Regione Toscana
Il Presidente

A MORE AMBITIOUS COHESION POLICY FOR THE POST 2020 PERIOD

Contribution from the President of the Tuscany Region, Enrico Rossi, to the public consultation on EU funds in the area of cohesion (8 March 2018)

Cohesion policy is the European Union’s main investment tool and has a key role to play in implementing its strategic priorities on research and innovation, energy and environment, competitiveness of production systems and social inclusion. At this point in history, where nationalism and eurosceptisism are increasingly on the rise, European structural and investment funds (ESI) provide the most tangible proof of the benefits of the European project. These funds allow stakeholders to openly participate in EU policy thanks to shared and multilevel management, the partnership principle and territorial cooperation.

Cohesion policy also favours convergence between different territories in terms of objectives and territorial development policies, as well as the sharing of administrative methods and practices. According to the Treaties (art. 174 TFEU), pursuing economic, social and territorial cohesion is a key community action, not just because of some abstract ideal of solidarity, but because it is a prerequisite to ensuring the competitiveness of the single market.

A number of analyses conducted on the results of the 2007-2013 programming period (ex post evaluation) have identified, based on a significant amount of data, that there is a significant return on investments made through ESI funds in terms of growth and employment. Such funds were crucial in alleviating the effects of the economic crisis and the austerity policies that followed. They sharply improved the quality of life of European citizens, especially those in peripheral and outermost areas, but also in urban areas facing social, economic and environmental challenges. Indeed, the persistent difficulties for economic growth have caused even more territorial disparities, even within regions, and a significant decrease in public investments at local level.

In light of these considerations, Tuscany Region:

- ✓ urges the European Union to implement an ambitious Cohesion policy for the post 2020 programming period placing it at the heart of a renewed and reformed community project to address the complex social, economic and international challenges of the future;

- ✓ reiterates that in order to achieve these objectives an adequate financial envelope is necessary - at least equal to the current one - with contributions coming from new forms of own resources or from a deeply revised version of current ones which are no longer capable of meeting current political and institutional needs of the European Union; reiterates the call of the ”High level group of own resources" for the introduction of a new resources package that includes a financial transaction tax (Tobin Tax) or a tax on CO_2 emissions.

- ✓ hopes the EU budget for the post 2020 period does not cut resources allocated to Cohesion policy in favour of other priorities, including new community programmes and initiatives whose objectives can be pursued through ESI funds. For this reason, it would be preferable to pursue further integration of different financial instruments rather than fragmenting them. This can be achieved through synergies between European funds under direct management and ESI funds;

Tuscany Region also hopes that:

1) post 2020 Cohesion policy continues basing itself on the following principle: “The Community shall aim to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions”. At the same time Cohesion policy must maintain its initial “universalist” approach to support competitiveness in all European regions, independent of their level of development;

2) GDP remains the reference indicator for the classification of regions and the distribution of funds; however, new parameters should be considered, such as social and environmental parameters, or indicators linked to immigration. Parameters must help take into account specific situations and make sure that the best possible policies are implemented to pursue the best possible socio-economic convergence between all regions;

3) Cohesion policy maintains its strategic focus and continues pursuing long-term objectives. New mechanisms need to be introduced that make operational programmes more flexible to address unprecedented emergencies or to take extraordinary actions. To this aim, regional operational plans must be given a flexible and adaptable structure. If on the one hand it is important to consolidate the principle of thematic concentration, on the other, it is absolutely imperative to make sure programmes are more flexible in terms of their non-allocated fund reserves (emergencies), of the selection of thematic objectives and investment priorities (smart selectivity) to better reflect territorial specificities;

4) integration between Cohesion policy and other EU policies is further consolidated, to community strategic objectives without limiting the territorial dimension, but rather strengthening it through the introduction of “regionalised objectives” within the context of “territorial cohesion strategies”, which will hopefully be included in the follow up to Europe 2020;

5) the ex ante conditionality system is consolidated within the framework of improvements foreseen for current programming. Such, improvements must be further pursued and fine-tuned, based on results already achieved. Furthermore, convergence between rules and sectoral strategies must be assured as well as making investments more effective;

6) the link between political cohesion and the European semester is strengthened, recognising that the former has a central role in aligning structural and economic policies and supporting a progressive convergence of all community, national and local public financial instruments. Cohesion policy must become the main pillar of reformed economic governance to support growth effectively. A first step towards this is excluding regional and national co-financing from calculations done within the framework of the stability pact. Furthermore, the sanctions' system, which constitutes the basis of macroeconomic conditionality must be abandoned in favour of a more effective system of incentives;

7) notes with concern that the European Commission submitted an amendment to the Regulation laying down common provisions on ESI funds where it is prescribed that performance reserves should serve to finance structural reforms. This proposal hints at a renationalisation of Cohesion policy by violating the principles of co-financing and shared management upon which it is built;

8) the shared management model is confirmed as it is one of the strong points of Cohesion policy, it protects its territorial dimension and ensures a solid link between territories and the European Union, promoting from a management and administrative point of view a convergence of European models and standards. The role of regional authorities in programming and implementing ESI funds must be preserved and strengthened. Scaling it down would have negative repercussions not only to the effectiveness and adequacy of actions, but also to the legitimacy of the European project, to which regional authorities give a significant contribution because of their proximity to citizens;

9) the use of financial instruments is encouraged within the framework of Cohesion policy, in particular to cover possible funding gaps in sectors such as innovation, energy efficiency and support for companies. It is also worth confirming the complementary use of financial instruments only if it is proven that they improve effectiveness in reaching Union strategic objectives compared to the grants instrument;

10) a clear distinction is kept between the European Fund for Strategic Investments (EFSI) and ESI funds. The former cannot even partially overlap or replace the latter, nor receive resources taken from Cohesion policy in a sort of zero-sum game. The way EFSI is devised, with its centralised governance and its project-based implementation, is in sharp contradiction with the approach that guides the ESI funds, which makes it impossible to integrate the two instruments. EFSI must be reformed so that it can be integrated in the objectives and the programming methodology of cohesion policy, with a view to obtaining complementarity and effective synergies;

11) necessary substantial changes are made to simplify cohesion policy, both for beneficiaries and management authorities. Conformity to European audit and control rules needs to be assessed, taking into account the need to empower management authorities and to provide incentives based on results obtained in the past;

12) current basic common rules are extended to all five ESI funds also at implementation level, to make sure consistency is guaranteed and to achieve the desired degree of effectiveness. In order to do so, multi-fund operational programmes must be implemented or, even better, the

sectoral approach taken at European level – which has shown a number of shortcomings - should be abandoned in favour of a single fund merging ERDF, EAFRD and EDF;

13) cohesion policies are exempted from state aid rules as already envisaged for direct-funding programs such as Horizon 2020 and EFSI, or, alternatively, that the compatibility exercise is completed during the negotiation phase of regional operational programs;

14) new rules are developed to encourage and incentivize co-programming between different management authorities to make macro-regional scale and trans-European projects easier;

15) the European territorial cooperation dimension should be enhanced as far as the existing programs should be carried on, including those referring to maritime borders. The potential of macro-regional strategies hasn't been fully exploited yet. Such strategies should be strengthened, tied to tangible results and supported by adequate monitoring and evaluation processes;

16) cross-border Maritime Cooperation programs, strictly connected with the aims of WEST MED Initiative, and on the base of the European maritime policy for western Mediterranean for the post 2020 period, ensure the initiative's success and its practical application. For this reason, the add value of the Cross-border Maritime Cooperation should be considered a fundamental aspect of European Territorial Cooperation as a whole for the post 2020 period, requiring continuity and a proper allocation of resources. The future CTE Programs geography, including the IT/FR Maritime Program, must be based on challenges and opportunities linked with the typical homogeneity and functionality of this area and not on formal territorial criteria (maritime borders fixed at 150 km) or on fake combinations of programs.