The role of the European Committee of the Regions in the current reform of European Cohesion Policy

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RESUMO: Este artigo pretende arrozar luz sobre o papel do Comité Europeo das Rexións (CDR) no debate sobre a forma futura da Política de Cohesión. O CDR participou activamente neste processo nos últimos anos, sobre todo porque moitos dos programas e políticas da UE están a ser aplicados polas autoridades locais e rexionais sobre o terreo. Pretende contribuír a un debate máis amplo sobre o acordo sobre o actual marco financeiro plurianual da UE, a reforma da política de cohesión, o impacto do paquete de recuperación COVID-19 Next Generation EU e o papel do CDR na gobernanza europea.

Palavras Chave: Política de Cohesión, Next Generation EU, Comité das Rexións, Cohesion Alliance, subsidiariedade.

RESUMEN: Este artículo pretende arrojar luz sobre el papel del Comité Europeo de las Regiones (CdR) en el debate sobre la forma futura de la política de cohesión. El CDR ha participado activamente en este proceso en los últimos años, sobre todo porque muchos de los programas y políticas de la UE están siendo implementados por los entes locales y regionales sobre el terreno. Su objetivo es contribuir a un debate más amplio sobre el acuerdo sobre el actual Marco Financiero Plurianual de la UE, la reforma de la Política de Cohesión, el impacto del paquete de recuperación COVID-19 Next Generation EU y el papel del CDR en la gobernanza europea.

Palabras Clave: Política de Cohesión, Next Generation EU, Comité das Rexións, Cohesion Alliance, subsidiariedade.

ABSTRACT: This article aims to shed light on the role of the European Committee of the Regions (CoR) in the debate on the future shape of Cohesion Policy. CoR has been actively involved in this process in recent years, not least because many of the EU’s programmes and policies are being implemented by local and regional authorities on the ground. It aims to contribute to a broader debate on the agreement on the present EU Multiannual Financial Framework, the reform of Cohesion Policy, the impact of the COVID-19 recovery package Next Generation EU and the role of the CoR in European governance.

Keywords: Cohesion Policy, Next Generation EU, Committee of the Regions, Cohesion Alliance, subsidiarity.
1. Introduction

Every seven years, the Council and the European Parliament must agree on a common multi-annual financial framework (MFF), decided unanimously by the Member States and then adopted by majority by the European Parliament. Since this decision is always an opportunity for Member States to threaten a veto and pursue vested interests, it is not surprising that the process of reaching an agreement is time-consuming and that the final decision addresses many issues that, strictly speaking, have little to do with a multi-annual financial planning.

The agreement on the multi-annual financial framework for the years 2021-2027 followed a similar pattern. Although the European Commission had already presented its proposal of May 2018, hoping that an agreement on the MFF would be possible before the European elections in May 2019, the slow progress of the discussions, especially in the Council, annulled this plan at an early stage. It was only in February 2020 that President Michel took over the negotiations in the European Council and (unsuccessfully) tried to reach a first agreement in the European Council in February 2020.

The Covid-19 pandemic and the associated proposal for a credit-funded reconstruction programme – ‘Next Generation EU’ – fundamentally changed the framework for budgetary negotiations in May 2020. An agreement was then reached in the European Council during a five-day marathon meeting in July 2020.

The European Parliament and the Council were then able to reach a provisional agreement on the rule of law mechanism in November 2020, the MFF and Next Generation EU (European Parliament, 2020a).

With the final consent of the European Parliament on the next MFF on 16.12.2020, the framework conditions for many EU programmes (Council of the EU, 2020) are in place so they can enter into force as soon as possible.

The European Committee of the Regions (CoR) has been actively involved in this process in recent years, not least because many of the EU’s programmes and policies are being implemented by local and regional authorities on the ground. As an advisory body, it has no decision-making function. It can only be heard through its opinions, the voice of its members and through close cooperation with the local and regional levels in the Member States, exercising its own expertise in this process.

This article aims to shed light on the role of the CoR in the debate on the future shape of Cohesion Policy. The report does not intend to give a comprehensive assessment of the future MFF or the future fund regulations. It aims only to contribute to a broader debate on the agreement on the next MFF, the reform of Cohesion Policy and the role of the CoR in European governance.

2. The European Committee of the Regions and European Cohesion Policy

The Maastricht Treaty was not only the birthplace of the Committee of the Regions but also European Cohesion Policy as we know it today. With the decision to introduce a single currency, efforts were made, in particular by the German Länder and the Belgian regions, to strengthen the interests of local and regional authorities in the legislative process at European level and to set up an advisory committee.
At the same time, a comprehensive policy on economic and social cohesion was proposed, in particular at the request of the European Commission, to give all regions in the EU a fair opportunity in the European single market and in the future single currency area. Economic and social cohesion has been firmly anchored as one of the main objectives of the European Union, alongside the Single Market and Economic and Monetary Union (Bachtler & Mendez, 2007).

The creation of the CoR was driven by the political participation rights of cities and regions; Cohesion Policy thus focused on their material support for fair participation in the EU. As both aspects are closely interlinked, it is not surprising that the debate about the design of European Cohesion Policy has always been linked to the role and self-understanding of the CoR. Since the Maastricht Treaty, not only the tasks of the CoR but also the role of Cohesion Policy have been gradually expanded. The Lisbon Treaty then gave the CoR the right to bring an action before the ECJ in cases of infringement of the subsidiarity principle and extended the scope of Cohesion Policy to include territorial cohesion, in addition to economic and social cohesion.

Over the last 25 years, the European Committee of the Regions has paid considerable attention to the enlargement and design of Cohesion Policy. Important steps in this process have been: developing the concept of territorial cohesion, strengthening the partnership principle and multi-level governance, cross-border and interregional cooperation, and creating local development partnerships, to name just a few.

3. Specific challenges for Cohesion Policy

It became clear shortly after the adoption of the last financial framework for the period 2013-2020 the discussions on the future shape of Cohesion Policy after 2020 would become much more difficult.

During the financial crisis in the aftermath of the collapse of Lehmann Brothers, Cohesion Policy had only a limited capacity to make a significant and rapid EU contribution to combating the economic impacts of the crisis. Due to the complexity of programming and decision-making procedures, relatively few Member States and regions had reprogrammed their programmes at that time. As a result of unused Structural Funds, proposals were made to reallocate funds between Member States. Cohesion Policy was said to be too inflexible to help deal with the crisis in a targeted manner (Schmidt-Seiwer, 2011: 113).

The European Commission President Jean-Claude Juncker, elected in July 2014, paid particular attention to the development of financial instruments that only provided repayable loans rather than grants. The European Fund for Strategic Investments (EFSI) set up by the EIB and the EIF could not only be built up quickly, but also reported rapidly that the money was spent due to its special design. In contrast to grant-based programmes, where funds could only be disbursed by way of reimbursing costs, the EFSI was already considered to have been disbursed at the time of lending. In contrast to this supposedly rapid implementation, attention was drawn to the slow outflow of funds in relation to Cohesion Policy.

Another challenge for Cohesion Policy, which represents around one-third of the EU budget, was the increasing financing needs of other EU policies. As a response to global
competition, EU enlargement and the migration crisis, calls for a reallocation of the EU budget have become more pronounced (European Commission, 2016). In this context, EU policies were often divided into “old” and “new” policies and it was suggested that the future EU budget should finance these new challenges more intensively. There were therefore calls for a major reorientation of Cohesion Policy towards, for example, only the poorest Member States.

In addition, there was also “home-made” criticism from the beneficiaries of Cohesion Policy. As a result of the extensive planning and implementation effort of the policy, criticism was mainly expressed by the Member States that had received rather small shares of cohesion funding. The complexity and burden of the programmes was criticised by them as constantly increasing and this trend, if continued, could lead to the abandonment of these funds by them in the future (EPRC, 2016).

Another challenge for Cohesion Policy was its role in economic and fiscal policy coordination within the Euro area and as part of the European Semester. Due to the slow implementation of structural reforms in the Member States, efforts have been made to make Structural Funds more conditional (via ex ante conditionalities). While it was understandable that the use of the funds depended on appropriate structural conditions in the Member States, many users of Cohesion Policy criticised the fact that the actual objectives of Cohesion Policy would fall behind.

In addition, in the context of the debate launched by Commission President Juncker around the White Paper on the future of the European Union (European Commission, 2017a: 225), the option of shifting at least parts of Cohesion Policy back to Member States (as an act of renationalisation) was proposed for the first time in an official Commission paper.

Further discussions on the future of Cohesion Policy revealed additional challenges.

With the announced withdrawal of the UK from the EU after the referendum in June 2016 – heralding the departure of the second-largest net contributor, corresponding reductions in
Cohesion Policy funds were foreseeable. The important role of **Cohesion Policy** in the fight against climate change within the framework of the Green Deal and for the just transition, especially of the coal regions in Europe. In the final phase of the debate on the future Cohesion Policy, discussions were ultimately overshadowed by the challenge of whether and how **Cohesion Policy could contribute to tackling the Covid-19 pandemic**.

4. **Discussion on the reform of Cohesion Policy in the EU policy cycle**

With a volume of around EUR 371 billion in current prices, Cohesion Policy is the largest single investment policy in the EU budget. Cohesion Policy accounts for up to 85% of public investment, especially in those Member States that joined the EU in 2004 and beyond, but also in Member States such as Portugal (European Commission, 2017b: xxii).

Most of these funds are managed and contracted by Member States and regions under shared management and on the basis of a distribution agreed at the beginning of the funding period. Therefore, in Cohesion Policy, national returns from the EU budget can be calculated and determined in advance. This is why Cohesion Policy plays a central role in the MFF negotiations and it is not surprising that, for example, around 20 pages of the July 2020 European Council (2020) conclusions on the MFF were devoted exclusively to the design and distribution of Cohesion Funds - far more than any other policy area.

Given its financial importance and the enormous number of actors involved and affected by shared management, it is not surprising that the debate on structural policy reform takes years. Three phases can be distinguished:

- **Phase 1 (Reflection phase):** This phase usually starts shortly after the end of the previous reform debate and is frequently the stage when far-reaching policy reform proposals are made. The stimulus often comes from academia, who might call into question the overall objectives and instruments of Cohesion Policy.

  In the current reform debate, this phase took place from 2015 to mid-2017. In 2015, the Commission set up a High Level Expert Group on the Simplification of Cohesion Policy to respond to widespread criticism of the bureaucratic complexity of the policy. The phase came to an end with the Cohesion Forum held in June 2017.

- **Phase 2 (design phase):** At this stage, everything is devoted to the preparation of the Commission’s proposals on the future shape of Cohesion Policy. While during the reflection period major policy changes are put forward, the design phase focuses on how to further develop the existing policy.

  During the policy cycle, this phase was scheduled from mid-2017 until the presentation of the Cohesion Fund regulations at the end of May 2018.

- **Phase 3 (decision phase):** Following the publication of its proposals by the Commission, the Council and the European Parliament come into play to adopt the regulations in a lengthy negotiation process. In this instance, this phase lasted from May 2018 to February 2021.

The CoR had to develop very different strategies for these phases in order to successfully play its role as a consultative body. It did so by influencing the discussions as early as
possible and by providing tailor-made input to the three main institutional players: The European Commission, the Member States and the European Parliament.

**Phase 1: Reflection Period (2015 to mid-2017)**

Already in October 2014, just 10 months after the start of the new funding period, the CoR Bureau had decided to start the discussion on the future architecture of Cohesion Policy beyond 2020.

To this end, a CoR commissioned a study with two parts (Pucher et al, 2015a; 2015b, both studies commissioned by CoR) was launched to provide (1) trends and challenges, (2) effectiveness and efficiency, (3) growth and cohesion models, and (4) new ideas and alternatives.

At the same time, an external working group was set up to accompany the work on the study. Experts from EU institutions, Member States, territorial associations and regions, as well as institutions such as the EIB and OECD and academia, were specifically involved in this working group to bring their expertise to the table. This was more important than ever, since at that time the pros and cons of a strong Cohesion Policy were being discussed, by academics especially. The impact of Cohesion Policy was particularly subjected to question.

The very burdensome programming process, the organisational innovations introduced by the Fund Regulation, the late entry into force of the regulations and the associated slow outflow of funds were all fuel (Breidenbach et al., 2016) to the critics of Cohesion Policy.

The final report of the CoR study was presented to the COTER commission at the end of 2015 and served as the basis for a CoR own-initiative opinion on the future of Cohesion Policy.

The CoR was the first EU institution to address the issue of the future of Cohesion Policy, at a time when the EU institutions themselves were focused on the implementation of the new funding period.

In addition to the debate on the scientific rationale and thematic focus of Cohesion Policy, the debate at this stage also considered the issue of administrative simplification. In response to growing criticism that the reform of Cohesion Policy for the period 2013-2020 had generated more bureaucracy, not less, on 10.07.2015 the European Commission set up a High Level Group on the Simplification of Cohesion Policy, which should also, inter alia, draw up proposals for the future shape of Cohesion Policy after 2020.

The end of 2015 was also the occasion for the CoR to offer its close cooperation with the incoming Dutch Presidency on simplifying Cohesion Policy. In the conclusions of the General Affairs Council of 18.11.2015, the Council invited the upcoming Presidencies to explore with the Committee of the Regions possible cooperation on this matter.

As a result, three workshops were held in 2016, first with the Dutch Presidency and then with the Slovak Presidency, in which representatives and experts from Member States, regions and EU institutions discussed concrete proposals on administrative simplification with regard to reporting and auditing requirements, financial instruments and territorial cooperation (Committee of the Regions, European Commission, INTERACT & Europa Decentraal,2016). The results of these workshops were then summarised in two reports and
sent as joint contributions, inter alia, to the High Level Expert Group on Administrative Simplification.

However, the reflection process on the future shape of Cohesion Policy was forced to take a new turn following the referendum on the UK’s withdrawal from the EU on 23 June 2016. By a narrow majority, the British population voted in favour of leaving the EU, with the highest proportion of ‘leave’ voters in the lagging regions of northern England. And when Donald Trump won the US presidential elections in the same year, notably with votes from the “rustbelt” states, it became increasingly clear that the fair participation of all people and regions in economic prosperity was a more pressing issue than ever.

The scientific analysis of these election results referred to "places that do not matter"(Rodriguez-Pose, 2018) which, in the case of the United Kingdom, had voted against remaining in the EU, despite their close economic interdependence with the rest of the Union. This often occurred despite the fact that considerable structural funds have flowed into these areas for many years, which indicated that other reasons ("take back control" or migration) were also decisive for the outcome.

The referendum threw the European Union into a sort of identity crisis, during which time Commission President Juncker proposed to hold a wide-ranging debate on different development models for the future European integration process as part of a White Paper on the future of the EU.

This White Paper was finally presented on 1 March 2017. Under option 4, the European Commission proposed for the first time to re-nationalise parts of regional policy. It was therefore not surprising that only one day later at the external COTER meeting in Warsaw on 2 March 2017, this proposal elicited a strong response. Also for the first time, the COTER meeting included a joint discussion with the regional ministers of the four Visegrad States and four other candidate countries in the presence of the Commissioner for Regional Policy, Corina Cretu, and provided a good opportunity for dialogue in the spirit of multi-level governance. The representatives of the Member States and regions present at the meeting agreed that the EU needed more internal cohesion, not less, to prevent future exits from the EU.

**Figure 2: Scenarios for future Cohesion Policy**
The Brexit shock also led to some repositioning and a return to the original objectives of Cohesion Policy within the European Commission. This can be seen, for example, in the reflection papers of the Commission that followed the White Paper on the future of the EU published in spring 2017. In particular, the Reflection Paper on Harnessing Globalisation (European Commission, 2017c) not only stressed the role of the Structural and Investment Funds, but also the specific role of the local and regional level in managing these challenges. Finally, the Reflection Paper on the Future of EU Finances (European Commission, 2017d) that was presented on 28 June went a step further by indicating a clear commitment to the European added value of Cohesion Policy, and by referring to cohesion 54 times in the text.

In addition, after Kristalina Georgieva left the Commission to work for the IMF in October 2016 Günther Oettinger took over the post of Budget Commissioner. As former Prime Minister of Baden Baden-Württemberg, Oettinger was also seeking direct talks with the Committee of the Regions and indicated his strong support for Cohesion Policy.

At the end of this reflection period it became clear that a combination of Brexit and strong criticism from cities and regions and many Member States, had a mobilising effect on the Commission’s proposals to partially renationalise and strengthen Cohesion Policy.

It is also interesting that during this time the European Commission was particularly keen to see the European Committee of the Regions play an active role in raising the profile of Cohesion Policy. In a joint letter from Commissioners Thyssen and Cretu to cohesion ministers on 25 May 2017 they suggested, among other things, that the CoR launch a “Cohesion Policy Coalition” to create a movement of local actors in the spirit of subsidiarity.

The reflection period ended with the Cohesion Forum on 26-27 June. At the meeting participants no longer discussed the “whether” of a Cohesion Policy, but above all the “how” of its future design. Representatives of the CoR were involved as speakers and participants in many of the discussion forums at the event. Alongside the meeting a number of key experts and academics made an important contribution to the future narrative of Cohesion Policy under the title: Towards Cohesion Policy 4.0, in which they stated:

“The new structural transformation narrative demands a more territorially differentiated approach, backed by cross-sectoral coordination and alignment of policies across levels of government, which the economy-wide, space-blind approach was impossible to achieve. This revised EU policy framework, which has to be more focused (on structural transformation), must put more emphasis on governance (providing all relevant stakeholders on board) and realise that it can only deliver if it integrated policy instruments at different levels in a coherent policy approach: from the regulatory and structural reform agenda to EU sectoral and integrated territorial policies. In doing so, the understanding of interrelations will be critical for the inclusive growth agenda. Rural areas are dependent on cities, as are cities on rural areas. Well-performing metropolitan cities are not ‘better’ — their function and sectoral composition is simply different, and both types of area can gain from improved connectivity each other.’ (Bachtler et al., 2018).
The fact that these authors had also played an important part in the work of the CoR up to then was no coincidence.

At the end of the reflection period, the CoR was recognised by all the institutions and stakeholders involved as an important partner that was able to raise issues at a very early stage and provide a platform for debate on the future of Cohesion Policy.

**Phase 2: Design phase (mid 2017-mid-2018)**

The second phase of the debate started with the presentation of initial reform proposals for the future shape of Cohesion Policy. Again, the European Committee of the Regions\(^{vii}\) was the first EU body to present its vision for the future of Cohesion Policy, shortly before the Cohesion Forum on in May 2017.

The own-initiative opinion drafted by Dr Michael Schneider highlighted that the policy to strengthen economic, social and territorial cohesion is one of the most important and comprehensive EU policies, making a significant contribution to strengthening the EU as a whole and significantly increasing the European added value visible to all EU citizens.

The CoR opinion pointed out that the basic structure of Cohesion Policy with the three categories of regions — more developed, transition and less developed regions — has proved its worth and should therefore be maintained. The CoR advocated increasing the flexibility of Cohesion Policy in the next funding period, without compromising the strategic orientation and planning certainty of multiannual programmes for regional and local authorities. The CoR was in favour of an adequate budget for Cohesion Policy in the next Multiannual Financial Framework, which should include the same percentage of the budget. The CoR also considered it essential to ensure the functioning of multi-level governance and the bottom-up approach in the form of shared management, in full respect of the principle of subsidiarity. At the same time, the CoR called for a comprehensive review of the requirements for ESIF management and control systems, and for a significant increase in the visibility of Cohesion Policy interventions through appropriate communication measures.

To a large extent, the CoR proposals concurred with the ideas put forward by the European Parliament in the framework of the initiative report by MEP Kerstin Westphal “Building blocks for EU Cohesion Policy post-2020” ((European Parliament, 2017) on 13 June. Another important step towards the future architecture of Cohesion Policy was the report of the High Level Group on Simplification of Cohesion Policy after 2020 (European Commission, 2017e), presented on 11 June. The report and the subsequent announcement by the Commission of a comprehensive simplification of the implementation of Cohesion Policy in the current and forthcoming Structural Funds period was seen by many as a hopeful sign of further reform efforts.

The report included numerous proposals from the reports sent by the CoR, together with the Dutch and Slovak Presidencies, to the High Level Group a year earlier. It was therefore no surprise that the CoR welcomed the final report in a separate opinion\(^{viii}\), adopted by the plenary on 31 January 2018\(^{ix}\).
In addition, and upon invitation of the CoR, a number of Member States used the premises of the CoR during the period from June 2017 to May 2018 to present their positions in Brussels and to discuss them with representatives of cities and regions. Moreover, the Cohesion Alliance was officially launched during the European Week of Regions and Cities on 11.10.2017.

The Cohesion Alliance was a joint initiative of the CoR with the main regional associations (Association of European Regions, Council of European Municipalities and Regions, Conference of Peripheral Maritime Regions, Conference of European Regional Parliaments, EUROCITIES, Association of European Border Regions). On the basis of a joint declaration, local and regional actors in particular were invited to join this alliance. All these measures aimed to generate support for a strong Cohesion Policy after 2020 and thus positively influence the Commission’s further reflection on the future regulations of the Funds.

As the UK officially declared its withdrawal from the EU in March 2017, it was clear that an important net contributor to the financing of Cohesion Policy would be lost. The expected gap for the EU budget has been set at around EUR 10 billion per year (Haas & Rubio, 2017). Since it was not possible at that time to predict whether and in what form this shortfall could be covered by additional contributions from Member States, the Commission developed various options that also affected Cohesion Policy. These proposals were published, for example, later in February 2018 in the run-up to the European Council (European Commission, 2018a). The scenarios presented therein (2 and 3) provided for a drastic reduction in Cohesion funding of between 95 and 124 billion EUR. At the same time, it was stated, “in Scenarios 2 and 3... the promotion of economic, social and territorial cohesion would have to be taken over by the Member States and their regional and local authorities, in accordance with the principle of subsidiarity”.

In the course of 2017, however, it became increasingly clear that Cohesion Policy should continue to play its role as a key investment policy of the EU.

As major cuts to the Cohesion Policy budget could only be avoided by additional contributions from the Member States, during the COTER meeting of the CoR on 28 June 2017 Budget Commissioner Günter Oettinger, together with Corina Cretu, called, for support for a strong Cohesion Policy, especially in the capitals of the net payers. In addition to the future financial envelope of Cohesion Policy, there has also been an increasing debate on its role in financing structural reforms in the Member States. On 6 December, for the current funding period, the European Commission proposed a new financing mechanism for structural reform support in the form of non-cost financing, using funds from the performance reserve.

The European Committee of the Regions responded – again as the first EU institution – with a resolution on 31 January 2018. It rejected the Commission proposal as being in compliance with the subsidiarity principle and argued that the objective of Cohesion Policy, implemented through the European Structural and Investment Funds under the overarching legal framework of the CPR, was not to support structural reforms in the Member States, but rather to “reduce disparities between the levels of development of the different regions and the backwardness of the least favoured regions” (Committee of the Regions, 2018a).
For the first time in its history, the CoR rejected the Commission’s proposal to amend the Common Provisions Regulation as regards the use of the performance reserve to support structural reforms in the Member States. The CoR also announced that it is ready to make full use of its right to bring an action against the legislative act before the Court of Justice of the European Union in accordance with Article 8 of Protocol No 2 on the application of the principles of subsidiarity and proportionality.

As both the Council and the EP did not follow the Commission’s request, the proposal was later withdrawn.

In parallel, the European Commission asked the CoR to help ensure the widest possible involvement of local and regional authorities in the public consultation on the future of Cohesion Policy, which was scheduled for the short term at the end of 2017. The consultation (European Commission (2018b)), which took place from January to March, received a total of 4395 responses.

Shortly before the Fund Regulations were published, the CoR reiterated its calls for a strong Cohesion Policy in an opinion on the “Cost and risks of a lack of Cohesion Policy” which also replied to the 7th Cohesion Report (European Commission, 2018b).

In its opinion, the CoR “pointed out that downgrading or financial fragmentation of Cohesion Policy, for example by limiting it to certain categories of regions or by separating the European Social Fund from Cohesion Policy, would entail significant political risks and would call into question the EU’s ability to achieve the Treaty objectives of strengthening economic, social and territorial cohesion, as a result of the lack of strong support in many regions, which would entail shrinking investment for basic European objectives” Committee of the Regions (2018).

At the end of this phase, at a meeting of the Cohesion Alliance with Commissioner Corina Cretu and Budget Commissioner Guenther Oettinger on 22 March 2018, there was a positive review of the joint efforts and a list of more than 5000 supporters of the Alliance was presented to the Commissioners.

**Phase 3: Decision phase (mid-2018 to March 2021)**

The last and decisive phase of the reform of Cohesion Policy started on 29.05.2018, with the Commission’s proposal for the future regulations of the Funds (European Commission, 2018c).

On May 2nd, the Commission had already presented its proposals for the future medium-term financial framework European Commission (2018d) and made severe cuts to Cohesion Policy. At the same time, the Commission proposed to the Council and the EP to conclude negotiations on the fund regulations before the European elections in May 2019.

A first exchange with Member States and also CoR representatives on the Commission’s proposals took place at the High Level Conference on Cohesion Policy organised by the Bulgarian Council Presidency in Sofia on 7-8.06.2018.

As many aspects of Cohesion Policy have a direct impact on the EU budget and the MFF, these concerns were largely excluded from the discussions in the Council Working Party on Structural Measures. They included, for example, the question of the distribution of funds,
the timeframe for commitments and the amount of funds available for each objective and type of regions. These aspects were integrated into the MFF Negotiating Box and were thus practically subject to unanimity in the Council, not dealt with in the trilogue negotiations with the European Parliament.

The European Commission’s timetable presented some challenges to the European Committee of the Regions as well.

In addition to the Cohesion Policy proposals, in May the Commission published all major legislative proposals for all EU programmesxxxii. Therefore, in order to achieve a coherent treatment of the proposals in the CoR, rapporteurs needed to work closely together and coordinate their opinions.

In order to ensure that CoR opinions could also be taken into account, in particular by EP rapporteurs, the opinions had to be adopted by the end of 2018. However, only the October and December plenary sessions were available for this purpose. As the fund regulations were largely based on existing rules, a comprehensive comparison between the old and new proposals had to be made in the short term. In addition, the Commission announced that many proposals from the High Level Group on the Simplification of Cohesion Policy would be included in the Funds Regulations. This had to be assessed and operationalised in a short period of time.

More generally, CoR opinions are a challenge for rapporteurs to formulate their political objectives as precisely and legally as possible in proposals for amendments to the actual legal text. In order to meet these challenges, the CoR took a number of measures in the following months.

The CoR administration prepared detailed comparative tables with the existing rules and proposed innovations for each of the five fund regulations by mid-July 2018. Account was also taken of the fact that many schemes were classified and grouped differently in the regulations. On the basis of these comparative tables, a number of critical points were identified, in close consultation with the rapporteurs, which could, where appropriate, be taken up by the rapporteurs for corresponding amendments.

Two studies (Böhme, et al, 2018; Schuh, et al., 2018) were commissioned quickly by CoR to analyse in more detail the changes in allocation methods and to examine which proposals originated from the High Level Group on Administrative Simplification and which additional CoR proposals were included in the draft regulations.

Contacts were arranged between the CoR rapporteurs and the rapporteurs in the European Parliament in order to present the CoR’s concerns in advance of the preparation of the EP draft opinions. In addition, the administration used the subsidiarity assessment grid proposed by the Subsidiarity Task Force (European Commission, 2018e) for the draft regulations to provide the rapporteurs with information on possible subsidiarity infringements. In September, the CoR rapporteurs themselves held extensive consultations with stakeholders in Brussels and, in some cases, in their home countries, to ensure broad participation. These extensive preparations made it possible for CoR opinions on the regulations on the Funds to
be drawn up in the shortest possible time and be adopted at the COTER meeting on 24-25.10.2018, and then finally by the CoR plenary on 5th December 2018.

In parallel, the rapporteurs and their closest staff in particular, in cooperation with the COTER secretariat, tried to accommodate important CoR concerns in the respective EP reports by means of amendments. For example, for the Krehl/Novakov report (European Parliament, 2019) on the framework regulation for the Structural Funds, around 240 amendments were tabled which were practically identical to corresponding CoR proposals. These changes included, for example, taking into account demographic change, the application of the partnership principle, the level of co-financing rates and the call for a safety net for the regions (all the more to limit their losses on future SF payments). The main discussion during the vote of the Krehl/Novakov report dealt with the refusal of the EP for macro-economic conditionalities and the introduction of a golden rule to exclude ESIF co-funding from the deficit calculation for justified cases that were adopted by a cross-party majority.

A particularly close cooperation took place between the rapporteur on European Territorial Cooperation, MEP Pascal Arimont, and the CoR rapporteur Marie-Antoinette Maupertuis. Already when the EP report was drawn up, many of the proposals of the CoR were taken on board, in particular regarding the continuation of the INTERREG Europe and URBACT programmes and the development of cross-border cooperation along maritime borders.

The ERDF/CF rapporteur of the EP, Andrea Cozzolino and CoR rapporteur Michiel Rijsberman also developed a close cooperation, which led to the inclusion of future support for urban cooperation and the introduction of new exchanges for elected politicians from the regions in the EP report on the ERDF/CP.

The positions of the European Parliament and the Committee of the Regions were convergent on many different issues, such as:

- The REGI report and the CoR Opinion object to the proposal that the ERDF/CF thematic concentration should focus on categories of regions according to their GDP per capita.
- The CoR underlines the necessity to implement a multi-fund approach with the ESF+ and, where appropriate, with the EAFRD and the EMFF. This is in line with the REGI report. In addition, the EP first reading resolution suggests earmarking 5 % of ERDF funding at national level for integrated territorial development in rural, mountain, islands and coastal regions, isolated and sparsely populated and all other areas that have difficulty accessing basic services including also at NUTS 3 level.
- The CoR opinion supported the increased focus on sustainable urban development by dedicating 6 % of ERDF resources at national level to this area. The Parliament was even more ambitious, asking for 10 % to be allocated to sustainable urban development.
- Both the Parliament and the CoR suggested including in the ERDF/CF regulation a new article referring to areas covered by Article 174 of the TFEU, as well as other areas with severe and permanent natural or demographic disadvantages, such as an ageing population and with an average annual population decrease.

However, after the European Parliament voted on the Framework Regulation at first reading on 27 March 2019 and the Council also issued a partial negotiating mandate on 29.03, substantive negotiations ceased ahead of the European elections in May 2019. This also meant that many MEPs such as MEP Lambert Van Nistelrooij, or the former CoR president
Ramon Luis Valcarcel Siso, who were very supportive of the CoR positions during the first reading, left the Parliament.

When the negotiations started again in October 2019, they were influenced by various developments that took place in the meantime or that were soon to take place. In July 2019, the newly elected Commission President von der Leyen announced the creation of an additional **Just Transition Fund** as part of the reinforced efforts to limit climate change and the associated Green Deal, in particular to facilitate the phasing out of coal in certain regions of Europe.

This fund was originally requested by the then Chairman of the ITRE Committee in the European Parliament, Jerzy Buzek, as a centrally managed fund. The CoR had taken up this idea and made a proposal in October (CoR, 2019) to implement this fund under shared management, similar to the Structural Funds. Together with the Cohesion Alliance partners, this issue was discussed with the new Commissioner for Regional Policy and Reforms, Elisa Ferreira, on 9 September 2020.

When the Commission presented its proposal (European Commission, 2020a) on 14 January 2020, it followed both the initial idea of MEP Buzek to create the new fund and the CoR’s proposal for its decentralised implementation.

Shortly afterwards, the **coronavirus pandemic** required swift and bold action, in particular to respond to emergencies in many regions in Europe. For the **current Structural Funds support**, the European Commission proposed on 13 March 2020 a series of proposals (CRII package) to amend the legislation to allow Member States to receive more financial and targeted support (European Commission, 2020b).

The European Parliament voted almost unanimously in favour of the Commission’s proposals on 26 March 2020 and the Council finally adopted the package on 30 March 2020, after a little over two weeks - record time, allowing it to enter into force on 1 April 2020. Only one day later, on 2 April, the Commission proposed a number of additional measures under the Corona Virus Response Investment Initiative Plus (CRII +) to alleviate the burden on the most deprived people and regions. This new package was adopted by the European Parliament on 17 April and by the Council on 22 April 2020 (European Commission, 2020c).

Both measures made it possible to amend the existing Structural Funds programmes quickly and to considerably relax the substantive and state aid requirements. It also drew lessons from the 2010 financial crisis and allowed European Structural and Investment Funds to quickly make a concrete contribution to the fight against the pandemic.

The European Committee of the Regions supported both proposals through communications to the EP and the Council and in April 2020 set up a special **Covid-19 Exchange Platform** to support, in particular, the exchange of experiences between regions in the fight against the pandemic. Finally, on 27 May 2020, the European Commission proposed (European Commission, 2020d) the EUR 750 billion reconstruction plan, **Next Generation EU** to tackle the consequences of the pandemic through a mix of grants and loans, thereby also making an important contribution to the digital and climate transformation in the EU. This programme should be debt-financed by the EU through issuing bonds on the capital markets. It should complement the EU’s multi-annual financial framework.
The core of this reconstruction programme was:

- A “Recovery and Resilience Facility” with a budget of EUR 560 billion – in the form of grants and loans and
- The REACT-EU initiative with a budget of EUR 55 billion to increase cohesion support to Member States. EUR 5 billion should be available from 2020 onwards under the current Structural Funds support and EUR 50 billion should be reinforced in the next two years.

As the Just Transition Fund, the rapid reprogramming of the funds, the Recovery and Resilience Facility and also the REACT-EU initiative are based on Article 174 or 175 TFEU, they continued to increase the workload of the relevant Council working groups and the REGI Committee.

The CoR has actively and in a timely manner followed this process by adopting numerous opinions in July (Committee of the Regions, 2020a) and October 2020 (CoRr, 2020b). In particular, with regard to the REACT EU programme, it has been possible to use these funds, albeit on a voluntary basis, to support the European Territorial Cooperation programmes.

In view of the following crucial European Council meeting on the Multi-Annual Financial Framework 2021-2027 and the European Recovery Plan, the #Cohesion Alliance partner organisations adopted a renewed Declaration (Cohesion Alliance, 2020) for a cohesive, sustainable and resilient Europe on 14 July 2020.

In this document the Cohesion Alliance renewed its political engagement in the post-COVID-19 Europe to affirm cohesion as a fundamental value of the European Union and a key objective for all its policies and investment. The COVID-19 crisis has shown that solidarity, responsibility and cohesion are needed now more than ever to ensure that no one and no region is left behind.

After the European Council reached an agreement on the next MFF and Next Generation EU in July 2020, the trilogue negotiations on the Funds Regulations were also stepped up. The German Council Presidency then completed 19 political trilogues in just 3 ½ months - more than twice as many as the Romanian, (3 trilogues), Finnish (6 trilogues) and Croatian Presidencies HR (0 trilogues) combined. In addition, there were 43 technical trilogues with the EP during this period.

The REGI President Younous Omarjee offered the chair of the COTER Committee of the CoR, Isabelle Boudineau, the opportunity to REGI Committee on 15 October 2020 (European Parliament, 2020b) to discuss some of the CoR’s key positions in the final phase of the negotiations with REGI members and in particular the REGI rapporteurs on the fund regulations. This showed once again the solid "Alliance" between the REGI Committee and the CoR COTER Commission over the whole negotiation process.

In parallel to the trilogue negotiations, negotiations were held with the European Parliament on the future EU budget and the future rule of law mechanism.
While the German Presidency was only able to reach a final agreement on the future financial framework and the rule of law mechanism shortly before Christmas, this did not lead to further delays in the fund regulations.

By mid-December 2020, the Council and the EP had reached a political agreement on all fund regulations with the exception of the ESF, so that the German Council Presidency in the Committee of Permanent Representatives was able to determine on December 16, 2020 (Council of the EU (2021) that a political agreement had been reached with the European Parliament on all articles of the fund regulations.

On 27.11.2020, a further meeting of the Cohesion Alliance concluded positively on the state of play of the negotiations on structural policy reform and announced that the Cohesion Alliance would focus on implementation and the necessary synergies between the different instruments. The joint Alliance has now attracted more than 12,000 supporters. The CoR continued its engagement on Cohesion Policy with a policy debate at the February 2021 Plenary with Commissioner Ferreira (Committee of the Regions, 2021).

The final agreement on the fund regulations was then reached under the Portuguese Presidency in March 2021 (Council of the EU, 2021) and the regulations were adopted in the Official Journal in June 2021. Since the European Commission presented the proposals in May 2018 it took more than three years to adopt and publicise them.

5. Impact of CoR activities on the reform of Cohesion Policy post-2020

The impact of CoR activities on EU legislative proposals can often only be described in very general terms. This is partly because it is unclear whether the proposed amendment is originally based on CoR activities.

In the context of the reform of Cohesion Policy, it is perfectly possible to assess the CoR’s impact in a forensic way in the agreements now reached by the EP and the Council. For example, the reference to integrated strategies for demographic change in the framework regulation is an exact text proposed in the CoR opinion. The same applies to the retention of INTERREG Europe and URBACT programme under the ETC Regulation and the reference to an exchange programme for local and regional representatives in the ERDF Regulation (URBACT programme).

Although the proposal for a safety net for eligible regions made by the CoR and subsequently taken over by the EP rapporteurs on the framework regulation has not been included in the text of the framework regulation, it is part of the agreement reached by the Heads of State and Government in July 2020.

Even at the very late stage of the trilogue negotiations, important changes could still be made to the already agreed texts of the ETC Regulation with regard to the financing of small projects funds and thematic concentration.

In addition to these direct effects of the CoR’s work, there are also numerous indirect impacts on EU policies, either in conjunction with others or as a result of CoR activities. These include, for instance:

- taking greater account of the diversity of circumstances at local and regional level in the context of the European Semester analysis;

- an increased understanding of the need for more multi-level governance and partnership in the implementation of EU policies.

xxvii

xxviii
• the need to promote regional development strategies in the context of smart specialisation; and

• the role of the local and regional level in achieving European objectives such as climate change.

However, the reform debate also had an impact on the role of the CoR in the institutional set-up of the EU. Both with some Council Presidencies, but also with groups of Member States such as Visegrad countries of central Europe and their partners, new paths have been taken through joint events and projects.

The traditionally close cooperation with the REGI Committee has further been enhanced. Cooperation between rapporteurs was seen by all sides as positive and constructive. Close cooperation was established with the newly created EP Research Service (EPRS) (OECD-CoR, 2014). Furthermore, the CoR was also more recognised for its expertise about Cohesion Policy. This includes, in particular, the cooperation with the OECD, in which the European Committee of the Regions has been invited as an observer in the Committee on Regional Development after signing a cooperation agreement in 2014.

The Cohesion Alliance has succeeded in attracting key actors in regions and Member States to support a shared concern. This includes stakeholders such as UEFA, as well as representatives from civil society. It created a platform to group many different actors behind a common cause: the defence of the EU Cohesion Policy as the main investment tool of the EU on the ground. The CoR and the main European Associations of Regions, cities and regional assemblies spoke with a single voice, together and in a coordinated manner towards the negotiation of the MFF.

It is also worth noting that the CoR’s proposals made in 2017 on the future shape of Cohesion Policy are largely in line with the final decisions taken on the new regulations on the Funds.

6. Lessons learned

The debate on the reform of Cohesion Policy has shown that an actor such as the European Committee of the Regions can have a direct influence on decision-making in the EU legislative process. To do so it needs to gather the experiences of cities and regions from early on of the implementation of the Structural Funds to feed them back to the Brussels level.

Based on a long-term strategy, the CoR has proved its worth in discussing and developing, with experts and stakeholders at all levels of government, the long-term challenges, development prospects and strategic approaches to a sustainable Cohesion Policy. It was also necessary to address the justifiable criticism of the design of Cohesion Policy and, above all, to defend key principles such as partnership and multi-level governance.

It has been shown that a successful and effective role for the CoR as a consultative body in the legislative process requires the following elements:

• long-term planning over many years;
• targeted involvement of key stakeholders and partners in the different stages of the debate;
• timely selection of the appropriate actors, both at political and administrative level;
• consistent demands at European level, but also at local and national level;
• focus on key priorities;
• flexibility to respond to new circumstances; and
• stamina not to lose sight of the target, despite sometimes fast-moving political operations.

Taking these elements into account will allow the European Committee of the Regions to work proactively and effectively, as the reform debate on future Cohesion Policy has shown. Nevertheless, improvements to the future role of the CoR in the further debate on Cohesion Policy are useful, namely:

• cooperation between REGI and COTER could be further strengthened by holding regular joint hearings beyond the annual joint meeting, with a view to monitoring the implementation of the future Cohesion Policy, for example. This could also include joint fact-finding missions to the assisted areas.

• cooperation with the Council Working Party on Structural Measures could be stepped up by regularly inviting the CoR representative to meetings, in particular when policy debates take place. In addition to the existing participation in the informal Council meetings of cohesion ministers organised by the Council Presidencies, the CoR could also be invited to attend the meetings of the General Council on Cohesion, at least as a guest.

• cooperation with the European Commission could be deepened, for example by involving the CoR much more closely in the preparation of future proposals through the active subsidiarity approach (European Commission, 2018). This could include close cooperation on territorial impact assessment or strengthening synergies between Structural Funds and Covid-19 programmes.

These proposals could easily be implemented without changing the existing legal bases.

References


Committee of the Regions (2018b) The costs and risks of a lack of Cohesion Policy: The strategic value of Cohesion Policy in achieving the objectives of the Treaty and addressing the new challenges facing Europe’s regions’, 22.03.2018.


The conclusions of the European Council (2020) of 17-21.07.2020 runs to an exceptional 67 pages long. The tasks and functioning of the CoR are laid down in Articles 305-307 of the Treaty on the Functioning of the European Union. The CoR must then be consulted by the EU institutions in the cases provided for in the Treaties. In addition, the CoR has a right of self-referral, especially in cross-border cooperation cases.
This text reflects only the opinion of the author and does not necessarily represent the opinion of the CoR. An earlier and shorter version in German can be found in Wobben (2021).

A good overview of the successive extensions of the CoR’s competences can be found here: https://cor.europa.eu/en/engage/brochures/Documents/committee-regions-glance/committee-regions-glance_German.pdf

This is also reflected in a study on the 25th anniversary of the CoR published at the beginning of 2020 (Wassenberg, 2020).

According to the Commission’s Strategic Report 2013 on the implementation of the programmes 2007-2013, “almost EUR 36 billion — or 11 % of the total — had been redirected from one thematic area to another by the end of 2012 to support the most pressing challenges and strengthen certain interventions. Of this amount, EUR 30 billion was allocated to the ERDF and the Cohesion Fund, and almost EUR 5.5 billion to the ESF.” (European Commission, 2013).

In a joint letter to the President of the European Council, Herman Van Rompuy, the Chancellor of the Federal Chancellor and the then French President, Sarkozy, had already proposed in summer 2011 that unused structural funds should be targeted to boost growth and increase competitiveness. The Federal Government repeatedly called for unused EU structural funds, which have not yet been allocated to specific projects, to be redirected to the European crisis countries (Becker, 2012).


For example, by Johannes Rossbacher at the Slovak Presidency expert meeting on “Past Evidence, Current Experience and Future Perspectives” on 15 September 2016.

Taking into account national contributions and other private investments, the total financial size of Cohesion Policy for the period 2014-2020 is expected to be around EUR 450 billion.

Decision of the European Commission setting up a High Level Group of Independent Experts for Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds, 10.7.2015, C (2015) 4806 final.

At the instigation of the Dutch delegation, the Council Conclusions on Cohesion Policy of 17-18 November 2015 invited the Committee of the Regions to cooperate with the incoming Council Presidencies on administrative simplification. Two workshops on reporting and evidence requirements and financial instruments were therefore held with the Dutch Presidency in 2016 and a workshop on territorial cooperation with the incoming Slovak Presidency. The results were then presented at relevant high-level meetings of the respective Council Presidencies and also sent to the High Level Expert Group of the Commission. Many of the proposals made were then reflected in the final report of the High Level Group, which was presented in mid-2017.

Conclusions of the General Council of 17/18.11.2015, 14185/15.

The workshop participants were asked in advance, by means of a detailed questionnaire, which rules in the Funds Regulations, if any, should be amended or otherwise applied or interpreted.

https://ec.europa.eu/region_policy/sources/conferences/7th-cohesion-forum/agenda.pdf

CoR opinion by Dr Michael Schneider on The future of Cohesion Policy beyond 2020 (Committee of the Regions, 2017)

CoR opinion by Oldřich Vlasák on the conclusions and recommendations of the High Level Group on Simplification beyond 2020, 31.01.2018.

At this stage, the CoR continued to play an active role in simplifying the administrative procedures for ongoing Structural Fund support. A good overview of these activities can be found in this CoR brochure: https://cor.europa.eu/en/engage/brochures/Documents/Simplifying%20EU%20Cohesion%20Policy%20funds%20for%20more%20effective%20implementation/3611%20COTER%20triple%20opinions.pdf

26 June 2017 Presentation of the German position on the future of Cohesion Policy with the Head of Department for European Affairs at the BMWI, Kirsten Scholl, 9.10.2017 Presentation of the Polish position on the future of Cohesion Policy with the Polish Minister for Regional Policy Jerzy Kwieciński, 30.01.2018 Presentation of the Italian position on the future of Cohesion Policy with Prof. Claudio De Vincenti, Minister for Territorial Cohesion and Southern Italy; 21.03.2018 Presentation of the Spanish position on the future of Cohesion Policy with Jorge García Reig, Director General for EU Funds at the Spanish Ministry of Finance and
15.05.2018 Presentation of the **Croatian position** on the future of Cohesion Policy with Gabrijela Žalac, Minister for Regional Development and EU Funds in Croatia.


By mid-June 2018, the Commission successively complemented its initial reflections with 37 legislative proposals with accompanying working papers on all policy areas affecting expenditure (Becker, 2019).

Since then, for example, more than 100 Structural Fund programmes have changed co-financing rates. See: [https://cohesiondata.ec.europa.eu/stories/s/CORONAVIRUS-DASHBOARD-COHESION-POLICY-RESPONSE/4e2z-pw8r/](https://cohesiondata.ec.europa.eu/stories/s/CORONAVIRUS-DASHBOARD-COHESION-POLICY-RESPONSE/4e2z-pw8r/)


For example when strengthening the engagement of local and regional authorities in drawing up the national recovery plans during the discussion on the Resilience and Recovery Fund regulation.

In this case, Bulgaria, Croatia, Romania and Slovenia also participated in some activities of the Visegrad Group.