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European Union

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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Conclusions on cohesion policy
	– <i>Approval</i>

1. Draft Presidency conclusions on Cohesion Policy were examined at the meetings of the Working Party on Structural Measures and Outermost Regions of 12, 27 September and 10 and 24 October 2022. Delegations agreed to the draft Council conclusions as set out in the Annex to this note.
3. The Permanent Representatives Committee is asked to advise the Council to approve these Council conclusions as set out in Annex to this note.

DRAFT**Council Conclusions on Cohesion Policy**

THE COUNCIL OF THE EUROPEAN UNION:

- (1) RECALLS its conclusions of June 2022 on the Communication of the 8th Cohesion report “Cohesion in Europe towards 2050”;
- (2) REMINDS that Cohesion Policy is the main policy focused on the socioeconomic development of EU regions and striving to decrease disparities among them as set out in TFEU art 174; and REMINDS that the objective of social, economic and territorial cohesion is at the heart of the European project and UNDERLINES the risks for increased regional disparities caused by crises and the evolving geopolitical situation;
- (3) STRESSES the importance of the protection of the financial interest of the Union, and considering the Regulation on a general regime of conditionality for the protection of the Union budget;

The added value of Cohesion Policy

- (4) STRESSES that Cohesion Policy is agile, modern and long-term, and ACKNOWLEDGES the role of Cohesion Policy in contributing to the future development of the EU in terms of strengthening economic, social and territorial cohesion, improving the quality of EU citizens’ lives, supporting the transition towards a climate-neutral, circular, green and digital economy while ensuring a balanced internal market and increasing the competitiveness of the EU on a global scale;

- (5) POINTS OUT the leverage effect of Cohesion Policy; UNDERLINES that it is estimated that 15 years after the end of the implementation period, each € 1 spent on Cohesion Policy generated € 2.7 of additional GDP at the EU level¹;
- (6) RECALLS that Cohesion Policy has pioneered the use of evaluation practice and result-oriented programming. Good practice from Cohesion Policy could be further disseminated into other EU policies;
- (7) RECOGNISES that Cohesion Policy is not a crisis instrument, although it has proven to help mitigate the effects of recent crises, and IS OF THE OPINION that Cohesion Policy should be able to adapt to new developments without compromising its structural and long-term objectives;
- (8) STRESSES that the shared management mode is a key feature that ensures the effective implementation of Cohesion Policy, with positive impacts contributing to:
- ensuring a proper engagement of the sub national level and the involvement of partners according to the partnership principle, thus creating a sense of ownership of programmes and development trends, as well as fostering belonging to the European project;
 - improving the capacity and quality of public administration, its strategic planning approach to investment based on sound intervention logic, orientation on results, and budgetary performance;
 - allowing bottom-up programming while linking new global trends into national and regional policy making and investment planning (e.g. focus on smart specialisation and digital transformation, smart cities, place-based approach, application of the Territorial Impact Assessment);

¹ Eighth report on economic, social and territorial cohesion, Cohesion in Europe towards 2050, Chapter 9: The impact of Cohesion Policy

- (9) EMPHASISES that multiplication of funding instruments increases the risk of overlaps with Cohesion Policy interventions, potentially compromises Cohesion Policy's capacity to deliver on its long-term objectives, increases costs of coordination and creates administrative burden on Member States, regions, and beneficiaries;
- (10) IS OF THE OPINION that the demarcation lines between the different instruments should be well defined and other instruments should be complementary to and synergic with Cohesion Policy, with the aim to avoid artificial fragmentation and duplication of investments;

2014-2020 programming period

- (11) WELCOMES the results achieved in 2014-2020 programming period and TAKES NOTE of the analysis presented by the Commission in the 8th Cohesion Report;
- (12) STRESSES the necessity to focus on the closure of the 2014-2020 programming period-and INVITES the Commission to consider all possible flexibilities when defining the modalities for closure, thus allowing for effective and efficient implementation of operations;
- (13) CALLS on the Commission, Member States and regional authorities, in cooperation with all relevant stakeholders, to widely disseminate and promote the results and benefits of Cohesion Policy to the public;

Cohesion Policy and its tailor-made response to recent crises

- (14) TAKES NOTE that Cohesion Policy played an important part in fighting the economic consequences of the COVID-19 crisis and RECALLS the swift adoption of the Commission's legislative proposals for Cohesion's Action for Refugees in Europe (CARE), increased pre-financing from REACT-EU resources and FAST-CARE;

- (15) CALLS on the Commission to closely monitor the economic and social effects of the unprovoked Russian military aggression against Ukraine, including the situation on the energy markets and inflation, and to explore further measures to ensure successful implementation of Cohesion Policy programmes, if necessary;

2021-2027 programming period

- (16) WELCOMES that the 2021-2027 legislative framework provides simpler and more flexible implementation rules; INVITES the Commission to assess the impact of these rules and to monitor opportunities for further simplification, namely in terms of administrative burden for all involved stakeholders compared to actual added value;
- (17) HIGHLIGHTS the elements of 2021-2027 programming period such as:
- the link between Cohesion Policy and the European semester that has been strengthened in the 2021-2027 programming period; POINTS OUT, however, that the balance between a place-based approach and European priorities has to be ensured;
 - the new steps towards an improved audit system based on building long-term trust;
 - the system of enabling conditions; BELIEVES that the assessment of the enabling conditions fulfilment is vital for the sound implementation of Cohesion Policy without imposing undue administrative burden on the Member States;
 - the solutions that help ensuring that cohesion funding is consistent with environmental, social and climate objectives;
 - streamlined intervention logic and indicator systems and simplified performance framework; as well as the mid-term review of programmes and partnership agreements in 2025 that will allow to address newly identified challenges;
 - the options in the implementation of the shared management programmes to transfer certain levels of funding between the Funds and categories of regions;
 - wider possibilities to combine different forms of support, such as financial instruments and grants;

- (18) WELCOMES that the Commission provided guidance on the “do no significant harm” principle and climate proofing, and INVITES the Commission to share examples of best practice with the Member States;
- (19) CALLS on the Member States and the Commission to ensure that implementation of the 2021-2027 programmes starts without further delay and to take the necessary steps to speed up the implementation;
- (20) INVITES the Commission and Member States to contribute to simplification inter alia by exploring further the potential of new options such as financing not linked to costs and simplified costs options more generally, and INVITES the Commission to share best practice examples and to support Member States in this regards;
- (21) STRESSES the importance of preventing and combating fraud and corruption; CALLS on the Member States and the Commission to closely cooperate on these topics and to enhance the efficiency of control systems;
- (22) CALLS on the Member States and the Commission to prepare the ground early enough for an effective mid-term review for the 2021-2027 period;
- (23) CALLS on the Commission to
- continuously substantiate the impact of Cohesion Policy through analysing the macroeconomic and spillover effects for all regions, using facts and figures,
 - determine the impact of Cohesion Policy investments on the public good and sustainability of the investments made,
 - analyse the multiple results of Cohesion Policy, including in the fields of economy, innovation, digitalisation, climate and environment, social affairs.

Territorial aspect of Cohesion Policy

- (24) CONSIDERS that the place-based approach that takes into account territorial specificities of the regions is an essential element of Cohesion Policy;
- (25) POINTS OUT that the design and the implementation of EU instruments including those responding to unexpected global challenges should take into account the territorial dimension;
- (26) EMPHASISES that special attention must be paid to the specificities and the support of regions, less-developed ones in particular, suffering from various structural or permanent imbalances, regardless of their origin;
- (27) STRESSES that Cohesion Policy contributes significantly to achieving the objectives of the development of rural and urban areas, while promoting integrated approaches to the territories;
- (28) UNDERLINES the importance and opportunities of cross-border, transnational and interregional cooperation for the Member States and their regions, as well as for Neighbourhood countries and countries using the Instrument for Pre-Accession Assistance, and HIGHLIGHTS that mutual cooperation contributes to the regions' development and the EU's integration;
- (29) WELCOMES the opportunities arising from the embedding of cooperation and cooperation actions into Investment for Jobs and Growth goal programmes, together with the contribution of cohesion policy to the embedding of macro-regional and sea-basin strategies;

- (30) ACKNOWLEDGES the established Just Transition Fund within the 2021-2027 Multiannual Financial Framework with the scope to enable regions and people to address the social, employment, economic and environmental impacts of the transition towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050;
- (31) CALLS on the Member States to speed up the preparation, and on the Commission to approve swiftly the programmes co-financed by the Just Transition Fund and the respective territorial just transition plans;
- (32) INVITES the Commission to take into account the specificities of the NGEU allocation and deadlines for implementation of these resources and CALLS on the Commission to support the Member States in timely implementation of the Just Transition Fund, especially as concerns large transformation projects;

Cohesion Policy post-2027

- (33) UNDERLINES the importance of cohesion as a principle, policy, objective and pillar of the EU, and STRESSES the need to continue strengthening economic, social and territorial cohesion, based on strong multi-level governance and partnership with the regional stakeholders and citizens, and across the different EU policy fields;
- (34) STRESSES that Cohesion Policy is a policy for all regions;
- (35) CALLS on the Commission to submit its legislative proposals for post-2027 as soon as possible following the submission of the proposal for the next EU Multiannual Financial Framework;
- (36) REMINDS that these conclusions are without prejudice to the negotiations on the post-2027 Multiannual Financial Framework and cohesion legislative framework of the EU;

(37) CALLS on the Commission to:

- assess all aspects of the 2021-2027 legislation, further explore opportunities presented by the performance-based approach and make maximum use of it in preparing the next legislative framework;
- continue with simplifying rules for the adoption and implementation of Cohesion Policy programmes based on proven examples and best practices with the view of reducing administrative burden for all stakeholders;
- harmonise implementation rules among various EU programmes that contribute to similar objectives in order to avoid unnecessary administrative burden for all stakeholders;
- ensure continuity of rules and legal certainty without increasing administrative burden;
- encourage the wider use of best practice in case of proven track record and low error rates;

(38) INVITES the Commission to explore the legislative framework of Cohesion Policy, while focusing on the objectives of sustainable development of the EU and its regions, bearing in mind that it should address specificities of all regions and also examine further the situation of regions in a development trap and regions on the external EU border, in order to provide adequate response to their particular needs, and should provide specific measures to support the development of outermost regions;

(39) EMPHASISES that the demographic challenges such as negative demographic trend, ageing population, depopulation and brain drain could significantly deepen the existing territorial disparities across the regions hampering cohesion, growth and employment; INVITES the Commission to explore how to appropriately address these challenges;

(40) RECALLS that in the case of some outermost regions and island Member States, the demographic challenges can be a growing share of young population and extremes in population density;

- (41) INVITES the Commission to continue the close cooperation and exchange with the Member States on the key elements of the policy design and delivery during the preparatory process for the next legislative package;
- (42) INVITES the Commission, Member States and regional authorities to bear in mind not harming cohesion in preparing investment instruments, e.g. by ensuring that EU and national policies and instruments contribute to the convergence and reduction of asymmetries between and within regions;
- (43) CALLS on the Commission to evaluate the existing EU policy instruments before introducing new ones in order to avoid overlaps with existing instruments, and notably Cohesion Policy. This evaluation should include identifying the most effective implementation method for the EU Policy framework and evaluation results of the different instruments;
- (44) REMAINS COMMITTED to a regular political debate among relevant ministers in the General Affairs Council to discuss Cohesion Policy, its implementation and possible challenges.
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