Strategic Plans that go beyond relevant mandatory standards and requirements. Member States should also ensure that payments to farmers do not lead to double funding with eco schemes. Furthermore, the specific needs of Natura 2000 areas should be taken into account by Member States in the overall design of their CAP Strategic Plans.</p>	<p>In order to ensure a fair income and a resilient agricultural sector across the Union territory, Member States shall grant support to farmers in areas facing natural and other area-specific constraints. As regards payments for ANC, the designation of the 2014-2020 Rural Development policy should continue to apply. For the CAP to deliver enhanced Union added on the environment and reinforce its synergies with the financing of investments in nature and biodiversity, it is necessary to keep a separate measure aiming at remunerating beneficiaries for the implementation of Natura 2000 and Water Framework Directives. Support should therefore continue to be granted to farmers and forest holders to help address specific disadvantages resulting from the implementation of Directive 2009/147/EC and Directive 92/43/EEC and in order to contribute to the effective management of Natura 2000 sites. Support should also be made available to farmers to help address disadvantages in river basin areas resulting from the implementation of the Water Framework Directive. Support should be linked to specific requirements described in the CAP Strategic Plans that go beyond relevant mandatory standards and requirements. Member States should also ensure that payments to farmers do not lead to double funding with eco schemes. Furthermore, the specific needs of Natura 2000 areas should be taken into account by Member States in the overall design of their CAP Strategic Plans.</p>

Reason

Maintaining farming in all areas, including difficult ones, across Europe is necessary. To encourage environmentally-friendly practices, we are proposing that payment not be limited to covering forgone revenue.

Amendment 17

Recital 41

Text proposed by the Commission	CoR amendment
<p>The objectives of the CAP should also be pursued through support for investments, productive as well as non-productive, on farm as well as off-farm. Such investments may concern, inter alia, infrastructures related to the development, modernisation or adaptation to climate change of agriculture and forestry, including access to farm and forest land, land consolidation and improvement, agro-forestry practices and the supply and saving of energy and water. In order to better ensure the consistency of the CAP Strategic Plans with Union objectives, as well as a level playing field between Member States, a negative list of investment topics is included in this Regulation.</p>	<p>The objectives of the CAP should also be pursued through support for investments, productive as well as non-productive, on farm as well as off-farm. Such investments may concern, inter alia, infrastructures related to the development, modernisation or adaptation to climate change of agriculture and forestry, including access to farm and forest land, land improvement, agro-forestry practices, the supply and saving of energy and water and conservation of agricultural genetic resources. In order to better ensure the consistency of the CAP Strategic Plans with Union objectives, as well as a level playing field between Member States, a negative list of investment topics is included in this Regulation. Such investment shall be capped per farm. The envelope earmarked for this mechanism shall be limited to 10 % of the EAFRD funds allocated to the Member State concerned.</p>

Reason

Capping investment aid allows more projects to be supported. Limiting the envelope enables more funds to be earmarked for other EAFRD priorities.

Amendment 18

Recital 44

Text proposed by the Commission	CoR amendment
<p>In the light of the need to ensure appropriate risk management tools, insurance premia and mutual funds should be maintained, financed by the EAFRD. The category of mutual funds encompasses both those linked to production losses, and the general and sector-specific income stabilisation tools, linked to income losses.</p>	<p>In the light of the need to ensure appropriate risk management tools, insurance premia and mutual funds should be maintained. The category of mutual funds encompasses both those linked to production losses, and the general and sector-specific income stabilisation tools, linked to income losses.</p>

Reason

Financing through the EAFRD would require a corresponding increase in EAFRD resources.

Amendment 19

Recital 56

Text proposed by the Commission	CoR amendment
<p>In the process of development of their CAP Strategic Plans, Member States should analyse their specific situation and needs, set targets linked to the achievement of the objectives of the CAP and design the interventions which will allow reaching these targets, while being adapted to the national and specific regional contexts, including the outermost regions pursuant to Article 349 TFEU. Such process should promote more subsidiarity within a common Union framework, while compliance with the general principles of Union law and the objectives of the CAP should be ensured. It is therefore appropriate to set rules on the structure and content of the CAP Strategic Plans.</p>	<p>In the process of development of their CAP Strategic Plans, Member States, providing for their rural development plans to be drawn up at the most appropriate geographical level, should analyse their specific situation and needs, set targets linked to the achievement of the objectives of the CAP and design the interventions which will allow reaching these targets, while being adapted to the national and specific regional contexts, including the outermost regions pursuant to Article 349 TFEU and the most disadvantaged regions referred to in the third subparagraph of Article 174 TFEU. Such process should promote more subsidiarity within a common Union framework, while compliance with the general principles of Union law and the objectives of the CAP should be ensured. It is therefore appropriate to set rules on the structure and content of the CAP Strategic Plans.</p>

Reason

Although it may be that some aspects of strategic plans are established at regional level, we do not know the extent of this potential regionalisation. The Regulation should provide for rural development programmes to be drawn up at the appropriate level, at least in the outermost regions. When developing CAP Strategic Plans and designing interventions adapted to specific national and regional contexts, the Member States must consider in particular the most disadvantaged regions referred to in Article 174 TFEU, such as island, cross-border and mountain regions.

Amendment 20

Article 4(1)(a) and (b)

Text proposed by the Commission	CoR amendment
<p>Definitions to be formulated in the CAP Strategic Plans</p> <p>1. Member States shall provide in their CAP Strategic Plan the definitions of agricultural activity, agricultural area, eligible hectare, genuine farmer and young farmer:</p> <p>(a) 'agricultural activity' shall be defined in a way that it includes both the production of agricultural products listed in Annex I to the TFEU, including cotton and short rotation coppice, and maintenance of the agricultural area in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries;</p>	<p>Definitions to be formulated in the CAP Strategic Plans</p> <p>1. Member States shall provide in their CAP Strategic Plan the definitions of agricultural activity, agricultural area, eligible hectare, genuine farmer and young farmer:</p> <p>(a) 'agricultural activity' shall be defined in a way that it includes both the production of agricultural products listed in Annex I to the TFEU, including cotton and agroforestry, and maintenance of the agricultural area in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries;</p>

Text proposed by the Commission	CoR amendment
<p>(b) 'agricultural area' shall be defined in a way that it is composed of arable land, permanent crops and permanent grassland. The terms 'arable land', 'permanent crops' and 'permanent grassland' shall be further specified by Member States within the following framework:</p> <p>(i) 'arable land' shall be land cultivated for crop production or areas available for crop production but lying fallow, and include areas set aside in accordance with Articles 22, 23 and 24 of Council Regulation (EC) No 1257/1999 ⁽¹⁾, with Article 39 of Council Regulation (EC) No 1698/2005 ⁽²⁾, with Article 28 of Regulation (EU) No 1305/2013 or with Article 65 of this Regulation;</p> <p>(ii) 'permanent crops' shall be non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more, which yield repeated harvests, including nurseries and short rotation coppice;</p> <p>(iii) 'permanent grassland and permanent pasture' (together referred to as 'permanent grassland') shall be land not included in the crop rotation of the holding for five years or more, used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown). It may include other species such as shrubs and/or trees which can be grazed or produce animal feed;</p> <p>⁽¹⁾ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations (OJ L 160, 26.6.1999, p. 80).</p> <p>⁽²⁾ Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1).</p>	<p>(b) 'agricultural area' shall be defined in a way that it is composed of arable land, permanent crops and permanent grassland. The terms 'arable land', 'permanent crops' and 'permanent grassland' shall be further specified by Member States within the following framework:</p> <p>(i) 'arable land' shall be land cultivated for crop production or areas available for crop production but lying fallow, and include areas set aside in accordance with Articles 22, 23 and 24 of Council Regulation (EC) No 1257/1999 ⁽¹⁾, with Article 39 of Council Regulation (EC) No 1698/2005 ⁽²⁾, with Article 28 of Regulation (EU) No 1305/2013 or with Article 65 of this Regulation;</p> <p>(ii) 'permanent crops' shall be non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more, which yield repeated harvests, including nurseries and short rotation coppice incorporated into the crops grown;</p> <p>(iii) 'permanent grassland and permanent pasture' (together referred to as 'permanent grassland') shall be land not included in the crop rotation of the holding for five years or more, used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown). It may include other species such as shrubs and/or trees which can be grazed or produce animal feed provided that the grasses and other herbaceous forage are predominant; it may also be land which can be grazed and which forms part of established local practices where grasses and other herbaceous forage are traditionally not predominant in grazing areas or land which can be grazed where grasses and other herbaceous forage are not predominant or are absent in grazing areas.</p> <p>This status shall also apply to silvopastoral systems where herbaceous forage is not predominant but exploited by livestock, as is the case with dehesa systems and/or shrub and wooded pastures in mountain areas;</p> <p>⁽¹⁾ Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations (OJ L 160, 26.6.1999, p. 80).</p> <p>⁽²⁾ Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1).</p>

Reason

It is proposed that the current wording of the ‘Omnibus’ regulation be retained, which took account of the particular characteristics of Mediterranean pastures, such as dehesa pastures and wooded pastures in mountain areas.

Amendment 21

Article 4(1)(d)

Text proposed by the Commission	CoR amendment
<p>‘genuine farmers’ shall be defined in a way to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural, while not precluding from support pluri-active farmers. The definition shall allow to determine which farmers are not considered genuine farmers, based on conditions such as income tests, labour inputs on the farm, company object and/or inclusion in registers.</p>	<p>‘genuine farmers’ shall be defined in a way to ensure that no support is granted to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural, while not precluding from support pluri-active farmers. The definition shall allow to determine which farmers are not considered genuine farmers, based on conditions such as share of income from agricultural production, company object and/or inclusion in registers. The definition must, in any event, preserve the family farming model of the European Union of an individual or group nature, in which the farmer works in agriculture and lives off it directly, and may take into account, if necessary, the special features of the regions defined in Article 349 TFEU.</p>

Reason

Taking income into account could have the effect of excluding small farmers. Taking account of the share of agricultural income makes it easier to determine who are the genuine farmers. There is a need to reaffirm the European model of family farming.

Amendment 22

Article 5

Text proposed by the Commission	CoR amendment
<p>Support from the EAGF and EAFRD shall aim to further improve the sustainable development of farming, food and rural areas and shall contribute to achieving the following general objectives:</p> <p>(a) to foster a smart, resilient and diversified agricultural sector ensuring food security;</p> <p>(b) to bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;</p> <p>(c) to strengthen the socioeconomic fabric of rural areas.</p>	<p>Support from the EAGF and EAFRD shall aim to further improve the sustainable development of farming, food and rural areas and shall contribute to achieving the following general objectives:</p> <p>(a) to foster a smart, resilient and diversified agricultural sector ensuring food security;</p> <p>(b) to bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;</p> <p>(c) to strengthen the socioeconomic fabric of rural areas with particular emphasis on pursuing a fair standard of living for agricultural communities, in accordance with Article 39(b) TFEU, paying particular consideration to rural areas affected by serious depopulation problems.</p>

Text proposed by the Commission	CoR amendment
<p>Those objectives shall be complemented by the cross-cutting objective of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake.</p>	<p>Those objectives shall be complemented by the cross-cutting objective of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake. It is also a question of fostering relations between the various actors in the food value chain, while at the same time strengthening contractual relations and transparency in contractual relations, incorporating tools such as standardised observatories of prices and production costs.</p>

Reason

The CAP must comply with Article 39 TFEU, pay particular attention to rural areas affected by depopulation and improve the way in which food chains operate.

Amendment 23

Article 6(1)

Text proposed by the Commission	CoR amendment
<p>Specific objectives</p> <p>1. The achievement of the general objectives shall be pursued through the following specific objectives:</p> <p>(a) support viable farm income and resilience across the Union to enhance food security;</p> <p>(b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;</p> <p>(c) improve farmers' position in the value chain;</p> <p>(d) contribute to climate change mitigation and adaptation, as well as sustainable energy;</p> <p>(e) foster sustainable development and efficient management of natural resources such as water, soil and air;</p>	<p>Specific objectives</p> <p>1. The achievement of the general objectives shall be pursued through the following specific objectives:</p> <p>(a) support viable farm income, comparable with those obtained across the whole of the economy, and resilience across the Union to enhance food security;</p> <p>(b) enhance market orientation and increase economic, social, environmental and territorial competitiveness, including greater focus on research, technology and digitalisation as well as agro-ecology and disseminating sustainable forms of production;</p> <p>(c) improve the productivity of production factors, including with a view to reducing the costs of the goods and services produced by the agricultural sector;</p> <p>(d) improve farmers' position in the value chain;</p> <p>(e) contribute to climate change mitigation and adaptation, as well as sustainable energy;</p>

Text proposed by the Commission	CoR amendment
<p>(f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;</p> <p>(g) attract young farmers and facilitate business development in rural areas;</p> <p>(h) promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;</p> <p>(i) improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare.</p>	<p>(f) foster sustainable and efficient management of natural resources, including agricultural genetic resources, such as water, soil and air;</p> <p>(g) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;</p> <p>(h) attract young and new farmers, especially in the most depopulated regions, and facilitate business development in rural areas;</p> <p>(i) promote employment, growth, social inclusion, the participation of women in the rural economy and local development in rural areas, including bio-economy and sustainable forestry;</p> <p>(j) improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare;</p> <p>(k) encourage the development of sustainable family farming in developing countries in line with Goals 1 and 2 of the United Nations' Sustainable Development Goals (SDGs) and the EU's Policy Coherence for Development (PCD).</p>

Amendment 24

Article 8

Text proposed by the Commission	CoR amendment
<p>Member States shall pursue the objectives set out in Title II by specifying interventions based on the types of interventions set out in Chapters II, III and IV of this Title in accordance with the common requirements set out in this Chapter.</p>	<p>Member States, and the regions when they are Managing Authorities, shall pursue the objectives set out in Title II by specifying interventions based on the types of interventions set out in Chapters II, III and IV of this Title in accordance with the common requirements set out in this Chapter.</p>

Reason

It is necessary to maintain and strengthen the role played by Europe's regions in the management and implementation of the CAP so that policy choices can be adapted to specific territorial and sectoral characteristics.

Amendment 25

Article 9

Text proposed by the Commission	CoR amendment
<p>Member States shall design the interventions of their CAP Strategic Plans in accordance with the Charter of Fundamental Rights of the European Union and the general principles of Union law.</p> <p>Member States shall ensure that interventions are set out on the basis of objective and non-discriminatory criteria, are compatible with the internal market and do not distort competition.</p> <p>Member States shall establish the legal framework governing the granting of Union support to beneficiaries on the basis of the CAP Strategic Plan and in accordance with the principles and requirements set out in this Regulation and Regulation (EU) [HzR].</p>	<p><i>Taking into account that the common agricultural policy is the basis for the agri-food sector economy and the economic and social fabric of the rural environment of the EU, Member States, and the regions when they are Managing Authorities, shall design the interventions of their CAP Strategic Plans in accordance with the Charter of Fundamental Rights of the European Union and the general principles of Union law, including the subsidiarity principle.</i></p> <p>Member States shall ensure that interventions are set out on the basis of objective and non-discriminatory criteria, are compatible with the internal market and do not distort competition.</p> <p>Member States shall establish the legal framework governing the granting of Union support to beneficiaries on the basis of the CAP Strategic Plan and in accordance with the principles and requirements set out in this Regulation and Regulation (EU) [HzR].</p>

Reason

Reference should be made to the basis for the common agricultural policy and the need for Member States to implement it while respecting compatibility with the internal market and without distorting competition.

Amendment 26

Article 11

Text proposed by the Commission	CoR amendment
<p>Member States shall include in their CAP Strategic Plans a system of conditionality, under which an administrative penalty shall be imposed on beneficiaries receiving direct payments under Chapter II of this Title or the annual premia under Articles 65, 66 and 67 who do not comply with the statutory management requirements under Union law and the standards for good agricultural and environmental condition of land established in the CAP Strategic Plan, as listed in Annex III, relating to the following specific areas:</p> <ol style="list-style-type: none"> 1. the climate and the environment; 2. public health, animal health and plant health; 3. animal welfare. 	<p>Member States shall include in their CAP Strategic Plans a system of conditionality, under which an administrative penalty shall be imposed on beneficiaries receiving direct payments under Chapter II of this Title or the annual premia under Articles 65, 66 and 67 who do not comply with the statutory management requirements under Union law and the standards for good agricultural and environmental condition of land established in the CAP Strategic Plan, as listed in Annex III, relating to the following specific areas:</p> <ol style="list-style-type: none"> 1. the climate and the environment; 2. public health, animal health and plant health; 3. animal welfare; <i>4. social: respect for the rights of agricultural employees.</i>

Reason

It is important that farms receiving public funding from the CAP respect the social rights of their employees.

Amendment 27

Article 12(3)

Text proposed by the Commission	CoR amendment
<p>Member States shall establish a system for providing the Farm Sustainability Tool for Nutrients referred to in Annex III, with the minimum content and functionalities defined therein, to beneficiaries, who shall use the Tool.</p> <p>The Commission may support the Member States with the design of that Tool and with data storage and processing services requirements.</p>	<p>Member States shall establish a system for providing the Farm Sustainability Tool for Nutrients referred to in Annex III, with the minimum content and functionalities defined therein, to beneficiaries, who shall use the Tool.</p> <p>The Commission may support the Member States with the design of that Tool. Data storage, processing and protection services requirements must ensure that farmers have control over nutrients.</p>

Reason

Soil fertility depends less on the digitalised recording of nutrients than on compliance with good agronomic practices that ensure the good biological condition of the soil. Farmers must remain in control of nutrients on their farms, while complying with legislation.

Amendment 28

Article 12(4)

Text proposed by the Commission	CoR amendment
<p>The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules for good agricultural and environmental condition, including establishing the elements of the system of the ratio of permanent grassland, the year of reference and the rate of conversion under GAEC 1 as referred to in Annex III, the format and additional minimum elements and functionalities of the Farm Sustainability Tool for Nutrients.</p>	

Reason

Good agricultural and environmental conditions must be covered by the regulations and not delegated acts.

Amendment 29

Article 13(4)(d)

Text proposed by the Commission	CoR amendment
<p>risk management as referred to in Article 70;</p>	<p>risk prevention and management as referred to in Article 70;</p>

Reason

Risk prevention through agro-ecological practices and the de-specialisation of farms and areas will make farms more resilient to climate and health contingencies. Costly risk management will not be enough to make farms safe.

Amendment 30

Article 15(4)

Text proposed by the Commission	CoR amendment
<i>The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules establishing a harmonised basis for calculation for the reduction of payments laid down in paragraph 1 to ensure a correct distribution of the funds to the entitled beneficiaries.</i>	

Reason

Distribution of direct payments must be covered by the regulations and not delegated acts.

Amendment 31

Article 24(1)

Text proposed by the Commission	CoR amendment
Except in the case of transfer by actual or anticipated inheritance, payment entitlements shall be transferred only to a genuine farmer.	Except in the case of transfer by actual or anticipated inheritance, payment entitlements shall be transferred only to a genuine farmer and shall remain tied to the land.

Reason

There is no justification for enabling entitlements to public support to be traded independently of the purchase or rental of farming land.

Amendment 32

Article 25

Text proposed by the Commission	CoR amendment
Member States may grant payments to small farmers as defined by Member States by way of a round sum, replacing direct payments under this Section and Section 3 of this Chapter. Member States shall design the corresponding intervention in the CAP Strategic Plan as optional for the farmers.	Member States shall grant payments to small farmers as defined by Member States by way of a round sum, replacing direct payments under this Section and Section 3 of this Chapter. The amount of this round sum payment shall be set at a level sufficient to ensure the long-term viability of these farms. Member States shall establish criteria for identifying small farmers and design the corresponding intervention in the CAP Strategic Plan as optional for the farmers.

Reason

'Small farms' play a real role in keeping up employment and the dynamics of a region and maintaining the land. This provision must be obligatory for the Member States.

Amendment 33

Article 28(6)

Text proposed by the Commission	CoR amendment
<p>Support for eco-schemes shall take the form of an annual payment per eligible hectare and it shall be granted as either: payments additional to the basic income support as set out in Subsection 2 of this Section; or</p> <p>(a) payments compensating beneficiaries for all or part of the additional costs incurred and income foregone as a result of the commitments as set pursuant to Article 65.</p>	<p>Support for eco-schemes shall take the form of an annual payment per eligible hectare and it shall be granted as either:</p> <p>(a) payments additional to the basic income support as set out in Subsection 2 of this Section; or</p> <p>(b) payments remunerating beneficiaries beyond the additional costs incurred and income foregone as a result of the commitments as set pursuant to Article 65.</p>

Reason

To encourage farmers to continue or further develop environmentally-friendly practices, support must go beyond the cost of additional production linked to good practices.

Amendment 34

Article 29

Text proposed by the Commission	CoR amendment
<p>1. Member States may grant coupled income support to genuine farmers under the conditions set out in this Subsection and as further specified in their CAP Strategic Plans.</p> <p>2. The Member States' interventions shall help the supported sectors and productions or specific types of farming therein listed in Article 30 addressing the difficulty or difficulties they undergo by improving their competitiveness, their sustainability or their quality.</p>	<p>1. Member States may grant coupled income support to genuine farmers under the conditions set out in this Subsection and as further specified in their CAP Strategic Plans.</p> <p>2. The Member States' interventions shall help the supported sectors and productions or specific types of farming therein listed in Article 30, with the following aims:</p> <ul style="list-style-type: none"> — preventing the cessation of farming in rural areas and boosting the EU's self-sufficiency in food, or — addressing the difficulty or difficulties they undergo by improving their competitiveness, their sustainability or their quality.

Text proposed by the Commission	CoR amendment
3. Coupled income support shall take the form of an annual payment per hectare or animal.	3. Coupled income support shall take the form of an annual capped payment per hectare or animal.

Reason

Coupled support should cover areas in difficulty as well as producers in difficulty, and aim to maintain production rather than develop it, which justifies the cap per farm.

Amendment 35

Article 30

Text proposed by the Commission	CoR amendment
Coupled income support may only be granted to the following sectors and productions or specific types of farming therein where these are important for economic, social or environmental reasons: cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starch potato , milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, olive oil, silkworms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables, short rotation coppice and other non-food crops, excluding trees, used for the production of products that have the potential to substitute fossil materials.	Coupled income support may only be granted to the following sectors and productions or specific types of farming therein where these are important for economic, social or environmental reasons: cereals, oilseeds with the exception of agricultural biofuel crops , protein crops, grain legumes, forage legumes either alone or as a grass-legume mixture, grasslands , flax, hemp, rice, nuts, milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, pork, poultry , olive oil, silkworms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables, and short rotation coppice that is part of crop plots.

Reason

Coupled income must promote all legumes. It should not exclude pork and poultry, unlike agricultural biofuel crops.

Amendment 36

Article 40

Text proposed by the Commission	CoR amendment
Mandatory and optional sectoral types of interventions	Mandatory and optional sectoral types of interventions
1. The sectoral type of interventions in the fruit and vegetables sector referred to in point (a) of Article 39 and in the apiculture sector referred to in point (b) of Article 39 shall be mandatory for every Member State.	1. The sectoral type of interventions in the fruit and vegetables sector referred to in point (a) of Article 39 and in the apiculture sector referred to in point (b) of Article 39 shall be mandatory for every Member State.
2. The sectoral type of intervention in the wine sector referred to in point (c) of Article 39 shall be mandatory for the Member States listed in Annex V.	2. The sectoral type of intervention in the wine sector referred to in point (c) of Article 39 shall be mandatory for the Member States listed in Annex V.

Text proposed by the Commission	CoR amendment
<p>3. Member States may choose in their CAP Strategic Plan to implement the sectoral types of interventions referred to in points (d), (e) and (f) of Article 39.</p> <p>4. The Member State referred to in Article 82(3) may implement in the hops sector the sectoral type of intervention referred to in point (f) of Article 39 only if that Member State decides in its CAP Strategic Plan not to implement the sectoral type of intervention referred to in point (d) of Article 39.</p> <p>5. The Member States referred to in Article 82(4) may implement in the olive oil and table olives sector the sectoral type of intervention referred to in point (f) of Article 39 only if those Member States decide in their CAP Strategic Plans not to implement the sectoral type of intervention referred to in point (e) of Article 39.</p>	<p>3. Member States may choose in their CAP Strategic Plan to implement the sectoral types of interventions referred to in points (d), (e) and (f) of Article 39.</p> <p>4. The Member State referred to in Article 82(3) may implement in the hops sector the sectoral type of intervention referred to in point (f) of Article 39 only if that Member State decides in its CAP Strategic Plan not to implement the sectoral type of intervention referred to in point (d) of Article 39.</p> <p>5. The Member States referred to in Article 82(4) may implement in the olive oil and table olives sector the sectoral type of intervention referred to in point (f) of Article 39 only if those Member States decide in their CAP Strategic Plans not to implement the sectoral type of intervention referred to in point (e) of Article 39.</p> <p>6. Member States may include interventions on crisis prevention and risk management in any sector in their strategic plans, for the purposes of preventing and dealing with crises in the sector. These objectives are linked to the specific objectives set out in Article 6(1)(a)(b) and (c). These measures shall facilitate the participation of producer, interbranch and cooperative organisations in the system.</p> <p>7. On the basis of a common guideline applicable to the whole of the European Union, Member States shall include in their strategic plans tools, such as standardised observatories of prices and production costs, which allow information on the development of the markets to be obtained.</p>

Reason

The possibility of interventions to prevent and manage risk needs to be extended to all sectors. Introducing instruments such as standardised observatories of prices and production costs will make it possible to obtain warning signals about developments in agricultural markets, should the need arise.

Amendment 37

Article 43(1)

Text proposed by the Commission	CoR amendment
<p>As regards the objectives referred to in points (a) to (h) of Article 42, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:</p> <p>(a) investments in tangible and non-tangible assets, in particular focused on water saving, energy saving, ecological packaging and waste reduction;</p>	<p>As regards the objectives referred to in points (a) to (h) of Article 42, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:</p> <p>(a) investments in tangible and non-tangible assets, in particular focused on water saving, energy saving, ecological packaging and waste reduction;</p>

Text proposed by the Commission	CoR amendment
(b) research and experimental production, in particular focused on water saving, energy saving, ecological packaging, waste reduction, pest resilience, reduction of risks and impacts of pesticides use, preventing damage caused by adverse climatic events and boosting the use of fruit and vegetable varieties adapted to changing climate conditions;	(b) research and experimental production, in particular focused on water saving, energy saving, ecological packaging, waste reduction, pest resilience, reduction of risks and impacts of pesticides use, preventing damage caused by adverse climatic events and boosting the use of fruit and vegetable varieties adapted to changing climate conditions;
(c) organic production;	(c) organic production;
(d) integrated production;	(d) integrated production;
(e) actions to conserve soil and enhance soil carbon;	(e) actions to conserve soil and enhance soil carbon;
(f) actions to create and maintain habitats favourable for biodiversity or to maintain the landscape, including the conservation of its historical features;	(f) actions to create and maintain habitats favourable for biodiversity or to maintain the landscape, including the conservation of its historical features;
(g) actions to save energy, increase energy efficiency and to increase renewable energy use;	(g) actions to save energy, increase energy efficiency and to increase renewable energy use;
(h) actions to improve pest resilience;	(h) actions to improve pest resilience;
(i) actions to improve use and management of water, including water saving and drainage;	(i) actions to improve use and management of water, including water saving and drainage;
(j) actions and measures to reduce waste production and to improve waste management;	(j) actions and measures to reduce waste production and to improve waste management;
(k) actions to increase sustainability and efficiency of transport and of storage of products of the fruit and vegetables sector;	(k) actions to increase sustainability and efficiency of transport and of storage of products of the fruit and vegetables sector;
(l) actions to mitigate climate change, to adapt to climate change and to increase renewable energy use;	(l) actions to mitigate climate change, to adapt to climate change and to increase renewable energy use;
(m) implementation of Union and national quality schemes;	(m) implementation of Union and national quality schemes;
(n) promotion and communication, including actions and activities aimed at diversification and consolidation of the fruit and vegetables markets and at informing about the health advantages of consumption of fruit and vegetables;	(n) promotion and communication, including actions and activities aimed at diversification and consolidation of the fruit and vegetables markets and at informing about the health advantages of consumption of fruit and vegetables;

Text proposed by the Commission	CoR amendment
<p>(o) advisory services and technical assistance, in particular concerning sustainable pest control techniques, sustainable use of pesticides and climate change adaptation and mitigation;</p> <p>(p) training and exchange of best practices in particular concerning sustainable pest control techniques, sustainable use of pesticides and contributing to climate change adaptation and mitigation</p>	<p>(o) advisory services and technical assistance, in particular concerning sustainable pest control techniques, reduction in the use of pesticides and climate change adaptation and mitigation;</p> <p>(p) training and exchange of best practices in particular concerning sustainable pest control techniques, reduction in the use of pesticides and contributing to climate change adaptation and mitigation;</p> <p>(q) measures to preserve the diversity of genetic resources of fruit and vegetables.</p>

Reason

For the safety of farmers and of the public, it is time to significantly reduce the use of pesticides. The diversity of genetic resources is a sign of resilience.

Amendment 38

Article 49

Text proposed by the Commission	CoR amendment
<p>Types of intervention in the apiculture sector and the Union financial assistance</p> <p>[...]</p> <p>2. Member States shall substantiate in their CAP Strategic Plans their choice of specific objectives and types of intervention. Within the chosen types of intervention they shall define interventions.</p> <p>[...]</p> <p>4. The Union financial assistance to the interventions referred to in paragraph 2 shall be maximum 50 % of the expenditure. The remaining part of the expenditure shall be borne by the Member States.</p> <p>[...]</p>	<p>Types of intervention in the apiculture sector and the Union financial assistance</p> <p>[...]</p> <p>2. Member States shall substantiate in their CAP Strategic Plans their choice of specific objectives and types of intervention. Within the chosen types of intervention they shall define interventions.</p> <p>[...]</p> <p>4. The Union financial assistance to the interventions referred to in paragraph 2 shall be maximum 50 % of the expenditure, with the exception of the outermost regions, where this maximum shall be 85 %. The remaining part of the expenditure shall be borne by the Member States.</p> <p>[...]</p>

Reason

Reducing the rates of EU co-financing compared with previous programming periods would jeopardise the implementation of rural development programmes in the outermost regions and would double their own financing efforts for EU projects.

Amendment 39

Article 52(1)

Text proposed by the Commission	CoR amendment
<p><i>Types of intervention in the wine sector</i></p> <p>For each objective chosen from among those laid down in Article 51 the Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:</p> <p>(a) restructuring and conversion of vineyards, including replanting of vineyards where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority, but excluding the normal renewal of vineyards consisting of replanting of the same parcel of land with the same grape variety according to the same system of vine cultivation, when vines have to come to the end of their natural life;</p>	<p><i>Types of intervention in the wine sector</i></p> <p>For each objective chosen from among those laid down in Article 51 the Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention:</p> <p>(a) restructuring and conversion of vineyards, including replanting of vineyards where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority, but excluding the normal renewal of vineyards consisting of replanting of the same parcel of land with the same grape variety according to the same system of vine cultivation, when vines have to come to the end of their natural life;</p> <p>(b) reducing the use of pesticides.</p>

Reason

Wine-growing is one of the sectors using the most pesticides and this must be urgently reduced.

Amendment 40

Article 64

Text proposed by the Commission	CoR amendment
<p><i>Types of interventions for rural development</i></p> <p>The types of interventions under this Chapter shall be the following:</p> <p>(a) <i>environmental, climate and other management commitments;</i></p> <p>(b) <i>natural or other area-specific constraints;</i></p> <p>(c) <i>area-specific disadvantages resulting from certain mandatory requirements;</i></p> <p>(d) <i>investments;</i></p> <p>(e) <i>installation of young farmers and rural business start-up;</i></p>	<p><i>Types of interventions for rural development</i></p> <p>The types of interventions under this Chapter shall be the following:</p> <p>(a) <i>environmental, climate and other management commitments;</i></p> <p>(b) <i>natural or other area-specific constraints;</i></p> <p>(c) <i>area-specific disadvantages resulting from certain mandatory requirements;</i></p> <p>(d) investments to improve quality of life and public services in rural areas;</p> <p>(e) <i>installation of young farmers and rural business start-up;</i></p>

Text proposed by the Commission	CoR amendment
(f) risk management tools;	(f) risk management tools;
(g) <i>cooperation</i> ;	(g) <i>cooperation</i> ;
(h) knowledge exchange and information.	(h) knowledge exchange and information.

Amendment 41

Article 65(6)

Text proposed by the Commission	CoR amendment
Member States shall compensate beneficiaries for costs incurred and income foregone resulting from the commitments made. Where necessary, they may also cover transaction costs. In duly justified cases, Member States may grant support as a flat-rate or as a one-off payment per unit. Payments shall be granted annually.	Member States shall compensate beneficiaries beyond costs incurred and income foregone resulting from the commitments made. Where necessary, they may also cover transaction costs. In duly justified cases, Member States may grant support as a flat-rate or as a one-off payment per unit. Payments shall be granted annually.

Reason

To encourage a mass transition of production systems towards more resilient production methods, a payment is needed that acts as an incentive and the payment for good practices should not be limited to the covering of forgone revenue.

Amendment 42

Article 68(2)

Text proposed by the Commission	CoR amendment
Member States may only grant support under this type of interventions for tangible and/or intangible investments, which contribute to achieving the specific objectives set out in Article 6. Support to the forestry sector shall be based on a forest management plan or equivalent instrument.	Member States may only grant support under this type of interventions for tangible and/or intangible investments, which contribute to achieving the specific objectives set out in Article 6. Support to the forestry sector shall be based on a forest management plan or equivalent instrument. The grant of support shall be conditional on the predicted (ex ante) environmental effects derived from an environmental impact assessment.

Reason

Public funds cannot be used for investments that would have a negative environmental impact. To prevent beneficiaries having to pay funds back because the environmental impact turns out to be worse than initially calculated (*ex post*), the conditionality should be *ex ante*.

Amendment 43

Article 68(3)

Text proposed by the Commission	CoR amendment
<p>Member States shall establish a list of ineligible investments and categories of expenditure, including at least the following:</p> <p>(a) purchase of agricultural production rights;</p> <p>(b) purchase of payment entitlements;</p> <p>(c) purchase of land with the exception of land purchase for environmental conservation or land purchased by young farmers through the use of financial instruments;</p> <p>(d) purchase of animals, annual plants and their planting other than for the purpose of restoring agricultural or forestry potential following natural disaster and catastrophic events;</p> <p>(e) interest rate on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;</p> <p>(f) investments in irrigation which are not consistent with the achievement of good status of water bodies, as laid down in Article 4(1) of Directive 2000/60/EC, including expansion of irrigation affecting water bodies whose status has been defined as less than good in the relevant river basin management plan;</p> <p>(g) investments in large infrastructures not being part of local development strategies;</p> <p>(h) investments in afforestation which are not consistent with climate and environmental objectives in line with sustainable forest management principles, as developed in the Pan-European Guidelines for Afforestation and Reforestation.</p>	<p>Member States shall establish a list of ineligible investments and categories of expenditure, including at least the following:</p> <p>(a) purchase of agricultural production rights;</p> <p>(b) purchase of payment entitlements;</p> <p>(c) purchase of land with the exception of land purchase for environmental conservation or land purchased by young farmers through the use of financial instruments;</p> <p>(d) purchase of animals, annual plants and their planting other than for the purpose of restoring agricultural or forestry potential following natural disaster and catastrophic events;</p> <p>(e) interest rate on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;</p> <p>(f) investments in irrigation which are not consistent with the achievement of good status of water bodies, as laid down in Article 4(1) of Directive 2000/60/EC, including expansion of irrigation affecting water bodies whose status has been defined as less than good in the relevant river basin management plan;</p> <p>(g) investments in large infrastructures not being part of regional and local development strategies;</p> <p>(h) investments in afforestation which are not consistent with climate and environmental objectives in line with sustainable forest management principles, as developed in the Pan-European Guidelines for Afforestation and Reforestation.</p>

Reason

It is important that large infrastructure investments which are part of regional development strategies should also be eligible.

Amendment 44

Article 71

Text proposed by the Commission	CoR amendment
	<p>LEADER</p> <p>1. Member States shall grant support for the LEADER initiative, referred to as community-led local development in Article 25 of Regulation (EU) [CPR]. Member States, through the EAFRD, may grant support for measures contributing to one or more of the objectives laid down in Article 6, including outside the scope of the options set down in Chapter IV, Section 1. The decision to approve a local development strategy also implies approval of the measures comprising that strategy.</p>

Reason

LEADER, with its budget which is 5 % of the EAFRD budget, could be implemented more efficiently with more flexible and autonomous rules which are not laid down by the national strategic plan (regional operational plans).

Amendment 45

Article 71(1) and (5)

Text proposed by the Commission	CoR amendment
<p>1. Member States may grant support for cooperation under the conditions set out in this Article and as further specified in their CAP Strategic Plans to prepare and to implement Operational Group projects of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114 and LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR], and to promote quality schemes, producer organisations or producer groups or other forms of cooperation.</p> <p>[...]</p> <p>5. Where support is paid as an overall amount, Member States shall ensure that Union rules and requirements pertaining to similar actions covered under other types of interventions are respected. This paragraph does not apply to LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR].</p>	<p>1. Member States may grant support for cooperation under the conditions set out in this Article and as further specified in their CAP Strategic Plans to prepare and to implement Operational Group projects of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114 and local development in the framework of LEADER, and to promote quality schemes, producer organisations or producer groups or other forms of cooperation.</p> <p>[...]</p> <p>5. Where support is paid as an overall amount, Member States shall ensure that Union rules and requirements pertaining to similar actions covered under other types of interventions are respected.</p>

Reason

LEADER, with its budget which is 5 % of the EAFRD budget, could be implemented more efficiently with more flexible and autonomous rules which are not laid down by the national strategic plan (regional operational plans).

Amendment 46

Article 74(5)

Text proposed by the Commission	CoR amendment
<p>Eligible expenditure of a financial instrument shall be the total amount of CAP Strategic Plan contributions paid, or, in the case of guarantees, set aside as agreed in guarantee contracts, by the financial instrument within the eligibility period, where that amount corresponds to:</p> <p>(a) payments to, or for the benefit of, final recipients, in the case of loans, equity and quasi-equity investments;</p> <p>(b) resources set aside as agreed in guarantee contracts, whether outstanding or already come to maturity, in order to honour possible guarantee calls for losses, calculated based on a multiplier ratio covering a multiple amount of underlying disbursed new loans or equity investments in final recipients;</p> <p>(c) payments to, or for the benefit of, final recipients where financial instruments are combined with any other Union contribution in a single financial instrument operation in accordance with Article 52(5) of Regulation (EU) [CPR];</p> <p>(d) payments of management fees and reimbursements of management costs incurred by the bodies implementing the financial instrument.</p> <p>For the purposes of point (b) of this paragraph, the multiplier ratio shall be established in a prudent <i>ex ante</i> risk assessment and agreed in the relevant funding agreement. The multiplier ratio may be reviewed, if justified by subsequent changes in market conditions. Such a review shall not have retroactive effect.</p>	<p>Eligible expenditure of a financial instrument shall be the total amount of CAP Strategic Plan contributions paid, or, in the case of guarantees, set aside as agreed in guarantee contracts, by the financial instrument within the eligibility period, where that amount corresponds to:</p> <p>(a) payments to, or for the benefit of, final recipients, in the case of loans, equity and quasi-equity investments. Moreover, payments to final recipients may only be taken into account as working capital in the case of farmers who are affected by extreme adverse weather and/or market price crises;</p> <p>(b) resources set aside as agreed in guarantee contracts, whether outstanding or already come to maturity, in order to honour possible guarantee calls for losses, calculated based on a multiplier ratio covering a multiple amount of underlying disbursed new loans or equity investments in final recipients;</p> <p>(c) payments to, or for the benefit of, final recipients where financial instruments are combined with any other Union contribution in a single financial instrument operation in accordance with Article 52(5) of Regulation (EU) [CPR];</p> <p>(d) payments of management fees and reimbursements of management costs incurred by the bodies implementing the financial instrument.</p> <p>For the purposes of point (b) of this paragraph, the multiplier ratio shall be established in a prudent <i>ex ante</i> risk assessment and agreed in the relevant funding agreement. The multiplier ratio may be reviewed, if justified by subsequent changes in market conditions. Such a review shall not have retroactive effect.</p>

Text proposed by the Commission	CoR amendment
<p>For the purposes of point (d) of this paragraph, management fees shall be performance based. Where bodies implementing a holding fund and/or specific funds, in accordance with Article 53(3) of Regulation (EU) [CPR], are selected through a direct award of contract, the amount of management cost and fees paid to these bodies that can be declared as eligible expenditure shall be subject to a threshold of [up to 5 %] of the total amount of CAP Strategic Plan contributions disbursed to final recipients in loans, equity or quasi-equity investments or set aside as agreed in guarantee contracts.</p> <p>This threshold shall not apply where the selection of bodies implementing financial instruments is made through a competitive tender in accordance with the applicable law and the competitive tender establishes the need for higher level of management costs and fees.</p> <p>Where arrangement fees, or any part thereof, are charged to final recipients, they shall not be declared as eligible expenditure.</p>	<p>For the purposes of point (d) of this paragraph, management fees shall be performance based. Where bodies implementing a holding fund and/or specific funds, in accordance with Article 53(3) of Regulation (EU) [CPR], are selected through a direct award of contract, the amount of management cost and fees paid to these bodies that can be declared as eligible expenditure shall be subject to a threshold of [up to 5 %] of the total amount of CAP Strategic Plan contributions disbursed to final recipients in loans, equity or quasi-equity investments or set aside as agreed in guarantee contracts.</p> <p>This threshold shall not apply where the selection of bodies implementing financial instruments is made through a competitive tender in accordance with the applicable law and the competitive tender establishes the need for higher level of management costs and fees.</p> <p>Where arrangement fees, or any part thereof, are charged to final recipients, they shall not be declared as eligible expenditure.</p>

Reason

The possibility of using financial instruments to obtain working capital in the event of extreme weather events or market crises should be taken into account.

Amendment 47

Article 85(2)

Text proposed by the Commission	CoR amendment
<p>The maximum EAFRD contribution rate shall be:</p> <p>(a) 70 % of the eligible public expenditure in the outermost regions and in the smaller Aegean islands within the meaning of Regulation (EU) No 229/2013;</p> <p>(b) 70 % of the eligible public expenditure in the less developed regions;</p>	<p>The maximum EAFRD contribution rate shall be:</p> <p>(a) 85 % of the eligible public expenditure in the outermost regions and in the smaller Aegean islands within the meaning of Regulation (EU) No 229/2013;</p> <p>(b) 75 % of the eligible public expenditure in the less developed regions;</p>

Text proposed by the Commission	CoR amendment
(c) 65 % of the eligible expenditure for payments under Article 66;	(c) 75 % of the eligible expenditure for payments under Article 66;
(d) 43 % of the eligible public expenditure in the other regions.	(d) 53 % of the eligible public expenditure in the other regions;
	(e) <i>the above rates shall be increased by at least ten percentage points in regions with serious depopulation problems.</i>
The minimum EAFRD contribution rate shall be 20 %.	

Reason

The current EAFRD co-financing rates should be maintained. A larger EAFRD contribution should also be considered in areas with higher depopulation rates than the European average.

Amendment 48

Article 86(2)

Text proposed by the Commission	CoR amendment
At least 30 % of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX shall be reserved for interventions addressing the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) of this Regulation, excluding interventions based on Article 66.	At least 30 % of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX shall be reserved for interventions addressing the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) of this Regulation, excluding interventions based on Article 66, and risk management tools (Article 70) and support for investments (Article 68).

Reason

Environmental and climate objectives must be respected.

Amendment 49

Article 86(5)

Text proposed by the Commission	CoR amendment
The indicative financial allocations for the coupled income support interventions referred to in Subsection 1 of Section 2 of Chapter II of Title III, shall be limited to a maximum of 10 % of the amounts set out in Annex VII.	The indicative financial allocations for the coupled income support interventions referred to in Subsection 1 of Section 2 of Chapter II of Title III, shall be limited to a maximum of 13 % of the amounts set out in Annex VII.

Text proposed by the Commission	CoR amendment
<p>By way of derogation from the first subparagraph, Member States that in accordance with Article 53(4) of Regulation (EU) No 1307/2013 used for the purpose of voluntary coupled support more than 13 % of their annual national ceiling set out in Annex II to that Regulation, may decide to use for the purpose of coupled <i>income</i> support more than 10 % of the amount set out in Annex VII. The resulting percentage shall not exceed the percentage approved by the Commission for voluntary coupled support in respect of claim year 2018.</p> <p>The percentage referred to in the first subparagraph, may be increased by a maximum of 2 %, provided that the amount corresponding to the percentage exceeding the 10 % is allocated to the support for protein crops under Subsection 1 of Section 2 of Chapter II of Title III.</p> <p>The amount included in the approved CAP Strategic Plan resulting from the application of the first and second subparagraphs shall be binding.</p>	<p>By way of derogation from the first subparagraph, Member States that in accordance with Article 53(4) of Regulation (EU) No 1307/2013 used for the purpose of voluntary coupled support more than 13 % of their annual national ceiling set out in Annex II to that Regulation, may decide to use for the purpose of coupled support more than 13 % of the amount set out in Annex VII. The resulting percentage shall not exceed the percentage approved by the Commission for voluntary coupled support in respect of claim year 2018.</p> <p>The percentage referred to in the first subparagraph, may be increased by a maximum of 2 %, provided that the amount corresponding to the percentage exceeding the 13 % is allocated to the support for protein crops, including legumes, under Subsection 1 of Section 2 of Chapter II of Title III.</p> <p>The amount included in the approved CAP Strategic Plan resulting from the application of the first and second subparagraphs shall be binding.</p>

Amendment 50

Article 86

Text proposed by the Commission	CoR amendment
	<p>[...]</p> <p>8. The indicative financial allocations for redistributive employment support interventions referred to in Subsection 26 of Section 3 of Chapter II of Title III shall be set at a minimum of 30 % of the amounts set out in Annex VII.</p> <p>9. The indicative financial allocations for climate and environment programme interventions referred to in Subsection 28 of Section 3 of Chapter II of Title III shall be set at a minimum of 30 % of the amounts set out in Annex VII.</p> <p>10. A maximum of 10 % of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX shall be reserved for the risk management tools defined in Article 70 of the Regulation.</p> <p>11. A maximum of 10 % of EAFRD Strategic Plan funds shall be reserved for investments (Article 68).</p> <p>12. The EAFRD financial allocation shall cover a specific supplement in rural areas with low populations.</p>

Reason

Being one of the main handicaps faced by rural areas, depopulation should also be taken into account, alongside issues linked to climate change.

Amendment 51

Article 90(1)

Text proposed by the Commission	CoR amendment
<p>1. As part of their CAP Strategic Plan proposal referred to in Article 106(1), Member States may decide to transfer:</p> <p>(a) up to 15 % of the Member State's allocation for direct payments set out in Annex IV after deduction of the allocations for cotton set in Annex VI for calendar years 2021 to 2026 to the Member State's allocation for EAFRD in financial years 2022-2027; or</p> <p>(b) up to 15 % of the Member State's allocation for EAFRD in financial years 2022 - 2027 to the Member State's allocation for direct payments set out in Annex IV for calendar years 2021 to 2026.</p>	<p>1. As part of their CAP Strategic Plan proposal referred to in Article 106(1), Member States may decide to transfer:</p> <p>(a) up to 15 % of the Member State's allocation for direct payments set out in Annex IV after deduction of the allocations for cotton set in Annex VI for calendar years 2021 to 2026 to the Member State's allocation for EAFRD in financial years 2022-2027;</p>

Reason

As stated in its previous opinions, the Committee is opposed to this possibility of transfer from the second to the first pillar, which goes against the interests of rural areas.

Amendment 52

Article 91

Text proposed by the Commission	CoR amendment
<p>CAP Strategic Plans</p> <p>Member States shall establish CAP Strategic Plans in accordance with this Regulation to implement the Union support financed by the EAGF and the EAFRD for the achievement of the specific objectives set out to in Article 6.</p> <p>Based on the SWOT analysis referred to in Article 103(2) and an assessment of needs referred to in Article 96, Member State shall establish in the CAP Strategic Plans an intervention strategy as referred to in Article 97 in which quantitative targets and milestones shall be set to achieve the specific objectives set out to in Article 6. The targets shall be defined using a common set of result indicators set out in Annex I.</p>	<p>CAP Strategic Plans</p> <p>Member States shall establish CAP Strategic Plans in accordance with this Regulation to implement the Union support financed by the EAGF and the EAFRD for the achievement of the specific objectives set out to in Article 6.</p> <p>Based on the SWOT analysis referred to in Article 103(2) and an assessment of needs referred to in Article 96, Member State shall establish in the CAP Strategic Plans an intervention strategy as referred to in Article 97 in which quantitative targets and milestones shall be set to achieve the specific objectives set out to in Article 6. The targets shall be defined using a common set of result indicators set out in Annex I.</p>

Text proposed by the Commission	CoR amendment
<p>To reach these targets Member States shall set out interventions based on the types of interventions laid down in Title III.</p> <p>Each CAP Strategic Plan shall cover the period from 1 January 2021 to 31 December 2027.</p>	<p>To reach these targets Member States shall draw up rural development programmes established at the most appropriate geographical level, at least in the outermost regions, based on the types of interventions laid down in Title III.</p> <p>Each CAP Strategic Plan shall cover the period from 1 January 2021 to 31 December 2027.</p>

Reason

A reinforced regional approach is needed for the definition and management of rural development programmes, in line with the subsidiarity principle. Strategic Plans should be implemented through rural development plans at the most appropriate geographical level.

Amendment 53

Article 102

Text proposed by the Commission	CoR amendment
<p>Modernisation</p> <p>The description of the elements that ensure modernisation of the CAP referred to in point (g) of Article 95(1) shall highlight the elements of the CAP Strategic Plan that support the modernisation of the agricultural sector and the CAP and shall contain in particular:</p> <p>(a) <i>an overview of how the CAP Strategic Plan will contribute to the cross-cutting general objective related to fostering and sharing of knowledge, innovation and digitalisation and encouraging their uptake set out in the second subparagraph of Article 5, notably through:</i></p> <p>(i) a description of the organisational set-up of the AKIS designed as the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields;</p> <p>(ii) <i>a description of how advisory services as referred to in Article 13, research and CAP networks will work together within the framework of the AKIS, and how advice and innovation support services are provided;</i></p> <p>(b) a description of the strategy for the development of digital technologies in agriculture and rural areas and for the use of these technologies to improve the effectiveness and efficiency of the CAP Strategic Plan interventions.</p>	<p>Modernisation</p> <p>The description of the elements that ensure modernisation of the CAP referred to in point (g) of Article 95(1), as well as the agro-ecological transition, shall highlight the elements of the CAP Strategic Plan that support the modernisation of the agricultural sector and the CAP and shall contain in particular:</p> <p>(a) an overview of how the CAP Strategic Plan will contribute to the cross-cutting general objective related to fostering and sharing of knowledge, agricultural knowhow, technical and social innovation and digitalisation, and encouraging their uptake set out in the second subparagraph of Article 5, notably through:</p> <p>(i) a description of the organisational set-up of the AKIS designed as the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields;</p> <p>(ii) a description of how advisory services as referred to in Article 13, research and CAP networks will work together within the framework of the AKIS, and how advice and innovation support services are provided;</p> <p>(b) a description of the strategy for the development of digital technologies in agriculture and rural areas and for the use of these technologies to improve the effectiveness and efficiency of the CAP Strategic Plan interventions.</p>

Reason

Farm modernisation must be carried out as part of the agro-ecological transition, by means of technical and social innovation.

Amendment 54

Article 93

Text proposed by the Commission	CoR amendment
<p>Each Member State shall establish a single CAP Strategic Plan for its entire territory.</p> <p>Where elements of the CAP Strategic Plan are established at regional level, the Member State shall ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level.</p>	<p>Each Member State shall establish a single CAP Strategic Plan for its entire territory.</p> <p>Where elements of the CAP Strategic Plan are established at regional level or implemented through regional rural development programmes, the Member State shall ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level.</p>

Reason

See amendment 24.

Amendment 55

Article 95(1)

Text proposed by the Commission	CoR amendment
<p>Each CAP Strategic Plan shall contain the following sections:</p> <p>(a) an assessment of needs;</p> <p>(b) an intervention strategy;</p> <p>(c) a description of elements common to several interventions;</p> <p>(d) a description of the direct payments, sectoral and rural development interventions specified in the strategy;</p> <p>(e) target and financial plans;</p> <p>(f) a description of the governance and coordination system;</p> <p>(g) a description of the elements that ensure modernisation of the CAP;</p>	<p>Each CAP Strategic Plan shall contain the following sections:</p> <p>(a) an assessment of needs;</p> <p>(b) an intervention strategy;</p> <p>(c) a description of elements common to several interventions;</p> <p>(d) a description of the direct payments, sectoral and rural development interventions specified in the strategy;</p> <p>(e) target and financial plans;</p> <p>(f) a description of the governance and coordination system;</p> <p>(g) a description of the elements that ensure modernisation of the CAP;</p>

Text proposed by the Commission	CoR amendment
(h) a description of the elements related to simplification and reduced administrative burden for final beneficiaries.	(h) a description of the elements related to simplification and reduced administrative burden for final beneficiaries; (i) where appropriate, the list of regional rural development programmes.

Reason

See amendment 24.

Amendment 56

Article 106

Text proposed by the Commission	CoR amendment
<p>Approval of the CAP Strategic Plan</p> <p>1. Each Member State shall submit to the Commission a proposal for a CAP Strategic Plan, containing the information referred to in Article 95 no later than 1 January 2020.</p> <p>2. The Commission shall assess the proposed CAP Strategic Plans on the basis of the completeness of the plans, the consistency and coherence with the general principles of Union law, with this Regulation and the provisions adopted pursuant to it and with the Horizontal Regulation, their effective contribution to the specific objectives set out in Article 6(1), the impact on the proper functioning of the internal market and distortion of competition, the level of administrative burden on beneficiaries and administration. The assessment shall address, in particular, the adequacy of the strategy of the CAP Strategic Plan, the corresponding specific objectives, targets, interventions and the allocation of budgetary resources to meet the specific CAP Strategic Plan objectives through the proposed set of interventions on the basis of the SWOT analysis and the <i>ex ante</i> evaluation.</p>	<p>Approval of the CAP Strategic Plan, including, where appropriate, the regional rural development programmes</p> <p>1. Each Member State shall submit to the Commission a proposal for a CAP Strategic Plan, containing the information referred to in Article 95 no later than 1 January 2020.</p> <p>2. The Commission shall assess the proposed CAP Strategic Plans – including, where appropriate, the regional rural development programmes – on the basis of the completeness of the plans, the consistency and coherence with the general principles of Union law, with this Regulation and the provisions adopted pursuant to it and with the Horizontal Regulation, their effective contribution to the specific objectives set out in Article 6(1), the impact on the proper functioning of the internal market and distortion of competition, the level of administrative burden on beneficiaries and administration. The assessment shall address, in particular, the adequacy of the strategy of the CAP Strategic Plan, the corresponding specific objectives, targets, interventions and the allocation of budgetary resources to meet the specific CAP Strategic Plan objectives through the proposed set of interventions on the basis of the SWOT analysis and the <i>ex ante</i> evaluation.</p>

Text proposed by the Commission	CoR amendment
<p>3. Depending on the results of the assessment referred to in paragraph 2, the Commission may address observations to the Member States within three months of the date of submission of the CAP Strategic Plan.</p> <p>The Member State shall provide to the Commission all necessary additional information and, where appropriate, revise the proposed plan.</p> <p>4. The Commission shall approve the proposed CAP Strategic Plan provided that the necessary information has been submitted and the Commission is satisfied that the Plan is compatible with the general principles of Union law, the requirements set out in this Regulation, the provisions adopted pursuant to it and in Regulation (EU) [HzR].</p> <p>5. The approval of each CAP Strategic Plan shall take place no later than eight months following its submission by the Member State concerned.</p> <p>The approval shall not cover the information referred to in point (c) of Article 101 and in Annexes I to IV to the CAP Strategic Plan referred to in points (a) to (d) of Article 95(2).</p> <p>In duly justified cases, the Member State may ask the Commission to approve a CAP Strategic Plan which does not contain all elements. In that case the Member State concerned shall indicate the parts of the CAP Strategic Plan that are missing and provide indicative targets and financial plans as referred to in Article 100 for the whole CAP Strategic Plan in order to show the overall consistency and coherence of the plan. The missing elements of the CAP Strategic Plan shall be submitted to the Commission as an amendment of the plan in accordance with Article 107.</p> <p>6. Each CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.</p> <p>7. The CAP Strategic Plans shall only have legal effects after their approval by the Commission.</p>	<p>3. Depending on the results of the assessment referred to in paragraph 2, the Commission may address observations to the Member States within three months of the date of submission of the CAP Strategic Plan – including, where appropriate, the regional rural development programmes.</p> <p>The Member State and the regions shall provide to the Commission all necessary additional information and, where appropriate, revise the proposed plan.</p> <p>4. The Commission shall approve the proposed CAP Strategic Plan – including, where appropriate, the regional rural development programmes – provided that the necessary information has been submitted and the Commission is satisfied that the Plan is compatible with the general principles of Union law, the requirements set out in this Regulation, the provisions adopted pursuant to it and in Regulation (EU) [HzR].</p> <p>5. The approval of each CAP Strategic Plan – including, where appropriate, the regional rural development programmes – shall take place no later than eight months following its submission by the Member State concerned.</p> <p>The approval shall not cover the information referred to in point (c) of Article 101 and in Annexes I to IV to the CAP Strategic Plan referred to in points (a) to (d) of Article 95(2).</p> <p>In duly justified cases, the Member State may ask the Commission to approve a CAP Strategic Plan which does not contain all elements. In that case the Member State concerned shall indicate the parts of the CAP Strategic Plan that are missing and provide indicative targets and financial plans as referred to in Article 100 for the whole CAP Strategic Plan in order to show the overall consistency and coherence of the plan. The missing elements of the CAP Strategic Plan shall be submitted to the Commission as an amendment of the plan in accordance with Article 107.</p> <p>6. Each CAP Strategic Plan – including, where appropriate, the regional rural development programmes – shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.</p> <p>7. The CAP Strategic Plans – including, where appropriate, the regional rural development programmes – shall only have legal effects after their approval by the Commission.</p>

Reason

See amendment 24.

Amendment 57

Article 107

Text proposed by the Commission	CoR amendment
<p>Amendment of the CAP Strategic Plan</p> <p>1. Member States may submit to the Commission requests to amend their CAP Strategic Plans.</p> <p>2. Requests for amendment of CAP Strategic Plans shall be duly justified and shall in particular set out the expected impact of the changes to the plan on achieving the specific objectives referred to in Article 6(1). They shall be accompanied by the amended plan including the updated annexes as appropriate.</p> <p>3. The Commission shall assess the consistency of the amendment with this Regulation and the provisions adopted pursuant to it as well as with the Regulation (EU) [HzR] and its effective contribution to the specific objectives.</p> <p>4. The Commission shall approve the requested amendment to a CAP Strategic Plan provided that the necessary information has been submitted and the Commission is satisfied that the amended plan is compatible with the general principles of Union law, the requirements set out in this Regulation, the provisions adopted pursuant to it and in Regulation (EU) [HzR].</p> <p>5. The Commission may make observations within 30 working days from the submission of the request for amendment of the CAP Strategic Plan. The Member State shall provide to the Commission all necessary additional information.</p> <p>6. The approval of a request for amendment of a CAP Strategic Plan shall take place no later than three months after its submission by the Member State provided that any observations made by the Commission have been adequately taken into account.</p>	<p>Approval of the CAP Strategic Plan – including, where appropriate, the regional rural development programmes</p> <p>1. Member States and regions may submit to the Commission requests to amend their CAP Strategic Plans – including, where appropriate, the regional rural development programmes.</p> <p>2. Requests for amendment of CAP Strategic Plans – including, where appropriate, the regional rural development programmes — shall be duly justified and shall in particular set out the expected impact of the changes to the plan on achieving the specific objectives referred to in Article 6(1). They shall be accompanied by the amended plan including the updated annexes as appropriate.</p> <p>3. The Commission shall assess the consistency of the amendment with this Regulation and the provisions adopted pursuant to it as well as with the Regulation (EU) [HzR] and its effective contribution to the specific objectives.</p> <p>4. The Commission shall approve the requested amendment to a CAP Strategic Plan – including, where appropriate, the regional rural development programmes — provided that the necessary information has been submitted and the Commission is satisfied that the amended plan is compatible with the general principles of Union law, the requirements set out in this Regulation, the provisions adopted pursuant to it and in Regulation (EU) [HzR].</p> <p>5. The Commission may make observations within 30 working days from the submission of the request for amendment of the CAP Strategic Plan – including, where appropriate, the regional rural development programmes. The Member State shall provide to the Commission all necessary additional information.</p> <p>6. The approval of a request for amendment of a CAP Strategic Plan – including, where appropriate, the regional rural development programmes — shall take place no later than three months after its submission by the Member State provided that any observations made by the Commission have been adequately taken into account.</p>

Text proposed by the Commission	CoR amendment
<p>7. A request for amendment of the CAP Strategic Plan may be submitted no more than once per calendar year subject to possible exceptions to be determined by the Commission in accordance with Article 109.</p> <p>8. Each amendment of the CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.</p> <p>9. Without prejudice to Article 80, amendments to CAP Strategic Plans shall only have legal effects after their approval by the Commission</p> <p>10. Corrections of a purely clerical or editorial nature or of obvious errors that do not affect the implementation of the policy and the intervention shall not be considered as a request for amendment. Member States shall inform the Commission of such corrections.</p>	<p>7. A request for amendment of the CAP Strategic Plan – including, where appropriate, the regional rural development programmes — may be submitted no more than once per calendar year subject to possible exceptions to be determined by the Commission in accordance with Article 109.</p> <p>8. Each CAP Strategic Plan – including, where appropriate, the regional rural development programmes – shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.</p> <p>9. Without prejudice to Article 80, amendments to CAP Strategic Plans shall only have legal effects after their approval by the Commission</p> <p>10. Corrections of a purely clerical or editorial nature or of obvious errors that do not affect the implementation of the policy and the intervention shall not be considered as a request for amendment. Member States and regions shall inform the Commission of such corrections.</p>

Reason

See amendment 24.

Amendment 58

Article 110

Text proposed by the Commission	CoR amendment
<p>1. Member States shall designate a Managing Authority for their CAP Strategic Plans.</p> <p>Member States shall ensure that the relevant management and control system has been set up in such a way that it ensures a clear allocation and separation of functions between the Managing Authority and other bodies. Member States shall be responsible for ensuring that the system functions effectively throughout the CAP Strategic Plan period.</p> <p>2. The Managing Authority shall be responsible for managing and implementing the CAP Strategic Plan in an efficient, effective and correct way. In particular, it shall ensure that:</p>	<p>1. Member States shall designate one or more Managing Authorities for the implementation of the CAP Strategic Plans — including, where appropriate, the regional rural development programmes.</p> <p>Member States shall ensure that the relevant management and control system has been set up in such a way that it ensures a clear allocation and separation of functions between the Managing Authority and other bodies. Member States shall be responsible for ensuring that the system functions effectively throughout the CAP Strategic Plan period.</p> <p>2. The Managing Authorities shall be responsible for managing and implementing the CAP Strategic Plan in an efficient, effective and correct way. In particular, they shall ensure that:</p>

Text proposed by the Commission	CoR amendment
(a) there is an appropriate secure electronic system to record, maintain, manage and report statistical information on the plan and its implementation required for the purposes of monitoring and evaluation and, in particular, information required to monitor progress towards the defined objectives and targets;	(a) there is an appropriate secure electronic system to record, maintain, manage and report statistical information on the plan and its implementation required for the purposes of monitoring and evaluation and, in particular, information required to monitor progress towards the defined objectives and targets;
(b) beneficiaries and other bodies involved in the implementation of interventions: <p>(i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation;</p> <p>(ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;</p>	(b) beneficiaries and other bodies involved in the implementation of interventions: <p>(i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation;</p> <p>(ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;</p>
(c) the beneficiaries concerned are provided, where appropriate by the use of electronic means, with the list of the statutory management requirements and the minimum standards of good agricultural and environmental condition established pursuant to Section 2 of Chapter I of Title III to be applied at farm level, as well as clear and precise information thereon;	(c) the beneficiaries concerned are provided, where appropriate by the use of electronic means, with the list of the statutory management requirements and the minimum standards of good agricultural and environmental condition established pursuant to Section 2 of Chapter I of Title III to be applied at farm level, as well as clear and precise information thereon;
(d) the <i>ex ante</i> evaluation referred to in Article 125 conforms to the evaluation and monitoring system and that it is accepted and submitted to the Commission;	(d) the <i>ex ante</i> evaluation referred to in Article 125 conforms to the evaluation and monitoring system and that it is accepted and submitted to the Commission;
(e) the evaluation plan referred to in Article 126 is in place, that the <i>ex post</i> evaluation referred to in that Article is conducted within the time limits laid down in this Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and that they are submitted to the Monitoring Committee referred to in Article 111 and the Commission;	(e) the evaluation plan referred to in Article 126 is in place, that the <i>ex post</i> evaluation referred to in that Article is conducted within the time limits laid down in this Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and that they are submitted to the Monitoring Committee referred to in Article 111 and the Commission;
(f) the Monitoring Committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;	(f) the Monitoring Committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;
(g) the annual performance report is drawn up, including aggregate monitoring tables, and, after consultation of the Monitoring Committee, is submitted to the Commission;	(g) the annual performance report is drawn up, including aggregate monitoring tables, and, after consultation of the Monitoring Committee, is submitted to the Commission;
(h) relevant follow-up actions on Commission's observations on the annual performance reports are taken;	(h) relevant follow-up actions on Commission's observations on the annual performance reports are taken;

Text proposed by the Commission	CoR amendment
<p>(i) the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;</p> <p>(j) beneficiaries under interventions financed by the EAFRD, other than area- and animal-related interventions, acknowledge the financial support received, including the appropriate use of the Union emblem in accordance with the rules laid down by the Commission in accordance with paragraph 5;</p> <p>(k) publicity is made for the CAP Strategic Plan, including through the national CAP network, by informing potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the CAP Strategic Plan and the rules for gaining access to the CAP Strategic Plan funding as well as by informing beneficiaries and the general public of the Union support for agriculture and rural development through the CAP Strategic Plan.</p> <p>3. The Member State or the Managing Authority may designate one or more intermediate bodies including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of CAP Strategic Plan interventions.</p> <p>4. When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the efficiency and correctness of the management and implementation of those tasks. The Managing Authority shall ensure that appropriate provisions are in place to allow the other body to obtain all necessary data and information for the execution of those tasks.</p> <p>5. The Commission shall be empowered to adopt delegated acts in accordance with Article 138, supplementing this Regulation with detailed rules on the application of the information, publicity and visibility requirements referred to in points (j) and (k) of paragraph 2.</p> <p>Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139 (2).</p>	<p>(i) the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;</p> <p>(j) beneficiaries under interventions financed by the EAFRD, other than area- and animal-related interventions, acknowledge the financial support received, including the appropriate use of the Union emblem in accordance with the rules laid down by the Commission in accordance with paragraph 5;</p> <p>(k) publicity is made for the CAP Strategic Plan, including through the national CAP network, by informing potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the CAP Strategic Plan and the rules for gaining access to the CAP Strategic Plan funding as well as by informing beneficiaries and the general public of the Union support for agriculture and rural development through the CAP Strategic Plan.</p> <p>3. The Member State or the Managing Authorities may designate one or more intermediate bodies including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of CAP Strategic Plan interventions.</p> <p>4. When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the efficiency and correctness of the management and implementation of those tasks. The Managing Authority shall ensure that appropriate provisions are in place to allow the other body to obtain all necessary data and information for the execution of those tasks.</p> <p>5. The Commission shall be empowered to adopt delegated acts in accordance with Article 138, supplementing this Regulation with detailed rules on the application of the information, publicity and visibility requirements referred to in points (j) and (k) of paragraph 2.</p> <p>Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139 (2).</p>

Reason

See amendment 24.

Amendment 59

Article 111

Text proposed by the Commission	CoR amendment
The Member State shall set up a committee to monitor implementation of the CAP Strategic Plan ('Monitoring Committee') before the submission of the CAP Strategic Plan.	The Member State and the regional Managing Authorities shall set up a committee to monitor implementation of the CAP Strategic Plan ('Monitoring Committee') before the submission of the CAP Strategic Plan.

Reason

See amendment 24.

Amendment 60

Article 114

Text proposed by the Commission	CoR amendment
	<p>Monitoring performance</p> <p>1. Member States may establish intermediary two-yearly performance targets under the CAP Strategic Plan by way of derogation from Article 115(1)(b) of this Regulation and monitor them with the same frequency in the performance reports for the years in which the targets must be met.</p>

Reason

Intermediary targets for performance indicators must be at least two-yearly.

Amendment 61

New Annex 0: Performance objectives common to the national Strategic Plans

Text proposed by the Commission	CoR amendment
	<p>1.1.1. Climate change: 30 % reduction in greenhouse gas emissions from agriculture in the Member State</p>

Reason

The climate challenges require crops and livestock farming to significantly reduce their emissions by 2027. A quantified indicator is provided in the Annex.

Amendment 62

New Annex 0: Performance objectives common to the national Strategic Plans

Text proposed by the Commission	CoR amendment
	<i>Environment, food: Doubling compared with 2017 of the land area used for organic farming in the Member State, or at least 30 % of the utilised agricultural area of the Member State.</i>

Reason

In order to address environmental and public health challenges, meet consumer demand and reduce the share of imports, the amount of land farmed organically should be significantly increased.

Amendment 63

New Annex 0: Performance objectives common to the national Strategic Plans

Text proposed by the Commission	CoR amendment
	<i>Biodiversity, health: minimum 30 % reduction compared with 2017 in the use of chemical pesticides in the Member State</i>

Reason

In order to address environmental and public health challenges, farms should by 2027 be required to use significantly fewer chemical pesticides.

Amendment 64

New Annex 0: Performance objectives common to the national Strategic Plans

Text proposed by the Commission	CoR amendment
	<i>Water: 100 % of surface water and groundwater to respect the Nitrates Directive, without exemptions, in the Member State</i>

Reason

This is a public health issue and a cost of access to drinking water for consumers. The Nitrates Directive dates from 1991 and is still not respected everywhere. This must be achieved by 2027.

Amendment 65

New Annex 0: Performance objectives common to the national Strategic Plans

Text proposed by the Commission	CoR amendment
	<i>Animal welfare, health: gradual and planned end to cage rearing throughout the European Union</i>

Reason

In order to respond to animal welfare but also public health (antibiotics) concerns, we must by 2027 move to more extensive modes of production which avoid the use of cages; these already exist.

Amendment 66

Annex I — Result indicators R.1

Text proposed by the Commission	CoR amendment
Enhancing performance through knowledge and innovation: share of farmers receiving support for advice, training, knowledge exchange, or participation in operational groups to enhance economic, environmental, climate and resource efficiency performance.	Enhancing performance through knowledge and innovation: share of farmers receiving support for advice, training, knowledge exchange, or participation in operational groups to enhance economic, environmental, climate, and resource efficiency <i>and sustainability</i> performance.

Reason

Sustainable use of resources is important for improving economic and environmental productivity in the medium and long term.

Amendment 67

Annex I — Result indicators R.3

Text proposed by the Commission	CoR amendment
<i>Digitising</i> agriculture: share of farmers benefiting from support to precision farming technology through the CAP	<i>Modernising and digitising</i> agriculture: share of farmers benefiting from support to precision farming technology <i>and ecological and climatic transition</i> through the CAP

Reason

The digitisation and modernisation of farms must be carried out under the ecological and climate framework.

Amendment 68

Annex I — EU Specific objectives

Text proposed by the Commission	CoR amendment
Enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;	Enhance market orientation and increase economic, social, environmental and territorial competitiveness, including greater focus on research, technology and digitalisation, as well as disseminating sustainable forms of production;

Reason

The competitiveness sought is not just economic.

Amendment 69

Annex I — Impact indicators I.6

Text proposed by the Commission	CoR amendment
Increasing farm productivity: Total factor productivity	Increasing farm productivity, European food security, food safety, the resilience of farms and territorial cohesion: Total factor productivity including externalities

Amendment 70

Annex I — Impact indicators R.9

Text proposed by the Commission	CoR amendment
Farm modernisation: Share of farmers receiving investment support to restructure and modernise, including to improve resource efficiency	Farm modernisation: Share of farmers receiving investment support to restructure and modernise, including to improve resource efficiency and sustainability

Reason

Farms must be modernised in a way that improves the sustainability of production systems.

Amendment 71

Annex I — Impact indicators R.13a

Text proposed by the Commission	CoR amendment
	R.13a: reducing the greenhouse gas emissions of crops: share of farms having reduced their synthetic nitrogenous fertiliser use by at least 50 %.

Reason

N₂O emissions from nitrogenous fertilisers are a major source of emissions, nearly 50 % of agricultural greenhouse gases. Moreover, the manufacture of synthetic nitrogenous fertilisers consumes large quantities of energy.

Amendment 72

Annex I — Impact indicators R.14

Text proposed by the Commission	CoR amendment
Carbon storage in soils and biomass: Share of agricultural land under commitments to reducing emissions, maintaining and/or enhancing carbon storage (permanent grassland, agricultural land in peatland, forest, etc.)	Carbon storage in soils and biomass: Share of agricultural land under commitments to reducing emissions, maintaining and/or enhancing carbon storage (permanent grassland, agricultural land in peatland, forest, etc.), rate of increase in land area used for cultivation of (pure or mixed) leguminous crops

Reason

Leguminous crops make for efficient carbon fixation in soils, also when used in grass-legume mixtures in pastures.

Amendment 73

Annex I — EU Specific objectives

Text proposed by the Commission	CoR amendment
Foster sustainable development and efficient management of natural resources such as water, soil and air;	Foster sustainable management of natural resources such as water, soil and air;

Reason

Self-explanatory.

Amendment 74

Annex I — Impact indicators I.16

Text proposed by the Commission	CoR amendment
Reducing nutrient leakage: Nitrate in ground water	Reducing nutrient leakage: Nitrate in surface and ground water
— Percentage of ground water stations with N concentration over 50 mg/l as per the Nitrate directive	— Percentage of surface and ground water stations with N concentration over 50 mg/l as per the Nitrate directive
	— Percentage of surface and ground water respecting the Nitrates Directive

Reason

Surface water should also be included in the indicators in order to fully reflect the current situation and trend. The Nitrates Directive needs to be respected everywhere as a matter of urgency.

Amendment 75

Annex I — Impact indicators I.16a

Text proposed by the Commission	CoR amendment
	Reducing the use of mineral and synthetic fertilisers: sale of mineral and synthetic fertilisers

Reason

In order to revitalise soils by increasing their organic matter content — which also stores carbon — priority should be given to agricultural practices that reduce inputs of mineral and synthetic fertilisers, which are highly energy intensive and produce high greenhouse gas emissions.

Amendment 76

Annex I — Result indicators R.18

Text proposed by the Commission	CoR amendment
Improving soils: Share of agricultural land under management commitments beneficial for soil management	Improving soils: Share of agricultural land under management commitments beneficial for soil improvement

Reason

Clear from the text and the objective.

Amendment 77

Annex I — Result indicators R.21

Text proposed by the Commission	CoR amendment
Sustainable nutrient management: Share of agricultural land under commitments related to improved nutrient management	Share of agricultural land under commitments related to sustainable nutrient management

Reason

Self-explanatory.

Amendment 78

Annex I — Result indicators R.21a

Text proposed by the Commission	CoR amendment
	R.21a Reducing the use of organic, mineral and synthetic fertilisers: Share of agricultural land covered by specific measures resulting in reduced use of fertilisers

Reason

Sustainable nutrient management must include reduced use of mineral and synthetic fertilisers.

Amendment 79

Annex I — Result indicators R.25

Text proposed by the Commission	CoR amendment
R.25 Supporting sustainable forest management: Share of forest land under management commitments to support forest protection and management.	R.25 Supporting sustainable forest management: Share of forest land under management commitments to support sustainable forest protection and management.

Reason

Too many forests are being managed increasingly intensively, with negative effects on the environment and biodiversity.

Amendment 80

Annex I — Result indicators R.37

Text proposed by the Commission	CoR amendment
Sustainable pesticide use: Share of agricultural land concerned by supported specific actions which lead to a sustainable use of pesticides in order to reduce risks and impacts of pesticides	Sustainable pesticide use: Share of agricultural land concerned by specific actions which lead to a sustainable use of pesticides in order to reduce risks and impacts of pesticides

Amendment 81

Annex I — Result indicators R.37a

Text proposed by the Commission	CoR amendment
	R.37a Increasing the number of organic farms: number of farms that have benefited from support for conversion to organic farming

Reason

In order to address environmental and public health challenges, meet consumer demand and reduce the share of imports, the amount of land farmed organically should be significantly increased.

Amendment 82

Annex III — Requirements and standards — GAEC 1

Text proposed by the Commission	CoR amendment
Maintenance of permanent grassland <i>based on a ratio of permanent grassland in relation to agricultural area</i>	Maintenance of permanent grassland <i>by each farm, with a maximum conversion rate of 5 to 10 % per farm, with the exception of 'sensitive' grassland with high biodiversity</i>

Reason

In order for the target to be reached, the rule must apply at farm level, with the suggested degree of flexibility, and not at regional level, thus avoiding excessive grassland conversion at sub-regional level.

Amendment 83

Annex III — Main objective of the standard — GAEC 5

Text proposed by the Commission	CoR amendment
<i>Sustainable management of nutrients</i>	

Amendment 84

Annex III — Requirements and standards — GAEC 7

Text proposed by the Commission	CoR amendment
No bare soil in <i>most</i> sensitive period(s)	No bare soil in sensitive period(s)

Reason

Soil should be covered with plants for as much of the year as possible in order to protect it.

Amendment 85

Annex III — Requirements and standards — GAEC (new)

Text proposed by the Commission	CoR amendment
	<i>Compliance by the farmer with national social legislation relating to the rights of agricultural employees</i>

Reason

Self-explanatory.

Amendment 86

Annex XII — Objectives O.13 and R.4

Text proposed by the Commission	CoR amendment
Foster sustainable <i>development and efficient</i> management of natural resources such as water, soil and air;	Foster sustainable management of natural resources such as water, soil and air;

Reason

For consistency with amendment 73.

COM(2018) 393 final

Amendment 87

Recital 3

Text proposed by the Commission	CoR amendment
The CAP's compliance-driven delivery model should be adjusted to ensure a greater focus on results and performance. Accordingly the Union should set the basic policy objectives, types of intervention and basic Union requirements while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity in order to take better account of the local conditions and needs. Accordingly, under the new delivery model, Member States should be responsible for tailoring their CAP interventions in line with basic Union requirements in order to maximize their contribution to Union CAP objectives and to establish and design the compliance and control framework for beneficiaries.	The CAP's compliance-driven delivery model should be adjusted to ensure a greater focus on results and performance. Accordingly the Union should set the basic policy objectives, types of intervention and basic Union requirements while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity in order to take better account of the local conditions and needs. Accordingly, under the new delivery model, Member States <i>and regions</i> should be responsible for tailoring their CAP interventions in line with basic Union requirements in order to maximize their contribution to Union CAP objectives and to establish and design the compliance and control framework for beneficiaries.

Reason

It is necessary to maintain and strengthen the role played by Europe's regions in the management and implementation of the CAP so that policy choices can be adapted to specific territorial and sectoral characteristics.

Amendment 88

Recital 30

Text proposed by the Commission	CoR amendment
<p>As regards the multi-annual performance monitoring the Commission should also have the power to suspend payments. Accordingly in cases of delayed or insufficient progress towards targets, set out in the national CAP Strategic Plan, the Commission should be empowered to request the Member State concerned to take the necessary remedial actions in accordance with an action plan to be established in consultation with the Commission and containing clear progress indicators, by means of an implementing act. Where the Member State fails to submit or to implement the action plan or where the action plan is manifestly insufficient to remedy the situation, the Commission should have the power to suspend the monthly or interim payments, by means of an implementing act.</p>	<p>As regards the multi-annual performance monitoring the Commission should also have the power to suspend payments. Accordingly in cases of delayed or insufficient progress towards common European objectives and targets, set out in the national CAP Strategic Plan, the Commission should be empowered to request the Member State concerned to take the necessary remedial actions in accordance with an action plan to be established in consultation with the Commission and containing clear progress indicators, by means of an implementing act. Where the Member State fails to submit or to implement the action plan or where the action plan is manifestly insufficient to remedy the situation, the Commission should have the power to suspend the monthly or interim payments, by means of an implementing act.</p>

Reason

To reduce the risk of a race to the bottom in the ecological transition, as well as distortions of competition, quantified objectives common to the Strategic Plans must be annexed to the Regulation.

Amendment 89

Recital 55

Text proposed by the Commission	CoR amendment
<p>Conditionality is an important element of the CAP, in particular with regard to its environmental and climate elements but also concerning public health and animal related issues. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To have a level playing field between beneficiaries in different Member States, certain general rules on conditionality controls and penalties should be introduced at Union level.</p>	<p>Conditionality is an important element of the CAP, in particular with regard to its environmental and climate elements but also concerning public health, animal related issues and social rights for agricultural employees. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To have a level playing field between beneficiaries in different Member States, certain general rules on conditionality controls and penalties should be introduced at Union level.</p>

Reason

It is important that farms receiving public funding from the CAP should respect the social rights of their employees.

Amendment 90

Article 15(1)

Text proposed by the Commission	CoR amendment
<p>Financial discipline</p> <p>1. An adjustment rate for direct payments interventions referred to in point (c) of Article 5(2) of this Regulation and Union financial contribution to the specific measures referred to in point (f) of Article 5(2) of this Regulation and granted under Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of Regulation (EU) No 229/2013, ('the adjustment rate') shall be determined by the Commission when the forecasts for the financing of the interventions and measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.</p> <p>The Commission shall, by 30 June of the calendar year in respect of which the adjustment rate applies, adopt implementing acts fixing the adjustment rate. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).</p>	<p>Financial discipline</p> <p>1. An adjustment rate for direct payments interventions referred to in point (c) of Article 5(2) of this Regulation and Union financial contribution to the specific measures referred to in point (f) of Article 5(2) of this Regulation ('the adjustment rate') shall be determined by the Commission when the forecasts for the financing of the interventions and measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.</p> <p>The Commission shall, by 30 June of the calendar year in respect of which the adjustment rate applies, adopt implementing acts fixing the adjustment rate. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).</p>

Reason

Direct payments under Programmes of Options Specifically Relating to Remoteness and Insularity (POSEI) should be excluded since they already have a ceiling set in Regulation (EC) No 228/2013, which prevents them contributing to any excess in expenditure when it comes to programming and implementation.

Amendment 91

Article 32

Text proposed by the Commission	CoR amendment
<p>Automatic decommitment for CAP Strategic Plans</p> <p>1. The Commission shall automatically decommit any portion of a budget commitment for rural development interventions in a CAP Strategic Plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 30(3) has been presented to it in relation to expenditure effected by 31 December of the second year following that of the budget commitment.</p>	<p>Automatic decommitment for CAP Strategic Plans</p> <p>1. The Commission shall automatically decommit any portion of a budget commitment for rural development interventions in a CAP Strategic Plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 30(3) has been presented to it in relation to expenditure effected by 31 December of the third year following that of the budget commitment.</p>

Text proposed by the Commission	CoR amendment
<p>2. The part of budget commitments that is still open on the last eligibility date for expenditure as referred to in Article 80(3) of Regulation (EU) .../... [CAP Strategic Plan Regulation] or which no declaration of expenditure has been made within six months of that date shall be automatically decommitted.</p> <p>3. In the event of legal proceedings or of an administrative appeal having suspensory effect, the period for automatic decommitment referred to in paragraph 1 or 2 shall, in respect of the amount relating to the operations concerned, be interrupted for the duration of those proceedings or that administrative appeal, provided that the Commission receives a substantiated notification from the Member State by 31 January of year N + 3.</p> <p>4. The following shall be disregarded in calculating the automatic decommitment:</p> <p>(a) that part of the budget commitments for which a declaration of expenditure has been made but for which reimbursement has been reduced or suspended by the Commission at 31 December of year N + 2;</p>	<p>2. The part of budget commitments that is still open on the last eligibility date for expenditure as referred to in Article 80(3) of Regulation (EU) .../... [CAP Strategic Plan Regulation] or which no declaration of expenditure has been made within six months of that date shall be automatically decommitted.</p> <p>3. In the event of legal proceedings or of an administrative appeal having suspensory effect, the period for automatic decommitment referred to in paragraph 1 or 2 shall, in respect of the amount relating to the operations concerned, be interrupted for the duration of those proceedings or that administrative appeal, provided that the Commission receives a substantiated notification from the Member State by 31 January of year N + 4.</p> <p>4. The following shall be disregarded in calculating the automatic decommitment:</p> <p>(a) that part of the budget commitments for which a declaration of expenditure has been made but for which reimbursement has been reduced or suspended by the Commission at 31 December of year N + 3;</p>

Reason

Such is the complexity of the programme and the institutional levels involved, the proposal should revert to N+3.

COM(2018) 394 final

Amendment 92

New recital after recital 38

Text proposed by the Commission	CoR amendment
	<p><i>In view of the increasingly weak position of producers in the food supply chain, there is a need for a framework that reconciles the CAP and competition policy, in accordance with Article 42 of the Treaty concerning the primacy of CAP objectives.</i></p>

Reason

Article 42 of the Treaty must be complied with.

Amendment 93

New recital after recital 38

Text proposed by the Commission	CoR amendment
	<i>Given the increased volatility of agricultural prices, and taking account of the assessment of instruments implemented in the previous CAP reforms, the measures to prevent market disturbance need to be revised.</i>

Reason

Sectoral crises do too much damage to farms and production regions. They contribute to the reduction in the number of farms and in young people's motivation to go into farming, and they need to be addressed.

Amendment 94

New recital after recital 38

Text proposed by the Commission	CoR amendment
	<i>Given the increasing fluctuations in agricultural markets and the imbalances between producers, processors and distributors in the division of added value, it is necessary to better understand and anticipate the evolution of markets. As an extension of the mechanisms set up for a number of sectors, European observatories shall be established for each sector, to analyse production, import and export volumes, prices, margins and production costs. In the event of a market disturbance, these observatories shall alert the European Commission, which will implement production regulation measures in order to rebalance the market, while respecting the obligations arising from international agreements concluded in accordance with the Treaty on the Functioning of the European Union.</i>

Reason

It is important to have the necessary information to be able to respond quickly and effectively to market disturbances, and to reduce budgetary expenditure, which can be very high when the EU takes action after the fact, as has been shown in the dairy sector since 2008.

Amendment 95

Article 1(4)

Text proposed by the Commission	CoR amendment
Regulation (EU) No 1308/2013 is amended as follows: [...] (4) Chapter II of Title I of Part II is amended as follows:	Regulation (EU) No 1308/2013 is amended as follows: [...] (4) Chapter II of Title I of Part II is amended as follows:

Text proposed by the Commission	CoR amendment
<p>(a) the title is replaced by: ‘CHAPTER II Aid for the supply of fruit and vegetables and of milk and milk products in educational establishments’;</p> <p>(b) the heading ‘Section 1’ and its title are deleted;</p> <p>(c) Article 23a is amended as follows:</p> <p>(i) paragraph 1 is replaced by the following: ‘1. Without prejudice to paragraph 4, the aid under the school scheme allocated for the distribution of products, the accompanying educational measures and the related costs referred to in Article 23(1) shall not exceed EUR 220 804 135 per school year. Within that overall limit, the aid shall not exceed: (a) for school fruit and vegetables: EUR 130 608 466 per school year; (b) for school milk: EUR 90 195 669 per school year.’;</p> <p>(ii) in the third subparagraph of paragraph 2, the last sentence is deleted;</p> <p>(iii) paragraph 4 is replaced by the following: ‘4. Without exceeding the overall limit of EUR 220 804 135 laid down in paragraph 1, any Member State may transfer once per school year up to 20 % of either one or the other of its indicative allocations.’;</p> <p>[...]</p>	<p>(a) the title is replaced by: ‘CHAPTER II Aid for the supply of fruit and vegetables and of milk and milk products in educational establishments’;</p> <p>(b) the heading ‘Section 1’ and its title are deleted;</p> <p>(c) Article 23a is amended as follows:</p> <p>(i) paragraph 1 is replaced by the following: ‘1. Without prejudice to paragraph 4, the aid under the school scheme allocated for the distribution of products, the accompanying educational measures and the related costs referred to in Article 23(1) shall not exceed EUR 220 804 135 per school year. Within that overall limit, the aid shall not exceed: (a) for school fruit and vegetables: EUR 130 608 466 per school year; (b) for school milk: EUR 90 195 669 per school year.’;</p> <p>(ii) in the third subparagraph of paragraph 2, the last sentence is deleted;</p> <p>(iii) paragraph 4 is replaced by the following: ‘4. Without exceeding the overall limit of EUR 220 804 135 laid down in paragraph 1, any Member State may transfer once per school year up to 20 % of either one or the other of its indicative allocations. <i>This percentage may be as high as 25 % in Member States with outermost regions, in line with Article 349 TFEU and in other duly justified cases.</i>’;</p> <p>[...]</p>

Reason

This incorporates the principle referred to in Recital 8 of Regulation (EU) 2016/791: higher aid is allocated to less-developed regions, the smaller Aegean Islands and the outermost regions in view of their limited agricultural diversification and the frequent impossibility of finding certain products in the region concerned.

Amendment 96

Article 119

Text proposed by the Commission	CoR amendment
<p>Compulsory particulars</p> <p>1. Labelling and presentation of the products referred to in points 1 to 11, 13, 15, 16, 18 and 16 of Part II of Annex VII marketed in the Union or for export shall contain the following compulsory particulars:</p> <p>(a) the designation for the category of the grapevine product in accordance with Part II of Annex VII;</p> <p>(b) for wines with a protected designation of origin or geographical indication:</p> <p>(i) the term ‘protected designation of origin’ or ‘protected geographical indication’, and</p> <p>(ii) the name of the protected designation of origin or geographical indication;</p> <p>(c) the actual alcoholic strength by volume;</p> <p>(d) an indication of provenance;</p> <p>(e) an indication of the bottler or, in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, the name of the producer or vendor;</p> <p>(f) an indication of the importer in the case of imported wines; and</p> <p>(g) in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, an indication of the sugar content.</p>	<p>Compulsory particulars</p> <p>1. Labelling and presentation of the products referred to in points 1 to 11, 13, 15, 16, 18 and 16 of Part II of Annex VII marketed in the Union or for export shall contain the following compulsory particulars:</p> <p>(a) the designation for the category of the grapevine product in accordance with Part II of Annex VII;</p> <p>(b) for wines with a protected designation of origin or geographical indication:</p> <p>(i) the term ‘protected designation of origin’ or ‘protected geographical indication’, and</p> <p>(ii) the name of the protected designation of origin or geographical indication;</p> <p>(c) <i>the energy content per 100 ml;</i></p> <p>(d) <i>the list of ingredients, including intermediate wine-making ingredients; the list could be accessible via a QR code;</i></p> <p>(e) the actual alcoholic strength by volume;</p> <p>(f) an indication of provenance;</p> <p>(g) an indication of the bottler or, in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, the name of the producer or vendor;</p> <p>(h) an indication of the importer in the case of imported wines; and</p> <p>(i) in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, an indication of the sugar content.</p>

Reason

Consumers are entitled to more detailed labelling, as is the case for other food products, particularly regarding nutritional content and wine-making methods.

Amendment 97

Article 152(1)a

Text proposed by the Commission	CoR amendment
<p>Producer organisations</p> <p><i>By way of derogation from Article 101(1) TFEU, a producer organisation recognised under paragraph 1 of this Article may plan production, optimise the production costs, place on the market and negotiate contracts for the supply of agricultural products, on behalf of its members for all or part of their total production.</i></p> <p>The activities referred to in the first subparagraph may take place:</p> <p>(a) provided that one or more of the activities referred to in point (b)(i) to (vii) of paragraph 1 is genuinely exercised, thus contributing to the fulfilment of the objectives set out in Article 39 TFEU;</p> <p>(b) provided that the producer organisation concentrates supply and places the products of its members on the market, whether or not there is a transfer of ownership of agricultural products by the producers to the producer organisation;</p>	<p>Producer organisations</p> <p>A producer organisation recognised under paragraph 1 of this Article may plan production, optimise the production costs, place on the market and negotiate contracts for the supply of agricultural products, on behalf of its members for all or part of their total production.</p> <p>The activities referred to in the first subparagraph may take place:</p> <p>(a) provided that one or more of the activities referred to in point (b)(i) to (vii) of paragraph 1 is genuinely exercised, thus contributing to the fulfilment of the objectives set out in Article 39 TFEU;</p> <p>(b) provided that the producer organisation concentrates supply and places the products of its members on the market, whether or not there is a transfer of ownership of agricultural products by the producers to the producer organisation;</p>

Reason

The tasks and objectives of organisations defined by the CAP are outside the scope of Article 101 TFEU (Court of Justice of the European Union, endives case). There is therefore no need to include this phrase.

Amendment 98

Article 209(1)

Text proposed by the Commission	CoR amendment
<p>Exceptions for the objectives of the CAP and farmers and their associations</p> <p>Article 101(1) TFEU shall not apply to the agreements, decisions and practices referred to in Article 206 of this Regulation necessary for the attainment of the objectives set out in Article 39 TFEU.</p>	<p>Exceptions for the objectives of the CAP and farmers and their associations</p> <p>Article 101(1) TFEU shall not apply to the agreements, decisions and practices referred to in Article 206 of this Regulation necessary for the attainment of the objectives set out in Article 39 TFEU.</p>

Text proposed by the Commission	CoR amendment
<p>Article 101(1) TFEU shall not apply to agreements, decisions and concerted practices of farmers, farmers' associations, or associations of such associations, or producer organisations recognised under Article 152 or Article 161 of this Regulation, or associations of producer organisations recognised under Article 156 of this Regulation, which concern the production or sale of agricultural products or the use of joint facilities for the storage, treatment or processing of agricultural products, unless the objectives set out in Article 39 TFEU are jeopardised.</p> <p><i>This paragraph shall not apply to agreements, decisions and concerted practices which entail an obligation to charge an identical price or by which competition is excluded.</i></p>	<p>Article 101(1) TFEU shall not apply to agreements, decisions and concerted practices of farmers, farmers' associations, or associations of such associations, or producer organisations recognised under Article 152 or Article 161 of this Regulation, or associations of producer organisations recognised under Article 156 of this Regulation, which concern the production or sale of agricultural products or the use of joint facilities for the storage, treatment or processing of agricultural products, unless the objectives set out in Article 39 TFEU are jeopardised.</p>

Reason

In line with the goal of better distributing added value along the food supply chain and of strengthening the power of producers and their associations to this end, it is important for this paragraph to be applicable to price negotiations.

Amendment 99

Article 219(1)

Text proposed by the Commission	CoR amendment
<p>In order to react efficiently and effectively against threats of market disturbance caused by significant price rises or falls on internal or external markets or other events and circumstances significantly disturbing or threatening to disturb the market, where that situation, or its effects on the market, is likely to continue or deteriorate, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 to take the measures necessary to address that market situation, while respecting any obligations resulting from international agreements concluded in accordance with the TFEU and provided that any other measures available under this Regulation appear to be insufficient.</p>	<p>In order to react efficiently and effectively against threats of market disturbance caused by significant price rises or falls on internal or external markets or other events and circumstances significantly disturbing or threatening to disturb the market, where that situation, or its effects on the market, is likely to continue or deteriorate, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 to take the measures necessary to address that market situation, while respecting any obligations resulting from international agreements concluded in accordance with the TFEU and provided that any other measures available under this Regulation appear to be insufficient.</p>

Text proposed by the Commission	CoR amendment
<p>Where, in the cases of threats of market disturbances referred to in the first subparagraph of this paragraph, imperative grounds of urgency so require, the procedure provided for in Article 228 shall apply to delegated acts adopted pursuant to the first subparagraph of this paragraph.</p> <p>Those imperative grounds of urgency may include the need to take immediate action to address or prevent market disturbance, where threats of market disturbance occur so swiftly or unexpectedly that immediate action is necessary to efficiently and effectively address the situation, or where action would prevent such threats of market disturbance from materialising, continuing or turning into a more severe or prolonged disturbance, or where delaying immediate action would threaten to cause or aggravate the disturbance or would increase the extent of the measures which would later be necessary to address the threat or disturbance or would be detrimental to production or market conditions.</p> <p>Such measures may to the extent and for the time necessary to address the market disturbance or threat thereof extend or modify the scope, duration or other aspects of other measures provided for under this Regulation, or provide for export refunds, or suspend import duties in whole or in part including for certain quantities or periods as necessary.</p>	<p>Where, in the cases of threats of market disturbances referred to in the first subparagraph of this paragraph, imperative grounds of urgency so require, the procedure provided for in Article 228 shall apply to delegated acts adopted pursuant to the first subparagraph of this paragraph.</p> <p>Those imperative grounds of urgency may include the need to take immediate action to address or prevent market disturbance, where threats of market disturbance occur so swiftly or unexpectedly that immediate action is necessary to efficiently and effectively address the situation, or where action would prevent such threats of market disturbance from materialising, continuing or turning into a more severe or prolonged disturbance, or where delaying immediate action would threaten to cause or aggravate the disturbance or would increase the extent of the measures which would later be necessary to address the threat or disturbance or would be detrimental to production or market conditions.</p> <p>Such measures may to the extent and for the time necessary to address the market disturbance or threat thereof extend or modify the scope, duration or other aspects of other measures provided for under this Regulation, or suspend import duties in whole or in part including for certain quantities or periods as necessary.</p>

Reason

Export aid is not acceptable to third countries, and costs taxpayers more than crisis prevention.

Amendment 100

Insert a new paragraph after Article 219(4)

Text proposed by the Commission	CoR amendment
	<p><i>Where the market price falls below a certain flexible threshold that is indexed to average production costs and set by the European market observatory for the sector concerned, the European Commission shall implement, depending on the market situation and the sector concerned, support for producers in the sector concerned who, over a specified period, voluntarily reduce their deliveries compared to the same period in the previous year.</i></p> <p><i>(i) The support shall be granted on the basis of applications submitted by producers in their Member State of establishment, using the method laid down by the Member State in question.</i></p> <p><i>(ii) In order to ensure that this scheme is implemented effectively and appropriately, the Commission shall, on the basis of data provided by the European market observatory for the sector concerned, set:</i></p> <ul style="list-style-type: none"> <i>— the maximum total volume or quantity of deliveries to be reduced at EU level under the reduction scheme,</i> <i>— the duration of the reduction period and, if necessary, its extension,</i> <i>— the amount of support, based on the volume or quantity of the reduction, and its financing arrangements,</i> <i>— eligibility criteria for applicants and applications,</i> <i>— the specific conditions for implementing the system.</i>

Reason

The EU needs tools to regulate production volumes in the event of a market disturbance, tools that take effect quickly, are inexpensive for the EU budget, and enable producers to avoid selling at a loss and to earn a living, ensuring that the sector is attractive to young people.

Amendment 101

Article 226

Text proposed by the Commission	CoR amendment
	<p><i>Performance framework</i></p> <p><i>1. The Commission shall lay down a performance framework for reporting, monitoring and evaluating the performance of the crisis management plan during its implementation.</i></p> <p><i>2. The performance framework shall include the following elements:</i></p> <p><i>(a) all common indicators of context, attainment, results and impact that shall serve as basis for the monitoring, evaluation and annual performance report;</i></p> <p><i>(b) targets and annual milestones established in relation to the relevant specific objective using result indicators;</i></p> <p><i>(c) data collection, storage and transmission;</i></p> <p><i>(d) annual reports on the performance of the crisis management plan for each of the sectors that were affected during the year;</i></p> <p><i>(e) efficiency reserve measures in the use of EAFG as a whole.</i></p> <p><i>3. The performance framework shall aim to:</i></p> <p><i>(a) assess the impact, effectiveness, efficiency, relevance, coherence and Union added value of the CAP;</i></p> <p><i>(b) report to the European Parliament and the Council on the use of powers given to the Commission in terms of crisis prevention and management;</i></p> <p><i>(c) move away from the current budget consumption logic of EAGF;</i></p> <p><i>(d) move towards a logic of countercyclical steering of agricultural markets and revenues where the Commission optimises the use of public funds according to economic cycles, climatic incidents and geopolitical tension.</i></p>

Reason

The Commission should define its strategy in the event of crises so that it can be held accountable to the Parliament and the Council. The clarification of its strategy is an essential prerequisite for Member States to be able in turn to establish their priorities.

Amendment 102

Article 226

Text proposed by the Commission	CoR amendment
	<p>Crisis Management Plan</p> <p>1. <i>The Commission shall establish a crisis management plan to implement Union aid financed by EAGF to allow the fulfilment of the CAP objectives defined in Article 39 of the Treaty on the Functioning of the European Union, in particular the market stabilisation objective.</i></p> <p>2. <i>Based on the report defining the types of crisis referred to in Article 225(c), and the evaluation work conducted in the first pillar of the CAP in particular, the Commission shall define an intervention strategy for each type of crisis. A SWOT analysis of each of the market management tools defined in this Regulation shall be made to identify possible synergies between the tools.</i></p> <p>3. <i>The Commission is empowered to adopt delegated acts in accordance with Article 227 to set quantitative targets and milestones so that the tools in this Regulation may contribute to the attainment of the objectives stated in Article 39 of the TFEU. The Commission shall submit a draft crisis management plan by 1 January 2020 to the European Parliament and the Council. Based on this, the Member States shall submit their CAP Strategic Plans to the Commission.</i></p> <p>4. <i>The crisis management plan shall cover the period from 1 January 2021 to 31 December 2027, with a mid-term review clause for 30 June 2024 when its overall consistency with Member States' strategic plans shall be optimised for a more efficient use of public funds and to add more value to the Union.</i></p>

Reason

The Commission should define its strategy in the event of crises so that it can be held accountable to the Parliament and the Council. The clarification of its strategy is an essential prerequisite for Member States to be able in turn to establish their priorities.

Amendment 103

Article 4

Text proposed by the Commission	CoR amendment
<p>Amendment to Regulation (EU) No 228/2013</p> <p>In Article 30, paragraphs 2 and 3 are replaced by the following:</p> <p>'2. In respect of each financial year, the Union shall finance the measures provided for in Chapters III and IV, up to a maximum annual sum of:</p>	<p>Amendment to Regulation (EU) No 228/2013</p> <p>In Article 30, paragraphs 2 and 3 are replaced by the following:</p> <p>'2. In respect of each financial year, the Union shall finance the measures provided for in Chapters III and IV, up to a maximum annual sum of:</p>

Text proposed by the Commission	CoR amendment
— in the French overseas departments: EUR 267 580 000	— in the French overseas departments: EUR 278 410 000
— Azores and Madeira: EUR 102 080 000	— Azores and Madeira: EUR 106 210 000
— Canary Islands: EUR 257 970 000	— Canary Islands: EUR 268 420 000
3. The sums for each financial year to finance the measures provided for in Chapter III	3. The sums for each financial year to finance the measures provided for in Chapter III
may not exceed the following amounts:	may not exceed the following amounts:
— in the French overseas departments: EUR 25 900 000	— in the French overseas departments: EUR 26 900 000
— Azores and Madeira: EUR 20 400 000	— Azores and Madeira: EUR 21 200 000
— Canary Islands: EUR 69 900 000	— Canary Islands: EUR 72 700 000
[...]	[...]

Reason

A 3,9 % reduction in the funds for Programmes of Options Specifically Relating to Remoteness and Insularity (POSEI) is not acceptable, considering the positive evaluations of this programme and the European Commission's commitment to maintaining the level of funding. At the least, the allocation under the current programming period needs to be maintained for the outermost regions.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS:

1. calls on the EU to turn the CAP into an agricultural policy that is competitive, modern, fair, sustainable and based on solidarity for the benefit of farmers, regions, consumers and members of the public;
2. underlines the need for the CAP to be adequately financed and therefore opposes a decrease in the level of EU funding for the CAP post-2020; takes the view that, if the CAP budget were to be reduced, it would be possible to make better use of it by distributing direct payments more fairly;
3. rejects the proposed 28 % cut in the rural development budget, which runs counter to the EU's objective of territorial cohesion;
4. calls for the reintroduction of the EAFRD to the common strategic framework;
5. reiterates the need for stronger synergy between the ERDF, ESF and EAFRD in order to facilitate innovation and stimulate the creation of agriculture innovative production chains;
6. recommends adopting a rural and peri-urban agenda and increasing overall rural development funds so that all European policies can contribute to the goals for economic, social and territorial cohesion; emphasises the role of the CAP in helping to retain the population in rural areas;
7. considers that an excessive transfer of competences to the Member States through national Strategic Plans would lead to a renationalisation of the CAP and to distortions of competition; enough flexibility is needed to secure a place-based approach, addressing the specific needs and characteristics of agricultural areas;
8. calls for quantified, measurable common European objectives for the national Strategic Plans to be included in the Regulation;
9. calls for the regions to play a prominent role in the governance of Strategic Plans, including for the second pillar;
10. points out that market regulation is more effective and less costly than taking retroactive measures;

11. calls for the introduction of voluntary crisis management tools based on the management of production volumes;
12. calls for the establishment of sectoral operational programmes at European level, rather than at Member State level, so as to prevent distortions between Member States and between sectors;
13. calls for exacting European criteria for the definition of active farmers by the Member States;
14. proposes full convergence of direct payments between Member States as soon as possible and not later than in 2027;
15. proposes that, in those countries and regions where it has not yet been achieved, internal convergence should be gradually increased, supporting disadvantaged regions, to be complete in 2026;
16. supports the proposed cap on direct payments and suggests taking into account a maximum of 50 % of costs for employees alone, to reconcile efficiency of capping and taking account of labour;
17. supports the establishment of a mandatory redistributive payment and proposes increasing its scale, with a minimum of 30 % of first pillar funds;
18. in view of the difficulty in attracting young people to the farming profession, proposes that the young farmers' bonus should be mandatory for Member States;
19. suggests keeping the ceiling for coupled payments at 13 % (+ 2 % for protein crops) of the national payments envelope, with the objectives of preventing the abandonment of agricultural activity in rural areas, strengthening the EU's food self-sufficiency, exclusively targeting sustainable products and production methods, and excluding the production of agricultural bio-fuels and certain other non-priority products;
20. proposes that the specific support for small farmers should be mandatory for the Member States, and that the definition of 'small farmer', the amount of support and the financial envelope should be adjusted;
21. welcomes the extension of conditionality to the whole of the basic payment and its expansion to include annual crop rotation;
22. calls for conditionality to be broadened to include respect for the rights of agricultural employees and animal welfare legislation;
23. suggests restoring the minimum requirement of 7 % non-productive Ecological Focus Areas per farm;
24. supports the principle of eco-schemes, and proposes that a minimum of 30 % of the national payments envelope should be devoted to them;
25. proposes that each national Strategic Plan should meet the minimum threshold of 40 % of the CAP's overall financial envelope contributing to environmental climate objectives;
26. would like to retain the current co-financing rates for the second pillar, with the rate adjusted to 80 % for the following four measures: agro-environmental, measures organic farming, Natura 2000 and cooperation measures;
27. opposes the option of making transfers from the second pillar to the first, which goes against the interests of rural areas, and supports transfers in the opposite direction;
28. calls on the Commission to establish a fully operational monitoring system for the regular collection of updated measured data on pesticide residue in the environment (especially in soil and water), possibly based on the successful experience with the land use/cover area frame statistical survey (LUCAS) soil monitoring system;
29. takes the view that income insurance is an expensive instrument that is ill-suited to small and medium-sized farms and cannot be a substitute for market regulation and support for the transition towards more resilient and independent production systems;
30. proposes that subsidies for investments, which take up a large proportion of second-pillar budgets, be made conditional on an assessment of their environmental impact and capped at 10 % of the second-pillar envelope;

31. suggests, to support the continuation of farming in less favoured areas and areas with handicaps, that the compensatory allowance for natural handicaps (CANH) should be mandatory in those Member States where it may be applicable;
32. is in favour of maintaining a floor of 5 % for LEADER programmes, which allows for the development of local territorial initiatives;
33. suggests requiring Member States to include in their rural development plans measures to promote short supply chains, local and organic mass catering, quality label supply chains, mountain and hill farming, and training in organic farming, agro-ecology and agro-forestry;
34. proposes that, in connection with the Horizon 2020 research programme and the subsequent programme, priority should be given, as regards agriculture, to agro-ecological and agro-forestry production methods, focusing on participatory research involving researchers and farmers;
35. also recommends encouraging social and economic innovation through the promotion of 'smart villages'.

Brussels, 5 December 2018.

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

Opinion of the European Committee of the Regions on 'European Globalisation Adjustment Fund'

(2019/C 86/12)

Rapporteur:	Ximo PUIG I FERRER (ES/PES), Presidente de la Generalidad Valenciana
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (EGF)
	COM(2018) 380 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Title of Regulation

Text proposed by the European Commission	Amendment
Proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (EGF).	Proposal for a Regulation of the European Parliament and of the Council on the European Transitions' Support Fund (ETSF).

Reason

Article 2 of the draft regulation clearly foresees to enlarge the Fund's scope beyond globalisation. The name change should be applied throughout the text.

Amendment 2

Recital 1

Text proposed by the European Commission	CoR amendment
Horizontal principles as set out in Article 3 of the Treaty on European Union (TEU) and in Article 10 TFEU, including principles of subsidiarity and proportionality as set out in Article 5 TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The objectives of the Funds should be pursued in the framework of sustainable development and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Articles 11 and 191(1) TFEU, taking into account the polluter pays principle.	Horizontal principles as set out in Article 3 of the Treaty on European Union (TEU) and in Articles 9 and 10 TFEU, including principles of subsidiarity and proportionality as set out in Article 5 TEU should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. In accordance with Article 8 TFEU , Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The objectives of the Funds should be pursued in the framework of sustainable development and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Articles 11 and 191(1) TFEU, taking into account the polluter pays principle.

Reason

Insertion of essential legal references.

Amendment 3

Recital 6

Text proposed by the European Commission	CoR amendment
<p>In its 'Reflection Paper on Harnessing Globalisation'[20] the Commission identifies the combination of trade related globalisation and technological change as the major drivers of an increased demand for skilled labour and a reduced number of jobs that require lower qualifications. Despite the overall tremendous advantages of more open trade and further integration of world economies, these negative side effects need to be tackled. As the current benefits of globalisation are already unequally distributed among people and regions, causing a significant impact on those adversely affected, there is a danger that the ever faster evolving technological advances will further fuel these effects. Therefore, in line with the principles of solidarity and sustainability, it will be necessary to ensure that the benefits of globalisation will be shared more fairly by reconciling economic opening and technological advance with social protection.</p> <p>[20] https://ec.europa.eu/commission/publications/reflection-paper-harnessing-globalisation_en.</p>	<p>In its 'Reflection Paper on Harnessing Globalisation' the Commission identifies the combination of trade related globalisation and technological change as the major drivers of an increased demand for skilled labour and a reduced number of jobs that require lower qualifications. Therefore, despite the advantages of more open trade and further integration of world economies, the negative side effects, which particularly affect certain business areas, certain companies, certain groups of more vulnerable workers and certain regions, need to be tackled. As the current benefits of globalisation are already unequally distributed among people and regions, causing a significant impact on those adversely affected, there is a danger that technological and environmental transitions will further fuel these effects. Therefore, in line with the principles of solidarity and sustainability, it will be necessary to ensure that the benefits of globalisation are shared more fairly and that the simultaneous adverse effects of globalisation and technological and environmental transitions are more widely anticipated.</p>

Reason

Self-explanatory.

Amendment 4

Recital 14

Text proposed by the European Commission	CoR amendment
<p>As stated, in order to maintain the European nature of the EGF, an application for support should be triggered when a major restructuring event causes a significant impact on the local or regional economy. Such an impact should be defined by a minimum number of job displacements within a specific reference period. Taking into account the findings of the mid-term evaluation, the threshold shall be set at 250 jobs displacement within a reference period of four months (or 6 months in sectoral cases). Taking into account that waves of dismissals in different sectors but the same region have an equally significant impact on the local labour market, regional applications shall be possible as well. In small labour markets, such as small Member States or remote regions, including the outermost regions as referred in Article 349 of the TFEU, or in exceptional circumstances, applications could be submitted in case of a lower number of job displacements.</p>	<p>As stated, in order to maintain the European nature of the ETSF, an application for support should be triggered when a major restructuring event causes a significant impact on the local or regional economy. Such an impact should be defined by a minimum number of job displacements within a specific reference period. Taking into account the findings of the mid-term evaluation, the threshold shall be set at 150 jobs displacement within a reference period of nine months. Taking into account that waves of dismissals in different sectors but the same region have an equally significant impact on the local labour market, regional applications shall be possible as well. In small labour markets, such as small Member States or remote regions, including the outermost regions as referred in Article 349 of the TFEU, or in exceptional circumstances, such as in the case of regions that have already been severely affected by a high unemployment rate, applications could be submitted in case of a lower number of job displacements.</p>

Reason

Consistency with the legislative amendments suggested to Article 5.

Amendment 5

Recital 15

Text proposed by the European Commission	CoR amendment
<p>In order to express Union solidarity with displaced workers and self-employed persons whose activity has ceased, the co-funding rate of the cost of the package of personalised services and its implementation should equal that of the ESF+ in the respective Member State concerned.</p>	<p>In order to express Union solidarity with displaced workers and self-employed persons whose activity has ceased, the co-funding rate of the cost of the package of personalised services and its implementation should be not less than 60 %. This minimum percentage may be increased by a further 5 % if objective and operational measures and instruments for anticipation and restructuring have been provided for.</p>

Reason

Consistency with the legislative amendments suggested to Article 14(2).

Amendment 6

Recital 19

Text proposed by the European Commission	CoR amendment
<p>(19) Financial contributions from the EGF should be primarily directed at active labour market measures aimed at reintegrating beneficiaries rapidly into sustainable employment, either within or outside their initial sector of activity. Measures should reflect the prospected needs of the local or regional labour market. However, whenever relevant, the mobility of displaced workers should also be supported in order to help find new employment elsewhere. There shall be particular focus on the dissemination of skills required in the digital age. The inclusion of pecuniary allowances in a coordinated package of personalised services should be restricted. Companies could be encouraged to participate in the national co-funding for the EGF-supported measures.</p>	<p>(19) Financial contributions from the ETSF should be primarily directed at active labour market measures aimed at reintegrating beneficiaries rapidly into sustainable employment, either within or outside their initial sector of activity. Measures should reflect the prospected needs of the local or regional labour market; thus, the active involvement of local and/or regional authorities is essential. The need to rebuild subnational capacity should be addressed by means of an approach that focuses on local characteristics and is rooted in subnational entities' strengths and local resources. Cluster policies, the dissemination of knowledge and innovation, and the creation of businesses that boost employment will create an environment that is conducive to growth based on equal opportunities for all, irrespective of their place of residence. This approach shall prioritise the dissemination of skills required in the digital age.</p> <p>The inclusion of pecuniary allowances in a coordinated package of personalised services shall always be secondary to active measures. Similarly, companies should be encouraged to participate in the national co-funding for the ETSF measures, where compatible.</p> <p>Moreover, support for the mobility of workers involving movement to other locations should be a last resort because of the destabilising effect this has and the loss of regional attractiveness.</p>

Reason

Restructuring policies should foster an environment conducive to employment and growth and should introduce measures to enable workers to return to working life, including exceptional time-limited assistance.

Regional authorities must be actively involved in the process as they are familiar with and manage the situation on the ground.

Amendment 7

New point after Recital 19

Text proposed by the European Commission	CoR amendment
	<p><i>In its 'Reflection paper on harnessing globalisation', the Commission acknowledges the pronounced regional dimension of the uneven territorial impact of globalisation, as new jobs created by trade and technological change do not necessarily materialise in the same places where jobs have disappeared, and the workers concerned very often lack the necessary skills to take up these new jobs.</i></p> <p><i>Therefore, EU trade agreements should be accompanied by territorial impact assessments, as an instrument enabling the relevant authorities to identify and quantify early on the possible asymmetric impact of trade agreements, prepare for this impact, anticipate changes and deal with potential restructuring by devising strategies based on the right mix of policies and effective use of EU funds.</i></p>

Reason

The CoR is supportive of EU trade policy provided that it is accompanied by territorial impact assessments that measure the possible consequences and serve as a tool to draw up transparent trade policies based on sound evidence.

Amendment 8

Recital 20

Text proposed by the European Commission	CoR amendment
<p>(20) When drawing up the coordinated package of active labour market policy measures, Member States should favour measures that will significantly contribute to the employability of the beneficiaries. Member States should strive towards the reintegration into sustainable employment of the largest possible number of beneficiaries participating in these measures as soon as possible within the six-month period before the final report on the implementation of the financial contribution is due.</p>	<p>(20) When drawing up the coordinated package of active labour market policy measures, Member States should favour measures that will significantly contribute to the employability of the beneficiaries. Member States should strive towards the reintegration into sustainable employment at regional and local level of the largest possible number of beneficiaries participating in these measures as soon as possible within the six-month period before the final report on the implementation of the financial contribution is due.</p>

Reason

Creating jobs in specific areas where redundancies have occurred needs to be prioritised.

Amendment 9

Recital 23

Text proposed by the European Commission	CoR amendment
(23) In the interest of beneficiaries and bodies responsible for implementation of the measures, the applicant Member State should keep all actors involved in the application process informed of the progress of the application.	(23) In the interest of beneficiaries and bodies responsible for implementation of the measures, the applicant Member State should keep all actors involved in the application process, in particular local and regional authorities , informed of the progress of the application.

Reason

Highlighting the fact that local and regional authorities must be involved in the progress of the application.

Amendment 10

Recital 39

Text proposed by the European Commission	CoR amendment
(39) Considering the fact that the digital transformation of the economy requires a certain level of digital competence of the workforce , the dissemination of skills required in the digital age should be a mandatory horizontal element of any coordinated package of personalised services offered.	(39) Considering the fact that the digital transformation of the economy requires a certain level of digital competence of European citizens, and in particular the active population , the dissemination of skills required in the digital age should be a mandatory horizontal element of any coordinated package of personalised services offered.

Reason

It does not seem appropriate for a regulatory provision to refer to the 'workforce' when talking about citizens or people who work. There is an extensive body of literature that recognises and conceptualises the socio-occupational dimension of workers, beyond just viewing them as a material factor of production.

Amendment 11

New point after Recital 39

Text proposed by the European Commission	CoR amendment
	Public investment in skills and human capital needs to be better aligned with smart specialisation strategies and addressed using a place-based approach that analyses how structural changes can create specific problems and challenges for the regional and/or local economy. Moreover, given the need to match these skills to the needs of regional industry, economic development strategies will have to be coordinated with education and labour policies in order to build local capacity.

Reason

To highlight the need to tailor public investment in skills to the specific needs of a given region and to link regional development with education and labour policies in order to maximise impact.

Amendment 12

Article 2

Text proposed by the European Commission	CoR amendment
<p>The EGF shall contribute to a better distribution of the benefits of globalisation and technological advance by helping displaced workers adapt to structural change. As such, the EGF shall contribute to the implementation of the principles defined under the European Pillar of Social Rights and enhance social and economic cohesion among regions and Member States.</p>	<p>The ETSF shall support socioeconomic transformations that are the result of globalisation and of the technological and environmental transition, by helping workers in receipt of this aid adapt to structural change. As such, the ETSF shall contribute to the implementation of the principles defined under the European Pillar of Social Rights and enhance social and economic cohesion among regions and Member States.</p>

Reason

This wording is broader: it covers displaced workers, self-employed persons and ‘workers in undertakings in difficulty’, which this opinion proposes be included.

Amendment 13

Article 3(1)

Text proposed by the European Commission	CoR amendment
<p>1. The general objective of the programme is to demonstrate solidarity with and offer support to displaced workers and self-employed persons whose activity has ceased in the course of unexpected major restructuring events, referred to in Article 5.</p>	<p>1. The general objective of the programme is to demonstrate solidarity and responsibility, offering support to displaced workers and self-employed persons whose activity has ceased in the course of unexpected major restructuring events, as well as to workers in undertakings in difficulty who are threatened by displacement as set out in Article 5.</p>

Reason

The consequences of globalisation of markets or the crisis can be side-effects of Commission policies. As well as an act of solidarity, the Fund also represents an act of responsibility on the part of the EU in its decision-making.

The term ‘workers in undertakings in difficulty’ is consistent with the proposal made in this opinion.

Amendment 14

Article 3(2)

Text proposed by the European Commission	CoR amendment
<p>2. The specific objective of the EGF is to offer assistance in case of unexpected major restructuring events, particularly those caused by globalisation-related challenges, such as changes in world trade patterns, trade disputes, financial or economic crises, the transition to low-carbon economy or as a consequence of digitisation or automation. Particular emphasis shall lie on measures that help the most disadvantaged groups.</p>	<p>2. The specific objective of the ETSF is to offer assistance in case of unexpected major restructuring events, particularly those caused by globalisation-related challenges, such as changes in world trade patterns, trade disputes, decisions adopted under the EU's trade defence instruments, financial or economic crises, the transition to low-carbon economy or as a consequence of digitisation or automation. Particular emphasis shall lie on measures that help the most disadvantaged groups as defined in Article 4.</p>

Reason

Workers adversely affected by the non-imposition of anti-dumping measures should automatically benefit from the rights set out in the ETSF rules and benefit from the Fund's measures.

The closing reference to Article 4 refers to inserting a definition on what are to be considered most disadvantaged groups.

Amendment 15

Article 4

Text proposed by the European Commission	CoR amendment
<p>Definitions</p> <p>For the purposes of this Regulation,</p> <p>(a) 'displaced worker' means a worker whose employment is ended prematurely by redundancy, or whose contract is not renewed, due to economic reasons;</p> <p>(b) 'self-employed person' means a person who employed fewer than 10 workers;</p>	<p>Definitions</p> <p>For the purposes of this Regulation,</p> <p>(a) 'displaced worker' means a worker whose employment is ended prematurely by redundancy, or whose contract is not renewed, due to economic reasons;</p> <p>(b) 'self-employed person' means a person who employed fewer than 10 workers;</p>

Text proposed by the European Commission	CoR amendment
<p>(c) 'beneficiary means' a person participating in EGF co-funded measures;</p> <p>(d) 'irregularity' means any breach of applicable law, resulting from an act or omission by an economic operator involved in the implementation of the EGF, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget.</p>	<p>(c) 'vulnerable worker' means any person considered a beneficiary by virtue of any of the following characteristics or circumstances:</p> <ul style="list-style-type: none"> — they are over 54 years of age, — they are under 30 years of age, — they are female, — they are a person with any type of disability (motor, cognitive or sensory), — one or more persons are economically dependent on the beneficiary, — they do not hold an upper secondary educational or vocational qualification (International Standard Classification of Education 3), or — They belong to an ethnic minority in a Member State. <p>(d) 'beneficiary means' a person participating in ETSF co-funded measures;</p> <p>(e) 'irregularity' means any breach of applicable law, resulting from an act or omission by an economic operator involved in the implementation of the ETSF, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget.</p>

Reason

It is sensible to make explicit in regulatory terms the general references made in the draft regulation to 'disadvantaged beneficiaries' or 'most disadvantaged groups', without further definition. The amendment also suggests that including young people and introducing a gender- and equality-based perspective should be reconsidered.

Amendment 16

Article 5(1) and 5(2)

Text proposed by the European Commission	CoR amendment
<p>Intervention criteria</p> <p>1. Member States may apply for financial contributions from the EGF for measures targeting displaced workers and self-employed persons in accordance with the provisions laid down in this Article</p>	<p>Intervention criteria</p> <p>1. Member States may apply for financial contributions from the ETSF for measures targeting displaced workers, self-employed persons whose activity has ceased, and workers in undertakings in difficulty who are threatened by displacement, in accordance with the provisions laid down in this Article.</p>

Text proposed by the European Commission	CoR amendment
<p>2. A financial contribution from the EGF shall be provided in major restructuring events that result in the following:</p> <p>(a) the cessation of activity of more than 250 displaced workers or self-employed persons, over a reference period of four months, in an enterprise in a Member State, including where that cessation applies in its suppliers or downstream producers;</p> <p>(b) the cessation of activity of more than 250 displaced workers or self-employed persons, over a reference period of six months, particularly in SMEs, where all operate in the same economic sector defined at NACE Revision 2 division level and located in one region or two contiguous regions defined at NUTS 2 level or in more than two contiguous regions defined at NUTS 2 level provided that there are more than 250 workers or self-employed persons affected in two of the regions combined;</p> <p>(c) the cessation of activity of more than 250 displaced workers or self-employed persons, over a reference period of four months, particularly in SMEs, operating in the same or different economic sectors defined at NACE Revision 2 division level and located in the same region defined at NUTS 2 level.</p> <p>3. In small labour markets or in exceptional circumstances, in particular with regard to applications involving SMEs, where duly substantiated by the applicant Member State, an application for a financial contribution under this Article may be considered admissible even if the criteria laid down in points (a), (b) or (c) of paragraph 1 are not entirely met, when the redundancies have a serious impact on employment and the local or regional economy. The applicant Member State shall specify which of the intervention criteria set out in points (a), (b) or (c) of paragraph 1 are not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed 15 % of the annual ceiling of the EGF.</p>	<p>2. A financial contribution from the ETSF shall be provided in major restructuring events that result in the following:</p> <p>(a) the cessation of activity of more than 150 displaced workers or self-employed persons, over a reference period of nine months, in an enterprise in a Member State, including where that cessation applies in its suppliers or downstream producers;</p> <p>(b) the cessation of activity of more than 150 displaced workers or self-employed persons, over a reference period of nine months, particularly in SMEs, where all operate in the same economic sector defined at NACE Revision 2 division level and located in one region or two contiguous regions defined at NUTS 2 level or in more than two contiguous regions defined at NUTS 2 level provided that there are more than 150 workers or self-employed persons affected in two of the regions combined;</p> <p>(c) the cessation of activity of more than 150 displaced workers or self-employed persons, over a reference period of nine months, particularly in SMEs, operating in the same or different economic sectors defined at NACE Revision 2 division level and located in the same region defined at NUTS 2 level.</p> <p>3. In small labour markets or in exceptional circumstances, in particular with regard to applications involving SMEs, where duly substantiated by the applicant Member State, an application for a financial contribution under this Article may be considered admissible even if the criteria laid down in points (a), (b) or (c) of paragraph 1 are not entirely met, when the redundancies have a serious impact on employment and the local or regional economy. The applicant Member State shall specify which of the intervention criteria set out in points (a), (b) or (c) of paragraph 1 are not entirely met. The aggregated amount of contributions in exceptional circumstances may not exceed 15 % of the annual ceiling of the ETSF.</p>

Reason

To introduce uniformity and consistency with the wording of Article 3.

Access to assistance is increased for a smaller group of displaced workers, reflecting the small size of businesses: large-scale redundancies are less frequent.

The reason for the different timeframes is not clear. It is proposed to harmonise the period and extend it to nine months.

Amendment 17

Article 5(4)

Text proposed by the European Commission	CoR amendment
<p>4. The EGF may not be mobilised when workers are dismissed as a result of budget cuts taken by a Member State, which affect sectors that depend on public financing.</p>	

Reason

Assistance should be available to all dismissed workers without distinction from sectors that depend on public financing. Moreover, it could be particularly challenging for the relevant authorities to tell which sectors depend on public financing and which do not.

Amendment 18

New paragraph in Article 5

Text proposed by the European Commission	CoR amendment
	<p>4 (or 5). When applying for financial contributions from the ETSF, Member States shall be able to include workers in undertakings in difficulty who are threatened by displacement — in accordance with the definition for these businesses given in the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (2014/C 249/01) — as beneficiaries, together with the other beneficiaries mentioned in the previous paragraphs, to participate exclusively in tailor-made training and retraining, including in information and communication technology skills and other skills required in the digital age, provided that these actions are not included among the measures that are the responsibility of businesses by virtue of national law or applicable collective agreements.</p>

Reason

The digital transformation of the economy requires all European citizens to have a certain level of digital competence, and workers threatened by displacement must be the principal recipients of these personalised services for acquiring digital skills.

Amendment 19

New final subparagraph in Article 7

Text proposed by the European Commission	CoR amendment
	<p>Workers in undertakings in difficulty who are threatened by displacement shall also be considered beneficiaries, under the restrictions set out in Article 5(4) (or 5(5)).</p>

Reason

Wording that is consistent with and complements the previous provisions in the text.

Amendment 20

Article 8

Text proposed by the European Commission	CoR amendment
<p>Eligible measures</p> <p>1. A financial contribution from the EGF may be made for active labour market measures that form part of a coordinated package of personalised services, designed to facilitate the re-integration of the targeted beneficiaries and, in particular, the most disadvantaged among the displaced workers, into employment or self-employment.</p> <p>The dissemination of skills required in the digital industrial age is a mandatory horizontal element of any package of personalised services offered. The level of training shall be adapted to the qualifications and the needs of the respective beneficiary.</p> <p>The coordinated package of personalised services may include in particular:</p> <p>(a) tailor-made training and retraining, including in information and communication technology and other skills required in the digital age, certification of acquired experience, job-search assistance, occupational guidance, advisory services, mentoring, outplacement assistance, entrepreneurship promotion, aid for self-employment, business start-ups and employee take-overs, and cooperation activities;</p> <p>(b) special time-limited measures, such as job-search allowances, employers' recruitment incentives, mobility allowances, training or subsistence allowances, including allowances for carers.</p> <p>The costs of the measures referred to in point (b) may not exceed 35 % of the total costs for the coordinated package of personalised services listed in this paragraph.</p>	<p>Eligible measures</p> <p>1. A financial contribution from the ETSF may be made for active labour market measures that form part of a coordinated package of personalised services, designed to facilitate the re-integration of the targeted beneficiaries and, in particular, the most disadvantaged among the displaced workers, into employment or self-employment.</p> <p>The dissemination of skills required in the digital industrial age is a mandatory horizontal element of any package of personalised services offered. The level of training shall be adapted to the qualifications and the needs of the respective beneficiary, to the specific challenges created within the regional and/or local economy and, in particular, to the skills of the workers at risk of displacement.</p> <p>The coordinated package of personalised services may include in particular:</p> <p>(a) tailor-made training and retraining, including in information and communication technology and other skills required in the digital age, certification of acquired experience, job-search assistance, occupational guidance, advisory services, mentoring, outplacement assistance, entrepreneurship promotion, aid for self-employment, business start-ups and employee take-overs, and cooperation activities;</p> <p>(b) special time-limited measures, such as job-search allowances, employers' recruitment incentives, mobility allowances, training or subsistence allowances, including allowances for carers.</p> <p>The costs of the measures referred to in point (b) may not exceed 35 % of the total costs for the coordinated package of personalised services listed in this paragraph, with the exception of beneficiaries considered vulnerable, in which case this rate may be up to 50 %.</p>

Text proposed by the European Commission	CoR amendment
<p>The investments for self-employment, starting an own business or for employee take-overs may not exceed EUR 20 000 per displaced worker.</p>	<p>The investments for self-employment, starting an own business or for employee take-overs may not exceed EUR 20 000 per displaced worker.</p>
<p>The design of the coordinated package of personalised services shall anticipate future labour market perspectives and required skills. The coordinated package shall be compatible with the shift towards a resource-efficient and sustainable economy, and shall also focus on the dissemination of skills required in the digital industrial age and take into account the demand on the local labour market.</p>	<p><i>These investments shall be channelled towards projects that satisfy conditions of technical, economic and financial viability and, to this end, the authorities shall make provision for mentoring and guidance measures to ensure their viability.</i></p> <p>The design of the coordinated package of personalised services shall anticipate future labour market perspectives and required skills. The coordinated package shall be compatible with the shift towards a resource-efficient and sustainable economy, and shall also focus on the dissemination of skills required in the digital industrial age and take into account the demand on the <i>regional and/or</i> local labour market, <i>ensuring the active involvement of regional and/or local authorities in defining the package of services.</i></p>
<p>2. The following measures shall not be eligible for a financial contribution from the EGF:</p> <p>(a) special time-limited measures referred to in point (b) of paragraph 1, which are not conditional on the active participation of the targeted beneficiaries in job-search or training activities;</p> <p>(b) measures which are the responsibility of enterprises by virtue of national law or collective agreements.</p>	<p>2. The following measures shall not be eligible for a financial contribution from the ETSF:</p> <p>(a) special time-limited measures referred to in point (b) of paragraph 1, which are not conditional on the active participation of the targeted beneficiaries in job-search or training activities;</p> <p>(b) measures which are the responsibility of enterprises by virtue of national law or collective agreements.</p>
<p>The measures supported by the EGF shall not substitute passive social protection measures.</p>	<p>The measures supported by the ETSF shall not substitute passive social protection measures.</p>
<p>3. The coordinated package of services shall be drawn up in consultation with the targeted beneficiaries or their representatives, or the social partners.</p>	<p>3. The coordinated package of services shall be drawn up in consultation with the targeted beneficiaries or their representatives, or the social partners, <i>and with the active involvement of regional and local authorities.</i></p>
<p>4. At the initiative of the applicant Member State, a financial contribution from the EGF may be made for the preparatory, management, information and publicity, control and reporting activities.</p>	<p>4. At the initiative of the applicant Member State, a financial contribution from the ETSF may be made for the preparatory, management, information and publicity, control and reporting activities <i>as well as for capacity building measures for those regional and/or local authorities that are affected by the unexpected major restructuring event.</i></p>

Reason

Structural changes cause specific problems in regions; regional authorities need to be involved.

In line with the proposal relating to Article 4, more favourable treatment of vulnerable workers is proposed.

Advice should also be provided on the viability of self-employment projects, avoiding future failures.

Amendment 21

Article 9(5)

Text proposed by the European Commission	CoR amendment
<p>5. An application shall contain the following information:</p> <p>(a) an assessment of the number of redundancies in accordance with Article 6, including the method of calculation;</p> <p>(b) the confirmation that, where the dismissing enterprise has continued its activities after the lay-offs, it has complied with its legal obligations governing the redundancies;</p> <p>(c) a brief description of the events that led to the displacement of workers;</p> <p>(d) the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by gender, age group and educational level;</p> <p>(e) the expected impact of the redundancies as regards the local, regional or national economy and employment;</p> <p>(f) a detailed description of the coordinated package of personalised services and related expenditure, including, in particular, any measures in support of employment initiatives for disadvantaged, older and young beneficiaries;</p> <p>(g) an explanation to what extent the recommendations set out in the EU Quality Framework for anticipation of change and restructuring were taken into account, and how the coordinated package of personalised services complements actions funded by other national or Union funds, including information on measures that are mandatory for the dismissing enterprises concerned by virtue of national law or pursuant to collective agreements;</p>	<p>5. An application shall contain the following information:</p> <p>(a) an assessment of the number of redundancies in accordance with Article 6, including the method of calculation;</p> <p>(b) the confirmation that, where the dismissing enterprise has continued its activities after the lay-offs, it has complied with its legal obligations governing the redundancies;</p> <p>(c) a brief description of the events that led to the displacement of workers;</p> <p>(d) the identification, where applicable, of the dismissing enterprises, suppliers or downstream producers, sectors, and the categories of targeted beneficiaries broken down by gender, age group and educational level;</p> <p>(e) the expected impact of the redundancies as regards the local, regional or national economy and employment;</p> <p>(f) a detailed description of the coordinated package of personalised services and related expenditure, including, in particular, any measures in support of employment initiatives for vulnerable beneficiaries under the terms set out in Article 4(c) and, where appropriate, workers in undertakings in difficulty who are threatened by displacement and are to be included in training measures teaching digital skills, under the restrictions set out in Article 5(4) (or 5(5)); and an explanation of how the coordinated package of personalised services complements actions funded by other national or Union funds, including information on measures that are mandatory for the dismissing enterprises concerned by virtue of national law or pursuant to collective agreements;</p> <p>(g) an explanation to what extent the recommendations set out in the EU Quality Framework for anticipation of change and restructuring were taken into account, including those related to promoting the revitalisation of regions affected by restructuring and the facilitation of cooperation between relevant actors, and whether objective and operational anticipation and restructuring measures and instruments are available for the purposes set out in Article 14(2);</p>

Text proposed by the European Commission	CoR amendment
<p>(h) the estimated budget for each of the components of the coordinated package of personalised services in support of the targeted beneficiaries and for any preparatory, management, information and publicity, control and reporting activities;</p> <p>(i) for evaluation purposes, indicative case specific targets defined by the Member State regarding the re-employment rate of beneficiaries 6 months after the end of the implementation period;</p> <p>(j) the dates on which the personalised services to the targeted beneficiaries and the activities to implement the EGF, as set out in Article 8, were started or are due to be started;</p> <p>(k) the procedures followed for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities or other reETSFevant stakeholders as applicable;</p> <p>(l) a statement of compliance of the requested EGF support with the procedural and material Union rules on State aid as well as a statement outlining why the coordinated package of personalised services does not replace measures that are the responsibility of companies by virtue of national law or collective agreements;</p> <p>(m) the sources of national pre-financing or co-funding and other co-funding if applicable.</p>	<p>(h) the estimated budget for each of the components of the coordinated package of personalised services in support of the targeted beneficiaries and for any preparatory, management, information and publicity, control and reporting activities;</p> <p>(i) for evaluation purposes, indicative case specific targets defined by the Member State, following consultation with the local and regional authorities of the affected area, regarding the re-employment rate of beneficiaries 6 months after the end of the implementation period;</p> <p>(j) the dates on which the personalised services to the targeted beneficiaries and the activities to implement the ETSF, as set out in Article 8, were started or are due to be started;</p> <p>(k) the procedures followed for consulting the targeted beneficiaries or their representatives or the social partners as well as local and regional authorities or other relevant stakeholders as applicable;</p> <p>(l) a statement of compliance of the requested ETSF support with the procedural and material Union rules on State aid as well as a statement outlining why the coordinated package of personalised services does not replace measures that are the responsibility of companies by virtue of national law or collective agreements;</p> <p>(m) the sources of national pre-financing or co-funding and other co-funding if applicable;</p> <p>(n) where appropriate, a report substantiating the lack of administrative capacity to manage this aid and on the need for additional funding for technical and administrative assistance, as specified in Article 12 (5).</p>

Reason

Regional authorities should be involved in the definition of objectives as they are familiar with the employment possibilities of the economy concerned.

The other issues are included for the sake of consistency with the provisions above or below (Quality Framework, complementary technical assistance).

Amendment 22

Article 12(4)

Text proposed by the European Commission	CoR amendment
<p>4. The Commission's technical assistance shall include the provision of information and guidance to the Member States for using, monitoring and evaluating the EGF. The Commission shall also provide information along with clear guidance on using the EGF to the European and national social partners. Guidance measures may also include the creation of taskforces in cases of severe economic disruptions in a Member State.</p>	<p>4. The Commission's technical assistance shall include the provision of information and guidance to the Member States for using, monitoring and evaluating the ETSF. The Commission shall also provide information along with clear guidance on using the ETSF to the European and national social partners. Guidance measures may also include the creation of taskforces in cases of severe economic disruptions in a Member State, at either national or regional level.</p>

Reason

To ensure that local and regional authorities are kept informed.

Amendment 23

New paragraph in Article 12

Text proposed by the European Commission	CoR amendment
	<p>5. The Commission, when approving the financial contribution, may also mobilise funds out of the amount for technical and administrative assistance for Member States who apply for this with a report indicating the reasons for the shortcomings in administrative capacity, with a view to flexible and effective management of the preparation, monitoring, control, audit or evaluation for which they are responsible.</p>

Reason

To help make the response more flexible and to remedy shortcomings in the management capacity of regions, upon a reasoned application, the Commission may authorise the mobilisation of part of the funds for technical assistance for preparatory, monitoring, control, audit and evaluation activities for which regions are responsible.

Amendment 24

Article 14(2)

Text proposed by the European Commission	CoR amendment
<p>2. The co-financing rate of the EGF for the measures offered shall be aligned with the highest co-financing rate of the ESF+ in the respective Member State.</p>	<p>2. The co-financing rate of the ETSF for the measures offered shall be aligned with the highest co-financing rate of the ESF+ in the respective Member State, which in no case shall be less than 60 %. This minimum percentage may be increased by a further 5 % if objective and operational measures and instruments for anticipation and restructuring have been provided for as a prerequisite, irrespective of the nature of the strategy and implementation, preferably in line with the approach based on local characteristics.</p>

Reason

To prevent a lack of regional resources, as these are measures showing solidarity with workers affected, a minimum of 60 % is proposed for all cases.

Moreover, we would provide an incentive by increasing co-financing by 5 % for applications from Member States which already have anticipatory measures in place, implementing the good practices of the Quality Framework.

Amendment 25

Article 17(5)

Text proposed by the European Commission	CoR amendment
<p>5. The Member State concerned shall have the flexibility to re-allocate amounts between the budget items laid down in the decision on a financial contribution pursuant to Article 16(3). Should a reallocation exceed a 20 % increase for one or more of the items specified, the Member State shall notify the Commission beforehand.</p>	<p>5. The Member State concerned, <i>after consulting the region in question</i>, shall have the flexibility to re-allocate amounts between the budget items laid down in the decision on a financial contribution pursuant to Article 16 (3). Should a reallocation exceed a 20 % increase for one or more of the items specified, the Member State shall notify the Commission beforehand.</p>

Reason

To ensure that regional authorities are kept informed.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

European Globalisation Adjustment Fund*Preliminary points and comments*

1. stresses that Europe must be aware that one of the main areas which will be affected by the major structural challenges arising primarily from the opening-up of economies, climate change, processes of technological adaptation, increasing migration flows and population ageing, is future work and working conditions and the effects thereof on individuals, families and regions;

2. is concerned at and warns of the effects of the deterioration of the European social model arising from the emergence and spread of new forms of insecure employment relationships. These are fuelled by an environment of shortages and the needs of people in extreme situations, who have no choice but to accept the compensation offered by large international companies, which, moreover, are taxed outside the Member States and oust small local businesses because of their strong position on the markets;

3. notes that regions, as areas of social relations and integration affected by a combination of environmental, socio-cultural, economic, organisational and human factors, have considerable value when it comes to the development and progress of local communities, but can be seriously affected by the real and material effects of globalisation and other processes of transformation and deterioration, as their local resources and human capital become subject to change;

4. considers that our enlightened Europe has the capacity and sufficient sensitivity, as it has shown on numerous occasions, to address the tensions between, on the one hand, preserving the competitiveness of the global economy and guarantees for protecting and promoting our welfare system in general, and, on the other hand, employment, training and labour rights, in particular, in order to respond to the expectations of the citizens of the European Union and the needs of regions;

Importance of the European Globalisation Adjustment Fund

5. highlights and welcomes the Commission's legislative proposal of 30 May 2018 laying down a new Regulation on the European Globalisation Adjustment Fund (hereinafter the EGF), because of the role it has played since its launch in 2007: EUR 611 million have been used in 160 interventions to support 147 000 workers from different regions and countries. In this way the EU has shown solidarity and responsibility with regard to the decisions taken in the framework of the single market;

6. confirms its value as a useful instrument⁽¹⁾, highlighting in particular its remarkable effectiveness, with a reintegration rate of around 50 %, employability sustainability over time and improved skills for beneficiaries, along with high political visibility⁽²⁾;

7. warns of European citizens' growing dissatisfaction and concern over global trends, known as the 'geography of discontent', which is fuelling isolationist movements; highlights the role that good implementation of the EGF measures can play, inter alia, in mitigating the effects of the unexpected incidents of major restructuring to which many regions of Europe are exposed because of their economic specialisation, labour costs or the level of education of their active population⁽³⁾;

Complementarity and effective coordination between policies and Funds

8. welcomes the emphasis on the role of disseminating the skills needed in the digital industrial era as a mandatory cross-cutting element of any package of personalised services offered, although it suggests greater alignment with smart specialisation strategies and region-focused approaches because of the specific problems in the regional economy;

9. calls on regional authorities to play an active part in regional economic development strategies, given the need to match skills and abilities to the needs of regional industry, through close cooperation between the education and training sector and regional social, trade union and business stakeholders;

10. points to the need for greater flexibility and adaptability among measures under the funds to enable support for a broader range of economic development measures that help close the gap between short-term measures and longer-term conversion strategies financed by cohesion policy⁽⁴⁾;

11. supports mutual complementarity and a more coordinated approach between the EGF, as a shock absorber providing support only in unexpected and unforeseen circumstances, and the ESF+, which supports a longer-term response to challenges and has to operate through structural, evolutionary, transformative measures which prepare for change, supporting active long-term labour market policies, learning and skills, as well as helping to pre-empt unemployment⁽⁵⁾;

12. stresses that the EU's investment policy, implemented through the ERDF and the Cohesion Fund, is becoming a key, necessary, solidarity-based instrument which brings added value to action taken at national and regional level to tackle many of the major challenges — globalisation, economic change, the shift to a low-carbon economy, environmental challenges, demographic challenges, migration and urban pockets of poverty — which are increasingly affecting numerous regions throughout the EU, even the most developed regions⁽⁶⁾;

⁽¹⁾ Report from the Commission on the mid-term evaluation of the European Globalisation Adjustment Fund (EGF) (COM(2018) 297 final), 16 May 2018.

⁽²⁾ This was confirmed by the stakeholders involved in the management of the EGF during the consultation process.

⁽³⁾ As stated in the *Reflection paper on the future of EU finances*.

⁽⁴⁾ Report on the mid-term evaluation, referred to above.

⁽⁵⁾ Commission report on the performance evaluation of the EGF in 2015 and 2016, published on 31 October 2017.

⁽⁶⁾ See the impact assessment accompanying the *Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund*.

Scope and mission of the EGF

13. endorses the Commission's proposal to include in the Fund's mission a more generic dimension of adapting to structural change, taking into account other causes of adjustment which arise from EU policies and decisions that affect the markets, thus making its mission more technically viable and fairer;

14. points out that, while the mission includes both contributing to the implementation of the principles defined under the European Pillar of Social Rights and enhancing social and economic cohesion among regions and Member States, these principles must be operational and aimed at achieving results in the social scoreboard;

Budget

15. draws the Commission's attention to its persisting doubts regarding the way the EGF is treated as a 'special instrument' outside the budgetary ceilings of the next Multiannual Financial Framework (MFF) for 2021-2027. Even though the Fund is a contingency fund, the uncertainty regarding the individual approval of each application is very worrying, in a general context of cutting the financial resources provided for the same cohesion policies in the 2021-2027 MFF;

16. stresses, with regard to extending the EGF's scope, that future European economic crises will require more adaptive financing, and therefore proposes that the amount available for support be increased from EUR 200 million to EUR 500 million per year. It is necessary to increase both the number of actions, with decisive involvement of SMEs, and the amount of financial support per employee;

More favourable measures and criteria, and a specific reference to vulnerable workers

17. welcomes the lower threshold for redundancies, whether within the same company or particular sectors, as this is closer to reality, and hopes that this decrease will lead to greater use and mobilisation of the funds; in view of this, proposes that the threshold be set at 150 jobs;

18. has doubts regarding the establishment of different reference periods for the different situations (four or six months), and, if there are no statistical grounds for this, suggests considering a single, longer period for all circumstances;

19. proposes the inclusion as a legal concept of a new category of potential beneficiaries exclusively of measures to help them upgrade their abilities and acquire new transformative skills for the digital age: 'workers in undertakings in difficulty who are threatened by displacement' ⁽⁷⁾;

20. notes that, although EGF co-financing rates for the measures offered could be higher, aligning with the highest co-financing rate of the ESF+ in the respective Member State, there might be rates lower than the current 60 %, which should in all cases be a minimum rate for such scenarios, given the expected lack of regional resources and the exceptional and solidarity-oriented nature of the support provided by this Fund;

21. is pleased to note the increase to EUR 20 000 per redundant worker in the amount allocated for self-employment, but states that this measure should go hand in hand with advisory services, mentoring and the support necessary to make projects viable and avoid frustration and greater discouragement in the medium term;

22. warns against the idea of supporting mobility of redundant workers in order to help them find employment elsewhere, as it is not apposite: emigration of the most mobile labour — the most skilled workers — reduces the quality of the regional labour market and thus the competitiveness of the region ⁽⁸⁾;

23. points out that while reference is made to the condition of 'disadvantaged beneficiaries', no measures are included to address the particular situation of these beneficiaries; we therefore suggest that the proposal define and include the term 'vulnerable worker' for the purposes of EGF aid. This will provide an element of solidarity between people, which should be perceived as a clear demonstration of the concept of European citizenship;

⁽⁷⁾ According to the definition for these businesses given in the Communication from the Commission on *Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty* (2014/C 249/01).

⁽⁸⁾ As observed by Eurofound (European Foundation for the Improvement of Living and Working Conditions), referring to an OECD report.

24. appeals to the Commission, the European institutions and the Member States to ideally dispense across the board with the term 'NEET' referring to young people 'not in education, employment or training', as this term is more derogatory than descriptive, stigmatising young people and preventing them being recognised for what they are and do rather than what they do not do for lack of employment or training opportunities;

Simplification and improvement of the procedure

25. supports the efforts to improve and simplify the EGF process and welcomes the reduction of the administrative burden on the Member State when it is submitting the application and on the Commission when it is verifying eligibility, as it will not be necessary to carry out a detailed analysis of the circumstances and causes of the redundancies; payment of financial contributions will therefore be faster, as there will no longer be a need for Commission proposals to mobilise the EGF⁽⁹⁾;

The role of local and regional authorities and players: decentralisation and shared management

26. considers the introduction of the local and regional dimension to be useful but highlights the low visibility and lack of recognition of regional authorities' potential when it comes to EGF participation and action, and calls for more weight to be given in the management of the Fund to regional and local authorities in those Member States whose organisational structure allows decentralisation;

27. calls on the Commission and the Member States to increase cooperation with regional and local authorities, as well as with other stakeholders, in particular the social partners, in order to make available the legal, financial and organisational resources which will allow them to participate and collaborate fully in the development of these areas;

Points on proactive measures

28. advocates adopting mechanisms for improving Member States' institutional capacity, not just to react immediately and launch the application procedure without delay, but also to ensure efficient and effective implementation of the measures; suggests a more anticipatory and preemptive role of the EGF in the future;

29. proposes increasing the current role in evaluating globalisation and restructuring trends of the European Monitoring Centre on Change based in Eurofound, and extending the assistance it provides to the Commission and the Member States in assessing regional impact and implications for European regions, prior to any decision or trade agreement which is likely to have significant consequences at this level;

30. stresses the need to coordinate the EGF and to make the recommendations laid down in the EU Quality Framework for Anticipation of Change and Restructuring (QFR) broader, more pragmatic and more forceful, with the aim of further implementing good practices and suggestions for employees, enterprises, social partners and regional and national bodies;

31. considers that incentives should be provided for those Member States and regions that have provided for objective and operational measures for anticipation and restructuring as a prerequisite, irrespective of the nature of the strategy and implementation, preferably in line with the approach based on local characteristics, smart specialisation or fostering social innovation accompanying transition and structural change⁽¹⁰⁾.

Brussels, 5 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

⁽⁹⁾ A survey of national authorities responsible for EGF programmes found that the possible deterrents include strict eligibility criteria, complex rules and the lengthy procedure.

⁽¹⁰⁾ CoR opinion, *A European strategy for industry: the role and perspective of regional and local authorities*, (CDR3214/2017, rapporteur: Heinz Lehmann (DE/EPP), adopted on 23 March 2018).

Opinion of the European Committee of the Regions on ‘The Single Market Programme’

(2019/C 86/13)

Rapporteur: Deirdre FORDE (IE/EPP), Councillor, Cork County Council

Reference documents: Proposal for a Regulation of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826

COM(2018) 441 final

Annexes to the Proposal for a Regulation of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826

COM(2018) 441 final, Annexes 1 to 4

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 7

Text proposed by the Commission	CoR amendment
<p>It is therefore appropriate to establish a Programme for the internal market, competitiveness of enterprises, including micro, small and medium-sized enterprises, and European statistics (the ‘Programme’). The Programme should be established for the duration of seven years from 2021 to 2027.</p>	<p>It is therefore appropriate to establish the Single Market Programme, for strengthening the internal market and improving its functioning, in the fields of competitiveness of enterprises, including micro, small and medium-sized enterprises, standardisation, consumer protection and European statistics (the ‘Programme’). The Programme should be established for the duration of seven years from 2021 to 2027.</p>

Amendment 2

Recital 9

Text proposed by the Commission	CoR amendment
<p>A modern internal market promotes competition and benefits consumers, businesses and employees. Making better use of the ever evolving internal market in services should help European businesses create jobs and grow across borders, offer wider choice of services at better prices, and maintain high standards for consumers and workers. To achieve this, the Programme should contribute to the removal of remaining barriers, and to ensure a regulatory framework that can accommodate new innovative business models.</p>	<p>A modern internal market is based on principles of fairness and transparency, which promotes competition and benefits consumers, businesses and employees. Making better use of the ever evolving internal market in services should help European businesses create jobs and grow across borders, offer wider choice of services at better prices, and maintain high standards for consumers and workers. To achieve this, the Programme should contribute to the better monitoring of internal market developments, including of the impact of new technologies and innovative business models, the identification and the removal of remaining barriers, and to ensure a regulatory framework that can accommodate new innovative business models, including social entrepreneurship.</p>

Amendment 3

Recital 15

Text proposed by the Commission	CoR amendment
<p>Public procurement is used by public authorities to ensure value for public money spent and to contribute to a more innovative, sustainable, inclusive and competitive internal market. Directive 2014/23/EU of the European Parliament and of the Council [49], Directive 2014/24/EU of the European Parliament and of the Council [50] and Directive 2014/25/EU of the European Parliament and of the Council [51] provide the legal framework for the integration and effective functioning of the public procurement markets representing 14 % of Union's gross domestic product, to the benefit of public authorities, businesses as well as citizens, including consumers. The Programme should therefore support measures to ensure a wider uptake of strategic public procurement, the professionalisation of public buyers, improved access to procurement markets for SMEs, increase of transparency, integrity and better data, boosting the digital transformation of procurement and promotion of joint procurement, through strengthening a partnership approach with the Member States, improving data gathering and data analysis including through development of dedicated IT tools, supporting exchange of experiences and good practices, providing guidance, pursuing beneficial trade agreements, strengthening cooperation among national authorities and launching pilot projects.</p>	<p>Public procurement is used by public authorities to ensure value for public money spent and to contribute to a more innovative, sustainable, inclusive and competitive internal market. Directive 2014/23/EU of the European Parliament and of the Council [49], Directive 2014/24/EU of the European Parliament and of the Council [50] and Directive 2014/25/EU of the European Parliament and of the Council [51] provide the legal framework for the integration and effective functioning of the public procurement markets representing 14 % of Union's gross domestic product, to the benefit of public authorities, businesses as well as citizens, including consumers. The Programme should therefore support measures to ensure a wider uptake of strategic public procurement, the professionalisation of public buyers, strengthening the capacity of SMEs to access procurement markets by streamlining and simplifying procurement processes, increase of transparency, integrity and better data, boosting the digital transformation of procurement and promotion of joint procurement, through strengthening a partnership approach with the Member States, improving data gathering and data analysis including through development of dedicated IT tools, supporting exchange of experiences and good practices, providing guidance, implementing public procurement-related and reciprocal provisions in trade agreements, strengthening cooperation among national and, where relevant, regional authorities and launching pilot projects.</p>

Reason

The reference to the '(pursuit) of beneficial trade agreements' is worded in an unclear manner and does not refer to the issue addressed here, i.e. public procurement.

Amendment 4

Recital 16

Text proposed by the Commission	CoR amendment
<p>In order to meet the objectives of the Programme and to facilitate the lives of citizens and businesses, high-quality user-centric public services need to be put in place. This implies that public administrations will need to start working in new ways, bring down silos between the different parts of their administrations, and to engage in the co-creation of these public services with citizens and businesses. Moreover, the continuous and steady increase of cross-border activities in the internal market requires provision of up-to-date information on the rights of businesses and citizens, but also information explaining the administrative formalities. In addition, provision of legal advice and helping to solve problems which occur at cross national level becomes essential. Furthermore, connecting national administrations in a simple and efficient manner as well as evaluating how the internal market works on the ground is necessary. The Programme should therefore support the following existing internal market governance tools: the Your Europe Portal which should be a backbone of the upcoming Single Digital Gateway, Your Europe Advice, SOLVIT, the Internal Market Information system and the Single Market Scoreboard in order to improve citizens' daily lives and businesses' ability to trade across borders.</p>	<p>In order to meet the objectives of the Programme and to facilitate the lives of citizens and businesses, high-quality user-centric public services need to be put in place. This implies that public administrations will need to start working in new ways, bring down silos between the different parts of their administrations, and to engage in the co-creation of these public services with citizens and businesses. Moreover, the continuous and steady increase of cross-border activities in the internal market requires provision of up-to-date information on the rights of businesses and citizens, but also information explaining the administrative formalities. In addition, provision of legal advice and helping to solve problems which occur at cross national level becomes essential. Furthermore, connecting national administrations in a simple and efficient manner as well as evaluating how the internal market works on the ground is necessary. The Programme should therefore support the following existing internal market governance tools: the Your Europe Portal which should be a backbone of the upcoming Single Digital Gateway, Your Europe Advice, SOLVIT, the Internal Market Information system and the Single Market Scoreboard in order to improve citizens' daily lives and businesses' ability to trade across borders. <i>In order to ensure that these governance tools are used to their full potential, efforts should also be undertaken to raise awareness, particularly of the Your Europe Portal, among local and regional authorities and other organisations who support citizens and businesses on the ground.</i></p>

Reason

Efforts to enhance the use and effectiveness of internal market governance tools such as online portals targeted at citizens and businesses must be accompanied by efforts to raise awareness of their existence and availability. Awareness raising among local and regional authorities and their elected representatives should be central to these efforts given their role in dealing with and supporting businesses and citizens on a daily basis.

Amendment 5

Recital 23

Text proposed by the Commission	CoR amendment
<p>SMEs share common challenges that do not affect larger firms to the same extent to obtain finance, to find skilled work force, to alleviate administrative burden, to take-up creativity and innovation, to access markets and foster internationalisation activities. The Programme should address such market failures proportionally, while not unduly distorting competition in the internal market.</p>	<p>SMEs share common challenges that do not affect larger firms to the same extent to obtain finance, to find skilled work force, to alleviate administrative burden, to take-up creativity and innovation, to access markets and foster internationalisation activities. <i>These challenges are particularly significant for SMEs based in rural and/or peripheral and outermost regions.</i> The Programme should address such market failures proportionally, <i>paying special attention to actions that benefit directly SMEs and enterprise networks,</i> while not unduly distorting competition in the internal market.</p>

Reason

While all SMEs face the challenges outlined in recital 23, SMEs based in rural and/or peripheral regions report greater challenges in finding skilled workers and in accessing the infrastructure such as broadband and other forms of connectivity which are required to take up innovation and to foster internationalisation activities.

Amendment 6

Recital 39

Text proposed by the Commission	CoR amendment
<p>The European Consumer Centres Network is assisting consumers to obtain the benefit of their Union consumer rights when they purchase goods and services cross border in the Internal Market and EEA, either on-line or when travelling. The 30 centres strong network, jointly funded by the Union consumer programmes since more than 10 years has proven its added value to strengthen consumers and traders trust in the Internal Market. It deals with more than 100 000 consumers' requests per year and reaches millions of citizens via its press and online information activities. It is one of the most valued citizens' assistance network of the Union and most of its centres host contact points for internal market law, such as the Directive 2006/123/EC of the European Parliament and of the Council⁽⁵⁹⁾ and its evaluation stresses the importance to continue its operation. The network also intends to develop reciprocity arrangements with similar bodies in third countries.</p> <p>⁽⁵⁹⁾ Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market (OJ L 376, 27.12.2006, p. 36).</p>	<p>The Programme should also support the European Consumer Centres Network which assists consumers to obtain the benefit of their Union consumer rights when they purchase goods and services cross border in the Internal Market and EEA, either on-line or when travelling. The 30 centres strong network, jointly funded by the Union consumer programmes since more than 10 years has proven its added value to strengthen consumers and traders trust in the Internal Market. It deals with more than 100 000 consumers' requests per year and reaches millions of citizens via its press and online information activities. It is one of the most valued citizens' assistance network of the Union and most of its centres host contact points for internal market law, such as the Directive 2006/123/EC of the European Parliament and of the Council⁽⁵⁹⁾ and its evaluation stresses the importance to continue its operation. European Consumer Centres Network can be also an important source of information about challenges and problems that consumers encounter at local level, which are relevant for Union policy-making and for the protection of the interests of consumers. Therefore, the Programme should allow for the building and enhancing of synergies between consumer representation at local and Union level in order to strengthen consumer advocacy. The network also intends to develop reciprocity arrangements with similar bodies in third countries.</p> <p>⁽⁵⁹⁾ Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market (OJ L 376, 27.12.2006, p. 36).</p>

Reason

Self-evident.

Amendment 7

Recital 41

Text proposed by the Commission	CoR amendment
<p>Citizens are particularly affected by the functioning of financial services markets. These are a key component of the internal market and require a solid framework for regulation and supervision which ensures not only financial stability and a sustainable economy, but also provides a high level of protection to consumers and other financial services end-users, including retail investors, savers, insurance policyholders, pension fund members and beneficiaries, individual shareholders, borrowers and SMEs. It is important to enhance their capacity to participate in policy making for the financial sector.</p>	<p>Citizens are particularly affected by the functioning of financial services markets These are a key component of the internal market and require a solid framework for regulation and supervision which ensures not only financial stability and a sustainable economy, but also provides a high level of protection to consumers and other financial services end-users, including retail investors, savers, insurance policyholders, pension fund members and beneficiaries, individual shareholders, borrowers and SMEs. It is important to enhance their capacity to participate in policy making for the financial sector and to support awareness raising activities for consumer rights in this area, including awareness of redress procedures where appropriate.</p>

Reason

Efforts to enhance the participation of consumers and end-users in policymaking for the financial sector are to be welcomed. However, given the potential for any abuse or mismanagement in the financial sector to impact on citizens' lives, the issue of awareness raising in this area of consumer protection should be given particular consideration.

Amendment 8

Recital 58

Text proposed by the Commission	CoR amendment
<p>The actions implemented under the predecessor programmes and budget lines have proven to be adequate and should be retained. The new actions introduced under the Programme aim to reinforce in particular the well-functioning internal market. In order to provide more simplicity and flexibility in the execution of the Programme and thereby to better deliver on its objectives, the actions should be defined only in terms of overall, generic categories. Lists of indicative activities concerning specific objectives in the area of competitiveness, or specific activities stemming from regulatory requirements, like in the area of standardisation, food chain regulation and European statistics should also be included in the Programme.</p>	<p>The actions implemented under the predecessor programmes and budget lines have proven to be adequate and should be retained. The new actions introduced under the Programme aim to reinforce in particular the well-functioning internal market. In order to provide more simplicity and flexibility in the execution of the Programme and thereby to better deliver on its objectives, the actions should be defined only in terms of overall, generic categories. Lists of indicative activities concerning specific objectives in the area of competitiveness, or specific activities stemming from regulatory requirements, like in the area of market surveillance and product safety, consumers, standardisation, food chain regulation and European statistics should also be included in the Programme.</p>

Reason

Self-evident.

Amendment 9

Article 1(1)

Text proposed by the Commission	CoR amendment
<p>Subject matter</p> <p>This Regulation establishes the programme for improving the functioning of the internal market and the competitiveness of enterprises, including micro, small and medium-sized enterprises and the framework for financing of development, production and dissemination of European statistics within the meaning of Article 13 of Regulation (EC) No 223/2009 (the 'Programme').</p> <p><i>It lays down the objectives of the Programme, the budget for the period 2021 to 2027, the forms of Union funding and the rules for providing such funding.</i></p>	<p>Subject matter</p> <p>This Regulation establishes the programme for improving the functioning of the internal market and the competitiveness of enterprises, including micro, small and medium-sized enterprises and <i>social enterprises, enterprises networks, standardisation, consumer protection, and</i> the framework for financing of development, production and dissemination of European statistics within the meaning of Article 13 of Regulation (EC) No 223/2009 (the 'Programme').</p>

Reason

Ensuring consistency about the scope of the programme (see in particular amendment to recital 7).

Amendment 10

Article 3(1)(a)

Text proposed by the Commission	CoR amendment
<p>to improve the functioning of the internal market, and especially to protect and empower citizens, consumers and businesses, in particular micro, small and medium-sized enterprises (SMEs), by enforcement of Union law, facilitation of market access, standard setting, and by promoting human, animal and plant health and animal welfare; as well as to enhance cooperation between the competent authorities of Member States and between the competent authorities of Member States and the Commission and the decentralised Union agencies;</p>	<p><i>to create sustainable jobs, address market failures and</i> improve the functioning of the internal market, and especially to <i>enhance local economy and promote the circular economy,</i> protect and empower citizens, consumers and businesses, in particular micro, small and medium-sized enterprises (SMEs), by enforcement of Union law, facilitation of market access, standard setting, and by promoting human, animal and plant health and animal welfare; as well as to enhance cooperation between the competent authorities of Member States and between the competent authorities of Member States and the Commission and the decentralised Union agencies;</p>

Reason

N/A

Amendment 11

Article 3(2)(a)

Text proposed by the Commission	CoR amendment
making the internal market more effective, facilitating the prevention and removal of obstacles, supporting the development, implementation and enforcement of the Union law in the areas of the internal market for goods and services, public procurement, market surveillance as well as in the areas of company law and contract and extra-contractual law, anti-money laundering, free movement of capital, financial services and competition, including the development of governance tools;	making the internal market more effective, promoting local economic development , facilitating the prevention and removal of obstacles, supporting the development, implementation and enforcement of the Union law in the areas of the internal market for goods and services, including the social economy , public procurement, market surveillance as well as in the areas of company law and contract and extra-contractual law, anti-money laundering, free movement of capital, financial services and competition, including the development of governance tools;

Reason

N/A

Amendment 12

Article 8(3)

Text proposed by the Commission	CoR amendment
(e) supporting the competitiveness of enterprises and whole sectors of economy, and supporting SMEs' uptake of innovation and value chain collaboration through strategically connecting ecosystems and clusters, including the joint cluster initiative;	(e) supporting the competitiveness of enterprises and whole sectors of economy, and supporting SMEs' uptake of innovation, and in particular their adoption of new business models, including those associated with the social and collaborative economy, as well as their uptake of value chain collaboration through strategically connecting ecosystems and clusters, including the joint cluster initiative;

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the Commission's proposal to establish a new Single Market Programme for improving the functioning of the internal market for the period 2021-2027, aimed at strengthening its governance, supporting the competitiveness of SMEs, improving consumer protection and enforcement of consumer rights, promoting human, animal and plant health and animal welfare and ensuring an appropriate European statistical framework;

2. recognises that the internal market is one of the main successes of the EU but that it must continue to adapt in a rapidly changing environment characterised by digitalisation and globalisation. Notes that significant barriers to a properly functioning internal market remain with new obstacles emerging;

3. acknowledges the vital importance for the proper functioning of the internal market of providing citizens and businesses with information about their rights, public authorities with knowledge about how to apply the rules, and courts with the expertise and competence to enforce them; in this context, it is important that different countries' education systems incorporate basic knowledge about the EU to ensure that all younger citizens gradually become aware of their rights and can make better use of the advantages offered by the internal market;
4. highlights the continuous challenge facing SMEs in accessing finance, the ongoing administrative burden of doing business, the difficulties they face in seizing opportunities through internationalisation and their inability to sufficiently reap the benefits of the single market; this results in continued fragmentation and market anomalies in many sectors and regions at the expense of both businesses and consumers; welcomes the emphasis placed by the Commission on strengthening support for the SME sector through this programme;
5. recognises that the development of information tools and training programmes is of utmost importance for the proper functioning of the internal market and must be based on the robust data analysis, studies and evaluations that are carried out in close cooperation with the Member States and their competent authorities, including regional and local authorities;
6. acknowledges the broad scope of the programme and the aim to streamline efforts to promote better coordination in the management of the internal market, but notes that ensuring its effective coordination will be demanding from a governance point of view;
7. highlights the need for the programme to have the flexibility to respond quickly and proactively to any disturbance in the functioning of the internal market or disruption in trade for SMEs that could, for example, result from the possible adverse impacts of Brexit;

The Single Market

8. acknowledges that the single market is at the core of the EU's economic and political integration, consisting of 500 million consumers and 21 million businesses and supported by a substantial body of legislation guaranteeing the free movement of people, goods, capital and services throughout the EU and the wider European Economic Area ⁽¹⁾;
9. recalls that the Union's internal market shall, according to article 3 of the Treaty on European Union, 'work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance';
10. acknowledges that the Commission's proposal complies with the principles of subsidiarity and proportionality;
11. Competition in the single market should contribute to the implementation of these objectives, i.a. by delivering the most economically advantageous price for consumers and enterprises, notably through, lower transactions costs and a larger market providing economies of scale, encouraging greater innovation and ensuring faster response to consumer needs in a fair level playing field while avoiding all forms of dumping. However, considers that the benefits of the single market need to be better communicated to citizens, businesses and other economic operators and recognises that local and regional authorities have an important role to play in communicating this important message;
12. recognises that the single market is an ongoing process and remains incomplete in important aspects and that a better functioning single market, and the removal of remaining trade barriers, mainly in the areas of the services sector and the Digital Single Market, would boost economic growth considerably;

⁽¹⁾ Opinion of the COR — Upgrading the Single Market: (ECON-VI/010).

Single Market in Services

13. acknowledges the Commission's efforts to further enhance the freedom to provide services in Europe, particularly in the context of the services package ⁽²⁾, as much work needs to be done as shown in the European Commission's Peer Review on the implementation of the Services Directive, which confirms that there are still too many obstacles, including restrictions on the right to establishment ⁽³⁾. Considers at the same time that more regulatory clarity is needed at EU level in relation to services related to the collaborative economy;

14. considers it important that new programmes contribute to improving the functioning of the internal market in services and queries how the internal market tools can be deployed more effectively to ensure a more integrated services market;

Single Market in Goods

15. recognises that there remains a serious problem with the enforcement of EU product rules with too many non-compliant products on the market. Suggests that there is an urgent need for clear branding and visibility and the avoidance of duplication in the plethora of instruments that exist or are proposed to ensure that citizens and businesses understand the applicable rules and their rights and obligations and also the channels that are open to them when they believe the rules are being infringed;

16. notes that there are over 500 market surveillance authorities throughout Europe, many with resource constraints, and a low deterrence of infringements of current rules. Recommends that, in addition to increasing cooperation and ensuring better integrated networks, more direct funding needs to be allocated to these areas. Strongly recommends that National Competition Authorities be properly resourced and independent of government in order to carry out their work effectively, which must be ably supported by the justice system and courts whilst respecting the varying competencies of such authorities in the Member States. This is an absolute necessity if the effective implementation of EU laws on the ground is to be achieved;

Standards

17. welcomes the Commission's continued commitment to the replacement of 28 national standards with one European standard. Also welcomes the greater use of IT systems and procedures to reduce the administrative burden and share information with stakeholders. Recommends that adequate steps be taken to ensure that SMEs are properly involved in the development of standards to ensure adequate transparency and avoid the possible dominance in the process by larger companies or structures;

Public Procurement

18. underlines that local and regional authorities have important responsibilities for implementing EU policies and legislation, including in the areas of consumer welfare (where they are close to the citizen) and public procurement;

19. supports the objective of improving the capability of national, regional and local authorities to better implement the current rules, but suggests that the complexity of procurement law can be a barrier to the greater participation of SMEs in the public procurement process;

20. stresses that it is important for the Commission to cooperate with national, regional and local authorities if the objective of a procurement market that is competitive, open and well-regulated is to be achieved. This is essential if public funds are to be put to best use;

Single Market Governance Tools

21. welcomes the Commission's commitment to continuous investment in the existing Internal Market Governance Tools, such as the Your Europe portal and the SOLVIT network; believes that more work is required to promote the use of these tools on the ground, among citizens, consumers and authorities at different levels, to improve online findability of these tools and strengthen their capacity to provide up-to-date information; recommends much greater involvement by local and regional authorities in the implementation of these governance tools as a means of improving their functioning; notes at the same time that improvements in the tools referred to should not give rise to financial and administrative burdens for local and regional authorities;

⁽²⁾ Opinion of the CoR — The services package: A services economy that works for Europeans (ECON-VI/022).

⁽³⁾ http://ec.europa.eu/growth/single-market/services/services-directive/implementation/evaluation_en

SMEs and Competitiveness

22. recognises that SMEs are the backbone of the European economy, representing 99 % of all businesses in the EU and being responsible for creating over 85 % of new jobs over the past 5 years, and that together with entrepreneurship they represent the key to economic growth, innovation and job creation. Supports calls for a stable EU framework post-2020 and for the greater involvement of local and regional authorities in supporting the business environment and developing public private partnerships ⁽⁴⁾;

23. recognises that a key issue is to ensure that the various EU programmes complement, and not compete with, enterprise support measures available at Member State level. Therefore, strongly recommends that the support measures for SMEs under the Single Market Programme and those available from national and regional bodies be delivered through a One Stop Approach;

24. notes the proposal that the loan guarantee facility, which currently operates as part of the COSME Programme, should be allocated under the InvestEU Fund in the next funding period. In this context recommends the continued use of intermediaries who have a longstanding relationship with SMEs but is concerned that all Member States may not have the structures at national or regional level to allow access to the guarantee funds under InvestEU. SMEs could find it difficult to access the loan guarantee funds in InvestEU should intermediary bodies not have a substantial presence in all territories of the Member States and recommends that the European institutions work with States to ensure that SMEs can have access to this funding on equal terms in all Member States;

25. calls on the EU to ensure that there is an element of regional balance built into guarantee funds under the InvestEU initiative as this will be of special interest to local and regional authorities particularly those representing less favoured regions;

26. asks for greater clarification in relation to the budget that is allocated to the SME guarantee under the COSME programme and made available to the guarantee fund linked to the InvestEU programme and how it will support high risk SME financing especially in more remote and peripheral regions;

27. strongly emphasises the need for specific mention to be made of the Small Business Act, which remains an overarching framework for EU policy on SMEs. Its strategic guidelines should be taken into account when adopting annual work programmes providing support for SMEs. In this connection, considers it equally important to refer to the Network of SME Envoys, in view of its role in aligning all the policies at EU level that have an impact on SMEs. Stresses that the 'Think Small First' principle, which ensures that SMEs' interests are taken into account at the very early stage of policy making, should apply to the Single Market Programme and all relevant programmes of the new Multiannual Financial Framework;

28. requests further detail on the future role and ambition of the European Enterprise Network (EEN), given the challenges for SMEs as set out by the Commission, and on how it is proposed to adapt the network to meet these challenges in an age of digitalisation and globalisation so that it is better attuned to the needs of businesses and more aligned with supports provided by Member States;

29. welcomes the continuation of what used to be referred to as the Erasmus for Young Entrepreneurs (EYE) programme, noting that its title has been changed to 'mentoring scheme for new entrepreneurs' in view of its significant contribution to strengthening the business environment and encouraging an entrepreneurial mindset. Strongly supports the possibility of extending the geographical scope of the programme to provide increased opportunities for young entrepreneurs;

30. strongly supports the development of networks of entrepreneurial ecosystems and clusters in Europe, as previously stated by the CoR ⁽⁵⁾; therefore welcomes the Commission's commitment to further advance the Joint Cluster Initiatives and support the development of joint activities and transnational partnership strategies, also providing the necessary linkages with the EU's digital innovation hubs;

⁽⁴⁾ Opinion of the CoR — The future of the COSME programme beyond 2020: regional and local perspective (ECON-VI/027).

⁽⁵⁾ Opinion of the CoR — Boosting start-ups and scale-ups in Europe: regional and local perspective (ECON-VI/021).

31. points out that the question of easing access to finance for the broadest range of SMEs operating in different territories is of crucial importance and that local and regional authorities have a role to play in the dissemination of information and targeted communication to beneficiaries about different instruments and support schemes available for SMEs, in cooperation with the intermediary institutions;

32. recognises the additional challenges faced by SMEs based in rural areas, peripheral regions, and/or in regions facing demographic challenges, for example, in accessing skilled labour and the infrastructure such as broadband and other forms of connectivity, which are required to take up innovation and to foster internationalisation activities. Requests greater clarity from the Commission on how these significant challenges will be addressed by the programme;

33. recalls the commitment made by the European Commission to the outermost regions to take their businesses' special needs into account in future SME support schemes, so as to improve their competitiveness on international markets and support the process of their integration into the EU internal market;

Competition Policy

34. welcomes the Commission's continued commitment to ensuring fair competition in the internal market by investing in the tools and expertise to enable it to effectively enforce competition rules in the digital economy. More generally stresses the need for continuous and effective engagement between the Commission and national competition authorities;

Statistics

35. recognises the importance of the availability of high-quality statistics to underpin evidenced-based decision making, and questions the integration of the European Statistical Programme(ESP) into the Single Market Programme given the importance of the visibility and independence of the statistical programme. Notes that, at local and regional level, there is a lack of statistics of sufficient granularity and timeliness and calls on Eurostat in association with national statistical institutes to address this issue;

36. recommends that the future European Statistical Programme maintain its present legal form, i.e. that it be established through an individual, independent regulation;

37. is pleased to see that indicators on the regions, particularly the outermost regions, are included among the actions eligible for funding under the European Statistical Programme; in addition to providing information that is already available, calls for the collection of additional data and the design of new, more adequate indicators, that are more indicative of the circumstances of the outermost regions, to also be considered eligible for Programme funding;

Consumers, Consumer Protection and Food Policy

38. welcomes the commitment in the new programme to enforcing consumer rights and ensuring a high level of consumer protection, product safety, and assistance to consumers when they encounter problems. Notes that the tools set out in the programme will both alert consumers to dangerous products and provide online consumer centres to help citizens solve problems but suggests that effective and enhanced representation for consumers through adequate funding of independent bodies will strengthen the capacity of such bodies to engage effectively in single market issues affecting consumers, including access to justice;

39. appreciates the recognition that citizens are particularly affected by the functioning of financial services markets and stresses the need for the Programme to effectively support consumer rights and awareness raising in this area. Notes the commitment to continue to support the enhanced involvement of consumers in Union policy-making in financial services and measures to promote a better understanding of the financial sector. Calls on the Commission to continue to build on this work in cooperation with consumer organisations from across the EU;

40. furthermore, underlines the need to ensure adequate financing for consumer organisations so that they can effectively defend the interests of consumers and act as qualified entities within collective redress procedures. Draws attention to the fact that consumer organisations, especially in smaller Member States, are particularly concerned;

41. welcomes the introduction of a specific 'Food strand' in the new Single Market Programme. As the largest manufacturing sector in the EU, the food and drink industry needs a strong, competitive and sustainable supply chain, underpinned by a stable regulatory framework and improved functioning of mutual recognition in non-harmonised areas;

42. reiterates its request for policy measures to stimulate and sustain the development of food production and consumption systems that support sustainable production practices, thus reducing the impact on the environment and enhancing food security with quality products at reasonable prices, as expressed in its previous opinions⁽⁶⁾; wishes to draw attention to the fact that food public procurement can be a catalyst for driving food production towards a more sustainable path; therefore recommends measures to facilitate the training of food public procurement officers and the creation of networks to support national, regional and local competent authorities;

Programming Approach

43. acknowledges the new programming approach proposed by the Commission should, in principle, bring efficiencies and cost savings, provide a degree of flexibility in budget lines to respond to changing circumstances and improve delivery and execution; notes that this is primarily a matter of internal administrative coordination and it is unclear that a single programme approach will on its own generate the necessary synergies and cost savings;

44. notes that the budget lines contained in the programme cross a number of Directorates-General and queries how this will work in practice. Notes the objective of achieving flexibility of budget lines may prove difficult in practice as structures for this have not yet been defined;

45. highlights that there is a lack of transparency in the budget lines as in some cases administrative costs are clearly delineated and but not so in others. Proposes that a type of technical assistance budget should be more clearly set out so as to separate programming costs from those associated with delivering actual measures.

Brussels, 5 December 2018.

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

⁽⁶⁾ Opinion of the CoR — Towards a sustainable EU food policy (NAT-VI/014).

Opinion of the European Committee of the Regions on the ‘Digital Europe programme (2021-2027)’

(2019/C 86/14)

Rapporteur:	Markku MARKKULA (FI/EPP), Member of the Espoo City Council
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council establishing the Digital Europe programme for the period 2021-2027
	COM(2018) 434 final
	Commission Staff Working Document Executive Summary of the Impact Assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council establishing the Digital Europe programme
	SWD(2018) 306 final
	Commission Staff Working Document Impact Assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council establishing the Digital Europe programme for the period 2021-2027
	SWD(2018) 305 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Article 2 — point (e)

Text proposed by the Commission	CoR amendment
(e) ‘Digital Innovation Hub’ means legal entity designated or selected in an open and competitive procedure in order to fulfil the tasks under the Programme, in particular providing access to technological expertise and experimentation facilities, such as equipment and software tools to enable the digital transformation of the industry.	(e) ‘Digital Innovation Hub’ means legal entity or a consortium of legal entities designated or selected in an open and competitive procedure in order to fulfil the tasks under the Programme, in particular providing access to technological expertise and experimentation facilities, such as equipment and software tools to enable the digital transformation of the industry.

Reason

When establishing the network of Digital Innovation Hubs, it is important to have sufficient coverage for all regions; the target is to have a DIH in every region. Providing the possibility of a consortium running the DIH would strengthen the base of the network by involving several stakeholders, such as universities, research centres, innovation centres, etc.

The evaluation procedure should ensure that the network remains both regionally and thematically well-balanced, while being able to deliver high-quality services. The selection procedure for the candidate entities should be conducted from the point of view of the whole network so that effective synergies between the DIHs can be created. This is another good reason to provide the opportunity for a consortium of legal entities to run a DIH.

The legal entity requirement imposes unnecessary constraints, which is why more flexibility needs to be given to practical arrangements. To stress lean structures, coordination could also be assigned to a legal entity in a consortium or a network of legal entities.

Amendment 2

Article 3 — paragraph 1

Text proposed by the Commission	CoR amendment
<p>The Programme has the following general objective: to support the digital transformation of the European economy and society and bring its benefits to European citizens and businesses. The Programme will:</p> <p>(a) reinforce Europe's capacities in key digital technology areas through large-scale deployment,</p> <p>(b) widen their diffusion and uptake in areas of public interest and the private sector.</p>	<p>The Programme has the following general objective: to support the digital transformation of the European economy and society at local, regional, national and European level and bring its benefits to European citizens and businesses. The Programme will:</p> <p>(a) reinforce Europe's capacities in key digital technology areas through large-scale deployment,</p> <p>(b) widen their diffusion and uptake in areas of public interest and the private sector,</p> <p>(c) speed up digital transformation by increasing local collaboration and European partnerships.</p>

Reason

Based on the subsidiarity principle the DEP needs to cover multi-level governance. The outcomes of the DEP can be reached by effective implementation at the level of cities and regions, with close collaboration between universities, other educational establishments and research institutions as well as with local industries. Multi-level governance is important in order to close the European innovation divide. As an example, EU wide high performance computing ecosystems may be scaled with the help of the DEP to cover all scientific and industrial value chain segments.

Amendment 3

Article 5 — point (d) new and (e) new

Text proposed by the Commission	CoR amendment
<p><i>Artificial Intelligence</i></p> <p>The financial intervention by the Union under Specific Objective 2. Artificial Intelligence shall pursue the following operational objectives:</p>	<p><i>Artificial Intelligence</i></p> <p>The financial intervention by the Union under Specific Objective 2. Artificial Intelligence shall pursue the following operational objectives:</p> <p>(d) improve the quality and amount of data to support and speed up the digital transformation creating a digital platform economy;</p> <p>(e) scale up the use of technologies, develop innovative business models, increase awareness of users and shorten the time from innovation to market;</p>

Reason

The transformation to the platform economy is an outcome of digitalisation. We need to create favourable conditions for tackling this and other major societal challenges. The changing role of cities, citizens and of the business world needs to be taken into account.

In this development, the necessary quality and amount of data is essential. Firstly, we need to provide the right metrics to measure data quality. Secondly, algorithms can be developed to assess data quality, detect data outliers not to be used in the analysis and correct information with a view to getting more robust responses from algorithms. Thirdly, data quality can be improved by measures to enhance the completeness, comparability and the timelines of data flows to be used in AI-based digital services at national and subnational government level.

These measures are not explicitly mentioned in the DEP, although a reference to data integrity and data confidentiality is contained in the text and there are references to the general role of software and algorithms libraries.

Data quality and integrity must also be complemented by measures to preserve the integrity of individuals' rights to their information and to ensure quality in terms of the ability to maintain an adequate level of security for information and personal data.

Amendment 4

Article 7

Text proposed by the Commission	CoR amendment
<p>The financial intervention by the Union under Specific Objective 4. Advanced Digital skills shall support the development of advanced digital skills in areas supported by this programme, thus contributing to increase Europe's talent pool, fostering greater professionalism, especially with regard to high performance computing, big data analytics, cybersecurity, distributed ledger technologies, robotics and artificial intelligence. The financial intervention shall pursue the following operational objectives:</p> <p>(a) support the design and delivery of long-term trainings and courses for students, IT professionals and the workforce;</p> <p>(b) support the design and delivery of short-term trainings and courses for entrepreneurs, small business leaders and the workforce;</p> <p>(c) support on-the-job trainings and traineeships for students, young entrepreneurs and graduates.</p>	<p>The financial intervention by the Union under Specific Objective 4. Advanced Digital skills shall support the development of advanced digital skills in areas supported by this programme and in a gender responsive manner, thus contributing to increase Europe's talent pool, fostering greater professionalism, especially with regard to high performance computing, big data analytics, cybersecurity, distributed ledger technologies, robotics and artificial intelligence. The financial intervention shall pursue the following operational objectives:</p> <p>(a) support the design and delivery of long-term trainings and courses for students, IT professionals and the workforce;</p> <p>(b) support the design and delivery of short-term trainings and courses for entrepreneurs, small business leaders and the workforce;</p> <p>(c) support on-the-job trainings and traineeships for students, young entrepreneurs and graduates.</p>

Reason

It is important to ensure that the digital skills formation system of tomorrow also takes into account the gender perspective, ensuring an inclusive digital society of tomorrow.

Amendment 5

Article 8 — paragraph 1 — points (a), (g) and (j) new

Text proposed by the Commission	CoR amendment
<p><i>Deployment, best use of digital capacities and Interoperability</i></p> <p>The financial intervention by the Union under Specific Objective 5. Deployment, best use of digital capacities and Interoperability shall achieve the following operational objectives:</p> <p>(a) ensure that the public sector and areas of public interests, such as health and care, education, judiciary, transport, energy, environment, cultural and creative sectors, can deploy and access state-of-the-art digital technologies, in particular high performance computing, artificial intelligence and cybersecurity;</p> <p>(g) ensure a continuous capacity at Union level to observe, analyse and adapt to fast-evolving digital trends, as well as sharing and mainstreaming best practices;</p>	<p><i>Deployment, best use of digital capacities and Interoperability</i></p> <p>The financial intervention by the Union under Specific Objective 5. Deployment, best use of digital capacities and Interoperability shall achieve the following operational objectives:</p> <p>(a) ensure that the public sector and areas of public interests, such as health and care, education, judiciary, urban planning, transport, energy, natural resources, forestry, food, environment, cultural and creative sectors, can deploy and access state-of-the-art digital technologies, in particular high performance computing, artificial intelligence, information security and cybersecurity;</p> <p>(g) ensure a continuous capacity at regional, national and European level to observe, analyse and adapt to fast-evolving digital trends, as well as co-creating new digitalised solutions, sharing best practices and mainstreaming the bench-learning culture;</p> <p>(j) integrate the deployment activities of the Digital Europe programme to regional smart specialisation strategies, Horizon Europe and other major European initiatives and partnerships.</p>

Reason

Urban planning, forestry and food need to be included in the list under point (a), since they are important for all societal development. Smart and sustainable digital solutions in the fields of sustainable management of urban development, natural resources, food production and forestry play a strategic role in tackling various environmental challenges related to climate change.

As the CoR has stated in its current term 2015-2020 priorities, a bottom-up approach, entrepreneurial mindset and targeted investments are needed in implementing the fully-functioning Digital Single Market.

Amendment 6

Article 13 — paragraph 3 (new)

Text proposed by the Commission	CoR amendment
<p><i>Synergies with other Union programmes</i></p>	<p><i>Synergies with other Union programmes</i></p> <p>3. The programme will support the regional and European collaboration and partnerships to scale up innovative digital solutions and ensure synergies with regional strategies.</p>

Reason

The CoR points out that the impact assessment makes numerous references to EU policies and programmes such as the ERDF, ESF+, CEF etc. that are essential for reaching the DEP aims and objectives. The synergic use of EU instruments and local/regional mechanisms and funding is heavily stressed in the EU policy. However, there are no clear procedures and mechanisms in place in this DEP to address how to arrange the interplay between these instruments at all levels of government. There is no reference to partnership or MLG provisions. Thus, the important role of regions needs to be included in this article. The EU Commission in its policy highlights the crucial role of regional smart specialisation strategies as a natural instrument for increasing regional level collaboration and European partnerships. This needs to be supported by the DEP.

Amendment 7

Article 16 — paragraphs 1, 2, 3 and 4

Text proposed by the Commission	CoR amendment
<p><i>Digital Innovation Hubs</i></p> <p>1. During the first year of the implementation of the Programme, an initial network of Digital Innovation Hubs shall be established.</p> <p>2. For the purpose of the establishment of the network mentioned in paragraph 1, each Member State shall designate candidate entities through an open and competitive process, on the basis of the following criteria:</p> <p>(a) appropriate competences related to the functions of the Digital Innovation Hubs;</p> <p>(b) appropriate management capacity, staff and infrastructure;</p>	<p>European Digital Innovation Hubs</p> <p>1. During the first year of the implementation of the Programme, an initial network of European Digital Innovation Hubs shall be established. The Hubs in this network have a strong regional role to increase European collaboration.</p> <p>2. For the purpose of the establishment of the network mentioned in paragraph 1, each Member State shall designate candidate entities through an open and competitive process, on the basis of the following criteria:</p> <p>(a) appropriate competences related to the functions of the Digital Innovation Hubs, including capacity and competences with respect to R & D, infrastructure, data protection, security and innovation;</p> <p>(b) appropriate management capacity, staff and infrastructure;</p>

Text proposed by the Commission	CoR amendment
<p>(c) operational and legal means to apply the administrative, contractual and financial management rules laid down at Union level;</p> <p>(d) appropriate financial guarantees, issued preferably by a public authority, corresponding to the level of Union funds it will be called upon to manage.</p> <p>3. The Commission shall adopt a decision on the selection of entities forming the initial network. These entities shall be selected by the Commission from candidate entities designated by Member States on the basis of the criteria mentioned in paragraph 2 and the following additional criteria:</p> <p>(a) the budget available for the financing of the initial network;</p> <p>(b) the need to ensure by the initial network a coverage of the needs of industry and areas of public interest and a comprehensive and balanced geographical coverage.</p> <p>4. Additional Digital Innovation Hubs shall be selected on the basis of an open and competitive process, in such a way to ensure the widest geographical coverage across Europe. The number of entities of the network shall be proportional to the population of a given Member States and there shall be at least one Digital Innovation Hub per Member State. To address the specific constraints faced by the EU outermost regions, specific entities may be nominated to cover their needs.</p>	<p>(c) operational and legal means to apply the administrative, contractual and financial management rules laid down at Union level;</p> <p>(d) appropriate financial guarantees, issued preferably by a public authority, corresponding to the level of Union funds it will be called upon to manage;</p> <p>(e) alignment with regional strategies.</p> <p>3. The Commission shall adopt a decision on the selection of entities forming the initial network. These entities shall be selected by the Commission from candidate entities designated by Member States on the basis of the criteria mentioned in paragraph 2 and the following additional criteria:</p> <p>(a) the budget available for the financing of the initial network;</p> <p>(b) the need to ensure by the initial network a coverage of the needs of industry and areas of public interest and a comprehensive and balanced geographical coverage throughout the EU and Member States.</p> <p>4. Additional Digital Innovation Hubs shall be selected on the basis of an open and competitive process, in such a way to ensure the widest geographical coverage across regions in Europe. The number of entities of the network shall be proportional to the population of a given Member States and there shall be at least one Digital Innovation Hub per Member State. To address the specific constraints faced by the EU sparse populated and outermost regions, specific entities may be nominated to cover their needs.</p>

Reason

In terms of speeding up the digital transformation, DIHs not only develop but also deliver and help to deploy innovative technologies in public administration and private industries, as well as supporting the changing role of cities and regions. In addition to providing access to these solutions, DIHs could help to build adequate capacity for the different actor groups to implement innovative technology solutions in their digital platforms and support the design of specific digital service infrastructure making use of data analytics services. For these reasons, the strong European nature of DIHs needs to be highlighted and these Hubs should be named European Digital Hubs.

Capacity and competences in validating technologies and the use of latest R & D knowledge are essential criteria for selecting the best candidate entities.

The impact assessment clearly states that the DIHs shall have a strong regional dimension (particularly for SMEs). However, this is not reflected in the legislative proposal. The success of DIHs should be built on effective regional collaboration, based on regional strategies such as RIS3.

When establishing the network of DIHs, it is important to have sufficient coverage for all regions; the target is to have a DIH in every region.

The evaluation procedure should ensure that the network remains both regionally and thematically well-balanced, while being able to deliver high-quality services. The selection procedure for candidate entities should be conducted from the point of view of the whole network so that effective synergies between the DIHs can be created.

Amendment 8

Article 20 — paragraph 1 — points (d) and (e) new

Text proposed by the Commission	CoR amendment
<i>Award criteria</i>	<i>Award criteria</i>
The award criteria shall be defined in the work programmes and in the calls for proposals, taking into account at the minimum the following elements:	The award criteria shall be defined in the work programmes and in the calls for proposals, taking into account at the minimum the following elements:
(a) the maturity of the action in the project development;	(a) the maturity of the action in the project development;
(b) the soundness of the implementation plan proposed;	(b) the soundness of the implementation plan proposed;
(c) the stimulating effect of Union support on public and private investment, when applicable;	(c) the stimulating effect of Union support on public and private investment, when applicable;
(d) the need to overcome financial obstacles such as the lack of market finance;	(d) synergic use of different financing instruments and the need to overcome financial obstacles such as the lack of market finance;
(e) where applicable, the economic, social, climate and environmental impact, and accessibility;	(e) where applicable, integration of the project with regional strategies;
(f) where applicable, a trans-European dimension;	(f) where applicable, the economic, social, climate and environmental impact, and accessibility;
(g) where applicable, a balanced geographical distribution across the Union, including the outermost regions;	(g) where applicable, a trans-European dimension;
(h) where applicable, the presence of a long-term sustainability plan.	(h) where applicable, a balanced geographical distribution across the Union, including the outermost regions;
	(i) where applicable, the presence of a long-term sustainability plan.

Reason

The CoR highlights that 70 % of EU legislation is implemented at local and regional level and emphasises the synergies between different EU programmes, financial instruments and regional strategies. Regional Smart Specialisation Strategies have proved to be useful and important instruments for economic transformation and for the sharing of best practices through European partnerships.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the European Commission's legislative proposal for the new Digital Europe programme (DEP). This is the first time that the Commission has proposed a package integrating digitalisation, research and innovation into all major EU programmes and into European wide societal development. The key role of local and regional authorities in implementing the DEP should be considered in all measures to speed up the development of the Digital Single Market (DSM);
2. points out the crucial role of people, businesses and skills in maximising the benefits to be gained from the DSM. In relation to the implementation of the DEP, the CoR stresses that completion of the EU DSM also needs a clear and stable legal environment and favourable conditions to stimulate innovation, tackle market fragmentation and allow all players to tap into the new market dynamics;
3. stresses the crucial role of the DEP, becoming a robust investment and development programme to capitalise the opportunities needed and created to achieve a fully-functioning DSM. The key question is how to make the DEP to be so attractive that cities and regions — with their industries, universities and citizens — speed up the European wide digital and economic transformation by considerably increasing public and private investment in human and physical capital;
4. highlights the importance of removing regulatory barriers, cutting red-tape and modernizing EU regulation, which are key factors in ensuring a highly competitive European industry, coupled with the need to improve the readiness of the public and private sectors to execute digital innovations;
5. welcomes DEP investments in advanced high-capacity digital infrastructure such as 5G networks, which are necessary to enable the deployment of digital services and technologies everywhere in Europe. Broadband has an instrumental role in developing innovative and competitive digital services, for which reason the CoR calls for a quick 5G standardisation to ensure the interoperability of telecommunication networks;
6. stresses the pivotal role of cities and regions in providing digital services for citizens, as well as in creating and managing digital infrastructure such as data generation. Digital services offer opportunities for societal innovation, entrepreneurship and job and business creation;
7. requests that the DEP reflect and ensure the digitalisation of public administrations and services in order to enable cities to tackle societal needs. This requires EU-wide interoperability and access to data, technology and know-how;
8. emphasises the importance of the quality and amount of data, which is essential for reaching the DEP targets. Previous CoR opinions have stressed the role of cities and regions in data harmonisation, collection, quality, access and use, as well as in ensuring a secure and interoperable digital infrastructure for cross-border data flows in the digital economy;
9. stresses the importance of artificial intelligence (AI) as a promising technology to be applied for sustainable growth and societal challenges. AI therefore has to be strengthened, ensuring the quality of data and securing personal privacy, while still allowing anonymous data mining, machine-based learning and the foundation for pattern recognition;
10. recognises that AI libraries with data provide key input for the design of intelligent public services. However, data of poor quality may affect the expected impact and effectiveness of services, thereby lowering the potential benefit of AI. High-quality data is essential to enable public administrations to design, implement and monitor the impact of the policies they adopt, on the basis of empirical evidence and making use of data analytics capabilities. This would strengthen the transparency and accountability of public action and help enhance policy effectiveness. Data will have a huge influence in creating a culture of knowledge, in which evidence becomes the foundation of a smarter and citizen-centric administration and policy-making process;

11. calls for the proper integration of several ongoing data economy and data driven society measures into the DEP. These have been dealt with under the Digital Single Market in the various data packages: on Building the European Data Economy (COM(2017/9), the Framework for the free flow of non-personal data in the European Union (2017/0228) and, this year, with the 3rd Data Package. The latter includes a Communication 'Towards a common European data space' which addresses the issue of access to private sector data for public interest purposes (with a list of key principles on business-to-government or 'B2G' data sharing) and includes a guidance document on sharing private sector data. In parallel, the Commission has adopted a proposal for a recast of the Directive on the re-use of public sector information (PSI directive);

12. highlights the results of the Commission stakeholder dialogue on the Communication on Building a European Data Economy, especially finding strong support for non-regulatory measures to maximise and organise access to and the reuse of data in B2B contexts. As an example on the digital transformation of healthcare, a public consultation investigated the need for policy measures promoting digital innovation to improve the quality of healthcare throughout Europe (a need that has received particular attention from the CoR);

13. calls for the use of Joint Undertakings, EIT KICs and other EU initiatives, as well as European Partnerships between regions, as mechanisms to implement the DEP. Smart and sustainable digital solutions play a key role in achieving local and regional level targets on sustainable development and in tackling major societal challenges like climate change. The solutions require high-quality HPC computing, AI-based solutions and cyber security. Cities and regions should be encouraged to become forerunners in participating in the DEP, especially as a spatial testing ground for new applications. As an example, digitalisation has a growing importance in urban planning, especially through regional information modelling;

14. notes that the full benefits from investing in digital technologies and platforms need to be scaled up to European level. Investing in talented professionals is a necessary prerequisite, even though it is not sufficient on its own. Citizens need to be trained and equipped with digital proper skills. Special measures are needed on retraining of professionals to apply their specific competences to new digitalised tasks. In European education systems, providing young learners with advanced digital skills is an obligatory investment to safeguard the quality of the future workforce for Europe. The growing importance of STEAM (science, technology, engineering, arts, mathematics) education is evident. The implementation of the DEP needs to be operationalised in synergy with Digital Education Action Plan;

15. stresses the importance of the transformation to a digital platform economy by ensuring that the provision of public and private services is user-centric, digital and interoperable by design, and compliant with the once-only principle with regard to national, regional and local governments;

16. recognises that government digital platforms are not explicitly mentioned in the DEP legal text. However, the concept of these platforms is linked to Objective 5 of the programme, related to the interoperability and implementation of digital technologies by government and the private sector. This is also spelled out more in Annex 2 with respect to activities linked to the interoperability of public administration services, the application of the once-only principle and digital service infrastructure;

17. calls for building digital platforms by creating generic reusable solutions in digital authentication, trust and secure services. These are combined with advanced reusable solutions based on data-driven methods powered by artificial intelligence. This will help to ensure that public services are interconnected across policy domains and levels of government. It also helps government services to be smarter, tailored to the specific needs of users and available on web and mobile platforms;

18. recommends that the cross-border use of digital technologies be combined with removing legal and other obstacles to this cooperation, here the CoR refers to Article 8 on 'Deployment, best use of digital capacities and Interoperability';

19. emphasises the importance of establishing the network of DIHs with sufficient coverage for all regions. While the impact assessment clearly states that the DIHs shall have a strong regional dimension (particularly for SMEs), this is not reflected in the legislative proposal. The selection of DIHs should be an open and reliable process, which includes not only one DIH, but a network of DIHs in each Member State, if relevant. DIHs should be selected nationally and in a regionally and thematically balanced way. The network of DIHs should have close links to other networks such as EIT Digital and Enterprise Europe Network;
20. highlights the importance of artificial intelligence, and the links to extended Reality (XR), VR, AR, 3D technologies and robotics, which will form a new basis for global business, the platform economy and learning platforms. This helps to deliver equal access to various educational and cultural content and to create innovative knowledge transfer platforms for the retraining of workers. Furthermore, it will support sustainable development, since it significantly reduces the need for physical goods, travel and carbon emissions;
21. stresses the importance and the role of security in the digital domain and highlights the role of cities and regions in tackling cybercrime and protecting data security;
22. welcomes provisions on third countries associated to the programme, especially in embedding digitalisation in activities to reaching the targets of the United Nations' Sustainable Development Goals (UN SDGs). This means emphasising the added-value through collaboration mentality and openness in innovation and deployment. In focusing sustainable growth, the specific nature of ICT revolution allows the EU to achieve a strong global role on technology knowhow for prosperity;
23. acknowledges that the Commission's proposal complies with the principles of subsidiarity and proportionality.

Brussels, 5 December 2018.

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

Opinion of the European Committee of the Regions on ‘European Solidarity Corps and the New EU Youth Strategy’

(2019/C 86/15)

Rapporteur:	Matteo Luigi BIANCHI (IT/ECR), Mayor of the Municipality of Morazzone (Varese)
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council establishing the European Solidarity Corps programme and repealing [European Solidarity Corps Regulation] and Regulation (EU) No 375/2014
	COM(2018) 440 final
	Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on Engaging, Connecting and Empowering young people: a new EU Youth Strategy
	COM(2018) 269 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Preamble (1)

Text proposed by the European Commission	CoR amendment
The European Union is built on solidarity, among its citizens and among its Member States. This common value guides its actions and provides the necessary unity to cope with current and future societal challenges, which young Europeans are willing to help address by expressing their solidarity in practice.	The European Union is built on solidarity, among its citizens and among its Member States, <i>as well as among local and regional communities belonging to those Member States.</i> This common value guides its actions and provides the necessary unity to cope with current and future societal challenges, which young Europeans are willing to help address by expressing their solidarity in practice <i>and by developing a long-term commitment to solidarity, something that will remain with them for the rest of their lives.</i>

Reason

The added text highlights the role of the local and regional level in young people’s civic engagement, identifying this as a first essential point of contact in the area of solidarity.

Amendment 2

Preamble (5)

Text proposed by the European Commission	CoR amendment
<p>Young people should be provided with easily accessible opportunities to engage in solidarity activities, which could enable them to express their commitment to the benefit of communities while acquiring useful experience, skills and competences for their personal, educational, social, civic and professional development, thereby improving their employability. Those activities should also support the mobility of young volunteers, trainees and workers.</p>	<p>Young people should be provided with easily accessible opportunities to engage in solidarity activities, which could enable them to express their commitment to the benefit of communities, both local and regional, in both normal and emergency settings, while acquiring useful experience, skills and competences for their personal, educational, social, civic and professional development, thereby improving their employability. Those activities should also support the mobility of young volunteers, trainees and workers.</p>

Reason

The addition makes clear the significance of the regional and local dimension to the commitment of young Europeans, notably in emergency situations where humanitarian aid is required.

Amendment 3

Preamble (6)

Text proposed by the European Commission	CoR amendment
<p>The solidarity activities offered to young people should be of high quality, in the sense that they should respond to unmet societal needs, contribute to strengthening communities, offer young people the opportunity to acquire valuable knowledge and competences, be financially accessible to young people, and be implemented in safe and healthy conditions.</p>	<p>The solidarity activities offered to young people should be of high quality, in the sense that they should respond to unmet societal needs, including local needs, contribute to strengthening local and regional communities, offer young people the opportunity to acquire valuable knowledge and competences, be financially accessible to young people, and be implemented in safe and healthy conditions.</p>

Reason

Stresses the importance of meeting societal needs and of turning voluntary activities into forms of strengthening local or regional communities.

Amendment 4

Preamble (7)

Text proposed by the European Commission	CoR amendment
<p>The European Solidarity Corps provides a single entry point for solidarity activities throughout the Union and beyond. Consistency and complementarity should be ensured with other relevant Union policies and programmes. The European Solidarity Corps is built on the strengths and synergies of predecessor and existing programmes, notably the European Voluntary Service[1] and the EU Aid Volunteers[2]. It also complements the efforts made by Member States to support young people and ease their school-to-work transition under the Youth Guarantee by providing them with additional opportunities to make a start on the labour market in the form of traineeships or jobs in solidarity-related areas within their respective Member State or across borders. Complementarity with existing Union level networks pertinent to the activities under the European Solidarity Corps, such as the European Network of Public Employment Services, EURES and the Eurodesk network, are also ensured. Furthermore, complementarity between existing related schemes, in particular national solidarity schemes and mobility schemes for young people, and the European Solidarity Corps should be ensured, building on good practices where appropriate.</p> <p>[1] Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC (OJ L 347, 20.12.2013, p. 50).</p> <p>[2] Regulation (EU) No 375/2014 of the European Parliament and of the Council of 3 April 2014 establishing the European Voluntary Humanitarian Aid Corps ('EU Aid Volunteers initiative') (OJ L 122, 24.4.2014, p. 1).</p>	<p>The European Solidarity Corps provides a single entry point for solidarity activities throughout the Union and beyond. Consistency and complementarity should be ensured with other relevant Union policies and programmes, adopting a horizontal approach and encouraging cross-sectoral cooperation wherever possible. The European Solidarity Corps is built on the strengths and synergies of predecessor and existing programmes, notably the European Voluntary Service[1] and the EU Aid Volunteers[2]. It also complements the efforts made by Member States to support young people and ease their school-to-work transition under the Youth Guarantee by providing them with additional opportunities to make a start on the labour market in the form of traineeships, forms of apprenticeship or jobs in solidarity-related areas within their respective Member State or across borders. Complementarity with existing Union level networks pertinent to the activities under the European Solidarity Corps, such as the European Network of Public Employment Services, EURES and the Eurodesk network, not to mention social networks such as the European Volunteer Centre and the European Youth Forum, are also ensured. Furthermore, complementarity between existing related schemes, in particular national solidarity schemes and mobility schemes for young people, and the European Solidarity Corps should be ensured, building on good practices where appropriate. Synergies should also be developed, as should an ongoing and direct dialogue with all relevant local and regional authorities, together with all bodies — including inter-regional ones — that have already benefited from solidarity activities and which may, in the light of their experience, be able to offer suggestions and new ideas on solidarity.</p> <p>[1] Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC (OJ L 347, 20.12.2013, p. 50).</p> <p>[2] Regulation (EU) No 375/2014 of the European Parliament and of the Council of 3 April 2014 establishing the European Voluntary Humanitarian Aid Corps ('EU Aid Volunteers initiative') (OJ L 122, 24.4.2014, p. 1).</p>

Reason

The Commission should support the most cross-sectoral approach possible and ensure that local and regional authorities are more directly involved in cooperating with the European Solidarity Corps. It also needs to ensure that there is an ongoing dialogue with organisations already working in the sector and that have previously benefited from solidarity activities.

Amendment 5

Preamble (10)

Text proposed by the European Commission	CoR amendment
<p>These activities should be to the benefit of communities while also fostering the individual's personal, educational, social, civic and professional development, which may take the form of volunteering, traineeships and jobs, projects or networking activities, developed in relation to different areas, such as education and training, employment, gender equality, entrepreneurship — in particular social entrepreneurship —, citizenship and democratic participation, environment and nature protection, climate action, disaster prevention, preparedness and recovery, agriculture and rural development, provision of food and non-food items, health and wellbeing, creativity and culture, physical education and sport, social assistance and welfare, reception and integration of third-country nationals, territorial cooperation and cohesion, and cooperation across borders. Such solidarity activities should include a solid learning and training dimension through relevant activities that can be offered to participants before, during and after the solidarity activity.</p>	<p>These activities should be to the benefit of local communities and the wider community building effort while also fostering the individual's personal, educational, social, civic, and professional development, which may take the form of volunteering, apprenticeships, traineeships and jobs, projects or networking activities, developed in relation to different areas, such as education and training, employment, gender equality, entrepreneurship — in particular social entrepreneurship —, citizenship and democratic participation, environment and nature protection, climate action, disaster prevention, preparedness and recovery, agriculture and rural development, provision of food and non-food items, health and wellbeing, creativity and culture, physical education and sport, social assistance and welfare, reception and integration of third-country nationals, territorial cooperation and cohesion, development and restoration of the local and regional cultural and artistic heritage — both tangible and intangible — and cooperation across borders. Such solidarity activities should include a solid learning and training dimension through relevant activities that can be offered to participants before, during and after the solidarity activity.</p>

Reason

The European Committee of the Regions highlights the need to facilitate the participation of local and regional communities and any relevant body through programmes and initiatives to develop and restore the local cultural and artistic heritage.

Amendment 6

Preamble (11)

Text proposed by the European Commission	CoR amendment
<p>Volunteering activities (both within and beyond the Union) constitute a rich experience in a non-formal and informal learning context which enhances young people's personal, socio-educational and professional development, active citizenship and employability. Volunteering activities should not have an adverse effect on potential or existing paid employment, nor should they be seen as a substitute for it. The Commission and the Member States should cooperate regarding volunteering policies in the youth field via the open method of coordination.</p>	<p>Volunteering activities (both within and beyond the Union) constitute a rich experience in a non-formal and informal learning context which enhances young people's personal, socio-educational and professional development, active citizenship and employability. Volunteering activities should not have an adverse effect on potential or existing paid employment, nor should they be seen as a substitute for it. The Commission and the Member States should cooperate regarding volunteering policies in the youth field via the open method of coordination and by devising common tools for preventing what is known as 'undeclared employment' or the improper recourse to voluntary work simply as a means of avoiding paying young people engaged in solidarity activities.</p>

Reason

The European Committee of the Regions reiterates the need to devise forms of cooperation between the Commission and the Member States and instruments that make a clear distinction between voluntary work and solidarity activities that are remunerated or where the programme provides for wage support.

Amendment 7

Preamble (12)

Text proposed by the European Commission	CoR amendment
<p>Traineeships and jobs in solidarity-related areas can offer additional opportunities for young people to make a start on the labour market while contributing to addressing key societal challenges. This can help foster the employability and productivity of young people while easing their transition from education to employment, which is key to enhancing their chances on the labour market. The traineeship activities offered under the European Solidarity Corps follow the quality principles outlined in Council Recommendation on establishing a Quality Framework for Traineeships[1]. The traineeships and jobs offered constitute a stepping stone for young people to enter the labour market and are accompanied by adequate post-activity support. The traineeship and job activities are facilitated by relevant labour market actors, in particular public and private employment services, social partners and Chambers of Commerce, and are remunerated by the participating organisation. As participating organisations, they should apply for funding via the competent implementing body of the European Solidarity Corps in view of intermediating between the young participants and employers offering traineeship and job activities in solidarity sectors.</p> <p>[1] Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships (OJ C 153, 2.5.2018, p. 1).</p>	<p>Traineeships, apprenticeships and jobs in solidarity-related areas can offer additional opportunities for young people to make a start on the labour market, providing them with an opportunity to develop a long-term spirit of solidarity in their private lives as well. This can help foster the employability and productivity of young people while easing their transition from education to employment, which is key to enhancing their chances on the labour market. The apprenticeship and/or traineeship activities offered under the European Solidarity Corps follow the quality principles outlined in Council Recommendation on establishing a Quality Framework for Traineeships[1] and are accompanied by adequate post-activity support. The traineeship, apprenticeship and job activities are facilitated by relevant labour market actors, in particular public and private employment services, social partners, relevant local and regional institutions that are more sensitive to real needs in the area and Chambers of Commerce, and are remunerated by the participating organisation. As participating organisations, they should apply for funding via the competent implementing body of the European Solidarity Corps in view of intermediating between the young participants and employers offering traineeship, apprenticeship and job activities in solidarity sectors.</p> <p>[1] Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships (OJ C 153, 2.5.2018, p. 1).</p>

Reason

The European Committee of the Regions recognises the value of these traineeships as a tool of making it easier for young people to enter the world of work, but stresses the need for meaningful, regular contacts with local and regional bodies, both public and private, that are well-placed to grasp the reality of social needs in their areas.

Amendment 8

Preamble (13)

Text proposed by the European Commission	CoR amendment
<p>Young people's spirit of initiative is an important asset for society and for the labour market. The European Solidarity Corps contributes to fostering this aspect by offering young people the opportunity to devise and implement their own projects aimed at addressing specific challenges to the benefit of their local communities. These projects are an opportunity to try out ideas and support young people to be themselves drivers of solidarity actions. They also serve as a springboard for further engagement in solidarity activities and are a first step towards encouraging European Solidarity Corps participants to engage in self-employment or setting up associations, non-governmental organisations or other bodies active in the solidarity, non-profit and youth sectors.</p>	<p>Young people's spirit of initiative is an important asset for society and for the labour market. The European Solidarity Corps contributes to fostering this aspect by offering young people the opportunity to devise and implement their own projects aimed at addressing specific challenges to the benefit of their local communities. These projects are an opportunity to try out ideas and support young people to be themselves drivers of solidarity actions that benefit local communities and to foster civic engagement, something that will also counter social exclusion and migration from rural areas to urban ones. They also serve as a springboard for further engagement in solidarity activities and are a first step towards encouraging European Solidarity Corps participants to engage in self-employment or setting up associations, non-governmental organisations or other bodies active in the solidarity, non-profit and youth sectors.</p>

Reason

The European Committee of the Regions underlines the importance of a solidarity strategy that encourages young people to go on afterwards to undertake entrepreneurial activities that benefit the local community and that are more inclusive.

Amendment 9

Preamble (14)

Text proposed by the European Commission	CoR amendment
<p>Young people and organisations participating in the European Solidarity Corps should feel that they belong to a community of individuals and entities committed to enhancing solidarity across Europe. At the same time, participating organisations need support to strengthen their capacities to offer good quality activities to an increasing number of participants. The European Solidarity Corps supports networking activities aimed at strengthening young people and participating organisations' engagement in this community, at fostering a European Solidarity Corps spirit, as well as at encouraging the exchange of useful practices and experience. These activities also contribute to raising awareness about the European Solidarity Corps among public and private actors as well as to collect feedback from participants and participating organisations on the implementation of the European Solidarity Corps.</p>	<p>Young people and organisations participating in the European Solidarity Corps should feel that they belong to a community of individuals and entities committed to enhancing solidarity across Europe. At the same time, participating organisations need support to strengthen their capacities to offer good quality activities to an increasing number of participants. The European Solidarity Corps supports networking activities aimed at strengthening young people and participating organisations' engagement, at fostering a European Solidarity Corps spirit, as well as at encouraging the exchange of useful practices and experience. These activities also contribute to raising awareness about the European Solidarity Corps among public and private actors as well as to collect feedback from participants and participating organisations on the implementation of the European Solidarity Corps and its capacity to respond to the needs and expectations of local communities.</p>

Reason

Active cooperation between the European Solidarity Corps and all relevant stakeholders is paramount. This should include replying to any requests for information they may have as well as forwarding updates and briefings so as to ensure a more integrated approach and qualitative assessments of projects.

Amendment 10

Preamble (15)

Text proposed by the European Commission	CoR amendment
<p>Particular attention should be given to ensuring the quality of the activities and other opportunities offered under the European Solidarity Corps, in particular by offering training, language support, insurance, administrative and post-activity support to participants as well as the validation of the knowledge, skills and competences acquired through their European Solidarity Corps experience. Security and safety of the volunteers remain of paramount importance and volunteers should not be deployed to operations conducted in the theatre of international and non-international armed conflicts.</p>	<p>Particular attention should be given to ensuring the quality of the activities and other opportunities offered under the European Solidarity Corps, in particular by offering training, language support, insurance, administrative and post-activity support to participants as well as the validation of the knowledge, skills and competences acquired through their European Solidarity Corps experience, using specific certification criteria. Volunteering activities should involve for-profit and non-profit organisations, foundations, other non-for-profit entities, associations and social enterprises, developing specific rules regarding what are referred to as ‘occupational placements’. These make it possible to support solidarity projects that may benefit from tax exemptions/relief on the independent initiative of Member States. In addition, security and safety of the volunteers remain of paramount importance and volunteers should not be deployed to operations conducted in the theatre of international and non-international armed conflicts.</p>

Reason

The European Committee of the Regions stresses the need to encourage volunteering, traineeships, apprenticeships and paid work-related activities among all those who promote projects under the European Solidarity Corps, and to evaluate the possibility of Member States introducing tax exemptions/relief initiatives as an incentive.

Amendment 11

Preamble (18)

Text proposed by the European Commission	CoR amendment
<p>Any entity willing to participate in the European Solidarity Corps should receive a quality label provided that the appropriate conditions are fulfilled. The process that leads to the attribution of a quality label should be carried out on a continuous basis by the implementing bodies of the European Solidarity Corps. The attributed quality label should be reassessed periodically and could be revoked if, in the context of the checks to be performed, the conditions that led to its attribution were found to be no longer fulfilled.</p>	<p>Any entity willing to participate in the European Solidarity Corps should receive a quality label provided that the appropriate conditions are fulfilled. These should include an assessment of the entity's level of awareness of local and regional needs, the presence of an integrated approach and active and fruitful cooperation with all local and regional authorities and/or associations or entities working in the solidarity sector. The process that leads to the attribution of a quality label should be carried out on a continuous basis by the implementing bodies of the European Solidarity Corps, in close cooperation with national agencies and taking account of the main fields where solidarity is developing in the Member States. The attributed quality label should be reassessed periodically and could be revoked if, in the context of the checks to be performed, the conditions that led to its attribution were found to be no longer fulfilled.</p>

Reason

The European Committee of the Regions highlights the importance of ensuring maximum cooperation on the part of national agencies, organisations that already exist or local and regional institutions active in the area of solidarity. Examples include the numerous sports associations that promote innovative voluntary initiatives, fostering an integrated approach and cooperation at all levels of governance with stakeholders wishing to participate in the European Solidarity Corps.

Amendment 12

Preamble (22)

Text proposed by the European Commission	CoR amendment
<p>European Solidarity Corps Resource Centres should assist the implementing bodies, the participating organisations and the young people taking part in the European Solidarity Corps in order to raise the quality of the implementation of the activities of the European Solidarity Corps as well as to enhance the identification and validation of competences acquired through these activities including through producing Youthpass certificates.</p>	<p>European Solidarity Corps Resource Centres should assist the implementing bodies, the participating organisations and the young people taking part in the European Solidarity Corps in order to raise the quality of the implementation of the activities of the European Solidarity Corps as well as to enhance the identification and validation of competences acquired through these activities through producing exclusive European Solidarity Corps certificates for activities completed and making use of tools such as Youthpass and Europass, i.e. measures in the field of vocational apprenticeships for identifying and defining the knowledge and skills thus acquired.</p>

Reason

The European Committee of the Regions recognises the importance of further assisting young volunteers in their search for jobs by providing them, upon completion of an activity, with an exclusive European Solidarity Corps certificate describing the competences acquired, including specific assessment indicators, which they can use for professional purposes both nationally and internationally.

Amendment 13

Preamble (27)

Text proposed by the European Commission	CoR amendment
The European Solidarity Corps targets young people aged 18-30, and participation in the activities offered by the European Solidarity Corps should require prior registration in the European Solidarity Corps Portal.	The European Solidarity Corps targets young people aged 18-30, without any filters regarding, for example, social, economic or educational background , and participation in the activities offered by the European Solidarity Corps should require prior registration in the European Solidarity Corps Portal. It should also be possible, via its portal, to follow a multi-lingual online training course in preparation for the solidarity activity chosen, with the additional aim of selecting the field that can make the most of each person's solidarity ambitions and enhance their attractiveness in terms of future job prospects.

Reason

The European Committee of the Regions suggests creating a multilingual portal where it will be possible to download specific information and training material for the different types of solidarity experience on offer, designed to assist young people in their choice with a view to making them more 'marketable' when they are looking for a job in the future.

Amendment 14

Preamble (28)

Text proposed by the European Commission	CoR amendment
Special attention should be given to ensuring that the activities supported by the European Solidarity Corps are accessible to all young people, notably the most disadvantaged ones. Special measures should be in place to promote social inclusion, the participation of disadvantaged young people, as well as to take into account the constraints imposed by the remoteness of a number of rural areas and of the outermost regions of the Union and the Overseas Countries and Territories. Similarly, the participating countries should endeavour to adopt all appropriate measures to remove legal and administrative obstacles to the proper functioning of the European Solidarity Corps. This should resolve, where possible, and without prejudice to the Schengen <i>acquis</i> and Union law on the entry and residence of third-country nationals, administrative issues that create difficulties in obtaining visas and residence permits, as well as the issuing of a European Health Insurance Card in the case of cross-border activities within the European Union.	Special attention should be given to ensuring that the activities supported by the European Solidarity Corps are accessible to all young people, notably the most disadvantaged ones. Special measures should be in place to promote social inclusion, the participation of disadvantaged young people, including those with disabilities , as well as to take into account the constraints imposed by the remoteness of a number of rural areas and of the outermost regions of the Union and the Overseas Countries and Territories. Similarly, the participating countries should endeavour to adopt all appropriate measures to remove legal and administrative obstacles to the proper functioning of the European Solidarity Corps. This should resolve, where possible, and without prejudice to the Schengen <i>acquis</i> and Union law on the entry and residence of third-country nationals, administrative issues that create difficulties in obtaining visas and residence permits, as well as the issuing of a European Health Insurance Card in the case of cross-border activities within the European Union.

Reason

The addition is intended to highlight the inclusion of young people with disabilities in the activities of the European Solidarity Corps, notably in accordance with the provisions of the UN Convention on the Rights of Persons with Disabilities, which has been ratified by the EU.

Amendment 15

Chapter III, Article 7

Text proposed by the European Commission	CoR amendment
<p>Volunteering as referred to in Article 4.1, point (a) shall include a learning and training component, shall not substitute traineeships or jobs, shall not be equated with employment and shall be based on a written volunteering agreement.</p>	<p>Volunteering as referred to in Article 4.1, point (a) shall include a learning and training component, shall not substitute traineeships or jobs, shall not be equated with employment and shall be based on a written agreement on volunteering, apprenticeships or any other arrangement that gives a full description of the planned activity.</p>

Reason

The Commission document should recognise the volunteering activities for each type of stakeholder, whether public or private, profit or non-profit, fully reflecting the spirit of solidarity which is part and parcel of volunteering. It is vital to draw up monitoring instruments to prevent precarious work, moonlighting and recourse to voluntary work as a way of avoiding paying those involved, highlighting the most innovative and original contributions and introducing incentives for the most dynamic and proactive stakeholders.

Amendment 16

Chapter VI — Article 16(2)

Text proposed by the European Commission	CoR amendment
	<p><i>The assessment criteria should also take into consideration any integrated forms of cooperation between the entity concerned and bodies already active in promoting youth policies, including sports policy, which is undoubtedly of growing importance and interest. Cooperation with the EU Youth Coordinator and any forms of participation within the EU Youth Strategy Platform, as proposed by the European Commission in Communication (2018) 269 final, will be of particular value in this respect.</i></p>

Reason

The European Committee of the Regions welcomes the European Commission's proposal to establish an EU Youth Coordinator and an EU Youth Strategy Platform, and hopes that a system of ongoing cooperation will be developed, with scheduled study meetings between the coordinator and the European Committee of the Regions in order to involve the local and regional level across the EU in an effective manner.

Amendment 17

Chapter VI — Article 17

Text proposed by the European Commission	CoR amendment
<p data-bbox="177 723 632 757"><i>Access to the European Solidarity Corps funding</i></p> <p data-bbox="177 857 783 1137">Any public or private entity established in a participating country as well as international organisations may apply for funding under the European Solidarity Corps. In the case of the activities referred to in Articles 7, 8 and 11, a quality label shall be obtained by the participating organisation as a pre-condition for receiving funding under the European Solidarity Corps. In the case of the solidarity projects referred to Article 9, natural persons may also apply for funding on behalf of informal groups of European Solidarity Corps participants.</p>	<p data-bbox="810 723 1265 757"><i>Access to the European Solidarity Corps funding</i></p> <p data-bbox="810 857 1418 1193">Any public or private entity established in a participating country as well as international organisations may apply for funding under the European Solidarity Corps. In the case of the activities referred to in Articles 7, 8 and 11, a quality label shall be obtained by the participating organisation as a pre-condition for receiving funding under the European Solidarity Corps. In the case of the solidarity projects referred to Article 9, natural persons may also apply for funding on behalf of informal groups of European Solidarity Corps participants. <i>Projects entailing a high level of added value in terms of the regional and local dimension should in any case be rewarded.</i></p>

Reason

The added text serves to highlight projects with a major impact on regional and local settings.

Amendment 18

Chapter XI — Article 28(2)

Text proposed by the European Commission	CoR amendment
	<p data-bbox="810 1839 1418 2063"><i>The Commission should give as much support as possible to national authorities and national agencies in disseminating information regarding all the initiatives that can be proposed in the framework of the European Solidarity Corps, thereby ensuring that local and regional bodies are fully informed and that there are appropriate direct or indirect forms of technical support at the registration stage and when funding is subsequently requested.</i></p>

Reason

It is essential to increase the involvement of local and regional entities, ensuring more active participation and a regularly updated network that also serves as a reference point for technical and training information.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments — EU Youth Strategy

1. emphasises the need for youth policy to be built into all European Union policies by means of a horizontal approach, fostering cross-sectoral, interregional and cross-border cooperation;
2. warmly welcomes the European Commission's proposal to introduce an EU Youth Coordinator and to develop the EU Youth Strategy Platform, boosting its information role and making it a platform for ongoing, effective dialogue with all stakeholders;
3. calls for regular meetings with the EU Youth Coordinator to be planned and for the institution of formal cooperation with the European Committee of the Regions, as the voice of all local and regional social demands in the area of youth policy;
4. welcomes the new Youth Work Agenda, highlighting its particular social value for young people of all backgrounds, including those who are not in employment, education or training (NEETs) and those who belong to indigenous national or linguistic minorities, and pointing to the need to ensure greater involvement of young people, including the most vulnerable, through the reinvigorated EU Youth Dialogue;
5. recommends maximum inclusion of young people from all backgrounds in order to ensure equal opportunities, social integration and support in job-seeking, guaranteeing that they can play an active part in the most dynamic sectors, such as sport;
6. welcomes the application of systematic tracking of EU expenditure under the different youth financing programmes, and hopes that there will be further long-term increases in financing for youth policies in the future. This aspect is of particular importance also for those EU Member States or regions worst hit by brain drain.

European Solidarity Corps

7. recommends that local volunteering be strengthened through different means of funding and communication, pointing out that many young people take part in local community projects whose contribution to political and civic engagement, social inclusion and countering migration from rural to urban areas should be highlighted⁽¹⁾;
8. calls for a clear distinction to be made between the voluntary and employment strands of the European Solidarity Corps, while recognising their complementarity, in order to avoid insecure or unpaid forms of work;
9. draws attention to the importance of recognising the skills acquired through voluntary work by issuing specific European Solidarity Corps certificates, while also using other similar instruments such as the Youthpass and Europass certificates, in other words the defining criteria adopted for apprenticeships;
10. calls for effective monitoring of participating organisations, in order to ensure full compliance with the standards set out in the Council Recommendation on a European Framework for Quality and Effective Apprenticeships⁽²⁾;
11. calls for specific criteria to be devised to assess projects involving pre-accession countries, where previously existing difficulties may have had a negative impact on the perception of solidarity-based commitments and volunteering, reducing young people's openness to these values.

⁽¹⁾ One such example in Italy is the recent experience of the Lombardy Region, which has successfully promoted initiatives to support solidarity-based sport (e.g. the Lega Civica).

⁽²⁾ <http://data.consilium.europa.eu/doc/document/ST-6779-2018-INIT/en/pdf>

Specific recommendations

12. agrees with the Commission's aim of increasing the impact of the EU Youth Strategy at local level;
13. agrees on the importance of the EU Youth Coordinator and its strategic role, entailing regular meetings with the European Committee of the Regions and more robust channels for training and information with the relevant national agencies;
14. also acknowledges the importance of the private sector for occupational placements whilst urging, however, that solidarity-based activities always be remunerated;
15. considers that, in order to ensure maximum quality of project implementation, it is crucial to speed up as much as possible the assessment phase of such projects, enabling the organisations involved to access funds more rapidly, and to have straightforward, rapid and flexible project registration procedures, with special attention to those with restricted internet access and/or language difficulties;
16. points out that, in order to ensure maximum promulgation of the European Solidarity Corps at local and regional level, there must be constant interaction with national stakeholders and practical, effective efforts to publicise the solidarity opportunities available;
17. considers that, when granting quality labels, value should be attached to the most original and effective volunteering activities (such as those conducted in cooperation and synergy with sports associations), as they can spur young people to maintain lifelong solidarity-based commitments, and also hopes that the organisations taking part can benefit from tax relief at the independent initiative of the Member States;
18. stresses that the proposal of the European Solidarity Corps should be implemented in line with the principle of subsidiarity. The involvement of local and regional authorities in the implementing phase of this proposal is extremely important. Calls on the Commission to take in consideration the needs and expectations of local communities as they are closer to the people concerned; underlines that education, professional training and youth matters are within the competence of the Member States and that the European Union, in accordance with Article 6 TFEU, must support, coordinate and supplement national measures given that boosting employment is a matter of common interest. Thus, the success of relevant EU measures, which must comply with the principles of subsidiarity and proportionality, depends on the cooperation with local and regional authorities;
19. regrets the lack of a shared, standard Europe-wide definition of 'social economy enterprises', from which the proposal for a regulation nevertheless requires guarantees in terms of outreach, publicity and dissemination of opportunities and results of the actions supported by the programme (Preamble, recital 38) and support for European Solidarity Corps activities;
20. suggests that the common volunteering parameters recognised by the European Volunteer Centre be included in the evaluations of solidarity activities.

Brussels, 6 December 2018.

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

Opinion of the European Committee of the Regions on 'Neighbourhood and the World'

(2019/C 86/16)

Rapporteur-general: Hans JANSSEN (NL/EPP), Mayor of Oisterwijk

Reference documents: Proposal for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument

COM(2018) 460 final

Proposal for a Council Decision on the Association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other ('Overseas Association Decision')

COM(2018) 461 final

Proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III)

COM(2018) 465 final

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument.

Amendment 1

(COM(2018) 460 final) Recital 25

Text proposed by the Commission	CoR amendment
<p>Whilst democracy and human rights, including gender equality and women's empowerment should be reflected throughout the implementation of this Regulation, Union assistance under the thematic programmes for human rights and democracy and civil society organisations should have a specific complementary and additional role by virtue of its global nature and its independence of action from the consent of the governments and public authorities of the third countries concerned.</p>	<p>Whilst democracy and human rights, including gender equality and women's empowerment should be reflected throughout the implementation of this Regulation, Union assistance under the thematic programmes for human rights and democracy, civil society organisations and Local and Regional Authorities should have a specific complementary and additional role by virtue of its global nature and its independence of action from the consent of the governments and public authorities of the third countries concerned.</p>

Reason

This opinion advocates that Local and Regional Authorities should be given a specific, separate programme with an earmarked budget in development cooperation, as well as be taken into account throughout programming as beneficiaries, as was the case under the current MFF period, under the Development Cooperation Instrument (DCI). While the local authority (LA) budget line under the DCI was not entirely spent, it has too easily been concluded that this had to do with the inadequate capacity of the Local and Regional Authorities. Other reasons, such as the strict co-financing requirements and the complex application procedures might have been more important. Either way, EU institutions should provide room for improvement, instead of opting for direct abolition.

Additionally, it is crucial that strong coordination mechanisms between civil society, local authorities and EU institutions are continued/established, to ensure the achievement of EU development policy and the Sustainable Development Goals. Therefore, CSOs and Local and Regional Authorities should indeed be mentioned in one sentence in this article.

Amendment 2

(COM(2018) 460 final) Recital 26

Text proposed by the Commission	CoR amendment
<p>Civil society organisations should embrace a wide range of actors with different roles and mandates which includes all non-State, not-for-profit structures, non-partisan and non-violent, through which people organise to pursue shared objectives and ideals, whether political, cultural, social or economic. Operating from the local to the national, regional and international levels, they comprise urban and rural, formal and informal organisations.</p>	<p>Civil society organisations should embrace a wide range of actors with different roles and mandates which includes all non-State, not-for-profit structures, non-partisan and non-violent, through which people organise to pursue shared objectives and ideals, whether political, cultural, social or economic. Operating from the local to the national, regional and international levels, they comprise urban and rural, formal and informal organisations.</p> <p><i>In line with the European Consensus on Development, Local and Regional Authorities play a key role in the implementation of the Sustainable Development Goals and in the coordination of local actors. As recognised by the Agenda 2030, all 17 goals have local components and are related to the competencies of local authorities, including on gender and climate change.</i></p>

Reason

The EC proposal does not mention the role that local authorities play in the design, implementation and monitoring of the Sustainable Development Goals (SDGs), even though Agenda 2030 for Sustainable Development makes explicit that all 17 SDGs have local components and are related to the daily work of Local and Regional Authorities. The 2017 New European Consensus on Development reiterates the need for **localisation of the SDGs**. This contradicts the absence of dedicated LA-funding in the new external set of instruments, yet another reason to reinstate the LA budget line upfront.

Amendment 3

(COM(2018) 460 final) Recital 29

Text proposed by the Commission	CoR amendment
<p>It is essential to further step up cooperation on migration with partner countries, reaping the benefits of well-managed and regular migration and effectively addressing irregular migration. Such cooperation should contribute to ensuring access to international protection, addressing the root causes of irregular migration, enhancing border management and pursuing efforts in the fight against irregular migration, trafficking in human beings and migrant smuggling, and working on returns, readmission and reintegration where relevant, on the basis of mutual accountability and full respect of humanitarian and human rights obligations. Therefore, third countries' effective cooperation with the Union in this area should be an integral element in the general principles of this Regulation. An increased coherence between migration and development cooperation policies is important to ensure that development assistance supports partner countries to manage migration more effectively. This Regulation should contribute to a coordinated, holistic and structured approach to migration, maximising the synergies and applying the necessary leverage.</p>	<p>It is essential to further step up cooperation on migration with partner countries, in close collaboration with their Local and Regional Authorities, reaping the benefits of well-managed and regular migration and effectively addressing irregular migration. Such cooperation should contribute to ensuring access to international protection, addressing the root causes of irregular migration, particularly when it involves vulnerable people such as unaccompanied minors, enhancing border management and pursuing efforts in the fight against irregular migration, trafficking in human beings and migrant smuggling, and working on returns, readmission and reintegration where relevant, on the basis of mutual accountability and full respect of humanitarian and human rights obligations, also in view of the possible adoption of the UN Global Compact on Migration. Therefore, third countries' effective cooperation with the Union in this area should be an integral element in the general principles of this Regulation. An increased coherence between migration and development cooperation policies is important to ensure that development assistance supports partner countries to manage migration more effectively. This Regulation should contribute to a coordinated, holistic and structured approach to migration, based on local needs and realities, maximising the synergies and applying the necessary leverage.</p>

Reason

Migration and development policies are closely linked. International, national, regional and local cooperation is crucial for making a common European migration policy a reality. A multilevel governance approach is a prerequisite to achieving optimum results. It is crucial that the EU, national and Local and Regional Authorities work in close cooperation with Local and Regional Authorities in the countries of transit and with civil society, migrants' associations and local communities in the host countries.

Amendment 4

(COM(2018) 460 final — General Provisions) Article 3(2)

Text proposed by the Commission	CoR amendment
<p>In accordance with paragraph 1, the specific objectives of this Regulation are the following:</p> <p>(a) to support and foster dialogue and cooperation with third countries and regions in the Neighbourhood, in Sub-Saharan Africa, in Asia and the Pacific, and in the Americas and the Caribbean;</p> <p>(b) at global level, to consolidate and support democracy, rule of law and human rights, support civil society organisations, further stability and peace and address other global challenges including migration and mobility;</p>	<p>In accordance with paragraph 1, the specific objectives of this Regulation are the following:</p> <p>(a) to support and foster dialogue and cooperation with third countries and regions in the Neighbourhood, including at the level of subnational entities, in Sub-Saharan Africa, in Asia and the Pacific, and in the Americas and the Caribbean;</p> <p>(b) at global level, to consolidate and support democracy, rule of law, human rights, gender equality, support civil society organisations and Local and Regional Authorities, further stability and peace and address other global challenges including migration and mobility;</p>

Reason

Assistance and cooperation at sub-national (local and regional) level with entities from the Neighbourhood (especially Eastern Partnership) countries, focused and tailored to local needs and circumstances, may in many cases achieve better and more inclusive results, more strongly felt by citizens, than programmes with partner countries' central authorities.

Amendment 5

(COM(2018) 460 final — General Provisions) Article 4(3)

Text proposed by the Commission	CoR amendment
<p>The thematic programmes shall encompass actions linked to the pursuit of the Sustainable Development Goals at global level, in the following areas:</p> <p>(a) Human Rights and Democracy;</p> <p>(b) Civil Society Organisations;</p> <p>(c) Stability and Peace;</p> <p>(d) Global Challenges.</p>	<p>The thematic programmes shall encompass actions linked to the pursuit of the Sustainable Development Goals at global level, in the following areas:</p> <p>(a) Human Rights and Democracy;</p> <p>(b) Civil Society Organisations;</p> <p>(c) Local and Regional Authorities</p> <p>(d) Stability and Peace;</p> <p>(e) Global Challenges.</p>

Text proposed by the Commission	CoR amendment
<p>Thematic programmes may cover all third countries as well as overseas countries and territories as defined in Council Decision .../... (EU).</p> <p>In order to attain the objectives laid down in Article 3, thematic programmes shall be based on the areas of intervention listed in Annex III.</p>	<p><i>All thematic programmes should be substantiated by earmarked budgets.</i></p> <p>Thematic programmes may cover all third countries as well as overseas countries and territories as defined in Council Decision .../... (EU).</p> <p>In order to attain the objectives laid down in Article 3, thematic programmes shall be based on the areas of intervention listed in Annex III.</p>

Reason

As mentioned under amendment 1, this opinion strongly advises that Local and Regional Authorities should be given a specific, separate programme with an earmarked budget in development cooperation, as well as be taken into account throughout programming as beneficiaries.

Amendment 6

(COM(2018) 460 final — General Provisions) Article 4(5)

Text proposed by the Commission	CoR amendment
<p>Actions under this Regulation shall be primarily implemented through geographic programmes.</p>	<p>Actions under this Regulation shall be primarily implemented through geographic programmes. <i>Where appropriate, the geographic programmes shall also have Local and Regional Authorities in the Neighbourhood countries as direct beneficiaries.</i></p>

Reason

EU assistance to and cooperation with Local and Regional Authorities from Partnership countries must not suffer in a financial or organisational way as a result of increased flexibility in allocation of financial and other resources between the various geographic and thematic programmes. It is advisable that the geographic programmes already target Local and Regional Authorities as direct beneficiaries in advance.

Amendment 7

(COM(2018) 460 final — General Provisions) Article 6(2)

Text proposed by the Commission	CoR amendment
<p>The financial envelope referred to in paragraph 1 shall be composed of:</p> <p>(a) EUR 68 000 million for geographic programmes:</p> <ul style="list-style-type: none"> — Neighbourhood at least EUR 22 000 million, — Sub-Saharan Africa at least EUR 32 000 million, — Asia and the Pacific EUR 10 000 million, — Americas and the Caribbean EUR 4 000 million, <p>(b) EUR 7 000 million for thematic programmes:</p> <ul style="list-style-type: none"> — Human Rights and Democracy EUR 1 500 million, — Civil Society Organisations EUR 1 500 million, — Stability and Peace EUR 1 000 million, — Global Challenges EUR 3 000 million, <p>(c) EUR 4 000 million for rapid response actions.</p>	<p>The financial envelope referred to in paragraph 1 shall be composed of:</p> <p>(a) EUR 68 000 million for geographic programmes:</p> <ul style="list-style-type: none"> — Neighbourhood at least EUR 22 000 million, — Sub-Saharan Africa at least EUR 32 000 million, — Asia and the Pacific EUR 10 000 million, — Americas and the Caribbean EUR 4 000 million, <p>(b) EUR 7 500 million for thematic programmes:</p> <ul style="list-style-type: none"> — Human Rights and Democracy EUR 1 500 million, — Civil Society Organisations EUR 1 500 million, — Local and Regional Authorities EUR 500 million — Stability and Peace EUR 1 000 million, — Global Challenges EUR 3 000 million, <p>(c) EUR 4 000 million for rapid response actions.</p>

Reason

In line with the above amendments, it is strongly advisable that a proportionate component of the available budget for the geographic programmes is allocated directly to programmes with/for Local and Regional Authorities, as is the case under the DCI in MFF 2014-2020. The proposed amount (EUR 500 million) is based on the current distribution of the CSO-LA budget line (66,16 % for CSOs, 22,05 % for Local Authorities, 10,4 % for Development Education and Awareness Raising and 1,39 % support measures (period 2018-2020)) and must of course be carefully calculated, taking the absorption rate of the current LA budget into account, as well as many other factors.

Amendment 8

(COM(2018) 460 final — General Provisions) Article 8(1)

Text proposed by the Commission	CoR amendment
<p>The Union shall seek to promote, develop and consolidate the principles of democracy, the rule of law and respect for human rights and fundamental freedoms on which it is founded, through dialogue and cooperation with partner countries and regions.</p>	<p>The Union shall seek to promote, develop and consolidate the principles of democracy at all levels of government, the rule of law, gender equality and respect for human rights and fundamental freedoms on which it is founded, through dialogue and cooperation with partner countries and regions.</p>

Reason

Democracy at subnational level should be included in the guiding principles, as the local and regional level is where citizens can experience democracy most directly. Gender equality should be added to the key principles.

Amendment 9

(COM(2018) 460 final) Article 11(2)

Text proposed by the Commission	CoR amendment
<p>Programming of geographic programmes shall provide a specific, tailor-made framework for cooperation based on:</p> <p>(a) the partners' needs, established on the basis of specific criteria, taking into account the population, poverty, inequality, human development, economic and environmental vulnerability, and state and societal resilience;</p> <p>(b) the partners' capacities to generate and access financial resources and on their absorption capacities;</p> <p>(c) the partners' commitments and performance, established on the basis of criteria such as political reform and economic and social development;</p> <p>(d) the potential impact of Union funding in partner countries and regions;</p> <p>(e) the partner's capacity and commitment to promote shared interests and values, and to support common goals and multilateral alliances, as well as the advancement of Union priorities.</p>	<p>Programming of geographic programmes shall provide a specific, tailor-made framework for cooperation based on:</p> <p>(a) the partners' needs, established on the basis of specific criteria, taking into account the population, poverty, inequality, human development, economic and environmental vulnerability, and state and societal resilience;</p> <p>(b) the partners' capacities to generate and access financial resources and on their absorption capacities;</p> <p>(c) the partners' commitments and performance, established on the basis of criteria such as political reform, economic and social development and their willingness to engage with their Local and Regional Authorities in the drafting, implementation and monitoring of programmes;</p> <p>(d) the potential impact of Union funding in partner countries and regions, including in the form of small-scale projects, also accessible for local and regional entities;</p> <p>(e) the partner's capacity and commitment to promote shared interests and values, and to support common goals and multilateral alliances, as well as the advancement of Union priorities.</p>

Reason

The proposed Article 11 already mentions that ‘... all action shall be based, to the extent possible, on a dialogue between the Union, the Member States and the partner countries concerned, including national and local authorities...’, which is a good starting point, but it seems important to add that the programming principles also strongly encourage engagement with Local and Regional Authorities (and other stakeholders) in the drafting, implementation and monitoring of programmes (also in view of the principles of subsidiarity and proportionality). An explicit reference is particularly important for work in countries where Local and Regional Authorities’ engagement is limited or not in place.

Furthermore, it is of utmost importance that the programming funds are accessible to all types and sizes of Local and Regional Authorities, including those in rural areas, as well as intermediary cities, since all of them operate in the same territories and need to work together to achieve sustainable (local) development (as explained in the EU’s Territorial Approach to Local Development).

In line with this, the new NDICI should also stimulate and finance small-scale projects (e.g. building on existing city-to-city or other subnational or multi-stakeholder partnerships), aside from megaprojects, and further facilitate capacity strengthening of Local and Regional Authorities, so that all types of Local and Regional Authority can work towards sustainable development.

Amendment 10

(COM(2018) 460 final — Title II, chapter III) Art. 22(7)

Text proposed by the Commission	CoR amendment
<p>Cooperation between the Union and its partners may take the form, inter alia, of:</p> <p>[...]</p> <p>(b) administrative cooperation measures such as twinning between public institutions, local authorities, national public bodies or private law entities entrusted with public service tasks of a Member State and those of a partner country or region, as well as cooperation measures involving public sector experts dispatched from the Member States and their regional and local authorities;</p>	<p>Cooperation between the Union and its partners may take the form, inter alia, of:</p> <p>[...]</p> <p>(b) administrative cooperation measures such as twinning between public institutions, local authorities, national public bodies or private law entities entrusted with public service tasks of a Member State and those of a partner country or region, as well as cooperation measures involving public sector experts dispatched from the Member States and their regional and local authorities, in particular through the TAIEX mechanism and the SIGMA programme;</p>

Reason

The explicit reference to the use of TAIEX and SIGMA would help substantiate the use of highly effective technical assistance tools at all administrative levels.

Annex II: Areas of cooperation for the geographic programmes

Amendment 11

(COM(2018) 460 final, Annex II) A.1 (a)

Text proposed by the Commission	CoR amendment
Strengthening democracy and democratic processes, governance and oversight, including transparent and credible electoral processes;	Strengthening democracy and democratic processes, governance and oversight at national and subnational level , including transparent and credible electoral processes at those levels ;

Reason

The European Consensus on Development, as agreed by the EU and its Member States in 2017, calls on regional and local authorities to exercise scrutiny and participate actively in the decision-making process (point (83)).

As the European Committee of the Regions we have participated in electoral observation missions, at local and regional level, which contribute to the strengthening and quality of democratic processes.

Amendment 12

(COM(2018) 460 final, Annex II) A.2 (l)

Text proposed by the Commission	CoR amendment
Supporting local authorities to improve at city level the delivery of basic services and equitable access to food security, accessible, decent and affordable housing and the quality of life, in particular for those living in informal settlements and slums.	Supporting local and regional authorities to improve at their level the delivery of basic services and equitable access to food security, accessible, decent and affordable housing and the quality of life, in particular for those living in informal settlements and slums.

Reason

This article suggests supporting local authorities to improve the delivery of basic services at city level. It is important to make explicit that the NDICI aims to work with the whole 'system of cities'. Cities are only one component in a national local government system: developmental imperatives in third countries need to be nationally owned and locally driven across different tiers of government communities and civil society. This is also in line with the EC's Territorial Approach to Local Development, which underlines that Local and Regional Authorities often play a coordinating role in their territory, consulting and cooperating with private sector, civil society organisations, as well as universities, knowledge institutes and other levels of government.

Annex III: Areas of intervention for thematic programmes

Amendment 13

(COM(2018) 460 final, Annex III) Insert new point 3

Text proposed by the Commission	CoR amendment
	<p>3. AREAS OF INTERVENTION FOR LOCAL AND REGIONAL AUTHORITIES</p> <p><i>Strengthen the role of Local and Regional Authorities as actors of development through:</i></p> <ul style="list-style-type: none"> <i>(a) Empowering Local and Regional Authorities, notably through international partnerships between European and partner countries' Local and Regional Authorities to implement the 2030 Agenda through a dedicated financial envelope in order to reinforce their governance capabilities and their capacities to engage in political dialogue with national authorities, and support decentralisation processes;</i> <i>(b) Fostering decentralised cooperation for development, in all its forms;</i> <i>(c) Increasing the capacity of European and Southern local and regional authorities' networks, platforms and alliances to ensure a substantive and continued policy dialogue in the field of development and to promote democratic governance, notably through the Territorial Approach to Local Development;</i> <i>(d) Increasing interactions with European citizens on development issues (awareness raising, knowledge sharing, engagement), notably in relation to the related to the Sustainable Development Goals, including in the Member States and candidate countries and potential candidates.</i>

Reason

The modalities of Local and Regional Authorities' involvement in European programmes beyond the programming phase remain to be clarified, as well as how they will be consulted on the geographic programmes' priorities. By adding an area of intervention specifically for Local and Regional Authorities there would be no doubt as to whether or not this target group/beneficiary/these partners would receive enough attention in the operationalisation of the policies.

The added value of decentralised cooperation (i.e. international partnerships between Local and Regional Authorities) is not explicitly mentioned in the different 'Neighbourhood and the World' proposals. Decentralised cooperation has been recognised by European institutions and Member States as a tool for development in the new Consensus on Development of 2017. It is indeed an efficient tool to increase the capacity of Local and Regional Authorities from EU partner countries to develop plans and deliver services and to improve the quality of decentralisation reforms. This type of international cooperation has existed for decades and involves many European Local and Regional Authorities. Decentralised cooperation should not be understood as partnerships with limited thematic scope (e.g. water supply, waste management and urban planning), as there is potential for decentralised cooperation to strengthen the wider governance framework. The geographic programmes pillar should also provide space for such activity.

Amendment 14

(COM(2018) 460 final, Annex III) 4. Areas of intervention for global challenges

Text proposed by the Commission	CoR amendment
<p>D. PARTNERSHIPS</p> <p>1. Strengthen the role of Local Authorities as actors of development through:</p> <p>(a) Increasing the capacity of European and Southern local authority networks, platforms and alliances to ensure a substantive and continued policy dialogue in the field of development and to promote democratic governance, notably through the Territorial Approach to Local Development;</p> <p>(b) Increasing interactions with European citizens on development issues (awareness raising, knowledge sharing, engagement), notably in relation to the related to the Sustainable Development Goals, including in the Union and candidate countries and potential candidate countries.</p>	

Reason

As a specific area of intervention for LRAs is added in amendment 13, LRAs are consequently removed from the area of intervention for global challenges.

Proposal IPA III

Amendment 15

(COM(2018) 465 final) Article 6

Text proposed by the Commission	CoR amendment
	<p>5. The Commission, in liaison with the Member States, shall also take the necessary steps to ensure that Local and Regional Authorities are involved in identifying the specific objectives pursued by assistance under this Regulation.</p>

Reason

Since IPA III will have as specific objective to reinforce the effectiveness of public administration and support structural reforms and good governance at all levels, Local and Regional Authorities should be involved in strategic planning. Also, the Commission is encouraged to put in place ad hoc operational methods so that the TAIEX and Twinning mechanisms can be used for cooperation between the Local and Regional Authorities of the Member States and of the candidate and potential candidate countries.

Amendment 16

(COM(2018) 465 final) Article 9(1)

Text proposed by the Commission	CoR amendment
Up to 3 % of the financial envelope shall be indicatively allocated to cross-border cooperation programmes between the beneficiaries listed in Annex I and the Member States, in line with their needs and priorities.	Up to 3 % of the financial envelope shall be indicatively allocated to cross-border cooperation programmes between the beneficiaries listed in Annex I and the Member States, in line with their needs and priorities and including support for capacity-building at local and regional level.

Reason

Capacity-building at local and regional level should be one of the priorities to be reflected in the financial allocation.

Amendment 17

(COM(2018) 465 final) Annex II

Text proposed by the Commission	CoR amendment
	(f) Promoting local and regional governance and enhancing the planning and administrative capacity of Local and Regional Authorities.

Reason

This thematic priority should not feature only under assistance for cross-border cooperation.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Introductory comments

1. Notes with interest the Commission's proposals for the MFF 2021-2027, including the proposals under the heading 'Neighbourhood and the World', notably the ones on the new NDICI and the prolonging of the Instrument for Pre-Accession (IPA) in IPA III;

2. Welcomes the fact that the proposed budget for the European Union's external action is to be increased (up to EUR 123 billion, compared to EUR 94,5 billion in the period 2014-2020), which equals approximately 10 % of the total MFF (as proposed); considers this to be directly needed in view of global challenges; and underlines the need to regard this proposed increase as a minimum in the current MFF negotiations;

3. Appreciates the Commission's ambition to make the EU's external action more consistent, coherent and flexible, in view of the global challenges such as climate change and massive urbanisation and social and economic turmoil, which all require multi-dimensional and complex solutions or approaches;

4. Welcomes the envisaged increase in effectiveness by merging several external action instruments into the proposed NDICI to achieve the Sustainable Development Goals and build resilience, in line with the COR 2017/03666 opinion, but notes that everything will depend on the operationalisation of the current proposals — it should, at all times, be avoided that the gap between policy and implementation widens (i.e. that modalities are not modified to also be more flexible);

5. Notes the fact that Local and Regional Authorities are included in the global challenges pillar of the proposed NDICI and also feature in the 'regional' part of the geographic pillar; and would like to receive assurance from the other EU institutions that Local and Regional Authorities will indeed get easy access to these programmes and budgets;

6. Agrees that boosting investments for job creation and strengthening the role of the private sector is key to development; therefore, welcomes the Communication on a new Africa-Europe Alliance for Sustainable Investment and Jobs: taking our partnership for investment and jobs to the next level, which has the objective to support the creation of 10 million jobs in Africa;

7. Insists that the involvement of and the earmarking of specific funding for local and regional levels of government of third countries will help foster development at grassroots level, thus helping the EU achieve its objectives;

8. Welcomes the prolonging of the Instrument for Pre-Accession (or IPA III), as a relevant and purposeful instrument, and appreciates that IPA III shall have as specific objectives reinforcing the effectiveness of public administration and supporting structural reforms and good governance at all levels, and supporting territorial and cross-border cooperation;

Concerns and opportunities

9. Sees that integrating several external action instruments into one NDICI provides both challenges and opportunities, and underlines that NDICI should continue to serve the long-term development objectives that were previously strived for through the EDF;

10. Is concerned that, with external action increasingly being allocated based on geography, access to funding for Local and Regional Authorities might become more difficult or less evident, depending on the specific country strategies, which are for now unknown; expresses concern that an increased reliance on country-led strategies and programming, based on key priorities and strategic investment in infrastructure, will lead to increased focus on beneficiaries at national level, and potentially less attention for multi-stakeholder decision-making and participation, in all phases of programming;

11. Underlines the importance of Local and Regional Authorities being involved in the development of strategies and programming and in the implementation of programming, and of the monitoring and evaluation frameworks being developed at local level. This would ensure that assistance is targeted to the needs of candidates, including at local and regional level. Performance-based funding allocation should take into account progress towards decentralisation reforms and local democracy/good governance at all levels;

12. Is disappointed to see that the earmarked budget line for Local Authorities available under the DCI is proposed to be discontinued in the next MFF-period and asks for more insight in the reasoning behind letting go of this earmarked budget despite many good experiences within the LA-grants/programmes; asks that this earmarked budget be reinstated;

13. Underlines that, while the LA budget line under the current DCI was not entirely spent, it has too easily been concluded that this had to do with the inadequate capacity of the Local and Regional Authorities. Other reasons, such as the strict co-financing requirements and complex application procedures, might in fact have been more important; calls on the EU institutions to provide room for improvement of the accessibility of this budget line, instead of opting for direct abolition;

14. Is open to sharing the various (good and bad) experiences of members of the Committee of the Regions with the current LA budget line with the other EU institutions, in the upcoming months;

15. Is ready to facilitate dialogue and cooperation with Local and Regional Authorities in enlargement and neighbourhood countries through the existing bodies and platforms (ARLEM, CORLEAP, Joint Consultative Committees and Working Groups, and the European Commission's strategic partnerships with associations of local and regional authorities, including CEMR-PLATFORMA), and thus contribute to the achievement of the objectives stated in the NDICI and IPA regulations. Underlines that peer-to-peer actions and programmes between European and non-EU Local and Regional Authorities, such as the Nicosia initiative for capacity-building in Libyan municipalities, illustrates the extent to which cooperation by Local and Regional Authorities can promote stability and prosperity in our neighbourhood;

16. Calls on the EU institutions, whatever the outcomes, to keep funds accessible to all types and sizes of Local and Regional Authorities, including the ones in rural areas, as well as intermediary cities, as hubs for sustainable and inclusive growth and innovation, thereby embracing the EU's Territorial Approach to Local Development;

17. Urges that the new NDICI also stimulate and finance small-scale projects (e.g. building on existing city-to-city or other subnational or multi-stakeholder partnerships) and further facilitate capacity-strengthening of Local and Regional Authorities so that they are more able to act in their coordinating role for territorial development and in strengthening urban-rural linkages;

18. Urges the EU legislators to adapt the proposed instruments (i.e. NDICI and IPA III) to further increase strategic support to Local and Regional Authorities and democracy at subnational level. Enhanced support to local democracy would increase the visibility of EU action by bringing the reform process to the doorsteps of citizens, and further embed the ownership of the reform process in partner countries;

19. Notes that another reason to consistently support and empower Local and Regional Authorities is that 65 % of the Sustainable Development Goals cannot be achieved without the active involvement of Local and Regional Authorities;

20. Emphasises that decentralised cooperation for development (in all its forms) is an important tool in this respect, as recognised by European institutions and Member States in the EU's Consensus on Development; and calls for this role and tool to be taken into account in a more pronounced way in the NDICI;

21. Urges that policy objectives specific to the cooperation between the EU and the Neighbourhood should be pursued and achieved, notwithstanding the merger of the previously separate instruments. In particular, EU assistance to and cooperation with Local and Regional Authorities from Partnership countries must not suffer in a financial or organisational way as a result of increased flexibility in allocation of financial and other resources between the various geographic and thematic programmes;

22. Is disappointed that TAIEX, Twinning and Sigma activities have been primarily used for the benefit of central administrations of beneficiary countries, whereas all chapters of the *acquis* have a(n) (in)direct link with (the competences of) Local and Regional Authorities, which are in a great position, by virtue of their direct relationship with the public, to effectively communicate the advantages of joining the EU and the benefits and safeguards that the EU provides for all its people, in particular in IPA III beneficiaries. Welcomes the explicit reference in the NDICI Regulation to the use of Twinning both at central and local and regional level, but expects that other tools such as TAIEX and SIGMA be also deployed at the same levels;

Suggestions and recommendations

23. Encourages the Commission to ensure in all cases that the relevant stakeholders, including Local and Regional Authorities, are duly consulted and have timely access to relevant information allowing them to play a meaningful role during the design, implementation and associated monitoring process of programmes;

24. Strongly advises that Local and Regional Authorities should be given a specific, separate programme with an earmarked budget in development cooperation, as well as be taken into account throughout programming as beneficiaries;

25. Calls on the EU institutions to assure that Local and Regional Authorities are sufficiently equipped to be able to localise the SDGs, and to explicitly mention this Agenda in the regulations establishing the instruments. Furthermore, it would help if the importance of this agenda were also reflected in the forthcoming budget specifications;
26. Calls on the Commission to put in place ad hoc operational methods so that the TAIEX and Twinning mechanisms can be used for cooperation between the Local and Regional Authorities of the Member States and of the partner countries;
27. Welcomes the initiative of the European Commission to conduct an evaluation of EU support to local authorities in enlargement and neighbourhood regions during 2010 - 2018 and recommends that experience from regional programmes/projects supporting local authorities, such as the Local Administration Facility, Mayors for Economic Growth and the Covenant of Mayors East, should be used to develop similar support for Local and Regional Authorities in the other regions;
28. Welcomes the fact that 'promoting local and regional governance and enhancing the planning and administrative capacity of Local and Regional Authorities' features as a thematic priority for assistance for cross-border cooperation (Annex III) and requests that the same thematic priority is included in Annex II of the IPA III regulation.

Brussels, 6 December 2018.

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

Opinion of the European Committee of the Regions on ‘The InvestEU Programme’

(2019/C 86/17)

<p>Rapporteur: Konstantinos AGORASTOS (EL/EPP), Governor of the Region of Thessaly</p> <p>Reference document: Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme</p> <p>COM(2018) 439 final</p>
--

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 1

Text proposed by the European Commission	CoR amendment
<p>With 1,8 % of EU GDP, down from 2,2 % in 2009, infrastructure investment activities in the Union in 2016 were about 20 % below investment rates before the global financial crisis. Thus, while a recovery in investment-to-GDP ratios in the Union can be observed, it remains below what might be expected in a strong recovery period and is insufficient to compensate years of underinvestment. More importantly, the current investment levels and forecasts do not cover the Union’s structural investment needs in the face of technological change and global competitiveness, including for innovation, skills, infrastructure, small and medium-sized enterprises (‘SMEs’) and the need to address key societal challenges such as sustainability or population ageing. Consequently, continued support is necessary to address market failures and sub-optimal investment situations to reduce the investment gap in targeted sectors to achieve the Union’s policy objectives.</p>	<p>With 1,8 % of EU GDP, down from 2,2 % in 2009, infrastructure investment activities in the Union in 2016 were about 20 % below investment rates before the global financial crisis. <i>In absolute terms, total investment remains below pre-crisis levels in 11 Member States, and was more than 25 % lower in 2015 than in 2007 in more than 40 regions across the EU.</i> Thus, while a recovery in investment-to-GDP ratios in the Union can be observed, it <i>is unevenly distributed, particularly in outlying and/or border regions between Member States, and between Member States and non-EU countries, and</i> remains below what might be expected in a strong recovery period and is insufficient to compensate years of underinvestment. More importantly, the current investment levels and forecasts do not cover the Union’s structural investment needs in the face of technological change and global competitiveness, including for innovation, skills, infrastructure, small and medium-sized enterprises (‘SMEs’) and the need to address key societal challenges such as sustainability or population ageing. Consequently, continued support is necessary to address market failures and sub-optimal investment situations to reduce the investment gap in targeted sectors, <i>and above all in regions that lag behind,</i> to achieve the Union’s policy objectives. <i>In these regions that are lagging behind, the emphasis should be on investment that develops their endogenous potential, targets comparative competitive advantages and is geared to their specific needs.</i></p>

Reason

The unevenness of investment trends across Member States and regions should be highlighted, as well as the need to close the investment gap, especially in regions suffering from a significant and persistent lack of investment.

Amendment 2

Recital 4

Text proposed by the European Commission	CoR amendment
<p>At Union level, the European Semester of economic policy coordination is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reform priorities. The strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national or Union funding, or by both. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the European Structural and Investment Funds, the European Investment Stabilisation Function and the InvestEU Fund, where relevant.</p>	<p>At Union level, the European Semester of economic policy coordination, <i>which needs to be reformed before the start of the next programming period to bring it in line with the implementation of the Sustainable Development Goals</i>, is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reform priorities. The strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national or Union funding, or by both. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the European Structural and Investment Funds, the European Investment Stabilisation Function and the InvestEU Fund, where relevant.</p>

Amendment 3

Recital 5

Text proposed by the European Commission	CoR amendment
<p>The InvestEU Fund should contribute to improving the competitiveness of the Union, including in the field of innovation and digitisation, the sustainability of the Union's economic growth, the social resilience and inclusiveness and the integration of the Union capital markets, including solutions addressing their fragmentation and diversifying sources of financing for the Union enterprises. To that end, it should support projects that are technically and economically viable by providing a framework for the use of debt, risk sharing and equity instruments underpinned by a guarantee from the Union's budget and by contributions from implementing partners. It should be demand-driven while support under the InvestEU Fund should at the same time focus on contributing to meeting policy objectives of the Union.</p>	<p>The InvestEU Fund should contribute to improving the competitiveness of the Union, including in the field of innovation and digitisation, the sustainability of the Union's economic growth, the social resilience, adaptability to change and inclusiveness of the Union, the economic, social and territorial cohesion of the Union, and the integration of the Union capital markets, including solutions addressing their fragmentation and diversifying sources of financing for the Union enterprises, with a special emphasis on SMEs. To that end, it should support projects that are technically and economically viable and meet a sustainability impact assessment by providing a framework for the use of debt, risk sharing and equity instruments underpinned by a guarantee from the Union's budget and by financial contributions from implementing partners. It should be demand-driven while support under the InvestEU Fund should at the same time focus on contributing to meeting policy objectives of the Union in coordination with the European Structural and Investment Funds.</p>

Reason

The proposal is based on Article 173 (Industry) and the third paragraph of Article 175 (Economic, Social and Territorial Cohesion) of the Treaty on the Functioning of the European Union (TFEU). The latter should also be reflected in the general objectives of the InvestEU Programme, in particular in view of the national and regional disparities that exist with regard to investment. In order to achieve the necessary financing for businesses, especially SMEs, it needs to be ensured that the various tools and instruments, including InvestEU and the Structural Funds, are available and coordinated, in view of the existing national and regional disparities.

Amendment 4

Recital 9

Text proposed by the European Commission	CoR amendment
<p>Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the InvestEU Programme will contribute to mainstream climate actions and to the achievement of an overall target of 25 % of the Union budget expenditures supporting climate objectives. Actions under the InvestEU Programme are expected to contribute 30 % of the overall financial envelope of the InvestEU Programme to climate objectives. Relevant actions will be identified during the InvestEU Programme's preparation and implementation and reassessed in the context of the relevant evaluations and review processes.</p>	<p>Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the InvestEU Programme will contribute to mainstream climate actions and to the achievement of an overall target of 30 % of the Union budget expenditures supporting climate objectives. Actions under the InvestEU Programme are expected to contribute 35 % of the overall financial envelope of the InvestEU Programme to climate objectives. Relevant actions will be identified during the InvestEU Programme's preparation and implementation and reassessed in the context of the relevant evaluations and review processes.</p>

Reason

Efforts to meet the UN Sustainable Development Goals and obligations under the Paris Agreement must be taken into account.

Amendment 5

Recital 11

Text proposed by the European Commission	CoR amendment
<p>According to the 2018 Global Risks Report issued by the World Economic Forum, half of the ten most critical risks threatening the global economy relate to the environment. Such risks include air, soil and water pollution, extreme weather events, biodiversity losses and failures of climate-change mitigation and adaptation. Environmental principles are strongly embedded in the Treaties and many of the Union's policies. Therefore, the mainstreaming of environmental objectives should be promoted in the InvestEU Fund related operations. Environmental protection and related risk prevention and management should be integrated in the preparation and implementation of investments. The EU should also track its biodiversity-related and air pollution control-related expenditure in order to fulfil the reporting obligations under the Convention on Biological Diversity and Directive (EU) 2016/2284 of the European Parliament and of the Council[1] Investment allocated to environmentally sustainability objectives should therefore be tracked using common methodologies coherent with that developed under other Union programmes applying to climate, biodiversity and air pollution management in order to allow assessing the individual and combined impact of investments on the key components of the natural capital, including air, water, land and biodiversity.</p>	<p>According to the 2018 Global Risks Report issued by the World Economic Forum, half of the ten most critical risks threatening the global economy relate to the environment. Such risks include air, soil and water pollution, extreme weather events, biodiversity losses and failures of climate-change mitigation and adaptation. Environmental principles are strongly embedded in the Treaties and many of the Union's policies. Therefore, the mainstreaming of environmental and disaster resilience objectives should be promoted in the InvestEU Fund related operations. Environmental protection and related risk prevention and management should be integrated in the preparation and implementation of investments. The EU should also track its biodiversity-related and air pollution control-related expenditure in order to fulfil the reporting obligations under the Convention on Biological Diversity and Directive (EU) 2016/2284 of the European Parliament and of the Council[1] Investment allocated to environmentally sustainability objectives should therefore be tracked using common methodologies coherent with that developed under other Union programmes applying to climate, biodiversity and air pollution management in order to allow assessing the individual and combined impact of investments on the key components of the natural capital, including air, water, land and biodiversity.</p>

Reason

To remain consistent with the CoR's opinion on Review of the EU Civil Protection Mechanism.

Amendment 6

Recital 17

Text proposed by the European Commission	CoR amendment
<p>As set out in the reflection paper on the social dimension of Europe^[1] and the European Pillar of Social Rights^[2], building a more inclusive and fairer Union is a key priority for the Union to tackle inequality and foster social inclusion policies in Europe. Inequality of opportunities affects in particular access to education, training and health. Investment in the social, skills and human capital-related economy, as well as in the integration of vulnerable populations in the society, can enhance economic opportunities, especially if coordinated at Union level. The InvestEU Fund should be used to support investment in education and training, help increase employment, in particular among the unskilled and long-term unemployed, and improve the situation with regard to intergenerational solidarity, the health sector, homelessness, digital inclusiveness, community development, the role and place of young people in society as well as vulnerable people, including third country nationals. The InvestEU Programme should also contribute to the support of European culture and creativity. To counter the profound transformations of societies in the Union and of the labour market in the coming decade, it is necessary to invest in human capital, microfinance, social enterprise finance and new social economy business models, including social impact investment and social outcomes contracting. The InvestEU Programme should strengthen nascent social market ecosystem, increasing the supply of and access to finance to micro- and social enterprises, to meet the demand of those who need it the most. The report of the High-Level Task-Force on Investing in Social Infrastructure in Europe^[3] has identified investment gaps in social infrastructure and services, including for education, training, health and housing, which call for support, including at the Union level. Therefore, the collective power of public, commercial and philanthropic capital, as well as support from foundations, should be harnessed to support the social market value chain development and a more resilient Union.</p>	<p>As set out in Article 9 of the Treaty on the Functioning of the European Union, the reflection paper on the social dimension of Europe^[1] and the European Pillar of Social Rights^[2], building a more inclusive and fairer Union is a key priority for the Union to tackle inequality and foster social inclusion policies in Europe. Inequality of opportunities affects in particular access to education, training, skills, the search for a first job and health. Investment in the social, skills and human capital-related economy, as well as in the integration of vulnerable populations in the society, can enhance economic opportunities, especially if coordinated at Union level and aimed at sectors that face difficulties due to labour shortages and adaptation to new technologies. The InvestEU Fund should be used to support investment in education and training, help increase employment, in particular among the unskilled, recent graduates and long-term unemployed, develop the creation of new ‘employment niches’ providing for new opportunities for first access to the labour market and improve the situation with regard to intergenerational solidarity, the health sector, housing, homelessness, digital inclusiveness, community development, the role and place of young people in society and the labour market as well as vulnerable people, including third country nationals. The InvestEU Programme should also contribute to the support of European culture and creativity. To counter the profound transformations of societies in the Union and of the labour market in the coming decade, it is necessary to invest in human capital, microfinance, social enterprise finance and new social economy business models, including social impact investment and social outcomes contracting. The InvestEU Programme should strengthen nascent social market eco-system, increasing the supply of and access to finance to micro- and social enterprises, and strengthen the links between businesses and training centres, to meet the demand of those who need it the most. The report of the High-Level Task-Force on Investing in Social Infrastructure in Europe^[3] has identified investment gaps in social infrastructure and services, including for education, training, skills, health and housing, which call for support, including at the Union level. Therefore, the collective power of public, commercial and philanthropic capital, as well as support from foundations, should be harnessed to support the social market value chain development and a more resilient Union.</p>

Reason

The reference to housing is introduced on the basis of Principle 19 of the European Pillar of Social Rights.

Amendment 7

Recital 19

Text proposed by the European Commission	CoR amendment
<p><i>Each policy window should be composed of two compartments, that is to say an EU compartment and a Member State compartment. The EU compartment should address Union-wide market failures or sub-optimal investment situations in a proportionate manner; supported actions should have a clear European added value. The Member State compartment should give Member States the possibility to contribute a share of their resources of Funds under shared management to the provisioning of the EU guarantee to use the EU guarantee for financing or investment operations to address specific market failures or sub-optimal investment situations in their own territory, including in vulnerable and remote areas such as the outermost regions of the Union, to deliver objectives of the Fund under shared management. Actions supported from the InvestEU Fund through either EU or Member State compartments should not duplicate or crowd out private financing or distort competition in the internal market.</i></p>	<p><i>The policy windows</i> should address Union-wide market failures or sub-optimal investment situations in a proportionate manner; supported actions should have a clear European added value. Actions supported from the InvestEU Fund should not duplicate or crowd out private financing or distort competition in the internal market.</p>

Reason

The added value of the compartments is unclear, especially since every project co-funded by InvestEU must have European added value. In addition to the administrative complexity of the division into compartments, the CoR should oppose any incentive to Member States to withdraw their funds from cohesion policy projects. In any case, the CoR must adopt its position in accordance with its opinion on Article 10 of the CPR and the corresponding InvestEU mechanism.

Amendment 8

Recital 20

Text proposed by the European Commission	CoR amendment
<p><i>The Member State compartment should be specifically designed to allow the use of funds under shared management to provision a guarantee issued by the Union. That combination aims at mobilising the high credit rating of the Union to promote national and regional investments while ensuring a consistent risk management of the contingent liabilities by implementing the guarantee given by the Commission under indirect management. The Union should guarantee the financing and investment operations foreseen by the guarantee agreements concluded between the Commission and implementing partners under the Member State compartment, the Funds under shared management should provide the provisioning of the guarantee, following a provisioning rate determined by the Commission based on the nature of the operations and the resulting expected losses, and the Member State would assume losses above the expected losses by issuing a back-to-back guarantee in favour of the Union. Such arrangements should be concluded in a single contribution agreement with each Member State that voluntarily chooses such option. The contribution agreement should encompass the one or more specific guarantee agreements to be implemented within the Member State concerned. The setting out of the provisioning rate on a case by case basis requires a derogation from [Article 211(1)] of Regulation (EU, Euratom) No XXXX^[1] (the ‘Financial Regulation’). This design provides also a single set of rules for budgetary guarantees supported by funds managed centrally or by funds under shared management, which would facilitate their combination.</i></p>	

Reason

Same reasoning as for the amendment to Recital 19.

Amendment 9

New Recital after Recital 24

Text proposed by the European Commission	CoR amendment
	<p><i>The InvestEU Fund should be provided with an appropriate governance structure the function of which should be commensurate with its sole purpose of ensuring the appropriate use of the EU guarantee. That governance structure should be composed of an Advisory Board, a Steering Board and an Investment Committee. The Commission should assess the compatibility of investment and financing operations submitted by the implementing partners with Union law and policies whereas the decisions on financing and investment operations should ultimately be taken by an implementing partner.</i></p>

Amendment 10

Recital 29

Text proposed by the European Commission	CoR amendment
<p>In selecting implementing partners for the deployment of the InvestEU Fund, the Commission should consider the counterpart's capacity to fulfil the objectives of the InvestEU Fund and contribute its own resources, in order to ensure adequate geographical coverage and diversification, to crowd-in private investors and to provide sufficient risk diversification as well as new solutions to address market failures and sub-optimal investment situations. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current financial instruments and the EFSI, the European Investment Bank Group should remain a privileged implementing partner under the InvestEU Fund's EU compartment. (...)</p>	<p>In selecting implementing partners for the deployment of the InvestEU Fund, the Commission should consider the counterpart's capacity to fulfil the objectives of the InvestEU Fund and contribute its own resources, in order to ensure adequate geographical coverage and diversification both between and within Member States, to crowd-in private investors and to provide sufficient risk diversification as well as new solutions to address market failures and sub-optimal investment situations. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current financial instruments and the EFSI, the European Investment Bank Group should remain a privileged implementing partner under the InvestEU programme. (...)</p>

Reason

Strong regional disparities also exist within Member States with regard to investment, and geographical diversification should therefore not be considered at the national level only.

Amendment 11

Recital 30

Text proposed by the European Commission	CoR amendment
<p>In order to ensure that interventions under the EU compartment of the InvestEU Fund focus on market failures and sub-optimal investment situations at Union level, but, at the same time, satisfy the objectives of best possible geographic outreach, the EU guarantee should be allocated to implementing partners, which alone or together with other implementing partners, can cover at least three Member States. However, it is expected that around 75 % of the EU guarantee under the EU compartment would be allocated to implementing partner or partners that can offer financial products under the InvestEU Fund in all Member States.</p>	<p>In order to ensure that interventions under the InvestEU Fund focus on market failures and sub-optimal investment situations at Union level, but, at the same time, satisfy the objectives of best possible geographic outreach, the EU guarantee should be allocated to implementing partners, which alone or together with other implementing partners, can cover at least two Member States. However, it is expected that around 50 % of the EU guarantee would be allocated to implementing partner or partners that can offer financial products under the InvestEU Fund in all Member States.</p>

Reason

Access must be facilitated for as many implementing partners as possible, especially from the Member States which do not have solid or long-established national promotional banks at central, regional or local level.

Amendment 12

Recital 31

Text proposed by the European Commission	CoR amendment
<p>The EU guarantee <i>under the Member State compartment</i> should be allocated to any implementing partner eligible according to [Article 62(1)(c)] of the [Financial Regulation], including national or regional promotional banks or institutions, the EIB, the European Investment Fund and other multilateral development banks. <i>When selecting implementing partners under the Member State compartment, the Commission should take into account the proposals made by each Member State.</i> In accordance with [Article 154] of the [Financial Regulation], the Commission must carry out an assessment of the rules and procedures of the implementing partner to ascertain that they provide a level of protection of the financial interest of the Union equivalent to the one provided by the Commission.</p>	<p>The EU guarantee should be allocated to any implementing partner eligible according to [Article 62(1)(c)] of the [Financial Regulation], including national or regional promotional banks or institutions, the EIB, the European Investment Fund and other multilateral development banks. In accordance with [Article 154] of the [Financial Regulation], the Commission must carry out an assessment of the rules and procedures of the implementing partner to ascertain that they provide a level of protection of the financial interest of the Union equivalent to the one provided by the Commission.</p>

Reason

Same reasoning as for the amendment to Recital 19.

Amendment 13

Recital 36

Text proposed by the European Commission	CoR amendment
<p>In order to ensure a wide geographic outreach of the advisory services across the Union and to successfully leverage local knowledge about the InvestEU Fund, a local presence of the InvestEU Advisory Hub should be ensured, where needed, taking into account existing support schemes, with a view to provide tangible, proactive, tailor-made assistance on the ground.</p>	<p>In order to ensure a wide geographic outreach of the advisory services across the Union and to successfully leverage local knowledge about the InvestEU Fund, a local presence of the InvestEU Advisory Hub should be ensured, where needed <i>and in particular in Member States or regions which suffer from a significant and persistent investment gap</i>, taking into account existing support schemes, with a view to provide tangible, proactive, tailor-made assistance on the ground.</p>

Reason

Member States and regions which are suffering more from a lack of investment should also be prioritised in setting up the Advisory Hub's local presence.

Amendment 14

Article 2(5)

Text proposed by the European Commission	CoR amendment
<p>'Funds under shared management' means funds that foresee the possibility of allocating an amount thereof to the provisioning of a budgetary guarantee under the Member State compartment of the InvestEU Fund, namely the European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF) and the European Agriculture Fund for Rural Development (EAFRD);</p>	<p>'Funds under shared management': the European Regional Development Fund (ERDF), the European Social Fund+ (ESF +), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF) and the European Agriculture Fund for Rural Development (EAFRD);</p>

Reason

The ability to allocate an amount to the provisioning of a budget guarantee is not a feature of funds under shared management.

Amendment 15

Article 2(13)

Text proposed by the European Commission	CoR amendment
<p>'national promotional banks or institutions' means legal entities carrying out financial activities on a professional basis which are given mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities;</p>	<p>'local, regional and national promotional banks or institutions' means legal entities carrying out financial activities on a professional basis which are given mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities;</p>

Reason

A specific mention of local and regional promotional banks should be made.

Amendment 16

Article 3(1)

Text proposed by the European Commission	CoR amendment
<p>The general objective of the InvestEU Programme is to support the policy objectives of the Union by means of financing and investment operations contributing to:</p> <p>(a) the competitiveness of the Union, including innovation and digitisation;</p> <p>(b) the sustainability of the Union economy and its growth;</p>	<p>The general objective of the InvestEU Programme is to support the policy objectives of the Union by means of financing and investment operations contributing to:</p> <p>(a) the competitiveness of the Union, including innovation and digitisation;</p> <p>(b) the sustainability of the Union economy and its growth;</p>

Text proposed by the European Commission	CoR amendment
<p>(c) the social resilience and inclusiveness of the Union;</p> <p>(d) the integration of the Union capital markets and the strengthening of the Single Market, including solutions addressing the fragmentation of the Union capital markets, diversifying sources of financing for Union enterprises and promoting sustainable finance.</p>	<p>(c) the social resilience and inclusiveness of the Union;</p> <p>(d) the economic, social and territorial cohesion of the Union;</p> <p>(e) the integration of the Union capital markets and the strengthening of the Single Market, including solutions addressing the fragmentation of the Union capital markets, diversifying sources of financing for Union enterprises and promoting sustainable finance.</p>

Reason

See recommendation for amendment to Recital 5.

Amendment 17

Article 4(1)

Text proposed by the European Commission	CoR amendment
<p>The EU guarantee for the purposes of the EU compartment referred to in point (a) of Article 8(1) shall be EUR 38 000 000 000 (current prices). It shall be provisioned at the rate of 40 %.</p> <p>An additional amount of the EU guarantee may be provided for the purposes of the Member State compartment referred to in point (b) of Article 8(1), subject to the allocation by Member States, pursuant to [Article 10(1)] of Regulation [[CPR] number] and Article [75(1)] of Regulation [[CAP plan] number], of the corresponding amounts.</p> <p>The contributions from third countries referred to in Article 5 shall also increase the EU guarantee referred to in the first subparagraph, providing a provisioning in cash in full in accordance with [Article 218(2)] of the [Financial Regulation].</p>	<p>The EU guarantee shall be EUR 38 000 000 000 (current prices). It shall be provisioned at the rate of 40 %.</p> <p>An additional amount of the EU guarantee may be provided subject to the allocation by Member States, pursuant to [Article 10(1)] of Regulation [[CPR] number] and Article [75(1)] of Regulation [[CAP plan] number], of the corresponding amounts.</p> <p>The contributions from third countries referred to in Article 5 shall also increase the EU guarantee referred to in the first subparagraph, providing a provisioning in cash in full in accordance with [Article 218(2)] of the [Financial Regulation].</p>

Reason

See recommendation for amendment to Recital 19.

Amendment 18

Article 5

Text proposed by the European Commission	CoR amendment
<p><i>The EU compartment of the InvestEU Fund referred to in point (a) of Article 8(1) and</i> each of the policy windows referred to in Article 7(1) may receive contributions from the following third countries in order to participate in certain financial products pursuant to [Article 218(2)] of the [Financial Regulation]:</p> <p>[...]</p>	<p>Each of the policy windows referred to in Article 7(1) may receive contributions from the following third countries in order to participate in certain financial products pursuant to [Article 218(2)] of the [Financial Regulation]:</p> <p>[...]</p>

Reason

Same reasoning as for the amendment to Recital 19.

Amendment 19

Article 7(1)(a)

Text proposed by the European Commission	CoR amendment
<p>Sustainable infrastructure policy window: comprises sustainable investment in the areas of transport, energy, digital connectivity, supply and processing of raw materials, space, oceans and water, waste, nature and other environment infrastructure, equipment, mobile assets and deployment of innovative technologies that contribute to the environmental or social sustainability objectives of the Union, or to both, or meet the environmental or social sustainability standards of the Union;</p>	<p>Sustainable infrastructure policy window: comprises sustainable investment in the areas of transport, energy, housing, digital connectivity, supply and processing of raw materials, space, oceans and water, waste, nature and other environment infrastructure, equipment, mobile assets and deployment of innovative technologies that contribute to the environmental or social sustainability objectives of the Union, or to both, or meet the environmental or social sustainability standards of the Union;</p>

Reason

Inclusion of a reference to housing, essential to the implementation of Sustainable Development Goal 11.

Amendment 20

Article 7(1)(d)

Text proposed by the European Commission	CoR amendment
social investment and skills policy window: comprises microfinance, social enterprise finance and social economy; skills, education, training and related services; social infrastructure (including social and student housing); social innovation; health and long-term care; inclusion and accessibility; cultural activities with a social goal; integration of vulnerable people, including third country nationals.	social investment and skills policy window: comprises microfinance, social enterprise finance and social economy; skills, sport and related small scale infrastructures for the grassroots level , education, training and related services; social infrastructure (including social and student housing); social innovation; health and long-term care; inclusion and accessibility; cultural activities with a social goal; integration of vulnerable people, including third country nationals.

Reason

There is under-investment in local sports infrastructure, which can boost the economic growth of EU regions, increase social inclusion and integration of disadvantaged groups, and may ensure a brighter future to younger generations.

Amendment 21

Article 7(4)

Text proposed by the European Commission	CoR amendment
Implementing partners shall provide the information necessary to allow the tracking of investment that contributes to meeting the Union objectives on climate and environment, based on guidance to be provided by the Commission.	Implementing partners shall provide the information necessary to allow the tracking of investment that contributes to meeting the Union objectives with regard to implementation of the Sustainable Development Goals, particularly on climate and environment, and implementation of the European Pillar of Social Rights , based on guidance to be provided by the Commission.

Amendment 22

Article 8

Text proposed by the European Commission	CoR amendment
Each policy window referred to in Article 7(1) shall consist of two compartments addressing specific market failures or sub-optimal investment situations as follows: (a) the EU compartment shall address any of the following situations:	Each policy window referred to in Article 7(1) shall address specific market failures or sub-optimal investment situations as follows:

Text proposed by the European Commission	CoR amendment
<p>(i) market failures or sub-optimal investment situations related to Union policy priorities and addressed at the Union level;</p> <p>(ii) Union wide market failures or sub-optimal investment situations;</p> <p>(iii) new or complex market failures or sub-optimal investment situations with a view to developing new financial solutions and market structures;</p> <p>(b) the Member State compartment shall address specific market failures or sub-optimal investment situations in one or several Member States to deliver objectives of the contributing Funds under shared management.</p> <p>2. The compartments referred to in paragraph 1 may be used in a complementary manner to support a financing or investment operation, including by combining support from both compartments.</p>	<p>(i) market failures or sub-optimal investment situations related to Union policy priorities and addressed at the Union level;</p> <p>(ii) Union wide market failures or sub-optimal investment situations;</p> <p>(iii) new or complex market failures or sub-optimal investment situations with a view to developing new financial solutions and market structures;</p>

Reason

See recommendation for amendment to Recital 19.

Amendment 23

Article 11(1) new (d)

Text proposed by the European Commission	CoR amendment
	<p>are consistent with the European Union's commitments in implementing the Sustainable Development Goals;</p>

Reason

N/A

Amendment 24

Article 12(1)

Text proposed by the European Commission	CoR amendment
<p>The Commission shall select, in accordance with [Article 154] of the [Financial Regulation], the implementing partners or a group of them, as referred to in the second subparagraph of this paragraph, from among eligible counterparts.</p>	<p>The Commission shall select, in accordance with [Article 154] of the [Financial Regulation], the implementing partners or a group of them, as referred to in the second subparagraph of this paragraph, from among eligible counterparts.</p>

Text proposed by the European Commission	CoR amendment
<p>For the EU compartment, the eligible counterparts shall have expressed their interest and shall be able to cover financing and investment operations in at least three Member States. The implementing partners may also cover together financing and investment operations in at least three Member States by forming a group.</p>	<p>The eligible counterparts are those which shall have expressed their interest and shall be able to cover financing and investment operations in at least two Member States. The implementing partners may also cover together financing and investment operations in at least two Member States by forming a group.</p>
<p>For the Member State compartment, the Member State concerned may propose one or more eligible counterparts as implementing partners from among those that have expressed their interest pursuant to Article 9(3)(c).</p>	<p>The Member State concerned may propose one or more eligible counterparts as implementing partners from among those that have expressed their interest pursuant to Article 9(3)(c).</p>
<p>Where the Member State concerned does not propose an implementing partner, the Commission shall proceed in accordance with the second subparagraph of this paragraph among those implementing partners that can cover financing and investment operations in the geographical areas concerned.</p>	<p>Where the Member State concerned does not propose an implementing partner, the Commission shall proceed in accordance with the second subparagraph of this paragraph among those implementing partners that can cover financing and investment operations in the geographical areas concerned.</p>

Reason

Same reasoning as for the amendment to Recital 19.

Amendment 25

Article 12(2)

Text proposed by the European Commission	CoR amendment
<p>When selecting implementing partners, the Commission shall ensure that the portfolio of financial products under the InvestEU Fund:</p>	<p>When selecting implementing partners, the Commission shall ensure that the portfolio of financial products under the InvestEU Fund:</p>
<p>(a) maximises the coverage of the objectives laid down in Article 3;</p>	<p>(a) maximises the coverage of the objectives laid down in Article 3;</p>
<p>(b) maximises the impact of the EU guarantee through the own resources committed by the implementing partner;</p>	<p>(b) maximises the impact of the EU guarantee through the own resources committed by the implementing partner;</p>
<p>(c) maximises, where appropriate, private investment;</p>	<p>(c) maximises, where appropriate, private investment;</p>
<p>(d) achieves geographical diversification;</p>	<p>(d) achieves broad geographical coverage and diversification both between and within Member States;</p>
<p>(e) provides sufficient risk diversification;</p>	<p>(e) provides sufficient risk diversification;</p>
<p>(f) promotes innovating financial and risk solutions to address market failures and sub-optimal investment situations.</p>	<p>(f) promotes innovating financial and risk solutions to address market failures and sub-optimal investment situations.</p>

Reason

See recommendation for amendment to Recital 29.

Amendment 26

Article 17

Text proposed by the European Commission	CoR amendment
<p>1. The Commission shall be advised by an advisory board which shall have two configurations, namely representatives of implementing partners and representatives of Member States.</p> <p>2. Each implementing partner and each Member State may nominate one representative to the configuration concerned</p> <p>[...]</p>	<p>The Commission and the Steering Board shall be advised by an advisory board.</p> <p>The advisory board shall comprise of:</p> <p>(a) one representative of each implementing partner;</p> <p>(b) one representative of each Member State;</p> <p>(c) one representative of the EIB;</p> <p>(d) one representative of the Commission;</p> <p>(e) one expert for each policy window, appointed by the European Committee of the Regions and the European Economic and Social Committee.</p> <p>[...]</p>

Amendment 27

New Article after Article 17

Text proposed by the European Commission	CoR amendment
	<p style="text-align: center;">Steering Board</p> <p>1. The InvestEU Fund shall be governed by a Steering Board, which, for the purpose of the use of the EU guarantee, shall determine, in conformity with the general objectives set out in Article 3:</p> <p>(a) the strategic orientation of the InvestEU Fund;</p> <p>(b) the operating policies and procedures necessary for the functioning of the InvestEU Fund;</p> <p>(c) the rules applicable to the operations with investment platforms.</p> <p>2. The Steering Board shall comprise members appointed by the Commission, by the European Investment Bank and by the Advisory Board from amongst the representatives of the implementing partners:</p>

Amendment 28

New Article after Article 17

Text proposed by the European Commission	CoR amendment
	<p style="text-align: center;">Risk Assessment Methodology</p> <p>1. The Commission shall be empowered to adopt delegated acts in accordance with Article 26 to supplement this Regulation by establishing a risk assessment methodology. Such risk assessment methodology shall include:</p> <p>(a) a risk rating classification, to ensure consistent and standard treatment of all operations independent from the intermediary institution;</p> <p>(b) a methodology to assess the value at risk and the probability of default based on clear statistical methods, including environmental, social and governance (ESG) criteria;</p> <p>(c) a method to assess exposure at default and loss given default, taking into account the value of financing, the project risk, the repayment terms, the collateral, and other relevant indicators.</p>

Amendment 29

Article 18

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Project team</i></p> <p>1. A project team consisting of experts, put at the disposal of the Commission by the implementing partners free of charge for the Union budget, shall be established.</p> <p>2. Each implementing partner shall assign experts to the project team. The number of the experts shall be established in the guarantee agreement.</p> <p>[...]</p>	<p style="text-align: center;"><i>Project team</i></p> <p>1. A project team consisting of experts, put at the disposal of the Commission by the implementing partners free of charge for the Union budget, shall be established. Where implementing partners form a group in accordance with the second subparagraph of Article 12(1), the experts shall be made available to the European Commission by all the implementing partners.</p> <p>2. Each implementing partner or group of implementing partners formed in accordance with the second subparagraph of Article 12(1) shall assign experts to the project team. The number of the experts shall be established in the guarantee agreement.</p> <p>[...]</p>

Reason

The secondment of staff to the Commission may prove burdensome for smaller national or regional promotional banks and institutions, which should benefit from a degree of flexibility, for instance by pooling resources within a group.

Amendment 30

Article 20(2)(c)

Text proposed by the European Commission	CoR amendment
supporting actions and leveraging local knowledge to facilitate the use of the InvestEU Fund support across the Union and contributing actively where possible to the objective of sectorial and geographical diversification of the InvestEU Fund by supporting the implementing partners in originating and developing potential financing and investment operations;	supporting actions and leveraging local and regional knowledge to facilitate the use of the InvestEU Fund support across the Union and contributing actively where possible to the objective of sectorial and geographical diversification of the InvestEU Fund by supporting the implementing partners in originating and developing potential financing and investment operations;

Amendment 31

Article 20(4)

Text proposed by the European Commission	CoR amendment
Fees may be charged for the services referred to in paragraph 2 to cover part of the costs for providing those services.	Fees may be charged for the services referred to in paragraph 2 to cover part of the costs for providing those services. Services provided by the InvestEU Advisory Hub to public project promoters shall be free of charge.

Reason

The fee exemption for public promoters is in place with the existing European Investment Advisory Hub (Regulation (EU) 2015/1017, Article 14(4)) and should be maintained.

Amendment 32

Article 20(6)

Text proposed by the European Commission	CoR amendment
The InvestEU Advisory Hub shall have local presence, where necessary. It shall be established in particular in Member States or regions that face difficulties in developing projects under the InvestEU Fund. The InvestEU Advisory Hub shall assist in the transfer of knowledge to the regional and local level with a view to building up regional and local capacity and expertise for support referred to in paragraph 1.	The InvestEU Advisory Hub shall have local presence, where necessary. It shall be established in particular in Member States or regions that face difficulties in developing projects under the InvestEU Fund, or which suffer from a significant and persistent investment gap. The InvestEU Advisory Hub shall assist in the transfer of knowledge to the regional and local level with a view to building up regional and local capacity and expertise for support referred to in paragraph 1. The nature of this local presence shall be defined in consultation with the national, regional or local authorities concerned.

Reason

See recommendation for amendment to Recital 36.

Amendment 33

Article 21(2)

Text proposed by the European Commission	CoR amendment
<p>The InvestEU Portal shall provide a channel for project promoters to bring their projects for which they are seeking finance visible and thus provide information on them to investors. The inclusion of projects in the InvestEU Portal shall be without prejudice to the decisions on the final projects selected for support under this Regulation, under any other instrument of the Union, or for public funding.</p>	<p>The InvestEU Portal shall provide a channel for project promoters to bring their projects for which they are seeking finance visible and thus provide information on them to investors. The inclusion or non-inclusion of projects in the InvestEU Portal shall be without prejudice to the decisions on the final projects selected for support under this Regulation, under any other instrument of the Union, or for public funding.</p>

Reason

It should be clarified further that while inclusion on the Portal is not a guarantee of support through InvestEU or other instruments, neither is it a prerequisite for this support.

Amendment 34

Article 21(6)

New paragraph 6

Text proposed by the European Commission	CoR amendment
	<p><i>Implementing partners shall actively contribute to the promotion and publicity of the InvestEU Portal towards both project promoters and investors.</i></p>

Reason

Since such a portal relies on reaching a critical mass of users, further outreach and awareness-raising would be beneficial. Implementing partners, thanks to their contacts with investors and promoters, are well placed to contribute to these activities.

Amendment 35

Annex II, point 2(d)

Text proposed by the European Commission	CoR amendment
<p>railway infrastructure, other rail projects, and maritime ports;</p>	<p>railway infrastructure, other rail projects, <i>inland waterway infrastructure</i> and maritime ports</p>

Reason

N/A

Amendment 36

Annex II, new point after point 2(e)

Text proposed by the European Commission	CoR amendment
	<i>development of next-generation batteries for electrical mobility;</i>

Amendment 37

Annex II, point 7

Text proposed by the European Commission	CoR amendment
Financial support to entities employing up to 3 000 employees, with a particular focus on SMEs and small mid — cap companies, in particular through: (...)	Financial support to entities employing up to 3 000 employees, with a particular focus on SMEs, small midcap companies and enterprises of the social economy , in particular through: (...)

Amendment 38

Annex III, point 4(4)

Text proposed by the European Commission	CoR amendment
Transport: Investment mobilised in TEN-T of which: TEN-T core	Transport: Investment mobilised in TEN-T of which: TEN-T core, comprehensive TEN-T network, cross-border missing links

Reason

InvestEU should help the development of the TEN-T as a whole **and the completion of cross-border missing links, especially in the rail network.**

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the European Commission's ambition to further support investment in Europe, by building on the experience acquired with the European Fund for Strategic Investments (EFSI) and the Investment Plan more broadly, through its proposal establishing the InvestEU Programme;

2. notes that as well as following the market and demand, InvestEU will be geared to shaping policy; highlights the need for adequate support to be provided for funding and investment activities in the sphere of research and innovation; and points in particular to the importance of establishing the 'social investment and skills' policy window as a tool to unlock urgently needed investment in innovative social infrastructure projects, social economy enterprises and social services at regional and local level; highlights the need to invest in quality social projects, which are smaller, innovative and financially riskier, yet still economically viable and with a higher social return, as this could be the added value of the EU guarantee;

3. stresses that while there has been some improvement in investment conditions in some Member States and regions, the level of gross fixed capital formation as a share of GDP for the whole of the EU has still not recovered to its pre-crisis level, with overall investment remaining around 10 % lower than it was before the crisis, with some strong disparities among Member States ⁽¹⁾;
4. highlights that the investment situation is even more diverse at regional level, and remains particularly worrying in a number of European regions; measured in absolute terms, investment was more than 25 % lower in 2015 than in 2007 in more than 40 European regions located in Italy, Portugal, the United Kingdom, Romania, the Netherlands, Ireland, Latvia, Slovenia, Croatia and Cyprus, while it was more than 60 % lower in most Greek regions ⁽²⁾;
5. notes with alarm that public investment also remains persistently low in the EU, in particular investment undertaken by local and regional authorities, which in 2017 remained more than 30 % lower than its 2009 level as a share of GDP ⁽³⁾;
6. is further worried by the growing centralisation of investment: the share of public investment made by local and regional authorities — while still above 50 % in the EU on average — having fallen noticeably compared to the level of 60 % seen in the 1990s ⁽⁴⁾;
7. expresses serious concern regarding this situation, since investment — both private and public — is a prerequisite for current competitiveness as well as future growth and job creation, and therefore for the well-being of Europeans in all cities and regions;
8. is concerned that, where the local and regional governments depend the most on central governments' budget allocation, austerity cuts have not been reversed fully while new obligations have been imposed on the LRAs, which in many cases have additionally reduced funding available for investment;
9. reiterates its call for investments made by local and regional authorities financed by the InvestEU programme and the EIB to be excluded from Member States' budget deficit and debt calculations;
10. demands that the economic, social and territorial cohesion of the Union be included among the objectives of the InvestEU Programme, in particular since the proposal's legal basis comprises the third paragraph of Article 175 of the Treaty on the Functioning of the European Union which focuses on cohesion; believes it is of the utmost importance that InvestEU be geographically balanced and that it be targeted as a matter of priority at regions suffering from a significant and persistent lack of investment and at particularly vulnerable and remote areas such as the outermost regions;
11. finds the proposal for a regulation establishing the InvestEU Programme in compliance with the principles of subsidiarity and proportionality;

Financial instruments and the InvestEU Fund

12. recognises once more that financial instruments can be important tools for territorial development ⁽⁵⁾, since repayable financing can ensure a greater leverage of public funds and thus greater impact in specific cases where private financing can complement public sources thanks to appropriate returns and cash flow; highlights that this is especially relevant at a time of persistently constrained public budgets at all levels of governance;
13. notes, however, that EU financial instruments have proliferated in recent years, with different eligibility and reporting rules, in a manner that creates complexity and confusion while not benefiting fully from synergies and economies of scale, thus leading to a situation that is not conducive to financial instruments being used efficiently and effectively;

⁽¹⁾ Eurostat, dataset tec00011.

⁽²⁾ Own calculations on the basis of Eurostat gross fixed capital formation at NUTS 2 level: dataset nama_10r_2gfcf.

⁽³⁾ Eurostat, dataset tec00022.

⁽⁴⁾ European Commission, 7th Cohesion Report (p. 168).

⁽⁵⁾ CoR opinion: Financial instruments in support of territorial development: <http://webapi.cor.europa.eu/documentsanonymous/cor-2015-01772-00-00-ac-tra-en.docx>.

14. recommends assessing the EFSI's economic impact to date in each of the Member States and Regions, including overviews of the use of the funds and the benefits ensuing from them. This assessment will be particularly important because InvestEU, as a new EU financial tool, could be directly geared towards real investment priorities and could avoid certain shortcomings found in existing ways of using the EU budget;
15. emphasises that InvestEU must be geared to results, especially job creation and addressing regional disparities, as well as to funding economically viable projects and maintains that this can be more effectively achieved through close coordination with local and regional authorities;
16. believes that the principle of additionality should be clearly followed, especially in the case of high-risk projects that are implemented in less-developed regions and regions in transition;
17. acknowledges that the Commission's InvestEU proposal has the potential to simplify the use of financial instruments for intermediaries and final recipients as well as the combination of these instruments with other types of Union support, which are long-standing demands of the CoR;
18. reaffirms, however, its position that InvestEU should neither replace nor compete with existing EU social cohesion mechanisms;
19. has concerns about the administrative burden, red tape and delays that would likely ensue if three additional stages were added to the cycle of approving an investment project, and therefore believes it is necessary to ensure that the proposed governance system produces swift decisions, though obviously without speed affecting the quality of those decisions;
20. recommends considering the proposal to introduce fast-track procedures for small-scale projects up to a certain budget, given that in certain regions smaller-scale projects may equate to strategic investments because they can have significant leverage effects;
21. calls on the European Commission to ensure that the Committee of the Regions is involved as an observer in the administrative system for InvestEU, in particular the Advisory Board;
22. welcomes the programme's reliance on a budgetary guarantee which, coupled with the low risk deriving from a large portfolio of good-quality, diversified projects across Europe, allows a smaller share of the EU budget to be frozen for a proportionately larger impact; is of the view, however, that the Commission should set a more ambitious goal for the total level of investment that can be mobilised;
23. supports the Commission's proposal of implementing the InvestEU guarantee through a number of partners rather than solely through the European Investment Bank (EIB) Group, as was the case with the EFSI; however, to facilitate access for as many implementing partners as possible, suggests that it is sufficient for one Member State or one region to be covered;
24. believes that the involvement of several implementing partners should enable broader thematic and geographic coverage of the InvestEU Fund compared to EFSI, both between Member States and within them between regions, since these implementing partners will bring additional diversity of experience as well as a variety of local and sectorial expertise;
25. draws the Commission's attention to the countries that lack the structures at national and regional level that could give them access to the InvestEU guarantee; in view of this, recommends encouraging and supporting the creation of such structures;
26. highlights that, while it appears appropriate for implementing partners to second staff to the Commission in order to form the InvestEU project team, given their expertise and the substantial additional capacity that implementing partners will benefit from thanks to the EU guarantee, the secondment of suitable experts among their staff may prove difficult for smaller national or regional promotional banks and institutions; requests therefore that such smaller institutions be granted a degree of flexibility, for instance by pooling their resources when forming groups in accordance with the second subparagraph of Article 12(1) of the draft Regulation;

27. defends the principle that the managing authorities of the European Structural and Investment Funds (ESIF) be able to pay up to 5 % of those funds to the InvestEU programme on a voluntary basis and in accordance with the principles of a code of conduct for the partnership and multi-level governance to be set out in Article 6 of the framework regulation laying down common provisions for ESIF. This contribution has the potential to address country-specific or region-specific market failures and sub-optimal investment situations in a way that a centralised EU tool cannot;

28. welcomes the Commission's willingness to facilitate the combination of financial instruments with grants from other EU programmes through the application of InvestEU rules for the entire project as this is an important simplification; further welcomes the proposed streamlining of state aid rules for Member State funding that is channelled through the InvestEU Fund or supported by InvestEU;

29. urges that more than 35 % of resources from the InvestEU financial envelope be made available for achieving climate-related objectives;

30. recommends that infrastructure investments carried out through InvestEU be resilient to disasters, as well as to climate conditions, over their full lifespan;

31. considers it necessary to ensure a timely and smooth transition from the current programming period to the next;

InvestEU Advisory Hub

32. welcomes the continuation of the Investment Plan's European Investment Advisory Hub (EIAH) in the current proposal through the InvestEU Advisory Hub; highlights that advisory and support services remain crucial in order to successfully address sub-optimal investment situations across the EU, and in particular in regions or sectors where complex projects or innovative financing solutions are less common;

33. calls on the co-legislators to keep the exemption for public implementing bodies from fees charged for services of the InvestEU Advisory Hub, as is the case for the existing EIAH under Article 14(4) of the EFSI Regulation⁽⁶⁾, and which is crucial to help foster quality public investment, in particular among smaller public entities and those with less experience of financial instruments and complex projects;

34. welcomes the Advisory Hub's focus on providing support for setting up investment platforms, in particular for cross border investment; highlights that further awareness-raising is also necessary in order to fully exploit the possibilities offered by investment platforms, in particular for local and regional authorities;

35. expresses strong support for the Advisory Hub to have a local presence, which should be defined in consultation with the national, regional or local authorities concerned, and should as a matter of priority be developed in Member States or regions that face difficulties in developing projects under the InvestEU Fund, or which suffer from a significant and persistent investment gap;

36. warmly welcomes the Advisory Hub's focus on knowledge transfer and capacity-building at regional and local level, to which the CoR had previously called attention, and which are crucial elements in bridging the investment gap in all EU regions. To this end the Hub's primary aim should be to help local implementing partners strengthen their technical assistance capabilities;

37. highlights that existing EU-funded capacity-building tools are not successfully addressing local and regional authorities' needs and are under-exploited; they should be better promoted and coordinated and the InvestEU Advisory Hub has a key role to play in these efforts;

38. calls on the Commission to ensure that the possibilities offered by the InvestEU Advisory Hub are sufficiently communicated to project promoters across the EU, where necessary through a roadshow or local events, which the CoR would be ready to support as appropriate;

⁽⁶⁾ Regulation (EU) 2015/1017.

InvestEU Portal

39. welcomes the continuation of the Investment Plan's European Investment Project Portal (EIPP) in the current proposal through the InvestEU Portal; points out that the CoR is an EIPP partner and has played an active role in supporting and promoting it, in particular towards European local and regional authorities; will continue where appropriate to support the development of the InvestEU Portal;

40. stresses, however, that such a portal's success is strongly dependent on reaching a critical mass of users and that further outreach and awareness-raising would be necessary; calls therefore on future InvestEU implementing partners to actively contribute to the promotion and publicity of the Portal, since they are well placed to do so thanks to their constant contacts with investors and project promoters;

41. subscribes to the view that inclusion of a project on the InvestEU Portal should not be seen as a guarantee of support either through InvestEU or through any other instrument whether at European level or otherwise; recommends that it be clarified further that neither can inclusion on the Portal be seen as a prerequisite for support of any kind since a promoter's submission to the Portal must remain fully voluntary.

Brussels, 6 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the European Committee of the Regions — The Reform Support Programme and European Investment Stabilisation Function

(2019/C 86/18)

Rapporteur:	Olga ZRIHEN (BE/PES), Member of the Walloon Parliament
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme
	COM(2018) 391 final
	Proposal for a Regulation of the European Parliament and of the Council on the establishment of a European Investment Stabilisation Function
	COM(2018) 387 final

I. RECOMMENDATIONS FOR AMENDMENTS TO THE REFORM SUPPORT PROGRAMME

Amendment 1

Recital 5

Text proposed by the European Commission	CoR amendment
Structural reforms can contribute to achieving a high degree of resilience of domestic economies and sustainable convergence among Member States, which is crucial for successful and smooth participation in the Economic and Monetary Union. That high degree of sustainable convergence is particularly important for Member States, whose currency is not the euro, in their process of preparation to join the euro area.	Structural reforms of EU relevance identified in the European Semester can contribute to increasing economic, social and territorial cohesion and achieving a high degree of resilience of domestic economies and sustainable convergence among Member States, which is crucial for successful and smooth participation in the Economic and Monetary Union. That high degree of sustainable convergence is particularly important for Member States, whose currency is not the euro, in their process of preparation to join the euro area.

Amendment 2

Recital 6

Text proposed by the European Commission	CoR amendment
<p>The degree of implementation of structural reforms in the Member States is still not sufficient across the Union. Experience with the implementation of the economic policy coordination mechanism under the European Semester shows that, in general, the implementation of structural reforms has been slow and uneven and that national reform efforts should be reinforced and incentivised.</p>	<p>The degree of implementation of structural reforms of EU relevance in the Member States is still not sufficient across the Union. Experience with the implementation of the economic policy coordination mechanism under the European Semester shows that, in general, the implementation of structural reforms has been slow and uneven and that national reform efforts should be reinforced and incentivised, notably by increasing the involvement of local and regional authorities which are responsible for the implementation of most of the identified reform needs.</p>

Amendment 3

Recital 15

Text proposed by the European Commission	CoR amendment
<p>In order to ensure that the reforms supported by the Programme address all the key economic and societal areas, both financial support and technical support under the Programme should be provided by the Commission, upon request from a Member State, in a broad range of policy domains, which include areas related to public financial and asset management, institutional and administrative reform, business environment, the financial sector, markets for products, services and labour, education and training, sustainable development, public health and social welfare.</p>	<p>In order to ensure that the reforms supported by the Programme address the relevant policy areas, both financial support and technical support under the Programme should be provided by the Commission, upon request from a Member State, in a broad range of domains related to EU policy objectives, which include areas related to public financial and asset management, institutional and administrative reform, business environment, the financial sector, markets for products, services and labour, education and training, sustainable development, public health and social welfare.</p>

Amendment 4

Recital 17

Text proposed by the European Commission	CoR amendment
<p><i>In order to cater for additional needs under the Programme, Member States should have the possibility to transfer to the budget of the Programme resources programmed in shared management under the Union funds, in accordance with the procedure thereof. Transferred resources should be implemented in accordance with the rules of this Programme and should be used for the benefit of the Member State concerned.</i></p>	<p>A Member State or the Commission should have the possibility in case that means allocated according to Article 26 of the present proposal would not be committed to request a transfer of the latter to the ESI funds for the benefit of the Member State concerned.</p>

Reason

The amendment ensures consistency with the proposal for amending Article 21 of the Common Provisions Regulation (CPR) contained in the relevant draft opinion (COTER-VI-038). The transfer would also be coherent given that both the Reform Support Programme and the CPR are based on Article 175 TFEU.

Amendment 5

Recital 19

Text proposed by the European Commission	CoR amendment
<p>With regard to the reform delivery tool, it is necessary to identify the types of reforms that should be eligible for financial support. To ensure their contribution to the objectives of the Programme, the eligible reforms should be those addressing the challenges identified in the context of the European Semester of economic policy coordination, including those proposed to address the country-specific recommendations.</p>	<p>With regard to the reform delivery tool, it is necessary to identify the types of reforms that should be eligible for financial support. To ensure their contribution to the objectives of the Programme, the eligible reforms should be those addressing the challenges identified in the context of the European Semester of economic policy coordination, including those proposed to address the country-specific recommendations and after having taken into account the respective regional perspectives.</p>

Reason

The EC is creating a clear link between the spending programmes and the European Semester, which can only serve its purpose if the regional perspectives are enhanced and incorporated into it.

Amendment 6

Recital 20

Text proposed by the European Commission	CoR amendment
<p>In order to ensure a meaningful incentive for Member States to complete structural reforms, it is appropriate to establish a maximum financial contribution available for them under the instrument for each stage of allocation and under each call. That maximum contribution should be calculated on the basis of the population of Member States. To ensure that the financial incentives are spread throughout the whole period of application of the Programme, the allocation of funds to the Member States should be made in stages. In the first stage lasting 20 months, half (EUR 11 000 000 000) of the overall financial envelope of the reform delivery tool should be made available to Member States, during which they could receive up to their maximum allocation by submitting proposals for reform commitments.</p>	<p>In order to ensure a meaningful incentive for Member States to complete structural reforms of EU relevance, it is appropriate to establish a maximum financial contribution available for them under the instrument for each stage of allocation and under each call. That maximum contribution should be calculated on the basis of the indicators to be adopted for cohesion policy in 2021-2027 (GDP per capita, youth unemployment, low education level, climate change, and the reception and integration of migrants). To ensure that the financial incentives are spread throughout the whole period of application of the Programme, the allocation of funds to the Member States should be made in stages. In the first stage lasting 20 months, half (EUR 11 000 000 000) of the overall financial envelope of the reform delivery tool should be made available to Member States, during which they could receive up to their maximum allocation by submitting proposals for reform commitments.</p>

Amendment 7

Recital 23

Text proposed by the European Commission	CoR amendment
<p>In order to ensure the ownership of and a focus on relevant reforms, the Member States should identify the reform commitments in response to challenges identified in the context of the European Semester (including those challenges identified in country specific recommendations) and propose a detailed set of measures for their implementation, which should contain appropriate milestones and targets and a timetable for implementation over a maximum period of three years. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.</p>	<p>In order to ensure the ownership of and a focus on relevant reforms, the Member States, involving all levels of government, should identify the reform commitments in response to challenges identified in the context of the European Semester (including those challenges identified in country specific recommendations and after having taken into account the respective regional perspectives) and propose a detailed set of measures for their implementation, which should contain appropriate milestones and targets and a timetable for implementation over a maximum period of three years. Member States should also indicate how relevant existing EU policy actions have been coordinated to support the proposed reforms. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.</p>

Amendment 8

New recital after recital 23

Text proposed by the European Commission	CoR amendment
	<p><i>The Member States should state how they involved their local and regional authorities in assessing reform needs and in designing, implementing, monitoring and evaluating reform commitments. This involvement will take place in a structured and permanent manner in the context of the European Semester, so that local and regional authorities can take part, as full partners and from the beginning, in the dialogue with the European Commission leading to the publication of the Country Reports and the Country-specific Recommendations. Member States will decide how to organise such involvement according to their constitutional setting and current division of powers across levels of government.</i></p>

Amendment 9

Recital 31

Text proposed by the European Commission	CoR amendment
<p>For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, suspension, cancellation and recovery of funds. Payments should be based on a positive assessment by the Commission of the implementation of the reform commitments by the Member State. Suspension and cancellation of the financial contribution should be possible when the reform commitments have not been implemented in a satisfactory manner by the Member State. To ensure a sustainable impact of the reforms after they are implemented, a reasonable period defining the durability of the reforms after the payment of the financial contribution should be established. A period of five years should be considered to be a reasonable minimum to be applied. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension, cancellation and recovery of amounts paid respects the right of Member States to provide observations.</p>	<p>For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, suspension, cancellation and recovery of funds. Payments should take place through annual instalments, based on a positive assessment by the Commission of the implementation of progress in the reform commitments by the Member State. Suspension and cancellation of the financial contribution should be possible when the reform commitments have not been implemented in a satisfactory manner by the Member State. To ensure a sustainable impact of the reforms after they are implemented, a reasonable period defining the durability of the reforms after the payment of the financial contribution should be established. A period of five years should be considered to be a reasonable minimum to be applied. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension, cancellation and recovery of amounts paid respects the right of Member States to provide observations.</p>

Amendment 10

Recital 32

Text proposed by the European Commission	CoR amendment
<p>With regard to the technical support instrument, Member States have increasingly taken up technical support under the SRSP, beyond initial expectations. Almost all Member States have requested support under the SRSP and requests are distributed across all policy areas covered by that programme. For that reason, the main features of the SRSP should be maintained, including the actions eligible for financing under the technical support instrument.</p>	<p>With regard to the technical support instrument, Member States have increasingly taken up technical support under the SRSP, beyond initial expectations. Almost all Member States have requested support under the SRSP and requests are distributed across all policy areas covered by that programme. For that reason, the main features of the SRSP should be maintained, including the actions eligible for financing under the technical support instrument. <i>The European Commission and the national governments should encourage the use of the technical support instruments by local and regional authorities by fully opening such instruments to all levels of government and actively promoting their use.</i></p>

Amendment 11

Article 4

Text proposed by the European Commission	CoR amendment
<p>General objectives</p> <p>The Programme shall support the following general objectives, in all Member States:</p> <p>(a) to contribute to addressing national reform challenges of a structural nature <i>aimed at improving the performance of the national economies and</i> at promoting resilient economic and social structures in the Member States, thereby contributing to cohesion, competitiveness, productivity, growth and employment; and</p> <p>(b) <i>to contribute to strengthening the administrative capacity of the Member States in relation to challenges faced by institutions, governance, public administration, and economic and social sectors.</i></p>	<p>General objectives</p> <p>The Programme shall support the following general objectives, in all Member States:</p> <p>(a) to contribute to addressing national reform challenges of a structural nature <i>identified for their EU relevance in the European Semester and aimed</i> at promoting resilient economic and social structures in the Member States, thereby contributing to cohesion, competitiveness, productivity, growth and employment <i>at a European level;</i> and</p> <p>(b) <i>to contribute to strengthening the administrative capacity of the Member States and their respective local and regional authorities in relation to challenges faced by institutions, governance, public administration, and economic and social sectors.</i></p>

Amendment 12

Article 6

Text proposed by the European Commission	CoR amendment
<p><i>Scope</i></p> <p>The general and the specific objectives set out in Articles 4 and 5 shall refer to policy areas related to cohesion, competitiveness, productivity, research and innovation, smart, sustainable, and inclusive growth, jobs and investment, and in particular to one or more of the following:</p>	<p><i>Scope</i></p> <p>The general and the specific objectives set out in Articles 4 and 5 shall refer to policy areas that are relevant for the implementation of the EU Treaty objectives, are linked to EU competences and relate to cohesion, competitiveness, productivity, research and innovation, smart, sustainable, and inclusive growth, jobs and investment, and in particular to one or more of the following:</p>

Amendment 13

Article 7

Text proposed by the European Commission	CoR amendment
<p><i>Budget</i></p> <p>1. The financial envelope for the implementation of the Programme for the period 2021-2027 shall be EUR 25 000 000 000 in current prices.</p> <p>2. The indicative distribution of the amount referred to in paragraph 1 shall be:</p> <p>up to EUR 22 000 000 000 for the reform delivery tool;</p> <p>up to EUR 840 000 000 for the technical support instrument;</p> <p>up to EUR 2 160 000 000 for the convergence facility, of which:</p> <p>(i) up to EUR 2 000 000 000 for the financial support component; and</p> <p>(ii) up to EUR 160 000 000 for the technical support component.</p>	<p><i>Budget</i></p> <p>1. The financial envelope for the implementation of the Programme for the period 2021-2027 shall be EUR 25 000 000 000 in current prices.</p> <p>2. The indicative distribution of the amount referred to in paragraph 1 shall be:</p> <p>up to EUR 22 000 000 000 for the reform delivery tool;</p> <p>up to EUR 840 000 000 for the technical support instrument;</p> <p>up to EUR 2 160 000 000 for the convergence facility, of which:</p> <p>(i) up to EUR 2 000 000 000 for the financial support component; and</p> <p>(ii) up to EUR 160 000 000 for the technical support component.</p>

Text proposed by the European Commission	CoR amendment
<p>Where, by the 31 December 2023, under the convergence facility, a non-euro-area Member State has not taken demonstrable steps to adopt the single currency within a given time-frame, the maximum amount available for that Member State under the financial support component of the convergence facility pursuant to Article 26 shall be reallocated to the reform delivery tool referred to in point (a) of the first subparagraph of this paragraph. The Commission shall adopt a decision to that effect after having given the Member State concerned the possibility to present its observations within a period of two months of the communication of its conclusions.</p> <p>3. The financial envelope for the Programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of the Programme and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, including corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme. Expenses may also cover, under each of the three instruments referred to in Article 3, the costs of other supporting activities such as quality control and monitoring of technical support projects on the ground and the costs of peer counselling and experts for the assessment and implementation of structural reforms.</p> <p>4. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme. The Commission shall implement those resources directly in accordance with point (a) of Article 62 (1) of the Financial Regulation or indirectly in accordance with point (c) of that Article. Where possible those resources shall be used for the benefit of the Member State concerned.</p>	<p>Where, by the 31 December 2023, under the convergence facility, a non-euro-area Member State has not taken demonstrable steps to adopt the single currency within a given time-frame, the maximum amount available for that Member State under the financial support component of the convergence facility pursuant to Article 26 shall be reallocated to the reform delivery tool referred to in point (a) of the first subparagraph of this paragraph. The Commission shall adopt a decision to that effect after having given the Member State concerned the possibility to present its observations within a period of two months of the communication of its conclusions.</p> <p>3. <i>In case that means allocated according to article 26 of the present proposal would not be committed, the resources allocated to a Member State may, at its request or on a proposal by the Commission, be transferred to the ESI Funds for the benefit of the Member State concerned.</i></p> <p>4. The financial envelope for the Programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of the Programme and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, including corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme. Expenses may also cover, under each of the three instruments referred to in Article 3, the costs of other supporting activities such as quality control and monitoring of technical support projects on the ground and the costs of peer counselling and experts for the assessment and implementation of structural reforms.</p>

Text proposed by the European Commission	CoR amendment
	<p>5. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme. The Commission shall implement those resources directly in accordance with point (a) of Article 62 (1) of the Financial Regulation or indirectly in accordance with point (c) of that Article. Where possible those resources shall be used for the benefit of the Member State concerned.</p>

Reason

The amendment ensures consistency with the proposal for amending Article 21 of the Common Provisions Regulation (CPR) contained in the relevant draft opinion (COTER-VI-038). The transfer would also be coherent given that both the Reform Support Programme and the CPR are based on Article 175 TFEU.

Amendment 14

Article 9

Text proposed by the European Commission	CoR amendment
<p>Annex I lays down a maximum financial contribution available for each Member State out of the overall envelope of the reform delivery tool referred to in point (a) of Article 7(2). Such a maximum financial contribution is calculated for each Member State using the criteria and methodology set out in that Annex, based on the population of each Member State. Such a maximum financial contribution shall be available for allocation to each Member State, in part or in full, at each stage and call of the allocation process set out in Article 10.</p>	<p>Annex I lays down a maximum financial contribution available for each Member State out of the overall envelope of the reform delivery tool referred to in point (a) of Article 7(2). Such a maximum financial contribution is calculated for each Member State using the criteria and methodology set out in that Annex, based on the indicators to be adopted for cohesion policy in 2021-2027 (GDP per capita, youth unemployment, low education level, climate change, and the reception and integration of migrants). Such a maximum financial contribution shall be available for allocation to each Member State, in part or in full, at each stage and call of the allocation process set out in Article 10.</p>

Amendment 15

Article 11(3), point (e)

Text proposed by the European Commission	CoR amendment
<p>the internal arrangements for the effective implementation of the reform commitments by the Member State concerned, including the proposed milestones and targets, and the related indicators; and</p>	<p>the internal arrangements for the effective implementation of the reform commitments by the Member State concerned, including the proposed milestones and targets, and the related indicators; the way in which the local and regional authorities have been involved in the identification of the reform commitments in the context of the European Semester, as well as in their implementation, monitoring and evaluation; and</p>

Amendment 16

Article 11(3), new point after point (e)

Text proposed by the European Commission	CoR amendment
	<i>as part of the internal arrangements for the implementation of the reform commitments, specific measures ensuring coherence and coordination between the programme, the ESI Funds and other EU funded programmes as relevant; these should include a specific capacity-building roadmap for local and regional authorities;</i>

Amendment 17

Article 11(9)

Text proposed by the European Commission	CoR amendment
The Economic Policy Committee, set up by Council Decision 2000/604/EC on the Composition and Statutes of the Economic Policy Committee ⁽¹⁾ , may provide its opinion on the proposals for reform commitments submitted by Member States.	The Economic Policy Committee, set up by Council Decision 2000/604/EC on the Composition and Statutes of the Economic Policy Committee ¹ , shall provide its opinion on the proposals for reform commitments submitted by Member States.

Amendment 18

Article 12(3)

Text proposed by the European Commission	CoR amendment
<p>The decision referred to in paragraph 1 shall lay down the financial contribution to be paid in one instalment once the Member State has satisfactorily implemented all the milestones and targets identified in relation to the implementation of each reform commitment.</p> <p>The decision shall lay down the period for implementation of the reform commitments, which shall be no later than three years after the adoption of the decision. It shall also establish: the detailed arrangements and timetable for implementation of the reform commitments and reporting thereon by the Member State concerned within the European Semester process; the relevant indicators relating to the fulfilment of the milestones and targets; and the modality for providing access by the Commission to the underlying relevant data.</p>	<p>The decision referred to in paragraph 1 shall lay down the financial contribution to be paid in annual instalments once the Member State has satisfactorily implemented all the milestones and targets identified for every year in relation to the implementation of each reform commitment.</p> <p>The decision shall lay down the period for implementation of the reform commitments, which shall be no later than three years after the adoption of the decision. It shall also establish: the detailed arrangements and timetable for implementation of the reform commitments and reporting thereon by the Member State concerned within the European Semester process; the relevant indicators relating to the fulfilment of the milestones and targets; and the modality for providing access by the Commission to the underlying relevant data.</p>

⁽¹⁾ Council Decision of 29 September 2000 on the composition and the statutes of the Economic Policy Committee (2000/604/EC) (OJ L 257, 11.10.2000, p. 28).

Amendment 19

Article 14

Text proposed by the European Commission	CoR amendment
<p data-bbox="205 398 751 430"><i>Reporting by the Member State in the European Semester</i></p> <p data-bbox="177 506 782 784">Without prejudice to the second subparagraph of Article 12(3), the Member State concerned shall report regularly within the European Semester process on the progress made in the achievement of the reform commitments. To that effect, Member States are invited to use the content of the national reform programmes as a tool for reporting on progress towards reform completion. The detailed arrangements and timetable for reporting, including the modality for providing access by the Commission to the underlying relevant data, shall be laid down in the decision referred to in Article 12(1).</p>	<p data-bbox="842 398 1388 430"><i>Reporting by the Member State in the European Semester</i></p> <p data-bbox="810 506 1415 922">Without prejudice to the second subparagraph of Article 12(3), the Member State concerned shall report regularly within the European Semester process on the progress made in the achievement of the reform commitments. To that effect, Member States are invited to use the content of the national reform programmes as a tool for reporting on progress towards reform completion, including on the measures taken to ensure coordination between the Programme, the ESI Funds and other EU-funded programmes as relevant. The detailed arrangements and timetable for reporting, including the modality for providing access by the Commission to the underlying relevant data, shall be laid down in the decision referred to in Article 12(1). The Commission shall revise its guidelines on the content of the national reform programmes accordingly.</p>

Amendment 20

Article 19(2), new point after point (e)

Text proposed by the European Commission	CoR amendment
	<p data-bbox="810 1276 1415 1442"><i>capacity-building activities undertaken by local and regional authorities in the context of the national reform programmes. Local and regional authorities shall be able to submit their requests under a specific window of the Programme and be direct beneficiaries of the technical support provided.</i></p>

Amendment 21

Article 26

Text proposed by the European Commission	CoR amendment
<p data-bbox="177 1798 782 2020">Annex X lays down a maximum financial contribution available for each Member State out of the overall financial envelope referred to in point (c)(i) of Article 7(2). Such maximum financial contribution is calculated for each eligible Member State using the criteria and methodology set out in that Annex, based on population of each Member State, and applies for each of the allocation stages and calls set out in Article 10.</p>	<p data-bbox="810 1798 1415 2078">Annex X lays down a maximum financial contribution available for each Member State out of the overall financial envelope referred to in point (c)(i) of Article 7(2). Such maximum financial contribution is calculated for each eligible Member State using the criteria and methodology set out in that Annex, based on <i>the indicators to be adopted for cohesion policy in 2021-2027 (GDP per capita, youth unemployment, low education level, climate change, and the reception and integration of migrants)</i>, and applies for each of the allocation stages and calls set out in Article 10.</p>

Text proposed by the European Commission	CoR amendment
<p>Without prejudice to the second subparagraph of Article 7 (2), such a maximum financial contribution shall be available for allocation to each eligible Member State, in part or in full, at each stage of the allocation process in accordance with the procedure set out in Article 10 and shall represent an additional contribution over and above the financial contribution referred to in Article 9, which shall be granted in return for additional reforms undertaken by the Member State concerned in accordance with Article 25.</p>	<p>Without prejudice to the second subparagraph of Article 7 (2), such a maximum financial contribution shall be available for allocation to each eligible Member State, in part or in full, at each stage of the allocation process in accordance with the procedure set out in Article 10 and shall represent an additional contribution over and above the financial contribution referred to in Article 9, which shall be granted in return for additional reforms undertaken by the Member State concerned in accordance with Article 25.</p>

II. RECOMMENDATIONS FOR AMENDMENTS TO THE EUROPEAN INVESTMENT STABILISATION FUNCTION

Amendment 22

Recital (8)

Text proposed by the European Commission	CoR amendment
<p>In particular, in order to support Member States whose currency is the euro to respond better to rapidly changing economic circumstances and stabilise their economy by preserving public investment in the event of large asymmetric shocks, a European Investment Stabilisation Function (EISF) should be established.</p>	<p>In particular, in order to support Member States whose currency is the euro to respond better to rapidly changing economic circumstances and stabilise their economy by preserving public investment in the event of large asymmetric shocks, a European Investment Stabilisation Function (EISF) should be established. <i>The EISF should contribute stabilising public investment undertaken by all levels of government, since local and regional authorities are responsible for 66 % of the investments and their investments have not yet reached the pre-crisis level. Enabling local and regional bodies to maintain their level of investments would prevent further worsening of asymmetric shocks.</i></p>

Reason

The importance of the local and regional level for investments should be highlighted.

Amendment 23

Recital 15

Text proposed by the European Commission	CoR amendment
<p>Strict eligibility criteria based on compliance with decisions and recommendations under the Union's fiscal and economic surveillance framework over a period of two years before the request for EISF support should be fulfilled by the Member State requesting EISF support in order not to diminish the incentive for that Member State to pursue prudent budgetary policies.</p>	<p>Strict eligibility criteria based on compliance with decisions and recommendations under the Union's fiscal and economic surveillance framework, including the Communication by the Commission on 'Making the best use of the flexibility within the existing rule of the Stability and Growth Pact'^[1a], over a period of two years before the request for EISF support and compliance with a convergence code comprising criteria allowing for better ownership, should be fulfilled by the Member State requesting EISF support in order not to diminish the incentive for that Member State to pursue prudent and sustainable budgetary policies.</p> <p>^[1a] <i>COM(2015) 12 final, 13.1.2015.</i></p>

Reason

Self-evident.

Amendment 24

Recital (21)

Text proposed by the European Commission	CoR amendment
<p>Member States should invest the support received under EISF in eligible public investment and also maintain the level of public investment in general compared to the average level of public investment over the five last years in order to ensure that the objective pursued by this Regulation is achieved. In that respect, there is the expectation that Member States should give priority to maintaining eligible investment in programmes supported by the Union under the European Regional Development Fund, the Cohesion fund, the European Social Fund, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development.</p>	<p>Member States should invest the support received under EISF in eligible public investment and also maintain the level of public investment in general compared to the average level of public investment over the five last years in order to ensure that the objective pursued by this Regulation is achieved. In that respect, there is the expectation that Member States should give priority to maintaining eligible investment in programmes supported by the Union under the European Regional Development Fund, the Cohesion fund, the European Social Fund, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development.</p> <p>However, if, due to the severity of the crisis, it proves impossible for the Member State to maintain the level of public investment they committed to when receiving support, the European Commission should determine a lower level of public investments the Member States should ensure.</p>

Reason

It could happen that the crisis is so severe that the Member States cannot maintain the level of public investments they committed to when receiving support. In this case, the European Commission should be able to determine a lower level of public investments the Member States should undertake.

Amendment 25

Recital 33

Text proposed by the European Commission	CoR amendment
<p>EISF should be considered as a first step in the development over time of a fully-fledged insurance mechanism to cater for macroeconomic stabilisation. Currently, EISF would be based on loans and granting of interest rate subsidies. In parallel, it is not excluded that the ESM or its legal successor would be involved in the future by providing financial assistance to Member States whose currency is the euro facing adverse economic conditions in support of public investment. Moreover, a voluntary insurance mechanism with a borrowing capacity based on voluntary contributions by Member States could be set up in the future to provide for a powerful instrument for the purpose of macroeconomic stabilisation against asymmetric shocks.</p>	<p>EISF should be considered as a first step in the development over time of a fully-fledged insurance mechanism to cater for macroeconomic stabilisation. Initially, EISF would be based on loans and granting of interest rate subsidies. In parallel, the ESM or its legal successor could be involved by providing financial assistance to Member States whose currency is the euro facing adverse economic conditions in support of public investment. Moreover, an insurance mechanism with a borrowing capacity based on contributions by Member States must be set up to provide for a powerful instrument for the purpose of macroeconomic stabilisation against asymmetric shocks.</p>

Reason

To clarify the wording of Recital 33, building on comparable proposals for amendments in the draft report by Reimer Böge (EPP/DE) and Pervenche Berès (S&D/FR) presented to the European Parliament's ECON committee.

Amendment 26

Article 3.1

Text proposed by the European Commission	CoR amendment
<p>a decision of the Council establishing that no effective action has been taken to correct its excessive deficit under Article 126(8) or Article 126(11) of the Treaty on the Functioning of the European Union in the two years prior to requesting support from the EISF;</p>	<p>a decision of the Council establishing that no effective action has been taken to correct its excessive deficit under Article 126(8) or Article 126(11) of the Treaty on the Functioning of the European Union in the two years prior to requesting support from the EISF, taking into account the Communication by the Commission on 'Making the best use of the flexibility within the existing rule of the Stability and Growth Pact'[1];</p> <p>[1] COM(2015) 12 final, 13.1.2015.</p>

Reason

Self-explanatory.

Amendment 27

Article 5(2)

Text proposed by the European Commission	CoR amendment
<p>The year following the disbursement of the EISF loan, the Commission shall examine whether the Member State concerned has respected the criteria referred to in paragraph 1. In particular, the Commission shall also verify the extent to which the Member State concerned has maintained eligible public investment in programmes supported by the Union under the European Regional Development Fund, the Cohesion fund, the European Social Fund, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development.</p> <p>If the Commission, after having heard the Member State concerned, concludes that the conditions referred to in paragraph 1 have not been complied with, it shall adopt a decision:</p> <p>(i) requesting the early repayment of whole or part of the EISF loan, as appropriate; and</p> <p>(ii) deciding that upon repayment of EISF loan the Member State concerned shall not be entitled to receive the interest rate subsidy.</p> <p>The Commission shall adopt its decision without undue delay and shall make it public.</p>	<p>The year following the disbursement of the EISF loan, the Commission shall examine whether the Member State concerned has respected the criteria referred to in paragraph 1. In particular, the Commission shall also verify the extent to which the Member State concerned has maintained eligible public investment in programmes supported by the Union under the European Regional Development Fund, the Cohesion fund, the European Social Fund, the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development.</p> <p>If the Commission, after having heard the Member State concerned, concludes that the conditions referred to in paragraph 1 have not been complied with, it shall adopt a decision:</p> <p>(i) requesting the early repayment of whole or part of the EISF loan, as appropriate; and</p> <p>(ii) deciding that upon repayment of EISF loan the Member State concerned shall not be entitled to receive the interest rate subsidy.</p> <p><i>However, the Commission could also conclude that, due to the impact of the crisis, it was impossible for the Member State concerned to maintain the level of investment set in paragraph 1.</i></p> <p>The Commission shall adopt its decision without undue delay and shall make it public.</p>

Reason

It could happen that the crisis is so severe that the Member State cannot maintain the level of public investments it committed to when receiving support. In this case, the European Commission should be able to determine a lower level of public investments the Member State should undertake.

Amendment 28

Article 22.5

Text proposed by the European Commission	CoR amendment
<p><i>the appropriateness of</i> developing a <i>voluntary</i> insurance mechanism <i>servicing the purpose of macroeconomic</i> stabilisation.</p>	<p><i>options for</i> developing a <i>fully-fledged</i> insurance mechanism <i>to cater for macroeconomic</i> stabilisation.</p>

Reason

Self-explanatory.

III. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

On the Reform Support Programme

1. stresses that structural reforms of EU-relevance and EU-added value are crucial to ensure economic, social and territorial and cohesion, resilience and convergence within the Union and the EMU; notes that the implementation of the Country-Specific Recommendations on EU-relevant structural reforms is overall unsatisfactory, which results from a lack of ownership and insufficient administrative capacity at all levels of government;
2. regrets that the European Commission still has not provided a definition of 'structural reforms' within the context of EU economic governance and possible support through EU programmes such as the Reform Support Programme. Reiterates against this background that according to the subsidiarity principle, the scope of structural reforms eligible for EU support should be limited to policy areas that are relevant for the implementation of the EU Treaty objectives and relate directly to EU competences. The CoR rejects any proposal for EU funding to support unspecified structural reforms in the Member States which have not undergone a prior transparent European added value assessment and which do not relate directly to Treaty-based EU competences. In this context, the CoR recalls its resolution of 1 February 2018 rejecting the Commission proposal for a regulation amending the Common Provisions Regulation (EU) No 1303/2013 of 6 December 2017 ⁽²⁾;
3. welcomes the idea of supporting Member States willing to engage in far-reaching reform commitments, identified in the context of the European Semester, by means of financial contributions and technical assistance; stresses that the European Semester should integrate as soon as possible the Sustainable Development Goals and be consistent with the long-term investment goals of the EU cohesion policy for 2021-2027;
4. welcomes the idea of a convergence facility for Member States having made demonstrable steps towards joining the euro, also providing financial contributions and technical assistance;
5. believes that allocating the overall envelope of the Programme based on population would conflict with the Treaty objective of cohesion, which provides the legal basis of the programme (Article 175 TFEU); stresses that the appropriate allocation key should be the indicators adopted for cohesion policy in 2021-2027 (GDP per capita, youth unemployment, low education level, climate change, and the reception and integration of migrants); stresses that this approach would deal consistently with the fact that some Member States having made demonstrable steps towards joining the euro may need reforms less than some current members of the euro area;
6. is concerned that a lump sum paid to a Member State upon implementation of a substantial reform package may fail to trigger the decision of undertaking such reform; is concerned that payment in a single instalment, only once the reforms are implemented, would further weaken the incentive;
7. strongly supports the idea that country-specific recommendations should promote investments no less than regulatory reforms; stresses that investment-related recommendations should be aligned with the long-term investment perspective taken by the ESIF; notes that a recent study by DG EMPL shows that, between 2012 and 2015, 62 % of all reform needs identified in the context of the European Semester were within the intervention range of the Structural Funds, and that the Operational Programmes actually addressed 42 % of such needs; stresses that the Programme should coordinate all relevant EU spending programmes; recommends that it be also possible to move funds from the programme to the ESI funds;
8. notes that the Programme would make the European Semester even more important, because it would support only structural reforms identified in the context of the Semester; stresses that it is therefore crucial to improve the European Semester in terms of effectiveness and ownership of reform commitments, based on the principles of partnership and increased transparency for the local and regional authorities; stresses that independent bodies such as the National Fiscal Boards and the National Productivity Boards should help all levels of government and relevant stakeholders to assess the needs for reform and monitor the implementation of the Programme;
9. notes that 36 % of all country-specific recommendations issued in 2018 address directly the role of cities and regions, which reflects the current division of powers across levels of government, and that, considering also the recommendations addressing only indirectly the role of the local and regional authorities and those the impact of which varies across territories, then 83 % of all recommendations are territory-related;

⁽²⁾ COM(2017) 826 final.

10. therefore, stresses that, to ensure ownership, and effective implementation of structural reforms; local and regional authorities should be involved in the European Semester from its initial phases, as design and implementation partners, and that this should become a criterion to assess the credibility of the implementation arrangements of a reform package; insists on its proposal of a Code of Conduct for the involvement of the local and regional authorities in the Semester; welcomes the adoption by the European Parliament, in July 2018, of an amendment to the SRSP regulation stressing the need to involve the local and regional authorities in the preparation and implementation of structural reforms;

11. notes that preliminary results of an ongoing study commissioned by the CoR show that capacity-building for cities and regions has not been addressed in a satisfactory manner under the current MFF; notes the challenge of administrative capacity of the local and regional authorities, which is addressed, directly or indirectly, by 68 % of the country-specific recommendations for 2018; points out, in this respect, that an Erasmus programme for local representatives could facilitate transfer of expertise and best practice;

12. regrets the absence of adequate evidence showing to what extent local and regional authorities have used the SRSP; stresses that access of local and regional authorities to the technical support instrument under the programme should be pro-actively encouraged at all levels of government; reiterates its request for a single and transparent set of guidelines coordinating all EU-funded measures providing technical assistance and supporting capacity building under the new MFF;

13. encourages integrated territorial approaches, designed in a bottom-up process, to promote favourable ecosystems for the implementation of EU-relevant structural reforms;

14. regrets that the European Commission has decided to allocate funds for the centrally-managed Reform Support Programme while cutting programmes with shared-management and European added value such as those under the EU's Cohesion Policy;

On the European Investment Stabilisation Function

15. notes that structural factors expose Member States to large asymmetric shocks, which provoke sharp reductions of public investment, first of all at local and regional level, and generate negative spill-overs to other countries;

16. agrees with the Commission that public investment needs to be protected from asymmetric shocks; recalls that local and regional authorities are responsible for more than 66 % of public investment in the EU; recalls that investment at regional level has not yet attained pre-crisis levels; stresses that protection from the impact of asymmetric shocks should be ensured for investments by all levels of government;

17. welcomes the proposal for a European Investment Stabilisation Function (EISF) which aims to make national fiscal policies more resilient to asymmetric shocks while achieving long-term sustainability; believes that it could be a first step to equipping the EMU with a temporary shock absorption mechanism;

18. notes that the proposal allows for a future upgrade to the scheme and reiterates its call on the European Commission to develop over time a fully-fledged insurance mechanism to cater for economic stabilisation, like a rainy day fund;

19. shares the Commission's view that, in order to avoid permanent transfers and moral hazard, only Member States complying with the broad EU governance framework and progressing in convergence should be able to refer to EISF;

20. notes that the EISF would start with loans and a relatively small grant component; believes that a fiscal capacity should be large enough to be effective; is concerned whether the maximal amount of loans of EUR 30 billion would be sufficient in the event of a severe crisis affecting several Member States;

21. welcomes the Commission proposal that the EISF complement existing instruments such as the European Structural and Investment Funds (ESIF) and that it does not overlap with the European Stability Mechanism (ESM), despite being somewhat similar in scope; notes, however, that macroeconomic stabilisation is currently not recognised as an explicit objective of the EU budget and hence poses limitations on how much the EISF can achieve;
22. notes that the term 'asymmetric shocks' could also include a liquidity crisis; believes that the appropriate response to a liquidity crisis is the Outright Monetary Transactions (OMT) programme of the European Central Bank, conditional on the participation of the Member State in the ESM programme, and not the EISF.

Brussels, 5 December 2018.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ

Opinion of the Committee of the Regions on ‘Proposal for a Regulation of the European Parliament and of the Council on minimum requirements for water reuse’

(2019/C 86/19)

Rapporteur:	Oldřich VLASÁK (CZ/ECR), Councillor of Hradec Králové
Reference document:	Proposal for a Regulation of the European Parliament and of the Council on minimum requirements for water reuse
	COM(2018) 337 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Article 4(1)

Text proposed by the European Commission	CoR amendment
1. Reclamation plant operators shall ensure that reclaimed water destined for a use specified in section 1 of Annex I, shall, at the outlet of the reclamation plant (point of compliance), comply with the following:	1. Reclamation plant operators shall ensure that reclaimed water destined for a use specified in section 1 of Annex I, shall, when joining the end-user’s system (point of compliance), comply with the following:

Reason

This is the last point at which reclamation plant operators can be held responsible for their product. Henceforth maintaining the quality of the reclaimed water, e.g. during accumulation and storage, is the responsibility of the end-user.

Amendment 2

Article 6

Text proposed by the European Commission	CoR amendment
<i>Article 6</i>	<i>Article 6</i>
Application for a permit to supply reclaimed water	Application for a permit to supply reclaimed water
1. Any supply of reclaimed water destined for a use specified in section 1 of Annex I, shall be subject to a permit.	1. Any supply of reclaimed water destined for a use specified in section 1 of Annex I, shall be subject to a permit.
2. An operator shall submit an application for the permit referred to in paragraph 1, or for a modification of an existing permit to the competent authority of the Member State in which the reclamation plant operates or is planned to operate.	2. An operator shall submit an application for the permit referred to in paragraph 1, or for a modification of an existing permit to the competent authority of the Member State in which the reclamation plant operates or is planned to operate.

Text proposed by the European Commission	CoR amendment
<p>3. The application shall include the following:</p> <p>a) a Water Reuse Risk Management Plan drawn up in accordance with Article 5(2);</p> <p>b) a description of how the reclamation plant operator will comply with the minimum requirements for water quality and monitoring set out in section 2 of Annex I;</p> <p>c) a description of how the reclamation plant operator will comply with the additional requirements proposed in the Water Reuse Risk Management Plan.</p>	<p>3. The application shall include the following:</p> <p>a) a Water Reuse Risk Management Plan drawn up in accordance with Article 5(2);</p> <p>b) a description of how the reclamation plant operator will comply with the minimum requirements for water quality and monitoring set out in section 2 of Annex I;</p> <p>c) a description of how the reclamation plant operator will comply with the additional requirements proposed in the Water Reuse Risk Management Plan.</p> <p>4. The Member State shall require either a permit or a notification from the end-user when using reclaimed water as specified in section 1 of Annex I.</p> <p>5. According to national law, the end-user must either submit an application for the permit referred to in paragraph 1, or for a modification of an existing permit, or notify the competent authority of the Member State in which the reclamation plant operates or is intended to operate.</p>

Reason

As is clear from the essence of the regulation, the EU does not regard reclaimed water as the same (safe) product as drinking water and therefore the end-user should be aware of this and should also take responsibility for its use. Therefore the Member State shall require from the end-user either a permit or a notification when using reclaimed water. To make up for this detriment to end-users, in periods of drought, when other regulations will limit the abstraction of surface water or groundwater, this product will at least enable them to maintain crop production (and in many cases the concomitant livestock production).

At the same time, the competent authorities have to know what reclaimed water is being used for, but a permit is not necessary.

Amendment 3

Article 7

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Article 7</i></p> <p style="text-align: center;"><i>Granting of the permit</i></p> <p>1. For the purposes of assessing the application, the competent authority shall, if appropriate consult and exchange relevant information with the following:</p> <p>(a) other relevant authorities of the same Member State, in particular the water authority, if different than the competent authority;</p>	<p style="text-align: center;"><i>Article 7</i></p> <p style="text-align: center;"><i>Granting of the permit</i></p> <p>1. For the purposes of assessing the application, the competent authority shall, if appropriate consult and exchange relevant information with the following:</p> <p>(a) other relevant authorities of the same Member State, in particular the water authority, if different than the competent authority;</p>

Text proposed by the European Commission	CoR amendment
<p>(b) contact points in potentially affected Member State(s) designated in accordance with Article 9(1).</p> <p>2. The competent authority shall decide within 3 months from the receipt of the complete application as referred to in point (a) of Article 6(3) whether to grant the permit. Where the competent authority needs more time due to the complexity of the application, it shall inform the applicant thereof, indicate the expected date of granting the permit and provide reasons for the extension.</p> <p>3. Where the competent authority decides to grant a permit, it shall determine the conditions applicable, which shall include the following, as applicable:</p> <p>(a) conditions in relation to the minimum requirements for water quality and monitoring set out in section 2 of Annex I;</p> <p>(b) conditions in relation to the additional requirements proposed in the Water Reuse Risk Management Plan;</p> <p>(c) any other conditions necessary to further mitigate any unacceptable risks to the human and animal health or the environment.</p> <p>4. The permit shall be reviewed regularly and at least every five years and, if necessary, modified.</p>	<p>(b) contact points in potentially affected Member State(s) designated in accordance with Article 9(1).</p> <p>2. The competent authority shall decide within 3 months from the receipt of the complete application as referred to in point (a) of Article 6(3) whether to grant the permit. Where the competent authority needs more time due to the complexity of the application, it shall inform the applicant thereof, indicate the expected date of granting the permit and provide reasons for the extension.</p> <p>3. Where the competent authority decides to grant a permit, it shall determine the conditions applicable, which shall include the following, as applicable:</p> <p>(a) conditions in relation to the minimum requirements for water quality and monitoring set out in section 2 of Annex I;</p> <p>(b) conditions in relation to the additional requirements proposed in the Water Reuse Risk Management Plan;</p> <p>(c) any other conditions necessary to further mitigate any unacceptable risks to the human and animal health or the environment.</p> <p>4. The permit shall be reviewed regularly and at least every five years and, if necessary, modified.</p> <p>5. <i>The competent authority of the Member State to which the user has submitted the notification or the permit shall require end-users to use reclaimed water only in accordance with table 1 of section 2 of Annex I of the regulation</i></p>

Reason

As is clear from the essence of the regulation, the EU does not regard reclaimed water as the same (safe) product as drinking water and therefore the end user should be aware of this and should also take responsibility for its use. Therefore the Member State shall require from the end-user either a permit or a notification when using reclaimed water. To make up for this detriment to end users, in periods of drought, when other regulations will limit the abstraction of surface water or groundwater, this product will at least enable them to maintain crop production (and in many cases the concomitant livestock production).

Amendment 4

Article 8(1)

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Article 8</i> <i>Compliance check</i></p> <p>1. The competent authority shall verify compliance of the reclaimed water with the conditions set out in the permit, at the point of compliance. The compliance check shall be performed using the following means:</p> <p>(a) <i>on-spot</i> checks;</p> <p>(b) <i>use of monitoring data obtained pursuant to this Regulation and Directives 91/271/EEC and 2000/60/EC;</i></p> <p>(c) any other adequate means.</p> <p>2. In the event of non-compliance, the competent authority shall require the reclamation plant operator to take any necessary measures to restore compliance without delay.</p> <p>3. Where non-compliance causes a significant risk to the environment or to human health, the reclamation plant operator shall immediately suspend any further supply of the reclaimed water until the competent authority determines that compliance has been restored.</p> <p>4. If an incident affecting compliance with the permit's conditions occurs, the reclamation plant operator shall immediately inform the competent authority and the end-user(s) which may be potentially affected, and communicate to the competent authority the information necessary for assessing the impacts of such an incident.</p>	<p style="text-align: center;"><i>Article 8</i> <i>Compliance check</i></p> <p>1. The competent authority shall verify compliance of the reclaimed water with the conditions set out in the permit, at the point of compliance. The compliance check shall be performed using the following means:</p> <p>(a) <i>compliance checks at the supplier's or end-user's premises, as provided for by the relevant permit. These checks shall be carried out in accordance with the standards and norms of the relevant state in terms of sampling and analysis. Reference should also be made to ISO standards for the quality of reclaimed water for irrigation, in different classes depending on the categories of irrigated crop. Each Member State shall determine the frequency of checks on the basis of a risk analysis, with a higher risk entailing more frequent checks;</i></p> <p>(b) any other adequate means <i>so as to ensure that the quality of the reclaimed waste water is guaranteed not only by the supplier but also by the end-user.</i></p> <p>2. In the event of non-compliance, the competent authority shall require the reclamation plant operator to take any necessary measures to restore compliance without delay.</p> <p>3. Where non-compliance causes a significant risk to the environment or to human health, the reclamation plant operator shall immediately suspend any further supply of the reclaimed water until the competent authority determines that compliance has been restored.</p> <p>4. If an incident affecting compliance with the permit's conditions occurs, the reclamation plant operator shall immediately inform the competent authority and the end-user(s) which may be potentially affected, and communicate to the competent authority the information necessary for assessing the impacts of such an incident.</p>

Text proposed by the European Commission	CoR amendment
	<p>5. The end-user shall ensure that regular checks of his products are carried out by the relevant national authorities responsible for agricultural and food production.</p>

Reason

This article is key to the success of the regulation as a whole, yet the wording of paragraph 1 is extremely vague and unfeasible with regard to the practical implementation of the regulation.

Concerning (a)

There is no clear guidance here on what specifically will be monitored and where. Here there should at least be a reference to the relevant sampling and analysis standards, as well as to the ISO standard for the quality of reclaimed water for irrigation in specific classes depending on the plants being watered. The frequency of checks must be based on the risks involved. In order to encourage the re-use of water, a simplified administrative arrangement must be found for small plants with low risks.

Concerning (b)

We see no link here with the cited EU directives (91/271/EEC and 2000/60/EC). The data obtained under these directives are data on the quality of treated waste water, which has nothing to do with the quality of reclaimed waste water, as the latter will (with rare exceptions) undergo further refining operations in the reclamation plant.

Concerning (5)

The whole of Article 8 in general lacks any provisions on the safety monitoring of its own agricultural products or areas irrigated with reclaimed water. This obligation should be imposed on the end user, and the competent (food) inspection authority or sanitary service should ask for checks to be carried out.

Amendment 5

Article 10 — Modify

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;"><i>Information to the public</i></p> <p>1. Without prejudice to Directives 2003/4/EC and 2007/2/EC, Member States shall ensure that adequate and up-to-date information on reuse of water is available online to the public. That information shall include the following:</p> <p>(a) the quantity and the quality of the reclaimed water supplied in accordance with this Regulation;</p> <p>(b) the percentage of the reclaimed water in the Member State supplied in accordance with this Regulation compared to the total amount of treated urban waste water;</p>	<p style="text-align: center;"><i>Information to the public</i></p> <p>1. Without prejudice to Directives 2003/4/EC and 2007/2/EC, Member States shall ensure that adequate and up-to-date information on reuse of water is available online to the public. That information shall include the following:</p> <p>(a) the quantity and the quality of the reclaimed water supplied in accordance with this Regulation;</p> <p>(b) the percentage of the reclaimed water in the Member State supplied in accordance with this Regulation compared to the total amount of treated urban waste water;</p>

Text proposed by the European Commission	CoR amendment
<p>(c) permits granted or modified in accordance with this Regulation, including conditions set by competent authorities in accordance with Article 7(3);</p> <p>(d) outcome of the compliance check performed in accordance with Article 8(1);</p> <p>(e) contact points designated in accordance with Article 9 (1).</p> <p>2. The information referred to in paragraph 1 shall be updated at least once a year.</p> <p>3. The Commission <i>may</i>, by means of implementing acts, lay down detailed rules regarding the format and presentation of the information to be provided under paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15.</p>	<p>(c) permits granted or modified in accordance with this Regulation, including conditions set by competent authorities in accordance with Article 7(3);</p> <p>(d) outcome of the compliance check performed in accordance with Article 8(1);</p> <p>(e) contact points designated in accordance with Article 9 (1).</p> <p>2. The information referred to in paragraph 1 shall be updated at least once a year.</p> <p>3. The Commission <i>shall</i>, by means of implementing acts, lay down detailed rules regarding the format and presentation of the information to be provided under paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15.</p>

Reason

We propose changing 'may' to 'shall' to make clear the unequivocal nature of the obligations arising from the regulation.

Amendment 6

Article 12(3)

Text proposed by the European Commission	CoR amendment
<p>3. What constitutes a sufficient interest and impairment of a right shall be determined by Member States, consistently with the objective of giving the public concerned wide access to justice.</p> <p>To that end, the interest of any non-governmental organisation promoting environmental protection and meeting the requirements under national law shall be deemed sufficient for the purposes of paragraph 1(a).</p>	<p>3. What constitutes a sufficient interest and impairment of a right shall be determined by Member States, consistently with the objective of giving the public concerned wide access to justice.</p> <p>To that end, the interest of any non-governmental organisation <i>that specialises in</i> promoting environmental protection and meeting the requirements under national law shall be deemed sufficient for the purposes of paragraph 1(a).</p>

Text proposed by the European Commission	CoR amendment
Such organisations shall also be deemed to have rights capable of being impaired for the purposes of paragraph 1 (b).	Such organisations shall also be deemed to have rights capable of being impaired for the purposes of paragraph 1 (b).

Reason

The Committee of the Regions feels that the Regulation on minimum requirements for water reuse should not explicitly address the issue of non-governmental organisations. On the other hand, the Committee of the Regions is not interested in restricting the rights of non-governmental organisations that are active in the field of the environment. The proposed amendment clarifies which non-governmental organisations may make use of these rights.

Amendment 7

Article 17

Text proposed by the European Commission	CoR amendment
<i>Entry into force and application</i>	<i>Entry into force and application</i>
This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .	This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .
It shall apply from ... [one year after the date of entry into force of this Regulation].	It shall apply from ... [three years after the date of entry into force of this Regulation].
This Regulation shall be binding in its entirety and directly applicable in all Member States.	This Regulation shall be binding in its entirety and directly applicable in all Member States.

Reason

A period of one year would not be sufficient to allow improvements in water treatment, equipment, operation, checks, risk assessment and regulatory alignment to be carried out.

Amendment 8

ANNEX I

Section 1

Text proposed by the European Commission	CoR amendment
ANNEX I USES AND MINIMUM REQUIREMENTS	ANNEX I USES AND MINIMUM REQUIREMENTS
Section 1. Uses of reclaimed water as referred to in Article 2	Section 1. Uses of reclaimed water as referred to in Article 2
(a) Agricultural irrigation Agricultural irrigation means irrigation of the following types of crops:	(a) Agricultural irrigation Agricultural irrigation means irrigation of the following types of crops:

Text proposed by the European Commission	CoR amendment
<ul style="list-style-type: none"> — food crops consumed raw, meaning crops which are intended for human consumption to be eaten raw or unprocessed; — processed food crops, meaning crops which are intended for human consumption not to be eaten raw but after a treatment process (i.e. cooked, industrially processed); — non-food crops, meaning crops which are not intended for human consumption (e.g. pastures, forage, fiber, ornamental, seed, energy and turf crops). 	<ul style="list-style-type: none"> — food crops consumed raw, meaning crops which are intended for human consumption to be eaten raw or unprocessed; — processed food crops, meaning crops which are intended for human consumption not to be eaten raw but after a treatment process (i.e. cooked, industrially processed); — non-food crops, meaning crops which are not intended for human consumption (e.g. pastures, forage, fiber, ornamental, seed, energy and turf crops). <p data-bbox="815 824 1418 913">(b) Irrigation of urban green spaces, parks and gardens for public use (for example for recreational and sporting purposes)</p>

Reason

We propose to increase the scope — while still restricting it to irrigation — to use both in agricultural irrigation and in the irrigation of green spaces, parks and gardens in urban areas. This is because the same approaches and minimum requirements for the quality of reclaimed water can be applied as in the case of agricultural irrigation. The use of recycled water for these purposes in urban water management would also be of considerable help in solving the problem of significantly warmer city centres during dry periods.

Amendment 9

ANNEX I

Section 2

Table 1

Text proposed by the Commission	CoR amendment
<p>Table 1 Classes of reclaimed water quality and allowed agricultural use and irrigation method</p>	<p>Table 1 Classes of reclaimed water quality and allowed agricultural use, irrigation of urban green spaces, parks and gardens for public use and irrigation method</p>

Text proposed by the Commission			CoR amendment		
Minimum reclaimed water quality class	Crop category	Irrigation method	Minimum reclaimed water quality class	Crop category	Irrigation method
A	All food crops, including root crops consumed raw and food crops where the edible part is in direct contact with reclaimed water	All irrigation methods	A	All food crops, including root crops consumed raw and food crops where the edible part is in direct contact with reclaimed water; irrigation of urban green spaces, parks and gardens for public use	All irrigation methods
B	Food crops consumed raw where the edible part is produced above ground and is not in direct contact with reclaimed water, processed food crops and non-food crops including crops to feed milk- or meat-producing animals	All irrigation methods	B	Food crops consumed raw where the edible part is produced above ground and is not in direct contact with reclaimed water, processed food crops and non-food crops including crops to feed milk- or meat-producing animals	All irrigation methods
C		Drip irrigation (*) only	C		Drip irrigation (*) only
D	Industrial, energy, and seeded crops	All irrigation methods	D	Industrial, energy, and seeded crops	All irrigation methods
(*) Drip irrigation (also called trickle irrigation) is a micro-irrigation system capable of delivering water drops or tiny streams to the plants and involves dripping water onto the soil or directly under its surface at very low rates (2-20 litres hour) from a system of small diameter plastic pipes fitted with outlets called emitters or drippers.			(*) Drip irrigation (also called trickle irrigation) is a micro-irrigation system capable of delivering water drops or tiny streams to the plants and involves dripping water onto the soil or directly under its surface at very low rates (2-20 litres hour) from a system of small diameter plastic pipes fitted with outlets called emitters or drippers.		

Reason

The opinion extends the scope of the proposal for a Regulation, as set out in Article 2 and as defined in Annex 1, Section 1, by adding a point (b) regarding irrigation of urban green spaces, parks and gardens.

Amendment 10

ANNEX I

Section 2

Table 4

Validation monitoring of reclaimed water for agricultural irrigation

Text proposed by the Commission			CoR amendment		
Reclaimed water quality class	Indicator microorganisms (*)	Performance targets for the treatment chain (log ₁₀ reduction)	Reclaimed water quality class	Indicator microorganisms (*)	Performance targets for the treatment chain (log ₁₀ reduction)
A	<i>E. coli</i>	≥ 5,0	A	<i>E. coli</i>	≥ 5,0
	Total coliphages/F-specific coliphages/somatic coliphages/coliphages (**)	≥ 6,0		Total coliphages/F-specific coliphages/somatic coliphages/coliphages (**)	≥ 6,0
	Clostridium perfringens spores/spore-forming sulfate-reducing bacteria (***)	≥ 5,0		Clostridium perfringens spores/spore-forming sulfate-reducing bacteria (***)	≥ 5,0
<p>(*) The reference pathogens Campylobacter, Rotavirus and Cryptosporidium can also be used for validation monitoring purposes instead of the proposed indicator microorganisms. The following log₁₀ reduction performance targets should then apply: Campylobacter (≥ 5,0), Rotavirus (≥ 6,0) and Cryptosporidium (≥ 5,0).</p> <p>(**) Total coliphages is selected as the most appropriate viral indicator. However, if analysis of total coliphages is not feasible, at least one of them (F-specific or somatic coliphages) has to be analysed.</p> <p>(***) Clostridium perfringens spores is selected as the most appropriate protozoa indicator. However sporeforming sulfate-reducing bacteria is an alternative if the concentration of Clostridium perfringens spores does not allow to validate the requested log₁₀ removal. Methods of analysis for monitoring shall be validated and documented by the operator in accordance with EN ISO/IEC-17025 or other national or international standards which ensure an equivalent quality.</p>			<p>(*) The reference pathogens Campylobacter, Rotavirus and Cryptosporidium can also be used for validation monitoring purposes instead of the proposed indicator microorganisms. The following log₁₀ reduction performance targets should then apply: Campylobacter (≥ 5,0), Rotavirus (≥ 6,0) and Cryptosporidium (≥ 5,0).</p> <p>(**) Total coliphages is selected as the most appropriate viral indicator. However, if analysis of total coliphages is not feasible, at least one of them (F-specific or somatic coliphages) has to be analysed.</p> <p>(***) Clostridium perfringens spores is selected as the most appropriate protozoa indicator. However sporeforming sulfate-reducing bacteria is an alternative if the concentration of Clostridium perfringens spores does not allow to validate the requested log₁₀ removal. Methods of analysis for monitoring shall be validated and documented by the operator in accordance with EN ISO/IEC-17025 or other national or international standards which ensure an equivalent quality.</p> <p>If the log₁₀ reduction values cannot be met due to the low concentration of indicator organisms in the treated waste water entering the water reclamation plant, the validation target may be considered as having been met if the indicator organism is not present in the reclaimed water.</p>		

Reason

In practice, these requirements will be impossible to fulfil if the outflow from the treatment plant entering the reclamation plant is for some reason (e.g. the proportion of industrial waste water at the inflow into the urban wastewater treatment plant) lower when compared with standard sewage.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Overview of the current situation

1. notes that water reuse can be supported by means of various policy tools. These include binding standards or guidelines that define minimum requirements for reclaimed water before it can be reused for irrigation in agriculture, for example. At present, such tools exist in only six Member States;
2. considers that the main barrier to the limited uptake of water reclaiming lies in concerns about food security when using agricultural produce grown in soils that are irrigated by treated urban waste water;
3. expresses concern that water reuse in the EU is still limited and there is little quantitative information on the percentage of water that is reclaimed and its use in different Member States. This is partly due to a different understanding of what 'water reuse' involves as well as different ways of obtaining and providing data;

Need for legal regulation

4. notes that the need for this regulation was triggered by the increasing water deficit in EU Member States, particularly with regard to agriculture, and efforts to save water. The amount of water that can potentially be saved in the EU has also been established. The regulation is also prompted by the need to create the same conditions for agricultural businesses in all Member States. Ultimately, this regulation embodies the EU's efforts to create a circular economy in the water sector;
5. believes that support for this method of wastewater management ought to benefit Member States, in that this form of support will keep agricultural businesses running even during periods of drought. During these periods of drought, where other regulations restrict the abstraction of groundwater or surface water, this new product could enable agricultural enterprises to maintain their overall crop production (and in many cases, the animal production that depends on it);
6. agrees that the reasons given by the European Commission for submitting a proposal for a regulation are justified, but since the entire regulation actually centres around the obligations imposed on the operators of the reclamation plants, there is no analysis (in particular economic) of what would motivate a wastewater treatment plant operator to become a reclamation plant operator;
7. points out that, based on the practical experience of those countries that already irrigate with reclaimed water, the investment costs necessary for the reclamation plants to obtain reclaimed water of class A quality will be greater than stated in the 'impact assessment' section of the proposal for a regulation;
8. notes that this regulation will ultimately lead to an increase in the cost of wastewater treatment, because the agricultural sector will not be obliged to buy treated water throughout the year. It is important to ensure that these additional burdens are not disproportionately shifted onto municipalities, farmers and the general public;
9. considers it important to ensure that this regulation is consistent with other relevant legislation, not least the Control Regulation and other regulations governing food production;

Extension of the scope of the regulation

10. notes that the EU's key legislation in the field of wastewater management is found in Directive 91/271/EEC and Directive 2000/60/EC, but that the connection between these directives and the proposal for a regulation is very loose. Both directives make no more than declarations about the reuse of waste water, and then mostly with the emphasis on environmental protection;

11. feels that general EU legislation should not restrict the concept of reusing waste water to agriculture alone; is aware, however, that extending it to areas such as industry or energy would mean completely changing the structure of the text;

12. therefore proposes increasing the scope of the regulation to include the use of water not just for agricultural irrigation, but also for the irrigation of green spaces in urban areas, parks, gardens and grounds for public use (e.g. recreation, sport). This is because the same approaches and minimum requirements for the quality of reclaimed water can be applied as in the case of agricultural irrigation. The use of reclaimed water for these purposes in urban water management would also be of considerable help in solving the problem of city centres becoming warmer during periods of drought;

Responsibility of the end-user

13. considers that the main drawback of this structure lies in the fact that the end-user is treated as a mere consumer who only passively uses reclaimed waste water but is not responsible for anything, not even for possible changes to the quality of the water once they have taken over its management from the reclamation plant operator, or for the way it is used (e.g. the method of applying it to the soil);

14. calls for the introduction of appropriate standards for sampling and analysis, taking into account ISO standards for the quality of reclaimed water for irrigation in the different classes according to crop categories. As is clear from the essence of the regulation, the EU does not regard reclaimed water as the same (safe) product as drinking water and therefore the end user should be aware of this and should also take responsibility for its use. The competent (food) inspection authority or sanitary service should ask for checks to be carried out. The site chosen for these checks must be representative of the entire area irrigated with reclaimed water from the reclamation plant;

Outlet of the reclamation plant

15. calls on the Commission to establish a definition of the term 'outlet'. This term is not defined in the current proposal, which will lead to ambiguous interpretations. The term 'outlet' can variously be understood as drainage from reclamation plants, a storage tank in which the necessary supply to cover the fluctuating consumption of end users will accumulate, or in some cases irrigation equipment delivering the product of the reclamation plant to the place where it will ultimately be used;

The subsidiarity principle

16. is of the opinion that the proposed regulation is compatible with the subsidiarity principle (Article 5 TEU). Although from the point of view of subsidiarity it is correct to say that the specific use of reclaimed waste water will be determined by the relevant local water authority in each Member State, a legal instrument at EU level is still necessary given the nature of the EU single market for agricultural products.

Brussels, 6 December 2018.

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

Opinion of the Committee of the regions on ‘The space programme of the European Union and the European Union Agency for the Space Programme’

(2019/C 86/20)

Rapporteur: Andres JAADLA (EE/ALDE), Member of Rakvere City Council (Rakvere linnavalikogu liige)

Reference document: Proposal for a Regulation of the European Parliament and of the Council establishing the space programme of the Union and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013, (EU) No 377/2014 and Decision 541/2014/EU

COM(2018) 447 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. Recognises the importance of space as an enabling technology supporting many EU policies in fields such as smart city solutions, agriculture, environment, climate, disaster risk reduction and response migration, security, spatial planning and others; and underlines the possibilities provided by access to high-quality and up-to-date data for existing and future needs, enhancing European competitiveness, providing wide socioeconomic benefits and improving European security;
2. Supports the European Commission’s vision of the EU Strategy for Space, and its implementation through the establishment of the Space Programme of the EU. A unified and integrated Space Programme will give rise to increasing synergies between its components, efficiency and effectiveness;
3. Finds that bringing together EU space activities in one Regulation provides a coherent framework and increased visibility in this strategic field;
4. Sees this reform of the EU Space Policy as an opportunity to really ‘open the club’ and allow a broad range of areas to benefit from space activities, for existing and new activities;
5. Notes that the use of synergies between energy and space issues is important for proper implementation of the EU’s energy policy. Local and regional authorities are becoming increasingly active in the energy sector, and thus areas such as alignment of the energy infrastructure by applying satellite technology should be promoted;
6. Calls on the European Commission to further clarify and elaborate on the concept and creation of space hubs and innovation partnerships, more specifically on the financial and management responsibilities of different actors, and underlines that such initiatives can be especially relevant for regions, including regions involving more than one Member State;
7. Calls on the European Commission to add clearer proposals on how to increase the use of Earth observation data and technologies by national, regional and local authorities, small and medium-sized enterprises, scientists, researchers and dedicated networks for Copernicus data distribution so that these bodies have the ability and the opportunity to transform data into information that is of use to citizens;
8. Recognises that the promotion, throughout the entire supply chain, of the widest and most open participation possible of start-ups, new entrants, small and medium-sized enterprises, other economic operators and local and regional authorities, including the requirement for sub-contracting by tenderers, is mentioned in the proposal but would like more clarity on how the Space Programme proposes to support the initial investment for those local and regional authorities, in introducing the use of satellite data to ensure they fulfil their responsibilities when facing technical, financial or expertise related obstacles;

9. Finds that the Regulation should better explain how the EU intends to deal with commercial actors in space in order to support European industry in a sector which is specific in many respects, due to its concentrated nature, dual-use characteristic, high barriers to entry because of high initial investments and related factors, and finds that provisions on how to secure independent access to space should be strengthened;

10. Stresses that the emphasis in the proposal on management procedures for cooperation between the European Union, the European Union Agency for the Space Programme, the Member States and the European Space Agency, should ensure that there is no duplication of work, nor duplication of structures through the expansion of the new agency. A transfer of other duties to the new agency should not occur through the Commission alone, but only in consultation with the European Parliament and the Council;

11. Welcomes the increased funding for the Space Programme, to assure the continuation and further development of the European flagship Space Programmes Copernicus, Galileo and EGNOS, while also adding two new initiatives, namely SST and GOVSATCOM;

12. Regrets the lack of specifically allocated funding for space research in Horizon Europe, as this could provide more incentives and security for the European industry to develop further in this sector and ensure the best possible synergies between industry and research.

General Comments and Analysis

13. On 26 October 2016, the European Commission adopted the 'Space Strategy for Europe'. The purpose of the Space Strategy was to set out the overall strategic vision for the Union's activities in space, while ensuring proper coordination and complementarity with the activities pursued by the Member States and the European Space Agency (ESA). The draft Regulation furthers the aims of the Space Strategy with specific measures to strengthen existing programmes, create new ones and allocate EUR 16 billion for space policy;

14. The Committee of the Regions supports the aim of the EU Space Strategy and recognises its importance for the regions. The draft Regulation furthers these aims but, in some instances, does not go far enough or is not clear enough on how to achieve results. European citizens, businesses and research communities are becoming more and more active in the space sector. Against this background, uptake and promotion of uses of space-based data and services are vital for ensuring that the benefits reach society, subnational levels of governance and businesses. Given its strategic impact for Europe's space policy, the competence for up-take and promotion of use of space-based data and services should therefore remain an important point of attention for the European Commission which regularly reports on its efforts in this respect to the European Parliament and Council;

15. The use of space technologies to support services on earth is becoming increasingly important. More private actors are active in space. The use of outer space has become a feature of everyday life in a way that was not imaginable when the space age started 60 years ago, with space-based information and services affecting many areas of everyday life. Space technologies are indispensable for the digital economy, are a vital ingredient to make public services more efficient and also provide new opportunities for research. The EU has been an important user of space technologies for decades and has developed essential space components such as Galileo and Copernicus. The EU can achieve what would largely be impossible for any Member State alone: cooperation is important if Europe is to have a significant role in space;

16. The importance of closer coordination between science and space programmes in the EU should be stressed, together with the role of regions and local authorities in promoting better integration of science and space activities with entrepreneurship. Digital and space-based technology development should be more strongly supported by the EU and research and space budgets coordinated more closely, as these technologies are recognised key drivers for innovation in a variety of areas relevant for sustainable development (such as digitalisation, artificial intelligence, energy, environment disaster risk management and climate change). Access to highly technology- and knowledge-intensive scientific projects is vital for future of the space sector in the EU. For the purpose of strengthening the capacity of the European space industry, it is important to continue, in parallel, the participation of European businesses and universities or research institutes in ESA's programmes in preparing cutting-edge technologies for space missions and systems. Benefits for business development should be fostered by making use of the EU SME instrument for scaling-up entrepreneurship and business opportunities in space-based products and services in future Framework Programmes;

17. The proposal consolidates existing space activities and creates new ones such as a Space Situation Awareness (SSA), that would enable taking measures against risks in space, such as debris, in-orbit accidents, space weather events and so on. There are also plans to create a Governmental Satellite Communication (GOVSATCOM) network, which would enable communication in locations or situations where normal communication is unavailable.

Industrial policy and procurement

18. Space technologies are expensive and knowledge-intensive, which means that there are considerable barriers to entry for enterprises. At the same time, there is still insufficient understanding of the importance of space as an enabling technology. Enterprises of all sizes in all regions could use space in various ways, but in particular smaller firms, more remote regions or smaller Member States may need additional information or support in order to develop ideas on how to exploit the potential of space technologies;

19. The mention of space hubs, innovation partnerships and other innovation support is positive, and the proposal explicitly mentions the regional level. There is however no detail on how this is to be achieved;

20. Despite provisions in the proposal, the competitive nature of EU procurement and the skills and resources required for participation can lead to conditions that are advantageous to larger corporations. This imbalance could in time lead to market distortions that may disadvantage start-ups, new entrants, and small and medium-sized enterprises, as well as local and regional authorities in accessing the economic opportunities that may arise from the space programme;

21. Small firms may be more flexible and responsive, being closer to users, and thus provide important links of the value chain and have a given role in space. Enterprises in all regions could use space in various ways on various scales. Smaller firms, remote regions and small Member States can contribute equally to the processing of the enormous amount of data generated, finding new and innovative ways to use it. Regional authorities should use available financial instruments and promotional measures to help increase interest in making use of space technologies for market needs, e.g. by means of systems to provide support to technology incubators for start-ups in this area;

22. The procurement principles in the draft Regulation mention small and medium-sized enterprises and a wide geographical choice, as well as use of multiple suppliers and the need to involve all Member States and avoid concentration. The proposals on support for competitiveness are not specific in the Regulation text;

23. There is a need to raise awareness about the possible market effects on European industry and the regions. The EU public procurement procedure has a different emphasis to the ESA procedures on geographical distribution or fair return (*juste retour*). The effect of a shift of procurement system on regions needs to be taken into consideration, as ESA procurement is of great importance for many regions;

24. There is a lack of a level playing field in the space domain, as other countries have large defence sectors that ensure investments and that can sponsor civilian uses, as most activities in space are dual use. Europe needs to ensure close cooperation and make sure that all possible measures are taken to remedy the absence of equal conditions and support European firms;

25. Local and regional authorities should be involved in space-related clusters in a variety of sectors for which space can provide important data (such as energy, transport, environmental monitoring, agriculture and smart-city solutions). Regional clusters, incorporating more than one Member State, can be a useful industrial policy tool for space policy, increasing EU competitiveness and supporting regional development;

26. The Regulation should better explain how the EU intends to deal with commercial suppliers, in particular in the context of security-related data. It should in general better specify priorities and the means of dealing with private entities and recognise possibilities for joint procurement with private entities.

Awareness- raising and an inclusive space policy

27. Space use offers many potential benefits for research and development activities and, if well promoted and presented, included in all levels of education, can excite and inspire new generations of researchers and entrepreneurs in Europe. This is essential if Europe is to remain at the forefront of space activities in an increasingly globalised environment. Regional and local authorities should support (formal and informal) educational measures to raise the younger generation's awareness of the benefits of making use of space technologies in the civilian economy and everyday life, including in managing local and regional security;

28. The EU is well placed to support research activities, exchanges and similar. The proposal does not pay much attention to this side of space policy. Research and development could be mentioned more and in specific terms. As it is now, it appears as if the synergy between industry and research is not emphasised enough;

29. Synergies in the field of cyber security should be found, as cyber security is an issue for all aspects of space activities (ground segment, satellite, uplink/downlink and data).

Galileo and Copernicus

30. Galileo, the EU global satellite navigation system (GNSS), provides free position data that gives Europe strategic autonomy. EGNOS provides a regional European system. European autonomy is essential in today's complicated and unpredictable geopolitical environment. The importance of satellite data is constantly increasing. Technologies of the future, such as self-driving cars, are just one example. Galileo provides the possibility to develop new services and products, including by small and medium-sized enterprises and in all Member States. Such possibilities and ways to profit from them need to be presented in an accessible manner, to encourage widespread use;

31. The use of data from Copernicus is not as widespread as it could be, even if the data is free to use. Measures are needed to promote the use of data to a wider community. The Regulation mentions the chain of data that would support wider use. With very many users and a high volume of data, rapid and secure access is essential. This is of great importance to regions, as enterprises everywhere, including small and medium-sized ones, may develop new services based on the available data;

32. It is positive that measures are proposed to provide Data and Information Access Services (DIAS). More targeted support by the EU and national sources for the development of the downstream sector for satellite-based services and applications would be important. The necessity to promote and facilitate the use of Earth observation data and technologies by local authorities, small and medium-sized enterprises, scientists, researchers, dedicated networks for Copernicus data distribution, national and regional bodies has been recognised in the proposal, but it remains unclear how this will be achieved.

SST

33. The proposal for a Space Surveillance and Tracking System (SST) is an important and useful addition, given the increased intensity of space use;

34. In the provisions on the scope of the SST, the wide involvement of stakeholders in all parts of the EU should be made clear, including the use of existing solutions, which may include commercial solutions, in order to quickly and efficiently provide services to SST users.

GOVSATCOM

35. GOVSATCOM will directly serve the needs of Member States that have not had the capacity to develop their own space systems, thereby creating direct added value for the action of the EU;

36. For some regions, for example, border regions, GOVSATCOM may be particularly relevant. This is initially done primarily via Member States but perhaps later (after the evaluation of 2024) directly for the regions that may be able to contribute to the work of the Agency.

Access to space

37. Access to space is important for activities such as GNSS, Copernicus and Galileo. Europe should have autonomous and independent access to space, to ensure sustainability. It is expensive and complicated to start launching activities with significant barriers to entry, which means that ways to support modern, efficient and flexible launch infrastructure facilities should be considered;

38. Such means may include, for example, the establishment of an adapted procurement policy for European institutional launches, as well as a coherent policy on the viability of critical infrastructure. The possibility of aggregation of launches, the development of alternative launching technologies, and support for ground infrastructure should be clearly mentioned in the Regulation.

Organisational issues

39. The main organisational proposal is to increase the role of GSA so that, instead of being a body for a specific programme (Galileo) it would become a space agency for the EU, which will be built up alongside ESA with a high risk of duplication of work and the creation of duplicated structures. This must be avoided by, prior to any transfer of tasks to GSA, carrying out a compulsory and careful examination of whether ESA already has any of these tasks. The relevance of EU policies should, as well as the added value vis-à-vis Member State activities, also present added value vis-à-vis ESA activities;

40. A large part of the draft Regulation is about organisational matters of the proposed Agency, mainly taken over from the Regulation on the GSA. The focus on such matters creates a danger of too great an emphasis being placed on building up administrative structures and, ultimately, insufficient human and financial resources for the core issues such as a more ambitious EU space industrial policy;

41. Today, small countries in particular already have problems finding human resources to take part in many different activities. Such difficulties could increase and lead to greater differences between Member States in their ability to actively participate. The best use of resources should be carefully considered, as frameworks for cooperation between ESA and the EU already exist;

42. The existing fruitful cooperation between different European space-related organisations, including EUMETSAT or ECMWF, for example, should be continued and enhanced. Existing knowledge and structures should be used to their full potential.

Budget

43. The budgetary allocation is to be welcomed. The Space Programme supports many EU policies, which means that the cost is not just a cost for specific activities, but is a means to provide an essential component for other EU policies. In this respect it has to be highlighted that the financial resources envisaged for up-take and the promotion of use should reflect the growing involvement of citizens and companies. Thus, it should not be less than in the current period, e.g. for Copernicus not less than 5 % of the total Copernicus budget. The up-take budget for EGNOS/Galileo should not include expenses for the establishment of new administrative structures but focus exclusively on promotion and market development. Activities already undertaken may, if not adequately funded, fail or become irrelevant, which would jeopardise investments made;

44. It is regrettable that the Horizon programme does not include dedicated space funding;

45. Notes that the introduction of space technologies requires large initial investments and recommends that public authorities examine the possibility of creating new, market-oriented and attractive funding instruments for small and medium-sized firms that develop space technologies.

Additional issues

46. In contentious recent space issues, such as that of space resource use (including space mining), dealt with in the legislation of Member States such as Luxembourg, the EU can contribute to reaching a greater international consensus, on how such national legislation relates to international law as expressed in numerous conventions;
47. As for the EU joining space conventions, this possibility is mentioned in the proposal but should be evaluated case by case.

Brussels, 6 December 2018.

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

ISSN 1977-091X (electronic edition)
ISSN 1725-2423 (paper edition)



Publications Office of the European Union
2985 Luxembourg
LUXEMBOURG

EN